

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	24.00	24.00	26.00	26.00	24.00	26.00	2.00	8.33 %
Personal Services	1,365,406	1,435,807	1,624,673	1,624,104	2,801,213	3,248,777	447,564	15.98 %
Operating Expenses	165,202	344,256	164,851	160,763	509,458	325,614	(183,844)	(36.09)%
Grants	0	180,000	0	0	180,000	0	(180,000)	(100.00)%
Total Costs	\$1,530,608	\$1,960,063	\$1,789,524	\$1,784,867	\$3,490,671	\$3,574,391	\$83,720	2.40 %
General Fund	916,416	1,134,942	1,103,100	1,100,651	2,051,358	2,203,751	152,393	7.43 %
State/Other Special Rev. Funds	614,192	825,121	686,424	684,216	1,439,313	1,370,640	(68,673)	(4.77)%
Total Funds	\$1,530,608	\$1,960,063	\$1,789,524	\$1,784,867	\$3,490,671	\$3,574,391	\$83,720	2.40 %

Program Description

The Veterans' Affairs Program assists discharged veterans and their families, cooperates with state and federal agencies, promotes the general welfare of veterans, and provides information on veterans' benefits. The program also administers the veterans' cemeteries located at Miles City, Fort Harrison in Helena, and Missoula. The Board of Veterans' Affairs is administratively attached to the Department of Military Affairs, and operates under a state mandate provided in Title 10, Chapter 2, MCA.

Program Highlights

Veterans' Affairs Program Major Budget Highlights
<ul style="list-style-type: none"> • The Governor proposes to 2.00 FTE veterans' service officers to assist Montana veterans • Additional increases for personal services support implementation of HB 13 enacted by the 2013 Legislature
Major LFD Issues
<ul style="list-style-type: none"> • State special revenues provided to the Veterans' Affairs Program are available to reduce general fund

Program Discussion -

Comparison of FY 2015 Legislative Base to FY 2015 Adjusted Base

The Veterans' Affairs Program did not change the FY 2015 legislative appropriations. The FY 2015 column 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 about \$409,000 less than the FY 2015 legislative appropriation. Primary reasons for the difference are:

- Personal services were less in FY 2014 mainly due to vacancies within veterans services technicians and implementation of HB 13 increases in FY 2015

- Operating expenses supported by additional state special revenues generated through a higher portion of vehicle fees were not utilized as projected revenues from vehicle fees distributed to the veterans' services account were about \$146,000 less than anticipated
- \$180,000 in one-time-only authority for grants that is not reflect in FY 2014 actuals as it was not considered part of the base budget

Executive Request

As shown the Veterans' Affairs Program personal services increase \$259,000 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:

- Requests for 2.00 FTE veteran service officers to provide additional services to veterans in Montana
- Market pay adjustments granted throughout FY 2014 that are annualized for the 2017 biennium
- Employee attainment of longevity milestones in FY 2015

**LFD
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State Special Revenue Available to Reduce General Fund

Statute requires state agencies to apply expenditures against appropriated non-general fund money whenever possible before using general fund appropriations. As shown in the program budget comparison table the Veterans Affairs Program is funded by two funds:

- General Fund
- State special revenues including the veterans' services account

The 2013 Legislature passed HB 626 to increase the percentage of vehicle fees allocated to the veteran's services account beginning in FY 2014 and provided additional spending authority for the additional revenues. The figure below shows the revenues, expenditure, and related fund balances for the account for the 2015 and 2017 biennium.

Department of Military Affairs Veterans' Affairs Program Veterans' Services Account				
	FY 2014	FY 2015*	FY 2016	FY 2017
Beginning Fund Balance	\$59,221	\$162,458	\$162,458	\$193,224
Revenues	617,042	617,042	617,042	617,042
Expenditures				
Personal Services	471,477	466,614	542,567	542,887
Operating Expenses	<u>42,762</u>	<u>150,428</u>	<u>43,709</u>	<u>41,376</u>
Total Expenditures	514,239	617,042	586,276	584,263
Adjustments	<u>434</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Fund Balance	<u>\$162,458</u>	<u>\$162,458</u>	<u>\$193,224</u>	<u>\$226,003</u>

* Revenues based on FY 2014 actuals, expenditures adjusted for lower than projected revenues in FY 2015

As shown in the figure above, in FY 2014 the Veterans Affairs Program (program) had state special revenues from the veterans' services account that could have been used to offset general fund. In FY 2013 the beginning fund balance in the account was \$21,282. Using this amount as an estimated fund balance that should be maintained in the account for cash flow purposes, the program could have offset general fund expenditures by about \$141,200 in FY 2014. As of December 11, 2014 the fund balance in the account was \$232,476.

For the purposes of this discussion the Legislative Fiscal Division assumes that the program will utilize the revenues it receives in FY 2015 for program expenses. This results in the fund balance generated in FY 2014 carrying through to FY 2016. As shown in the table on the previous page, under this scenario the legislature could reduce general fund by about \$205,000 in the 2017 biennium.

Legislative Option

Reduce general fund support for the Veterans Affairs Program by \$205,000 in the 2017 biennium and offset the reduction with state special revenues available in the veterans services account.

The State Administration and Veteran's Affairs Interim Committee discussed veteran outreach needs for Montana veterans. The committee sent a letter to the House Appropriations Committee and the Joint Appropriations Subcommittee on General Government requesting that the committees prioritize funding for a veteran service office in Glasgow and additional outreach personnel in established offices throughout the state. The full letter is provided in the appendix for Military Affairs.

Funding

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

Department of Military Affairs, 31-Veterans Affairs Program Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	2,203,751	0	0	2,203,751	52.56 %	
02214 Veterans Affairs Cemeteries	0	0	618,156	618,156	31.08 %	
02222 Patriotic License Plate Fees	200,107	0	0	200,107	10.06 %	
02548 Veterans Affairs SB401	1,170,533	0	0	1,170,533	58.86 %	
State Special Total	\$1,370,640	\$0	\$618,156	\$1,988,796	47.44 %	
03413 Veterans Cemetery	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$3,574,391	\$0	\$618,156	\$4,192,547		

The Veterans' Affairs program is funded with both general fund and state special revenue. General fund is used to support functions throughout the program.

The veterans' service account was created by the legislature during the 2003 regular session in SB 401, which allocated proceeds from the sale of veterans' specialty license plates. In addition to the revenue received from the sale of some specialty license plates, this account and the Veterans' Affairs Cemeteries receive a portion of all of the motor vehicle registration revenue that is deposited in the general fund each year. The 2013 Legislature increased the percentage of motor vehicle fees into this account from 0.64% to 0.81%.

The State Veterans' Cemeteries Program statutory funding includes revenue derived primarily from cemetery donations and plot allowances. Finally, the Patriotic License Plate Account receives revenue from a \$15 surcharge on original and renewal patriotic license plates issued in Montana.

Budget Summary by Category

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

Budget Summary by Category								
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	954,942	954,942	1,909,884	86.67 %	1,759,797	1,759,797	3,519,594	98.47 %
PL Adjustments	38,116	35,937	74,053	3.36 %	(80,315)	(84,702)	(165,017)	(4.62)%
New Proposals	110,042	109,772	219,814	9.97 %	110,042	109,772	219,814	6.15 %
Total Budget	\$1,103,100	\$1,100,651	\$2,203,751		\$1,789,524	\$1,784,867	\$3,574,391	

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	49,545	49,545	0	99,090	0.00	49,395	49,396	0	98,791
DP 99 - LEG. Present Law	0.00	(11,429)	(167,976)	0	(179,405)	0.00	(13,458)	(170,035)	0	(183,493)
Grand Total All Present Law Adjustments	0.00	\$38,116	(\$118,431)	\$0	(\$80,315)	0.00	\$35,937	(\$120,639)	\$0	(\$84,702)

DP 98 - LEG. Personal Services Present Law -

The Personal Services Present Law Adjustments (PSPL) in the table on the next page 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	24.00	\$5,832	\$5,832	\$0	\$11,664
Executive Implementation of 2015 Pay Increase		12,592	12,592	-	25,184
Fully Fund 2015 Legislatively Authorized FTE		-	-	-	-
Other		31,121	\$31,121	-	62,243
Personal Services Present Law Adjustments	24.00	\$49,545	\$49,545	\$0	\$99,090
FY 2017					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	24.00	\$5,832	\$5,832	\$0	\$11,664
Executive Implementation of 2015 Pay Increase		12,592	12,592	-	25,184
Fully Fund 2015 Legislatively Authorized FTE		-	-	-	-
Other		30,971	30,972	-	61,944
Personal Services Present Law Adjustments	24.00	\$49,395	\$49,396	\$0	\$98,791

In addition to implementation of adjustments for increases contained in HB 13, other adjustments as discussed in the executive request narrative include:

- Market pay adjustments granted throughout FY 2014 that are annualized for the 2017 biennium
- Employee attainment of longevity milestones in the 2017 biennium
- Changes in employer retirement contributions

DP 99 - LEG. Present Law -

As shown in the present law adjustment table on the previous page, the executive proposes reductions in funding for operating expenses. The largest single difference is for motor vehicle leases.

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 3103102 - Veterans Service Officers	2.00	110,042	0	0	110,042	2.00	109,772	0	0	109,772
Total	2.00	\$110,042	\$0	\$0	\$110,042	2.00	\$109,772	\$0	\$0	\$109,772

DP 3103102 - Veterans Service Officers -

The executive requests authorization of 2.00 FTE Veterans Service Officers to augment existing agency staff in the Veteran's Affairs (VA) Division to serve existing and future clients who are requesting federal VA veterans benefits. The service officers would provide support for expanded programs for the Veterans of Foreign Wars Veterans Service Program and filing of veterans benefits for the offspring of parents exposed to Agent Orange.