

Agency Budget Comparison

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

Agency 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	199.21	199.21	200.21	200.21	199.21	200.21	1.00	0.50 %
Personal Services	12,000,310	12,710,168	13,882,512	13,888,266	24,710,478	27,770,778	3,060,300	12.38 %
Operating Expenses	15,170,899	15,841,721	19,684,424	19,702,710	31,012,620	39,387,134	8,374,514	27.00 %
Equipment & Intangible Assets	172,716	552,065	172,716	172,716	724,781	345,432	(379,349)	(52.34)%
Grants	10,265,846	11,915,443	12,875,846	12,875,846	22,181,289	25,751,692	3,570,403	16.10 %
Benefits & Claims	2,280	2,280	2,280	2,280	4,560	4,560	0	0.00 %
Transfers	850,470	2,532,674	2,050,470	2,050,470	3,383,144	4,100,940	717,796	21.22 %
Total Costs	\$38,462,521	\$43,554,351	\$48,668,248	\$48,692,288	\$82,016,872	\$97,360,536	\$15,343,664	18.71 %
General Fund	5,702,544	6,266,758	6,456,430	6,475,132	11,969,302	12,931,562	962,260	8.04 %
State/Other Special Rev. Funds	688,467	1,063,657	760,699	758,491	1,752,124	1,519,190	(232,934)	(13.29)%
Federal Spec. Rev. Funds	32,071,510	36,223,936	41,451,119	41,458,665	68,295,446	82,909,784	14,614,338	21.40 %
Total Funds	\$38,462,521	\$43,554,351	\$48,668,248	\$48,692,288	\$82,016,872	\$97,360,536	\$15,343,664	18.71 %

Mission Statement

Agency Mission: To provide for safety and well-being for citizens of Montana through mission-ready forces, for federal and state activations, emergency services as directed by the Governor, and services to Montana veterans.

There is additional, more detailed information about the department in the agency profile. The profile may be viewed at: <http://leg.mt.gov/fbp-2017.asp>

Agency Highlights

Department of Military Affairs Major Budget Highlights
<ul style="list-style-type: none"> • The Governor's proposed budget increases due to a proposal to establish an Unexploded Ordnance Remediation Program to remediate National Guard sites statewide supported by \$8.0 million in federal funds <ul style="list-style-type: none"> ◦ Reductions in federal grant support for the STARBASE Program are also proposed • Other proposed increases include 5.50 FTE throughout the agency including <ul style="list-style-type: none"> ◦ 2.00 FTE veteran service officers within the Veterans' Affairs Program ◦ 2.00 FTE for the ChalleNGe Program including a program recruiter and a counselor ◦ 1.00 FTE environmental science specialist for the Air National Guard Program ◦ 0.50 FTE administrative assistant within the Director's Office
Legislative Action Issues
<ul style="list-style-type: none"> • Overtime funding for the ChalleNGe Program can be reduced as it is requested twice • State special revenues provided to the Veterans' Affairs Program are available to reduce general fund

Agency Discussion*Comparison of FY 2014 Actual Expenditures to FY 2015 Legislative Appropriation*

Actual FY 2014 expenditures are \$4.9 million below the FY 2015 legislative appropriation. Primary reasons for the difference are:

- Vacancies, especially within the Veteran's Affairs Program and the Challenge Program, reduced the amount of spending on personal services
- Operating expenses for minor equipment including computers, janitorial services, communications, and travel were less than anticipated in the legislative appropriation
- Grants to local governments for emergency preparedness associated with homeland security grants were less than anticipated in the budget
- Transfers for the homeland security grant program related to interoperable communications and fusion center operations were lower than anticipated in the budget

Agency Personal Services

Only a small percentage of the overall costs of the Montana National Guard personnel are included in HB 2. The majority of the guard members receive their salary through the federal paymaster. The personal services budget shown in the agency budget comparison reflects funding for those positions funded under joint state and federal partnerships.

In addition to increases that result from the implementation of pay raises and health insurance contributions included in HB 13 other changes include:

- Market increases provided in all programs and reclassification increases granted throughout FY 2014 that are annualized for the 2017 biennium
- Vacancy savings that were 9.5% in FY 2014 compared to a budgeted rate of 4.0%; the executive proposes full funding of positions that were unfilled during all or a portion of FY 2014
- Employee attainment of longevity milestones in the 2017 biennium
- Reclassification of 22 positions between biennia
- Changes in employer retirement contributions

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2017 biennium 5% plan submitted for this agency is in the appendix.

Comparison of FY 2015 Legislative Base to FY 2015 Appropriation

The following table highlights the differences between the FY 2015 appropriations as shown in the main table and the FY 2015 legislative appropriations used for purposes of the budget base, by program.

FY 2015 Appropriation Transactions - Department of Military Affairs				
Program	Legislative Appropriation	Legislative Approps OTO	House Adjustment	Total Executive Implementation
01 CENTRALIZED SERVICES DIV	\$1,108,921		-	\$1,108,921
Personal Services	986,222		-	986,222
Operating Expenses	120,419		-	120,419
Bnfts&Clms	2,280		-	2,280
02 CHALLENGE PROGRAM	3,837,542			3,837,542
Personal Services	2,564,420			2,564,420
Operating Expenses	1,273,122			1,273,122
03 SCHOLARSHIP PROGRAM	209,409			209,409
Operating Expenses	209,409		209,409	
04 STARBASE	679,863			679,863
Personal Services	272,909			272,909
Operating Expenses	406,954			406,954
12 ARMY NATIONAL GUARD PGM	14,620,067			14,620,067
Personal Services	3,110,429			3,110,429
Operating Expenses	10,957,573			10,957,573
Equipment & Intangible Assets	552,065			552,065
13 AIR NATIONAL GUARD PGM	4,752,181			4,752,181
Personal Services	2,907,320			2,907,320
Operating Expenses	1,844,861			1,844,861
21 DISASTER & EMER SVCS	16,386,305		-	16,386,305
Pers Svcs	1,433,061		-	1,433,061
Op Exp	685,127		(\$35,000)	650,127
Equip/As			35,000	35,000
Grants	11,735,443		-	11,735,443
Tranfers	2,532,674		-	2,532,674
31 VETERANS AFFAIRS PROGRAM	1,759,797	\$180,000		1,939,797
Pers Svcs	1,415,541			1,415,541
Op Exp	344,256			344,256
Grants		180,000		180,000
Agency Total	\$43,354,085	\$180,000-		\$43,534,085

As reflected in the figure above, the Department of Military Affairs (DMA) did not make changes to the appropriations granted by the legislature at the program level. Transfers of appropriation authority between expenditures categories within programs are discussed in the narratives for the applicable programs.

Funding

The following table shows proposed agency funding by source of authority as proposed. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Department of Military Affairs Funding by Source of Authority 2017 Biennium Budget - Department of Military Affairs						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	12,931,562	0	0	12,931,562	13.19 %	
State Special Total	1,519,190	0	674,656	2,193,846	2.24 %	
Federal Special Total	82,909,784	0	0	82,909,784	84.57 %	
Proprietary Total	0	0	0	0	0.00 %	
Other Total	0	0	0	0	0.00 %	
Total All Funds	\$97,360,536	\$0	\$674,656	\$98,035,192		
Percent - Total All Sources	99.31 %	0.00 %	0.69 %			

HB 2

The Department of Military Affairs is dominated by federal government initiatives, programs, and objectives. As such the agency's primary funding source is federal funds. General fund supports a portion of most of the programs in the department and 100 percent of the cost of the National Guard Scholarship program.

State special revenue funds the Disaster and Emergency Services Division and Veterans Affairs Program. The Veterans Affairs Division accounts for 71.8 % of the state special revenue funding with revenues generated through vehicle registrations, specialty license plates, and donations.

Federal special revenues account for the majority of the total agency funding. The most significant impact to the total funding increase is for federal Homeland Security Program Grants that remain unspent from previous fiscal years.

Statutory Appropriations

The Department of Military Affairs has two statutory appropriations that are currently estimated to be expended in the 2015 biennium and several others that are either transferred from other agencies or are not currently estimated to be needed in the next biennium.

The Montana Military Family Relief (MMFRF) Program receives a statutory appropriation to provide monetary grants to families of Montana National Guard and Reserve Component members who on or after April 28, 2007 are on active duty for federal service in a contingency operation. MMFRF grants are intended to help Montana families defray the costs of food, housing, utilities, medical services, and other expenses that become difficult to afford when a wage-earner has temporarily left civilian employment to be placed on active military duty. FY 2014 costs for the program were \$28,250, which is the amount of funding established for each year of the 2017 biennium. The program was originally funded by a transfer of \$1.0 million in general fund. Ongoing revenues include interest on a declining fund balance and donations of about \$40,000 a year.

The Veterans' Affairs Division has a statutory appropriation for operation of the Montana Veterans' Cemetery Program. The state special revenue funds are generated from cemetery plot allowances and donations. Statutory appropriations that are not currently estimated to be needed for the 2017 biennium include:

- National guard death benefits paid by the general fund
- Local incidence responses for emergency and disasters
- Contingencies to address environmental problems

The Governor is also provided a number of statutory appropriations in the event of a declared emergency or disaster. The most notable of these is the authority to authorize up to \$16.0 million for disaster relief. These expenditures are authorized through executive orders. In FY 2014, the Governor authorized disaster relief expenditures from the general fund totaling \$381,579.

In addition, the legislature created a fire suppression fund which includes statutorily appropriated funds that can be used for fire suppression costs. In FY 2014 DMA received \$368,690 to support National Guard members called out for fire suppression duties.

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	6,086,758	6,086,758	12,173,516	94.14 %	43,354,085	43,354,085	86,708,170	89.06 %
PL Adjustments	187,059	187,086	374,145	2.89 %	856,826	805,208	1,662,034	1.71 %
New Proposals	182,613	201,288	383,901	2.97 %	4,457,337	4,532,995	8,990,332	9.23 %
Total Budget	\$6,456,430	\$6,475,132	\$12,931,562		\$48,668,248	\$48,692,288	\$97,360,536	