



# MONTANA LEGISLATIVE BRANCH

## Legislative Fiscal Division

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**Director**  
AMY CARLSON

DATE: August 27, 2019

TO: State Administration and Veterans' Affairs Interim Committee

FROM: Kris Wilkinson, Lead Fiscal Analyst, Legislative Fiscal Division

RE: Funding for the Veterans' Affairs Division

The 2003 Legislature passed SB 401, a bill that revised and expanded the membership and duties of the Board of Veterans' Affairs and established a state special revenue account to provide funding for veterans' services. The purpose of this memorandum is to provide information on the changes and uses of the funding since the state special revenue account was established.

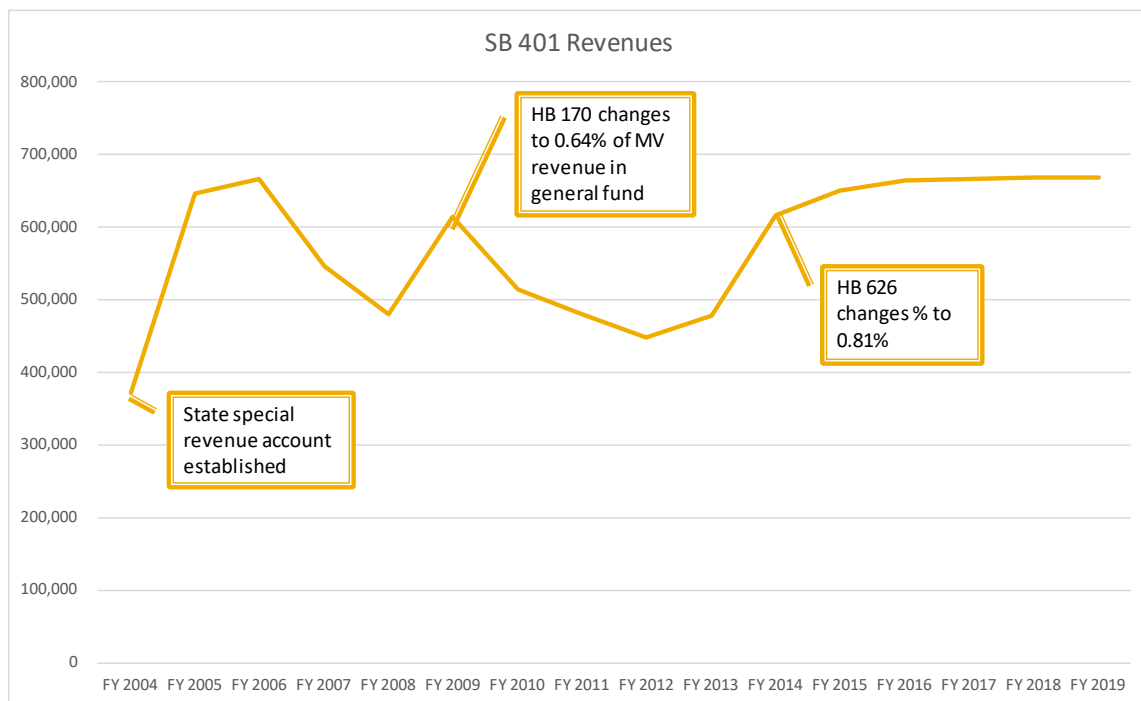
### CHANGES TO REVENUES

SB 401 established revenue for the state special revenue account from two sources:

1. Patriotic licenses plates fees
2. A \$.50 "veterans' services" fee on light vehicles

The collection of the fees began in FY 2004.

The following figure shows the revenues collected between FY 2004 and FY 2019 along with changes to the revenues enacted by the legislature.



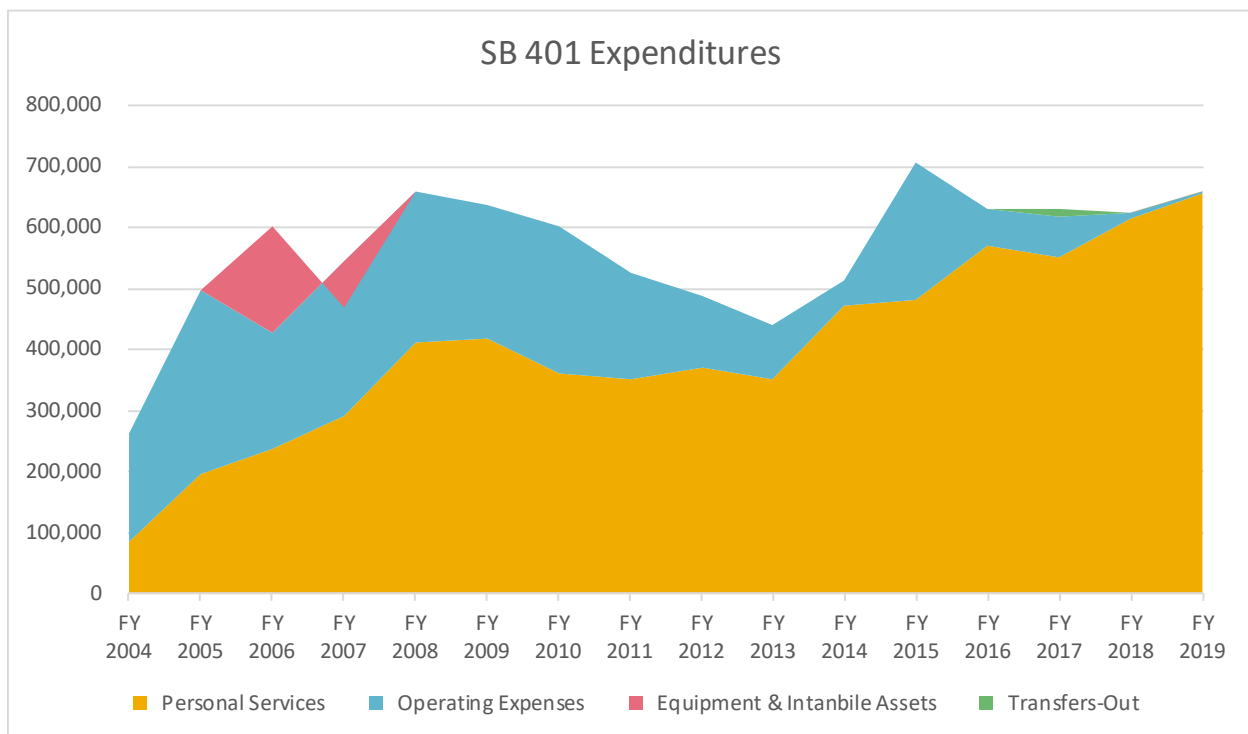
Due to impacts of the Great Recession, purchases of new motor vehicle and related fee revenues dropped significantly between FY 2005 and FY 2013.

The 2007 Legislature amended the revenues for the account in HB 170 eliminating the deposit of patriotic license plates fees and the \$0.50 per light vehicle, replacing these with 0.64% of the motor vehicle revenue deposited in the state general fund each year.

The 2013 Joint Appropriations Subcommittee on General Government reviewed the revenues collected in the account compared to the amount anticipated in the fiscal note for HB 170. Based on the review the subcommittee requested, and the 2013 Legislature enacted, HB 626 to realign the allocation of motor vehicle revenues by increasing the percentage of motor vehicle revenue allocated to the Veterans' Affairs Division from 0.64% to 0.81%.

## EXPENDITURES INCLUDING FTE

The figure on the following page shows the expenditures by first level made from the SB 401 state special revenue account.



The 2003 Legislature approved an additional 3.0 FTE and \$279,586 in FY 2004 and \$559,173 in FY 2005 in appropriations from the newly created state special revenue account. The 3.00 FTE provided additional veterans' outreach services including:

- A new veterans' service office opened in Havre to better serve the "hi-line"
- Outreach services programs established at the Montana State Prison, the Montana State Hospital, and the DUI WATCH Program.
- New and updated technology for the Veterans' Affairs Division

The 2007 Legislature added 2.00 FTE and \$69,570 in state special revenue appropriations from the SB 401 state special revenue account for additional veterans' service officer positions to serve Native American veterans.

As reflected in the figure above, the state special revenue funding has mainly supported personal services since FY 2016. In the 2021 biennium, the legislature adopted a budget of \$689,037 in personal services and \$13,021 in operating expenses appropriated from the SB 401 state special revenue account.

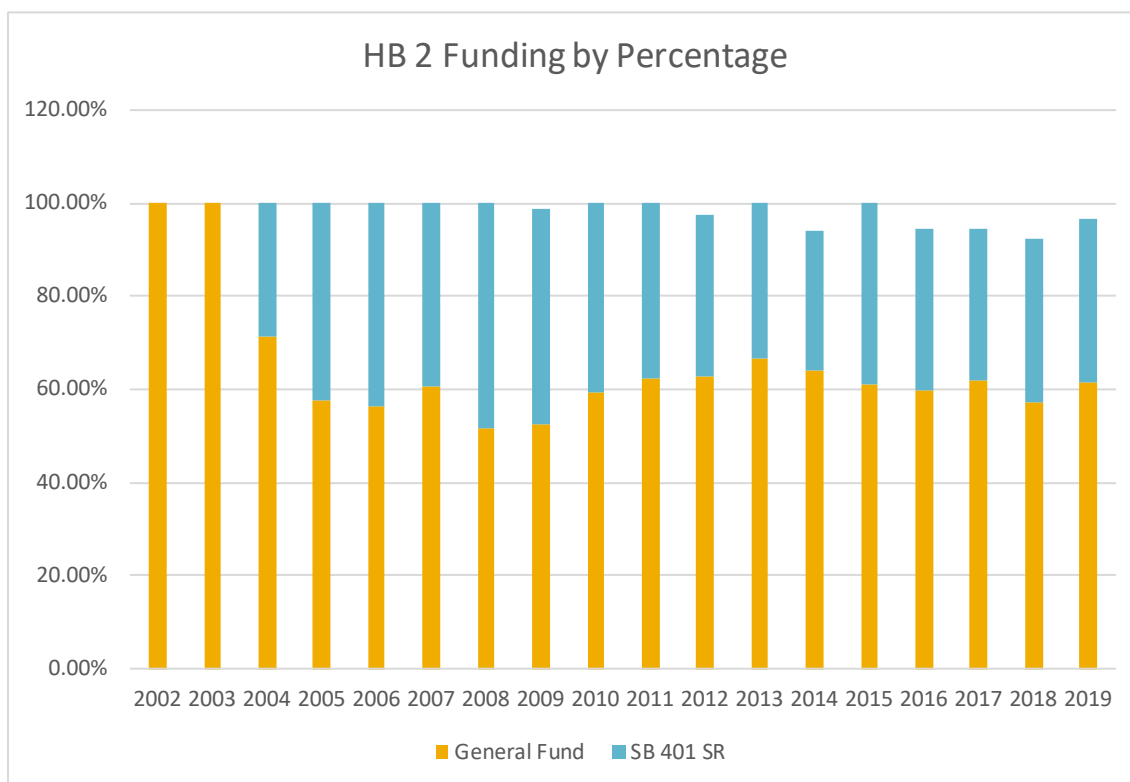
The following figure shows the FTE by fiscal year for the Veterans' Affairs Division since FY 2002.

Department of Military Affairs Veteran's Affairs Division HB 2 Full-time Equivalent Positions										
	FY 2002	FY 2004	FY 2006	FY 2008	FY 2010	FY 2012	FY 2014	FY 2016	FY 2018	FY 2020
Total Division FTE	19.50	22.00	23.00	25.00	30.00	29.00	24.00	26.00	26.12	25.09
Veterans' Service Officers	12.00	15.00	15.00	17.00	20.00	19.00	19.00	21.00	22.12	22.00

It should be noted that between FY 2012 and FY 2019 the legislature added an additional 5.00 FTE for veterans' service officers supported by the general fund.

## USES OF GENERAL FUND COMPARED TO THE SB 401 STATE SPECIAL REVENUE

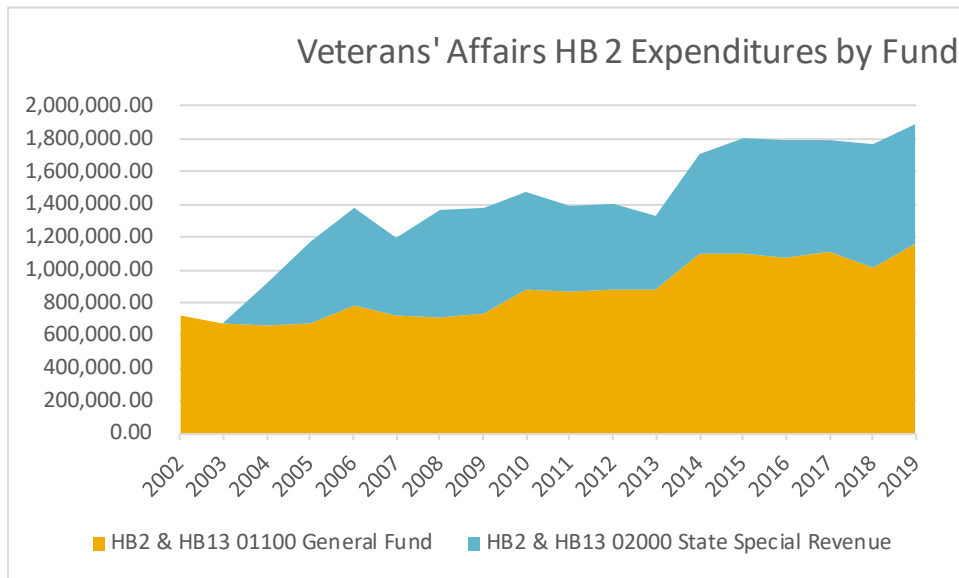
The appropriations to provide for personal services associated with veterans' service officers is included in HB 2. The following figure shows the percentage of expenditures from general fund and SB 401 state special revenue between FY 2002 and FY 2019 from HB 2 authority.



In FY 2005, the first year of full funding for SB 401 state special revenue, the additional services appropriated by the legislature were 42.5% of the HB 2 appropriations for the Veterans' Affairs Division. Since FY 2014, after the implementation of HB 626, the percentage of funding provided by the SB 401 state special revenue account had hovered around 35.0%.

## TOTAL HB 2 EXPENDITURES

Total HB 2 expenditures for the Veterans' Affairs Division have increased by 4.4% annually between FY 2005 (the first full year of SB 401 funding) and FY 2019. The following figure shows the total HB 2 expenditures by fund source between FY 2002 and FY 2019.



General fund has increased by 5.2% annually between FY 2005 and FY 2019. State special revenue increased 3.3% annually during the same period.