

Agency Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding. Also included in the table is HB 447 pay plan allocation.

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	168.90	4.00	0.00	172.90	4.00	0.00	172.90	172.90
Personal Services	7,048,318	966,075	231,805	8,246,198	972,838	602,501	8,623,657	16,869,855
Operating Expenses	6,819,064	1,653,835	250,000	8,722,899	1,742,344	250,000	8,811,408	17,534,307
Equipment	90,923	0	175,000	265,923	0	0	90,923	356,846
Capital Outlay	0	0	0	0	0	0	0	0
Grants	1,039,597	96,000	0	1,135,597	96,000	0	1,135,597	2,271,194
Benefits & Claims	2,280	0	0	2,280	0	0	2,280	4,560
Total Costs	\$15,000,182	\$2,715,910	\$656,805	\$18,372,897	\$2,811,182	\$852,501	\$18,663,865	\$37,036,762
General Fund	4,111,558	249,595	433,197	4,794,350	240,580	464,435	4,816,573	9,610,923
State/Other Special	542,203	467,773	79,184	1,089,160	540,497	11,065	1,093,765	2,182,925
Federal Special	10,346,421	1,998,542	144,424	12,489,387	2,030,105	377,001	12,753,527	25,242,914
Total Funds	\$15,000,182	\$2,715,910	\$656,805	\$18,372,897	\$2,811,182	\$852,501	\$18,663,865	\$37,036,762

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

Department of Military Affairs Major Budget Highlights
<p>Total funding increases of \$7.0 million over the FY 2004 base year are due to:</p> <ul style="list-style-type: none"> ◆ Statewide and other present law adjustments of \$5.5 million include: <ul style="list-style-type: none"> ● \$1.4 million in personal services and fixed costs ● \$2.0 million for on-going maintenance and utilities expenditures at new and existing facilities ● Increases for firefighter overtime and added security personnel due to continued heightened security of military installations (\$826,097) ● \$1.0 million continued funding for the distance learning center and the communication backbone ◆ New proposals of \$1.5 million include: <ul style="list-style-type: none"> ● \$834,305 to implement HB 447, the statewide pay plan ● \$500,000 to continue funding for the National Scholarship Program ● \$100,000 to help construct a Liberty House at Fort Harrison

- A mobile service van for the Out Reach Program in Veteran Affairs (\$75,000)
- ◆ The legislature appropriated additional funding in HB 173 for search and rescue efforts that are collected from surcharges on conservation licenses and snowmobiles and off road vehicles

Summary of Legislative Action

The legislature increased the Department of Military Affairs budget by \$7.0 million over the FY 2004 base expenditures, primarily for statewide and other present law adjustments of \$5.5 million and funding new proposals of \$1.5 million. These figures do not include any funding for homeland security grants, as the executive did not bring any proposals forward, instead allowing the agency to gain approval through budget amendments. The grants added in FY 2005 in HB 4 (the budget amendment bill) total \$13.7 million.

Of the \$7.0 million increase, general fund accounts for \$1.4 million or 20 percent and are primarily due to the following:

- National Guard Scholarship Program (\$500,000)
- Liberty House project at Fort Harrison (\$100,000)
- HB 447 the statewide pay plan (\$297,632)
- Statewide present law adjustments (\$441,219)

State special revenue increased by \$1.0 million or 15 percent and primarily funds the on-going maintenance at the veteran’s cemeteries through a 0.50 per vehicle registration and the expanded search and rescue appropriation in HB 173.

Federal special revenue increased by \$4.6 million or 65 percent over the biennium and funds the following increases:

- On-going maintenance and utilities for federal buildings (\$2.0 million)
- Distance learning network and communications (\$1.0 million)
- Added security and firefighter overtime (\$826,097)
- Statewide present law adjustments (\$571,000)

Funding

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

Total Agency Funding 2007 Biennium Legislative Budget					
Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
01 Centralized Services Division	\$ 927,703	\$ -	\$ 404,717	\$ 1,332,420	3.60%
02 Challenge Program	2,301,693	-	3,457,122	5,758,815	15.55%
03 Scholarship Program	500,000	-	-	500,000	1.35%
12 Army National Guard Pgm	2,433,742	127,600	12,123,824	14,685,166	39.65%
13 Air National Guard Pgm	633,594	-	5,632,034	6,265,628	16.92%
21 Disaster & Emergency Services	1,309,034	228,874	3,625,217	5,163,125	13.94%
31 Veterans Affairs Program	1,505,157	1,826,451	-	3,331,608	9.00%
Grand Total	<u>\$ 9,610,923</u>	<u>\$ 2,182,925</u>	<u>\$ 25,242,914</u>	<u>\$ 37,036,762</u>	<u>100.00%</u>

Other Legislation

House Bill 173 – HB 173 expands the time period that search and rescue funding collected by the Department of Fish Wildlife and Parks (FWP) can be used. The Department of Military Affairs can now use the funds the year the funds are deposited and also during the following fiscal year before reverting back to the general license account in FWP. The legislature appropriated \$100,000 each year, which comes from a \$0.25 surcharge on every conservation license and snowmobile and off road vehicle decal fee.

House Bill 761 – HB 761 allows members of the Montana National Guard on active duty for a contingency operation to be reimbursed for group life insurance. HB 761 also allows the reimbursement of premiums for the group life insurance to be exempt from state taxation. The legislature appropriated \$300,000 of general fund each year for reimbursement of group life insurance premiums.

Executive Budget Comparison

The following table compares the legislative budget for the 2007 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2004	Executive Budget Fiscal 2006	Legislative Budget Fiscal 2006	Leg – Exec. Difference Fiscal 2006	Executive Budget Fiscal 2007	Legislative Budget Fiscal 2007	Leg – Exec. Difference Fiscal 2007	Biennium Difference Fiscal 06-07
FTE	168.90	173.90	172.90	(1.00)	173.90	172.90	(1.00)	
Personal Services	7,048,318	8,051,508	8,246,198	194,690	8,058,164	8,623,657	565,493	760,183
Operating Expenses	6,819,064	8,718,899	8,722,899	4,000	8,807,408	8,811,408	4,000	8,000
Equipment	90,923	165,923	265,923	100,000	90,923	90,923	0	100,000
Capital Outlay	0	0	0	0	0	0	0	0
Grants	1,039,597	1,039,597	1,135,597	96,000	1,039,597	1,135,597	96,000	192,000
Benefits & Claims	2,280	2,280	2,280	0	2,280	2,280	0	0
Total Costs	\$15,000,182	\$17,978,207	\$18,372,897	\$394,690	\$17,998,372	\$18,663,865	\$665,493	\$1,060,183
General Fund	4,111,558	4,625,999	4,794,350	168,351	4,616,941	4,816,573	199,632	367,983
State/Other Special	542,203	984,976	1,089,160	104,184	982,700	1,093,765	111,065	215,249
Federal Special	10,346,421	12,367,232	12,489,387	122,155	12,398,731	12,753,527	354,796	476,951
Total Funds	\$15,000,182	\$17,978,207	\$18,372,897	\$394,690	\$17,998,372	\$18,663,865	\$665,493	\$1,060,183

For the biennium the legislative budget is \$1.0 million more in total funds than the executive budget. General fund is \$367,983 higher and accounts for 35 percent of the total increase. The primary differences between the legislative and executive budget are due to the following:

- HB 447, the statewide pay plan, increases the following authority over the biennium: general fund – \$297,632; state special revenue - \$15,248; federal special revenue - \$521,424
- The legislature appropriated \$100,000 of general fund for the Liberty House Project at Fort Harrison
- \$200,000 of state special revenue was added for expanded search and rescue efforts in the Disaster and Emergency Services Division to implement HB 173
- The legislature rejected the proposal from the Governor for adding 1.00 FTE in the Youth Challenge Program, thereby reducing general fund by \$29,649 and federal special revenue by \$44,474 over the biennium

Program Legislative Budget

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding. Also included in the table is HB 447 pay plan allocation.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	9.20	0.00	0.00	9.20	0.00	0.00	9.20	9.20
Personal Services	525,039	13,938	15,437	554,414	12,668	39,362	577,069	1,131,483
Operating Expenses	50,742	48,335	0	99,077	46,558	0	97,300	196,377
Benefits & Claims	2,280	0	0	2,280	0	0	2,280	4,560
Total Costs	\$578,061	\$62,273	\$15,437	\$655,771	\$59,226	\$39,362	\$676,649	\$1,332,420
General Fund	427,128	25,263	10,538	462,929	10,890	26,756	464,774	927,703
Federal Special	150,933	37,010	4,899	192,842	48,336	12,606	211,875	404,717
Total Funds	\$578,061	\$62,273	\$15,437	\$655,771	\$59,226	\$39,362	\$676,649	\$1,332,420

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	
◆	Increases in funding are due to statewide present law adjustments and funding of the statewide pay plan

Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as adopted by the legislature.

Program Funding Table Centralized Services Division						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01000 Total General Fund	\$ 427,128	73.9%	\$ 462,929	70.6%	\$ 464,774	68.7%
01100 General Fund	427,128	73.9%	462,929	70.6%	464,774	68.7%
03000 Total Federal Special Funds	150,933	26.1%	192,842	29.4%	211,875	31.3%
03132 National Guard	134,614	23.3%	176,120	26.9%	194,521	28.7%
03134 Disaster & Emergency Services	16,319	2.8%	16,722	2.5%	17,354	2.6%
Grand Total	\$ 578,061	100.0%	\$ 655,771	100.0%	\$ 676,649	100.0%

The Centralized Services Division is primarily funded with general fund. The federal-state agreement between the Department of Military Affairs and the associated federal agencies have identified certain personal service costs of positions that provide support to federally funded activities as applicable for federal funding. During the base year, federal funds accounted for approximately 26 percent of the funding for the division. In the 2007 biennium, the percentage increases to 29 percent.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative 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 2006-----					-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					36,395					35,070
Vacancy Savings					(22,457)					(22,402)
Inflation/Deflation					(13)					(12)
Fixed Costs					48,348					46,570
Total Statewide Present Law Adjustments					\$62,273					\$59,226
Grand Total All Present Law Adjustments					\$62,273					\$59,226

New Proposals

New Proposals	Program	-----Fiscal 2006-----					-----Fiscal 2007-----				
		FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6010 - 2007 Biennium Pay Plan - HB 447											
	01	0.00	10,538	0	4,899	15,437	0.00	26,756	0	12,606	39,362
	Total	0.00	\$10,538	\$0	\$4,899	\$15,437	0.00	\$26,756	\$0	\$12,606	\$39,362

DP 6010 - 2007 Biennium Pay Plan - HB 447 - The legislature passed a pay plan in HB 447 that provides an additional 3.5 percent (or \$1,005, whichever is greater) in FY 2006 and an additional 4.0 percent (or \$1,188, whichever is greater) in FY 2007, as well as \$46 per month in insurance contributions in calendar 2006 and an additional \$51 per month in calendar 2007. These amounts represent the program's allocation of costs to fund this pay plan.

Program Legislative Budget

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding. Also included in the table is HB 447 pay plan allocation.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	47.40	0.00	0.00	47.40	0.00	0.00	47.40	47.40
Personal Services	1,677,363	36,125	56,410	1,769,898	35,350	148,130	1,860,843	3,630,741
Operating Expenses	1,084,380	(17,372)	0	1,067,008	(23,314)	0	1,061,066	2,128,074
Total Costs	\$2,761,743	\$18,753	\$56,410	\$2,836,906	\$12,036	\$148,130	\$2,921,909	\$5,758,815
General Fund	1,107,616	4,583	22,191	1,134,390	1,896	57,791	1,167,303	2,301,693
Federal Special	1,654,127	14,170	34,219	1,702,516	10,140	90,339	1,754,606	3,457,122
Total Funds	\$2,761,743	\$18,753	\$56,410	\$2,836,906	\$12,036	\$148,130	\$2,921,909	\$5,758,815

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 law-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 Western Montana College of the University of Montana 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	
◆	Increases in funding are due to statewide present law adjustments and funding of the statewide pay plan

Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as adopted by the legislature.

Program Funding Table Challenge Program							
Program Funding		Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01000	Total General Fund	\$ 1,107,616	40.1%	\$ 1,134,390	40.0%	\$ 1,167,303	40.0%
	01100 General Fund	1,107,616	40.1%	1,134,390	40.0%	1,167,303	40.0%
03000	Total Federal Special Funds	1,654,127	59.9%	1,702,516	60.0%	1,754,606	60.0%
	03132 National Guard	1,654,127	59.9%	1,702,516	60.0%	1,754,606	60.0%
Grand Total		<u>\$ 2,761,743</u>	<u>100.0%</u>	<u>\$ 2,836,906</u>	<u>100.0%</u>	<u>\$ 2,921,909</u>	<u>100.0%</u>

The Youth Challenge Program is funded with general fund and federal special revenue at a 60/40 federal to state funding ratio. The federal-level National Guard Bureau established the program at an original split of 75/25 federal-state match in

1998, with the state percentage to increase by 5 percent each year until FY 2002, at which time the state match became 40 percent. The legislative budget funds the Youth Challenge Program state match with general fund for the 2007 biennium.

Present Law Adjustments

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

	-----Fiscal 2006-----					-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					107,520					106,717
Vacancy Savings					(71,395)					(71,367)
Fixed Costs					(17,372)					(23,314)
Total Statewide Present Law Adjustments					\$18,753					\$12,036
Grand Total All Present Law Adjustments					\$18,753					\$12,036

New Proposals

Program	-----Fiscal 2006-----					-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6010 - 2007 Biennium Pay Plan - HB 447										
02	0.00	22,191	0	34,219	56,410	0.00	57,791	0	90,339	148,130
Total	0.00	\$22,191	\$0	\$34,219	\$56,410	0.00	\$57,791	\$0	\$90,339	\$148,130

DP 6010 - 2007 Biennium Pay Plan - HB 447 - The legislature passed a pay plan in HB 447 that provides an additional 3.5 percent (or \$1,005, whichever is greater) in FY 2006 and an additional 4.0 percent (or \$1,188, whichever is greater) in FY 2007, as well as \$46 per month in insurance contributions in calendar 2006 and an additional \$51 per month in calendar 2007. These amounts represent the program's allocation of costs to fund this pay plan.

Program Legislative Budget

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding. Also included in the table is HB 447 pay plan allocation.

Program Legislative Budget									
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07	
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Operating Expenses	0	0	250,000	250,000	0	250,000	250,000	500,000	
Total Costs	\$0	\$0	\$250,000	\$250,000	\$0	\$250,000	\$250,000	\$500,000	
General Fund	0	0	250,000	250,000	0	250,000	250,000	500,000	
Total Funds	\$0	\$0	\$250,000	\$250,000	\$0	\$250,000	\$250,000	\$500,000	

Program Description

The Montana National Guard Scholarship Program was established in the 2001 biennium to offer scholarships as a recruiting and retention tool for the Montana Air and Army National Guard. The program provides scholarships to enlisted Montana National Guard personnel enrolled as full-time undergraduate students in colleges, universities, or training programs. The primary goals of the program are to assist Montana in increasing its assigned personnel strength in both the Army and Air National Guard and enhance Army and Air National Guard operational readiness to assume both state and federal active duty missions.

Program Highlights

Scholarship Program Major Budget Highlights
<ul style="list-style-type: none"> ◆ The legislature funds the National Scholarship Program with \$500,000 of general fund, twice the level appropriated by the 2003 legislature

Program Narrative

The Fifty-sixth Legislature first established the Montana National Guard Scholarship program as a recruiting and retention tool for the Montana National Guard personnel. The scholarship program was to provide direct cash payment to each National Guard personnel after the completion of each semester of school (defined as a full-time undergraduate student in colleges, universities, or training programs). Funding for the program has been a biennial, one-time-only general fund appropriation of \$250,000 each biennium, since enacted in the 2001 biennium. The 2005 legislature doubled the general fund appropriation to \$500,000 and removed the one-time-only designation from the program.

Funding

The National Guard Scholarship Program is funded entirely with general fund.

Present Law Adjustments

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

New Proposals

New Proposals										
	-----Fiscal 2006-----					-----Fiscal 2007-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 202 - Fund National Guard Scholarship Program										
03	0.00	250,000	0	0	250,000	0.00	250,000	0	0	250,000
Total	0.00	\$250,000	\$0	\$0	\$250,000	0.00	\$250,000	\$0	\$0	\$250,000

DP 202 - Fund National Guard Scholarship Program - The legislature approved funding to continue the National Guard Scholarship Program. The 2003 Legislature funded the program as a biennial, one-time only general fund appropriation of \$250,000. The 2005 Legislature funded the program with \$500,000 general fund, and designated the appropriation as restricted and biennial.

Program Legislative Budget

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding. Also included in the table is HB 447 pay plan allocation.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	34.30	3.00	0.00	37.30	3.00	0.00	37.30	37.30
Personal Services	1,781,009	127,738	55,666	1,964,413	130,827	144,172	2,056,008	4,020,421
Operating Expenses	3,978,869	1,199,169	0	5,178,038	1,325,992	0	5,304,861	10,482,899
Equipment	90,923	0	0	90,923	0	0	90,923	181,846
Total Costs	\$5,850,801	\$1,326,907	\$55,666	\$7,233,374	\$1,456,819	\$144,172	\$7,451,792	\$14,685,166
General Fund	1,179,286	15,240	7,367	1,201,893	33,716	18,847	1,231,849	2,433,742
State/Other Special	0	26,300	0	26,300	101,300	0	101,300	127,600
Federal Special	4,671,515	1,285,367	48,299	6,005,181	1,321,803	125,325	6,118,643	12,123,824
Total Funds	\$5,850,801	\$1,326,907	\$55,666	\$7,233,374	\$1,456,819	\$144,172	\$7,451,792	\$14,685,166

Program Description

The Army National Guard (ARNG) 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 U.S. and Montana constitutions and Title 10, Chapters 1-3, MCA mandate the program.

Program Highlights

Army National Guard Program Major Budget Highlights
<ul style="list-style-type: none"> ◆ The legislative budget increases of \$3.0 million over the biennium consist of a 2 percent increase in general fund, a 4 percent increase in state special revenue, and a 96 percent increase in federal special revenue. These increases over the biennium are primarily due to: <ul style="list-style-type: none"> • \$604,000 for compliance with environmental regulations • An appropriation for the distance learning center and the communication backbone of \$1.0 million • Federal special revenues for on-going maintenance and repairs of \$1.0 million • Funding for the opening of 10 different facilities or additions to existing facilities in FY 2005 or FY 2006, including utilities, janitorial services, and added maintenance personnel of \$336,856 • \$199,838 for the statewide pay plan

Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as adopted by the legislature.

		Program Funding Table					
		Arm National Guard Program					
Program Funding		Base	% of Base	Budget	% of Budget	Budget	% of Budget
		FY 2004	FY 2004	FY 2006	FY 2006	FY 2007	FY 2007
01000	Total General Fund	\$ 1,179,286	20.2%	\$ 1,201,893	16.6%	\$ 1,231,849	16.5%
	01100 General Fund	1,179,286	20.2%	1,201,893	16.6%	1,231,849	16.5%
02000	Total State Special Funds	-	-	26,300	0.4%	101,300	1.4%
	02101 Distance Learning	-	-	25,000	0.3%	100,000	1.3%
	02343 Armory Rental Funds	-	-	1,300	0.0%	1,300	0.0%
03000	Total Federal Special Funds	4,671,515	79.8%	6,005,181	83.0%	6,118,643	82.1%
	03132 National Guard	<u>4,671,515</u>	<u>79.8%</u>	<u>6,005,181</u>	<u>83.0%</u>	<u>6,118,643</u>	<u>82.1%</u>
Grand Total		<u>\$ 5,850,801</u>	<u>100.0%</u>	<u>\$ 7,233,374</u>	<u>100.0%</u>	<u>\$ 7,451,792</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 20 percent of overall expenditures within the Army National Guard program.

Present Law Adjustments

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

	-----Fiscal 2006-----					-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					121,388					124,605
Vacancy Savings					(76,095)					(76,225)
Inflation/Deflation					53,759					42,029
Fixed Costs					(6,594)					(15,391)
Total Statewide Present Law Adjustments					\$92,458					\$75,018
DP 3 - ARNG Utilities at New Locations	0.00	2,639	0	56,365	59,004	0.00	8,186	0	117,168	125,354
DP 4 - Janitorial Service at New Locations	0.00	8,340	0	12,660	21,000	0.00	13,620	0	13,380	27,000
DP 5 - ARNG Facilities Maintenance Employees	2.00	13,062	0	39,184	52,246	2.00	13,066	0	39,195	52,261
DP 6 - ARNG Janitorial at Existing Locations	0.00	5,625	0	24,375	30,000	0.00	5,625	0	24,375	30,000
DP 9 - Distance Learning State Special Spending Authority	0.00	0	25,000	0	25,000	0.00	0	100,000	0	100,000
DP 11 - Range Maintenance Employee	1.00	0	0	30,199	30,199	1.00	0	0	30,186	30,186
DP 13 - Environmental Program Operations	0.00	0	0	302,000	302,000	0.00	0	0	302,000	302,000
DP 14 - Communications 100% Federal Authority Increase	0.00	0	0	200,000	200,000	0.00	0	0	200,000	200,000
DP 15 - ARNG Additional Federal Spending Authority	0.00	0	0	515,000	515,000	0.00	0	0	515,000	515,000
Total Other Present Law Adjustments	3.00	\$29,666	\$25,000	\$1,179,783	\$1,234,449	3.00	\$40,497	\$100,000	\$1,241,304	\$1,381,801
Grand Total All Present Law Adjustments					\$1,326,907					\$1,456,819

DP 3 - ARNG Utilities at New Locations - The legislature approved additional utility expenditures to support new facilities that began operating partially through the base year or will start operations next year, and are derived as follows:

- o The Civil Support Team (CST) Armory is funded 75 percent federal funds and 25 percent general fund and is considered a service contract building. Spending authority is approved at \$10,555 per year
- o The Havre Armory addition and the Dillon Armory are funded 50 percent general fund and 50 percent federal funds. These two facilities were built with federal money on state land and are only reimbursed from the federal government 50 percent for utilities cost. Spending authority is approved at \$11,094 in FY 2007
- o There are seven federal facilities located on federal land that will be funded 100 percent with federal special revenue, including: 1) tool recycling facility; 2) Kalispell armed forces reserve center (AFRC); 3) engineer maintenance facility; 4) Billings AFRC addition; 5) Billings organizational maintenance shop (OMS) addition; 6) Kalispell OMS addition; and 7) army aviation support facility addition. The legislature approved federal special revenue for utilities expenditures in FY 2006 of \$48,449 and \$103,705 in FY 2007

DP 4 - Janitorial Service at New Locations - The legislature approved additional federal special revenue and general fund authority to support a basic level of janitorial services at the three new armories located at Dillon, Kalispell, and Fort Harrison, which have been constructed or will be constructed after the base year.

DP 5 - ARNG Facilities Maintenance Employees - The legislature approved 2.00 FTE to assist in maintaining the facilities operated and maintained by the department. The additional staff approved would include a heating ventilating and air conditioning technician and a painter. Funding authority is 75 percent federal funds and 25 percent general fund.

DP 6 - ARNG Janitorial at Existing Locations - The legislature approved additional janitorial services for the Helena Armed Forces Reserve Center.

DP 9 - Distance Learning State Special Spending Authority - The legislature approved additional state special revenue authority to continue implementation of shared usage of the Montana National Guard Distance Learning Network. The funds would be used to repair and maintain equipment and facilities. The shared use will be by state agencies, local governments, and other authorized groups.

DP 11 - Range Maintenance Employee - The legislature approved additional federal special revenue to make an existing modified position (targetry and range maintenance employee) a full-time permanent position. Expenditures for a modified position are not included in the base.

DP 13 - Environmental Program Operations - The legislature approved additional federal authority for the environmental program to comply with all state and federal environmental laws and requirements. The funding request would be used to sustain the permanent ongoing needs of the environmental compliance program in the areas of: hazardous waste disposal, spill response supplies, environmental documentation of new activities, facility management plans, natural resource studies, and unexploded ordinance remediation.

DP 14 - Communications 100% Federal Authority Increase - The legislature approved federal spending authority to maintain the statewide network that supports daily operations with voice, video, and data traffic, and the Montana National Guard Distance Learning Network.

DP 15 - ARNG Additional Federal Spending Authority - The legislature approved additional federal special revenue authority in the amount of \$515,000 per year for ongoing repair and maintenance costs for federal buildings on federal land. The funding would be used for completion of ongoing projects, including: roof repairs, asphalt crack sealing and seal coats, heating and ventilation system repairs and replacement, and upgrades and enhancements to security fencing, door and window hardware, and other items.

New Proposals

New Proposals											
Program	FTE	-----Fiscal 2006-----				-----Fiscal 2007-----					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 6010 - 2007 Biennium Pay Plan - HB 447	12	0.00	7,367	0	48,299	55,666	0.00	18,847	0	125,325	144,172
Total	0.00	\$7,367	\$0	\$48,299	\$55,666	0.00	\$18,847	\$0	\$125,325	\$144,172	

DP 6010 - 2007 Biennium Pay Plan - HB 447 - The legislature passed a pay plan in HB 447 that provides an additional 3.5 percent (or \$1,005, whichever is greater) in FY 2006 and an additional 4.0 percent (or \$1,188, whichever is greater) in FY 2007, as well as \$46 per month in insurance contributions in calendar 2006 and an additional \$51 per month in calendar 2007. These amounts represent the program's allocation of costs to fund this pay plan.

Program Legislative Budget

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding. Also included in the table is HB 447 pay plan allocation.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	33.00	0.00	0.00	33.00	0.00	0.00	33.00	33.00
Personal Services	1,381,307	381,250	43,242	1,805,799	385,209	112,914	1,879,430	3,685,229
Operating Expenses	1,125,266	170,501	0	1,295,767	159,366	0	1,284,632	2,580,399
Total Costs	\$2,506,573	\$551,751	\$43,242	\$3,101,566	\$544,575	\$112,914	\$3,164,062	\$6,265,628
General Fund	281,946	30,989	2,934	315,869	28,245	7,534	317,725	633,594
Federal Special	2,224,627	520,762	40,308	2,785,697	516,330	105,380	2,846,337	5,632,034
Total Funds	\$2,506,573	\$551,751	\$43,242	\$3,101,566	\$544,575	\$112,914	\$3,164,062	\$6,265,628

Program Description

The Air National Guard program, 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

Army National Guard Program Major Budget Highlights	
◆	The legislative budget increases of \$1.2 million over the 2004 base budget consist of a 5 percent increase in general fund and a 95 percent increase in federal special revenue. These increases over the biennium are due to: <ul style="list-style-type: none"> • \$537,736 in firefighter overtime • \$288,361 for increased security at the Air National Guard base at Gore Hill in Great Falls • \$234,229 in statewide present law adjustments • Pay plan adjustments (\$156,156)

Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as adopted by the legislature.

Program Funding Table Air National Guard Pgm							
Program Funding		Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01000	Total General Fund	\$ 281,946	11.2%	\$ 315,869	10.2%	\$ 317,725	10.0%
	01100 General Fund	281,946	11.2%	315,869	10.2%	317,725	10.0%
03000	Total Federal Special Funds	2,224,627	88.8%	2,785,697	89.8%	2,846,337	90.0%
	03132 National Guard	<u>2,224,627</u>	<u>88.8%</u>	<u>2,785,697</u>	<u>89.8%</u>	<u>2,846,337</u>	<u>90.0%</u>
Grand Total		<u>\$ 2,506,573</u>	<u>100.0%</u>	<u>\$ 3,101,566</u>	<u>100.0%</u>	<u>\$ 3,164,062</u>	<u>100.0%</u>

The Air National Guard program is primarily funded with 90 percent federal funds and 10 percent general fund. Personal services costs for firefighters and security services are 100 percent federally funded.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative 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 2006-----						-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					174,623					178,743
Vacancy Savings					(62,241)					(62,402)
Inflation/Deflation					38,891					30,098
Fixed Costs					(10,773)					(16,710)
Total Statewide Present Law Adjustments					\$140,500					\$129,729
DP 10 - AIR GUARD Firefighter Overtime	0.00	0	0	268,868	268,868	0.00	0	0	268,868	268,868
DP 12 - AIR GUARD Security	0.00	0	0	142,383	142,383	0.00	0	0	145,978	145,978
Total Other Present Law Adjustments	0.00	\$0	\$0	\$411,251	\$411,251	0.00	\$0	\$0	\$414,846	\$414,846
Grand Total All Present Law Adjustments					\$551,751					\$544,575

DP 10 - AIR GUARD Firefighter Overtime - The legislature approved an increase in federal special revenue for overtime pay for state firefighters in the Air National Guard. All Fair Labor Standard Act (FLSA) overtime must be paid for all firefighter hours worked exceeding 212 in a two-pay period month. The contractual agreement requires these items to be paid when earned.

DP 12 - AIR GUARD Security - The legislature approved additional spending authority for an increase in contracted security services for the Air National Guard. The Air National Guard uses a security contractor to perform a portion of the security requirements for the Air National Guard base at Gore Hill in Great Falls. The 120th fighter wing located in Great Falls is still under a heightened security alert following the September 11, 2001 terrorist attack. This heightened alert requires that two security officers be on duty at all times. Funding for this addition previously was through a budget amendment. Funding is 100 percent federal special revenue.

New Proposals

New Proposals											
-----Fiscal 2006-----						-----Fiscal 2007-----					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 6010 - 2007 Biennium Pay Plan - HB 447	13	0.00	2,934	0	40,308	43,242	0.00	7,534	0	105,380	112,914
Total	0.00	\$2,934	\$0	\$40,308	\$43,242	0.00	\$7,534	\$0	\$105,380	\$112,914	

DP 6010 - 2007 Biennium Pay Plan - HB 447 - The legislature passed a pay plan in HB 447 that provides an additional 3.5 percent (or \$1,005, whichever is greater) in FY 2006 and an additional 4.0 percent (or \$1,188, whichever is greater) in FY 2007, as well as \$46 per month in insurance contributions in calendar 2006 and an additional \$51 per month in calendar 2007. These amounts represent the program's allocation of costs to fund this pay plan.

Program Legislative Budget

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding. Also included in the table is HB 447 pay plan allocation.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	23.00	0.00	0.00	23.00	0.00	0.00	23.00	23.00
Personal Services	895,934	266,765	32,957	1,195,656	268,168	84,966	1,249,068	2,444,724
Operating Expenses	180,156	51,734	0	231,890	35,161	0	215,317	447,207
Equipment	0	0	0	0	0	0	0	0
Grants	1,039,597	96,000	0	1,135,597	96,000	0	1,135,597	2,271,194
Total Costs	\$2,115,687	\$414,499	\$32,957	\$2,563,143	\$399,329	\$84,966	\$2,599,982	\$5,163,125
General Fund	456,031	173,266	16,258	645,555	165,833	41,615	663,479	1,309,034
State/Other Special	14,437	100,000	0	114,437	100,000	0	114,437	228,874
Federal Special	1,645,219	141,233	16,699	1,803,151	133,496	43,351	1,822,066	3,625,217
Total Funds	\$2,115,687	\$414,499	\$32,957	\$2,563,143	\$399,329	\$84,966	\$2,599,982	\$5,163,125

Program Description

The Disaster and Emergency Services Division 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

Disaster and Emergency Services Major Budget Highlights	
◆	Increased funding is due primarily to statewide present law adjustments and the statewide pay plan

Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as adopted by the legislature.

Program Funding Table Disaster & Emergency Services							
Program Funding		Base	% of Base	Budget	% of Budget	Budget	% of Budget
		FY 2004	FY 2004	FY 2006	FY 2006	FY 2007	FY 2007
01000	Total General Fund	\$ 456,031	21.6%	\$ 645,555	25.2%	\$ 663,479	25.5%
	01100 General Fund	456,031	21.6%	645,555	25.2%	663,479	25.5%
02000	Total State Special Funds	14,437	0.7%	114,437	4.5%	114,437	4.4%
	02335 Des Training Conference	14,437	0.7%	14,437	0.6%	14,437	0.6%
	02547 Search & Rescue	-	-	100,000	3.9%	100,000	3.8%
03000	Total Federal Special Funds	1,645,219	77.8%	1,803,151	70.3%	1,822,066	70.1%
	03134 Disaster & Emergency Services	<u>1,645,219</u>	<u>77.8%</u>	<u>1,803,151</u>	<u>70.3%</u>	<u>1,822,066</u>	<u>70.1%</u>
Grand Total		\$ 2,115,687	100.0%	\$ 2,563,143	100.0%	\$ 2,599,982	100.0%

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. 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 individuals who attend division-sponsored workshops and conferences and is used to support these functions and \$0.25 surcharge on every conservation license that is sold and from every snowmobile and off road vehicle decal fee. These fees are collected by Fish Wildlife, Parks (FWP) and deposited into a state special revenue account for search and rescue efforts. If these funds are not expended fully in the following fiscal year following the deposits into the account, these funds revert back to the general license account in FWP.

Present Law Adjustments

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

	-----Fiscal 2006-----					-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					315,212					316,671
Vacancy Savings					(48,447)					(48,503)
Inflation/Deflation					(18)					(16)
Fixed Costs					47,752					31,177
Total Statewide Present Law Adjustments					\$314,499					\$299,329
DP 2 - Search and Rescue Surcharge	0.00	0	100,000	0	100,000	0.00	0	100,000	0	100,000
Total Other Present Law Adjustments	0.00	\$0	\$100,000	\$0	\$100,000	0.00	\$0	\$100,000	\$0	\$100,000
Grand Total All Present Law Adjustments					\$414,499					\$399,329

DP 2 - Search and Rescue Surcharge - The legislature appropriated \$100,000 each fiscal year of state special revenue for search and rescue. Funding comes from \$0.25 surcharge on every conservation license that is sold and from every snowmobile and off road vehicle decal fees.

New Proposals

Program	-----Fiscal 2006-----					-----Fiscal 2007-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 6010 - 2007 Biennium Pay Plan - HB 447	21	0.00	16,258	0	16,699	32,957	0.00	41,615	0	43,351	84,966
Total	0.00	\$16,258	\$0	\$16,699	\$32,957	0.00	\$41,615	\$0	\$43,351	\$84,966	

DP 6010 - 2007 Biennium Pay Plan - HB 447 - The legislature passed a pay plan in HB 447 that provides an additional 3.5 percent (or \$1,005, whichever is greater) in FY 2006 and an additional 4.0 percent (or \$1,188, whichever is greater) in FY 2007, as well as \$46 per month in insurance contributions in calendar 2006 and an additional \$51 per month in calendar 2007. These amounts represent the program's allocation of costs to fund this pay plan.

Program Legislative Budget

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding. Also included in the table is HB 447 pay plan allocation.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	22.00	1.00	0.00	23.00	1.00	0.00	23.00	23.00
Personal Services	787,666	140,259	28,093	956,018	140,616	72,957	1,001,239	1,957,257
Operating Expenses	399,651	201,468	0	601,119	198,581	0	598,232	1,199,351
Equipment	0	0	175,000	175,000	0	0	0	175,000
Capital Outlay	0	0	0	0	0	0	0	0
Total Costs	\$1,187,317	\$341,727	\$203,093	\$1,732,137	\$339,197	\$72,957	\$1,599,471	\$3,331,608
General Fund	659,551	254	123,909	783,714	0	61,892	721,443	1,505,157
State/Other Special	527,766	341,473	79,184	948,423	339,197	11,065	878,028	1,826,451
Federal Special	0	0	0	0	0	0	0	0
Total Funds	\$1,187,317	\$341,727	\$203,093	\$1,732,137	\$339,197	\$72,957	\$1,599,471	\$3,331,608

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 Program Major Budget Highlights
<ul style="list-style-type: none"> ◆ The legislative budget increases of \$956,974 for the biennium over the 2004 base year expenditures are primarily due to: <ul style="list-style-type: none"> ● \$480,000 for continued cemetery maintenance ● \$101,050 for the statewide pay plan ● \$100,000 of general fund for the Liberty House Project at Fort Harrison ● \$75,000 for a mobile service van for the Outreach Program ● \$198,144 in increases for statewide present law adjustments

Program Narrative

The 2003 Legislature passed SB 401, which altered administration, operations, and service programs for the Montana Veterans' Affairs Division. There were two fiscal impacts from SB 401: 1) A 50-cent "veterans services" fee was enacted on light vehicle registration. The new vehicle registration fee generated \$279,586 in FY 2004 and \$559,173 in FY 2005; and 2) patriotic license plate was authorized. The license plate has not yet been designed and so no revenue has been collected. Revenues from both fees are deposited into a state special revenue account, which funds 3.0 FTE for additional outreach services. A new veterans' service office was opened in Havre to better serve the "hi-line" and additional outreach services programs were established at the Montana state prison, Montana state hospital, and the DUI WATC program. The funding from this special account also provides new and updated technology for the division.

Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as adopted by the legislature.

		Program Funding Table Veterans Affairs Program					
Program Funding		Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01000	Total General Fund	\$ 659,551	55.5%	\$ 783,714	45.2%	\$ 721,443	45.1%
	01100 General Fund	659,551	55.5%	783,714	45.2%	721,443	45.1%
02000	Total State Special Funds	527,766	44.5%	948,423	54.8%	878,028	54.9%
	02214 Veterans Affairs Cemeteries	247,425	20.8%	458,312	26.5%	464,780	29.1%
	02548 Veterans Affairs Sb401	262,173	22.1%	431,943	24.9%	355,080	22.2%
	02550 Ft Harr Va Cemetery Donations	7,995	0.7%	17,995	1.0%	17,995	1.1%
	02551 Ft Harr Va Cemetery Plot Allow	6,624	0.6%	16,624	1.0%	16,624	1.0%
	02552 Estrn Mt Va Cemetery Plot All	-	-	10,000	0.6%	10,000	0.6%
	02553 Estrn Mt Va Cemetery Donations	3,549	0.3%	13,549	0.8%	13,549	0.8%
Grand Total		<u>\$ 1,187,317</u>	<u>100.0%</u>	<u>\$ 1,732,137</u>	<u>100.0%</u>	<u>\$ 1,599,471</u>	<u>100.0%</u>

The Veterans Affairs Division is funded with general fund for all functions within the division except cemetery operations. Veterans cemetery operations are fully funded by state special revenue from donations, veteran license plate fees, a 50-cent vehicle registration fee, and cemetery plot allowances.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative 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 2006-----					-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					144,131					144,522
Vacancy Savings					(37,271)					(37,287)
Inflation/Deflation					(3,179)					(3,101)
Fixed Costs					(3,353)					(6,318)
Total Statewide Present Law Adjustments					\$100,328					\$97,816
DP 7 - FTE for the Veterans Cemetery	1.00	0	1,399	0	1,399	1.00	0	1,381	0	1,381
DP 8 - Continue Cemetery Maintenance	0.00	0	240,000	0	240,000	0.00	0	240,000	0	240,000
Total Other Present Law Adjustments	1.00	\$0	\$241,399	\$0	\$241,399	1.00	\$0	\$241,381	\$0	\$241,381
Grand Total All Present Law Adjustments					\$341,727					\$339,197

DP 7 - FTE for the Veterans Cemetery - The legislature approved adding 1.00 FTE to operate and maintain the eastern Montana veterans cemetery located in Miles City. Funding is from the veterans affairs cemeteries fund.

DP 8 - Continue Cemetery Maintenance - The legislature approved state special revenue authority of up to \$240,000 a year to operate, maintain, and administer the eastern Montana state veterans' cemetery located in Miles City and the Montana state veterans' cemetery located in Helena. Funding is from: 1) The veterans affairs cemeteries fund of \$200,000 a year; 2) \$20,000 from the cemetery plot account from Ft. Harrison; 3) \$10,000 from the eastern Montana plot allowance fund; and 4) \$10,000 from the Ft Harrison cemetery donations account.

New Proposals

Program	-----Fiscal 2006-----					-----Fiscal 2007-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 16 - Purchase a Mobile Veterans Service Van - OTO	31	0.00	0	75,000	0	75,000	0.00	0	0	0	0
DP 17 - Liberty House Project	31	0.00	100,000	0	0	100,000	0.00	0	0	0	0
DP 6010 - 2007 Biennium Pay Plan - HB 447	31	0.00	23,909	4,184	0	28,093	0.00	61,892	11,065	0	72,957
Total	0.00	\$123,909	\$79,184	\$0	\$203,093	0.00	\$61,892	\$11,065	\$0	\$72,957	

DP 16 - Purchase a Mobile Veterans Service Van - OTO - The legislature approved purchasing a mobile veterans service van for the statewide veterans' services outreach program. The new van would primarily be used for creating and processing compensation claims (typically disability and pension) in areas not served by the current outreach program. The new mobile van will be a custom built 24-foot, handicapped accessible vehicle, equipped with two office areas, equipment, and technology capable of completing a veteran's claim for compensation. Funding is from the sale of license plates sponsored by the division.

DP 17 - Liberty House Project - The legislature appropriated \$100,000 of general fund for constructing a Liberty House at the Fort Harrison VA medical center. The Liberty House will be used for family visiting patients at the VA medical center.

DP 6010 - 2007 Biennium Pay Plan - HB 447 - The legislature passed a pay plan in HB 447 that provides an additional 3.5 percent (or \$1,005, whichever is greater) in FY 2006 and an additional 4.0 percent (or \$1,188, whichever is greater) in FY 2007, as well as \$46 per month in insurance contributions in calendar 2006 and an additional \$51 per month in calendar 2007. These amounts represent the program's allocation of costs to fund this pay plan.

Language

The legislature approved the following language for inclusion in HB2:

"The Liberty House Project may be used only for the purpose of constructing a liberty house at Fort Harrison VA medical center."