

MARTIN O'MALLEY
GOVERNOR
COMMANDER-IN-CHIEF

STATE OF MARYLAND
MILITARY DEPARTMENT
FIFTH REGIMENT ARMORY
BALTIMORE, MARYLAND 21201-2288

JAMES A. ADKINS
MAJOR GENERAL
THE ADJUTANT GENERAL

30 September 2014

The Honorable Edward J. Kasemeyer, Chair Budget and Taxation Committee
3 West Miller Senate Building
11 Bladen Street
Annapolis, MD 21401

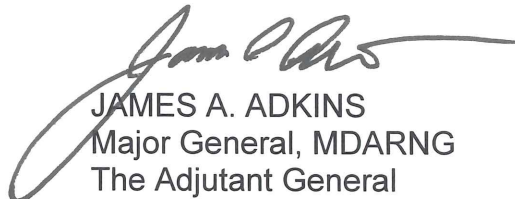
The Honorable Norman H. Conway, Chair House Appropriations Committee
121 House Office Building
6 Bladen Street
Annapolis, MD 21401

Dear Chairman Kasemeyer and Chairman Conway:

The attached report is submitted by the Military Department (MD) to satisfy the April 2014 Joint Chairman's Report – Capital Budget requirement (page 220) as follows:

Budget Code DH0104 *"Requests MD to submit a report detailing the policies and procedures for obtaining matching federal funds for National Guard capital projects that require a State match."*

Due: October 1, 2014.


JAMES A. ADKINS
Major General, MDARNG
The Adjutant General

cc Ms. Laura Vykol, DLS Budget Analyst



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

Executive Summary

Legislative Requirement

Maryland’s 2015 Capital Budget bill requires the Maryland Military Department to submit a report to the legislature “detailing the policies and procedures to obtain federal funds for National Guard capital projects that require a State match...by October 1st, 2014.” (*Joint Chairman’s Report: Capital Budget*, April 2014, P. 220, Budget Code DH0104). This Maryland Military Department Report fulfills that requirement.

Shared Capability— Shared Responsibility

Funding for all aspects of the National Guard is a shared responsibility between state and federal government. This long-standing arrangement balances authorities and obligations, enabling the creation of multi-purpose forces and capabilities to meet a range of state and federal mission requirements. National Guard facilities are constructed and maintained with a mix of state and federal funding; most National Guard facilities are state owned and managed. Most National Guard facilities are available for utilization to support state missions and purposes.

Shared Authorities

Federal and state laws govern acquisition and operation of National Guard facilities. Use of federal funds for this purpose is governed by a combination of federal law and Department of Defense (DOD) policy. The basic statutory framework is found in Title 10 of the United States Code. Policy guidance is laid out in DOD Instructions and Regulations.

Cooperative Agreements

Federal and State governments create specific contracts called Cooperative Agreements to govern many shared undertakings. National Guard construction projects are administered through Military Construction Cooperative Agreements (MCCAs). Sustainment and Repair projects are administered through Master Cooperative Agreements (MCAs).

Funding Cycles

Federal funding for military construction (MILCON) is made with five-year appropriations. Facility Operations and Maintenance (O&M) projects are funded through one-year appropriations. In either case, the DOD standard for successful execution of funds is contract award in the year of appropriation.

Terminology and References

Terms and acronyms used in this Report are defined in Appendix A. References are included in Appendix B.



**Maryland Military Department Report:
Policies and Procedures for Obtaining Federal
Funds for National Guard Capital Projects that
Require a State Match**

This page left intentionally blank



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

1.0 Background

Legislative Requirement

The Maryland Military Department includes the federally recognized militia—the Maryland Army and Air National Guard—as well as the Maryland Defense Force, Maryland Emergency Management Agency, and the corporate offices of the Adjutant General (TAG). This Report focuses on the rules and responsibilities that govern military construction and capital maintenance projects for the Army National Guard.

General

The Maryland Army National Guard (MDARNG) is the largest component of the Maryland Military Department. The force includes some 4,700 National Guard soldiers, comprised of more than 800 fulltime active duty military and federal civil service staff and more than 3,900 traditional part-time personnel.

History and Mission

The roots of the department as the organized militia of the state go back to the earliest days of Maryland as a proprietary colony. Maryland Army National Guardsmen have served in federal roles in nearly all of the nation's armed conflicts, and continue to do so today. Consistent with the role of the National Guard as a dual purpose military force and the primary provider within DOD of military support for civil authority, the Army National Guard is routinely called into service for state missions.

Recent examples in Maryland include Hurricanes Sandy (2012), Irene (2011), Earl (2010), and Isabel (2003); Tropical Storm Hanna (2008); and major blizzards in 2000, 2003, 2006, 2009, 2010, and 2014. When not actively serving in state or federal operations, the Maryland Army National Guard trains and prepares its forces to sustain a high degree of readiness for state and federal missions.

Shared State and Federal Facilities

The Maryland Military Department works with National Guard Bureau's Director of Installations (ARNG-ILI) and with Maryland's Departments of General Services (DGS) and Budget and Management (DBM) to plan, resource, construct, maintain and, when required, dispose of facilities that support the training, operations, logistics, administrative, and other requirements of Maryland's National Guard units.



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

Real Property Holdings

Maryland Military Department real property holdings include 324 total buildings located at 44 sites across the state. The inventory includes 37 Readiness Centers, 9 surface maintenance facilities, an Air National Guard base, 3 Army Aviation facilities, 4 Military Training Reservations, and a range of other administrative and support buildings, facilities and structures.

Master Plans

The Maryland Army National Guard publishes a set of complimentary master plans to meet state and federal planning requirements.

Capital Investment Strategy (CIS)

The National Guard Bureau (NGB) requires the Adjutants General to periodically publish and submit a long-term (25-year) Capital Investment Strategy (CIS), outlining each Adjutant General's strategy to attain and sustain facilities that meet federal requirements for National Guard forces in their respective state. The most recent MDARNG CIS was published in March 2011; an update is planned for Spring 2015.

Real Property Development Plan (RPDP)

NGB requires the Adjutants General to annually submit a Real Property Development Plan (RPDP) with a prioritized list of projects for possible inclusion in the Future Years Defense Program (FYDP)—the DOD 5-year plan for capital construction and major maintenance.

State Facilities Master Plan

The Maryland Military Department has a state requirement to produce a Facilities Master Plan every five years. The department is currently working on a Master Plan that will meet state requirements, and will serve as a supporting document for the the federal CIS.

2.0 Authorities

Shared Responsibility and Authority

Shared responsibility and authority for the National Guard is an historic balancing of federal and state power that achieved its modern form through the Militia Act of 1903. This landmark legislation guaranteed that the federal government would underwrite the majority of the costs to raise and maintain the militia forces of the states; in return, the states were required to meet federal standards for organizing, equipping, and training the militia.



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

A Combination of Statutory and Regulatory Authorities

Federal law permits use of federal funds to share construction costs for National Guard buildings and other facilities that support federal missions and purposes. It also provides for federal funding to share the sustainment costs for such facilities. Department of Defense (DOD) policy provides implementing procedures and requirements within this legal framework.

Statutory Authority

Title 10 of the United States Code provides the basic statutory authority through which the Secretary of Defense uses federal funds to acquire and maintain facilities for the National Guard.

2.1 Authority to Acquire Facilities

10 USC §18233

This section states that “the Secretary of Defense may acquire by purchase, lease, or transfer, and construct, expand, rehabilitate, or convert and equip, such facilities as are authorized by law to carry out the purposes of this chapter”—that is, to support the federal missions of the militia of the states. Additionally, the Secretary may “contribute to any State such amounts as he determines to be necessary to expand, rehabilitate, or convert facilities owned by [a state] or by the United States”—

- ❖ For “use jointly by units of two or more reserve components of the armed forces;”
- ❖ When “made necessary by the conversion, re-designation, or reorganization of units of the Army National Guard...or the Air National Guard of the United States;”
- ❖ When “required by any increase in the strength of the Army National Guard...or the Air National Guard of the United States;”
- ❖ When “required because of the failure of existing facilities to meet the purposes of this chapter” (i.e., to support federal military mission requirements);
- ❖ When “required to meet a change in Department of Defense construction criteria or standards related to the execution of the Federal military mission assigned to the unit using the facility.



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

Impact

In plain language, this section provides the basic authority for the federal government to acquire facilities for the National Guard, including constructing new facilities and expanding, rehabilitating, or converting existing facilities. In most cases, the facilities that are acquired, expanded, or converted are state owned. This section permits acquisition and use of facilities by more than one service (for example, housing Army National Guard and Marine Corps Reserve units in one facility), known as “joint facilities.” It supports funding for facility needs resulting from changes in federal missions and standards. It authorizes federal funding of “architectural and engineering services and construction design,” “surveys, administration, overhead, planning, design, and supervision,” and “to acquire interests in land (including temporary interests) by purchase or gift.”

Reasons to Acquire, Renovate, or Expand National Guard Facilities

Various factors influence decisions to undertake capital projects to construct a new facility, replace an existing facility, or to renovate and expand facilities. These factors include excessive facility age, deteriorated condition, inadequate space, and improperly configured space. Improperly configured space typically results from changes in the number, size and type of units in the force; changes in missions or equipment; and changes in facility standards. Some illustrative examples are useful in understanding common situations that could influence a decision to “construct, expand, rehabilitate, or convert” Maryland Army National Guard facilities.

Example

Excessive Age, Deteriorated Condition, Inadequate Space

Readiness Centers are the principal operational, training, and support facilities for National Guard units. They include functional areas such as administrative offices, areas for unit equipment storage (including weapons vaults) and individual soldier equipment storage (lockers), assembly halls, classrooms, physical training areas, maintenance training and support areas, military vehicle parking, and similar spaces. Facility space requirements have grown over the past several decades in many space categories such as classroom space, locker room space, and equipment storage space. The Readiness Center in Salisbury, originally built in 1959, underwent an addition/alteration project that was completed in December 2012. This project renovated and reconfigured the existing 31,829 square foot facility, and added an additional 22,670 square feet to address space needs that were not part of the original structure.



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

Example

Unit Conversions, Re-Designations, or Reorganizations

Generally, unit conversions, redesignations, or reorganizations do not immediately result in new construction or reconfiguration; the planning, programming, and execution cycle for capital projects simply does not move as fast as the evolution of force structure and doctrine. However, these factors do influence the prioritization of projects. When capital projects are programmed, the resulting requirements often include increases in space and different functional space than what previously existed. The units occupying the Readiness Center in Dundalk underwent a significant series of reorganizations between 2005 and 2007. The existing facility, built in 1960, was already at the end of its DOD-determined useful life and therefore due for renovation. An addition/alteration project is now underway, which includes both renovation and reconfiguration of existing space to modern standards as well as addition of some 38,000 square feet of new space to meet the requirements of the current tenant units.

Example

Changes in DOD Construction Criteria or Standards

Changes in methods for training and supporting National Guard units create new requirements and eliminate others. Recent examples include the discontinuation of indoor live fire ranges and introduction of computer assisted weapons simulation systems; expansion of soldier equipment storage space in locker rooms; and increases in classroom space authorizations, to name but a few. While these changes do not drive immediate facility alterations or replacements, they do influence which facilities are programmed for capital projects, as well as the design and scope of the project.

In the example of the Dundalk Readiness Center project (cited above), the renovated and expanded facility will no longer have an indoor range; it will have expanded classroom and equipment storage space, increased military parking, increased maintenance training and support space, and increased office and administrative space.



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

2.2 Authority to Sustain Facilities

10 USC §18235

This section states that “the Secretary of Defense may”—

- ❖ “Administer, operate, maintain, and equip facilities constructed, expanded, rehabilitated, converted...or otherwise acquired and used for the purposes” of supporting the National Guard;
- ❖ “Permit persons or organizations other than members and units of the armed forces to use those facilities under such leases or other agreements as he considers appropriate.”
- ❖ “Remit the payments received under those leases or agreements into the Treasury to the credit of the appropriation from which the cost of maintaining the facility...is paid.”

Impact

In plain language, this section allows the federal and state governments to cooperatively use, support, and maintain National Guard facilities. This section also prohibits “any use or disposition to be made of a [National Guard] facility that would interfere with its use for administering and training the reserve components of the armed forces; or in time of war or national emergency by other units of the armed forces or by the United States for any other purpose.” In practice, sustainment costs are shared between federal and state government according to formulas established by DOD, which are outlined in more detail in Section 3.0 (below). The cost sharing process is administered through Cooperative Agreements, which are discussed in more detail in Section 8.0 (below).

2.3 Regulatory Authorities

DOD Policy

Federal policy governing National Guard capital projects is laid out in a series of publications including DOD Instructions, Army Regulations, and National Guard Regulations and Pamphlets. Several key National Guard references are listed below, and a comprehensive list is found in Appendix B.



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

Maryland Military Department Policy

- ❖ National Guard Regulation 5-1 (28 May 2010): *National Guard Grants and Cooperative Agreements*
- ❖ National Guard Regulation 415-5 (18 July 2003): *ARNG Military Construction Program Development and Execution*
- ❖ National Guard Regulation 415-10 (25 July 2003): *Army National Guard Facilities Construction*
- ❖ National Guard Pamphlet 415-12 (1 June 2011): *Army National Guard Facilities Allowances*
- ❖ *ARNG MILCON Budget and Programming Guidance FY15-FY21* (19 December 2013)

The Military Department periodically publishes and updates policies that govern the planning, acquisition, sustainment, operation, and management of National guard facilities. Key policies include

- ❖ Maryland Military Department Regulation 5-4 (01 October 2002): *Facility Management*
- ❖ Maryland Military Department Regulation 1-33 (18 February 2011): *Facility naming Program*
- ❖ Maryland Army National Guard Regulation 210-20 (01 July 2011): *Real Property Planning and Management in the Maryland Army National Guard*

3.0 Cost Sharing

General

Rules for cost sharing capital project and sustainment costs for National Guard facilities are governed by federal law and DOD policy. In general, the federal government will fund 75% of the costs to construct state owned Readiness Centers and 50% of the costs to sustain those Readiness Centers; and will fund 100% of the costs to construct and maintain logistics and training facilities. Examples (and exceptions) are discussed below.



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

10 USC §18236

This section of Title 10 USC governs federal and state shares for construction. Federal contributions “made for [a]...readiness center...may not exceed”—

- ❖ “100 percent of the cost of architectural, engineering and design services (including advance architectural, engineering and design services”; and
- ❖ “A percentage of the cost of construction (exclusive of the cost of architectural, engineering and design services) calculated so that upon completion of construction the total contribution... equals 75 percent of the total cost of construction (including the cost of architectural, engineering and design services).”
- ❖ “For the purpose of computing the cost of construction under this subsection, the amount contributed by a State may not include the cost or market value of any real property that it has contributed.”

Impact

In plain language, this portion of the United States Code permits federal funding for 100% of the cost to design a National Guard facility, and 75% of the costs of construction. The state share includes all costs that exceed the federal cost share, including any costs that are required by state law and state requirements which would not otherwise be included in a Readiness Center.

Exceptions

There are circumstances under which the federal government will pay more than 75% of the costs to construct, renovate, or expand Readiness Centers.

10 USC §18233

This section of Title 10 USC permits the Secretary of Defense, under certain conditions, to “contribute to any State such amounts as he determines to be necessary to expand, rehabilitate, or convert facilities owned by [a state] or by the United States.” These types of projects are generally authorized 100% federal funding. The enumerated conditions include:

- ❖ Joint use by two or more reserve components;
- ❖ Conversion, re-designation, or reorganization of Army National Guard units;
- ❖ An increase in the strength of the Army National Guard;



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

<i>Impact</i>	<ul style="list-style-type: none">❖ Failure of existing facilities to support federal military mission requirements; and❖ To support a change in DOD construction criteria or standards <p>In plain language, this portion of the United States Code permits federal funding up to 100% of the cost to design and construct a National Guard facility to address uniquely federal requirements.</p>
---------------	--

3.1 Readiness Centers

<i>Readiness Centers</i>	<p>Readiness Centers are the principal operational, training, and support facilities for National Guard units. The normal federal share to constructor expand a state-owned Readiness Center on state land is 75% of the costs to design and construct all federally required components and structures of the facility. Most Readiness Centers projects are funded under this formula. Routinely, the state of Maryland would share 25% of the total costs, although states may contribute in excess of the federally required share.</p>
<i>Example</i>	<p><i>Constructing a New Readiness Center with a Required State Share</i></p> <p>The basic rule in constructing a new Readiness Center is a 75% federal share and 25% state share of the costs to design and construct all federally required components and structures of the facility. The Dundalk Readiness Center addition/alteration includes a 75% federal share and 25% state share. The new Howard County Readiness Center, programmed in federal fiscal year 2017, is projected to have a 75% federal share and 25% state share.</p>
<i>Example</i>	<p><i>Constructing a New Readiness Center without a Required State Share</i></p> <p>When a Readiness Center is constructed for a newly formed unit, or to accommodate substantial unit growth resulting from federal requirements, the federal government will pay 100% of the federally required costs to build the facility. For example, a new Readiness Center is currently under construction in La Plata to house the 253rd Engineer company. This unit was a new addition to the MDARNG force structure, a result of the “Grow the Army” initiative. This project is 100% federally funded.</p>



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

Example

Constructing a New Readiness Center on Federal Property

DOD will pay 100% of the costs to construct a Readiness Center that is located on federal land. For example, the Edgewood Readiness Center is situated on federal property within the Edgewood Area of the Aberdeen Proving Ground. When it was constructed in 1988-1989, the costs of construction were 100% federally funded. When National Guard facilities are built on federal property, they can be used for a wide range of state purposes just like National Guard facilities on state land; however, the facility is a federally owned building.

3.2 Training and Logistics Facilities

DOD supports 100% of the costs to construct, renovate, or expand training and logistics facilities required to sustain readiness for federal missions. These include ground and air maintenance facilities, ranges, training areas, and training area support facilities.

Example

Constructing Training Facilities

The new Tactical Unmanned Aerial Systems (TUAS) Operations Building nearing completion at Patuxent River Naval Air Station is a training facility; this project is 100% federally funded.

Example

Constructing Logistics Facilities

A new Field Maintenance Shop (FMS) constructed in Dundalk in 2007-2008 provides maintenance for vehicles and other ground equipment. Construction was 100% federally funded. An expansion to the Baxter Army Aviation Support Facility (AASF) completed in 2012 was 100% federally funded.



**Maryland Military Department Report:
Policies and Procedures for Obtaining Federal
Funds for National Guard Capital Projects that
Require a State Match**

3.3 State Contributions above the Minimum

*State Contributions
in Excess of Federal
Requirements*

Nothing in federal law prevents a state from contributing additional amounts to meet state or local requirements. A state could construct a 100% state funded facility to support its National Guard forces. Some states regularly combine National Guard facilities with community centers, fire stations, schools, and other public facilities. Funding for non-Federal elements of these facilities are provided by state and local governments.

Example

State Contributions to Support State Programs

The Maryland Veterans Honor Guard program provides funerary honors for veterans. The program has four regional support teams, currently housed in a variety of substandard facilities. In the new Havre de Grace Readiness Center—programmed for federal fiscal year 2015—a portion of the facility will be designed to support the Northern Regional Honor Guard Team. In the new Easton Readiness Center—programmed for federal fiscal year 2016—a portion of the facility will be designed to support the Eastern Regional Honor Guard Team. These spaces are 100% state funded.

3.4 Sustainment Costs

General Rule

In general, federal Operations and Maintenance (O&M) funds will support 50% of the operating costs of Readiness Centers on state-owned land and 75% of the operating costs of Readiness Centers on federal land. Operating costs for training and logistics facilities are 100% federally supported regardless of location. States may contribute amounts in excess of the federally required share. The formula is documented within the state’s DOD mandated Real Property Inventory Support Plan (RPISP) with an Agreement Support Code based on the function and location of the facility.

Example

Cost Sharing for Readiness Centers

The Readiness Center in Frederick is located on state land. Sustainment costs are apportioned at 50% federal and 50% state. The Readiness Center in Laurel is located on federal land. Sustainment costs are apportioned at 75% federal and 25% state.



**Maryland Military Department Report:
Policies and Procedures for Obtaining Federal
Funds for National Guard Capital Projects that
Require a State Match**

Example

Cost Sharing for Logistics and Training Facilities

The structures in the state Combined Support Maintenance Shop (CSMS) in Havre de Grace are logistics facilities located on state land. Sustainment costs are 100% federally supported.

Example

Cost Sharing for Facilities with More than One Support Code

Some facilities include separate functional areas that have different agreement support codes. Sustainment costs for each area are based on the rate authorized by its agreement support code. The Fifth Regiment Armory, a state owned Readiness Center on state land, is generally authorized a 50% federal cost share for sustainment. However, the facility includes several areas that have different agreement support codes. For example, the Maryland Museum of Military History is recognized by the Army Center for Military History as an historical holding; this area is authorized 100% federal funding for sustainment.

4.0 Work Classification

General

All National Guard capital projects are “classified” in one of three categories: Maintenance, Repair, or Construction. The state Construction and Facilities Management Officer is required to classify the work; this classification determines the type of federal funding that can be used to support the project. Misclassification can result in a violation of the federal Anti-Deficiency Act.

Maintenance

Maintenance is a subcategory of Repair. It entails work required to preserve and maintain a real property facility in such condition that it may be effectively used for its designated purpose(s) or function(s). All funding for Maintenance comes through O&M funding, which is governed by Title 10 USC § 2811.



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

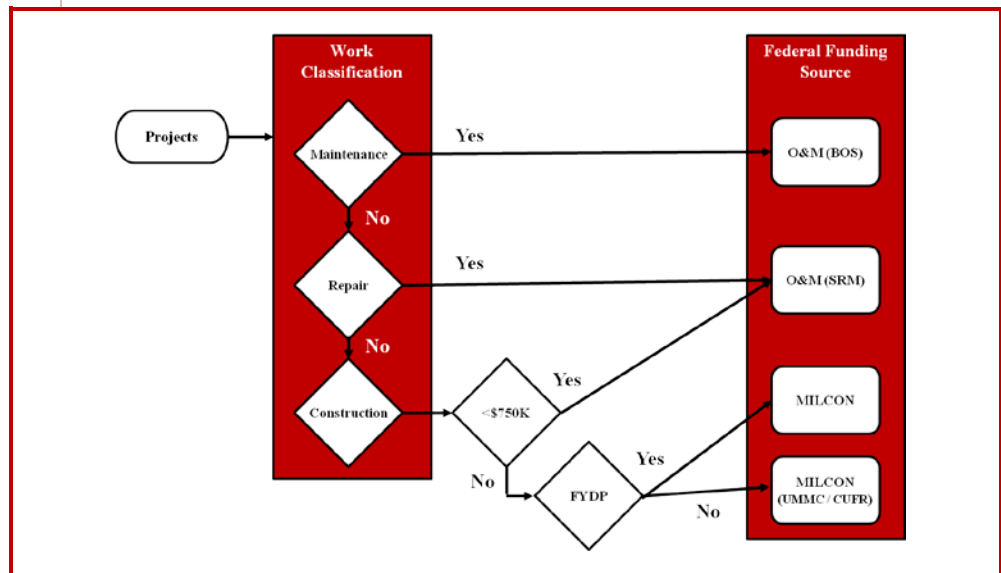
Repair

Repair means to restore a real property facility, system or component to such a condition that it may be effectively used for its designated functional purpose. This does not include increases in quantities of components nor extension of utilities or protective systems to areas not previously served for functional reasons or to meet codes or standards. Any increase in the exterior building dimensions, except to meet codes and standards (e.g., placing a ramp at the entrance of a facility or an elevator for handicapped access), is considered Construction. All funding for Repair comes through O&M funding, which is governed by Title 10 USC § 2811.

Construction

A military construction project includes any construction, development, conversion, or extension of a military facility to satisfy temporary or permanent requirements. It includes all work necessary to produce a complete and usable facility or improvement to an existing facility. Depending on the funding amount, projects classified as construction can be funded through O&M or Military Construction (MILCON) funds. Projects which exceed \$750,000 (the current statutory ceiling) must be funded from the MILCON appropriation. Construction projects cannot be “split” to avoid statutory limitations and must include all interdependent construction planned for the facility.

Work Classification Process





**Maryland Military Department Report:
Policies and Procedures for Obtaining Federal
Funds for National Guard Capital Projects that
Require a State Match**

5.0 Sources of Federal Funding

General

The two sources of federal funding used to support National Guard Facilities include Operations & Maintenance (O&M) and Military Construction (MILCON). The classification of work and amount to be spent are the primary factors in determining the source of funding for a specific project. State and federal cost shares are determined by the facility type and location.

5.1 Operations & Maintenance (O&M) Funds

O&M Programming and Funding

O&M funding is provided in a single-year appropriation and allocated to each state based on its current inventory of real property, facility conditions measured by the annual Installation Status Report (ISR), and facility requirements measured in the Real Property Planning and Analysis System (RPLANS) system. O&M funding pays for a wide range of costs associated with operating and sustaining existing National Guard facilities.

Base Operations Services (BOS)

BOS funding is a sub-set of O&M. BOS funds are a single-year appropriation, provided to each state based on its current facility inventory, condition, and requirements. These funds support a range of facility operations and services, including utilities, leases, preventive maintenance and services, minor maintenance, and similar operating costs.

Sustainment, Restoration, and Modernization (SRM) Funding

SRM funding is a sub-set of O&M. SRM funds are a single-year appropriation, provided to each state based on its current facility inventory, condition, and requirements. Additional SRM funding for specific project requests may be available based on NGB project validation and availability of federal funds.

SRM Defined

Sustainment includes actions (repair or maintenance) that are routine and expected to preserve a facility during its projected life. Restoration includes actions to restore facilities deteriorated or damaged by overage, accidents, “Acts of Nature,” or inadequate sustainment. Modernization includes actions to construct or alter facilities solely (or predominantly) to implement new or higher standards, accommodate new functions, or replace building components designed to last more than 50 years.



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

*SRM-Funded
Construction*

SRM funds can be used to perform work classified as Construction up to the federal statutory single-project limit of \$750,000. Such projects must produce a complete and usable facility. Costs of SRM-funded construction are allocated in the same way as those for Maintenance or Repair work. This restriction on SRM funded construction work does not preclude inclusion of state funds for construction above the statutory limit.

5.2 Military Construction (MILCON) Funding

*Military
Construction
(MILCON)
Programming and
Funding*

Most Military Construction (MILCON) funded projects are programmed through a multi-year federal budgeting cycle that annually produces an updated, five year construction plan known as the Future Years Defense Program (FYDP). Such projects typically take 10 years from initial concept to programming to final appropriation. A small number of construction projects are resourced through shorter-term opportunity funding initiatives.

Multi-Year Funding

MILCON is appropriated annually in the National Defense Authorization Act. Funding is specifically designated by project, and cannot be reallocated without Congressional approval. MILCON appropriations have a lifespan of five years within which funds can be obligated for the project, and ten years within which funds can be disbursed for the project. The DOD standard for successful execution of funds is contract award in the year of appropriation.

*Project Submission
5+ Years in Advance*

Prospective National Guard MILCON projects are submitted annually to NGB. Because the FYDP is a five year plan, projects are submitted in the current year for consideration 6 years in the future. For example, in federal FY 2014 the Maryland Army National Guard submitted its top MILCON priority for possible programming in federal FY 2020.

*Development of the
Future Years Defense
Program (FYDP)*

Projects submitted by the states and territories are validated by NGB and competitively scored based on common criteria. The result is a validated and prioritized national list called the NGB Infrastructure Requirements Plan (IRP). The IRP is submitted to the Army, where the projects compete with active Army and Army Reserve projects for inclusion in a total Army program submission to DOD. The final approved FYDP submission to the Congress is the total prioritized DOD military construction program request.

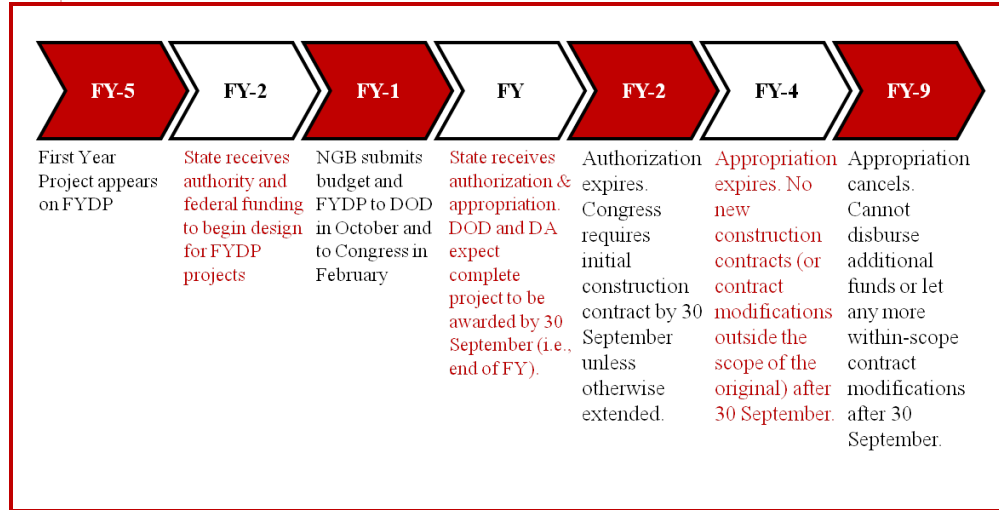


Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

*National Defense
Authorization Act
(NDAA)*

In general, the project submission for funding in the NDAA reflects the projects programmed one year out in the previous year's FYDP. However, the amount of actual MILCON funding in any given year is determined by Congress; in lean budget years, DOD may find that many projects go unfunded, even though they have been programmed within the FYDP for several years. In these cases, typically the projects will be reprogrammed within the FYDP and re-submitted for funding in a future year.

*Timeline for a
MILCON
Appropriation*



5.3 Military Construction (MILCON) Opportunity Funding

*Opportunity
Funding and Special
Purpose Programs*

A small proportion of federal MILCON funding is reserved for opportunity funding. Opportunity funded projects involve a separate process to compete for funds that are set aside for a specific purpose. In general, these projects are allocated from currently appropriated funds. Consequently, they may be awarded on a much shorter time cycle than traditional MILCON programs. For example, in federal FY 2015, the Maryland Army National Guard will submit Unspecified minor Military Construction (UMMC) and Critical Unfunded Requirements (CUFR) priorities that could be funded as soon as federal FY 2016-17.

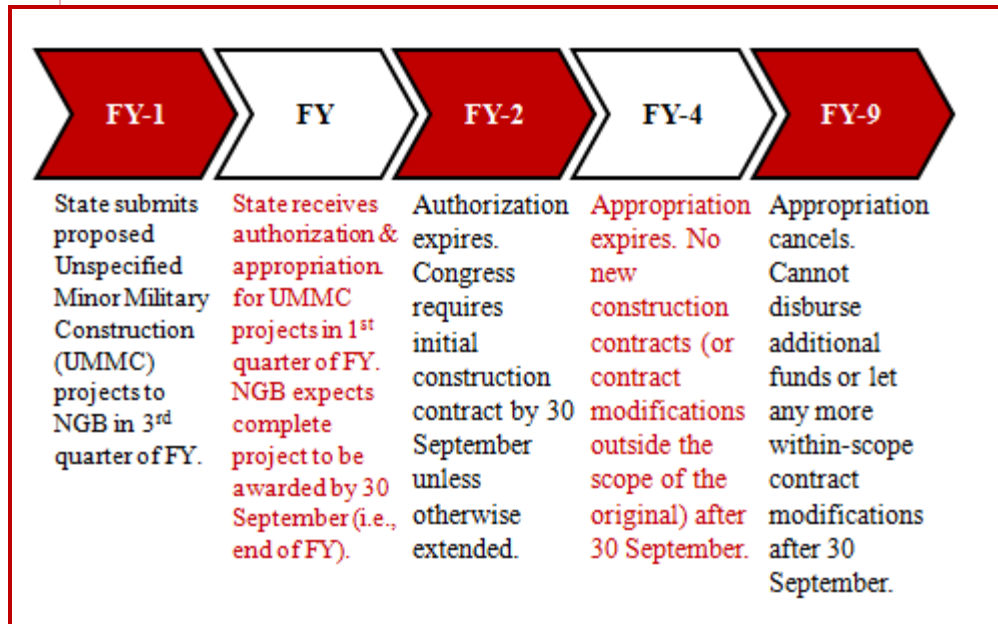


Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

**Unspecified Minor
Military
Construction
(UMMC)**

UMMC funds are appropriated within the NDAA to fund low cost MILCON projects that address urgent needs. The normal statutory limit on federal funding for such projects is \$2,000,000. However, when UMMC projects address life, safety and health concerns, the statutory limit is \$3,000,000. Federal and state shares for UMMC projects are determined using the same criteria as other MILCON projects. States may contribute to UMMC projects in excess of the federal statutory limit. State UMMC submissions compete against those of other states. UMMC funds are made available in the first quarter of the federal fiscal year in which they are intended to be contracted.

**Timeline for a
UMMC MILCON
Appropriation**



Example

Logistics Warehouse

The warehouse facility supporting the United States Property & Fiscal Office (USP&FO) in Havre de Grace was an obsolete structure that suffered from significant lead contamination. In 2007-2008, the Maryland National Guard received UMMC funding to construct a new 16,920 square foot facility to support the USP&FO operations of the state.

Reprogramming to

In recent years, some additional federal funding has become available for



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

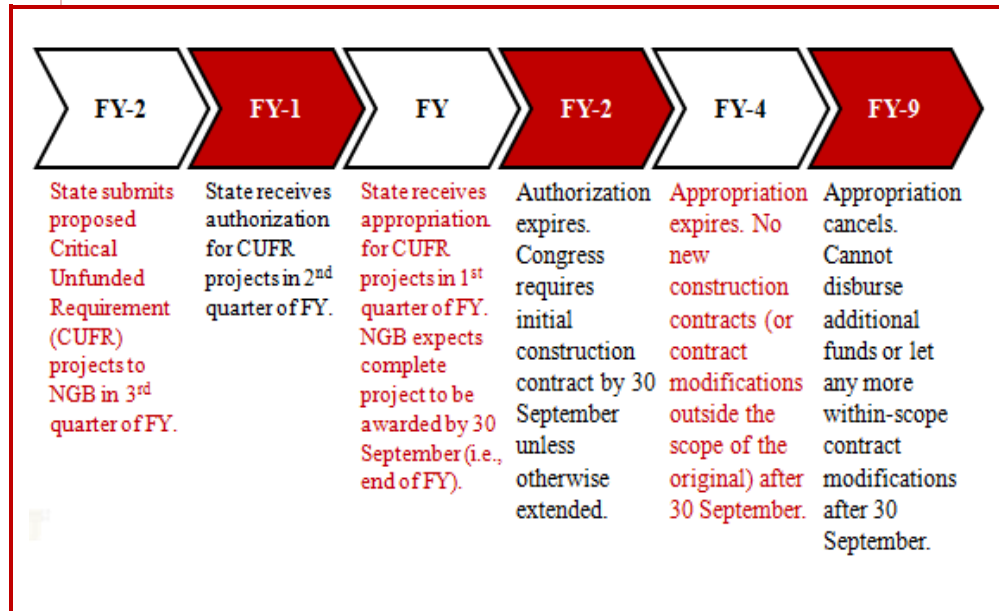
*Support UMMC
Projects*

UMMC type projects through congressional reprogramming of excess prior year MILCON appropriations; in effect, prior year savings were applied to new projects. In these cases, the reprogrammed funds retain the lifespan and time restrictions of the original appropriation.

***Critical Unfunded
Requirements
(CUFR)***

CUFR funds come from the Army MILCON appropriation of the NDAA to support critical unfunded requirements that cannot be adequately addressed through the normal FYDP process. Projects in this category have an Army-imposed federal funding ceiling of \$8,000,000. Army National Guard projects compete for CUFR funding against other Army National Guard, Army Reserve, and Active Army projects. Federal and state shares for CUFR projects are determined using the same criteria as other MILCON projects. States may contribute to CUFR projects in excess of the regulatory limit. Notification of CUFR authorization is typically completed in the second quarter of the FY prior to appropriation. CUFR funds are awarded in the first quarter of the federal fiscal year in which they are intended to be contracted.

***Timeline for a
CUFR MILCON
Appropriation***





Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

Example

Combined Support Maintenance Shop Automotive Facility

NGB only began competing for Army CUFR funding in federal FY 2012, and no CUFR projects have been awarded to Maryland so far. However, NGB now requires each state to submit CUFR projects for consideration. The Adjutant General's top CUFR priority—a replacement for the automotive maintenance facility within the Combined Support Maintenance Shop (CSMS) complex in Havre de Grace—was submitted in federal fiscal year 2014 for possible opportunity funding in federal fiscal year 2016.

Range and Training Projects (TTPEG)

TTPEG projects are funded to address standardization and modernization of training areas, ranges, and similar facilities. TTPEG projects are 100% federally funded. States may submit projects to compete against those of other states for a small amount of National Guard TTPEG funds.

Energy Conservation and Investment Program (ECIP)

ECIP projects are designed to achieve DOD energy conservation goals. Through the ECIP, DOD provides additional MILCON funds to accomplish major retrofit projects—greater than the \$750,000 ceiling for SRM-funded construction projects—on Army energy systems and facilities. Prospective ECIP projects compete against other ECIP projects for funding, with evaluation based on economic analysis and investment return ratios of the candidate projects. States may submit projects to compete against those of other states for a small amount of National Guard ECIP funds.

6.0 Land Acquisition

General

National Guard Facilities possess a dual character as both state and federal facilities because they serve the purposes of both levels of government. In a small number of cases, National Guard facilities are constructed on licensed federal sites; in these cases the facilities are federally owned. In most cases, however, National Guard facilities are state owned buildings located on state-owned property.



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

State Responsibility for Land Acquisition

National Guard Regulation (NGR) 415-5 states that “acquisition of real property for [National Guard Military Construction] project sites is a State responsibility and shall be at no expense to the Federal government. This includes the actual property acquisition, any required boundary surveys, environmental baseline surveys, and any other environmental documentation required for the acquisition of the site.”

Methods of Land Acquisition

There are several methods for land acquisition to support new National Guard facilities. These include purchasing land with state funds, real property exchanges, and licenses.

Example

Real Property Purchase

To support the Howard County Readiness Center project programmed for federal fiscal year 2017, the Maryland Military Department is requesting capital funds to purchase a suitable parcel of approximately 20 acres.

Example

Real Property Exchange

Maryland’s Code of Public Safety (§ 13-217) provides for the sale of “superfluous armories” with the approval of the Board of Public Works. In such cases, the county or municipal corporation in which the facility is located has a right of first refusal to purchase the property. This also permits acquisition of new property through a real property exchange with the county or municipal corporation, if approved by the Board of Public Works. In 2012, the state exchanged an obsolete Readiness Center in La Plata with Charles County for a new 20-acre parcel near the existing facility.

Example

Real Property License

In some cases, land for Maryland National Guard facilities may be available through a long-term license agreement. The Readiness Center in Edgewood is located on federal land licensed through the Army Corps of Engineers on the Edgewood Area of Aberdeen Proving Ground. The Readiness Center (and training site) in Glen Arm—Gunpowder Military Reservation—is a state property licensed from Maryland’s Department of natural Resources.



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

7.0 State Use of National Guard Facilities

General

National Guard facilities provide unit space sustain readiness for federal missions. Equally important, they support units, soldiers, and equipment that provide response capabilities to state authorities, and provide operational platforms that operate in state emergencies. In most cases, these facilities—particularly Readiness Centers—also provide valuable public spaces to support a wide range of community needs and activities.

State Use under 10 USC §18236

This section of Title 10 USC provides that “if a State acquires, constructs, expands, rehabilitates, or converts a facility with amounts contributed under section 18233,” it may “permit persons or organizations other than members and units of the armed forces to use the facility under such leases or other agreements as it considers appropriate”; and “apply amounts received under those leases or agreements to the cost of maintaining the facility.”

Federal Military Requirements take Precedence

A State “may not permit any use or disposition of the facility that would interfere with its use for administering and training the reserve components of the armed forces; or in time of war or national emergency, by other units of the armed forces or by the United States for any other purpose.”

Maryland Code of Public Safety § 13-302

Maryland law provides that “the Adjutant General is responsible for each armory that the State owns; and each building or other property purchased, occupied, or leased by or on behalf of the State military forces.” The Adjutant General is empowered to “adopt regulations to enforce” provisions of law and policy related to state-owned National Guard facilities.

8.0 Cooperative Agreements

General

The mechanism by which State governments receive and spend Federal funds is the cooperative agreements. These agreements are defined in DOD Directive 3210.06: *Defense Grant and Agreement Regulatory System*, as “legal instrument[s] used to enter into a relationship in which substantial involvement is expected between the DOD and the recipient when carrying out the activity contemplated by the cooperative agreement.”



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

Types of Cooperative Agreements

Master Cooperative Agreements (MCAs)

There are three types of cooperative agreements related to National Guard MILCON and SRM funding: Operations and Maintenance Master Cooperative Agreements, Military Construction Cooperative Agreements and Special Military Project Cooperative Agreements.

These agreements govern the disposition of O&M funding for routine operations of facilities and associated programs, such as provisions of utilities and emergency services, physical security, environmental resource management, etc.

Military Construction Cooperative Agreements (MCCAs)

These agreements govern the agreements between federal and state governments for a specific military construction project. Among other provisions, they include a requirement that National Guard facilities that are constructed or modified with federal funds be used for the support and operations of the National Guard (and other Reserve Components) for a period of 25 years from the date of beneficial occupancy of the facility.

Special Military Project Cooperative Agreements

These agreements are specific, non-standard, unique agreements used to provide Federal domestic assistance to a State which cannot be executed under an existing agreement due to limitations on authority or funding.

Execution of MCCAs

An MCCA is executed when a programmed military construction project has been approved by NGB and has a Congressional appropriation. Since the MCCA commits both levels of government to specific agreements for the project, it must be executed to obtain federal funds. The MCCA remains in effect until the specific purpose for its establishment has been completed.

Funding of MCCAs

The various appendices of an MCCA may be funded separately as a project progresses. For example, an MCCA may be funded in one fiscal year for design, and funded in another fiscal year for construction; these phases do not require separate MCCAs.



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

9.0 Conclusion

Shared Responsibilities— Shared Benefits

Cost sharing of National Guard operations and facilities provides substantial benefits to the citizens of the state and the nation. The Maryland Army National Guard provides state and local authorities with significant capabilities to respond to the needs of Maryland's citizens, with the majority of the costs for personnel, equipment, and facilities underwritten by the federal government. In return, the federal government maintains robust reserve military capability that can be mobilized at will in support of federal requirements and missions.

Effective Interagency Communication and Coordination

Each National Guard facility is a single real property entity, yet it is acquired and maintained with two distinct funding sources, authorized under two separate sets of statutory and regulatory authority. The mechanisms for sharing the construction and maintenance of National Guard facilities require the Maryland Military Department to be an effective communicator and interagency partner with a number of state and federal entities. This Military Department Report is an important step in this regard.

Facilities Master Plan in Development

In addition to the requirement for this report, Maryland's 2015 Capital Budget bill requires the Maryland Military Department to "provide an updated Facilities Master Plan to DBM by June 1, 2015." The Maryland Military Department is currently working on developing and publishing a comprehensive Facilities Master Plan in advance of that date to better communicate departmental requirements and plans to both the Legislative Branch and partner agencies within the Executive Branch.



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

Appendix A: Terms and Definitions

Agreement Support Code

A code recorded on the state National Guard Real Property Inventory Support Plan (RPISP). It dictates the reimbursement level of Federal O&M (sustainment) funding authorized for each National Guard facility. The Agreement Support Code is determined by the function and location of a facility. Facilities may have more than one Agreement Support Codes.

Ant-Deficiency Act

Federal law enacted to prevent the incurring of obligations or the making of expenditures (outlays) in excess of amounts available in appropriations or funds. Initially enacted in 1884, with major amendments occurring in 1950 and 1982, it is now codified in 31 USC § 1341.

AR

Army Regulation

ARNG-ILI

National Guard Bureau Directorate of Installations

BOS

Base Operations Services. Funding from O&M appropriations to support a facility operations and services, including utilities, leases, preventive maintenance and services, minor maintenance, and similar operating costs.

CIS

Capital Investment Strategy. The Adjutant General's strategy to reach the desired facilities condition to support federal military requirements. It identifies goals, courses of action, intermediate steps, projects (both in the military construction and operations and maintenance appropriations), and funding required to achieve them. The CIS guides the development of a prioritized set of projects.

CSMS

Combined Support Maintenance Shop. An Army National Guard logistics facility staffed with fulltime federally funded personnel. The CSMS performs field- and sustainment-level maintenance on vehicles and a wide range of other ground equipment authorized to receive maintenance at the CSMS.

CUFR

Critical Unfunded Requirement

DA

Department of the Army



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

<i>DA Pam</i>	Department of the Army Pamphlet
<i>DBM</i>	Maryland Department of Management and Budget
<i>DGS</i>	Maryland Department of General Services
<i>DOD</i>	Department of Defense
<i>DODD</i>	Department of Defense Directive
<i>DODI</i>	Department of Defense Instruction
<i>ECIP</i>	Energy Conservation Investment Program
<i>FMS</i>	Field Maintenance Shop. An Army National Guard logistics facility staffed with fulltime federally funded personnel. The FMS performs field-level maintenance on automotive, engineering, artillery, communications, electronics, small arms, and other federal equipment.
<i>FYDP</i>	Future Years Defense Program. The program and financial plan for the Department of Defense as approved by the Secretary of Defense. The FYDP arrays cost data, manpower, and force structure over a 6-year period (force structure for an additional 3 years), portraying this data by major force program for DOD internal review of the program and budget submission. It is provided to the Congress in conjunction with the President's budget.
<i>ISR</i>	Installation Status Report. The ISR provides data to assess key elements of an installation, virtual installation, site, base, or enclave at specific intervals.
<i>Maintenance</i>	Maintenance is a subcategory of Repair. It entails work required to preserve and maintain a real property facility in such condition that it may be effectively used for its designated purpose(s) or function(s).
<i>MCA</i>	Master Cooperative Agreement
<i>MCCA</i>	Military Construction Cooperative Agreement
<i>MDARNG</i>	Maryland Army National Guard



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

MILCON

Military Construction

Militia Act of 1903

“The Efficiency in Militia Act of 1903”—also known as the Dick Act after the sponsor, Congressman Charles Dick of Ohio (an Ohio Army National Guard officer)—was part of the military reforms initiated by Secretary of War Elihu Root in the aftermath of the Spanish-American War. The act fundamentally re-structured the relationship between the federal government and the states with regard to the organized militia. It shifted most of the burden for funding the militia to the federal government, but in turn provided for uniform federally mandated standards for organizing, training, and equipping what became known as the National Guard.

MMD

Maryland Military Department

Modernization

Actions to construct or alter facilities solely (or predominantly) to implement new or higher standards, accommodate new functions, or replace building components designed to last more than 50 years.

NG Pam

National Guard Pamphlet

NGB

National Guard Bureau

NGR

National Guard Regulation

O&M

Operations and Maintenance

PRIDE

Planning Resources for Infrastructure Development and Evaluation. A web-based real property inventory system that describes which facilities exist, their location, and DOD-designated functional facility category code.

Readiness Center

A structure that houses one or more units of the ARNG and is used for home station training and unit administration. It includes adjacent or supporting structures that are used for unit training, storage, and administration.

Repair

Actions taken to restore a real property facility, system or component to such a condition that it may be effectively used for its designated functional purpose.



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

Restoration

Actions taken to restore facilities deteriorated or damaged by overage, accidents, "Acts of Nature," or inadequate sustainment.

RPDP

Real Property Development Plan

RPISP

Real Property Inventory Support Plan (formerly known as the "Federal Inventory Support Plan", or FISP). The RPISP registers the state's National Guard real property inventory, and includes the agreement support code that dictates the level of Federal reimbursement authorized for each real property facility. The RPISP is recorded electronically within the web-based PRIDE system, and provides detailed information on structures, activities, locations, and other pertinent data required for Federal support.

RPLANS

Real Property Planning and Analysis System. RPLANS relates real property assets identified in the PRIDE system to assigned units and missions in order to compare the quantity of facility assets against calculated facility requirements.

Space Criteria

DOD validated National Guard facility space allowances for facilities supported by Federal contributions to the State, either totally or in part. Space criteria include elements such as information on general construction standards, materials, space allowances, building circulation, and other requirements directly related to programming military construction projects.

SRM

Sustainment, Restoration, and Modernization

Sustainment

Actions (repair or maintenance) that are routine and expected to preserve a facility during its projected life.

TAG

The Adjutant General

TTPEG

Training Program Evaluation Group. Refers to one of six major program elements within the Army Budget. Other program elements include: Organizing (OO); Manning (MM); Equipping (EE); Installations (II); Sustaining (SS); and Installations (II).

TUAS

Tactical Unmanned Aerial Systems



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

UFC

Unified Facilities Criteria

UMMC

Unspecified Minor Military Construction

USC

United States Code



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

Appendix B: References

United States Code

Title 10 U.S. Code (10 USC) § 2805; § 2811; § 18233; § 18235; § 18236

Maryland Law

Maryland Code of Public Safety: § 13-216; § 13-217; § 13-302; § 13-505

DOD Policy

DOD Directive 1225.07 (23 April 2007): *Reserve Component Facilities Programs and Unit Stationing*

DOD Directive 3210.06 (06 February 2014): *Defense Grant and Agreement Regulatory System*

DOD Directive 4165.06 (18 November 2008): *Real Property*

DOD Directive 4270.5 (12 February 2005): *Military Construction*

DOD Instruction 1225.08 (06 September 2001): *Programs and Procedures for Reserve Component Facilities and Unit Stationing*

DOD Instruction 4165.70 (06 April 2005): *Real Property Management*

Army Policy

AR 11-18 (31 January 1995): *The Cost and Economic Analysis Program*

AR 210-14 (19 July 2012): *Installation Status Report Program*

AR 210-20 (16 May 2005): *Real Property Master Planning for Army Installations*

AR 405-10 (14 May 1970): *Acquisition of Real Property and Interests Therein*

AR 415-15 (12 June 2006): *Army Military Construction and Non-appropriated Funded Construction Program Development and Execution*

AR 415-18 (1 December 1982): *Military Construction Responsibilities*

AR 420-1 (28 March 2009): *Army Facilities Management*



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

National Guard Policy

DA Pamphlet 415-3 (10 August 1992): *Economic Analysis—Description and Methods*

DA Pamphlet 420-1-2 (02 April 2009): *Army Military Construction and Non-Appropriated Funded Construction Program Development and Execution*

DA Pamphlet 420-11 (18 March 2010): *Project Definition and Work Classification*

NGR 5-1 (28 May 2010): *National Guard Grants and Cooperative Agreements*

NGR 415-5 (18 July 2003): *ARNG Military Construction Program Development and Execution*

NGR 415-10 (25 July 2003): *Army National Guard Facilities Construction*

NGR 420-10 (11 July 2003): *Construction and Facilities Management Office Operations*

NG Pamphlet 415-5 (31 July 2003): *ARNG Military Construction Program Execution*

NG Pamphlet 415-12 (1 June 2011): *Army National Guard Facilities Allowances*

NG Pamphlet 420-10 (18 July 2003): *Construction & Facilities Office Management Office Procedures*

ARNG MILCON Budget and Programming Guidance FY15-FY21 (19 December 2013)

Unified Facilities Criteria (UFC) 3-701-01 (with Change 5—updated August 2013): *DOD Facilities Pricing Guide*



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

Military Department Policy

The Adjutant General's Capital Investment Strategy (31 March 2011)

Maryland Military Department Regulation 5-4 (DRAFT): *Facility Management* (01 October 2002)

Maryland Military Department Regulation 1-33: *Facility Naming Program* (18 February 2011)

Maryland Army National Guard Real Property Development Plan (RPDP)—2014 (11 July 2014)

MDARNG Reg 210-20: *Real Property Planning and Management in the Maryland Army National Guard* (01 July 2011)



Maryland Military Department Report: Policies and Procedures for Obtaining Federal Funds for National Guard Capital Projects that Require a State Match

Appendix C: MILCON Program

Recently Completed Projects

- ❖ Army Aviation Support Facility Addition/Alteration—Edgewood: completed September 2012
- ❖ Readiness Center Addition/Alteration—Salisbury: completed December 2012

Projects Currently Underway

- ❖ Tactical Unmanned Aerial Systems (TUAS) Operational Building—St. Inigoes: estimated completion September 2014
- ❖ Readiness Center Addition/Alteration—Dundalk: under construction/estimated completion June 2015
- ❖ Readiness Center Addition/Alteration—Westminster: under construction/estimated completion December 2014
- ❖ Readiness Center—La Plata: under construction/estimated completion June 2015
- ❖ Range Renovation—Gunpowder Military Reservation, Glen Arm: under construction/estimated completion March 2015

Programmed Projects

- ❖ Readiness Center—Havre de Grace: programmed on the FYDP for federal FY15
- ❖ Readiness Center—Easton: programmed on the FYDP for federal FY16
- ❖ Readiness Center—Howard County: programmed on the FYDP for federal FY17

Top MILCON Funding Priorities

- ❖ MILCON #1 Priority: Combined Support Maintenance Shop (CSMS)—Havre de Grace: requested for federal FY19-20
- ❖ Critical Unfunded Requirement (CUFR) #1 Priority: CSMS Automotive Facility—Havre de Grace: requested for opportunity funding in federal FY16