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Fiscal Year 2023 Capital Budget Response to Department of Legislative Services Budget Analysis

**Senate Budget and Taxation Committee
Capital Budget Subcommittee
Senator Craig Zucker, Chair
February 15, 2022**

**House Appropriations Committee
Capital Budget Subcommittee
Delegate Ben Barnes, Chair
February 16, 2022**

Introduction

The Maryland Military Department (MMD) appreciates this opportunity to update the committee on the activities of the Department and to respond to the recommendations and requested updates contained in the Operating Budget analysis prepared by the Department of Legislative Services (DLS).

The Department's responses to the recommendations and requested updates of the Department of Legislative Services:

DLS Requested: *"The Military Department should comment on the actions it takes to align the availability of federal funds with the State budget process," (DLS Analysis page 6)*

Agency Response:

The Maryland Military Department's (MMD) Director of Installations and the Maryland Army National Guard's (MDARNG) federal program manager collaborate to develop the mid and long-range construction plan. This plan is based on The Adjutant General's guidance, MDARNG force structure requirements, and life-cycle facility replacements.

The mid- and long-range construction plan is forecasted 5 to 7 years out for operations and maintenance projects, and 25 years out for military construction.

Annually, each state submits to National Guard Bureau (NGB) this plan in the form of a proposal to receive federal funding for their various projects. NGB evaluates these projects competitively against all 54 States' and Territories' similar project requests and against the limited dollars available. Non-competitive projects do not get funded. Once evaluation is complete, NGB provides to the States and Territories a master list of projects approved by fiscal year for some level of federal funds. This list covers seven fiscal years. With publication of the list, federal funds are then allocated to the federal program manager, and the annual work plan is refined to ensure state and federal project matches can be met.

MMD coordinates with the Maryland Department of Budget and Management (DBM) concerning forecasted funding approvals and the year of federal funds approval for a given project request. Until NGB publishes the master list, there is no assurance for the approval and receipt of federal funds.

An example of the potential for uncertainty is the Camp Fretterd Access Control Point (ACP) project. MMD initially requested federal funding for this project several years out and coordinated with DBM concerning the forecasted year of federal funds approval for the anticipated project. NGB rejected the project for several consecutive years as non-competitive. Each year MMD had to inform DBM and coordinate for a new submission. When MMD finally received funds approval, NGB approved it not for the out-year requested but rather in the following fiscal year. This was due to the increased priority NGB granted projects addressing Anti-Terrorism/Force Protection upgrades. With this change, MMD had to cancel and re-initiate the ACP project with DBM in short order.

Clearly the process of aligning federal funds (and potential matching state funds) for a given fiscal year presents a level of uncertainty and complexity. Addressing such complexities requires a great amount of communication, transparency, and collaboration between MMD, NGB for federal funds, Department of General Services (DGS) for project cost estimates, and DBM for consideration of State funding.

DLS Requested: "The Military Department should comment on the current status of and plans for the Pikesville Armory divestiture." (DLS analysis page 7)

Agency Response:

Once MMD declares a property superfluous, MMD works in concert with DGS as they traverse the divestiture process. MMD provides any information or assistance necessary, but the overall divestiture process is driven by DGS. Baltimore County and the Pikesville Armory Foundation are funding multiple studies, including an environmental study, and a series of architectural and engineering studies, to determine estimated costs to renovate the property's facilities to meet the future plans for the use

of the facility. Reportedly, study results will aid Baltimore County and the Pikesville Armory Foundation to determine the best way forward.

PAYGO Recommended Actions: “Concur with the Governor’s allowance.” (DLS Analysis page 2)

Agency Response:

The Department concurs with the DLS PAYGO recommendation.

GO Bond Recommended Actions #1: “Approve the \$553,000 general obligation bond authorization for the Camp Fretterd Access Control Point – Front Gate project.” (DLS Analysis page 2)

Agency Response:

The Department concurs with the DLS GO bond recommendation.

GO Bond Recommended Actions #2: “Approve the \$382,000 general obligation bond authorization for the Frederick Readiness Center Renovation and Expansion project.” (DLS Analysis page 2)

Agency Response:

The Department concurs with the DLS GO bond recommendation.