

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 | 40.00 | 40.00 | 40.00 | 40.00 | 40.00 | 40.00 | 0.00 | 0.00 % |
| Personal Services | 2,692,818 | 2,907,320 | 2,977,841 | 2,987,429 | 5,600,138 | 5,965,270 | 365,132 | 6.52 % |
| Operating Expenses | 1,653,425 | 1,844,861 | 1,949,706 | 1,944,876 | 3,498,286 | 3,894,582 | 396,296 | 11.33 % |
| Total Costs | \$4,346,243 | \$4,752,181 | \$4,927,547 | \$4,932,305 | \$9,098,424 | \$9,859,852 | \$761,428 | 8.37 % |
| General Fund | 367,179 | 410,180 | 432,820 | 430,114 | 777,359 | 862,934 | 85,575 | 11.01 % |
| Federal Spec. Rev. Funds | 3,979,064 | 4,342,001 | 4,494,727 | 4,502,191 | 8,321,065 | 8,996,918 | 675,853 | 8.12 % |
| Total Funds | \$4,346,243 | \$4,752,181 | \$4,927,547 | \$4,932,305 | \$9,098,424 | \$9,859,852 | \$761,428 | 8.37 % |

Program Description

The Air National Guard, 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 for administrative, facilities maintenance, security, and fire protection support to the Air National Guard base at Gore Hill near Great Falls. The Air National Guard program operates under both federal and state mandates in accordance with its dual missions and is mandated by the United States and Montana Constitutions and Title 10, Chapter 1-3, MCA.

Program Highlights

| Air National Guard Program Major Budget Highlights | |
|--|--|
| <ul style="list-style-type: none"> For the 2017 biennial budget the legislature: <ul style="list-style-type: none"> Increased personal services for 1.00 FTE environmental science specialist to address air and water quality management, monitoring and remediation as well as solid and hazardous waste disposal Provided funding to support maintenance of water and sewer lines Increased operating costs for security protection contracts on the bases | |

Program Narrative

Increases in the 2017 biennium budget resulted from the implementation of pay raises and health insurance contributions included in HB 13 as enacted by the 2013 Legislature. Other changes include funding provided to support:

- Employee attainment of longevity milestones in the 2017 biennium
- Changes in employer retirement contributions
- Vacancy savings that were 18.9% in FY 2014 compared to a budgeted rate of 6.0%; the budget provides full funding of positions that were unfilled during all or a portion of FY 2014
- Funding for market, supervisory, and proficiency pay adjustments approved during the 2015 biennium

The majority of the operating expense increases were budgeted for two items:

- Security protection contract - \$146,200 each year of the biennium
- Water and sewage - \$132,600 each year of the biennium

The security protection contract was included as part of the operating expense adjustment. The cost is partially offset by reductions in other areas.

Funding

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

| Department of Military Affairs, 13-Air National Guard Program Funding by Source of Authority | | | | | |
|---|--------------------|-----------------------------|----------------------------|----------------------|----------------------|
| Funds | HB2 | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds |
| 01100 General Fund | 862,934 | 0 | 0 | 862,934 | 8.75 % |
| State Special Total | \$0 | \$0 | \$0 | \$0 | 0.00 % |
| 03453 Air National Guard | 8,996,918 | 0 | 0 | 8,996,918 | 100.00 % |
| Federal Special Total | \$8,996,918 | \$0 | \$0 | \$8,996,918 | 91.25 % |
| Proprietary Total | \$0 | \$0 | \$0 | \$0 | 0.00 % |
| Total All Funds | \$9,859,852 | \$0 | \$0 | \$9,859,852 | |

The Montana Air National Guard is predominately funded through federal funds. General fund supports some building and grounds maintenance activities, a portion of administrative expenses, and a portion of the personal service costs for a quarter of the FTE.

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 | 410,180 | 410,180 | 820,360 | 95.07 % | 4,752,181 | 4,752,181 | 9,504,362 | 96.39 % |
| PL Adjustments | (3,207) | (6,142) | (9,349) | (1.08)% | (60,623) | (56,778) | (117,401) | (1.19)% |
| New Proposals | 25,847 | 26,076 | 51,923 | 6.02 % | 235,989 | 236,902 | 472,891 | 4.80 % |
| Total Budget | \$432,820 | \$430,114 | \$862,934 | | \$4,927,547 | \$4,932,305 | \$9,859,852 | |

The Air National Guard Program general fund budget is reduced in present law due to implementation of boilerplate requirements contained in HB 2 from the 2013 Legislature and operating expense reductions, mainly for electricity. Total funds increase due to new proposals for maintenance of water and sewer lines and additional FTE to serve as an environmental science specialist. The Air National Guard is subject to environmental requirements including air and water quality management, monitoring, and remediation as well as solid and hazardous waste disposal, and other environmental requirements.

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 | 1,048 | 0 | 5,240 | 6,288 | 0.00 | 0 | 0 | 0 | 0 |
| DP 515 - State Share Health Insurance | 0.00 | 519 | 0 | 18,435 | 18,954 | 0.00 | 519 | 0 | 18,435 | 18,954 |
| DP 525 - Fixed Cost Adjustment | 0.00 | 1,853 | 0 | (10,693) | (8,840) | 0.00 | 1,838 | 0 | (10,801) | (8,963) |
| DP 526 - 2017 Biennium Legislative Audit (Restricted/Biennial) | 0.00 | (22) | 0 | 197 | 175 | 0.00 | 0 | 0 | 0 | 0 |
| DP 527 - Inflation Deflation Adjustment | 0.00 | 0 | 0 | (164,450) | (164,450) | 0.00 | 0 | 0 | (158,324) | (158,324) |
| DP 529 - Longevity and Other adjustments | 0.00 | (732) | 0 | (26,141) | (26,873) | 0.00 | (496) | 0 | (17,717) | (18,213) |
| DP 600 - Operating Cost Adjustments | 0.00 | 14,110 | 0 | 109,462 | 123,572 | 0.00 | 12,611 | 0 | 106,591 | 119,202 |
| DP 610 - Other Personal Services Changes | 0.00 | (19,983) | 0 | 10,534 | (9,449) | 0.00 | (20,614) | 0 | 11,180 | (9,434) |
| DP 1300444 - 4% FTE Reduction | (1.00) | 0 | 0 | 0 | 0 | (1.00) | 0 | 0 | 0 | 0 |
| Grand Total All Present Law Adjustments | (1.00) | (\$3,207) | \$0 | (\$57,416) | (\$60,623) | (1.00) | (\$6,142) | \$0 | (\$50,636) | (\$56,778) |

***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 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 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 1300444 - 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 1301304 - New Air Guard Environmental Science Specialist | 1.00 | 25,847 | 0 | 77,542 | 103,389 | 1.00 | 26,076 | 0 | 78,226 | 104,302 |
| DP 1301305 - Funding for Water-Sewer Maintenance | 0.00 | 0 | 0 | 132,600 | 132,600 | 0.00 | 0 | 0 | 132,600 | 132,600 |
| Total | 1.00 | \$25,847 | \$0 | \$210,142 | \$235,989 | 1.00 | \$26,076 | \$0 | \$210,826 | \$236,902 |

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

DP 1301304 - New Air Guard Environmental Science Specialist -

The legislature funded 1.00 FTE Environmental Science Specialist to meet the environmental compliance requirements of the Montana Air National Guard (MANG) in Great Falls. The approval creates a fourth Air Guard Master Cooperative Agreement Appendix between the federal government (National Guard Bureau and United States Property and Fiscal Office) and the State of Montana (Adjutant General). The costs of the agreement are 25% state and 75% federal.

DP 1301305 - Funding for Water-Sewer Maintenance -

The legislature provided 100% federal spending authority to cover the annual water and sewer maintenance costs for the Montana Air National Guard (MANG) after privatization of water and sewer lines in FY 2016.