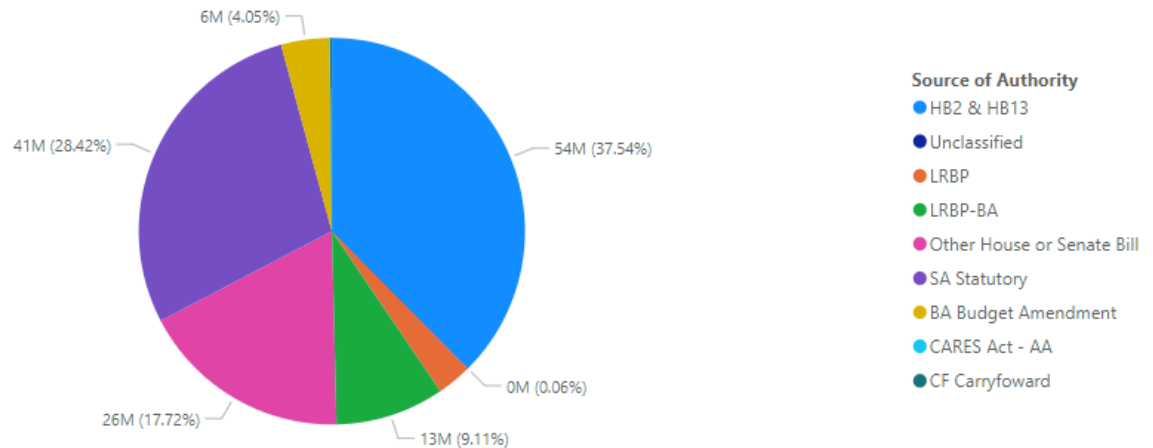


DEPARTMENT OF MILITARY AFFAIRS

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 37.5% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	FYE22 Modified Budget	FYE22 Expended Budget	Percent Expended
HB2 & HB13	54,200,068	50,326,803	92.9%
BA Budget Amendment	5,853,741	4,437,003	75.8%
CF Carryforward	220,174	60,845	27.6%
LRBP	4,211,052	3,639	0.1%
LRBP-BA	13,147,684	2,694,122	20.5%
Other House or Senate Bill	25,578,860	988,904	3.9%
SA Statutory	41,028,445	14,485,204	35.3%
Unclassified	80,086		
CARES	54,670	54,670	100.0%
Total	144,374,781	73,051,190	50.6%

Report Period

- Jul
- Aug
- Sep
- Oct
- Nov
- Dec
- Jan
- Feb
- Mar
- Apr
- May
- Jun

Budget Amendments

The Department of Military Affairs (DMA) received five budget amendments in FY 2022. The largest budget amendment totaled \$5.2 million in federal special revenue for the Homeland Security Grant Program, which funds state and local efforts to prevent and prepare for terrorist threats and hazards. Other budget amendments include:

- Federal grant funding totaling approximately \$170,000 from the High Hazard Potential Dam Grant Program to rehabilitate the Powell Dam owned by the Department of Corrections in Powell County. This award does require a cost match of approximately \$92,000 of non-federal funds. Cost match funding will be provided by the Department of Corrections. Funds will be available through FY 2023
- Additional spending authority for the ChalleNGe Program to cover costs to renovate the dining hall entry cover, replace tables and chairs, and new paving. This budget amendment totals \$285,000 in federal special revenue. This funding does require a 25.0% state fund match

- Additional federal special revenue authority for the ChalleNGe Program to support Cadre staff salary increases totaling approximately \$100,000. The Cadre positions have experienced a high turnover over the last five years. To address these retention problems, the agency issued this pay increase
- An increase in federal special revenue authority in the Starbase Program to pay for an office manager position totaling approximately \$127,000

At the 2022 FYE, DMA expended \$4.4 million in budget amendment authority. Remaining funds are for the Homeland Security Grant and the High Hazard Potential Dam Grant programs. These funds will not expire until October 2024 and October 2023, respectively.

Long-Range Building Program

The legislature may appropriate funds to the Architecture and Engineering Division in the Department of Administration (DOA) for long-range building projects in other agencies. DMA received authority from DOA for long-range building projects, which are comprised of federal funds totaling \$4.2 million. This authority includes funding for projects such as wash facility improvements, cemetery improvements at Miles City, a weapons cleaning facility at Fort Harrison, and the Malta and Miles City Readiness Centers. Long-Range Building Program projects often take several years to complete, which is the reason for the low expenditures to date. Additional information on the Long-Range Building Program can be found here: <https://leg.mt.gov/lfd/interim-budget-committee-section-f/>.

Long-Range Building Program – Budget Amendments (LRBP-BA)

For FY 2022, DMA’s budget included \$13.1 million in federal funds and capital project funds for military construction projects. These projects were not included in the long-range building projects appropriated by the legislature. The funds were amended into previous biennia budgets and continued into the current year and include:

- Fort Harrison Projects:
 - \$3.0 million for a maintenance bay addition to the combined support maintenance shop
 - \$1.8 million for the construction of an enlisted barracks facility
 - \$1.3 million for a maintenance vehicle/sand storage building
 - \$170,000 for a hazardous waste accumulation area
 - \$131,000 for dining facilities
- \$571,000 for unheated storage facilities
- \$330,375 for the Miles City Readiness Center
- \$5.69 million Aviation Readiness Center in Helena
- \$147,000 for the Missoula veteran’s cemetery

As of the 2022 FYE, the agency expended \$2.7 million of these funds, primarily for the enlisted barracks facility project at Fort Harrison.

Other Bills

HB 5 – Agency Capital Development Projects

Several previous legislatures have appropriated funds directly to DMA in HB 5, or other long-range building bills, for construction projects on various military bases and armories across Montana. As the construction

projects take several years, the unspent authority awarded in one biennium is continued into future biennia until the projects are completed. In FY 2022, \$25.5 million is included in the Department of Military Affairs' budget for agency capital development projects, with the majority approved by the 2021 Legislature and the balance from continuing authority from prior sessions. The projects approved by the 2021 Legislature include:

- \$6.0 million for the design and construction of barracks and supporting infrastructure at Fort Harrison
- \$3.0 million for capital improvements to statewide facilities
- \$2.2 million for the construction of barracks for National Guard soldiers at the Limestone Hills training area near Townsend
- \$2.2 million for the renovation of existing space in the Regional Training Institute building and the construction of new classroom space
- \$0.8 million for the renovation of paved/surfaced secure compound space for military vehicles and equipment to load and unload trains at Fort Harrison
- \$0.8 million for the installation of an eight-foot-tall chain-link fence, security gates, and gravel base to create multiple secured compound sections at Fort Harrison
- \$0.5 million for a remodel of the Post Engineers Maintenance Building to accommodate 24 personnel and create a conference room at Fort Harrison
- \$0.4 million to construct military equipment parking with rigid concrete pavement at the Helena field maintenance shop
- \$0.2 million for the replacement of the roof on building 530 at Fort Harrison
- \$0.1 million to construct a fence around the perimeter of the Billings field maintenance shop
- \$0.1 million for permanent vault-style latrines at the training area at Fort Harrison
- \$0.1 million to remove existing waste oil burners from the aircraft storage hanger and install above-ground storage tanks for jet fuel and used oil at the Army Aviation Support Facility
- \$0.1 million for the construction of a concrete loading ramp at the Limestone Hills training area
- \$0.1 million to replace rigid concrete paving and install stormwater drainage structures, fencing, and curbing at the Missoula field maintenance shop

At FYE, DMA expended \$789,000 of its long-range building funds from previous biennia.

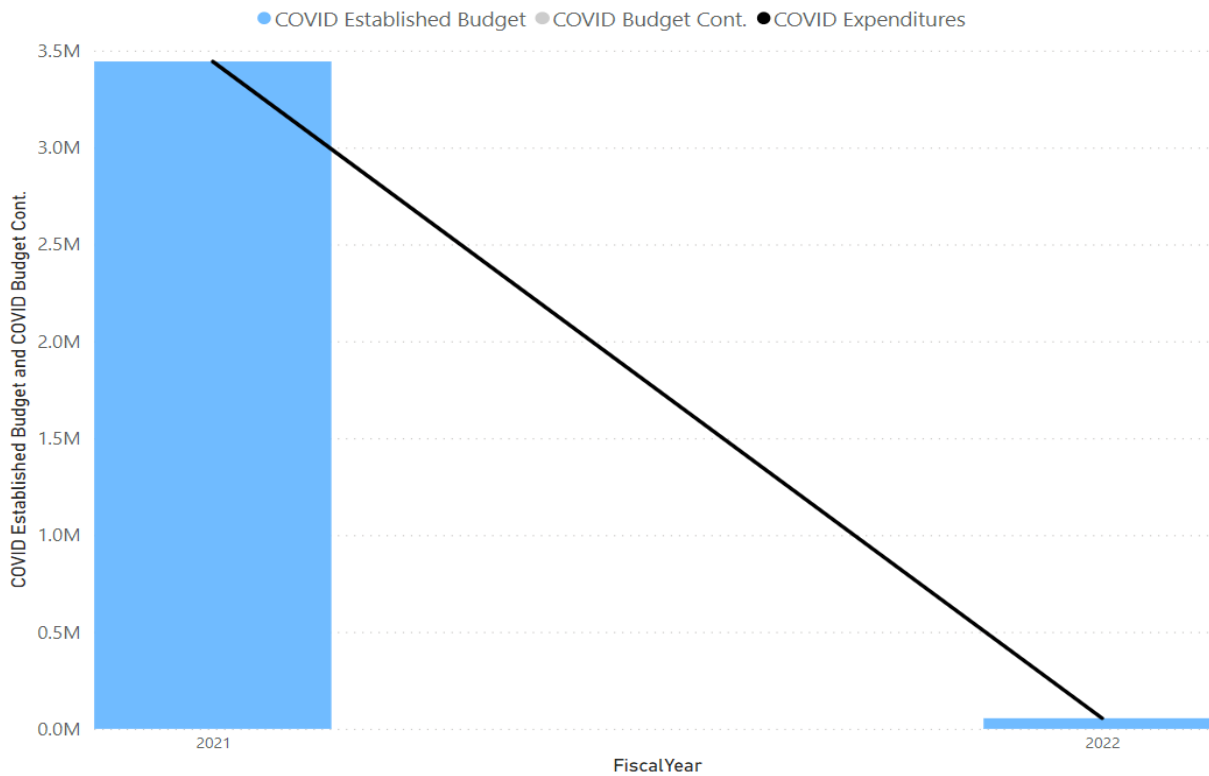
HB 701 – Revising Laws Related to the Regulation and Taxation of Marijuana

The 2021 Legislature appropriated \$200,000 annually in the 2023 biennium from the marijuana state special revenue account to the Department of Military Affairs to provide services and assistance to Montana veterans and surviving spouses and dependents. At the 2022 FYE, the Department of Military Affairs had expended all of these funds. The majority of these funds went towards veteran cemetery operations with the remainder going towards DMA headquarter remodels.

COVID-19 Authority

The following chart is provided to allow the legislature to examine the funding that is available to the agency for COVID-19 impacts.

COVID Established Budget. COVID Continuing Budget. and COVID Expenditures by Fiscal Year



The Department of Military Affairs received Coronavirus Aid, Relief, and Economic Security (CARES) Act I appropriations of \$3.4 million. DMA expended all of these funds. These funds were for the Disaster and Emergency Services (DES) Program, which is responsible for coordinating emergency management in Montana. The DES was responsible for implementing an emergency response to the COVID-19 outbreak, which included organizing increased personal protective equipment, ventilators, and treatment drugs for hospitals, nursing homes, prisons, as well as other facilities in need of supplies. Additionally, DMA hired staff as contact tracers to assist local and public health departments, and for deployments to airports and hospitals.

Statutory Appropriations

Governor’s Emergency Fund (10-3-312, MCA)

Statute provides the Governor with \$16.5 million general fund over the biennium to address unanticipated costs associated with disasters and emergencies. Natural disasters include costs associated with flooding, windstorms, winter storms, and tornados. In FY 2022, the Department of Military Affairs budget included \$1.9 million in general fund from disasters declared in previous biennia. As of the 2022 FYE, DMA expended \$338,000 for projects related to fire and wind events in calendar year 2021. Lower expenditures are due to these funds typically being for multi-year mitigation or reimbursement projects.

Wildfire Funding (76-13-150, MCA)

Statute provides for a state special revenue fire suppression account. Governor Gianforte declared a statewide wildland fire emergency in Montana in July 2021 and activated the Montana National Guard. DMA had anticipated spending \$3.9 million in statutory appropriations of state special revenue from the fire suppression fund for the costs of summer firefighting for FY 2022. At the 2022 FYE, DMA had expended all of these funds.

Federal Emergency Management Agency (FEMA) Funding (10-3-311, MCA)

The Department of Military Affairs is granted statutory authority to spend federal funds received for federally declared disasters including pandemic relief. Of the \$33.5 million in federal funds for disasters, \$23.6 million was budgeted for the COVID-19 pandemic efforts. At FYE, DMA expended \$8.3 million on pandemic-associated costs and \$181,000 for costs associated with floods and severe wind events.

DMA is still in the process of evaluating the total damage caused by the floods in calendar year 2022. As of August 24th, 35 entities' applications were identified as eligible under FEMA's Public Assistance Program. DMA's current estimate of damages totals \$41.0 million, but they anticipate this estimate to increase once estimates are completed at the end of October.

Veterans Cemetery (10-2-601, MCA)

The Veterans Affairs Division has a statutory appropriation for the operation of the Montana Veterans Cemetery Program. The Veterans Cemetery Program operates:

- Montana State Veterans Cemetery – Fort Harrison, Helena
- Eastern Montana State Veterans Cemetery – Miles City
- Western Montana State Veterans Cemetery – Missoula

Funding for the program is provided through a portion of motor vehicle registration fees, cemetery plot allowances, and donations. At FYE, DMA expended \$644,000 of the \$740,000 in state special revenue funds appropriated for the cemeteries.

Montana Military Family Relief Fund (MMFRF; 10-1-1303, MCA)

The Montana military family relief fund receives statutory appropriations to provide monetary grants to families of Montana National Guard and Reserve Component members who on or after April 28, 2007, are on active duty for federal service in a contingency operation. MMFRF grants are intended to help Montana families defray the costs of food, housing, utilities, medical services, and other expenses that become difficult to afford when the wage earner has temporarily left civilian employment to be placed on active military duty. Funding for the program is provided through legislative transfers, monetary contributions, gifts, and grants donated to the fund. In FY 2022, DMA expended all of its \$140,000 state special revenue appropriation.

Montana National Guard Land Purchase (10-1-108, MCA)

Montana statute establishes a Montana National Guard land purchase state special revenue fund in which all money from the sale of an armory must be deposited. There are two purposes of the fund outlined in statute:

- Any interest and income accruing on the account must be deposited in the general fund
- Money in the account may be used only for preparations to purchase or the purchase of land necessary for the Montana National Guard's mission and is expendable solely upon the authorization of the governor

In FY 2022, DMA expended \$878,000 of these funds for the Billings Limited Army Aviation Support Facility (BLAAFS).

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget between June 1, 2022, and July 1, 2022. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	June Modified Budget	FYE22 Modified Budget	Net Modifications
Dept of Military Affairs	54,162,459	54,200,068	37,609
AIR NATIONAL GUARD PGM	5,934,593	5,609,093	-325,500
ARMY NATIONAL GUARD PGM	19,575,834	19,402,260	-173,574
CHALLENGE PROGRAM	4,989,070	5,340,340	351,270
DIRECTORS OFFICE	1,350,915	1,417,665	66,750
DISASTER & EMERGENCY SERVICES	19,112,649	19,117,499	4,850
SCHOLARSHIP PROGRAM	207,362	244,971	37,609
STARBASE	654,027	770,557	116,530
VETERANS AFFAIRS PROGRAM	2,338,009	2,297,683	-40,326
Total	54,162,459	54,200,068	37,609

Acct & Lvl 1 DESC	June Modified Budget	FYE22 Modified Budget	Net Modifications
61000 Personal Services	17,727,069	17,403,021	-324,048
62000 Operating Expenses	20,174,423	20,932,710	758,287
63000 Equipment & Intangible Assets	150,536	150,536	
66000 Grants	14,157,466	14,024,466	-133,000
67000 Benefits & Claims	1,000	1,251	251
68000 Transfers-out	1,571,965	1,306,084	-265,881
69000 Debt Service	380,000	382,000	2,000

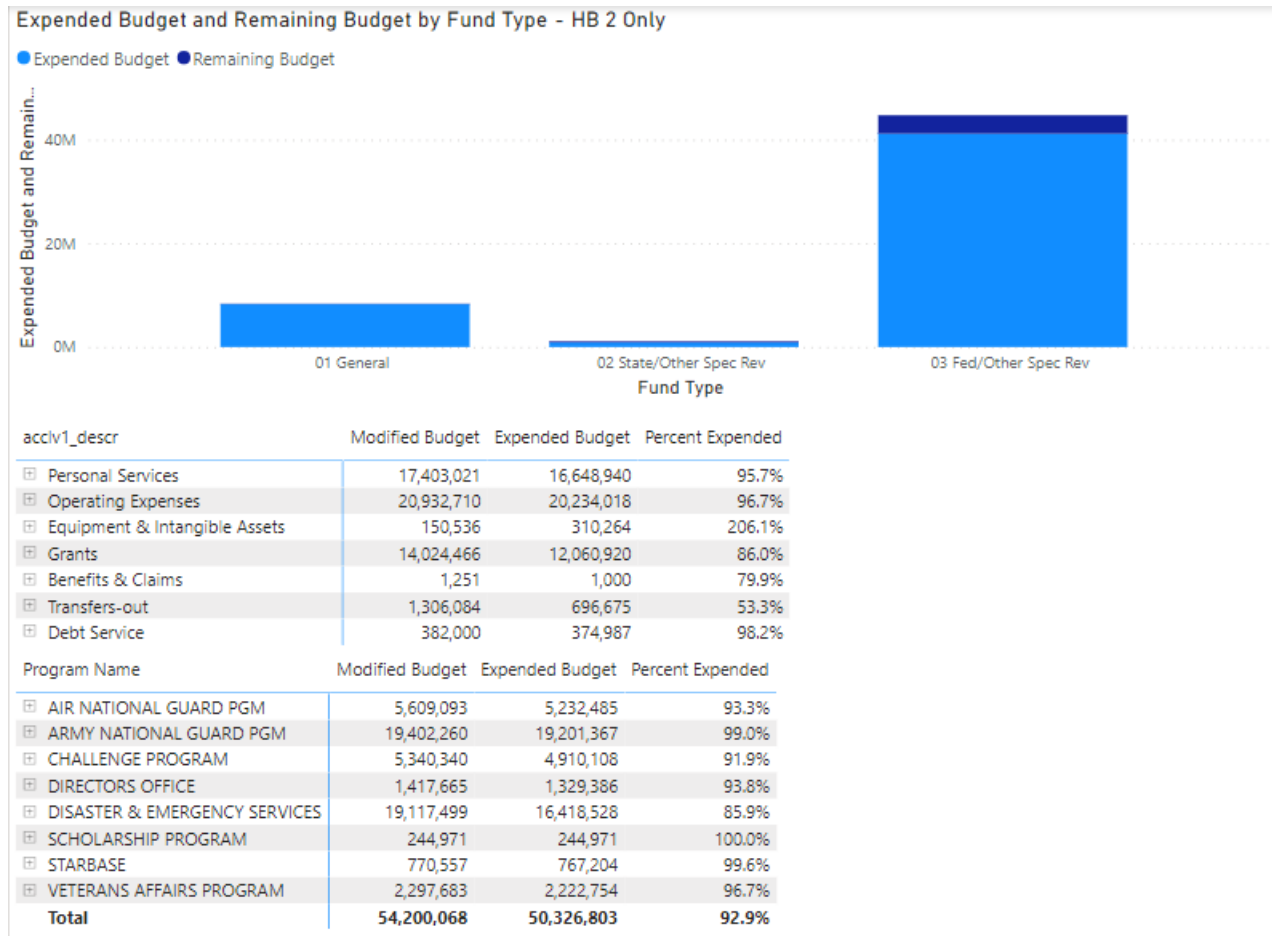
Fund Type	June Modified Budget	FYE22 Modified Budget	Net Modifications
01 General	8,326,909	8,364,518	37,609
02 State/Other Spec Rev	1,104,271	1,104,271	0
03 Fed/Other Spec Rev	44,731,279	44,731,279	0

The Department of Military Affairs conducted a fiscal transfer of \$37,609 general fund appropriations in the Youth Scholarship Program. This consolidated a biennial appropriation from FY 2023 into FY 2022 to cover larger than anticipated costs due to a higher number of students joining the National Guard and receiving this scholarship.

DMA also had several budget modifications in the month of June to account for any adjustments or alignments that needed to be made before fiscal year end. These modifications included adjustments to account for operating expenses needed in the ChalleNGe Program and the Scholarship Program

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through July 1, 2022.

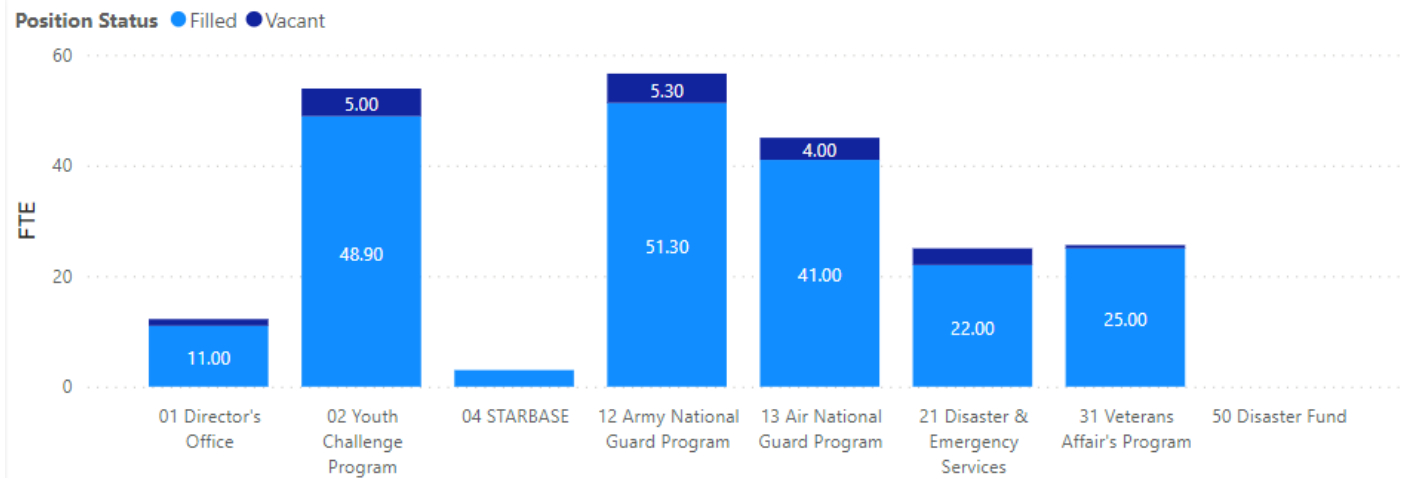


DMA's HB 2 modified budget for FY 2022 totaled \$54.2 million, of which the agency expended \$50.3 million or 92.9%. The majority of the agency's budget comes from federal special revenue funds for multi-year projects.

Personal Services

Personal services make up 32.1% of the total HB 2 budget for FY 2022 with \$16.6 million or 95.7% expended by the 2022 FYE.

The following chart shows the filled and vacant FTE within the agency as of August 1, 2022.



DMA had 8.6% or 19.10 FTE vacant as of August 1, 2022. This is an increase from the previous quarter of 14.21 vacant FTE. Vacancies include:

- 9.9% or 1.21 FTE in the Director's Office for a procurement specialist and a business executive at Fort Harrison
- 9.4% or 5.30 FTE in the Army National Guard Program for a DDC software developer, environmental scientist, IT systems administrator, engineer, project management specialist, and short-term worker at Fort Harrison
- 8.9% or 4.00 FTE in the Air National Guard Program for firefighters and a firefighter supervisor in Great Falls
- 9.3% or 5.00 FTE in the Youth Challenge Program for Cadre instructors in Dillon
- 2.3% or 0.59 FTE in the Veterans Affairs Program for a cemetery manager in Missoula
- 12.0% or 3.00 FTE in the Disaster and Emergency Services for an emergency specialist and emergency specialist manager at Fort Harrison and one emergency specialist in Billings

For FY 2022, the Department of Military Affairs had 35 employees leave state employment, 8 retire, and 7 transfer to a different agency. The State of Montana has been facing difficulties in both recruiting and retaining employees. To attempt to retain employees, DMA issued 85 retention pay increases in the last fiscal year. However, the agency has noted that it has become increasingly difficult to recruit and retain administrative positions such as financial and procurement positions.

Operating Expenses

Operating expenses make up 38.6% of the HB 2 modified budget. The majority of this funding is in the Army National Guard Program for utility costs and maintenance and repair costs. By FYE, DMA had expended \$20.2 million, or 96.7% of its operating expense budget.

Grants

Grants make up 25.9% of the HB 2 modified budget. The majority of this grant funding is for the Disaster and Emergency Services Division. This includes a \$1.0 million restricted, one-time-only appropriation for the Laurel water system. At FYE, DMA had expended \$12.1 million or 86.0%. Lower expenditures are due to the majority of grant funding being for multi-year projects.