

Program Budget Comparison

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

Program 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	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	3,217,426	3,219,822	6,091,097	6,437,248	346,151	5.68 %
Operating Expenses	11,269,075	10,957,573	15,403,150	15,432,550	22,226,648	30,835,700	8,609,052	38.73 %
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	\$18,771,112	\$18,802,908	\$29,020,346	\$37,574,020	\$8,553,674	29.47 %
General Fund	1,622,180	1,587,983	1,701,198	1,735,614	3,210,163	3,436,812	226,649	7.06 %
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	17,069,494	17,066,874	25,807,763	34,136,368	8,328,605	32.27 %
Total Funds	\$14,400,279	\$14,620,067	\$18,771,112	\$18,802,908	\$29,020,346	\$37,574,020	\$8,553,674	29.47 %

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 legislature provided increased federal authority from the 2017 biennium of over \$4.0 million each year of the biennium to provide continued funding for the Unexploded Ordnance Remediation Program Additional operational support for the Miles City Readiness Center, the Helena Aviation Readiness Center, and buildings within Fort William H. Harrison were also provided 	

Program Narrative

In addition to personal services increases that result from the implementation of pay raises and health insurance contributions included in HB 13 as enacted by the 2013 legislature other changes for the 2017 biennium 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 FY 2015 appropriation includes vacancy savings budgeted at 6.0%. The budget provides full funding of positions that were either unfilled during all or a portion of FY 2014 and eliminates vacancy savings of 2%
- Pay adjustments for market and position reclassifications that were approved during the 2015 biennium

The increases are partially offset by the elimination of 1.00 FTE and related support taken as part of the agency's compliance with boilerplate language included in HB 2 enacted by the 2013 Legislature.

Operating expenses increase mainly due to increases for professional and consulting services for the Unexploded Ordnance Program. Federal funding for the program is increased by \$8.00 million over the 2017 biennium for the program that remediates former or current munitions sites within Montana for unexploded ordnances(UXO).UXO are explosive weapons (bombs, cluster munitions, shells/artillery projectiles, missiles, etc.) that did not explode when they were fired or dropped. Because the munitions are still considered "live" munitions the ordnances pose a risk of detonation even though it has been many years or decades since they were used as part of training operations in Montana. Areas within the state that could be remediated include:

- Portions of the Helena valley used for military training in the late 1940s and early 1950s
- Limestone Hills Training Area near Townsend
- Portions of the Deerlodge valley that were used for military training
- Other sites around Montana

The Facilities Management Office within the Army National Guard Program oversees the construction, operation, and maintenance of National Guard facilities around Montana. The Miles City Readiness Center was placed into service in late FY 2015. The legislature provided operating costs for the state's share of the new building. It also provided funding for the Aviation Readiness Center and four buildings at Fort William H. Harrison located in Helena. With the exception of the Malta Readiness Center, DOA construction projects included in the long-range building program in previous biennia are either completed or projected to be complete in the next biennium.

The 2011 Legislature provided federal funding authority to construction a new Malta Readiness Center as part of HB 5, the long range building program bill. At this time, a portion of the funds for the construction of the facility are included in the President's 2016 budget as part of future years defense program projects in federal FY 2018.

Funding

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

Department of Military Affairs, 12-Army National Guard Program Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	3,436,812	0	0	3,436,812	9.15 %	
02343 Armory Rental Funds	840	0	0	840	100.00 %	
State Special Total	\$840	\$0	\$0	\$840	0.00 %	
03132 National Guard	34,136,368	0	0	34,136,368	100.00 %	
03453 Air National Guard	0	0	0	0	0.00 %	
Federal Special Total	\$34,136,368	\$0	\$0	\$34,136,368	90.85 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$37,574,020	\$0	\$0	\$37,574,020		

The Army National Guard program is funded with a combination of general fund and federal funds. 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 Summary by Category								
	-----General Fund-----				-----Total Funds-----			
Budget Item	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	92.41 %	14,620,067	14,620,067	29,240,134	77.82 %
PL Adjustments	108,689	124,303	232,992	6.78 %	125,267	81,856	207,123	0.55 %
New Proposals	4,526	23,328	27,854	0.81 %	4,025,778	4,100,985	8,126,763	21.63 %
Total Budget	\$1,701,198	\$1,735,614	\$3,436,812		\$18,771,112	\$18,802,908	\$37,574,020	

The legislature provided \$8.1 million in additional federal funds for a new proposal for the Unexploded Ordnance (UXO) Program. The program provides technical and operational oversight over UXO remediation on former Army National Guard sites across Montana.

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

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 510 - Legislative Audit - HB 2 2014 Fixed Costs (Restricted/Biennia										
0.00	2,456	0	26,189	28,645		0.00	0	0	0	0
DP 515 - State Share Health Insurance										
0.00	4,832	0	16,697	21,529		0.00	4,832	0	16,697	21,529
DP 520 - Fully Fund Legislatively Authorized FTE										
0.00	59,809	0	0	59,809		0.00	59,809	0	0	59,809
DP 525 - Fixed Cost Adjustment										
0.00	5,085	0	41,865	46,950		0.00	4,031	0	33,236	37,267
DP 526 - 2017 Biennium Legislative Audit (Restricted/Biennial)										
0.00	612	0	189	801		0.00	0	0	0	0
DP 527 - Inflation Deflation Adjustment										
0.00	7,096	0	63,860	70,956		0.00	7,423	0	66,804	74,227
DP 529 - Longevity and Other adjustments										
0.00	3,122	0	10,815	13,937		0.00	5,564	0	19,275	24,839
DP 550 - Motor Pool Adjustment										
0.00	(6)	0	(54)	(60)		0.00	(6)	0	(55)	(61)
DP 600 - Operating Cost Adjustments										
0.00	87,170	(1,585)	(214,607)	(129,022)		0.00	105,889	(1,585)	(243,274)	(138,970)
DP 610 - Other Personal Services Changes										
0.00	(61,487)	5	73,204	11,722		0.00	(63,239)	5	66,450	3,216
DP 1200444 - 4% FTE Reduction										
(1.00)	0	0	0	0		(1.00)	0	0	0	0
Grand Total All Present Law Adjustments										
(1.00)	\$108,689	(\$1,580)	\$18,158	\$125,267		(1.00)	\$124,303	(\$1,580)	(\$40,867)	\$81,856

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 510 - Legislative Audit - HB 2 2014 Fixed Costs (Restricted/Biennia -

The legislature provided a restricted biennial appropriation for the legislative audit costs. The funding is established at the level of the 2015 biennial appropriation contained in HB 2 as enacted by the 2013 Legislature.

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 520 - Fully Fund Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Cost Adjustment -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 526 - 2017 Biennium Legislative Audit (Restricted/Biennial) -

The legislature adjusted legislative audit costs and funding based on the current estimate of the Legislative Auditor.

DP 527 - Inflation Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 529 - Longevity and Other adjustments -

The legislature adopted personal service adjustments for unemployment insurance, workers compensation rates, longevity, retirement, and health benefits.

DP 550 - Motor Pool Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 600 - Operating Cost Adjustments -

The legislature adopted all other operating cost adjustments.

DP 610 - Other Personal Services Changes -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 1200444 - 4% FTE Reduction -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. This change package includes a reduction of 1.00 FTE each year.

New Proposals

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

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

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

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. The legislature approved additional funding to support the operating costs of buildings that will come on line after the base year. The funding provides for 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. The legislature established federal spending authority to operate the UXO program.