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Legislative Fiscal Division



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The Legislative Fiscal Division

Presents:

Profile of...

Department of Military Affairs

State of Montana



Agency Profile

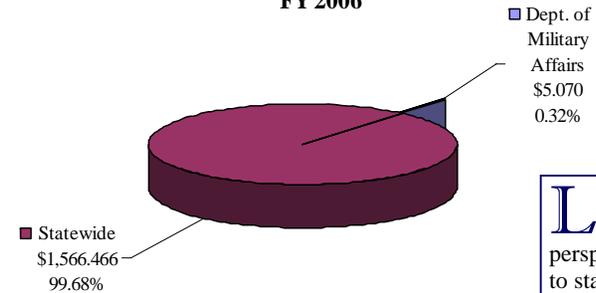
This agency profile will discuss...

- structure and funding
- primary functions and
- historical expenditures

The profile also includes information on how decisionmakers can effect change in the agency's expenditures along with a listing of pertinent statistics. For an explanation of terms used in this profile, consult the "Background on the Agency Profiles" at: <http://leg.mt.gov/css/fiscal/default.asp>

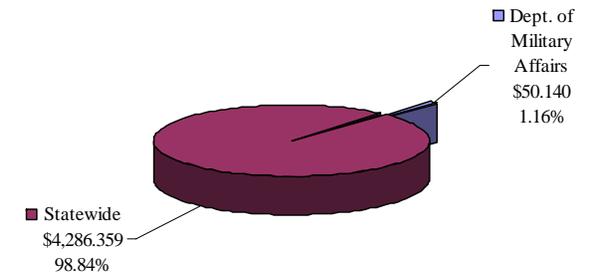
Sept. 2006

General Fund Statewide Comparison FY 2006



Let's begin by putting the agency's size in perspective by comparing it to state government as a whole.

Total Funds Statewide Comparison FY 2006



Primary Contact: Pam Joehler
Room 110A, State Capitol
Helena, MT 59620-1711

Section D
Corrections & Public Safety



What the Agency Does

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 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 (all-hazards emergency management). 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 National Guard 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.

Total FTE: 172.9 for FY 2006



How Services Are Provided

The Department of Military Affairs consists of seven divisions/programs with the following functions:

Army National Guard (ARNG) provides trained and equipped military units for use in event of state or federal mobilization, maintains numerous military facilities in Montana, plans and contracts for construction of military facilities and training areas, and provides statewide communication services, security contracts, and leases for buildings and land used by ARNG.

Air National Guard under dual state/federal mandates provides trained and equipped military air units for use in event of state or federal mobilization, including wildfire support.



Statewide Factors With Impact

In addition to the factors above, a number of factors common to many agencies will also impact changes in expenditures over time.

- State FTE – state employees perform most functions of the Department of Military Affairs. Personal service costs are the largest single area that drives costs. Therefore, any decisions that change FTE levels will have a direct and immediate impact on the delivery of services/functions by the department. Factors affecting personal service costs include:
 - Professional/technical/educational requirements of FTE job descriptions
 - Cost of benefits
 - Years of service or longevity
- Economic factors
 - Utility costs



Statutory References

The primary statutory references defining duties and responsibilities of the department are found at the following locations.

Title 10, chapters 1,2, and 3, MCA

- Federal mobilization of Montana National Guard troops – in the current biennium, Montana National Guard troops mobilized for overseas service have returned to Montana. However, continuing national deployment of military forces in Iraq and Afghanistan may change department activity.
- Veteran population – with a record number of Montana troops previously engaged in combat operations in the Middle East, the veteran population with human/social service needs increased in Montana. Department expenditures and activities may be changed by looking at service eligibility criteria for a myriad of human services (mental health, drug abuse, homelessness, etc.), as there is historical evidence that veteran populations compose a sizeable percentage of consumers of these services, in particular combat veterans.
- Participation in Youth Challenge Program – this federal program that requires a sizeable general fund match (\$1.1 million per year) is not mandatory and is an option that state government has to participate or not. Department activity can be changed by determining if and at what level Montana will participate in this optional program.



Youth Challenge Program operates an education program for “at-risk” youth ages 16 to 18 who have dropped out of high school. The program teaches both life skills and academics (leading to GED completion) in a military-modeled training program.

Disaster and Emergency Services is responsible for statewide disaster planning and preparedness activities and coordination of federal, state, and volunteer assistance to communities and local governments in the event of an incident, emergency, or disaster.

Veterans Affairs Program assists discharged veterans and their families regarding veteran benefits and administers two veteran cemeteries located in Montana. The Board of Veterans’ Affairs is administratively attached to the Department of Military Affairs.

Centralized Services Division provides comprehensive administrative support for all department divisions, programs, and functions.

Montana National Guard Scholarship Program provides scholarship awards to enlisted Montana National Guard troops enrolled as full-time undergraduate students in colleges, universities, or training programs.

The Department of Military Affairs provides services and functions through the employment of state FTE who recruit and train Guard troops, provide education for youth, staff the statewide disaster preparedness system, provide assistance coordination services to veterans and families, and respond to local emergencies. Personal service expenditures account for 16.8 percent of department costs, and operations account for 27 percent. This percentage is primarily a reflection of maintaining the various military facilities across the state, which includes utilities, repairs, and contracted services. Costs of facility operations are split between the federal and state government, based upon ownership of each specific facility.

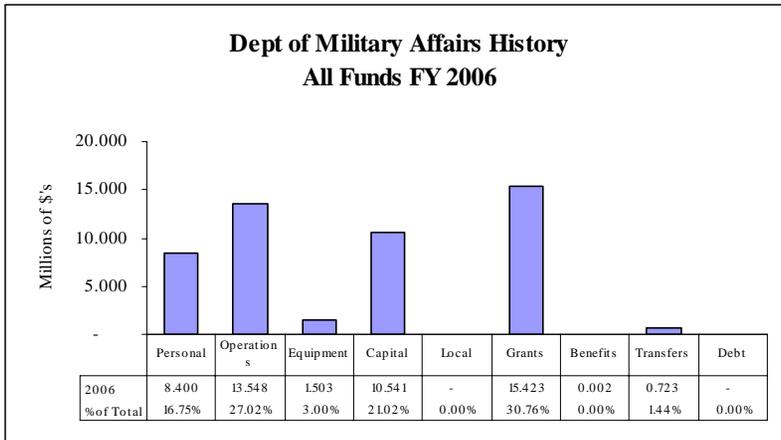




How the Legislature Can Effect Change

In order to change expenditure levels and/or Department of Military Affairs activity, the legislature must address one or more of the following basic elements that drive costs.

- Number of military facilities in Montana – each military facility located in Montana creates ongoing and future costs for operations and maintenance. While the federal government typically pays 100 percent of the capital construction costs, operations and maintenance are split using a federal/state expenditure formula. Therefore, addressing the number of military facilities located in the state may change expenditure and activity levels of the department.
- Level of disaster and emergency preparedness – while the backbone costs of Montana’s emergency management system are largely borne by federal funds (from FEMA in the Department of Homeland Security), these federal funds require a general fund match. Expenditures are a function of the level of preparedness and ability to respond to disasters that state government chooses as a function of policy. Addressing the policy related to the level of preparedness Montana chooses may change expenditures and activity.



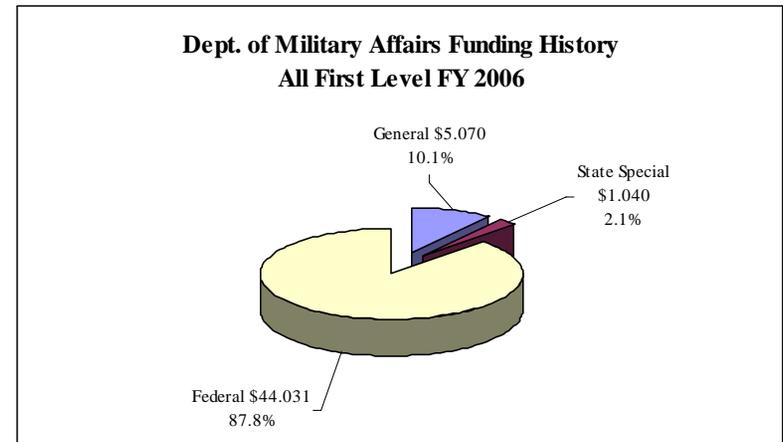
How Services Are Funded

The Department of Military Affairs is funded primarily with federal special revenue that supports both personal service and operations costs of the Army and Air Guard programs. Federal funds also support Disaster and Emergency Services (DES) and the Youth Challenge Program. Most of the federal programs require a state match, which is most of the general fund expenditures. General fund match is used in the Youth Challenge Program, DES, and Air National Guard Program, as well as in the operations formula for military facilities operations costs that are a federal/state split based upon facility ownership under the Army National Guard Program. General fund also supports administrative costs in Centralized Services and all funding for the Scholarship Program. State special revenue funds primarily support Veterans’ Affairs, with revenue from cemetery plot allowances and sale of veteran license plates.

Agency Functions, State Purposes, & Customers Served

The agency is structured to perform certain functions in support of general state government purposes. The following lists the major functions, purpose of provision of the functions, and primary customers served.

State Purposes	Major Agency Functions	Customers
<i>Provision of Justice and Protection of Life and Property</i>	Army National Guard operations	Citizens of Montana
	Air national guard operations Disaster and emergency planning (statewide)	Citizens of Montana Citizens of Montana
	Disaster fund	Citizens of Montana
<i>Reduction of Incidence and Impacts of Poverty or Disability</i>	Veteran support services Veteran cemeteries	Military veterans and families Military veterans and families
	Youth Challenge Program	At-risk youth/high school dropouts
<i>Development of Full Educational Potential of Citizens</i>	National Guard scholarship awards	National Guard troops
<i>Protect, Enhance, and Remediate Natural Resources</i>	National Guard environmental program	Citizens of Montana
<i>General Operation of State Government</i>	Administrative support and leadership	Department of Military Affairs



Related Data & Statistics

Element	1996	2006	Significance of Data
Number of military facilities in Montana	276	257	Indicates operations costs
Number of disaster declarations	5	10	Reflects demand for DES services
Number of scholarships awarded	186	282	Reflects demand for scholarship funds
Number of Youth Challenge enrollees	204*	178	Reflects demand for education program
Number of Youth Challenge graduates	134**	123	Indicates success rate of program
Veterans' benefits acquired for Montana veterans	\$29.1 million	\$104.7 million	Indicates impact of veteran population
Number of veterans assisted	7,466	10,133	Indicates need for services

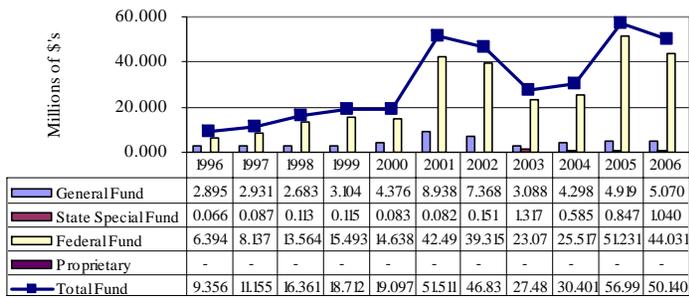
*Base year is 2004

**Base year is 1999

Expenditure History



Dept. of Military Affairs Funding History



- FY 2000 – FY 2003 the department launched the Youth Challenge Program and the Montana National Guard Scholarship Program, which together account for an average of \$2.7 million per year in expenditures (a 60/40 federal/general fund formula split). In 2003, the state match for Youth Challenge was made with State Special Revenue Funds (ESA funds), which accounts for the dramatic one-time spike in state special revenue in 2003.
- FY 2005 – FY 2006 Disaster and Emergency Services Division received \$20.4 million and \$16.4 million, respectively, in federal Homeland Security funds, which resulted in the majority of the increase in federal special revenue. 80 percent of these funds must go to assist local governments. FY 2005 and FY 2006 increases in state special revenue resulted from additional revenue generated from a new vehicle registration fee and patriotic license plates sales. The additional revenue provided for additional veterans' services.

Reasons for Expenditure Growth/Change

- FY 1998 - FY1999 federal special revenue fund expenditures spiked due to aggressive federal facilities construction (including Fort Harrison, Billings, and others). The facility growth subsequently contributes to increased expenditures in the area of operations and maintenance (a split federal/state expense).

