

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	45.30	45.30	44.30	44.30	45.30	44.30	(1.00)	(2.21)%
Personal Services	2,980,668	3,110,429	3,273,531	3,275,927	6,091,097	6,549,458	458,361	7.53 %
Operating Expenses	11,269,075	10,957,573	15,372,597	15,424,492	22,226,648	30,797,089	8,570,441	38.56 %
Equipment & Intangible Assets	150,536	552,065	150,536	150,536	702,601	301,072	(401,529)	(57.15)%
Total Costs	\$14,400,279	\$14,620,067	\$18,796,664	\$18,850,955	\$29,020,346	\$37,647,619	\$8,627,273	29.73 %
General Fund	1,622,180	1,587,983	1,713,332	1,747,102	3,210,163	3,460,434	250,271	7.80 %
State/Other Special Rev. Funds	420	2,000	420	420	2,420	840	(1,580)	(65.29)%
Federal Spec. Rev. Funds	12,777,679	13,030,084	17,082,912	17,103,433	25,807,763	34,186,345	8,378,582	32.47 %
Total Funds	\$14,400,279	\$14,620,067	\$18,796,664	\$18,850,955	\$29,020,346	\$37,647,619	\$8,627,273	29.73 %

Program Description

The Army National Guard (ARNG), until federalized, is a state military organization that provides trained and equipped military units for use in the event of a state or national emergency. The federal/state cooperative agreement provides funding for facilities management, environmental, and communications support to the organization by: 1) providing professional and skilled personnel for the administration, planning, and execution of statewide repair and maintenance functions on facilities and training areas; 2) planning, programming, and contracting for construction; 3) ensuring all activities and facilities comply with environmental regulations; and 4) providing statewide communication services, security contracts, and leases for buildings and land used by the Army National Guard. The program is mandated by the U.S. and Montana Constitutions and Title 10, Chapters 1-3, MCA.

Program Highlights

Army National Guard Program Major Budget Highlights
<ul style="list-style-type: none"> • The executive proposed budget increases by over \$4.0 million each year of the biennium due to a request to establish an Unexploded Ordnance Remediation Program • Additional operational support for the Miles City Readiness Center is requested

Program Discussion -

Comparison of FY 2015 Legislative Base to FY 2015 Adjusted Base

The Army National Guard Program did not change the FY 2015 legislative appropriations. The number shown in the budget comparison table above reflects the budget approved by the 2013 Legislature.

Comparison of the FY 2014 Actual Expenditures to FY 2015 Legislative Appropriations

Actual FY 2014 expenditures are \$0.2 million below the FY 2015 legislative appropriation. Primary reasons for the difference are:

- A vacancy rate for the program of 10.7% in FY 2014
- Implementation of HB 13 increases enacted by the 2013 Legislature in FY 2015

- Operating expenses that were \$0.3 million above the amount provided by the legislature in FY 2014. Costs for rent of non-Department of Administration buildings and buildings and grounds costs were \$548,000 higher than projected in the budget. This was partially offset by lower costs in other areas. The legislative appropriations for operating expenses provided in FY 2015 were similar to FY 2014

**LFD
COMMENT**

The 2013 Legislature provided the Army National Guard Program \$10,957,573 in appropriation authority in FY 2014. As shown in the program budget comparison table, expenditures for the base budget were \$11,269,075, \$311,502 or 2.8% higher than provided.

As discussed in the narrative, the program experienced higher costs for rent and buildings and grounds costs. Through the budget change process a program has the ability to transfer appropriation authority between expenditure categories.

A review of the budget change document (BCD) files maintained by the Office of Budget Program and Planning did not show any changes to the authority for this program in FY 2014. The Army National Guard Program could have transferred \$311,502 from equipment and intangible assets to the operating expenses as the agency had sufficient total authority for the higher costs. However, this transfer was not made.

As the accounting system should not allow the expenditures for operating expenses to exceed the legislative appropriations this issue has been referred to the Legislative Audit Division.

Executive Request

As shown in the program budget comparison table personal services increase about \$293,000 each year of the biennium when compared to FY 2014 actual spending. In addition to increases that result from the implementation of pay raises and health insurance contributions included in HB 13 other changes include:

- Employee attainment of longevity milestones in the 2017 biennium
- Changes in employer retirement contributions
- Vacancy savings that were 10.7% in FY 2014 compared to a budgeted rate of 6.0%, the budget proposes full funding of positions that were unfilled during all or a portion of FY 2014

Operating expenses increase by \$0.6 million mainly due to increases for professional and consulting services for the Unexploded Ordnance Program.

Funding

The following table shows proposed program funding by source from all sources of authority.

Department of Military Affairs, 12-Army National Guard Pgm Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	3,460,434	0	0	3,460,434	9.19 %	
02343 Armory Rental Funds	840	0	0	840	100.00 %	
State Special Total	\$840	\$0	\$0	\$840	0.00 %	
03132 National Guard	34,186,345	0	0	34,186,345	100.00 %	
03453 Air National Guard	0	0	0	0	0.00 %	
Federal Special Total	\$34,186,345	\$0	\$0	\$34,186,345	90.81 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$37,647,619	\$0	\$0	\$37,647,619		

The Army National Guard program is funded with a combination of general fund and federal funds. General fund accounts for about 9.2% of total funding. The funding ratio between general fund and federal funds depends on the nature of the activity, the use or location of the facility, and the goals of the operation. Possible scenarios include funding:

- Entirely with state funds
- Entirely with federal funds
- As a shared responsibility, with federal funds at 75% and general fund at 25% or 50% federal and 50% general fund

When a facility is owned by the state and located on state land, maintenance and utility costs are split evenly with the federal government. When a facility is state owned, but located on federal land, the maintenance and utility costs are funded 75% federal and 25% state general fund. When a facility is classified as a logistics facility, the funding is 100% federal funds for the entire facility. Federally owned facilities located on federal land and those that serve training missions are predominantly funded with 100% federal funds, except when the building is used as an armory. Armories constructed with federal funds and located on federal land are funded 75/25 federal/general fund for maintenance and utility costs. When armories are rented to groups, the state special revenue funds generated from rental fees are used to augment general fund support of the facilities.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	1,587,983	1,587,983	3,175,966	91.78 %	14,620,067	14,620,067	29,240,134	77.67 %
PL Adjustments	120,823	135,791	256,614	7.42 %	150,819	129,903	280,722	0.75 %
New Proposals	4,526	23,328	27,854	0.80 %	4,025,778	4,100,985	8,126,763	21.59 %
Total Budget	\$1,713,332	\$1,747,102	\$3,460,434		\$18,796,664	\$18,850,955	\$37,647,619	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments										
-----Fiscal 2016-----					-----Fiscal 2017-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 98 - LEG. Personal Services Present Law	0.00	18,869	5	144,228	163,102	0.00	19,341	5	146,152	165,498
DP 99 - LEG. Present Law	0.00	101,954	(1,585)	(112,652)	(12,283)	0.00	116,450	(1,585)	(150,460)	(35,595)
Grand Total All Present Law Adjustments	0.00	\$120,823	(\$1,580)	\$31,576	\$150,819	0.00	\$135,791	(\$1,580)	(\$4,308)	\$129,903

DP 98 - LEG. Personal Services Present Law -

The Personal Services Present Law Adjustments (PSPL) in the table below includes all present law adjustments related to personal services, including statewide present law personal services adjustments. This adjustment has been broken out by some of its component parts for a more detailed understanding of the adjustments. FY 2016 and FY 2017 contain the reductions in FTE made by the executive to implement the boilerplate language in HB 2.

Personal Services Present Law Adjustments					
FY 2016					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	44.30	\$4,832	\$0	\$16,697	\$21,530
Executive Implementation of 2015 Pay Increase		12,593	-	43,511	56,104
Fully Fund 2015 Legislatively Authorized FTE		59,809	-	-	59,809
Other		(58,365)	5	84,019	25,659
Personal Services Present Law Adjustments	44.30	\$18,869	\$5	\$144,228	\$163,102
FY 2017					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	44.30	\$4,832	\$0	\$16,697	\$21,530
Executive Implementation of 2015 Pay Increase		12,374	-	43,730	56,104
Fully Fund 2015 Legislatively Authorized FTE		59,809	-	-	59,809
Other		(57,675)	5	85,725	28,055
Personal Services Present Law Adjustments	44.30	\$19,341	\$5	\$146,152	\$165,498

The majority of the increases are due to implementation of HB 13 or reinstatement of funding related to the 2% reduction of vacancy savings included by the 2013 Legislature. The reductions of general fund in the "other" category on the table are related to the executive's implementation of the boilerplate language contained in HB 2 from the 2013 Legislature.

DP 99 - LEG. Present Law -

As shown in the present law adjustment table above, overall the executive is proposing reductions in costs and funding when compared to the FY 2015 legislative budget. Increases in costs including minor supplies, buildings and grounds, rent, and utilities are offset by reductions in areas such as training, office supplies, road oil, and phone charges.

New Proposals -

Total funds in the New Proposals table do not include proprietary funds budgeted in House Bill 2.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1201201 - Operational Support for New ARNG Facilities	0.00	4,526	0	21,252	25,778	0.00	23,328	0	77,657	100,985
DP 1201202 - Unexploded Ordnance Remediation for MTARNG	0.00	0	0	4,000,000	4,000,000	0.00	0	0	4,000,000	4,000,000
Total	0.00	\$4,526	\$0	\$4,021,252	\$4,025,778	0.00	\$23,328	\$0	\$4,077,657	\$4,100,985

DP 1201201 - Operational Support for New ARNG Facilities -

The Facilities Management Office constructs, operates and maintains facilities which are used primarily by the Montana Army National Guard (MTARNG) statewide. This request is for additional funding to support the operating costs of buildings that will come on line after the base year. This funding would provide janitorial services, utilities, grounds maintenance, and required building inspections such as fire sprinkler, fire alarm, and kitchen hood inspections. The increased operating cost is for the Miles City Readiness Center that will be occupied in January of 2015, an addition to the Aviation Readiness Center in Helena to accommodate existing soldiers and equipment, and small additions to four buildings at Fort William H. Harrison.

DP 1201202 - Unexploded Ordnance Remediation for MTARNG -

The Facilities Management Office is responsible for management of the Unexploded Ordnance (UXO) Remediation Program for the Montana National Guard statewide. This request is to establish federal spending authority to operate the UXO program when federal funding is received from the National Guard Bureau.