

### Agency Budget Comparison

The following table compares 2014 actuals expenditures without one-time appropriations plus 2015 estimated appropriations including one-time appropriations, but excluding certain base appropriations to the 2017 biennial total legislative budget. The comparison is listed by year, type of expenditure, and source of funding. The biennial percent change column has been eliminated to allow for the transition to a comparison of biennial appropriations consistent with SB 140 in the future. The biennial appropriation growth/decline is listed in the agency highlight tables and the expenditure section of Volume 1 of this Fiscal Report.

Agency Budget Comparison							
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change
FTE	199.21	199.21	200.21	200.21	199.21	200.21	1.00
Personal Services	12,000,310	12,710,168	13,585,725	13,593,287	24,710,478	27,179,012	2,468,534
Operating Expenses	15,170,899	15,841,721	20,426,833	20,380,076	31,012,620	40,806,909	9,794,289
Equipment & Intangible Assets	172,716	552,065	150,536	150,536	724,781	301,072	(423,709)
Grants	10,265,846	11,915,443	11,735,443	11,735,443	22,181,289	23,470,886	1,289,597
Benefits & Claims	2,280	2,280	2,280	2,280	4,560	4,560	0
Transfers	850,470	2,532,674	2,532,674	2,532,674	3,383,144	5,065,348	1,682,204
<b>Total Costs</b>	<b>\$38,462,521</b>	<b>\$43,554,351</b>	<b>\$48,433,491</b>	<b>\$48,394,296</b>	<b>\$82,016,872</b>	<b>\$96,827,787</b>	<b>\$14,810,915</b>
General Fund	5,702,544	6,266,758	6,407,792	6,409,271	11,969,302	12,817,063	847,761
State/Other Special Rev. Funds	688,467	1,063,657	783,395	779,561	1,752,124	1,562,956	(189,168)
Federal Spec. Rev. Funds	32,071,510	36,223,936	41,242,304	41,205,464	68,295,446	82,447,768	14,152,322
<b>Total Funds</b>	<b>\$38,462,521</b>	<b>\$43,554,351</b>	<b>\$48,433,491</b>	<b>\$48,394,296</b>	<b>\$82,016,872</b>	<b>\$96,827,787</b>	<b>\$14,810,915</b>

### Agency Description

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.

The Department of Military Affairs is administered by the Adjutant General and his staff. The agency oversees all activities in the Army and Air National Guard, Disaster and Emergency Services, the National Guard Youth Challenge Program, and the National Guard Education Outreach Program, STARBASE. The Veterans' Affairs Division, which is administratively attached to the department, manages and coordinates with state and federal agencies in providing services for veterans and their families as well as the state veterans' cemeteries.

The department, through the Army and Air National Guard, manages a joint federal-state program that maintains trained and equipped military organizations for the Governor in the event of a state emergency and the President in the event of a national emergency. The department also plans for and coordinates state responses in disaster and emergency situations.

**Agency Highlights**

<b>Department of Military Affairs Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The 2015 biennium legislative appropriation to the 2017 biennium legislative appropriation increased by 9.4%.</li> <li>• Budget increases are mainly due to increased funding for an Unexploded Ordnance Remediation Program to remediate National Guard sites statewide supported by \$8.0 million in federal funds over the biennium</li> <li>• Reductions in federal grant support for the STARBASE Program are the result of reduced federal revenues in the Congressional budget</li> <li>• The legislature approved 5.50 additional FTE throughout the agency including:                         <ul style="list-style-type: none"> <li>◦ 2.00 FTE veteran service officers within the Veterans' Affairs Program</li> <li>◦ 2.00 FTE for the ChalleNGe Program including a program recruiter and a counselor</li> <li>◦ 1.00 FTE environmental science specialist for the Air National Guard Program</li> <li>◦ 0.50 FTE administrative assistant within the Director's Office</li> </ul> </li> </ul>

**Summary of Legislative Action**

The Department of Military Affairs 2017 biennium budget increases when compared to the 2015 biennium due to:

- Additional federal revenue authority to remediate unexploded ordnances on current or former military bases in Montana
- Approval of 5.50 FTE and related personal services throughout the agency
- Operational support for new Army National Guard facilities including the Miles City Readiness Center and Aviation Readiness Center in Helena
- Funding for water and sewer maintenance costs for the Montana Air National Guard base in Great Falls
- Support to implement the medal of valorous service to honor Montana's fallen heros who were members of the United State armed forces and were killed or classified as missing in action while serving in combat or military operations

In addition the legislature approved a fund switch for the Veteran's Affairs Program, reducing general fund and increasing state special revenue by \$50,000 each year of the 2017 biennium.

**Funding**

The following table shows agency funding by source of authority. 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	12,817,063	0	0	12,817,063	13.06 %	
State Special Total	1,562,956	0	1,297,000	2,859,956	2.91 %	
Federal Special Total	82,447,768	0	0	82,447,768	84.02 %	
Proprietary Total	0	0	0	0	0.00 %	
Other Total	0	0	0	0	0.00 %	
<b>Total All Funds</b>	<b>\$96,827,787</b>	<b>\$0</b>	<b>\$1,297,000</b>	<b>\$98,124,787</b>		
<b>Percent - Total All Sources</b>	<b>98.68 %</b>	<b>0.00 %</b>	<b>1.32 %</b>			

*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% 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 the majority 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. These increase for two reasons:

- Federal Homeland Security Program Grants that remain unspent from previous fiscal years
- A new program for unexploded ordnances

*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 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	94.98 %	43,354,085	43,354,085	86,708,170	89.55 %
PL Adjustments	118,421	101,225	219,646	1.71 %	602,069	487,216	1,089,285	1.12 %
New Proposals	202,613	221,288	423,901	3.31 %	4,477,337	4,552,995	9,030,332	9.33 %
<b>Total Budget</b>	<b>\$6,407,792</b>	<b>\$6,409,271</b>	<b>\$12,817,063</b>		<b>\$48,433,491</b>	<b>\$48,394,296</b>	<b>\$96,827,787</b>	

The budget summary table by category shows the total changes approved by the legislature in HB 2 when compared to the 2015 legislative base. Present law adjustments include adjustments for personal services, fixed costs, and inflation/deflation. Beyond these adjustments, the legislature approved additional staff for the Challenge Program as present law. New proposals approved include \$8.0 million for the Unexploded Ordnance Remediation Program and additional staff for the ChalleNGe Program, Air National Guard Program, and the Veterans' Affairs Program.

**Other Legislation**

HB 4 - The legislature approved FY 2015 federal grant authority for the following:

- Youth ChalleNGe Program - \$254,870
- STARBASE - \$46,236
- Military Capital Construction - \$1,722,000
- National Guary Facilities Program - \$4,042,304

In addition, remaining FY 2013, FY 2014, and 2015 federal budget authority was extended into federal fiscal year 2017 for the following programs:

- FY 2015 Montana National Guard Facilities Program
- FY 2014 Montana National Guard Facilities Program
- FY 2013 Montana National Guard Facilities Program
- FY 2015 Hazard Mitigation Grant Program

Finally, the legislature extended FY 2015 federal grant authority for the Helena Open Lands Fuel Reduction Program was extended to FY 2016.

HB 123 - The legislature revised public records statutes. The fiscal note prepared for the bill indicates a potential impact for the Department of Military Affairs of \$77,978 in FY 2016 and \$56,735 in FY 2017. Potensial impacts include costs to store records at the state record center, DMA currently stores these on-site, 0.75 FTE to implement new requirements, training for employees as to requirements, and employee equipment.

HB 372 - The legislature repealed the Montana National Guard Reenlistment or Extension Act of 1981. The act provided for a bonus to eligible enlisted guard members based on completed year of service.

HB 403 - the legislature provided appropriation authority for long range building projects including:

- \$500,000 for firing range cleanup
- \$450,000 provided for GFAFRC USAR mechanical system corrections
- \$1,500,00 for CSMS sandblast booth
- \$2,000,000 to make VA Cemetery Improvements
- \$65,000 for improvements at the Montana Military Museum
- \$3,000,000 to allow for capital improvements to statewide facilities

SB 240 - The legislature approved revisions to an interstate compact on educational opportunity for military children. Montana's participation in the interstate compact was extended. The costs associated with participation in the compact are estimated at \$4,700 each year of the biennium for DMA. The bill did not provide funding for these costs.

**Executive Budget Comparison**

The following table compares the legislative budget for the 2017 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2014	Executive Budget Fiscal 2016	Legislative Budget Fiscal 2016	Leg — Exec. Difference Fiscal 2016	Executive Budget Fiscal 2017	Legislative Budget Fiscal 2017	Leg — Exec. Difference Fiscal 2017	Biennium Difference Fiscal 16-17
FTE	199.21	200.21	200.21	0.00	200.21	200.21	0.00	0.00
Personal Services	12,000,310	13,882,512	13,585,725	(296,787)	13,888,266	13,593,287	(294,979)	(591,766)
Operating Expenses	15,170,899	19,684,424	20,426,833	742,409	19,702,710	20,380,076	677,366	1,419,775
Equipment & Intangible Assets	172,716	172,716	150,536	(22,180)	172,716	150,536	(22,180)	(44,360)
Grants	10,265,846	12,875,846	11,735,443	(1,140,403)	12,875,846	11,735,443	(1,140,403)	(2,280,806)
Benefits & Claims	2,280	2,280	2,280	0	2,280	2,280	0	0
Transfers	850,470	2,050,470	2,532,674	482,204	2,050,470	2,532,674	482,204	964,408
<b>Total Costs</b>	<b>\$38,462,521</b>	<b>\$48,668,248</b>	<b>\$48,433,491</b>	<b>(\$234,757)</b>	<b>\$48,692,288</b>	<b>\$48,394,296</b>	<b>(\$297,992)</b>	<b>(\$532,749)</b>
General Fund	5,702,544	6,456,430	6,407,792	(48,638)	6,475,132	6,409,271	(65,861)	(114,499)
State/other Special Rev. Funds	688,467	760,699	783,395	22,696	758,491	779,561	21,070	43,766
Federal Spec. Rev. Funds	32,071,510	41,451,119	41,242,304	(208,815)	41,458,665	41,205,464	(253,201)	(462,016)
<b>Total Funds</b>	<b>\$38,462,521</b>	<b>\$48,668,248</b>	<b>\$48,433,491</b>	<b>(\$234,757)</b>	<b>\$48,692,288</b>	<b>\$48,394,296</b>	<b>(\$297,992)</b>	<b>(\$532,749)</b>

The legislature's adopted budget is below the executive's proposed budget because:

- The legislature adopted 2% vacancy savings applied to HB 2 positions within the boilerplate language of HB 2
- Fixed costs and inflation/deflation factors were adjusted
- Overtime costs were lowered in the ChalleNGe Program because the agency inadvertently included them in the budget proposal twice

This is partially offset by approval of funding to implement a program to award the Montana medal of valorous service to qualifying service members.