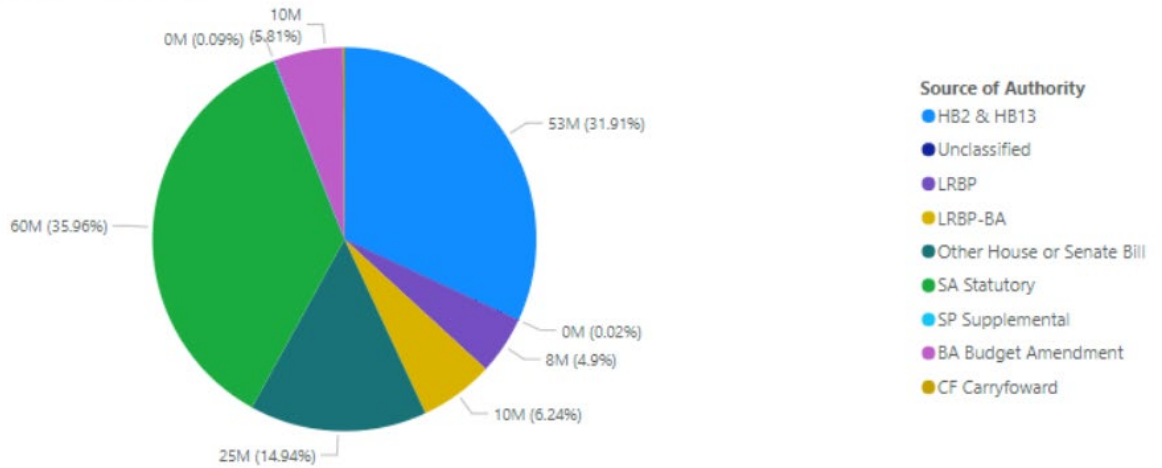


DEPARTMENT OF MILITARY AFFAIRS

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Department of Military Affairs is shown in the pie chart below. HB 2 and HB 13 consists of 31.9% of the total authority, but this agency has other types of authority which are described below. Following the pie chart is a graphic that shows the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	Modified Budget	FYE23 Expended Budget	Percent Expended
HB2 & HB13	53,455,638	46,053,968	89.9%
BA Budget Amendment	9,726,397	216,490	2.2%
CF Carryforward	229,718	11,990	5.2%
LRBP	8,207,413	119,968	1.5%
LRBP-BA	10,453,562	253,460	2.4%
Other House or Senate Bill	25,022,480	2,403,566	9.6%
SA Statutory	60,243,406	24,823,706	41.2%
SP Supplemental	143,888	143,888	100.0%
Unclassified	30,321		
Total	167,512,824	76,027,036	45.4%

Report Period

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

Budget Amendments

Budget amendments processed for DMA provided additional federal funding authority totaling approximately \$9.7 million. This includes funding in the ChalleNGe, STARBASE, and Disaster and Emergency Services (DES) programs for projects including cybersecurity and DES hazard mitigation. In FY 2023, only \$216,000 or 2.2% was expended. These budget amendments have funding expiration dates as far out as November 2026 and the agency anticipates authority to be expended by their respective expiration dates.

Carryforward Authority

Appropriation authority carried forward in FY 2023 included:

- From FY 2021:
 - \$12,000 general fund authority from the Director's Office, Air National Guard Program, and Disaster and Emergency Services Division
 - \$147,000 federal special revenue authority from the ChalleNGe Program, Air National Guard Program, and Disaster and Emergency Services Division
- From FY 2022:
 - \$18,000 general fund in the Director's Office
 - \$53,000 state special revenue in the Veterans Affairs Program. This funding was from the HB 701 recreational marijuana revenue distribution, which allocated \$200,000 each fiscal year to the Veterans Affairs Program to provide assistance and services for Montana veterans, surviving spouses, and dependents

Carryforward authority totaled approximately \$230,000 in FY 2023, with only \$12,000 expended by FYE. Unexpended carryforward authority from FY 2022 will be available in FY 2024, while unexpended authority from FY 2021 will be reverted.

Long Range Building Program

The legislature may appropriate funds to the Architecture and Engineering Division in the Department of Administration (DOA) for long-range building projects in other agencies. DMA received authority from DOA for long-range building projects, which are comprised of federal funds totaling \$8.2 million. This authority includes funding for projects such as wash facility improvements, cemetery improvements at Miles City, a weapons cleaning facility at Fort Harrison, and the Malta and Miles City Readiness Centers. Long-Range Building Program projects often take several years to complete, which is the reason for the low expenditures to date. Additional information on the Long-Range Building Program can be found here: <https://leg.mt.gov/lfd/interim-budget-committee-section-f/>

Long Range Building Program Budget Amendments

For FY 2023, DMA's budget included \$10.5 million in federal funds and capital project funds for military construction projects. These projects were not included in the long-range building projects appropriated by the legislature. The funds were amended into previous biennia budgets and continued into the current year and include:

- Fort Harrison Projects:
 - \$3.0 million for a maintenance bay addition to the combined support maintenance shop

- \$400,000 for a maintenance vehicle/sand storage building
- \$162,000 for a hazardous waste accumulation area
- \$131,000 for dining facilities
- \$58,000 for the construction of an enlisted barracks facility
- \$571,000 for unheated storage facilities
- \$330,000 for the Miles City Readiness Center
- \$5.69 million Aviation Readiness Center in Helena
- \$147,000 for the Missoula veteran's cemetery

At the end of FY 2023, the agency had only expended \$253,000 of this authority. Low expenditures are due to these projects taking multiple years to complete and expenditures being spread across multiple years.

Other Bills

HB 5 – Agency Capital Development Projects

Several previous legislatures have appropriated funds directly to DMA in HB 5, or other long-range building bills, for construction projects on various military bases and armories across Montana. As the construction of projects take several years, the unspent authority awarded in one biennium is continued into future biennia until the projects are completed. In FY 2023, \$24.6 million was included in the Department of Military Affairs' budget for agency capital development projects, with the majority approved by the 2021 Legislature and the balance from continuing authority from prior sessions. The projects approved by the 2021 Legislature include:

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

At FYE, DMA expended \$2.0 million of its long-range building funds from previous biennia.

HB 13 – State Employee Pay Plan

HB 13 (2023 Legislature) included a one-time, lump-sum payment to state employees. Full-time employees received a payment of \$1,040, which was prorated for employees that work less than full-time. This payment was effective in the first full pay period following HB 13 being enacted. The Department of Military Affairs expended \$206,000 in FY 2023 for these lump-sum payouts.

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

The 2021 Legislature appropriated \$200,000 annually in the 2023 biennium from the marijuana state special revenue account to the Department of Military Affairs to provide services and assistance to Montana veterans and surviving spouses and dependents. At the 2023 FYE, the Department of Military Affairs had expended 99.2% of these funds. The majority of these funds went towards personal services expenditures with the remaining supporting operating expenses in the division.

Statutory Appropriations

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

Statute provides the Governor with \$16.0 million general fund (increased to \$20.0 million in the 2025 biennium) over the biennium to address unanticipated costs associated with disasters and emergencies. Natural disasters include costs associated with flooding, windstorms, winter storms, and tornados. In FY 2023, the Department of Military Affairs budget included \$6.8 million in general fund from disasters declared in previous biennia. As of the 2023 FYE, DMA expended \$2.3 million for projects related to flood and fire events. Lower expenditures are due to these funds typically being for multi-year mitigation or reimbursement projects.

Wildfire Funding (76-13-150, MCA)

Statute provides for a state special revenue fire suppression account. Funds from this account will be received when the Governor declares a statewide wildland fire emergency. The DMA did not have any funds appropriated or expended from this account in FY 2023.

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

The Department of Military Affairs is granted statutory authority to spend federal funds received for federally declared disasters including pandemic relief. Of the \$52.6 million in federal funds for disasters, \$18.8 million was budgeted for the COVID-19 pandemic efforts and \$24.8 million was budgeted for flood relief related to the 2022 Montana floods. At FYE, DMA expended \$8.5 million on pandemic-associated costs and \$13.2 million for costs associated with floods, fires, and severe wind events.

Veterans Cemetery (10-2-601, MCA)

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

- Montana State Veterans Cemetery – Fort Harrison, Helena
- Eastern Montana State Veterans Cemetery – Miles City
- Western Montana State Veterans Cemetery – Missoula
- Columbia Falls State Veterans Cemetery – Columbia Falls (beginning in the 2025 biennium)

Funding for the program is provided through a portion of motor vehicle registration fees, cemetery plot allowances, and donations. At FYE, DMA expended \$664,000 of the \$734,000 in state special revenue funds appropriated for the cemeteries.

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

The Montana military family relief fund receives statutory appropriations to provide monetary grants to families of Montana National Guard and Reserve Component members who on or after April 28, 2007, are on active duty for federal service in a contingency operation. MMFRF grants are intended to help Montana families defray the costs of food, housing, utilities, medical services, and other expenses that become difficult to afford when the wage earner has temporarily left civilian employment to be placed on active military duty. Funding for the program is provided through legislative transfers, monetary contributions, gifts, and grants donated to the fund. In FY 2023, DMA expended \$41,000 out of the \$41,500 state special revenue appropriation.

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

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

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

In FY 2023, DMA expended \$105,000 of these funds for a down payment on land purchased within Limestone Hills Training area, leaving an ending fund balance of \$145,000.

Supplemental Appropriations

In FY 2023, DMA received approximately \$144,000 general fund from supplemental appropriations. Approximately \$80,000 went to the Scholarship Program to fund qualifying applicants that surpassed the anticipated budget. The remaining authority went to the Director's Office and Air National Guard Program for operating expenses.

Unclassified

Per 39-71-403(1)(b)(iv), MCA, when workers' compensation premiums are lower than the previous year, state agencies shall reduce personal services appropriations by the amount of the premium reduction. To track the changes in appropriation authority, total appropriation is not reduced, instead the Governor's Office of Budget and Program Planning (OBPP) requires state agencies to:

- Reduce HB 2, statutory, and proprietary appropriations
- Create a separate offsetting entry on the financial statements in the same amount using an identifying number for workers' compensation entries

The offsetting entries are identified as "frozen" appropriations, which means the appropriations will not be spent unless authorized by OBPP. The Governor's Office reduced personal services appropriations by \$30,321 for workers' compensation premium savings.

HB 2 Budget Modifications

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the ending FYE modified budget. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority.

Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	HB 2 Budget	FYE23 Modified Budget	Net Modifications
<input type="checkbox"/> Dept of Military Affairs	53,438,257	53,455,638	17,381
AIR NATIONAL GUARD PGM	6,071,910	6,038,502	-33,408
ARMY NATIONAL GUARD PGM	19,820,907	19,408,400	-412,507
CHALLENGE PROGRAM	4,939,879	5,077,254	137,375
DIRECTORS OFFICE	1,217,402	1,434,542	217,140
DISASTER & EMERGENCY SERVICES	18,126,006	17,831,424	-294,582
SCHOLARSHIP PROGRAM	207,362	169,753	-37,609
STARBASE	656,359	1,105,235	448,876
VETERANS AFFAIRS PROGRAM	2,398,432	2,390,530	-7,902
Total	53,438,257	53,455,638	17,381

Acct & Lvl 1 DESC	HB 2 Budget	FYE23 Modified Budget	Net Modifications
<input type="checkbox"/> 61000 Personal Services	17,623,309	18,755,489	1,132,180
<input type="checkbox"/> 62000 Operating Expenses	20,484,851	19,570,896	-913,955
<input type="checkbox"/> 63000 Equipment & Intangible Assets	150,536	253,036	102,500
<input type="checkbox"/> 66000 Grants	13,561,301	13,190,805	-370,496
<input type="checkbox"/> 67000 Benefits & Claims		4,600	4,600
<input type="checkbox"/> 68000 Transfers-out	1,618,260	1,252,813	-365,447
<input type="checkbox"/> 69000 Debt Service		428,000	428,000

Fund Type	HB 2 Budget	FYE23 Modified Budget	Net Modifications
<input type="checkbox"/> 01 General	7,437,189	7,416,862	-20,327
<input type="checkbox"/> 02 State/Other Spec Rev	1,116,687	1,116,687	0
<input type="checkbox"/> 03 Fed/Other Spec Rev	44,884,381	44,922,089	37,708

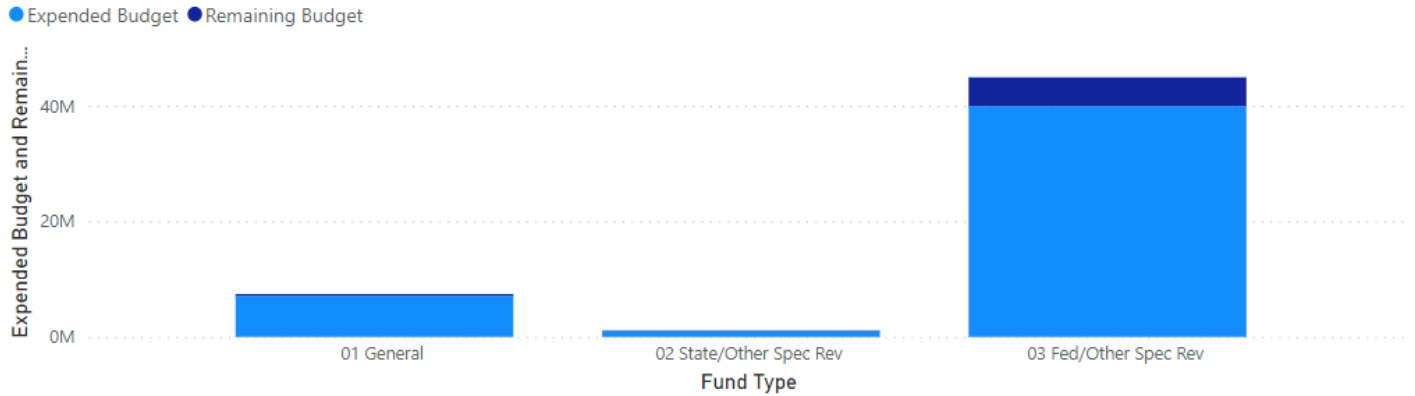
In FY 2023, the Department of Military Affairs made numerous changes to its HB 2 budget, including:

- Reallocation of additional 1.0% vacancy savings – During the 2021 Legislative Session, an additional 1.0% vacancy savings was allocated to the Director’s Office. Language in HB 2 allowed DMA to reallocate the reduction among the various divisions. The agency redistributed the additional 1.0% vacancy savings to the ChalleNge Program (\$32,000), Starbase Program (\$2,000), Army National Guard Program (\$37,000), Air National Guard Program (\$31,000), DES (\$38,000), and Veteran’s Affairs Division (\$13,000) thus reducing those programs FY 2023 budget and increasing the Director’s Office budget (\$153,000)

- Continuing authority – general fund increased by approximately \$19,000 and federal special revenue increased by \$51,000 in FY 2023 due to continuing authority from the biennial legislative audit
- Fiscal transfer – the National Guard Scholarship Program’s entire budget is a biennial appropriation for scholarship grants. In FY 2022, the program expended over half of the biennial appropriation. This fiscal transfer reduces the budget in FY 2023 to the remaining authority
- Nine program transfers – program transfers were primarily done to align appropriation authority with FY 2023 expenditures. However, 1.00 FTE was transferred from the Air National Guard Program to the Starbase Program
- Twelve operating plan transfers – operating plan transfers moved authority to the proper expenditure accounts, primarily to cover personal services deficits. In total, these transfers decreased operating expenses by approximately \$1.2 million and grants by \$356,000 and increased personal services by \$904,000, debt services by \$428,000, equipment and intangible assets by \$103,000, transfers-out by \$69,000, and capital outlay by \$5,000
- Workers’ compensation premium savings – as previously mentioned, this reduced DMA’s HB 2 personal services budget by approximately \$2,000 general fund and \$14,000 federal special revenue

HB 2 Appropriation Authority

Expended Budget and Remaining Budget by Fund Type - HB 2 Only



acclv1_descr	Modified Budget	Expended Budget	Percent Expended
Personal Services	18,755,489	18,039,945	96.2%
Operating Expenses	19,570,896	18,816,338	96.1%
Equipment & Intangible Assets	253,036	251,674	99.5%
Grants	13,190,805	9,505,225	72.1%
Benefits & Claims	4,600	3,124	67.9%
Transfers-out	1,252,813	1,011,852	80.8%
Debt Service	428,000	425,811	99.5%

Program Name	Modified Budget	Expended Budget	Percent Expended
AIR NATIONAL GUARD PGM	6,038,502	5,646,089	93.5%
ARMY NATIONAL GUARD PGM	19,408,400	19,335,973	99.6%
CHALLENGE PROGRAM	5,077,254	4,735,822	93.3%
DIRECTORS OFFICE	1,434,542	1,336,449	93.2%
DISASTER & EMERGENCY SERVICES	17,831,424	13,446,375	75.4%
SCHOLARSHIP PROGRAM	169,753	169,752	100.0%
STARBASE	1,105,235	1,034,195	93.6%
VETERANS AFFAIRS PROGRAM	2,390,530	2,349,313	98.3%
Total	53,455,638	48,053,968	89.9%

The Department of Military Affairs expended 89.9% of its HB 2 appropriation authority in FY 2023. Approximately 83.1% of DMA's budget is from federal special revenue for personal services, operating expenses, and grants. Most grant expenditures are within the Disaster and Emergency Services Division which are typically for disaster or mitigation projects that may take several years to complete.

Personal Services

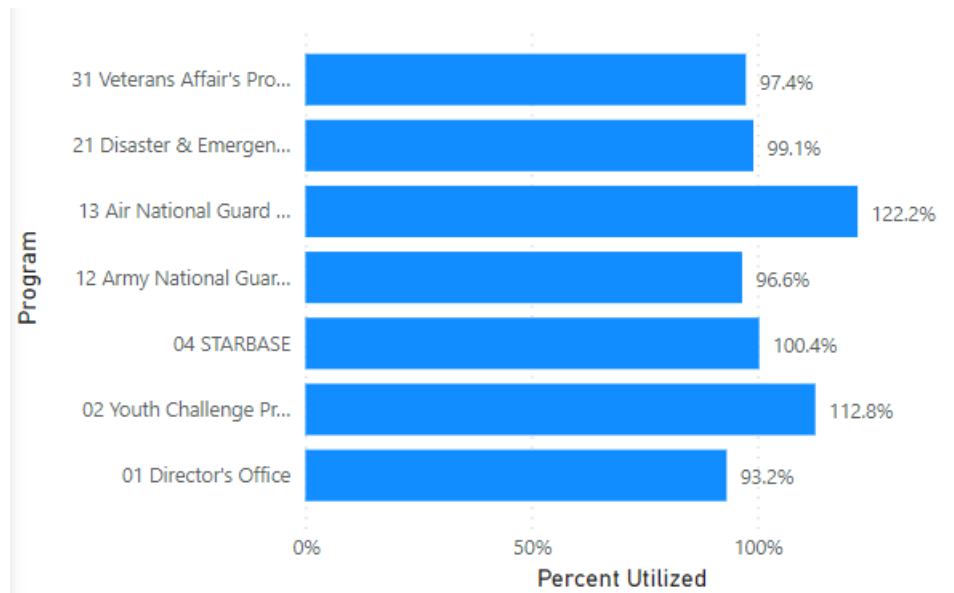
Personal services make up 35.1% of the total HB 2 budget for FY 2023 with \$18.0 million or 96.2% expended by the 2023 FYE. The following chart shows the filled and vacant FTE within the agency as of June 1, 2023.

Montana State Agency Vacancies - June 1, 2023 LFD



The Department of Military Affairs had 19.10 FTE vacant out of 219.10 FTE as of June 1, 2023. These vacancies are primarily in the Army National Guard Program and Youth Challenge Program. In FY 2023, DMA had 38 employees leave state employment, 8 employees retire, and 4 transfer to different agencies within state government. As of August 1, 2023, DMA had 14 positions being advertised for.

The chart below shows the hourly utilization percentage for each program within the Department of Military Affairs during FY 2023.



Overall, the Department of Military Affairs utilized 106.0% of their budgeted hours in FY 2023. Over 100.0% utilization in DMA is not uncommon as many of the agencies job duties require overtime hours, particularly

during national or state declared disasters. The chart below provides a historical look at hourly utilization in the last seven years for DMA.

