

Agency Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	35,256,026	39,203,087	3,947,061	11.20 %
Operating Expenses	40,876,397	45,679,966	4,803,569	11.75 %
Equipment & Intangible Assets	301,072	1,061,072	760,000	252.43 %
Grants	26,385,072	26,481,362	96,290	0.36 %
Benefits & Claims	1,251	0	(1,251)	(100.00)%
Transfers	2,923,344	3,234,520	311,176	10.64 %
Debt Service	796,000	828,000	32,000	4.02 %
Total Expenditures	\$106,539,162	\$116,488,007	\$9,948,845	9.34 %
General Fund	14,702,544	14,101,633	(600,911)	(4.09)%
State/Other Special Rev. Funds	2,220,958	7,507,204	5,286,246	238.02 %
Federal Spec. Rev. Funds	89,615,660	94,879,170	5,263,510	5.87 %
Total Funds	\$106,539,162	\$116,488,007	\$9,948,845	9.34 %
Total Ongoing	\$106,539,162	\$116,463,007	\$9,923,845	9.31 %
Total OTO	\$0	\$25,000	\$25,000	100.00 %

Mission Statement

The mission of the Department of Military Affairs has three components:

- Federal - To serve as the primary federal reserve force in support of the national security objectives when called upon by the President of the United States
- State - To protect life, property, and to preserve peace, order, and public safety for Montana's citizens, when called upon by the Governor
- Community - To participate in local, state, and national programs that add value to America

Please refer to the agency profile at <https://leg.mt.gov/ldf/appropriation-subcommittee-section-a/agency-department-military-affairs/> for additional information about the agency's organization structure, historical expenditures, goals and objectives, and recent studies and audits.

Agency Highlights

Department of Military Affairs Major Budget Highlights
<ul style="list-style-type: none"> • The Department of Military Affairs' 2025 biennium requested appropriations are approximately \$9.9 million or 9.3% greater than the 2023 biennium • The executive proposal includes: <ul style="list-style-type: none"> ◦ Statewide present law adjustments for personal services, fixed cost, and inflation/deflation ◦ Increased operations and maintenance costs at Army National Guard Program facilities ◦ Increased state special revenue in the Veteran's Affairs Division for operating and personal services costs in the Veteran's Cemetery and Veteran's Services Programs ◦ Federal authority increases for overtime costs for firefighters and oversight costs for remediation work in the Air National Guard Program ◦ General fund increases for personal service costs for the Duty Officer Program in the Disaster and Emergency Services Division (DES) ◦ Establishment of 14.00 new FTE within the Director's Office, Air National Guard, STARBASE, and DES Program's

Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	220.66	220.66	234.66	234.66
Personal Services	16,648,979	17,403,022	17,853,004	19,430,513	19,772,574
Operating Expenses	20,184,483	20,883,128	19,993,269	22,630,222	23,049,744
Equipment & Intangible Assets	310,266	150,536	150,536	650,536	410,536
Grants	11,058,318	13,024,467	13,360,605	13,240,681	13,240,681
Benefits & Claims	1,001	1,251	0	0	0
Transfers	696,675	1,306,084	1,617,260	1,617,260	1,617,260
Debt Service	374,987	382,000	414,000	414,000	414,000
Total Expenditures	\$49,274,709	\$53,150,488	\$53,388,674	\$57,983,212	\$58,504,795
General Fund	7,228,357	7,314,937	7,387,607	7,033,235	7,068,398
State/Other Special Rev. Funds	865,827	1,104,271	1,116,687	3,736,512	3,770,692
Federal Spec. Rev. Funds	41,180,525	44,731,280	44,884,380	47,213,465	47,665,705
Total Funds	\$49,274,709	\$53,150,488	\$53,388,674	\$57,983,212	\$58,504,795
Total Ongoing	\$49,274,709	\$53,150,488	\$53,388,674	\$57,958,212	\$58,504,795
Total OTO	\$0	\$0	\$0	\$25,000	\$0

Agency Discussion*FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

The Department of Military Affairs HB 2 budget is primarily funded with federal special revenue, with a small portion in general fund and state special revenue. The HB 2 modified budget of approximately \$53.2 million was 92.7% expended at the 2022 fiscal year end. This expenditure level is in line with historical spending. Grants were 84.9% expended and transfers were 53.3% expended in FY 2022. Lower grant and transfer expenditures were due to federal grants being for multiyear projects which leads to a timing issue when accruing valid obligations or grant disbursements. Additionally, there are fluctuations in the amount of federal grant funds received.

FY 2022 Appropriations Compared to FY 2023 Appropriations

FY 2023 appropriation authority is approximately \$238,000 or 0.4% greater than the FY 2022 appropriation authority. The difference between FY 2022 and FY 2023 appropriations is primarily due to program transfers and operating plan transfers, which are detailed in the various division's sections of this report.

Comparison of FY 2023 Legislative Budget to FY 2023 Base

The figure below illustrates the beginning FY 2023 budget as adopted by the 2021 Legislature compared to the FY 2023 base budget, which includes modifications as approved by the approving authority (as authorized in statute) during the interim. The FY 2023 base budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2025 biennium budgeting process.

Department of Military Affairs				
Comparison of the FY 2023 Legislative Budget to the FY 2023 Base Budget				
	Legislative Budget	Executive Modification per Statutory Authority	Executive Base Budget	% Change from Legislative Action
Director's Office				
Personal Services	1,112,443		1,112,443	0.0%
Operating Expenses	157,706		157,706	0.0%
Transfers	50,655		50,655	0.0%
Director's Office Total	1,320,804		1,320,804	0.0%
Challenge Program				
Personal Services	3,440,477		3,440,477	0.0%
Operating Expenses	1,467,808	165,000	1,632,808	11.2%
Challenge Program Total	4,908,285	165,000	5,073,285	3.4%
STARBASE				
Personal Services	189,573	-	189,573	0.0%
Operating Expenses	464,288		464,288	0.0%
STARBASE Total	653,861	-	653,861	0.0%
Scholarship Program				
Operating Expenses	207,362		207,362	0.0%
Scholarship Program Total	207,362		207,362	0.0%
Army National Guard Program				
Personal Services	4,580,831		4,580,831	0.0%
Operating Expenses	15,027,253	(555,000)	14,472,253	-3.7%
Equipment & Intangible Assets	150,536		150,536	0.0%
Transfers	25,000		25,000	0.0%
Debt Service		390,000	390,000	100.0%
Army National Guard Program Total	19,783,620	(165,000)	19,618,620	-0.8%
Air National Guard Program				
Personal Services	4,096,704	-	4,096,704	0.0%
Operating Expenses	1,944,189		1,944,189	0.0%
Air National Guard Program Total	6,040,893	-	6,040,893	0.0%
Disaster & Emergency Services				
Personal Services	2,137,052	201,696	2,338,748	9.4%
Operating Expenses	901,737		901,737	0.0%
Grants	13,526,301	(200,696)	13,325,605	-1.5%
Transfers	1,522,605	(1,000)	1,521,605	-0.1%
Disaster & Emergency Services Total	18,087,695	-	18,087,695	0.0%
Veteran's Affairs Program				
Personal Services	2,066,229	28,000	2,094,229	1.4%
Operating Expenses	264,926	(52,000)	212,926	-19.6%
Grants	30,000		30,000	0.0%
Transfers	20,000		20,000	0.0%
Debt Service		24,000	24,000	100.0%

Veteran's Affairs Program Total	2,381,155	-	2,381,155	0.0%
Department of Military Affairs Total	53,383,675	-	53,383,675	0.0%

Executive modifications, per statutory authority, to the legislative budget include various program transfers and operating plan transfers. Operating plan transfers include:

- In the Army National Guard Program and the Veteran's Affairs Division, \$390,000 and \$24,000 was transferred from operating expenses to debt services, respectively. This was to allow the divisions to correctly record office space lease expenses due to changes in accounting requirements from the Governmental Accounting Standards Board (GASB) 87
- The Disaster and Emergency Services Division made adjustments to reflect actual staff time and costs for federal grants by transferring appropriation authority from grants and transfers to personal services
- The Veterans Affairs Division transferred operating expense authority to personal services to pay for inflationary job market costs to bring employees in the Veteran's Cemetery Program up to the minimum market rate

The division also had one program transfer which transferred federal special revenue from the Army National Guard Program to the ChalleNGe Program. This was due to the ChalleNGe Program needing additional authority for a federal grant from the Office of Public Instruction. The Army National Guard Program had excess spending authority. Therefore, DMA transferred the funds between the two programs. These modifications led to an overall net 0.0% change from the Department of Military Affairs legislative budget to their base budget.

Executive Request

The executive proposes an increase above the FY 2023 base of approximately \$5.9 million in FY 2024 and \$6.2 million in FY 2025. These increases are primarily in state and federal special revenue for new proposals. This includes new proposals for the Cemetery and Veteran programs in the Veteran's Affairs Division, a new STARBASE program in Malta, and increased operating costs in the Air National Guard Program.

These requests will be discussed in further detail at the program level.

5.0% Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2025 biennium 5.0% plan, submitted by the agency, is in the budget analysis appendix. The 5.0% plan includes reductions in the following:

- Director's Office of approximately \$41,000 in general fund for the elimination of an IT FTE
- Army National Guard Program of approximately \$87,000 in general fund by reducing repair and maintenance services of their facilities
- Montana Youth ChalleNGe Program of approximately \$58,000 in general fund by reducing the number of cadets accepted into the program
- National Guard Scholarships of approximately \$12,000 in general fund by reducing the number of scholarships awarded each year
- Air National Guard Program of approximately \$18,000 in general fund by reducing utility and custodial contract costs
- Disaster and Emergency Services Division of approximately \$73,000 general fund and \$4,000 state special revenue by implementing a vacancy savings plan equivalent to the costs of 2.00 FTE

Agency Goals and Objectives

Statute requires that agencies submit a statement of the agency mission and a statement of goals and objectives for each program of the agency. The goals and objectives are required to be concise, specific, quantifiable, and measurable. Goals and objectives, submitted by the agency, are included in the agency profile webpage.

Agency Personal Services

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP 1) has been broken down into three categories, as follows:

- Legislatively approved changes – This category includes adjustments explicitly approved by the legislature, such as expected changes to annualize personal services costs included in the FY 2023 statewide pay plan adjustments, changes to benefit rates, increases in pay approved by the legislature, longevity adjustments required by statute, and changes in rates for workers' compensation and unemployment insurance
- Management decisions – This category includes agency management decisions that adjust personal services related to changes in pay. This includes changes such as hiring full time equivalent (FTE) at a lower rate to replace senior staff and broadband pay adjustments for recruitment and retention
- Budget modifications – This category includes other modifications to the FY 2023 personal services base budget such as management decisions to transfer personal services funding between programs within an agency or transfers to move personal funding to or from other expenditure category (e.g. moving funding from operating expenses to personal services)

The figure below shows the analysis of the executive budget for personal services for each program.

Statewide Present Law Adjustment for Personal Services				
FY 2024 Decision Package 1				
Program	Legislative Changes	Management Decisions	Budget Modifications	Decision Package 1
01 Director's Office	(10,742)	95,468		84,726
02 Youth Challenge Program	59,754	171,315		231,069
04 STARBASE	23,435	54,804		78,239
12 Army National Guard Program	217,631	173,303		390,934
13 Air National Guard Program	(704,771)	(34,509)		(739,280)
21 Disaster & Emergency Services	98,207	72,603	(251,696)	(80,886)
31 Veteran's Affairs Program	37,513	(50,831)	(28,000)	(41,318)
Grand Total	(278,973)	482,153	(279,696)	(76,516)

Personal services were \$17.9 million or 33.4% of total FY 2023 appropriations. Overall decreases in personal services adjustments in FY 2024 are mainly due to legislative changes and budget modifications, which are partially offset by increases in some programs due to management decisions. Legislative reductions are primarily in the Air National Guard Program due to the exclusion of funding for overtime hours worked. During the 2023 biennium, the Department of Military Affairs issued career ladder, market, and retention pay increases. These pay increases were primarily issued to address high employee turnover, resulting in increased management decisions. During FY 2022, the agency had 37 employees leave state employment, 8 retire, and 7 transfer to other agencies. Additionally, as of August 1, 2022 the agency had 21.45 FTE vacant out of 220.66 FTE.

Funding

The following table shows proposed agency funding for all sources of authority.

Total Department of Military Affairs Funding by Source of Authority 2025 Biennium Budget Request - Department of Military Affairs						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	14,076,633	25,000	0	0	14,101,633	11.93 %
State Special Total	7,507,204	0	0	1,722,594	9,229,798	7.81 %
Federal Special Total	94,879,170	0	0	0	94,879,170	80.26 %
Proprietary Total	0	0	0	0	0	0.00 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$116,463,007	\$25,000	\$0	\$1,722,594	\$118,210,601	
Percent - Total All Sources	98.52 %	0.02 %	0.00 %	1.46 %		

HB 2 Authority

General fund comprises about 11.9% of the total appropriation authority in the 2025 biennium. General fund supports a portion of most programs in the Department of Military Affairs and the entire cost of the National Guard Scholarship Program.

State special revenue makes up about 7.8% of the total appropriation authority in the 2025 biennium. This funding is primarily in the Disaster and Emergency Services Division and the Veteran's Affairs Division.

The largest appropriation authority for the Department of Military Affairs is federal special revenue which comprises 80.3% of the total appropriation authority in the 2025 biennium. Federal government initiatives, programs and objectives guide the funding requirements for the agency.

Statutory Appropriations

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

Statute provides the Governor with \$16.0 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.

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.

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.

Veterans Cemetery (10-2-601, MCA)

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

- Montana State Veteran's Cemetery – Fort Harrison, Helena
- Eastern Montana State Veteran's Cemetery – Miles City
- Western Montana State Veteran's Cemetery – Missoula

Funding for the program is provided through a portion of motor vehicle registration fees, cemetery plot allowances, and donations.

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.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	7,387,607	7,387,607	14,775,214	104.78 %	53,388,674	53,388,674	106,777,348	91.66 %
SWPL Adjustments	358,912	500,120	859,032	6.09 %	1,147,586	1,506,069	2,653,655	2.28 %
PL Adjustments	95,000	95,000	190,000	1.35 %	641,158	649,639	1,290,797	1.11 %
New Proposals	(808,284)	(914,329)	(1,722,613)	(12.22)%	2,805,794	2,960,413	5,766,207	4.95 %
Total Budget	\$7,033,235	\$7,068,398	\$14,101,633		\$57,983,212	\$58,504,795	\$116,488,007	

HB 2 Language -

The executive is not proposing HB 2 language for the Department of Military Affairs.

Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	2,264,233	2,820,393	556,160	24.56 %
Operating Expenses	323,344	541,467	218,123	67.46 %
Transfers	101,310	101,310	0	0.00 %
Total Expenditures	\$2,688,887	\$3,463,170	\$774,283	28.80 %
General Fund	1,607,790	2,179,775	571,985	35.58 %
Federal Spec. Rev. Funds	1,081,097	1,283,395	202,298	18.71 %
Total Funds	\$2,688,887	\$3,463,170	\$774,283	28.80 %
Total Ongoing	\$2,688,887	\$3,438,170	\$749,283	27.87 %
Total OTO	\$0	\$25,000	\$25,000	100.00 %

Program Description

The Director's Office 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

Director's Office Major Budget Highlights
<ul style="list-style-type: none"> • The Director's Office 2025 biennium requested appropriations are approximately \$774,000 or 28.8% higher than the 2023 biennium • The executive proposal includes: <ul style="list-style-type: none"> ◦ General fund increases for 1.00 new information technology FTE and a funding switch for 0.50 FTE ◦ General fund and federal special revenue increases for 1.00 new financial FTE ◦ Reestablishment of general fund operating funds ◦ A general fund increase to purchase two new servers

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	12.21	12.21	14.21	14.21
Personal Services	1,111,643	1,151,790	1,112,443	1,407,912	1,412,481
Operating Expenses	128,265	165,638	157,706	287,945	253,522
Transfers	39,900	50,655	50,655	50,655	50,655
Total Expenditures	\$1,279,808	\$1,368,083	\$1,320,804	\$1,746,512	\$1,716,658
General Fund	825,335	830,011	777,779	1,105,190	1,074,585
Federal Spec. Rev. Funds	454,473	538,072	543,025	641,322	642,073
Total Funds	\$1,279,808	\$1,368,083	\$1,320,804	\$1,746,512	\$1,716,658
Total Ongoing	\$1,279,808	\$1,368,083	\$1,320,804	\$1,721,512	\$1,716,658
Total OTO	\$0	\$0	\$0	\$25,000	\$0

Program Discussion -

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The Director’s Office expended approximately \$1.3 million or 93.5% of their \$1.4 million HB 2 modified budget for FY 2022. Personal services were 96.5% expended, operating expenses were 77.4% expended, and transfers-out were 78.8% expended. Personal services were slightly lower than anticipated in the budget due to vacancies and related turnover. Operating expenses and transfers-out spending were consistent with levels in previous biennia.

FY 2022 Appropriations Compared to FY 2023 Appropriations

The Director’s Office FY 2023 appropriation authority is approximately \$47,000 less than the FY 2022 appropriation authority. The reduction is primarily in personal service appropriations and due to a program transfer that occurred in FY 2022. This program transfer was necessary so the Director’s Office could meet the personal service payment obligations of FY 2022 and therefore did not impact the FY 2023 personal services authority.

Executive Request

The executive is requesting an increase of approximately \$426,000 in FY 2024 and \$396,000 in FY 2025 above the FY 2023 base appropriations. Approximately 70.0% of this increase comes from new proposals for additional IT and financial staff FTE, restoration of operating funds, one-time-only funding to purchase server replacements, and new fixed costs related to the Chief Data Office in the Department of Administration. The remaining 30.0% comes from statewide present law adjustments for personal services, fixed costs, and inflation.

LFD COMMENT	<p>House Bill 3</p> <p>In HB 3, supplemental appropriations are being proposed in general fund of \$40,925 in the Director’s Office for increased IT costs for the remainder of FY 2023.</p>
--------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Program Personal Services Narrative

The Director’s Office has 12.21 permanent HB 2 FTE. As of August 1, 2022, the division had 1.21 FTE vacant and had seen three employees leave state employment during the fiscal year.

Personal services were \$1.1 million or 84.2% of the total FY 2023 appropriations. The executive proposes a present law adjustment increase of approximately \$85,000 in FY 2024 and \$89,000 in FY 2025. This increase is primarily driven by management decisions. During FY 2022, management issued promotion, market adjustments, and retention adjustments within the Director’s Office that increased employees pay. Additionally, they reclassified positions, which resulted in higher paying position types.

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Military Affairs, 01-Directors Office Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	2,154,775	25,000	0	0	2,179,775	62.94 %	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
03132 National Guard	822,202	0	0	0	822,202	64.06 %	
03134 DES Emergency Mgmt Perf 97.042	149,484	0	0	0	149,484	11.65 %	
03453 Air National Guard	274,256	0	0	0	274,256	21.37 %	
03143 DES Homeland Security 97.067	37,453	0	0	0	37,453	2.92 %	
Federal Special Total	\$1,283,395	\$0	\$0	\$0	\$1,283,395	37.06 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$3,438,170	\$25,000	\$0	\$0	\$3,463,170		

HB 2 Authority

General Fund

General fund accounts for 62.9% of the Director’s Office total appropriation authority. General fund provides funding for federal-state matching requirements. General fund also provides funding for the General, Deputy Director, and IT staff positions in the Director’s Office and all operating costs.

Federal Special Revenue

Federal special revenue accounts for the remaining 37.1% of the total appropriation authority. Federal funds are used for the National Guard Bureau Cooperative Agreement Centralized Personnel Plan (CPP). The CPP provides human resources and financial staff payroll in the Director’s Office to support the federal cooperative agreements.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	777,779	777,779	1,555,558	71.36 %	1,320,804	1,320,804	2,641,608	76.28 %
SWPL Adjustments	92,140	85,483	177,623	8.15 %	125,183	120,295	245,478	7.09 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	235,271	211,323	446,594	20.49 %	300,525	275,559	576,084	16.63 %
Total Budget	\$1,105,190	\$1,074,585	\$2,179,775		\$1,746,512	\$1,716,658	\$3,463,170	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	51,683	0	33,043	84,726	0.00	54,449	0	34,812	89,261
DP 2 - Fixed Costs	0.00	31,237	0	0	31,237	0.00	20,669	0	0	20,669
DP 3 - Inflation Deflation	0.00	9,220	0	0	9,220	0.00	10,365	0	0	10,365
Grand Total All Present Law Adjustments	0.00	\$92,140	\$0	\$33,043	\$125,183	0.00	\$85,483	\$0	\$34,812	\$120,295

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	200	0	0	200	0.00	200	0	0	200
DP 101 - DO Restore Operating Funds	0.00	49,582	0	0	49,582	0.00	49,582	0	0	49,582
DP 102 - DO IT Staffing	1.00	135,112	0	0	135,112	1.00	136,560	0	0	136,560
DP 104 - DO Server Replacements (OTO/RST)	0.00	25,000	0	0	25,000	0.00	0	0	0	0
DP 105 - DO Finance FTE	1.00	25,377	0	65,254	90,631	1.00	24,981	0	64,236	89,217
Total	2.00	\$235,271	\$0	\$65,254	\$300,525	2.00	\$211,323	\$0	\$64,236	\$275,559

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The executive requests appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the executive requests appropriations of \$500 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 101 - DO Restore Operating Funds -

The executive requests to re-establish Director's Office operating funds that were designated as one-time-only (OTO) funding in the 2021 Legislative Session. Agency costs were reduced during the pandemic but have returned to normal operations.

DP 102 - DO IT Staffing -

The executive requests funding for 1.00 FTE for an information technology (IT) staff and a funding switch for an existing 0.50 FTE. The current IT staff has 2.00 permanent FTE and 1.00 modified FTE. This proposal would make the modified FTE permanent. Additionally, this proposal would provide funding switch for 0.50 FTE. Half of this position was previously being funded by federal Disaster and Emergency Services (DES) funds that are no longer available. This proposal would include 100.0% of the funding for this 0.50 FTE in the Director's Office. IT positions in DMA are necessary as the agency manages several of its own networks and servers that cannot be managed by the State Information Technology Services Division (SITSD) due to the federal requirements for security of federal information.

DP 104 - DO Server Replacements (OTO/RST) -

The executive requests a one-time-only restricted appropriation for the purchase of two servers to replace aging and legacy equipment. These servers are not hosted on the state network.

DP 105 - DO Finance FTE -

The executive requests funding for an additional 1.00 FTE financial staff in the Director's Office. The agency has received recommendations from Legislative Audit Division, as well as recommendations from the United States Property and Fiscal Officer (USPFO) for additional internal controls regarding the tracking and usage of federal funding received by the agency. The executive requests additional staff and associated operating costs to implement these recommendations. This position is proposed to be funded with approximately 70.0% with federal special revenue and the balance with general fund.

Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	6,948,753	7,360,367	411,614	5.92 %
Operating Expenses	3,464,872	3,466,791	1,919	0.06 %
Total Expenditures	\$10,413,625	\$10,827,158	\$413,533	3.97 %
General Fund	2,415,777	2,621,968	206,191	8.54 %
Federal Spec. Rev. Funds	7,997,848	8,205,190	207,342	2.59 %
Total Funds	\$10,413,625	\$10,827,158	\$413,533	3.97 %
Total Ongoing	\$10,413,625	\$10,827,158	\$413,533	3.97 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Description

The Montana National Guard Youth ChalleNGe Program is a program for youth ages 16 to 18 who have stopped attending secondary school before graduating. ChalleNGe is a 17-month, voluntary, two-phased military modeled training program targeting unemployed, drug-free, and crime-free high school dropouts. The program provides an opportunity for high school "at risk" youth to enhance their life skills and increase their educational levels and 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

ChalleNGe Program Major Budget Highlights
<ul style="list-style-type: none"> • The ChalleNGe Program's 2025 biennium requested appropriations are approximately \$413,000 or 4.0% greater than the 2023 biennium • The executive proposal includes statewide present law adjustments for personal services, fixed cost, and inflation/deflation

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	54.15	54.15	54.15	54.15
Personal Services	3,381,221	3,508,276	3,440,477	3,671,547	3,688,820
Operating Expenses	1,528,879	1,832,064	1,632,808	1,727,389	1,739,402
Total Expenditures	\$4,910,100	\$5,340,340	\$5,073,285	\$5,398,936	\$5,428,222
General Fund	1,163,931	1,189,867	1,225,910	1,307,324	1,314,644
Federal Spec. Rev. Funds	3,746,169	4,150,473	3,847,375	4,091,612	4,113,578
Total Funds	\$4,910,100	\$5,340,340	\$5,073,285	\$5,398,936	\$5,428,222
Total Ongoing	\$4,910,100	\$5,340,340	\$5,073,285	\$5,398,936	\$5,428,222
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The Youth ChalleNGe Program expended 91.9% of its \$5.3 million HB 2 modified budget in FY 2022. Personal services were 96.4% expended while operating expenses were 83.5% expended. Lower expenditures for personal services are due to employee turnover and vacancies. Operating expenses were lower due to the division not utilizing Office of Public Instruction (OPI) funds in FY 2022. Due to administrative issues in the beginning of FY 2022 the division was unable to get transfer authority from OPI and an internal program transfer was necessary to establish authority to spend the OPI funds. At the end of FY 2022, the division was able to receive transfer authority from OPI for FY 2022 and FY 2023; expenditures were accurately recorded in the transfer authority for FY 2022.

FY 2022 Appropriations Compared to FY 2023 Appropriations

The FY 2022 appropriation authority is approximately \$267,000 greater than FY 2023 appropriation authority. In FY 2022, the Youth ChalleNGe program needed additional authority for personal services and operating expenses to meet their expenditure requirements. This transfer of authority was only needed in FY 2022, therefore creating greater appropriation authority in FY 2022. Greater operating expenses were for one-time expenditures for dining hall upgrades and OPI expenditures.

Executive Request

The executive requests an increase of approximately \$326,000 in FY 2024 and \$355,000 in FY 2025 above the FY 2023 base appropriations. This increase is due to statewide present law adjustments for personal services and inflation. The executive requests a decrease in fixed costs due to a reduction in the needed authority for insurance costs.

Program Personal Services Narrative

The Youth ChalleNGe Program has 54.15 permanent HB 2 FTE. As of August 1, 2022, the division had 6.00 FTE vacant and had seen 21 employees leave state employment, 3 retire, and 1 transfer to a new agency during FY 2022.

Personal services were \$3.4 million or 67.8% of the total FY 2023 appropriations. The executive proposes a present law adjustment increase of approximately \$231,000 in FY 2024 and \$248,000 in FY 2025. This increase is primarily driven by management decisions. During FY 2022, management issued promotion, market, and retention adjustments that increased employees pay within the program. Additionally, they reclassified positions, which resulted in higher paying position types.

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Military Affairs, 02-Challenge Program Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	2,621,968	0	0	0	2,621,968	24.22 %	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
03132 National Guard	7,875,190	0	0	0	7,875,190	95.98 %	
03421 OPI Federal Funds-10.533;10.55	330,000	0	0	0	330,000	4.02 %	
Federal Special Total	\$8,205,190	\$0	\$0	\$0	\$8,205,190	75.78 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$10,827,158	\$0	\$0	\$0	\$10,827,158		

HB 2 Authority

General Fund

General fund accounts for 24.2% of the Youth Challenge Programs total appropriation authority. Funding for the program comes from federal/state cooperative agreements which requires a 25.0% state match. General fund is used to meet that state match requirement.

Federal Special Revenue

The remaining 75.8% of the funding comes from federal special revenue sources. Some travel and special projects required from the federal/state cooperative agreements are funded entirely with federal funds.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	1,225,910	1,225,910	2,451,820	93.51 %	5,073,285	5,073,285	10,146,570	93.71 %
SWPL Adjustments	81,414	88,734	170,148	6.49 %	325,651	354,937	680,588	6.29 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$1,307,324	\$1,314,644	\$2,621,968		\$5,398,936	\$5,428,222	\$10,827,158	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	57,768	0	173,302	231,070	0.00	62,086	0	186,257	248,343
DP 2 - Fixed Costs	0.00	(3,226)	0	(9,680)	(12,906)	0.00	(5,602)	0	(16,805)	(22,407)
DP 3 - Inflation Deflation	0.00	26,872	0	80,615	107,487	0.00	32,250	0	96,751	129,001
Grand Total All Present Law Adjustments	0.00	\$81,414	\$0	\$244,237	\$325,651	0.00	\$88,734	\$0	\$266,203	\$354,937

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Operating Expenses	452,333	500,000	47,667	10.54 %
Total Expenditures	\$452,333	\$500,000	\$47,667	10.54 %
General Fund	452,333	500,000	47,667	10.54 %
Total Funds	\$452,333	\$500,000	\$47,667	10.54 %
Total Ongoing	\$452,333	\$500,000	\$47,667	10.54 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Description

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

Program Highlights

National Guard Scholarship Program Major Budget Highlights
<ul style="list-style-type: none"> • The NG Scholarship Program's 2025 biennium requested appropriations are approximately \$48,000 or 10.5% greater than the 2023 biennium • The executive proposal includes a general fund increase in operating costs to meet the increased demand for the program

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
Operating Expenses	244,971	244,971	207,362	250,000	250,000
Total Expenditures	\$244,971	\$244,971	\$207,362	\$250,000	\$250,000
General Fund	244,971	244,971	207,362	250,000	250,000
Total Funds	\$244,971	\$244,971	\$207,362	\$250,000	\$250,000
Total Ongoing	\$244,971	\$244,971	\$207,362	\$250,000	\$250,000
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The NG Scholarship Program expended their entire FY 2022 appropriation of \$244,971.

FY 2022 Appropriations Compared to FY 2023 Appropriations

The FY 2022 appropriation authority for the NG Scholarship Program is approximately \$38,000 greater than the FY 2023 appropriation authority. Funding for this program is a biennial appropriation that can be expended in either fiscal year of the biennium. In FY 2022, the program received an increased number of applicants for the program and required greater expenditures. This transferred authority from the FY 2023 appropriation led to greater budget authority for FY 2022.

Executive Request

The executive is requesting an increase of approximately \$43,000 in FY 2024 and FY 2025 above the FY 2023 base appropriations. Due to the higher application volume that the division believes will continue, the division is requesting additional general fund authority.

<p>LFD COMMENT</p>	<p>House Bill 3</p> <p>In HB 3, supplemental appropriations are being proposed in general fund of \$80,248 for the National Guard Scholarship Program due to a higher volume of applicants. In FY 2022, the agency transferred authority from their biennial appropriation to meet this increased demand. This left the agency with reduced general fund authority in FY 2023 with a sustained increase in demand.</p>
---------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Military Affairs, 03-Scholarship Program Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	500,000	0	0	0	500,000	100.00 %
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$500,000	\$0	\$0	\$0	\$500,000	

HB 2 Authority

General Fund

The NG Scholarship Program is entirely funded with general fund.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	207,362	207,362	414,724	82.94 %	207,362	207,362	414,724	82.94 %
SWPL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	42,638	42,638	85,276	17.06 %	42,638	42,638	85,276	17.06 %
Total Budget	\$250,000	\$250,000	\$500,000		\$250,000	\$250,000	\$500,000	

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 301 - National Guard Scholarships Increase (BIEN)	0.00	42,638	0	0	42,638	0.00	42,638	0	0	42,638
Total	0.00	\$42,638	\$0	\$0	\$42,638	0.00	\$42,638	\$0	\$0	\$42,638

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 301 - National Guard Scholarships Increase (BIEN) -

The executive requests a biennial increase in general fund for the National Guard Scholarship Program. The program provides tuition assistance to Montana college students that join the Montana National Guard. This increase is due to an increased usage of this recruitment incentive over the past biennium.

Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	446,589	1,113,851	667,262	149.41 %
Operating Expenses	977,829	1,229,616	251,787	25.75 %
Total Expenditures	\$1,424,418	\$2,343,467	\$919,049	64.52 %
Federal Spec. Rev. Funds	1,424,418	2,343,467	919,049	64.52 %
Total Funds	\$1,424,418	\$2,343,467	\$919,049	64.52 %
Total Ongoing	\$1,424,418	\$2,343,467	\$919,049	64.52 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Description

The Montana STARBASE “Big Sky” Program is a program for elementary school aged children to raise the interest and improve the knowledge and skills of at-risk youth in math, science, and technology. This program exposes children and their teachers to real world applications of math and science through experimental learning, simulations, experiments in aviation and space-related fields as it deals with a technological environment, and by utilizing the positive role models found on military bases and installations. The program also addresses drug use prevention, health, self-esteem, and life skills with a math and science-based program.

STARBASE is a federally funded program with classrooms at Fort Harrison in Helena and the 120th Air Wing in Great Falls. STARBASE locations are limited to existing military installations, allowing students the opportunity to interact with military personnel, exploring careers and real-world science, technology, engineering, and math (STEM) applications. Each STARBASE classroom provides 25 hours of free STEM instruction to all fifth-grade classes within the Helena and Great Falls school districts, as well as afterschool programs and summer camps.

Program Highlights

STARBASE Major Budget Highlights
<ul style="list-style-type: none"> • The STARBASE Program’s 2025 biennium requested appropriations are approximately \$919,000 or 64.5% greater than the 2023 biennium • The executive proposal includes: <ul style="list-style-type: none"> ◦ Statewide present law adjustment increases in personal services, fixed costs, and inflation ◦ A federal special revenue increase for 4.00 FTE to establish a STARBASE Program in Malta, Montana

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	3.00	3.00	7.00	7.00
Personal Services	255,847	257,016	189,573	553,832	560,019
Operating Expenses	511,366	513,541	464,288	612,833	616,783
Total Expenditures	\$767,213	\$770,557	\$653,861	\$1,166,665	\$1,176,802
Federal Spec. Rev. Funds	767,213	770,557	653,861	1,166,665	1,176,802
Total Funds	\$767,213	\$770,557	\$653,861	\$1,166,665	\$1,176,802
Total Ongoing	\$767,213	\$770,557	\$653,861	\$1,166,665	\$1,176,802
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The STARBASE Program expended 99.6% of their \$771,000 HB 2 modified budget in FY 2022. Personal services were 99.5% expended and operating expenses were 99.6% expended.

FY 2022 Appropriations Compared to FY 2023 Appropriations

The STARBASE Program's FY 2022 appropriation authority is approximately \$117,000 greater than the FY 2023 appropriation. To meet the programs expenditure requirements at the end of FY 2022, the agency required a program transfer between personal services and operating expense authority which increased FY 2022's total appropriation authority.

Executive Request

The executive is requesting an increase of approximately \$513,000 in FY 2024 and \$523,000 in FY 2025 above the FY 2023 base appropriations. This increase is primarily due to a new proposal to establish a new STARBASE Program in Malta, Montana at the new Malta Readiness Center. This proposal includes funding for 4.00 FTE totaling \$286,000 in FY 2024 and \$290,000 in FY 2025 and operating expenses totaling \$111,000 in both fiscal years. The executive also requests statewide present law adjustment increases for personal services, fixed cost, and inflation.

Program Personal Services Narrative

The STARBASE Program has 3.00 permanent HB 2 FTE. As of August 1, 2022, the division had no FTE vacant.

Personal services were \$190,000 or 29.0% of the total FY 2023 appropriations. The executive proposes a present law adjustment increase of approximately \$78,000 in FY 2024 and \$80,000 in FY 2025. This increase is primarily driven by management decisions. During FY 2022, management issued market and retention adjustments that increased employees pay within the program.

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Military Affairs, 04-Starbase Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.00 %	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
03453 Air National Guard	2,343,467	0	0	0	2,343,467	100.00 %	
Federal Special Total	\$2,343,467	\$0	\$0	\$0	\$2,343,467	100.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$2,343,467	\$0	\$0	\$0	\$2,343,467		

HB 2 Authority

Federal Special Revenue

The STARBASE Program is entirely funded with federal special revenue from the Air National Guard.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	653,861	653,861	1,307,722	55.80 %
SWPL Adjustments	0	0	0	0.00 %	115,784	121,619	237,403	10.13 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	397,020	401,322	798,342	34.07 %
Total Budget	\$0	\$0	\$0		\$1,166,665	\$1,176,802	\$2,343,467	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	78,239	78,239	0.00	0	0	80,124	80,124
DP 2 - Fixed Costs	0.00	0	0	3,894	3,894	0.00	0	0	1,943	1,943
DP 3 - Inflation Deflation	0.00	0	0	33,651	33,651	0.00	0	0	39,552	39,552
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$115,784	\$115,784	0.00	\$0	\$0	\$121,619	\$121,619

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

New Proposals

The “New Proposals” table shows new proposals for spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 401 - STARBASE Malta Staff and Program Authority	4.00	0	0	397,020	397,020	4.00	0	0	401,322	401,322
Total	4.00	\$0	\$0	\$397,020	\$397,020	4.00	\$0	\$0	\$401,322	\$401,322

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 401 - STARBASE Malta Staff and Program Authority -

The executive requests an increase in federal special revenue for 4.00 FTE to create a STARBASE program in Malta, Montana to be located at the new Malta Readiness Center. STARBASE is a 100.0% federally funded program with classrooms at Fort Harrison in Helena and the 120th Air Wing in Great Falls. STARBASE locations are limited to existing military installations, allowing students the opportunity to interact with military personnel, exploring careers and real-world science, technology, engineering, and math (STEM) applications. Each STARBASE classroom provides 25 hours of free STEM instruction to all fifth-grade classes within the Helena and Great Falls school districts as well as afterschool programs and summer camps. This program would serve rural communities across the Hi-Line specifically targeting students who are historically under-represented in STEM, socio-economically disadvantaged groups, Title 1 schools, low academic performance, and students with disabilities. The federal funding would be used to create the new program in Malta and add staff which would include one program director, one office manager, and two instructors.

Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	8,907,102	9,971,223	1,064,121	11.95 %
Operating Expenses	28,989,055	32,203,993	3,214,938	11.09 %
Equipment & Intangible Assets	301,072	301,072	0	0.00 %
Benefits & Claims	251	0	(251)	(100.00)%
Transfers	53,400	50,000	(3,400)	(6.37)%
Debt Service	770,000	780,000	10,000	1.30 %
Total Expenditures	\$39,020,880	\$43,306,288	\$4,285,408	10.98 %
General Fund	3,501,222	4,407,324	906,102	25.88 %
State/Other Special Rev. Funds	1,990	840	(1,150)	(57.79)%
Federal Spec. Rev. Funds	35,517,668	38,898,124	3,380,456	9.52 %
Total Funds	\$39,020,880	\$43,306,288	\$4,285,408	10.98 %
Total Ongoing	\$39,020,880	\$43,306,288	\$4,285,408	10.98 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Description

The Army National Guard (ARNG), until federalized, is a state military organization that 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, contracting, and professional and skilled administration, planning and execution for construction; 3) ensuring all activities and facilities comply with environmental regulations, state regulations and federal regulations; and 4) providing statewide communication services, security contracts, and leases for buildings and land used by the Army National Guard. The program is mandated by the U.S. and Montana Constitutions and Title 10, Chapters 1-3, MCA.

Program Highlights

Army National Guard Program Major Budget Highlights
<ul style="list-style-type: none"> • The Army National Guard Program’s 2025 biennium requested appropriations are approximately \$4.3 million or 11.0% greater than the 2023 biennium • The executive proposal includes: <ul style="list-style-type: none"> ◦ Increased general fund and federal special revenue for operations and maintenance costs in the Butte-Silver Bow Readiness Center and Fort Harrison ◦ Increased general fund and federal special revenue for increased service contract costs ◦ Increased federal special revenue in FY 2025 for operation and maintenance costs associated with the Billings Limited Army Aviation Support Facility

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	56.30	56.30	56.30	56.30
Personal Services	4,176,227	4,326,272	4,580,830	4,971,764	4,999,459
Operating Expenses	14,341,483	14,516,802	14,472,253	15,898,793	16,305,200
Equipment & Intangible Assets	310,266	150,536	150,536	150,536	150,536
Benefits & Claims	251	251	0	0	0
Transfers	0	28,400	25,000	25,000	25,000
Debt Service	373,151	380,000	390,000	390,000	390,000
Total Expenditures	\$19,201,378	\$19,402,261	\$19,618,619	\$21,436,093	\$21,870,195
General Fund	1,736,360	1,738,974	1,762,248	2,175,848	2,231,476
State/Other Special Rev. Funds	965	1,570	420	420	420
Federal Spec. Rev. Funds	17,464,053	17,661,717	17,855,951	19,259,825	19,638,299
Total Funds	\$19,201,378	\$19,402,261	\$19,618,619	\$21,436,093	\$21,870,195
Total Ongoing	\$19,201,378	\$19,402,261	\$19,618,619	\$21,436,093	\$21,870,195
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The Army National Guard Program expended 99.0% of their \$19.4 million HB 2 modified budget in FY 2022. Personal services were 96.5% expended and operating expenses were 98.8% expended.

FY 2022 Appropriations Compared to FY 2023 Appropriations

The FY 2023 appropriation authority for the Army National Guard Program is approximately \$216,000 greater than the FY 2022 appropriation authority. This difference is primarily due to greater personal services expenditure authority in FY 2023 to meet present law projections. Additionally, the Army National Guard Program did have some program transfers in FY 2022 that reduced their overall budget.

Executive Request

The executive is requesting an increase of approximately \$1.8 million in FY 2024 and \$2.3 million in FY 2025 above the FY 2023 base appropriations. This increase is primarily due to statewide present law adjustments for personal services and inflation. Inflation costs include increased repairs and maintenance, supplies and materials, communications, and other service costs. The executive requests an overall decrease in statewide present law adjustments for fixed costs due to reduced insurance costs.

New proposals include general fund and federal special revenue for increased operations and maintenance costs for the new Butte-Silver Bow Readiness Center, facilities at Fort Harrison, and Billings Limited Army Aviation Support Facility. The executive also requests general fund and federal special revenue for increased service contract costs such as janitorial work, grounds keeping, and snow removal. Lastly, the executive requests an increase in federal special revenue for new fixed cost related to the Chief Data Office in the Department of Administration.

Program Personal Services Narrative

The Army National Guard Program has 56.30 HB 2 FTE. As of August 1, 2022, the division had 5.32 FTE vacant and during FY 2022 had four employees leave state employment and two transfer to a new agency.

Personal services were \$4.6 million or 23.3% of the total FY 2023 appropriations. The executive proposes a present law adjustment increase of approximately \$379,000 in FY 2024 and \$406,000 in FY 2025. This increase is driven by both legislative and management decisions. During FY 2022, management issued promotion, market, and retention adjustments that increased employees pay within the program. Additionally, the agency did reclassify certain positions within the program to positions with higher paying wages. Legislatively, this increase in salaries led to an increase in benefit and longevity amounts.

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Military Affairs, 12-Army National Guard Pgm Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	4,407,324	0	0	0	4,407,324	10.18 %
02343 Armory Rental Funds	840	0	0	0	840	100.00 %
02803 MT ARNG Land Purchase	0	0	0	0	0	0.00 %
State Special Total	\$840	\$0	\$0	\$0	\$840	0.00 %
03132 National Guard	38,898,124	0	0	0	38,898,124	100.00 %
Federal Special Total	\$38,898,124	\$0	\$0	\$0	\$38,898,124	89.82 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$43,306,288	\$0	\$0	\$0	\$43,306,288	

HB 2 Authority

General Fund

General fund accounts for 10.2% of the Army National Guard Program's total appropriation authority. General fund is used to meet the federal/state match requirement for federal funds which are described in detail in the federal special revenue section of this narrative.

State Special Revenue

State special revenue accounts for less than 1.0% of the Army National Guard Program's total appropriation authority. This funding is for armory rentals. When armories are rented to groups, the state special revenue funds generated from the rental fees are used to augment general fund support of the facilities.

Federal Special Revenue

Federal special revenue accounts for the majority of the program's total appropriation authority. Funding is for the following functions:

- Facilities that are owned by the state and located on state land qualify to have their maintenance and utility costs covered 50.0% by federal special revenue and 50.0% by state funds
- Facilities that are state owned but located on federal land qualify to have their maintenance and utility costs covered 75.0% by federal special revenue and 25.0% by state funds
- A facility classified as a logistics facility receives 100.0% funding from federal special revenue

- Facilities that are owned federally, located on federal lands, and serve as a facility for training missions are 100.0% funded with federal special revenue unless the building is used as an armory
- Armories that are constructed with federal funds and located on federal land qualify for their maintenance and utility costs to be covered by 75.0% federal funds and 25.0% state funds

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	1,762,248	1,762,248	3,524,496	79.97 %	19,618,619	19,618,619	39,237,238	90.60 %
SWPL Adjustments	105,393	114,361	219,754	4.99 %	1,170,962	1,343,390	2,514,352	5.81 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	308,207	354,867	663,074	15.04 %	646,512	908,186	1,554,698	3.59 %
Total Budget	\$2,175,848	\$2,231,476	\$4,407,324		\$21,436,093	\$21,870,195	\$43,306,288	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	11,728	0	379,206	390,934	0.00	12,559	0	406,070	418,629
DP 2 - Fixed Costs	0.00	4,586	0	(115,347)	(110,761)	0.00	9,276	0	(173,059)	(163,783)
DP 3 - Inflation Deflation	0.00	89,079	0	801,710	890,789	0.00	92,526	0	996,018	1,088,544
Grand Total All Present Law Adjustments	0.00	\$105,393	\$0	\$1,065,569	\$1,170,962	0.00	\$114,361	\$0	\$1,229,029	\$1,343,390

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool,

information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	0	0	1,310	1,310	0.00	0	0	1,310	1,310
DP 1201 - ARNG Operating Costs New Facilities	0.00	22,982	0	51,770	74,752	0.00	69,642	0	99,108	168,750
DP 1202 - ARNG Contract Service Cost Increase	0.00	285,225	0	285,225	570,450	0.00	285,225	0	285,225	570,450
DP 1203 - ARNG Billings New Facility Operating Cost	0.00	0	0	0	0	0.00	0	0	167,676	167,676
Total	0.00	\$308,207	\$0	\$338,305	\$646,512	0.00	\$354,867	\$0	\$553,319	\$908,186

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The executive requests appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the executive requests appropriations of \$5,614 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 1201 - ARNG Operating Costs New Facilities -

The executive requests general fund and federal special revenue for increased operations and maintenance (O&M) costs for new facilities funded through HB5 in prior legislative sessions. The funding would support the O&M for the new Butte-Silver Bow Readiness Center, which would be funded with both general fund and federal funds. This funding would also support seven other facilities located at Fort Harrison that would be 100.0% federally funded. The other facilities consist of the Unit Training Equipment Shop (UTES), the weapons cleaning building, the post engineer equipment shop, the hazmat facility, the Combine Support Maintenance Shop (CFMS) addition, transient barracks, and vehicle storage.

DP 1202 - ARNG Contract Service Cost Increase -

The executive requests adjustments for increased service contract costs including janitorial work, grounds keeping, and snow removal. The total request is a 50/50 split between general fund and federal special revenue.

DP 1203 - ARNG Billings New Facility Operating Cost -

The executive requests increased federal special revenue in FY 2025 for the operation and maintenance (O&M) of the new Billings Limited Army Aviation Support Facility. The construction of the facility was funded by American Rescue Plan Act (ARPA) funding.

Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	7,762,283	7,827,785	65,502	0.84 %
Operating Expenses	3,887,703	4,261,352	373,649	9.61 %
Total Expenditures	\$11,649,986	\$12,089,137	\$439,151	3.77 %
General Fund	762,005	824,393	62,388	8.19 %
Federal Spec. Rev. Funds	10,887,981	11,264,744	376,763	3.46 %
Total Funds	\$11,649,986	\$12,089,137	\$439,151	3.77 %
Total Ongoing	\$11,649,986	\$12,089,137	\$439,151	3.77 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Description

The Air National Guard, until federalized, is a state military organization that provides trained and equipped military units for use in the event of a state or national emergency. The federal/state cooperative agreement provides for administrative, facilities maintenance, security, and fire protection support to the Air National Guard base at Gore Hill near Great Falls. The Air National Guard program operates under both federal and state mandates in accordance with its dual missions and is mandated by the United States and Montana Constitutions and Title 10, Chapter 1-3, MCA.

Program Highlights

Air National Guard Program Major Budget Highlights
<ul style="list-style-type: none"> • The Air National Guard Program’s 2025 biennium requested appropriations are approximately \$439,000 or 3.8% greater than the 2023 biennium • This biennial increase is primarily due to the program reducing their personal service authority in FY 2022. This authority was restored in both fiscal years of the 2025 biennium • The executive proposal includes: <ul style="list-style-type: none"> ◦ Increased federal authority for: <ul style="list-style-type: none"> ▪ Overtime costs for firefighters ▪ Oversight costs for remediation work paid to the Department of Environmental Quality ◦ Increased general fund and federal authority for: <ul style="list-style-type: none"> ▪ Facility and maintenance costs at the Malmstrom Air Force Base ▪ 1.00 FTE for a Computer Aided Design Software (CADD) position

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	45.00	45.00	46.00	46.00
Personal Services	3,330,215	3,665,579	4,096,704	3,901,171	3,926,614
Operating Expenses	1,902,276	1,943,514	1,944,189	2,124,035	2,137,317
Total Expenditures	\$5,232,491	\$5,609,093	\$6,040,893	\$6,025,206	\$6,063,931
General Fund	368,563	371,815	390,190	410,083	414,310
Federal Spec. Rev. Funds	4,863,928	5,237,278	5,650,703	5,615,123	5,649,621
Total Funds	\$5,232,491	\$5,609,093	\$6,040,893	\$6,025,206	\$6,063,931
Total Ongoing	\$5,232,491	\$5,609,093	\$6,040,893	\$6,025,206	\$6,063,931
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The Air National Guard Program expended 93.3% of its \$5.6 million HB 2 modified budget in FY 2022. Personal services were 90.9% expended and operating expenses were 97.9% expended. Lower expenditures for personal services are due to employee turnover and vacancies during the fiscal year.

FY 2022 Appropriations Compared to FY 2023 Appropriations

Appropriations for FY 2023 are approximately \$431,000 higher than FY 2022 appropriations for the Air National Guard Program. Higher appropriation authority is almost entirely due to increased personal service authority. At the end of FY 2022, the agency made program transfers to correctly account for expenditure costs. This led the agency to transfer personal service authority to other divisions, reducing their overall personal services budget in FY 2022.

Executive Request

The executive is requesting a decrease of approximately \$16,000 in FY 2024 and an increase of \$23,000 in FY 2025 from the FY 2023 base appropriations. The executive requests a decrease in statewide present law adjustments for personal services and fixed costs. This is partially offset in FY 2024 and entirely offset in FY 2025 by statewide present law adjustments for inflation, present law adjustments for firefighter overtime pay and remediation services paid to the Department of Environmental Quality, and for new proposals. New proposals include funding for facilities and maintenance costs at the Malmstrom Air Force Base and for 1.00 FTE to perform CADD duties.

LFD COMMENT	House Bill 3
	In HB 3, supplemental appropriations of \$22,175 are being proposed from the general fund for the Air National Guard Program to support increased utility costs for the remainder of FY 2023.

Program Personal Services Narrative

The Air National Guard Program has 45.00 HB 2 FTE. As of August 1, 2022, the division had 4.00 FTE vacant and during FY 2022 had eight employees leave state employment and two retire.

Personal services were \$4.1 million or 67.8% of the total FY 2023 appropriations. The executive proposes a present law adjustment decrease of approximately \$739,000 in FY 2024 and \$723,000 in FY 2025. This decrease is primarily due to the inclusion of funding for firefighter overtime costs being included in the FY 2023 base budget. These costs are not captured in the snapshot for the 2025 biennium; therefore, the overall personal service budget is reduced by this amount and funding for firefighter overtime costs have to be reestablished through another change package. Other personal service adjustments are due to employee turnover and positions being rehired at lower salaries.

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Military Affairs, 13-Air National Guard Pgm Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	824,393	0	0	0	824,393	6.82 %	
02156 SAR DES DFWP Fees	0	0	0	0	0	0.00 %	
02170 SAR DES Off Road Vehicle	0	0	0	0	0	0.00 %	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
03132 National Guard	99,000	0	0	0	99,000	0.88 %	
03453 Air National Guard	11,165,744	0	0	0	11,165,744	99.12 %	
Federal Special Total	\$11,264,744	\$0	\$0	\$0	\$11,264,744	93.18 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$12,089,137	\$0	\$0	\$0	\$12,089,137		

HB 2 Authority

General Fund

General fund accounts for 6.8% of the Air National Guard Program's total appropriation authority. General fund supports the federal/state match requirements for federal grants and is used primarily for building and ground maintenance activities, administrative expenses, and some personal service costs.

Federal Special Revenue

The majority of the Air National Guard Program's funding comes from federal funds.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	390,190	390,190	780,380	94.66 %	6,040,893	6,040,893	12,081,786	99.94 %
SWPL Adjustments	(18,004)	(13,848)	(31,852)	(3.86)%	(663,434)	(633,473)	(1,296,907)	(10.73)%
PL Adjustments	0	0	0	0.00 %	496,158	504,639	1,000,797	8.28 %
New Proposals	37,897	37,968	75,865	9.20 %	151,589	151,872	303,461	2.51 %
Total Budget	\$410,083	\$414,310	\$824,393		\$6,025,206	\$6,063,931	\$12,089,137	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(36,964)	0	(702,316)	(739,280)	0.00	(36,130)	0	(686,471)	(722,601)
DP 2 - Fixed Costs	0.00	(2,092)	0	(6,273)	(8,365)	0.00	(4,074)	0	(12,222)	(16,296)
DP 3 - Inflation Deflation	0.00	21,052	0	63,159	84,211	0.00	26,356	0	79,068	105,424
DP 1301 - ANG Re-Establish Firefighter FLSA Overtime	0.00	0	0	458,158	458,158	0.00	0	0	466,639	466,639
DP 1302 - ANG Funding for DEQ Oversight of Remediation	0.00	0	0	38,000	38,000	0.00	0	0	38,000	38,000
Grand Total All Present Law Adjustments	0.00	(\$18,004)	\$0	(\$149,272)	(\$167,276)	0.00	(\$13,848)	\$0	(\$114,986)	(\$128,834)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 1301 - ANG Re-Establish Firefighter FLSA Overtime -

The executive is requesting additional federal spending authority for firefighter salaries and benefits that exceed those of a traditional FTE, due to the 24/7 nature of the fire protection services at the Montana Air National Guard. Hours over 2,080 per FTE are not captured in the personal services snapshot used for initial budget preparation.

DP 1302 - ANG Funding for DEQ Oversight of Remediation -

The executive requests increased federal spending authority to pay the Department of Environmental Quality for Polyfluoroalkyl substances (PFAS) contained in fire foam, remedial investigation and subsequent removal, and remediation activities. This is a cost recovery paid by the National Guard Bureau for expedited regulatory oversight services related to

environmental cleanup activities resulting from contaminant releases from past Air National Guard activities at the Montana Air National Guard Base and Great Falls International Airport.

New Proposals

The “New Proposals” table shows new proposals for spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1303 - ANG Facilities and Maintenance Costs	0.00	16,500	0	49,500	66,000	0.00	16,500	0	49,500	66,000
DP 1304 - ANG CADD Operator FTE	1.00	21,397	0	64,192	85,589	1.00	21,468	0	64,404	85,872
Total	1.00	\$37,897	\$0	\$113,692	\$151,589	1.00	\$37,968	\$0	\$113,904	\$151,872

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1303 - ANG Facilities and Maintenance Costs -

The executive requests increased spending authority as a 75/25 federal/state general fund split to allow the Montana Air National Guard (ANG) to take over the management, cost, supplies, and utilities of three buildings on Malmstrom Air Force Base. The ANG currently occupies this space and is in the process of finalizing the transfer of full operational control and maintenance of these properties from the Air Force and Department of Defense.

DP 1304 - ANG CADD Operator FTE -

The executive requests 1.00 FTE to create, update, and maintain record drawings of DMA maintained facilities to ensure correctness and completeness. The federal government is requiring weekly updates from the Builder Assessment Management tool for each DMA building in order to continue to receive federal facility and division maintenance funding. This service has been historically contracted out. This change package requests this position become permanent. This position would work closely with the City of Great Falls and Cascade County to provide GIS data, fire hydrant, domestic water, and sanitary sewer data for operation and emergency response.

Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	4,857,772	5,759,284	901,512	18.56 %
Operating Expenses	2,303,717	1,512,079	(791,638)	(34.36)%
Grants	26,315,072	26,411,362	96,290	0.37 %
Transfers	2,728,634	3,043,210	314,576	11.53 %
Total Expenditures	\$36,205,195	\$36,725,935	\$520,740	1.44 %
General Fund	2,986,337	3,568,173	581,836	19.48 %
State/Other Special Rev. Funds	512,210	273,512	(238,698)	(46.60)%
Federal Spec. Rev. Funds	32,706,648	32,884,250	177,602	0.54 %
Total Funds	\$36,205,195	\$36,725,935	\$520,740	1.44 %
Total Ongoing	\$36,205,195	\$36,725,935	\$520,740	1.44 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Description

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

Program Highlights

Disaster and Emergency Services Division Major Budget Highlights
<ul style="list-style-type: none"> • The Disaster and Emergency Services Division’s 2025 biennium requested appropriations are approximately \$521,000 or 1.4% greater than the 2023 biennium • The executive proposal includes: <ul style="list-style-type: none"> ◦ Increased general fund and federal authority for disaster preparedness activities ◦ A restricted general fund appropriation for personal service costs in the Duty Officer Program ◦ A funding transfer to establish 5.00 FTE for increased workload in the DES ◦ A transfer of 2.00 FTE and associated funding from the Department of Administration ◦ A state special revenue reduction to align with anticipated funding for the 2025 biennium

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	25.00	25.00	32.00	32.00
Personal Services	2,455,052	2,519,024	2,338,748	2,871,377	2,887,907
Operating Expenses	1,275,844	1,401,980	901,737	761,801	750,278
Grants	11,028,318	12,989,467	13,325,605	13,205,681	13,205,681
Transfers	656,775	1,207,029	1,521,605	1,521,605	1,521,605
Total Expenditures	\$15,415,989	\$18,117,500	\$18,087,695	\$18,360,464	\$18,365,471
General Fund	1,459,776	1,488,787	1,497,550	1,784,790	1,783,383
State/Other Special Rev. Funds	71,524	255,530	256,680	136,756	136,756
Federal Spec. Rev. Funds	13,884,689	16,373,183	16,333,465	16,438,918	16,445,332
Total Funds	\$15,415,989	\$18,117,500	\$18,087,695	\$18,360,464	\$18,365,471
Total Ongoing	\$15,415,989	\$18,117,500	\$18,087,695	\$18,360,464	\$18,365,471
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The Disaster and Emergency Services Division expended approximately 85.1% of their \$18.1 million HB 2 modified budget in FY 2022. Personal services were 97.5% expended, operating expenses were 91.0% expended, grants were 84.9% expended and transfers were 54.4% expended. Lower expenditures in grant and transfer authority are attributed to federal grants taking multiple years to complete and therefore expenditures occur over the course of multiple fiscal years.

FY 2022 Appropriations Compared to FY 2023 Appropriations

The FY 2022 appropriation authority for the Disaster and Emergency Services Division is approximately \$30,000 greater than the FY 2023 appropriation authority. Greater appropriation authority in FY 2022 is primarily due to fiscal year-end adjustments to meet expenditure needs for accruals.

Executive Request

The executive is requesting an increase of approximately \$273,000 in FY 2024 and \$278,000 in FY 2025 above the FY 2023 base appropriations. This increase includes statewide present law adjustments for fixed costs and inflation, present law adjustments for increased disaster preparedness activities and increased personal service costs for the Duty Officer Program. New proposals include increased general fund and federal authority for new fixed cost related to the Chief Data Office in the Department of Administration as well as funding for 2.00 FTE transferred from the Department of Administration for State Continuity Planning. The executive also requests transferring funds from operating expenses to personal services to establish 5.00 permanent FTE that are currently modified.

The executive requests a decrease through statewide present law adjustments for personal services which is explained in further detail in the personal services section of this narrative. Additionally, the executive requests reductions in state special revenue in the 2025 biennium due to anticipated revenue projections.

Program Personal Services Narrative

The Disaster and Emergency Services Division has 25.00 permanent HB 2 FTE. As of August 1, 2022, the division had 4.00 FTE vacant and during FY 2022 had two employees leave state employment and three retire.

Personal services were \$2.3 million or 12.9% of the total FY 2023 appropriations. The executive proposes a present law adjustment decrease of approximately \$81,000 in FY 2024 and \$66,000 in FY 2025. The FY 2023 personal services base budget was increased due to an operating plan transfer of personal service authority. This authority was not used in its entirety to fund pay increases of permanent FTE; therefore, it was not captured in the personal services snapshot.

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Military Affairs, 21-Disaster & Emergency Services Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	3,568,173	0	0	0	3,568,173	9.72 %	
02156 SAR DES DFWP Fees	0	0	0	0	0	0.00 %	
02170 SAR DES Off Road Vehicle	264,308	0	0	0	264,308	96.63 %	
02335 DES Training Conference	9,204	0	0	0	9,204	3.37 %	
02457 Veterans Affairs HB701 SSR	0	0	0	0	0	0.00 %	
02056 DOA FTE TRANSFER	0	0	0	0	0	0.00 %	
02480 DPHHS Warehouse MOU	0	0	0	0	0	0.00 %	
State Special Total	\$273,512	\$0	\$0	\$0	\$273,512	0.74 %	
03134 DES Emergency Mgmt Perf 97.042	10,356,716	0	0	0	10,356,716	31.49 %	
03143 DES Homeland Security 97.067	15,212,304	0	0	0	15,212,304	46.26 %	
03166 DES Hazard Mitigation 97.039	2,601,426	0	0	0	2,601,426	7.91 %	
03191 DES Pre-Disaster Mit 97.047	3,377,082	0	0	0	3,377,082	10.27 %	
03208 DES Hazardous Materials 20.703	360,136	0	0	0	360,136	1.10 %	
03239 DES Flood Mitigation 97.029	862,326	0	0	0	862,326	2.62 %	
03429 Disaster & Emergency Services	2,204	0	0	0	2,204	0.01 %	
03267 Nonprofit Security 97.008	99,914	0	0	0	99,914	0.30 %	
03717 Nat Earthquake Haz Red Prg	12,142	0	0	0	12,142	0.04 %	
03107 CFDA 97.041 HIGH HAZARD POTENT	0	0	0	0	0	0.00 %	
Federal Special Total	\$32,884,250	\$0	\$0	\$0	\$32,884,250	89.54 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$36,725,935	\$0	\$0	\$0	\$36,725,935		

HB 2 Authority

Funding for the Disaster and Emergency Services Division is broken down into three functional areas:

- Administration and coordination
- Search and rescue
- Grant programs

General Fund

General fund accounts for 9.7% of the Disaster and Emergency Division's total appropriation authority. Funding from the general fund is for administrative and coordination functions, which are primarily funded with 50.0% general fund.

State Special Revenue

State special revenue accounts for 0.7% of total appropriation authority. Search and rescue activities are funded through state special revenue funds derived from surcharges on conservation licenses and off-road vehicle licenses.

Federal Special Revenue

Federal special revenue accounts for the majority of total appropriation authority. Federal funds are used to fund 50.0% of administrative and coordination functions and generally 100.0% of disaster coordination functions.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	1,497,550	1,497,550	2,995,100	83.94 %	18,087,695	18,087,695	36,175,390	98.50 %
SWPL Adjustments	104,573	102,877	207,450	5.81 %	72,359	76,788	149,147	0.41 %
PL Adjustments	95,000	95,000	190,000	5.32 %	145,000	145,000	290,000	0.79 %
New Proposals	87,667	87,956	175,623	4.92 %	55,410	55,988	111,398	0.30 %
Total Budget	\$1,784,790	\$1,783,383	\$3,568,173		\$18,360,464	\$18,365,471	\$36,725,935	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	(80,886)	(80,886)	0.00	0	0	(66,215)	(66,215)
DP 2 - Fixed Costs	0.00	48,672	0	48,672	97,344	0.00	40,126	0	40,126	80,252
DP 3 - Inflation Deflation	0.00	55,901	0	0	55,901	0.00	62,751	0	0	62,751
DP 2104 - DES Disaster Preparedness Operating Adjustment (RST)	0.00	50,000	0	50,000	100,000	0.00	50,000	0	50,000	100,000
DP 2105 - DES 24/7 Duty Officer Program (RST)	0.00	45,000	0	0	45,000	0.00	45,000	0	0	45,000
Grand Total All Present Law Adjustments	0.00	\$199,573	\$0	\$17,786	\$217,359	0.00	\$197,877	\$0	\$23,911	\$221,788

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool,

information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 2104 - DES Disaster Preparedness Operating Adjustment (RST) -

The executive requests a restricted general fund and federal special revenue appropriation for disaster preparedness activities. In 2022, the Montana Disaster Emergency Services (DES) gathered input from local emergency managers in communities across the state to determine program gaps. This increase will allow the DES and field staff to conduct additional in-person outreach and technical assistance, to coordinate and deliver training, and to help develop local emergency management programs.

DP 2105 - DES 24/7 Duty Officer Program (RST) -

The executive requests restricted general fund authority in the 2025 biennium for personal service costs in the Duty Officer Program. The Montana Disaster Emergency Services (DES) provides 24/7 duty officer coverage to assist with emerging incidents. Support for emerging incidents occur prior to a governor's declaration and often does not require issuing an emergency declaration. As a result, the disaster appropriation is not available to offset the cost of the Duty Officer Program.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	Fiscal 2024					Fiscal 2025				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	300	0	300	600	0.00	300	0	300	600
DP 2101 - DES Modified to Permanent FTE	5.00	0	0	0	0	5.00	0	0	0	0
DP 2102 - DES Continuity of Government Program Transfer	2.00	87,367	0	87,367	174,734	2.00	87,656	0	87,656	175,312
DP 2103 - DES Administrative Adjustments	0.00	0	(119,924)	0	(119,924)	0.00	0	(119,924)	0	(119,924)
Total	7.00	\$87,667	(\$119,924)	\$87,667	\$55,410	7.00	\$87,956	(\$119,924)	\$87,956	\$55,988

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The executive requests appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the executive requests appropriations of \$2,100 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 2101 - DES Modified to Permanent FTE -

The executive requests that 5.00 FTE be converted from modified to permanent FTE. This request will transfer operating expenditure authority to personal services, leading to a net zero impact on the 2025 total biennium budget. In recent years

the DES has experienced increased workload which has necessitated the use of modified FTE to complete the work. As a result of increased frequency, severity, and complexity of disasters, the number of projects managed by the division has grown from an average of 20 projects per emergency manager to over 100 per manager. Four of the permanent staff would provide disaster management and one staff person will be used to support disaster logistics and warehouse operations.

DP 2102 - DES Continuity of Government Program Transfer -

The executive requests 2.00 FTE be transferred from the Department of Administration. The Department of Administration, State Continuity and Emergency Management Office (DOA/SCEMO) and the Department of Military Affairs, Disaster and Emergency Services Division (DMA/DES) have a Memorandum of Understanding for the State Continuity Planning. DMA/DES assumed the responsibility to re-scale the scope of continuity planning to meet standards set forth by the Federal Emergency Management Agency (FEMA) and coordinate continuity planning functions with state agencies. This request splits funding 50/50 federal funding/state general fund. A change package in the Department of Administration includes a reduction of 2.00 FTE.

DP 2103 - DES Administrative Adjustments -

The executive requests adjustments to appropriations for grants to reflect the amount of state special revenue funding projected to be available in the 2025 biennium. This funding was from the Department of Fish, Wildlife, and Parks for segregate search and rescue surcharges. On June 30, 2023, any unspent revenue must be transferred to the general license account established in 87-1-601(1), MCA. At that time, the funding will no longer be provided to Department of Military Affairs.

Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	4,069,294	4,350,184	280,890	6.90 %
Operating Expenses	477,544	1,964,668	1,487,124	311.41 %
Equipment & Intangible Assets	0	760,000	760,000	0.00 %
Grants	70,000	70,000	0	0.00 %
Benefits & Claims	1,000	0	(1,000)	(100.00)%
Transfers	40,000	40,000	0	0.00 %
Debt Service	26,000	48,000	22,000	84.62 %
Total Expenditures	\$4,683,838	\$7,232,852	\$2,549,014	54.42 %
General Fund	2,977,080	0	(2,977,080)	(100.00)%
State/Other Special Rev. Funds	1,706,758	7,232,852	5,526,094	323.78 %
Total Funds	\$4,683,838	\$7,232,852	\$2,549,014	54.42 %
Total Ongoing	\$4,683,838	\$7,232,852	\$2,549,014	54.42 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Description

The Veteran's 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, Fort Harrison in Helena, and Missoula. The Board of Veteran's 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

Veteran's Affairs Division Major Budget Highlights
<ul style="list-style-type: none"> • The Veteran's Affairs Division's 2025 biennium requested appropriations are approximately \$2.5 million or 54.4% higher than the 2023 biennium • The executive proposal includes: <ul style="list-style-type: none"> ◦ Increased state special revenue authority for operating and personal service costs in the State Veteran's Cemetery Program and the Veteran Service Office's ◦ A funding shift of all general fund to state special revenue ◦ State special revenue authority in FY 2025 for the veteran's cemetery in Columbia Falls

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	25.00	25.00	25.00	25.00
Personal Services	1,938,774	1,975,065	2,094,229	2,052,910	2,297,274
Operating Expenses	251,399	264,618	212,926	967,426	997,242
Equipment & Intangible Assets	0	0	0	500,000	260,000
Grants	30,000	35,000	35,000	35,000	35,000
Benefits & Claims	750	1,000	0	0	0
Transfers	0	20,000	20,000	20,000	20,000
Debt Service	1,836	2,000	24,000	24,000	24,000
Total Expenditures	\$2,222,759	\$2,297,683	\$2,386,155	\$3,599,336	\$3,633,516
General Fund	1,429,421	1,450,512	1,526,568	0	0
State/Other Special Rev. Funds	793,338	847,171	859,587	3,599,336	3,633,516
Total Funds	\$2,222,759	\$2,297,683	\$2,386,155	\$3,599,336	\$3,633,516
Total Ongoing	\$2,222,759	\$2,297,683	\$2,386,155	\$3,599,336	\$3,633,516
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The Veteran’s Affairs Division expended 96.7% of their HB 2 modified FY 2022 budget. Personal services were 98.2% expended, operating expenses were 95.0% expended, and transfers were 0.0% expended. Transfer appropriation authority is for the Purple Heart Scholarship Program, which gives scholarships to students who have received a purple heart. In FY 2022, the division did not have any applicants.

FY 2022 Appropriations Compared to FY 2023 Appropriations

FY 2023 appropriation authority for the Veteran’s Affairs Division is approximately \$88,000 greater than the FY 2022 appropriation authority. This increase is primarily in personal services, which received a greater HB 2 and HB 13 authority to meet present law projections in FY 2023. Additionally, the Veteran’s Affairs Division made fiscal year-end adjustments to appropriately account for expenditures.

Executive Request

The executive is requesting an increase of approximately \$1.2 million in FY 2024 and \$1.2 million in FY 2025 above the FY 2023 base appropriations. This increase is primarily due to new proposals for increased state special revenue authority contingent on passage of related legislation. Related legislation would provide additional funding to the Veteran’s Affairs Division for the Veteran’s Cemetery Program, Veteran’s Services Program, the new Columbia Falls veteran’s cemetery. This legislation would also transfer all general fund authority to state special revenue. The executive also requests statewide present law adjustments for personal services, fixed cost, and inflation.

LFD COMMENT

The 2021 Legislature passed HB 701 which authorized distribution of \$200,000 cannabis revenue into the veterans and surviving spouse state special revenue account each fiscal year. Language in HB 701 establishes distribution into this account to be ongoing and provided appropriations to spend the fund in FY 2022 and FY 2023. However, the bill did not include language that these appropriations were to be included in the agency’s ongoing base beyond the 2023 biennium. The Governor’s Office has said to have addressed this issue in an upcoming bill draft.

Program Personal Services Narrative

The Veteran's Affairs Division has 25.00 HB 2 FTE. As of August 1, 2022, the division had 0.62 FTE vacant and during FY 2022 had two employees leave state employment and one transfer to a new agency.

Personal services were \$2.1 million or 87.8% of the total FY 2023 appropriations. The executive proposes a present law adjustment decrease of approximately \$41,000 in FY 2024 and a present law adjustment increase of \$85,000 in FY 2025. Due to employee turnover, the agency rehired positions at a lower wage rate. However, the agencies present law adjustment accounts for greater salary, benefits, and longevity increases in FY 2025.

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Military Affairs, 31-Veterans Affairs Operations Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	0	0	0	0	0	0.00 %	
02214 Veterans Affairs Cemeteries	0	0	0	1,642,594	1,642,594	18.51 %	
02222 Patriotic License Plate Fees	200,848	0	0	0	200,848	2.26 %	
02548 Veterans Affairs SB401	1,468,326	0	0	0	1,468,326	16.54 %	
02133 Honor and Remember medal	0	0	0	0	0	0.00 %	
02002 Purple Heart & Higher Schlsph	50,000	0	0	0	50,000	0.56 %	
02457 Veterans Affairs HB701 SSR	5,513,678	0	0	0	5,513,678	62.12 %	
State Special Total	\$7,232,852	\$0	\$0	\$1,642,594	\$8,875,446	100.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
06004 Electronic Government Services	0	0	0	0	0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$7,232,852	\$0	\$0	\$1,642,594	\$8,875,446		

HB 2 Authority

State Special Revenue

State special revenue accounts for 100.0% of total appropriation authority in the Veteran's Affairs Division. The state special revenue accounts are as follows:

- Veteran's services account, enacted by the 2003 Legislature, allocated proceeds from the sale of veterans' specialty license plates and a portion of all motor vehicle registration revenues that are deposited into the general fund each year. The 2013 Legislature increased the percentage of motor vehicle fees deposited into this fund from 0.64% to 0.81%
- Patriotic license plate fees account receives revenue from a \$15 surcharge on original licensing and renewal of patriotic license plates issued in Montana
- Purple heart and higher medal scholarship account was revised by the 2019 Legislature. The legislature transferred \$50,000 of general fund into the account and required that the state special revenue appropriation be included in the base budget for future biennia
- Veteran's affairs HB 701 account authority is dependent on passage of DP's 3103, 3104, 3108, 3109 as well as LC0244 which provides additional funding to the Veteran's Affairs Division for the Veteran's Cemeteries and the Veteran's Services Program. This also transfers all general fund authority to state special revenue which was used for the Veteran's Service Program and for administrative costs in the division, including personal services, operating costs, and outreach costs

Statutory Authority

The Veteran's Affairs Division has a statutory appropriation for the operation of the Montana Veteran's Cemetery Program. The state special revenue account is funded through a portion of motor vehicle registration fees, cemetery plot allowances, and donations.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	1,526,568	1,526,568	3,053,136	0.00 %	2,386,155	2,386,155	4,772,310	65.98 %
SWPL Adjustments	(6,604)	122,513	115,909	0.00 %	1,081	122,513	123,594	1.71 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	(1,519,964)	(1,649,081)	(3,169,045)	0.00 %	1,212,100	1,124,848	2,336,948	32.31 %
Total Budget	\$0	\$0	\$0		\$3,599,336	\$3,633,516	\$7,232,852	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(41,319)	0	0	(41,319)	0.00	84,997	0	0	84,997
DP 2 - Fixed Costs	0.00	19,642	7,685	0	27,327	0.00	19,450	0	0	19,450
DP 3 - Inflation Deflation	0.00	15,073	0	0	15,073	0.00	18,066	0	0	18,066
Grand Total All Present Law Adjustments	0.00	(\$6,604)	\$7,685	\$0	\$1,081	0.00	\$122,513	\$0	\$0	\$122,513

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

New Proposals

The “New Proposals” table shows new proposals for spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3103 - VA Cemetery Program Funding and Staff	0.00	0	717,200	0	717,200	0.00	0	480,800	0	480,800
DP 3104 - VA Veteran Program Operating and Staff	0.00	0	494,900	0	494,900	0.00	0	496,000	0	496,000
DP 3108 - VA Cannabis Fund Switch	0.00	(1,519,964)	1,519,964	0	0	0.00	(1,649,081)	1,649,081	0	0
DP 3109 - VA Columbia Falls Cemetery Operations (RST)	0.00	0	0	0	0	0.00	0	148,048	0	148,048
Total	0.00	(\$1,519,964)	\$2,732,064	\$0	\$1,212,100	0.00	(\$1,649,081)	\$2,773,929	\$0	\$1,124,848

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 3103 - VA Cemetery Program Funding and Staff -

The executive requests funding for operating expenses, staff, and equipment needs for the Montana State Veterans Cemeteries, located at Fort Harrison in Helena, Miles City, and Missoula. The interment workload has increased at each of the sites, and the equipment used to manage the workload needs to be replaced. This request is contingent upon funding provided in related legislation.

LFD COMMENT	Generally, subcommittee guidance discourages the approval of funding in HB 2 until contingent bills are passed. If the subcommittee wishes to approve this funding, the committee might consider language in HB 2 that this funding is contingent on approval of related legislation.
--------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

DP 3104 - VA Veteran Program Operating and Staff -

The executive requests funding for staff and operating costs to support the increasing workload in the Veteran Service Offices which help Montana veterans access benefits such as health care, education, training, and employment services. This request is contingent upon funding provided in related legislation.

LFD COMMENT	Generally, subcommittee guidance discourages the approval of funding in HB 2 until contingent bills are passed. If the subcommittee wishes to approve this funding, the committee might consider language in HB 2 that this funding is contingent on approval of related legislation.
--------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

DP 3108 - VA Cannabis Fund Switch -

The executive requests a fund switch from general fund to state special cannabis tax revenue for base program funding. This request is contingent on passage and approval of related legislation.

**LFD
COMMENT**

Generally, subcommittee guidance discourages the approval of funding in HB 2 until contingent bills are passed. If the subcommittee wishes to approve this funding, the committee might consider language in HB 2 that this funding is contingent on approval of related legislation.

DP 3109 - VA Columbia Falls Cemetery Operations (RST) -

The executive requests state special revenue authority in FY 2025 to provide staff and operations for the new proposed Montana Veteran's Cemetery in Columbia Falls. This request is contingent upon funding provided in legislation LC0244.

**LFD
COMMENT**

Generally, subcommittee guidance discourages the approval of funding in HB 2 until contingent bills are passed. If the subcommittee wishes to approve this funding, the committee might consider language in HB 2 that this funding is contingent on approval of LC0244.