

D50H01 Military Department

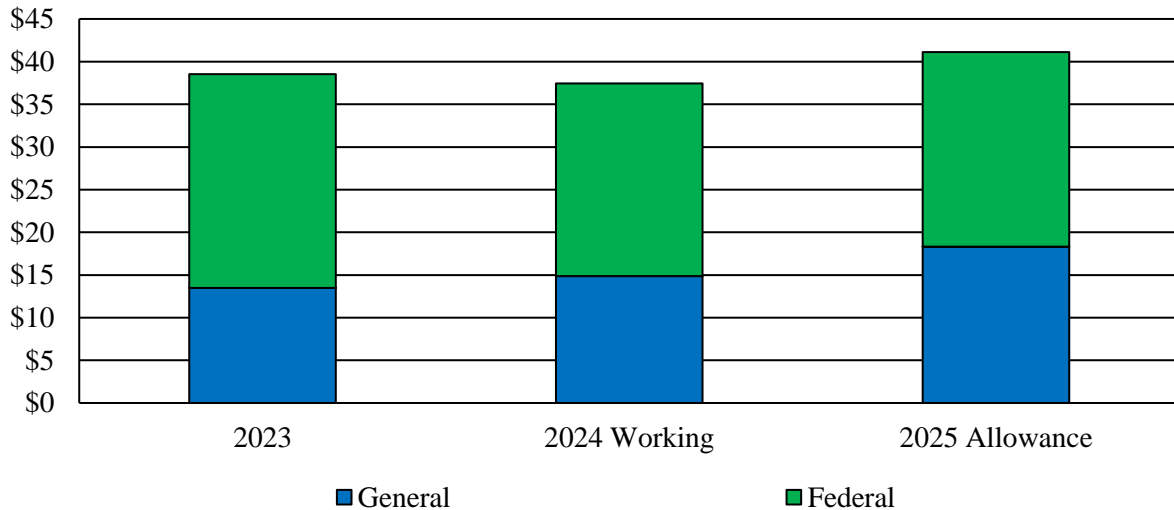
Program Description

The Military Department provides overall direction and maintenance of the Maryland National Guard (MDNG), which is comprised of the Maryland Army National Guard and the Maryland Air National Guard. MDNG may be called up by the Governor during State emergencies or may be activated by the federal Department of Defense (DoD). Operating expenses of MDNG facilities are a shared State and federal responsibility. During Governor call-ups, MDNG salaries and expenses are the responsibility of the State; the remaining funding for equipment, training, and other federal missions are paid for by the National Guard Bureau (NGB) within DoD.

The Military Department's goals are to maintain proper readiness of its guardsmen, ensure that all facilities are maintained, provide adequate training and support of MDNG operations, provide at-risk youth with an avenue to success through the Freestate Challenge Academy (FCA), and ensure that veterans are buried with honor and dignity.

Operating Budget Summary

Fiscal 2025 Budget Increases \$3.7 Million, or 9.9%, to \$41.1 Million (\$ in Millions)



Note: The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency's budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget.

For further information contact: Yashodhara Rai

Yashodhara.Rai@mlis.state.md.us

Fiscal 2024

Proposed Deficiency

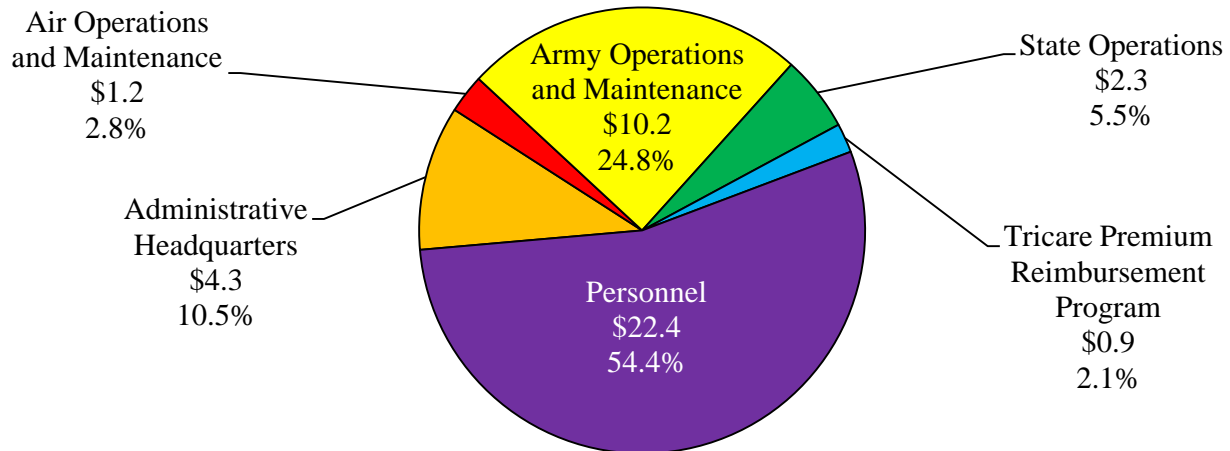
A proposed deficiency appropriation supplements the fiscal 2024 budget for the Military Department by \$125,000 in general funds, which will fund support for the National Guard Challenge Program in FCA. There were 10 MDNG personnel put on State Active Duty (SAD) to augment the FCA staff to ensure safety and continuity of FCA operations. The Military Department’s fiscal 2024 operating budget does not include SAD funding before the deficiency.

Fiscal 2025 Overview of Agency Spending

The fiscal 2025 allowance includes a total of \$41.1 million for the Military Department. As shown in **Exhibit 1**, most of the fiscal 2025 allowance (54.4%) is appropriated for personnel expenses, including 227.5 regular positions and 13 contractual full-time equivalents totaling \$22.4 million. This reflects personnel across the Administrative Headquarters, State Operations, and the Army and Air National Guards. The remaining appropriations reflect each program’s respective operational expenses as well as any grants and subsidies, including the Tricare Premium Reimbursement Program that is discussed in Key Observation 4 of this analysis.



Exhibit 1
Overview of Agency Spending
Fiscal 2025 Allowance
(\$ in Millions)



Note: The fiscal 2025 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Source: Governor’s Fiscal 2025 Budget Books



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The Army National Guard, which provides combat troops to the U.S. Army, engineer transportation and medical units, and military police for State service, accounts for approximately \$10.2 million, or 24.8%, of total nonpersonnel related departmental expenditures in fiscal 2025.

The Air National Guard, which primarily provides air combat forces and aircraft as well as emergency support to the U.S. Air Force and other unified commands, accounts for \$1.2 million, or 2.8%, the smallest nonpersonnel portion of the budget. This difference reflects the fact that the Army National Guard expends more resources on supporting State- or community-based missions, while the Air National Guard tends to be more federally focused on its responsibilities. A significant portion of the Military Department’s operations support 100% federally funded missions and operations with funding that does not appear in the State budget.

The State Operations Program primarily includes funding for the FCA program, the Honor Guard, and the Tricare Premium Reimbursement Program. The State Operations Program accounts for the second smallest portion of the department’s nonpersonnel fiscal 2025 allowance, approximately \$3.2 million, or 7.6%, and funding is split between general and federal fund support. The administrative functions performed by the department’s Headquarters accounts for approximately \$4.3 million, or 10.5% of the nonpersonnel-related fiscal 2025 allowance.

Proposed Budget Change

As shown in **Exhibit 2**, the fiscal 2025 allowance of the Military Department increases by \$3.7 million, or 9.9%, over the fiscal 2024 working appropriation after accounting for the proposed deficiency appropriations. The largest increase occurred in general funds, which increase by approximately \$3.5 million, or 23.3%. Federal funds increase by \$234,673, or 1.0%.

Exhibit 2
Proposed Budget
Military Department
(\$ in Thousands)

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Total</u>
Fiscal 2023 Actual	\$13,494	\$6	\$25,029	\$38,529
Fiscal 2024 Working Appropriation	14,860	5	22,563	37,428
Fiscal 2025 Allowance	<u>18,322</u>	<u>5</u>	<u>22,798</u>	<u>41,125</u>
Fiscal 2024-2025 Amount Change	\$3,462	\$0	\$235	\$3,696
Fiscal 2024-2025 Percent Change	23.3%		1.0%	9.9%

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Where It Goes:	<u>Change</u>
Personnel Expenses	
Salary increases and associated fringe benefits including fiscal 2024 COLA and increments	\$892
Reclassification	235
Turnover decreases from 7.24% to 7.20%	8
Workers’ compensation	-236
Other Changes	
Building and HVAC repair and maintenance for the Army National Guard facilities including one-time funding to update fire suppression systems and HVAC in the department.....	\$1,423
Insurance coverage paid to the State Treasurer's Office	393
Purchase of vehicles to replace 14 vehicles	377
Cost allocation.....	325
Software licenses for automation of requisition process.....	250
Construction of wireless infrastructure	125
700 MHz Radio system operating cost	86
Maryland Environmental Service charges.....	54
Administrative hearings.....	-10
Building supplies	-15
Electricity.....	-82
Grants to provide health care for National Guard service members as a part of Tricare Reserve Select Premium Reimbursement Program	-129
Other expenses.....	-1
Total	\$3,696

COLA: cost-of-living adjustment
 MHz: megahertz

Note: Numbers may not sum to total due to rounding. The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

Personnel Data

	<u>FY 23</u> <u>Actual</u>	<u>FY 24</u> <u>Working</u>	<u>FY 25</u> <u>Allowance</u>	<u>FY 24-25</u> <u>Change</u>
Regular Positions	227.50	227.50	227.50	0.00
Contractual FTEs	<u>26.86</u>	<u>13.00</u>	<u>13.00</u>	<u>0.00</u>
Total Personnel	254.36	240.50	240.50	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	16.38	7.20%
Positions and Percentage Vacant as of 12/31/23	23.00	10.11%
Vacancies Above Turnover	6.62	

- Of the 23 vacancies reported as of December 31, 2023, 3 positions have been vacant for more than 12 months, and 20 positions have been vacant for less than 9 months. **The department should comment on the primary areas of the vacancies, how these vacancies may be affecting operations, and its plan to further improve recruitment and retention.**
- In fiscal 2023, 13 firefighters were transferred from the Military Department to the Maryland Department of Transportation (MDOT), which did not involve the transfer of authorized positions from the Military Department to MDOT. The transferred firefighters appear as new positions in MDOT, while the Military Department positions used for the firefighters were reclassified into other positions within the department. **The department should comment on where in the department the positions were transferred, the functions of the positions, and whether these positions are currently vacant or filled.**

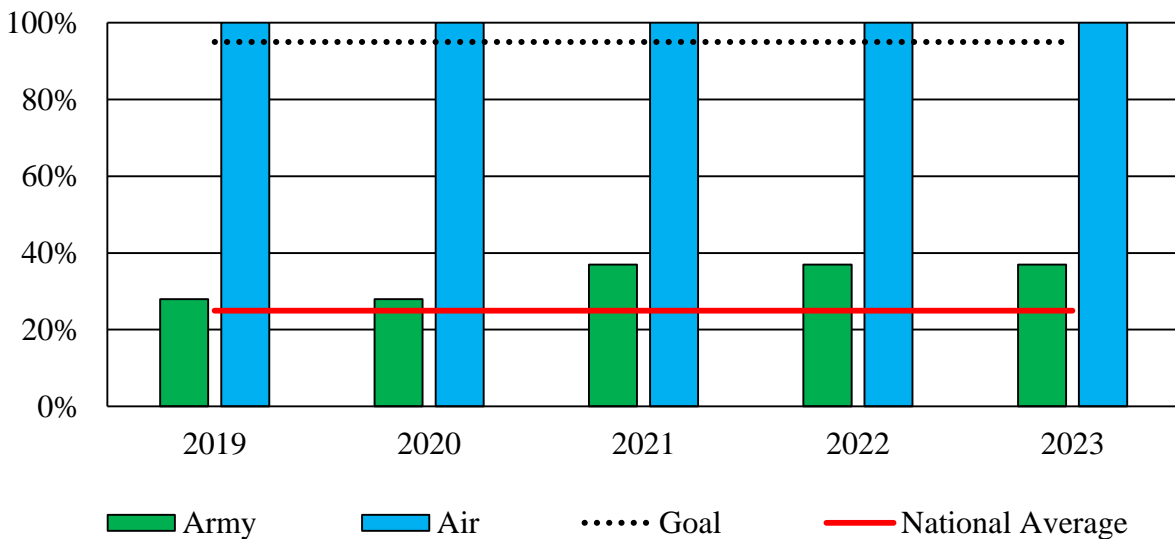
Key Observations

1. Army National Guard Facility Readiness Slows

All MDNG facilities and real property support the operation and training needs of MDNG and the ability to respond to State and local emergencies. One of the responsibilities of the Military Department is to build and maintain the armories and other facilities used by MDNG, and funding is split between federal and State funds depending on the facility through a cooperative agreement with the DoD NGB.

Exhibit 3 shows the percentage of air and army facilities that are currently in fully functional status between fiscal 2019 and 2023. The Maryland Air National Guard has consistently maintained 100% functionality in their facilities. The Maryland Army National Guard saw no net improvement in fiscal 2023 compared to fiscal 2022, remaining at 37%. While this is above the national average of 25%, it is well below MDNG’s goal of 95%.

Exhibit 3
Functional Status of National Guard Facilities
Fiscal 2019-2023



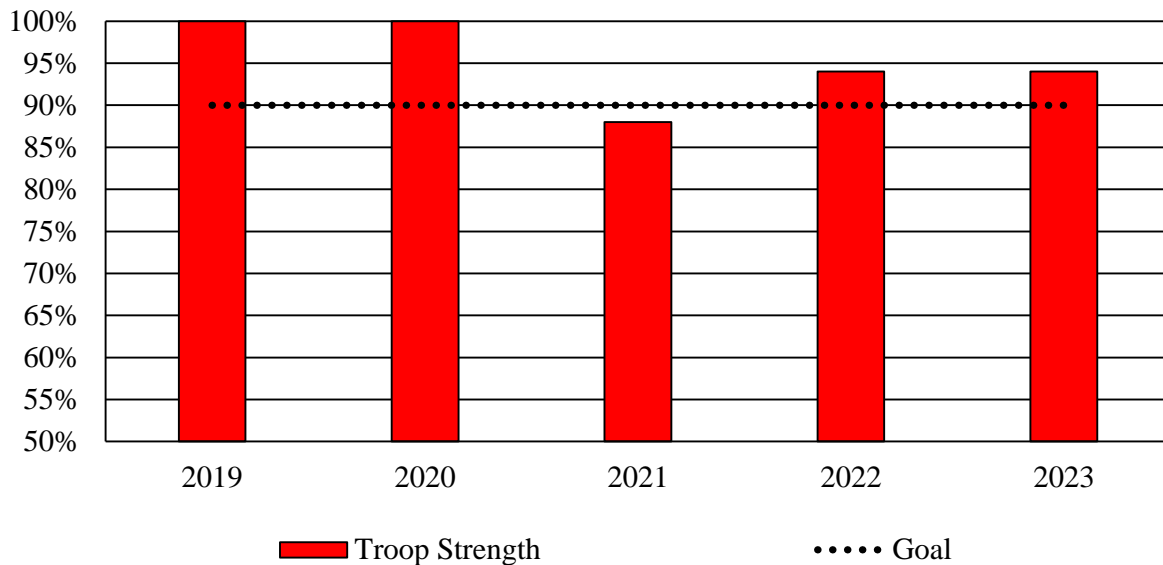
Source: Department of Budget and Management

The fiscal 2025 allowance includes \$2.5 million split between general and federal funds for contracts and grants for Army National Guard facility maintenance. This amount is \$55,017, or 2.2%, lower than the fiscal 2024 working appropriation.

2. National Guard Troop Strength Continues to Surpass Department Goals

It is MDNG’s goal to attain 90% of the federally defined authorized troop strength. As shown in **Exhibit 4**, the department exceeded this goal each year from fiscal 2019 through 2023, except in fiscal 2021. In fiscal 2019 and 2020, the department achieved an authorized troop strength of 100%. However, in fiscal 2021, the figure declined to 88%, primarily due to COVID-19. In fiscal 2022 and 2023, the authorized troop strength reached 94% due to changes in recruiting and retention screening protocols to retain and assess personnel to comply with DoD requirements.

Exhibit 4
Maryland National Guard Authorized Troop Strength
Fiscal 2019-2023



Source: Department of Budget and Management

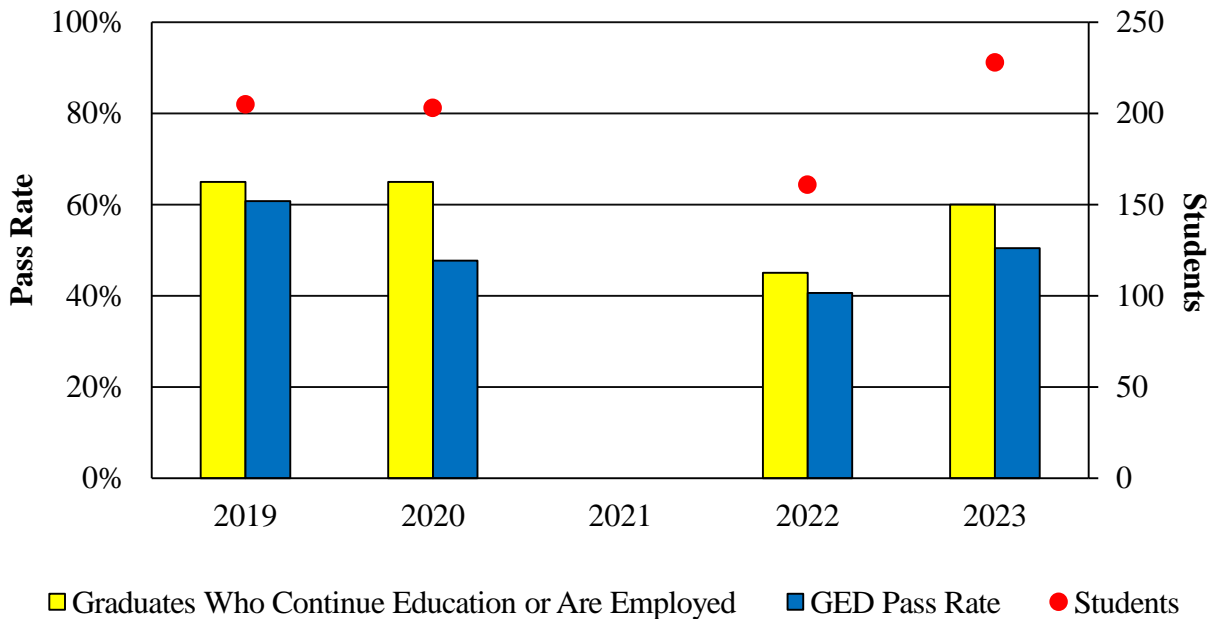
3. Freestate ChalleNGe Academy Operations Recover

FCA is a State-run 22-week residential program that is followed by a 12-month post-residential intervention phase for 16- to 18-year-olds who have dropped out of high school or are at risk of dropping out. MDNG typically operates two classes of about 100 students annually. In response to the COVID-19 pandemic, FCA released its class in session on March 13, 2020, to complete the remainder of its residential phase virtually. With the approval of NGB, FCA did not hold the two classes that were planned for fiscal 2021. During fiscal 2020 and early fiscal 2021, most FCA staff were reallocated to support pandemic relief measures. FCA used the funds

budgeted for fiscal 2021 to begin construction on infrastructure improvements that will benefit future students and staff.

Exhibit 5 presents information on the number of students in recent years along with select measurements of the program’s success. MDNG typically has a goal of having 200 FCA graduates annually, but this goal was changed for fiscal 2022. The goal was set to approximately 150 students – a 25% reduction for each class – to assist with social distancing efforts and to maintain a safe and secure environment within the academy. Additionally, due to COVID-19 restrictions, FCA conducted only one cadet class in fiscal 2022, while two cadet classes were conducted in all other fiscal years. In fiscal 2023, 228 students enrolled in the program, a 41.6% increase from fiscal 2022 and a 12.3% increase from fiscal 2020. FCA aims to have at least 80% of its graduates continue their schooling, find employment, or enter the military, although it has yet to meet this goal. In fiscal 2023, the FCA class had a GED pass rate of 50%, an increase of 9 percentage points from fiscal 2022, but still 11 percentage points below the fiscal 2019 pass rate. Additionally, 60% of graduates continued on to additional schooling, employment, or the military in fiscal 2023, representing an increase of 15 percentage points from fiscal 2022. However, this is still 5 percentage points below fiscal 2019 and 2020.

**Exhibit 5
Freestate Challenge Academy Performance Measures
Fiscal 2019-2023**



Source: Department of Budget and Management

4. TRICARE Premium Reimbursement Program

Chapter 612 of 2023 established the Tricare Premium Reimbursement Program in the Military Department. Under the program, the department may award grants of up to \$60 per month to an “eligible recipient” who meets the reimbursement application requirements for a premium paid for individual or dependent coverage under Tricare Reserve Select (TRS) or the Tricare Dental Program. An “eligible recipient” means an individual who is (1) eligible for TRS coverage and (2) a member of MDNG. The National Guard’s four employment statuses of members include Active Guard Reserve, Dual Status Technicians, Federal Civilian Employees, and Traditional Guard Service Members. All four statuses would qualify for the program. Unlike active-duty personnel who are automatically enrolled in Tricare, Selected Reserves personnel must individually contract through the Defense Enrollment Eligibility Reporting System for TRS.

TRS is a premium-based health insurance plan available for Selected Reserves members and their families who are not on active duty, not covered under the Transitional Assistance Management Program (TAMP), and not eligible for or enrolled in the Federal Employee Health Benefits Program. Individuals enrolled in TRS pay monthly premiums, an annual deductible, copayments for in-network covered services, and a percentage cost share for out-of-network covered services.

The Tricare Dental Program is a premium-based dental plan for National Guard/Reserve members who are not on active duty, not covered under TAMP, family members of a National Guard/Reserve member, or family members of an active-duty service member.

The Tricare Premium Reimbursement Program was officially launched on November 1, 2023. **Exhibit 6** provides information on the current premiums for the program that would be reimbursed by the program to qualified members.

Exhibit 6
Monthly Premiums for Beneficiaries
of the Tricare Premium Reimbursement Program
Calendar 2024
(\$ Per Month)

<u>TRS Member Only</u>	<u>TRS Member and Family</u>	<u>TRS Dental Member Only</u>	<u>TRS Dental Member and Family</u>
\$51.95	\$256.87	\$30.89	\$92.69

TRS: Tricare Reserve Select

Source: Maryland Military Department

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MDNG currently has 5,683 members. The Military Department indicates that 383 of the eligible personnel are currently enrolled in the program from November 1, 2023, to January 17, 2024. Of the total enrolled, 288 participants, or 75.2%, are Maryland Army National Guard members, and the remaining are Maryland Air National Guard members. The fiscal 2025 allowance decreases funding for the program by \$128,700, or 12.9%, compared to the fiscal 2024 working appropriation. **The department should comment on their plan to increase participation in the program.**

The Department of Legislative Services recommends adopting committee narrative to request a report on program implementation, program participation including the participation rate, how it plans to increase program participation, and average grant amounts for fiscal 2024 and 2025.

Operating Budget Recommended Actions

1. Adopt the following narrative:

Tricare Premium Reimbursement Program Participation: The Tricare Premium Reimbursement Program was launched on November 1, 2023. The committees are interested in better understanding the participation of the program. The committees request that the Military Department submit a report on program implementation, program participation including the participation rate, and average grant amounts separately for fiscal 2024 and 2025 year to date. In addition, the report should include information about how the department plans to increase program participation.

Information Request	Author	Due Date
Tricare Premium Reimbursement Program participation	Military Department	December 31, 2024

**Appendix 1
Object/Fund Difference Report
Military Department**

<u>Object/Fund</u>	<u>FY 23 Actual</u>	<u>FY 24 Working Appropriation</u>	<u>FY 25 Allowance</u>	<u>FY 24 - FY 25 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	227.50	227.50	227.50	0.00	0%
02 Contractual	26.86	13.00	13.00	0.00	0%
Total Positions	254.36	240.50	240.50	0.00	0%
Objects					
01 Salaries and Wages	\$18,362,606	\$20,396,851	\$21,420,928	\$1,024,077	5.0%
02 Technical and Special Fees	1,443,532	931,088	930,528	-560	-0.1%
03 Communication	989,940	1,006,200	1,092,633	86,433	8.6%
04 Travel	46,906	9,677	9,677	0	0%
06 Fuel and Utilities	3,501,056	2,361,312	2,333,464	-27,848	-1.2%
07 Motor Vehicles	384,818	217,145	594,268	377,123	173.7%
08 Contractual Services	6,817,914	6,551,928	8,665,036	2,113,108	32.3%
09 Supplies and Materials	1,112,064	446,564	431,352	-15,212	-3.4%
10 Equipment – Replacement	461,217	84,618	84,618	0	0%
11 Equipment – Additional	222,658	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	600,000	1,625,206	1,496,506	-128,700	-7.9%
13 Fixed Charges	328,869	357,236	750,177	392,941	110.0%
14 Land and Structures	4,257,423	3,315,385	3,315,385	0	0%
Total Objects	\$38,529,003	\$37,303,210	\$41,124,572	\$3,821,362	10.2%
Funds					
01 General Fund	\$13,493,780	\$14,734,886	\$18,321,575	\$3,586,689	24.3%
03 Special Fund	6,161	4,857	4,857	0	0%
05 Federal Fund	25,029,062	22,563,467	22,798,140	234,673	1.0%
Total Funds	\$38,529,003	\$37,303,210	\$41,124,572	\$3,821,362	10.2%

Note: The fiscal 2024 appropriation does not include deficiencies. The fiscal 2025 allowance does not include statewide salary actions budgeted within the Department of Budget and Management.