

**Agency Proposed Budget**

The following table summarizes the total executive budget proposal for the agency by year, type of expenditure, and source of funding.

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	172.90	0.25	9.00	182.15	0.25	9.00	182.15	182.15
Personal Services	7,759,437	1,142,037	386,136	9,287,610	1,185,715	386,367	9,331,519	18,619,129
Operating Expenses	8,579,425	8,157,196	364,031	17,100,652	8,240,031	347,956	17,167,412	34,268,064
Equipment	207,305	100,000	37,000	344,305	100,000	0	307,305	651,610
Grants	937,260	210,000	265,000	1,412,260	210,000	265,000	1,412,260	2,824,520
Benefits & Claims	2,280	0	0	2,280	0	0	2,280	4,560
<b>Total Costs</b>	<b>\$17,485,707</b>	<b>\$9,609,233</b>	<b>\$1,052,167</b>	<b>\$28,147,107</b>	<b>\$9,735,746</b>	<b>\$999,323</b>	<b>\$28,220,776</b>	<b>\$56,367,883</b>
General Fund	4,662,368	293,930	398,702	5,355,000	301,202	345,739	5,309,309	10,664,309
State/Other Special	789,003	336,332	296,570	1,421,905	340,465	296,570	1,426,038	2,847,943
Federal Special	12,034,336	8,978,971	356,895	21,370,202	9,094,079	357,014	21,485,429	42,855,631
<b>Total Funds</b>	<b>\$17,485,707</b>	<b>\$9,609,233</b>	<b>\$1,052,167</b>	<b>\$28,147,107</b>	<b>\$9,735,746</b>	<b>\$999,323</b>	<b>\$28,220,776</b>	<b>\$56,367,883</b>

**Agency Description**

The Department of Military Affairs, administered by the Adjutant General, oversees activities of the Air and Army National Guard, Disaster and Emergency Services, and the National Guard (NG) Youth Challenge program. The Montana Board of Veterans' Affairs is administratively attached to the department. The department, through the Army and Air National Guard, manages a joint federal-state program to maintain trained and equipped military organizations in readiness for state and national mobilizations to active duty.

The Disaster and Emergency Services Division plans for and coordinates state responses in disaster and emergency situations. The Board of Veterans' Affairs manages and cooperates with state and federal agencies in providing statewide services for discharged veterans and their families, and is responsible for the two state veterans' cemeteries. The NG Youth Challenge program provides a military-modeled youth intervention program with a goal of improving the life coping skills and employability of high school dropouts.

**Agency Highlights**

<b>Department of Military Affairs</b>	
<b>Major Budget Highlights</b>	
<ul style="list-style-type: none"> <li>◆ Total funding would increase 61 percent in the executive proposed budget.</li> <li>◆ Present law adjustments would add \$19.3 million and would account for 90 percent of the total budget increase                             <ul style="list-style-type: none"> <li>• Federal funds increase \$16 million for increased maintenance and training and converting installation security to private security firms</li> <li>• General fund increases \$0.6 million to fund statewide present law and other present law increases</li> <li>• State special revenue increases \$0.7 million primarily to fund increased activity in search and rescue grants to local jurisdictions and department-sponsored conferences</li> </ul> </li> <li>◆ New Proposals would add \$2.1 million                             <ul style="list-style-type: none"> <li>• General fund would fund an additional 1.0 FTE for a department information technology officer, replace a department server, and fund several new proposals in the DES division</li> <li>• State special revenue increases would fund increases in the Veterans' Affairs division, adding 2.0 FTE native veterans services officers and increasing activity in the veterans cemeteries</li> <li>• Federal special revenue increases would support 6.0 additional FTE, including 4.0 FTE for the proposed STARBASE program, a communications specialist, and a budget manager</li> </ul> </li> </ul>	

Major LFD Issues
<ul style="list-style-type: none"> <li>◆ Purpose of additional federal funds in army national guard program is unclear</li> <li>◆ New initiatives in DES are funded 100 percent with general fund, rather than cost shared with federal funds</li> </ul>

**Agency Discussion***Goals and Objectives:*

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the legislature may wish to review the following:

- Goals, objectives and year-to-date outcomes from the 2007 biennium
- Goals and objectives and their correlation to the 2009 biennium budget request

Any issues related to goals and objectives raised by LFD staff are located in the program section.

**Funding**

The following table summarizes funding for the agency, by program and source, as recommended by the executive. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2009 Biennium Executive Budget					
Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
01 Centralized Services Division	\$ 1,133,661	\$ -	\$ 983,672	\$ 2,117,333	3.76%
02 Challenge Program	2,429,778	-	3,761,208	6,190,986	10.98%
03 Scholarship Program	500,000	-	-	500,000	0.89%
12 Army National Guard Pgm	2,342,742	24,000	25,546,489	27,913,231	49.52%
13 Air National Guard Pgm	753,740	-	9,176,803	9,930,543	17.62%
21 Disaster & Emergency Services	2,127,451	668,816	3,387,459	6,183,726	10.97%
31 Veterans Affairs Program	1,376,937	2,155,127	-	3,532,064	6.27%
Grand Total	<u>\$ 10,664,309</u>	<u>\$ 2,847,943</u>	<u>\$ 42,855,631</u>	<u>\$ 56,367,883</u>	100.00%

The Department of Military Affairs is funded from general fund, state special revenue, and federal special revenue funds. General fund supports a portion of all of the programs in the department and 100 percent of the cost of the National Guard Scholarship program. General fund would increase 14 percent in the 2009 biennium from double the FY 2006 base in the executive proposal.

State special revenue is comprised of the following revenue and is used for the purposes indicated:

- User fees which are assessed to non-military users of the department's videoconferencing statewide network. The fees are intended to cover the cost of providing the service. No revenue was received or expended from this source in FY 2006; in the 2009 biennium \$12,000 annually is included in the executive budget for this purpose
- Search and rescue state special revenues from snowmobile and off road vehicle decals are used to reimburse local search and rescue organizations. In FY 2006 \$49,000 was expended; in the 2009 biennium \$200,000 annually is included in the executive budget for this purpose
- Fees charged for department sponsored conferences are used to offset the costs of sponsorship
- Revenue from a \$0.50 veterans' services fee on light vehicle registrations and issuance of a patriotic license plate, both authorized by SB 401 passed by the 2003 Legislature, supports services provided by the Veterans Affairs Division. In FY 2006 \$539,000 was expended; in the 2009 biennium approximately \$645,000 annually is included in the executive budget for this purpose
- Revenue from the sale of veterans' license plates and donations and cemetery plot allowances support state veterans' cemetery operations. In FY 2006 \$187,000 was expended; in the 2009 biennium expenditures would be approximately \$430,000 annually, reflecting a new proposal included in the executive budget

Federal special revenue increases \$18.8 million in the 2009 biennium from double the FY 2006 base, or 78 percent.

Primary drivers of the federal revenue increase include:

- o Increased funding for maintenance and repair of the army national guard facilities in the state - \$6.6 million
- o Increased funding for range and training area equipment in the army national guard program - \$3.9 million
- o Increased funding for switching the installation security for army national guard and air national guard facilities to private security firms - \$4.6 million
- o Proposed new STARBASE program - \$0.5 million
- o Firefighter overtime - \$0.6 million
- o Statewide present law adjustments - \$2.0 million

**Biennium Budget Comparison**

The following table compares the executive budget request in the 2009 biennium with the 2007 biennium by type of expenditure and source of funding. The 2007 biennium consists of actual FY 2006 expenditures and FY 2007 appropriations.

Biennium Budget Comparison								
Budget Item	Present Law Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	Present Law Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Biennium Fiscal 06-07	Total Exec. Budget Fiscal 08-09
FTE	173.15	9.00	182.15	173.15	9.00	182.15	172.90	182.15
Personal Services	8,901,474	386,136	9,287,610	8,945,152	386,367	9,331,519	16,473,094	18,619,129
Operating Expenses	16,736,621	364,031	17,100,652	16,819,456	347,956	17,167,412	17,339,250	34,268,064
Equipment	307,305	37,000	344,305	307,305	0	307,305	298,228	651,610
Grants	1,147,260	265,000	1,412,260	1,147,260	265,000	1,412,260	2,072,857	2,824,520
Benefits & Claims	2,280	0	2,280	2,280	0	2,280	4,560	4,560
<b>Total Costs</b>	<b>\$27,094,940</b>	<b>\$1,052,167</b>	<b>\$28,147,107</b>	<b>\$27,221,453</b>	<b>\$999,323</b>	<b>\$28,220,776</b>	<b>\$36,187,989</b>	<b>\$56,367,883</b>
General Fund	4,956,298	398,702	5,355,000	4,963,570	345,739	5,309,309	9,486,110	10,664,309
State/Other Special	1,125,335	296,570	1,421,905	1,129,468	296,570	1,426,038	1,883,665	2,847,943
Federal Special	21,013,307	356,895	21,370,202	21,128,415	357,014	21,485,429	24,818,214	42,855,631
<b>Total Funds</b>	<b>\$27,094,940</b>	<b>\$1,052,167</b>	<b>\$28,147,107</b>	<b>\$27,221,453</b>	<b>\$999,323</b>	<b>\$28,220,776</b>	<b>\$36,187,989</b>	<b>\$56,367,883</b>

**New Proposals**

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

Program	Fiscal 2008					Fiscal 2009				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 101 - Upgrade Department Server - OTO	01	0.00	25,000	0	0	25,000	0.00	0	0	0
DP 102 - Department Information Technology Officer	01	1.00	40,702	0	0	40,702	1.00	40,739	0	0
DP 103 - Funding for National Guard STARBASE Program	01	4.00	0	0	250,000	250,000	4.00	0	0	250,000
DP 1204 - 100% Federally Funded Communications Specialist	12	1.00	0	12,000	51,521	63,521	1.00	0	12,000	51,570
DP 1303 - Federal Authority for ANG Budget Management	13	1.00	0	0	55,374	55,374	1.00	0	0	55,444
DP 2104 - Operating Expenses for Incident Command Vehicle	21	0.00	15,000	0	0	15,000	0.00	15,000	0	0
DP 2105 - Upgrade SECC Computers	21	0.00	16,000	0	0	16,000	0.00	0	0	0
DP 2106 - Upgrade GIS Hardware and Software OTO	21	0.00	12,000	0	0	12,000	0.00	0	0	0
DP 2109 - Funding for Sustainment of Regional HazMat Teams	21	0.00	290,000	0	0	290,000	0.00	290,000	0	0
DP 3101 - VA Cemetery State Special Spending Authority	31	0.00	0	215,000	0	215,000	0.00	0	215,000	0
DP 3102 - State Special Spending Authority for Native VSO	31	2.00	0	69,570	0	69,570	2.00	0	69,570	0
<b>Total</b>	<b>9.00</b>	<b>\$398,702</b>	<b>\$296,570</b>	<b>\$356,895</b>	<b>\$1,052,167</b>	<b>\$999,323</b>	<b>9.00</b>	<b>\$345,739</b>	<b>\$296,570</b>	<b>\$357,014</b>

**Program Proposed Budget**

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	9.20	0.00	5.00	14.20	0.00	5.00	14.20	14.20
Personal Services	523,814	105,846	208,671	838,331	108,618	208,783	841,215	1,679,546
Operating Expenses	111,014	12,773	82,031	205,818	9,439	81,956	202,409	408,227
Equipment	0	0	25,000	25,000	0	0	0	25,000
Benefits & Claims	2,280	0	0	2,280	0	0	2,280	4,560
<b>Total Costs</b>	<b>\$637,108</b>	<b>\$118,619</b>	<b>\$315,702</b>	<b>\$1,071,429</b>	<b>\$118,057</b>	<b>\$290,739</b>	<b>\$1,045,904</b>	<b>\$2,117,333</b>
General Fund	445,431	68,966	65,702	580,099	67,392	40,739	553,562	1,133,661
State/Other Special	0	0	0	0	0	0	0	0
Federal Special	191,677	49,653	250,000	491,330	50,665	250,000	492,342	983,672
<b>Total Funds</b>	<b>\$637,108</b>	<b>\$118,619</b>	<b>\$315,702</b>	<b>\$1,071,429</b>	<b>\$118,057</b>	<b>\$290,739</b>	<b>\$1,045,904</b>	<b>\$2,117,333</b>

**Program Description**

The Centralized Services Division provides departmental administration through the Office of the Adjutant General and department-wide support for accounting, fiscal management, personnel, labor relations, and purchasing and property management oversight. The program operates in accordance with Title 2, Chapter 15, part 12 and Title 10, MCA.

**Program Highlights**

Centralized Services Division Major Budget Highlights	
◆	Total budget increases 66 percent in the 2009 biennium from the doubled FY 2006 base. <ul style="list-style-type: none"> <li>• Executive recommends replacing agency server and adding a dedicated IT network support position</li> <li>• Executive also recommends approval of a 100 percent federally funded initiative to implement the NG STARBASE program, a K-12 academic outreach program to raise interest and improve knowledge of at-risk youth in math, science, and technology</li> </ul>

**Funding**

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding Table Centralized Services Div						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ 445,431	69.9%	\$ 580,099	54.1%	\$ 553,562	52.9%
01100 General Fund	445,431	69.9%	580,099	54.1%	553,562	52.9%
03000 Total Federal Special Funds	191,677	30.1%	491,330	45.9%	492,342	47.1%
03132 National Guard	174,955	27.5%	457,812	42.7%	458,683	43.9%
03134 Disaster & Emergency Services	16,722	2.6%	33,518	3.1%	33,659	3.2%
<b>Grand Total</b>	<b>\$ 637,108</b>	<b>100.0%</b>	<b>\$ 1,071,429</b>	<b>100.0%</b>	<b>\$ 1,045,904</b>	<b>100.0%</b>

The Centralized Services Division is primarily funded with general fund. The federal-state agreements between the Department of Military Affairs and the associated federal agencies have identified costs of positions that provide support to federally funded activities as applicable for federal funding. During the base year, federal funds accounted for approximately 30 percent of the funding for the division. For the 2009 biennium, federal funds would support 46 percent. The increased federal fund share is attributable to a \$500,000 new proposal that is 100 percent federal funds.

General fund increases 27 percent in the 2009 biennium from the doubled FY 2006 base as the executive budget included two new initiatives totaling \$106,441 funded entirely from general fund and to fund a portion of the statewide present law adjustment.

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2008-----					-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					132,080					134,970
Vacancy Savings					(26,234)					(26,352)
Inflation/Deflation					174					236
Fixed Costs					12,599					9,203
<b>Total Statewide Present Law Adjustments</b>					<b>\$118,619</b>					<b>\$118,057</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$118,619</b>					<b>\$118,057</b>

**LFD COMMENT** The annual statewide present law adjustment for personal services is a 25 percent increase over the personal services base. About \$40,000 of the \$130,000 annual adjustment is attributable to annualizing the pay plan approved in HB 447 of the 2005 Legislature, leaving roughly \$90,000 attributed to the combination of restore funding for base year vacancies and salary or pay grade adjustments not funded in the pay plan.

**New Proposals**

New Proposals	-----Fiscal 2008-----					-----Fiscal 2009-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 101 - Upgrade Department Server - OTO											
01	0.00	25,000	0	0	25,000	0.00	0	0	0	0	
DP 102 - Department Information Technology Officer											
01	1.00	40,702	0	0	40,702	1.00	40,739	0	0	40,739	
DP 103 - Funding for National Guard STARBASE Program											
01	4.00	0	0	250,000	250,000	4.00	0	0	250,000	250,000	
<b>Total</b>	<b>5.00</b>	<b>\$65,702</b>	<b>\$0</b>	<b>\$250,000</b>	<b>\$315,702</b>	<b>5.00</b>	<b>\$40,739</b>	<b>\$0</b>	<b>\$250,000</b>	<b>\$290,739</b>	

DP 101 - Upgrade Department Server - OTO - The executive budget includes \$25,000 general fund to update the department's server. The server supports all statewide information technology needs. This server is also used to provide support to other state agencies in the event of a disaster or emergency. The current server was purchased in 2002.

DP 102 - Department Information Technology Officer - The executive budget proposes 1.00 FTE as a dedicated staff position to meet the department's information technology needs for LAN administration, web site maintenance, and management requirements. This position would support planning, installation, and maintenance of computer work stations for 180 FTE, the department server, internet servers, and local and wide area networks.

DP 103 - Funding for National Guard STARBASE Program - This executive budget includes \$500,000 federal spending authority to support the National Guard STARBASE Program, an academic outreach program for K-12 youth that incorporates a fast paced curriculum of hands-on activities, classroom experiments, and support from volunteer experts within the National Guard and the community. This program is 100 percent federal funds.

**Program Proposed Budget**

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	47.40	0.25	0.00	47.65	0.25	0.00	47.65	47.65
Personal Services	1,708,699	199,884	0	1,908,583	205,772	0	1,914,471	3,823,054
Operating Expenses	1,119,889	66,800	0	1,186,689	61,354	0	1,181,243	2,367,932
<b>Total Costs</b>	<b>\$2,828,588</b>	<b>\$266,684</b>	<b>\$0</b>	<b>\$3,095,272</b>	<b>\$267,126</b>	<b>\$0</b>	<b>\$3,095,714</b>	<b>\$6,190,986</b>
General Fund	1,131,462	81,631	0	1,213,093	85,223	0	1,216,685	2,429,778
Federal Special	1,697,126	185,053	0	1,882,179	181,903	0	1,879,029	3,761,208
<b>Total Funds</b>	<b>\$2,828,588</b>	<b>\$266,684</b>	<b>\$0</b>	<b>\$3,095,272</b>	<b>\$267,126</b>	<b>\$0</b>	<b>\$3,095,714</b>	<b>\$6,190,986</b>

**Program Description**

The Montana National Guard Youth Challenge Program is a volunteer program for youth ages 16 to 18 who have stopped attending secondary school before graduating. Challenge is a 17-month, voluntary two-phased military modeled training program targeting unemployed, drug-free, and crime-free high school dropouts. The program provides an opportunity for high school "at risk" youth to enhance their life skills, increase their educational levels, and their employment potential. Phase I of the program is a 22 week residential stay on the campus of the University of Montana the University of Montana-Western in Dillon focusing on physical training, classroom instruction, personal development, and life skills. Phase II is a year-long mentoring relationship with a specially-trained member of the community where the youth resides to provide a positive role model and to assist the student in gaining employment or enrolling in post-secondary schooling.

**Program Highlights**

Youth Challenge Program Major Budget Highlights	
◆	The executive budget adds funding for a permanent substitute teacher position
◆	Travel and special project costs totaling \$108,000 for the biennium are added to the budget and funded 100 percent with federal funds.
◆	Statewide present law adjustments add approximately \$204,000 each year

**Funding**

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding Table Challenge Program						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ 1,131,462	40.0%	\$ 1,213,093	39.2%	\$ 1,216,685	39.3%
01100 General Fund	1,131,462	40.0%	1,213,093	39.2%	1,216,685	39.3%
03000 Total Federal Special Funds	1,697,126	60.0%	1,882,179	60.8%	1,879,029	60.7%
03132 National Guard	1,697,126	60.0%	1,882,179	60.8%	1,879,029	60.7%
<b>Grand Total</b>	<b>\$ 2,828,588</b>	<b>100.0%</b>	<b>\$ 3,095,272</b>	<b>100.0%</b>	<b>\$ 3,095,714</b>	<b>100.0%</b>

The Youth Challenge Program is funded with general fund and federal special revenue at a 60/40 federal to state funding ratio for most costs. Some travel and special projects required by the federal/state cooperative agreement are funded 100 percent from federal funds.

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2008-----				-----Fiscal 2009-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					270,121					276,215
Vacancy Savings					(79,152)					(79,396)
Inflation/Deflation					774					840
Fixed Costs					12,026					6,514
<b>Total Statewide Present Law Adjustments</b>					\$203,769					\$204,173
DP 203 - ChalleNGE Substitute Teachers										
	0.25	3,566	0	5,349	8,915	0.25	3,581	0	5,372	8,953
DP 204 - Fed Spen Auth for ChalleNGe Trav and Spec Projects										
	0.00	0	0	54,000	54,000	0.00	0	0	54,000	54,000
<b>Total Other Present Law Adjustments</b>	<b>0.25</b>	<b>\$3,566</b>	<b>\$0</b>	<b>\$59,349</b>	<b>\$62,915</b>	<b>0.25</b>	<b>\$3,581</b>	<b>\$0</b>	<b>\$59,372</b>	<b>\$62,953</b>
Grand Total All Present Law Adjustments					\$266,684					\$267,126

**LFD COMMENT** The annual statewide present law adjustment for personal services is a 16 percent increase over the personal services base. About \$160,000 of the \$270,000 annual adjustment is attributable to annualizing the salary and health insurance adjustments approved in HB 447 of the 2005 Legislature, leaving roughly \$110,000 attributed to restoring funding for base year vacancies, salary or pay grade adjustments not funded in the pay plan, or other adjustments.

DP 203 - ChalleNGE Substitute Teachers - The executive budget includes a permanent 0.25 FTE aggregate position and funding for part-time substitute teachers. Currently these employees are accounted for in a temporary position and are not in the base. The decision package is funded with federal funds and general fund at the 60/40 federal/state ratio.

DP 204 - Fed Spen Auth for ChalleNGe Trav and Spec Projects - The executive budget adds \$54,000 of additional federal spending authority each year of the biennium for program employees to participate in required training classes set forth in the federal/state cooperative agreement and to complete special projects necessary to fulfill the program's mission. These federal funds do not require any state matching funds.

**Program Proposed Budget**

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	250,000	0	0	250,000	0	0	250,000	500,000
<b>Total Costs</b>	<b>\$250,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$250,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$250,000</b>	<b>\$500,000</b>
General Fund	250,000	0	0	250,000	0	0	250,000	500,000
<b>Total Funds</b>	<b>\$250,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$250,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$250,000</b>	<b>\$500,000</b>

**Program Description**

The Montana National Guard Scholarship Program provides scholarships of up to \$500 per semester to eligible Montana National Guard personnel enrolled as undergraduate students in Montana colleges, universities, or training programs. The program assists Montana in recruiting and retaining personnel in both the Army and Air National Guard and in enhancing its operational readiness to assume both state and federal active duty missions. Scholarships also rewarded guard members for their service to the state by helping defray their educational costs at Montana post-secondary institutions.

**Program Highlights**

<p><b>National Guard Scholarships Program</b> <b>Major Budget Highlights</b></p>
<p>◆ The executive budget recommends no change to this program</p>

**Funding**

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding Table Scholarship Program						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ 250,000	100.0%	\$ 250,000	100.0%	\$ 250,000	100.0%
01100 General Fund	250,000	100.0%	250,000	100.0%	250,000	100.0%
<b>Grand Total</b>	<b>\$ 250,000</b>	<b>100.0%</b>	<b>\$ 250,000</b>	<b>100.0%</b>	<b>\$ 250,000</b>	<b>100.0%</b>

This program is funded 100 percent from general fund.

<b>LFD COMMENT</b>	<p>The legislature appropriated \$250,000 each year of the 2007 biennium for eligible Montana national guard personnel enrolled as undergraduate students in Montana postsecondary institutions. The HB 2 narrative accompanying the bill indicated some intention by the legislature that the average scholarship would not exceed \$500, which implies that 500 scholarships could be funded each year of the 2007 biennium.</p> <p>In FY 2006, the department funded 282 scholarships with \$250,000, resulting in an average scholarship amount of \$887 rather than \$500. This results in 218 fewer scholarships being awarded than otherwise would be possible if the awards were limited to \$500 each.</p> <p>The legislature may wish to have the department explain its scholarship activity for the 2007 biennium, clarifying the program goals and objectives as well as the measurable outcomes and results of this program to the joint appropriations subcommittee during the 2007 Legislature before making a decision on the executive budget request for the 2009 biennium.</p>
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**Program Proposed Budget**

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	37.30	0.00	1.00	38.30	0.00	1.00	38.30	38.30
Personal Services	1,804,265	269,337	51,521	2,125,123	277,016	51,570	2,132,851	4,257,974
Operating Expenses	5,273,661	6,314,288	12,000	11,599,949	6,355,037	12,000	11,640,698	23,240,647
Equipment	107,305	100,000	0	207,305	100,000	0	207,305	414,610
<b>Total Costs</b>	<b>\$7,185,231</b>	<b>\$6,683,625</b>	<b>\$63,521</b>	<b>\$13,932,377</b>	<b>\$6,732,053</b>	<b>\$63,570</b>	<b>\$13,980,854</b>	<b>\$27,913,231</b>
General Fund	1,199,610	(30,035)	0	1,169,575	(26,443)	0	1,173,167	2,342,742
State/Other Special	0	0	12,000	12,000	0	12,000	12,000	24,000
Federal Special	5,985,621	6,713,660	51,521	12,750,802	6,758,496	51,570	12,795,687	25,546,489
<b>Total Funds</b>	<b>\$7,185,231</b>	<b>\$6,683,625</b>	<b>\$63,521</b>	<b>\$13,932,377</b>	<b>\$6,732,053</b>	<b>\$63,570</b>	<b>\$13,980,854</b>	<b>\$27,913,231</b>

**Program Description**

The Army National Guard until federalized is a state military organization which 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 state-wide 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**

<b>Army National Guard Program Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The budget increases 94 percent in the 2009 biennium from double the FY 2006 base as funds originally added through budget amendments in FY 2006 are added in HB 2:                             <ul style="list-style-type: none"> <li>• \$6.6 million federal funds are added for facility maintenance</li> <li>• \$3.9 million federal funds are added for range and training equipment and maintenance</li> <li>• \$1.7 million federal funds are added to acquire national guard installation security from civilian security firm</li> </ul> </li> </ul>
<b>Major LFD Issues</b>
<ul style="list-style-type: none"> <li>• The proposed use of facility maintenance funds and federal range and training funds is not clear</li> </ul>

**Funding**

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding Table						
Army National Guard Pgm						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ 1,199,610	16.7%	\$ 1,169,575	8.4%	\$ 1,173,167	8.4%
01100 General Fund	1,199,610	16.7%	1,169,575	8.4%	1,173,167	8.4%
02000 Total State Special Funds	-	-	12,000	0.1%	12,000	0.1%
02101 Distance Learning	-	-	12,000	0.1%	12,000	0.1%
03000 Total Federal Special Funds	5,985,621	83.3%	12,750,802	91.5%	12,795,687	91.5%
03132 National Guard	5,984,381	83.3%	12,750,802	91.5%	12,795,687	91.5%
03413 Veterans Cemetery	1,240	0.0%	-	-	-	-
Grand Total	<u>\$ 7,185,231</u>	<u>100.0%</u>	<u>\$13,932,377</u>	<u>100.0%</u>	<u>\$ 13,980,854</u>	<u>100.0%</u>

The army national guard program is primarily funded with a combination of general fund and federal funds. Funding depends on how a facility is used and the costs to operate and maintain a facility, and can be funded: 1) entirely with state funds; 2) entirely with federal funds; or 3) as a shared responsibility, with federal funds at 75 percent and general fund at 25 percent (service contract buildings). When a facility is owned by the state and located on state land, maintenance costs are the responsibility of the state and utility costs are split evenly with the federal government. When a facility is state owned but located on federal land, the maintenance costs are funded 75 percent federal and 25 percent general fund, but utility costs are funded 100 percent general fund. When a facility is classified as a logistics facility, the funding is 100 percent federal funds for the entire facility. Federally owned facilities located on federal land and those that serve training missions are predominantly funded 100 percent with federal funds, except when the building is used as an armory. Armories constructed with federal funds and located on federal land are funded 100 percent general fund for maintenance and 50 percent federal and 50 percent general fund for utilities 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.

During the base year, general fund accounted for 17 percent of overall expenditures within the army national guard program. This general fund percentage would decrease to 8 percent of overall expenditures in the 2009 biennium executive budget, primarily because the executive budget proposes to add \$12 million of federal funds for three projects that are funded 100 percent from federal funds.

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2008				Fiscal 2009					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					355,736					363,737
Vacancy Savings					(86,399)					(86,721)
Inflation/Deflation					230,445					244,829
Fixed Costs					21,362					(12,482)
<b>Total Statewide Present Law Adjustments</b>					<b>\$521,144</b>					<b>\$509,363</b>
DP 1201 - Operational Support for New ARNG Facilities	0.00	33,416	0	68,561	101,977	0.00	40,555	0	87,914	128,469
DP 1202 - Army Guard Funding & Authority for Maintenance	0.00	0	0	3,275,082	3,275,082	0.00	0	0	3,275,082	3,275,082
DP 1203 - Federal Army Security Spending Authority	0.00	0	0	842,946	842,946	0.00	0	0	876,663	876,663
DP 1205 - Federal Range & Training Spending Authority.	0.00	0	0	1,942,476	1,942,476	0.00	0	0	1,942,476	1,942,476
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$33,416</b>	<b>\$0</b>	<b>\$6,129,065</b>	<b>\$6,162,481</b>	<b>0.00</b>	<b>\$40,555</b>	<b>\$0</b>	<b>\$6,182,135</b>	<b>\$6,222,690</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$6,683,625</b>					<b>\$6,732,053</b>

**LFD COMMENT** The annual statewide present law adjustment for personal services is a 20 percent increase over the personal services base. About \$150,000 of the \$360,000 annual adjustment is attributable to annualizing the salary and health insurance adjustments approved in HB 447 of the 2005 Legislature, leaving roughly \$210,000 attributed to the combination of restore funding for base year vacancies and salary or pay grade adjustments not funded in the pay plan.

DP 1201 - Operational Support for New ARNG Facilities - The executive budget adds \$73,971 general fund and \$156,475 federal funds for operations and maintenance funds for army national guard facilities that came on line during or after the base year. Additional services include janitorial services, utilities, ground maintenance, and code required inspections such as fire sprinkler and fire alarm inspections necessary to operate the facilities throughout the year.

**LFD COMMENT** A \$3,500 error in FY 2009 was discovered. The total federal special revenue should equal \$84,414.

DP 1202 - Army Guard Funding & Authority for Maintenance - The executive requests the authority to expend \$3,275,082 per fiscal year of the 2009 biennium for continued maintenance and repair of the state’s national guard facilities. The federal government provided \$3,275,082 in both FY 2006 and FY 2007 for this maintenance and repair. The executive anticipates this level of funding will continue into FY 2008 and FY 2009.

*The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

Justification: This proposal is essential for the continued maintenance and repair of our national guard facilities. This authority is used to expend federal funds on facilities at Fort Harrison, the Helena Regional Airport, and Malmstrom AFB for a national guard armory only. This authority is also used for major repairs of readiness centers on state land. Currently maintenance backlog is significant and this authority will allow us to spend federal dollars to improve the

condition of facilities used for the training of soldiers. In the last 5 years, the Montana army national guard operations tempo has increased significantly, increasing the use of these facilities as well. In order to continue to meet the training needs of the Montana army national guard, the department needs to be able to meet the maintenance needs of these facilities.

**Goal:** To reduce backlog of maintenance and repair and to meet the maintenance needs of facilities by completing projects such as heating and ventilating improvements, replace flooring and upgrade doors and door hardware. Improve electrical distribution and upgrade plumbing fixtures.

**Performance Criteria:** To have each of our facilities comply with all building codes; bring antiquated systems, such as heating and ventilation, to current standards for building occupancy; provide updated electrical systems. Provide updated and pleasant room finishes; improve energy conservation by installing energy efficient windows; modernize plumbing fixtures.

**Milestones:** To make improvements that will occur prior to the major training events planned by the national guard. Since our soldiers train every month, it is imperative that the facilities provide the best opportunity to enhance this training. We are also experiencing increased use of our training site by out of state soldiers. By improving facilities, we will provide the opportunity for increased use and quality training for the military.

**FTE:** The tasks supported with this funding will be done by existing staff.

**Funding:** The federal government has provided increased funding of \$3,275,082 in FY 2006 and FY 2007 under CFDA 12.401 to support these requirements. We anticipate this level of funding will continue into both FY 2008 and FY 2009.

**Obstacles:** While the department believes that we have the staff necessary to contract for this work, it will increase the work load for accounting and for the maintenance staff. We are prepared to make the necessary effort to provide these improvements, given the authority.

**Risk:** If these projects are not completed it will ultimately cost more to complete these in the future. Projects such as replacing the exterior windows, will save a considerable amount of energy and reduce operating costs. This will also provide a reasonable environment for training Montana army national guard soldiers statewide. The longer we wait to accomplish the improvements, the more it will cost as more and more components of the facility deteriorate. When failure occurs, we will be faced with an emergency repair, rather than one that can be planned and executed under normal conditions.

**LFD  
ISSUE**

Use of Facility Maintenance Funds Not Clear

The total request of this decision package is \$6.6 million. As presented in the decision package justification, the department indicated that the requested funds are necessary to address the maintenance backlog of national guard facilities. Legislative staff requested an estimate of the maintenance backlog in order to estimate the impact of the request. The department responded that the maintenance backlog on federal buildings is \$484,359. Either this information is an error or the requested funds are intended for additional purposes. The legislature may wish to require the department clarify the proposed use of these funds before taking action on the appropriation request.

**LFD  
COMMENT**

The milestone provided is not specific or meaningful. The legislature may wish to direct the department to provide more specific milestones for achieving the performance measures listed. For example, if the federal spending authority was approved, by what date would the performance measures be met, or at least evaluated?

DP 1203 - Federal Army Security Spending Authority - The executive budget adds \$1.7 million federal special spending authority to fund 100 percent of the cost of army national guard bureau installation security obtained from civilian security service. The security service contract would provide 24/7 security of army national guard installations in Montana.

**LFD  
COMMENT**

In the past, the installation security for the army national guard was provided with national guard members. The national guard bureau has changed this process and all future security will be provided by a civilian security service. The department used both HB2 and budget amendment authority in the base year to expend the federal funds. This request would appropriate all spending authority in HB2.

DP 1205 - Federal Range & Training Spending Authority. - The executive budget increases the army national guard operating budget by \$1,942,476 each year of the 2009 biennium to expend additional federal funds on range and training area equipment. The federal government provided \$1,942,476 in both FY 2006 and FY 2007 to support these training requirements. The executive anticipates this level of funding will continue into FY 2008 and FY 2009.

*The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

**Justification:** This proposal is essential for national guard ranges and training areas. The funds would be used on range and training area equipment and assets at Fort Harrison, Helena Limestone Hills near Townsend, WACO training area near Billings, and all 26 national guard armories. Expenditures include maintenance infrastructure to support weapons and training equipment, such as maintenance shop supplies and fire suppression equipment (fire trucks, ATV's, mowers; all used for range maintenance and vegetation control around fire lines and berms of each range). Additionally it will be used to update range generators, target batteries, computer systems and printers for automated ranges, night vision sites, forward looking infra red sight maintenance/upgrade/replacement, hand held 2-way radios and base station radios, land line phones and drop boxes, satellite phones for range control, and range trucks. Equipment is also essential to unexploded ordnance (UXO) disposal, research and removal. With encroachment of civilian population on former military training areas happening throughout Montana, UXO is becoming a problem with land development.

**Goal:** To maintain all range and training land programs throughout the state of Montana. To ensure range and training areas are available for weapons qualification and maneuver training of the Montana national guard and other entities. Improve and provide a state of the art training facility to ensure everyone survives the modern day battle field and ensure training provided will assist units in the global war on terrorism and homeland defense. To ensure we can respond to all UXO emergency calls in a timely manner.

**Performance Criteria:** To have each of our ranges and training areas comply with all regulations and requirements. Bring antiquated ranges, such as the machine gun range up to current standards for army training. Provide state of the art computer scored ranges and training areas for our service members and other customers. To provide a safe and fast response to all UXO emergency calls throughout the state.

**Milestones:** To make improvements that will occur prior to major training events planned by the national guard. Since our soldiers train every month, it is imperative that the facilities provide the best opportunity to enhance this training. The sooner we can provide the improvements, the sooner the benefits will be realized. We are also experiencing increased use of our training site by out of state soldiers, federal and local law enforcement agencies, and other organizations. By improving our facilities, we will provide the opportunity for increased use and quality training for our customers. We are also experiencing a higher rate of UXO emergency calls from private land owners throughout the state. We want to ensure we maintain our ability to response effectively with most up to date equipment.

FTE: This work is currently being done by existing state and federal employees. They will continue with the duties they already have.

Funding: The federal government has provided increased funding of \$1,942,476 in FY 2006 and FY 2007 under CFDA 12.401 to support these training requirements. The department anticipates this level of funding will continue into FY 2008 and FY 2009.

Obstacles: While the master cooperative agreement allows us to execute federal funds, the limited amount of spending authority hampers our ability to react to unforeseen missions and support requirements. We believe this will ensure our staff has the necessary means to complete these missions.

Risk: If these projects are not completed it will ultimately cost more in the future. Projects not standardized will greatly reduce the soldiers' ability to survive on the battle field. If our fire fighting equipment is not ready our chances of starting wild land fires greatly increase. This will also provide a reasonable environment for training Montana army national guard soldiers statewide and additionally help Montana in fighting forest fires. Without this equipment the response to UXO may not occur in a timely or safe manner.

<b>LFD ISSUE</b>	As stated, the goal is unclear and unfocused. Consequently, the performance measures and milestones are unclear.
	<ul style="list-style-type: none"> <li>○ What is the ultimate goal for expending these funds?</li> <li>○ Is it to maintain range and training land programs? What does that mean?</li> <li>○ Is the goal to improve soldiers' ability to survive on the battlefield as noted in the risk statement?</li> </ul>
	The legislature may wish to have the department clarify the goal of the expenditure of these funds and identify meaningful performance measures and milestones that are specific, measurable, and attainable.

**New Proposals**

Program	Fiscal 2008					Fiscal 2009					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 1204 - 100% Federally Funded Communications Specialist	12	1.00	0	12,000	51,521	63,521	1.00	0	12,000	51,570	63,570
<b>Total</b>	<b>1.00</b>	<b>\$0</b>	<b>\$12,000</b>	<b>\$51,521</b>	<b>\$63,521</b>	<b>1.00</b>	<b>\$0</b>	<b>\$12,000</b>	<b>\$51,570</b>	<b>\$63,570</b>	

DP 1204 - 100% Federally Funded Communications Specialist - The executive includes federal funds for a 1.00 FTE position as well as state special revenue spending authority to provide for two-way interactive video conferencing. The position would be responsible for the testing, trouble shooting, problem resolution, and quality assurance of all interactive video conferences. The Montana National Guard has established a two-way interactive military conferencing network that is also available for use by state agencies, local governments, and other authorized groups. The department has a state special revenue fund to allow the network to accept funds for shared use. These funds would be used to replace equipment during life cycle management.

<b>LFD COMMENT</b>	The department established and filled a modified position in FY 2006 for this purpose. This modified position was not included in the budget base for the 2009 biennium. No external users have used this system. Consequently, no external user fees have been received for the videoconferencing network.
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**Program Proposed Budget**

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	33.00	0.00	1.00	34.00	0.00	1.00	34.00	34.00
Personal Services	1,697,251	240,312	55,374	1,992,937	258,395	55,444	2,011,090	4,004,027
Operating Expenses	1,317,069	1,614,768	0	2,931,837	1,677,610	0	2,994,679	5,926,516
<b>Total Costs</b>	<b>\$3,014,320</b>	<b>\$1,855,080</b>	<b>\$55,374</b>	<b>\$4,924,774</b>	<b>\$1,936,005</b>	<b>\$55,444</b>	<b>\$5,005,769</b>	<b>\$9,930,543</b>
General Fund	308,370	66,831	0	375,201	70,169	0	378,539	753,740
Federal Special	2,705,950	1,788,249	55,374	4,549,573	1,865,836	55,444	4,627,230	9,176,803
<b>Total Funds</b>	<b>\$3,014,320</b>	<b>\$1,855,080</b>	<b>\$55,374</b>	<b>\$4,924,774</b>	<b>\$1,936,005</b>	<b>\$55,444</b>	<b>\$5,005,769</b>	<b>\$9,930,543</b>

**Program Description**

The Air National Guard, until federalized, is a state military organization which 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	
◆	The executive proposal would increase the budget 65 percent from double the FY 2006 base <ul style="list-style-type: none"> <li>• \$2.9 million federal funds added for switching to a civilian security service for installation security</li> <li>• \$0.6 million federal funds added for firefighter overtime</li> <li>• \$0.1 million general fund added for statewide present law adjustments and 25 percent share of utility costs relating to new space in the 2009 biennium</li> </ul>

**Funding**

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding Table Air National Guard Pgm						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ 308,370	10.2%	\$ 375,201	7.6%	\$ 378,539	7.6%
01100 General Fund	308,370	10.2%	375,201	7.6%	378,539	7.6%
03000 Total Federal Special Funds	2,705,950	89.8%	4,549,573	92.4%	4,627,230	92.4%
03132 National Guard	2,705,950	89.8%	4,549,573	92.4%	4,627,230	92.4%
<b>Grand Total</b>	<b>\$ 3,014,320</b>	<b>100.0%</b>	<b>\$ 4,924,774</b>	<b>100.0%</b>	<b>\$ 5,005,769</b>	<b>100.0%</b>

The 2009 biennium budget would increase 65 percent from double the FY 2006 base. The Air National Guard program is funded primarily from federal funds. In the base budget, federal funds supported 90 percent of the expenditures and general fund provided 10 percent. In the 2009 biennium, federal funds would provide 92 percent of the total budgeted funds, reflecting the Governor’s recommendation to add federal funds for security, budget management, and firefighter overtime.

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2008-----					-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					9,806					18,580
Vacancy Savings					(68,280)					(68,636)
Inflation/Deflation					96,205					103,723
Fixed Costs					7,873					4,107
<b>Total Statewide Present Law Adjustments</b>					<b>\$45,604</b>					<b>\$57,774</b>
DP 1301 - Utility Funding for New ANG Facilities	0.00	18,581	0	55,742	74,323	0.00	20,380	0	61,142	81,522
DP 1304 - Federal Spending Authority for Fire Fighter OT	0.00	0	0	298,786	298,786	0.00	0	0	308,451	308,451
DP 1305 - Federal Spending Authority for ANG Security	0.00	0	0	1,436,367	1,436,367	0.00	0	0	1,488,258	1,488,258
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$18,581</b>	<b>\$0</b>	<b>\$1,790,895</b>	<b>\$1,809,476</b>	<b>0.00</b>	<b>\$20,380</b>	<b>\$0</b>	<b>\$1,857,851</b>	<b>\$1,878,231</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$1,855,080</b>					<b>\$1,936,005</b>

DP 1301 - Utility Funding for New ANG Facilities - The executive budget includes \$38,961 general fund match and \$116,884 in federal spending authority for the 2009 biennium for utility cost adjustments related to new space at the Montana Air National Guard. All new building construction is 100 percent federally funded. Utilities are funded 75 percent federal and 25 percent general fund.

DP 1304 - Federal Spending Authority for Fire Fighter OT - The executive budget adds \$607,237 federal spending authority for the overtime salary and benefit costs incurred by the Air National Guard fire fighters in Great Falls. Overtime costs are zero based and not carried forward in the agency's base budget. This cost is funded 100 percent from federal funds.

<b>LFD COMMENT</b>	In FY 2006, the department expended a total of \$42,395 for overtime. This includes all personal services areas, not just fire fighters.
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DP 1305 - Federal Spending Authority for ANG Security - The executive budget adds \$2.9 million federal special spending authority to fund 100 percent of the cost of Air National Guard installation security obtained from civilian security service. The security service contract would provide 24/7 security of aircraft and facilities at the 120<sup>th</sup> Fighter Wing in Great Falls.

**LFD  
COMMENT**

In the past, the installation security for the Air National Guard was provided with National Guard members. The National Guard Bureau has changed this process and all future security will be provided by a civilian security service on a contract basis.

**New Proposals**

Program	FTE	Fiscal 2008				Fiscal 2009					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 1303 - Federal Authority for ANG Budget Management	13	1.00	0	0	55,374	55,374	1.00	0	0	55,444	55,444
<b>Total</b>	<b>1.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$55,374</b>	<b>\$55,374</b>	<b>1.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$55,444</b>	<b>\$55,444</b>	

DP 1303 - Federal Authority for ANG Budget Management - The executive budget endorses a move by the National Guard Bureau to provide 100 percent federal funding for an additional 1.00 FTE financial management position. The additional federal funds total approximately \$55,400 per year.

**Program Proposed Budget**

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	23.00	0.00	0.00	23.00	0.00	0.00	23.00	23.00
Personal Services	1,009,282	273,243	1,000	1,283,525	277,687	1,000	1,287,969	2,571,494
Operating Expenses	215,642	129,950	55,000	400,592	120,478	39,000	375,120	775,712
Equipment	0	0	12,000	12,000	0	0	0	12,000
Grants	937,260	210,000	265,000	1,412,260	210,000	265,000	1,412,260	2,824,520
<b>Total Costs</b>	<b>\$2,162,184</b>	<b>\$613,193</b>	<b>\$333,000</b>	<b>\$3,108,377</b>	<b>\$608,165</b>	<b>\$305,000</b>	<b>\$3,075,349</b>	<b>\$6,183,726</b>
General Fund	644,806	99,845	333,000	1,077,651	99,994	305,000	1,049,800	2,127,451
State/Other Special	63,416	270,992	0	334,408	270,992	0	334,408	668,816
Federal Special	1,453,962	242,356	0	1,696,318	237,179	0	1,691,141	3,387,459
<b>Total Funds</b>	<b>\$2,162,184</b>	<b>\$613,193</b>	<b>\$333,000</b>	<b>\$3,108,377</b>	<b>\$608,165</b>	<b>\$305,000</b>	<b>\$3,075,349</b>	<b>\$6,183,726</b>

**Program Description**

The Disaster and Emergency Services Division (DES) duties and responsibilities are provided for under Title 10, Chapter 3, MCA. The division is responsible for the coordination, development and implementation of emergency management planning, mitigation, response, and recovery statewide. This responsibility includes the administration and disbursement of federal Homeland Security and Emergency Management funds to eligible political subdivisions and tribal nations across the state. The division maintains a 24-hour a day point of contact to coordinate the volunteer, state, and federal response for assistance to political subdivisions and tribal nations in the event of an incident, emergency, or disaster.

**Program Highlights**

<b>Disaster and Emergency Services Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The total budget would increase 43 percent</li> <li>◆ General fund would fund 100 percent of new initiatives in executive budget                             <ul style="list-style-type: none"> <li>• Operating costs for incident command vehicle purchased with federal homeland security funds</li> <li>• Replace computers for state emergency coordination center</li> <li>• Upgrade geographical information system equipment and software (OTO)</li> <li>• Fund travel, equipment, and training for regional hazardous materials teams to prepare for emergency response</li> </ul> </li> <li>◆ State special revenue authority is increased for                             <ul style="list-style-type: none"> <li>• Search and rescue funding</li> <li>• Workshops and conferences funding</li> </ul> </li> </ul>
<b>Major LFD Issues</b>
<ul style="list-style-type: none"> <li>◆ The executive budget funds new initiatives with 100 general fund that may qualify for federal cost sharing</li> <li>◆ The Disaster and Emergency Services Division has received \$36 million of federal grants, many for homeland security, via budget amendments that do not include legislative oversight, so that the legislature may want to request a detailed report on the plan, goals and objectives, as well as outcomes of these funds, and spending plans for the 2009 biennium</li> </ul>

**Funding**

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding Table Disaster & Emergency Ser							
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009	
01000 Total General Fund	\$ 644,806	29.8%	\$ 1,077,651	34.7%	\$ 1,049,800	34.1%	
01100 General Fund	644,806	29.8%	1,077,651	34.7%	1,049,800	34.1%	
02000 Total State Special Funds	63,416	2.9%	334,408	10.8%	334,408	10.9%	
02156 Sar Des Dfwp Fees	26,463	1.2%	100,000	3.2%	100,000	3.3%	
02170 Sar Des Off Road Vehicles	22,545	1.0%	100,000	3.2%	100,000	3.3%	
02180 Emergency Preparedness Summit	-	-	80,000	2.6%	80,000	2.6%	
02335 Des Training Conference	14,408	0.7%	54,408	1.8%	54,408	1.8%	
03000 Total Federal Special Funds	1,453,962	67.2%	1,696,318	54.6%	1,691,141	55.0%	
03134 Disaster & Emergency Services	1,453,962	67.2%	1,696,318	54.6%	1,691,141	55.0%	
Grand Total	<u>\$ 2,162,184</u>	<u>100.0%</u>	<u>\$ 3,108,377</u>	<u>100.0%</u>	<u>\$ 3,075,349</u>	<u>100.0%</u>	

The Disaster and Emergency Services Division is supported with general fund, state special revenue, and federal special revenue. The disaster coordination functions that provide support to communities and contribute to the overall mission of the division are usually funded on a 50/50 basis with general fund and federal special revenue. General fund would increase 65 percent in the 2009 biennium from double the FY 2006 amount in the executive budget as several new initiatives relating to the division’s mission would be funded entirely with general fund rather than cost-shared with federal funds. Disaster coordination functions focusing on specifically identified hazards or functions are usually funded 100 percent with federal funds.

State special revenue is fee revenue from division-sponsored workshops and conferences and is used to support these functions. Other state special revenue includes fees from snowmobile and off road vehicle decals to support local search and rescue organizations. The executive budget would increase state special revenue spending authority over \$500,000 in the 2009 biennium from double the FY 2006 amount to allow for increased activity in these areas.

*Homeland Security Funding*

The department has received federal homeland security funding since FY 2002. Most of these funds have been added to the department’s budget via the budget amendment (BA) process rather than the normal HB2 legislative process due to the uncertainty of the amount and the timing of these federal grants.

Once again in the 2007 biennium, federal homeland security grants were added to the budget through the BA process. Consequently, there are no homeland security grant funds that appear in the FY 2006 base budget, nor are any federal homeland security funds included in the proposed executive budget for the 2009 biennium.

<b>LFD ISSUE</b>	<p>Legislative Oversight for Homeland Security Programs and Spending</p> <p>During FY 2006, the department expended \$15 million out of \$36 million of federal grants that were awarded and authorized through the budget amendment process. It is not clear how many of these are dedicated to homeland security matters. As such, there has been no legislative oversight for the planning or spending of these grants.</p> <p>The legislature may want to ask the department to present a detailed spending plan, including goals and objectives, for these grants in the 2007 biennium. In addition, the legislature may want to request details on the department plans, goals and objectives are for the 2009 biennium related to these federal grants, as well as the expected federal funding levels for additional grants going forward.</p>
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**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2008-----					-----Fiscal 2009-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				305,844						310,478
Vacancy Savings				(52,601)						(52,791)
Inflation/Deflation				893						972
Fixed Costs				39,057						29,506
<b>Total Statewide Present Law Adjustments</b>				<b>\$293,193</b>						<b>\$288,165</b>
DP 2107 - State Special Authority for DES	0.00	0	120,000	0	120,000	0.00	0	120,000	0	120,000
DP 2108 - State Special Authority for Search & Rescue	0.00	0	200,000	0	200,000	0.00	0	200,000	0	200,000
<b>Total Other Present Law Adjustments</b>				<b>\$0</b>	<b>\$320,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$320,000</b>	<b>\$0</b>	<b>\$320,000</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$613,193</b>						<b>\$608,165</b>

<b>LFD COMMENT</b>	<p>The statewide present law personal services adjustment includes the implementation and annualization of the 2007 biennium pay increase and health insurance adjustments approved by the 2005 Legislature, and restores salaries and benefits for vacancy savings realized in FY 2006. Disaster and Emergency Services had a 6.6 percent vacancy rate in FY 2006, with one position virtually vacant the entire year. In addition to the 23.00 FTE funded by HB 2, the department had 8.00 modified FTE authorized via budget amendment funded with federal grants.</p>
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DP 2107 - State Special Authority for DES - The executive requests an increase in state spending authority of \$120,000 per year to provide necessary reimbursements through the Emergency Management Assistance Compact and account for expenditures at the annual Governor's emergency preparedness summit.

*The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

Justification: Section 10-3-1001, MCA authorizes Montana to participate in the Emergency Management Assistance Compact (EMAC). The purpose of this compact is to provide for mutual assistance between the party states in managing any emergency or disaster that is declared by the governor of an affected state, whether arising from natural disaster, technological hazard, human-caused disaster, civil emergency aspects of resources shortages, community disorders, insurgency, or enemy attack. The Montana DES has responded to an EMAC request for assistance almost every year since this legislation was enacted. This request enables participation in the EMAC process by providing the budgetary mechanism to commit resources, incur expenditures and receive reimbursements from states requesting assistance.

Each year the Montana DES holds the Governor’s emergency preparedness summit to encourage preparedness, coordination, collaboration and network development with all the emergency management partners. The division charges participants and vendors fees which provide a large portion of the funding for the conference. This request enables the division to collect and expend these outside sources of revenue to pay for summit expenses.

Goals: The goal of the EMAC is to provide for mutual assistance between the party states in managing any emergency or disaster that is declared by the governor of an affected state, whether arising from natural disaster, technological hazard, human-caused disaster, civil emergency aspects of resources shortages, community disorders, insurgency, or enemy attack.

The goal of the Governor's emergency preparedness summit is to encourage preparedness, coordination, collaboration and network development with all the emergency management partners to ensure system effectiveness.

Performance Criteria: EMAC performance will be measured by the ability to provide assistance without any delays caused by budgetary mechanism constraints. Performance will be monitored by the State Emergency Coordination Center manager.

Governor's emergency preparedness summit performance will be measured by the division's ability to collect and expend fees that support the maximum success of the summit each year. Performance will be monitored by the DES finance section.

Milestones: There are no milestones for EMAC funding. Support requests are unpredictable and handled on an individual basis.

A milestone for the Governor's summit is having adequate spending authority to ensure the completion of each successful annual summit, typically held each May.

FTE: These proposals will not require the hiring of any new FTE. Both of these activities already exist in the division.

Funding: EMAC funding is state special revenue because the revenue is reimbursement from another state each time we provide support under the EMAC. Our projection of \$40,000 annually is based on an average of costs from previous years activities.

Governor's emergency preparedness summit is state special revenue because the funding is received from individuals and private entities outside state government. Our projection of \$80,000 annually is based on costs from the 2006 summit.

Obstacles: There are no foreseeable obstacles toward implementing this proposal as it is merely ensuring the appropriate spending authority for existing activities of the division.

Risk: While Montana has enacted legislation to become part of the EMAC, without this funding mechanism we would be unable to provide support to other states when they request assistance.

The customer base and information content of the Governor's emergency preparedness summit is continually expanding. Without this spending authority, the division will have to begin scaling it back causing the summit to be less beneficial and effective.

**LFD  
COMMENT**

This is a dual purpose decision package. Part of the request is for spending authority for the Emergency Management Assistance Compact and part is for spending authority for the Governor's emergency preparedness summit.

Comments here address the Governor's emergency preparedness summit request. The performance measures proposed by the executive relate to accounting activities, rather than providing a means for the legislature to evaluate the stated goal, which is to "encourage preparedness, coordination, collaboration, and network development with all emergency management partners to ensure system effectiveness". The legislature may wish to ask the department to present performance measures that will allow the legislature to evaluate whether the annual summit is achieving its stated goal.

DP 2108 - State Special Authority for Search & Rescue - The executive budget recommends \$200,000 per year of state special revenue authority to reimburse county sheriffs for search and rescue mission costs, training, and equipment. Funding would come from two statutory sources established under 87-1-601, MCA, through Fish Wildlife and Parks and 15-1-122(3)(g), MCA, through vehicle licensing fees.

**LFD COMMENT** Base year expenditures for this program totaled \$49,009. At the time of this writing, the fund balance in the two funds established for search and rescue total approximately \$708,000.

The legislature may want to ask the department for a detailed analysis of this fund account in order to determine why the ending fund balance is more than three-times the proposed annual expenditure level. Such an analysis may reveal options such as whether the current fee rates are set too high, or whether the payment levels for search and rescue are set too low.

**New Proposals**

Program	FTE	Fiscal 2008				Fiscal 2009				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2104 - Operating Expenses for Incident Command Vehicle										
21	0.00	15,000	0	0	15,000	0.00	15,000	0	0	15,000
DP 2105 - Upgrade SECC Computers										
21	0.00	16,000	0	0	16,000	0.00	0	0	0	0
DP 2106 - Upgrade GIS Hardware and Software OTO										
21	0.00	12,000	0	0	12,000	0.00	0	0	0	0
DP 2109 - Funding for Sustainment of Regional HazMat Teams										
21	0.00	290,000	0	0	290,000	0.00	290,000	0	0	290,000
<b>Total</b>	<b>0.00</b>	<b>\$333,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$333,000</b>	<b>0.00</b>	<b>\$305,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$305,000</b>

DP 2104 - Operating Expenses for Incident Command Vehicle - The executive budget includes \$15,000 general fund each year to cover operating expenses for an incident command vehicle that was purchased with federal homeland security funds. Operating expenses would include fixed expenses, such as insurance and satellite phone/data service, repair, and maintenance and operational deployments for training and exercise purposes.

**LFD COMMENT** The department used homeland security grants to purchase a deployable state of Montana incident command vehicle to be used to respond to emergencies and incidents across the state. The unit is an extension of the State Emergency Coordination Center (SECC) and will be used to augment command and control needs at the state, local, and tribal level. The vehicle serves as an alternate command post during interruption of state services and can be used as a secondary SECC to support and coordinate state response for emergencies.

**LFD COMMENT** See LFD Issue at the end of this narrative for a discussion of how this decision package is funded in the executive budget.

DP 2105 - Upgrade SECC Computers - The executive budget includes \$16,000 general fund in FY 2008 for an upgrade to the State Emergency Coordination Center (SECC) computers. The SECC has twenty computer work stations which personnel use to support operational planning and management of the state emergency response.

**LFD COMMENT** These stations support DES emergency management functions and are used by other state, private and volunteer agencies in providing assistance during statewide, local or tribal incidents, emergencies, or disasters.

**LFD  
COMMENT**

See LFD Issues at the end of this narrative for a discussion of how this decision package is funded in the executive budget.

DP 2106 - Upgrade GIS Hardware and Software OTO - This one-time-only recommendation in the executive budget is for \$12,000 in FY 2008 and would be used to purchase upgraded geographical information system (GIS) equipment. GIS information is critical for evacuation planning and emergency response. The state standard for replacement of computer hardware is based on a four-year life cycle. The current hardware for running GIS software is six years old. The ability to run the software and manipulate the increased volumes of data to produce accurate and timely products requires updated hardware.

**LFD  
COMMENT**

See LFD Issue at the end of this narrative for a discussion of how this decision package is funded in the executive budget.

DP 2109 - Funding for Sustainment of Regional HazMat Teams - The executive budget adds \$290,000 general fund in each year of the biennium which would be passed thru the department and divided among each of the six regional state hazardous materials (HazMat) teams. This funding would be used to sustain the interoperability efforts of the six regional teams, coordinate response with entities outside their local government jurisdiction, and for the maintenance and update of assigned state equipment used in hazardous materials response. The department would retain \$25,000 of this funding to support basic individual training for local responders in weapons of mass destruction/HazMat awareness, decontamination, and HazMat incident command.

**LFD  
ISSUE**

Costs of the New Proposals in Executive Budget are 100 Percent General Fund

The division annually receives a formula grant, Emergency Management Performance Grants, administered by the U.S. Department of Homeland Security, which is used to support ongoing operations of this division. These funds are used for the development, maintenance, and improvement of state and local emergency management capabilities, and are usually matched dollar for dollar with state general fund.

The four new proposals included in the executive budget for this division are proposed to be funded 100 percent from general fund. The justification supporting each new proposal indicates that the funding would be used to improve the preparation and/or response of state and local emergency management capabilities. Since this is a primary function of the division, the question arises as to why federal emergency management performance grants are not participating in the cost of these new proposals. Legislative staff requested documentation of any restrictions on how the federal grant funds could be spent, but none was provided by the agency.

Option 1 – Approve the executive budget as submitted.

Option 2 – Require the department to evaluate the availability of federal funds to fund some or all of the new proposal requests and submit the information to the joint appropriations subcommittee during legislative budget hearings.

Option 3 – Approve the new proposal requests, funded one-half from general fund and one-half from federal funds.

Option 4 – Deny any or all of the new proposal requests.

**Program Proposed Budget**

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	23.00	0.00	2.00	25.00	0.00	2.00	25.00	25.00
Personal Services	1,016,126	53,415	69,570	1,139,111	58,227	69,570	1,143,923	2,283,034
Operating Expenses	292,150	18,617	215,000	525,767	16,113	215,000	523,263	1,049,030
Equipment	100,000	0	0	100,000	0	0	100,000	200,000
<b>Total Costs</b>	<b>\$1,408,276</b>	<b>\$72,032</b>	<b>\$284,570</b>	<b>\$1,764,878</b>	<b>\$74,340</b>	<b>\$284,570</b>	<b>\$1,767,186</b>	<b>\$3,532,064</b>
General Fund	682,689	6,692	0	689,381	4,867	0	687,556	1,376,937
State/Other Special	725,587	65,340	284,570	1,075,497	69,473	284,570	1,079,630	2,155,127
Federal Special	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$1,408,276</b>	<b>\$72,032</b>	<b>\$284,570</b>	<b>\$1,764,878</b>	<b>\$74,340</b>	<b>\$284,570</b>	<b>\$1,767,186</b>	<b>\$3,532,064</b>

**Program Description**

The Veterans Affairs Division 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 and at Fort Harrison, in Helena. 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 Division Major Budget Highlights	
◆	The executive budget increases \$215,000 annually to fund unanticipated repair and maintenance costs at the state's veterans' cemeteries

**Funding**

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding Table Veterans Affairs Program							
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009	
01000 Total General Fund	\$ 682,689	48.5%	\$ 689,381	39.1%	\$ 687,556	38.9%	
01100 General Fund	682,689	48.5%	689,381	39.1%	687,556	38.9%	
02000 Total State Special Funds	725,587	51.5%	1,075,497	60.9%	1,079,630	61.1%	
02214 Veterans Affairs Cemeteries	187,009	13.3%	382,213	21.7%	381,047	21.6%	
02548 Veterans Affairs Sb401	538,578	38.2%	643,284	36.4%	648,583	36.7%	
02550 Ft Harr Va Cemetery Donations	-	-	10,000	0.6%	10,000	0.6%	
02551 Ft Harr Va Cemetery Plot Allow	-	-	15,000	0.8%	15,000	0.8%	
02552 Estrn Mt Va Cemetery Plot All	-	-	15,000	0.8%	15,000	0.8%	
02553 Estrn Mt Va Cemetery Donations	-	-	10,000	0.6%	10,000	0.6%	
<b>Grand Total</b>	<b>\$ 1,408,276</b>	<b>100.0%</b>	<b>\$ 1,764,878</b>	<b>100.0%</b>	<b>\$ 1,767,186</b>	<b>100.0%</b>	

The Veterans’ Affairs Division is funded with general fund and state special revenue from a \$0.50 veterans’ services fee on light vehicle registrations and issuance of a patriotic license plate, both authorized by SB 401 passed by the 2003 Legislature. Cemetery operations are fully funded by state special revenue received primarily from the sale of veterans’ license plates with a smaller portion being received from donations and cemetery plot allowances.

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2008-----					-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					97,979					102,990
Vacancy Savings					(44,564)					(44,763)
Inflation/Deflation					14,051					15,176
Fixed Costs					4,566					937
<b>Total Statewide Present Law Adjustments</b>					<b>\$72,032</b>					<b>\$74,340</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$72,032</b>					<b>\$74,340</b>

**New Proposals**

New Proposals	Program	-----Fiscal 2008-----					-----Fiscal 2009-----				
		FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3101 - VA Cemetery State Special Spending Authority	31	0.00	0	215,000	0	215,000	0.00	0	215,000	0	215,000
DP 3102 - State Special Spending Authority for Native VSO	31	2.00	0	69,570	0	69,570	2.00	0	69,570	0	69,570
<b>Total</b>	<b>2.00</b>	<b>\$0</b>	<b>\$284,570</b>	<b>\$0</b>	<b>\$284,570</b>	<b>2.00</b>	<b>\$0</b>	<b>\$284,570</b>	<b>\$0</b>	<b>\$284,570</b>	

DP 3101 - VA Cemetery State Special Spending Authority - The executive budget recommends adding \$215,000 a year in state special revenue to fund unanticipated maintenance and repair or to purchase or repair maintenance equipment at the state veteran’s cemeteries in Helena and Miles City.

*The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

Justification: Proposal is needed to ensure spending authority exists in order to:

- a. Accomplish unanticipated maintenance and repair to state veterans cemeteries’ facilities and grounds.
- b. Purchase or repair state veterans cemeteries’ equipment.

Goal: To ensure state veterans’ cemeteries maintain compliance with the national (veterans) cemetery administration’s national shrine standards, which represents the highest quality visual and operational status of a veterans’ cemetery.

Performance Measures: Progress measured through appearance of cemetery grounds and facilities, and as periodically inspected/evaluated by the federal veterans administration’s national cemetery administration.

Milestones: Necessary maintenance, repair and purchases to be completed annually or as determined necessary.

FTE: Montana veterans' affairs division personnel will perform majority of work, with contracted services as necessary.

Funding: The funding is derived from the state veterans' cemetery program's special revenue accounts.

Obstacles: No challenges just need spending authority.

Risk: The risk of not having the requested spending authority is that the state veterans' cemetery needed maintenance/repair to facilities or grounds, or lack of serviceable or needed equipment will result in substandard and/or unsafe conditions for the general public and agency staff; as well as loss of recognition of Montana's state veteran cemeteries meeting/exceeding national shrine standards. This lack of formal recognition negatively impacts the division's ability to attain federal veterans administration cemetery program grants necessary to expand, enhance or build state veterans cemeteries. Neither the division nor the state of Montana has the necessary budget available to fund these type expenditures on its own.

**LFD  
COMMENT**

The state veterans' cemetery program's state special revenue accounts receive revenue from the issue and renewal of veterans' license plates, as well as cemetery plot allowances and donations. The new Western Montana Veterans' Cemetery is scheduled to come on line in FY 2007 which could result in increased donations and plot allowance revenue for the cemetery program.

DP 3102 - State Special Spending Authority for Native VSO - The executive budget includes \$69,570 state special spending authority each year for two additional veterans' service officer positions to be titled native veterans' service officers. Funding would come from the veterans' services special revenue account, which receives revenue from the \$0.50 veterans' services fee assessed on all light vehicle registrations and issue and renewal fees from the patriotic license plates.