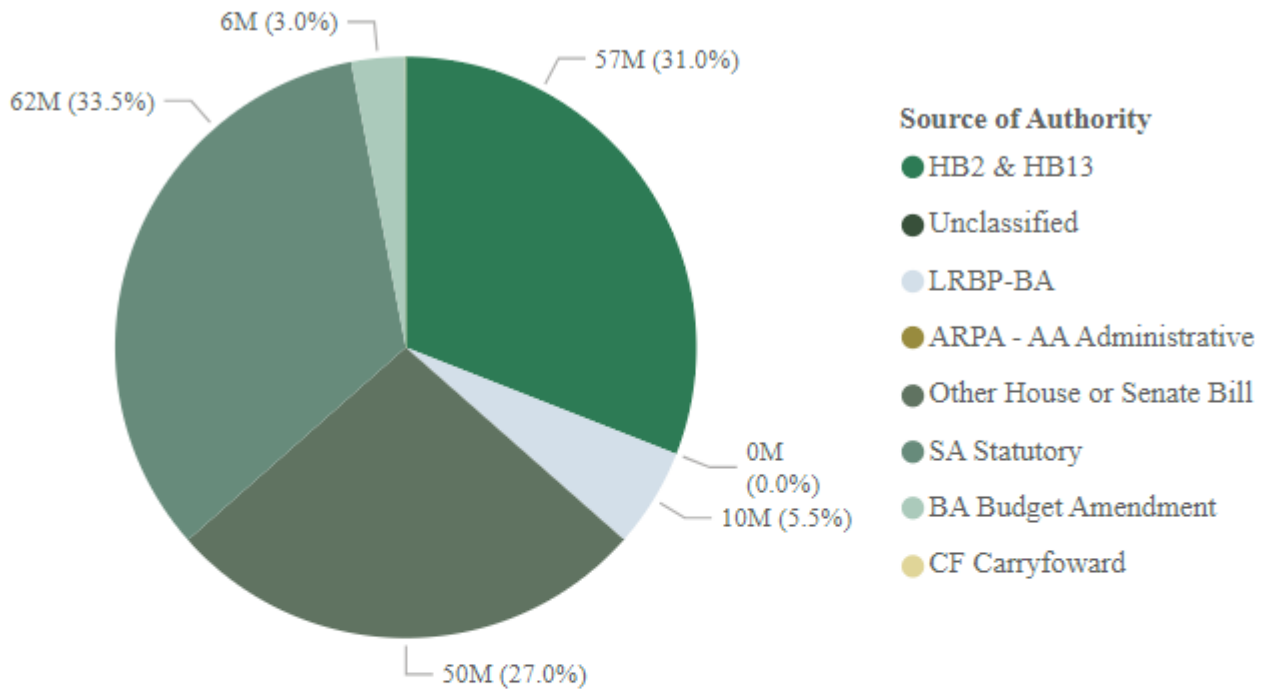


DEPARTMENT OF MILITARY AFFAIRS

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Department of Military Affairs (DMA) is shown in the pie chart below. HB 2 and HB 13 provide of 31.0% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	% Expended
HB2 & HB13	57,212,108	23,073,683	40.3%
BA Budget Amendment	5,512,112	264,729	4.8%
CF Carryforward	70,389	6,064	8.6%
LRBP-BA	10,200,102	470,618	4.6%
Other House or Senate Bill	49,839,796	3,080,098	6.2%
SA Statutory	61,883,410	27,323,634	44.2%
Unclassified	7,278		
ARPA	0		
Total	184,725,196	54,218,825	29.4%

Budget Amendments

The Department of Military Affairs has authority for several budget amendments in the Disaster and Emergency Services Program. The authority from budget amendments totals approximately \$5.5 million and the majority of the authority includes the following:

- Approximately \$2.4 million of federal funding from the Department of Homeland Security to improve cybersecurity in state and local governments. As of February 29, 2024, this funding has been 0.0% expended; however, the funding is available through November 30, 2026
- Approximately \$1.6 million of federal funding from the Department of Homeland Security for the preparation, prevention, and response to terrorism activities and other terrorist threats. As of February 29, 2024, this funding has been 0.0% expended. The grant is available through August 31, 2024
- Approximately \$1.3 million of federal funding from the Department of Homeland Security for a disaster case management grant. This grant provides funding for a contracted disaster case manager to provide assistance to individuals impacted by the spring 2022 flooding disaster. At this point in FY 2024, funding has been 14.7% expended. The grant is available through June 30, 2024

Carryforward Authority

The Department of Military Affairs has carryforward appropriation authority from FY 2022 of approximately \$70,000, which is less than 1.0% of the total appropriation authority in FY 2024. In FY 2024, the carryforward authority has been 8.6% expended. This carryforward authority is comprised of general fund and state special revenue funds, and includes:

- Approximately \$18,000, or 24.9%, is general fund authority in the Director's Office. The general fund carryforward authority is 0.0% expended
- Approximately \$53,000, or 75.1%, is state special revenue authority in the Veteran's Affairs Division. This authority was allocated to operating expenses and is 11.5% expended. Expenditures were primarily on temporary services for an administrative assistant in the Great Falls Veteran Service Office

Long Range Building Program – Budget Amendments

The Department of Military Affairs' budget includes \$10.2 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:
 - \$2.9 million for a maintenance bay addition to the combined support maintenance shop
 - \$238,000 for a maintenance vehicle/sand storage building
 - \$162,000 for a hazardous waste accumulation area
 - \$131,000 for dining facilities
 - \$23,000 for the construction of an enlisted barracks facility
- \$5.7 million for the Aviation Readiness Center in Helena
- \$571,000 for unheated storage facilities

- \$330,000 for the Miles City Readiness Center
- \$147,000 for the Missoula veteran's cemetery

At this point in the fiscal year, the agency has expended \$471,000 or 4.6% of this authority, for the Fort Harrison maintenance bay addition. These projects typically take multiple years to complete.

Other Bills

The Department of Military Affairs has approximately \$49.8 million of appropriation authority in other bills in FY 2024, which is 26.9% of the total appropriation authority. 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. The majority of this authority was approved by the 2021 Legislature and the 2023 Legislature with the balance of continuing authority from prior sessions. Large-scale projects approved through the 2023 Legislature and prior biennia include:

- \$6.0 million for the design and construction of barracks and supporting infrastructure at Fort Harrison
- \$4.7 million for additions made to the Fort Harrison Readiness Building
- \$4.0 million for the expansion of the military cemeteries at Fort Harrison and Missoula
- \$3.6 million to be used for the upgrade of HVAC and temperature control facilities at the Fort Harrison Aviation Facility
- \$3.0 million for capital improvements to be made to existing statewide facilities, approved by the 2021 Legislature
- \$3.0 million for capital improvements to be made to existing statewide facilities, approved by the 2023 Legislature
- \$2.6 million to be expended through the upgrade of HVAC and temperature controls facilities at the Fort Harrison Training Site
- \$2.4 million for capital improvements at existing statewide facilities, approved by the 2017 Legislature
- \$2.2 million for the construction of barracks for the National Guard at the Limestone Hills training area near Townsend
- \$2.2 million for the renovation and remodel of existing space in the Regional Training Institute building within Fort Harrison
- \$1.9 million for capital improvements to existing statewide facilities, approved by the 2019 Legislature
- \$1.6 million to be used for a weapons cleaning facility at Fort Harrison
- \$1.5 million to be used for the upgrade of HVAC and temperature control systems at the Fort Harrison Maintenance Shop
- \$1.4 million for cemetery improvements in both Fort Harrison and Miles City
- \$1.1 million for energy improvements at the Fort Harrison Aviation Support Facility

Although this is not an all-encompassing list, the above projects account for \$41.0 million of the \$49.8 million in appropriation authority through other bills. At this point in the fiscal year, DMA has expended \$3.1 million or 6.2% of these funds.

Statutory Appropriations

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

Statute provides the Governor with \$20.0 million general fund (increased from \$16.0 million in the 2023 Legislative Session) over the biennium to address unanticipated costs associated with disasters and emergencies. Natural disasters include costs associated with flooding, windstorms, winter storms, and tornados. As of February 29, 2024, the Department of Military Affairs budget included \$9.4 million in general fund from disasters declared in previous biennia. At this point in the fiscal year, DMA expended \$5.0 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.

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 \$46.5 million in federal funds for disasters, \$18.1 million was budgeted for the COVID-19 pandemic efforts, \$22.6 million was budgeted for flood relief, \$1.4 million for fire relief, and \$112,000 for windstorm relief. As of February 29, 2024, DMA expended \$18.2 million on federally declared disasters.

Hazard Mitigation Assistance (10-3-316, MCA)

The Disaster and Emergency Services Division is granted statutory authority under HB 106 of the 2023 Legislature to accept hazard mitigation assistance grants when offered to states by the federal government. These grants are to be used for mitigations activities that protect life and property from future disaster damages and reduce overall disaster losses. As of February 29, 2024, DMA has appropriations for \$3.6 million, with 78.0%, or \$2.8 million of this allocated for use in fire mitigation. The department has expended 2.8% of these funds.

Veterans Cemetery (10-2-601, MCA)

The Veteran's 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

Statute allows for cemeteries to also be located in both Yellowstone County and Columbia Falls. The Department of Military Affairs is currently working through the application process to obtain a federal VA grant to establish a cemetery in Columbia Falls. A federal VA cemetery is already established in Yellowstone County. Funding for the program is provided through a portion of motor vehicle registration fees, cemetery plot allowances, and donations. As of February 29, 2024, DMA expended \$471,000, or 53.9%, of the \$874,000 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. At this point in the fiscal year, DMA has expended \$38,250 out of the \$40,000 state special revenue appropriation.

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

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

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

As of February 29, 2024, DMA expended approximately \$880,000 for the final installment payment relating to the purchase of the Limestone Hills Training area located in Broadwater County.

Unclassified

The Department of Military Affairs has unclassified appropriation authority of \$7,278 because of lower workers' compensation premiums. 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 appropriations are 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.

HB 2 Budget Modifications

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget from December 1, 2023 through February 29, 2024. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Agency Name	HB 2 Budget	Modified Budget	Net Modifications
⊞ Dept of Military Affairs	57,218,873	57,212,108	-6,765
⊞ 01 DIRECTORS OFFICE	1,779,655	1,779,502	-153
⊞ 02 CHALLENGE PROGRAM	5,583,668	5,582,549	-1,119
⊞ 03 SCHOLARSHIP PROGRAM	250,000	250,000	
⊞ 04 STARBASE	1,185,316	1,185,281	-35
⊞ 12 ARMY NATIONAL GUARD PGM	21,286,134	21,284,722	-1,412
⊞ 13 AIR NATIONAL GUARD PGM	6,146,662	6,143,182	-3,480
⊞ 21 DISASTER & EMERGENCY SERVICES	18,536,106	18,535,738	-368
⊞ 31 VETERANS AFFAIRS PROGRAM	2,451,332	2,451,135	-197
Total	57,218,873	57,212,108	-6,765

Expenditure Type	HB 2 Budget	Modified Budget	Net Modifications
⊞ 61000 Personal Services	20,175,714	20,168,949	-6,765
⊞ 62000 Operating Expenses	21,597,568	21,597,568	0
⊞ 63000 Equipment & Intangible Assets	173,650	173,650	
⊞ 66000 Grants	13,240,681	13,240,681	0
⊞ 68000 Transfers-out	1,617,260	1,617,260	
⊞ 69000 Debt Service	414,000	414,000	
Total	57,218,873	57,212,108	-6,765

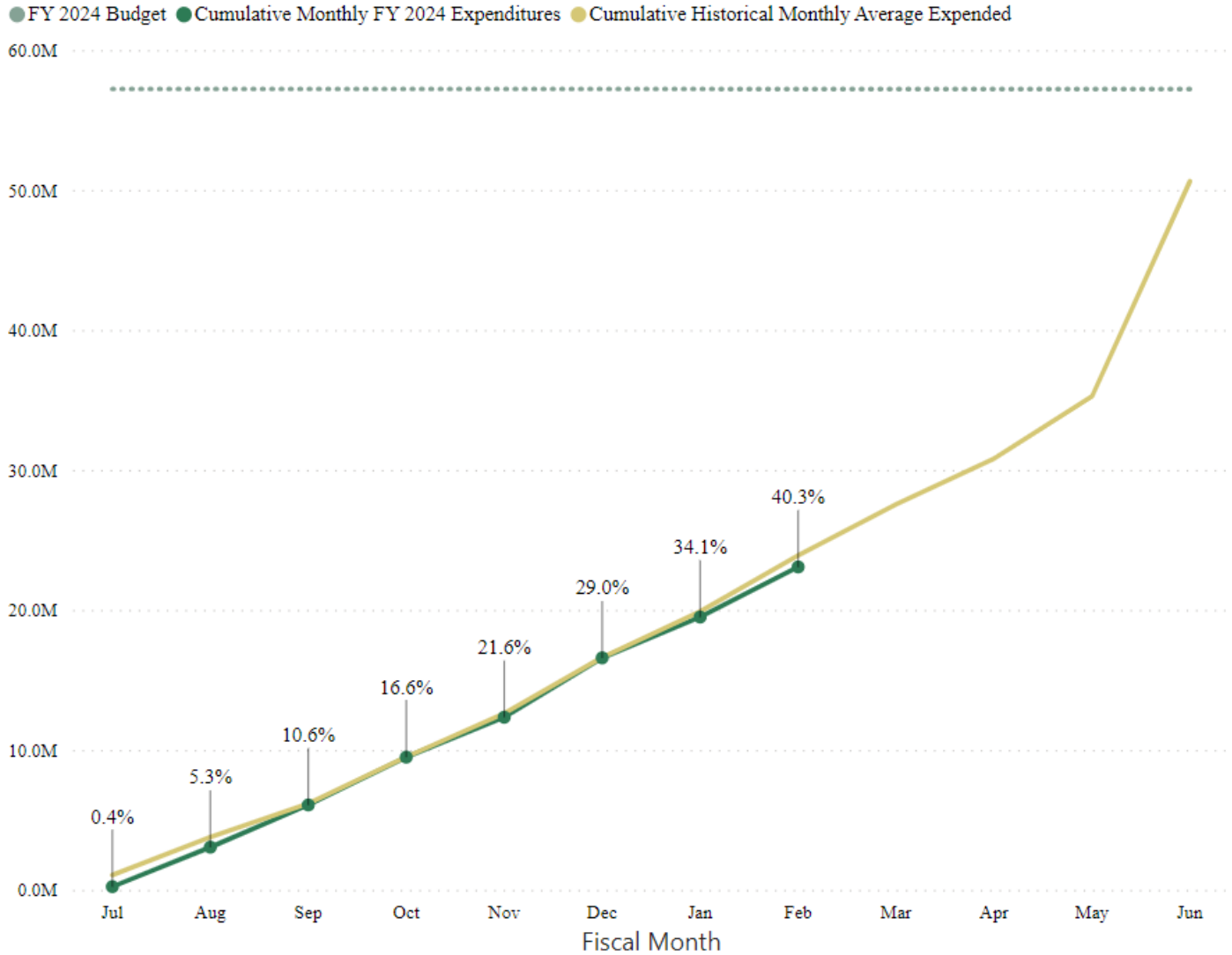
Fund Type	HB 2 Budget	Modified Budget	Net Modifications
⊞ 01 General	8,688,884	8,688,043	-841
⊞ 02 State/Other Spec Rev	1,008,218	1,008,218	
⊞ 03 Fed/Other Spec Rev	47,521,771	47,515,847	-5,924
Total	57,218,873	57,212,108	-6,765

The Department of Military Affairs has made numerous budget modifications to their FY 2024 budget since December 1, 2023. These modifications are all workers' compensation adjustments which are described in further detail in the "Unclassified" subsection of "Total Appropriation Authority." Please note, the difference between the budget modifications in the chart above and the "Unclassified" subsection described earlier is due to the visual above only encapsulating HB 2 budget modifications. The remaining portion of workers' compensation adjustments are statutory in nature.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through February 29, 2024.

Monthly Expenditures Compared to Historical Average



Program Name	Modified Budget	Expended Budget	% Expended
⊕ 01 DIRECTORS OFFICE	1,779,502	951,268	53.5%
⊕ 02 CHALLENGE PROGRAM	5,582,549	3,392,678	60.8%
⊕ 03 SCHOLARSHIP PROGRAM	250,000		
⊕ 04 STARBASE	1,185,281	598,046	50.5%
⊕ 12 ARMY NATIONAL GUARD PGM	21,284,722	9,075,923	42.6%
⊕ 13 AIR NATIONAL GUARD PGM	6,143,182	3,413,072	55.6%
⊕ 21 DISASTER & EMERGENCY SERVICES	18,535,738	4,079,608	22.0%
⊕ 31 VETERANS AFFAIRS PROGRAM	2,451,135	1,563,088	63.8%
Total	57,212,108	23,073,683	40.3%

Expenditure Type	Modified Budget	Expended Budget	% Expended
⊕ Personal Services	20,168,949	12,360,854	61.3%
⊕ Operating Expenses	21,597,568	8,458,181	39.2%
⊕ Equipment & Intangible Assets	173,650	36,815	21.2%
⊕ Grants	13,240,681	1,743,316	13.2%
⊕ Transfers-out	1,617,260	250,925	15.5%
⊕ Debt Service	414,000	223,591	54.0%
Total	57,212,108	23,073,683	40.3%

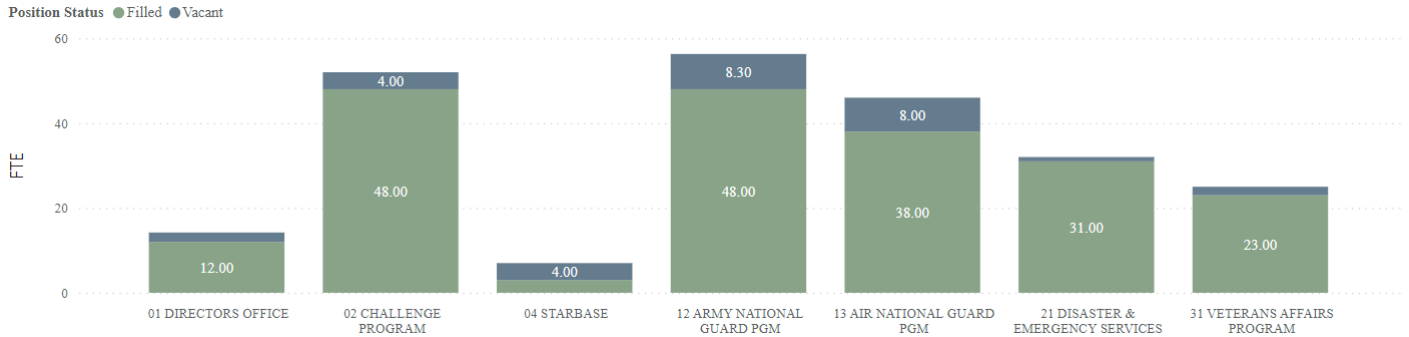
Fund Type	Modified Budget	Expended Budget	% Expended
⊕ 01 General	8,688,043	4,329,241	49.8%
⊕ 02 State/Other Spec Rev	1,008,218	655,435	65.0%
⊕ 03 Fed/Other Spec Rev	47,515,847	18,089,007	38.1%
Total	57,212,108	23,073,683	40.3%

The Department of Military Affairs expended 40.3% of its HB 2 appropriation authority through February 29, 2024. This is slightly below the historical percent expended of 41.8%. There are lower percentages expended in the following areas:

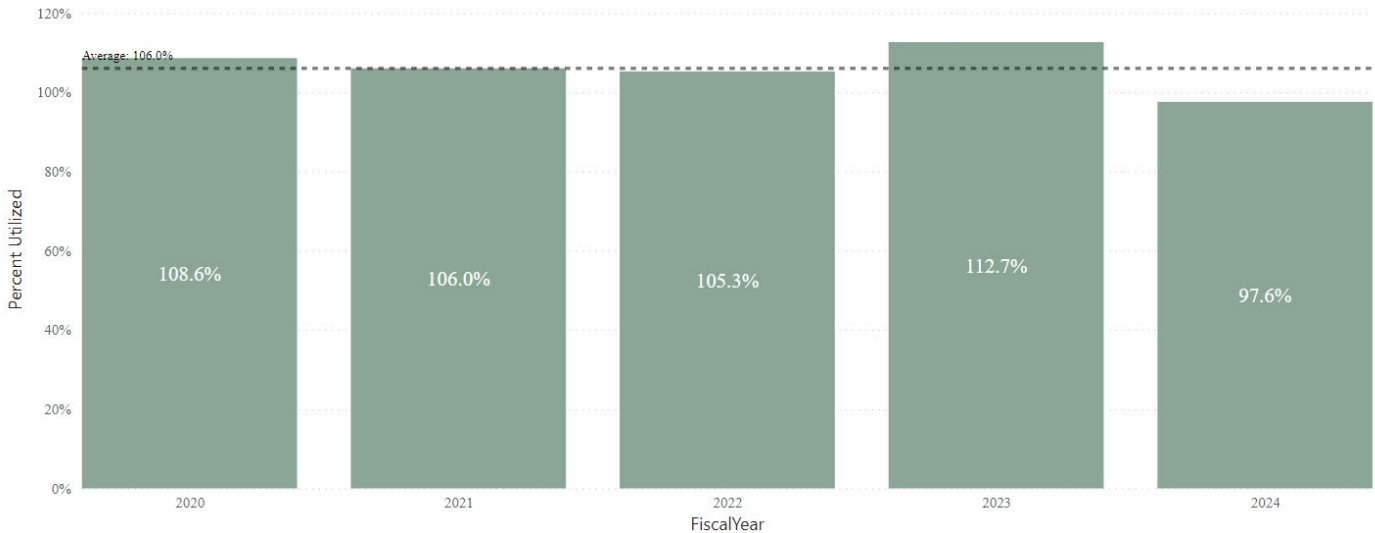
- Operating expenses of \$21.6 million are 39.2% expended at this point in the fiscal year. The majority of the operating expense budget is in the Army National Guard Program. The decrease in operating expense is attributed to repairs and maintenance for the Army National Guard Program having less expenditures than average
- Grants of \$13.2 million are 13.2% expended as of February 29, 2024. Nearly all of the budget for grants is in the Disaster and Emergency Services Program. These grants are typically for disaster or mitigation projects that may take several years to complete

Personal Services

Personal services make up 35.3% of the FY 2024 HB 2 budget in the Department of Military Affairs with approximately \$12.4 million or 61.3% expended through February 29, 2024. DMA has 232.51 HB 2 FTE, excluding aggregate positions, and 87.3% of these positions were filled as of February 1, 2024. The following chart shows the filled and vacant FTE within the agency as of February 1, 2024.



The chart below shows the hourly utilization percentage for the Department of Military Affairs between July 1 and February 1 for each fiscal year when compared to the available hours for the same time period. Overall, the department has utilized 97.6% of the hours budgeted for FY 2024. This is slightly below the five-year average of 106.0%. 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.

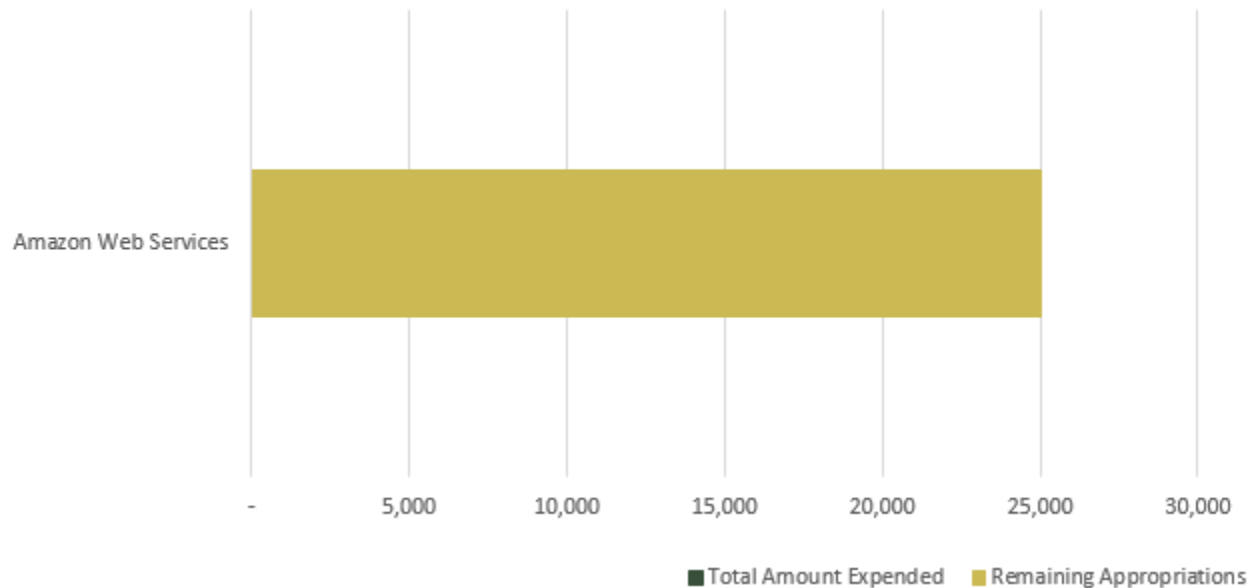


The chart below shows the vacant FTE in each division, the number of months each position has been vacant, and the midpoint hourly pay rate. Of the 29.51 FTE that are vacant, only two positions have been vacant for over 12 months and 25.30 FTE have been vacant from the start of the fiscal year or less (since July 2023). The Business Executive position, which has been vacant for 67.64 months, is for the Assistant Adjutant General position. According to the agency, this role is currently filled and being funded through a Homeland Security Grant. The agency believes the grant may be coming to an end, and will utilize the HB 2 funding for this position in the near future.

DEPT NUM/NAME	FTE	Median Months Vacant	Market Midpoint (Hourly)
67010 MILITARY AFFAIRS	29.51	4.07	29.24
01 DIRECTORS OFFICE	2.21	0.16	75.89
Business Executive	0.21	67.64	75.89
Deputy Director	1.00	0.16	75.89
Human Resources Generalist 2	1.00	0.10	30.00
02 CHALLENGE PROGRAM	4.00	4.33	23.13
Cadre Instructor 1	4.00	4.33	23.13
04 STARBASE	4.00	7.05	26.87
Administrative Assistant 3	1.00	7.05	21.48
Program Specialist 2	1.00	7.05	36.35
Teacher 1	2.00	7.05	26.87
12 ARMY NATIONAL GUARD PGM	8.30	3.87	33.52
Administrative Assistant 3	1.00	1.48	21.48
AntiTerrorism Program Specialt	1.00	10.26	36.35
CFMO Architect	1.00	1.48	42.06
CFMO Budget Analyst	1.00	3.87	33.52
DDC Technician	1.00	8.36	
Engineering Manager	1.00	1.08	64.96
Professional Engineer 1	1.00	8.82	40.97
Project Management Specialist1	1.00	2.85	32.96
Short Term Worker	0.30	4.07	
13 AIR NATIONAL GUARD PGM	8.00	5.41	26.35
Designer 1	1.00	7.05	29.24
Firefighter	1.00	15.31	29.33
Firefighter 2	4.00	5.41	24.86
Firefighter 3	1.00	2.03	29.33
Firefighter Supervisor	1.00	2.46	27.84
21 DISASTER & EMERGENCY SERVICES	1.00	2.46	40.48
Emergency Specialist 3	1.00	2.46	40.48
31 VETERANS AFFAIRS PROGRAM	2.00	1.54	36.25
RVSO	2.00	1.54	36.25
Total	29.51	4.07	29.24

OTHER ISSUES

Information Technology Project Expenditures



Directors Office Server Replacement

The purpose of this project is to purchase two servers within the Director’s Office to replace aging and legacy equipment, neither of these servers are to be hosted on the state network. The legislature adopted a one-time-only, restricted general fund appropriation of \$25,000 for this replacement. The Department of Military Affairs is currently working with the State Information Technology Services Division (SITSD) on either transitioning to a cloud-based storage or purchasing new server hardware. According to the department, this process is taking longer than anticipated, but will move forward with their decision to ensure the funding is spent prior to June 30, 2024.

APPENDIX A

The Department of Military Affairs was asked to provide information on the following questions:

- How much did you pay to contractors between November 1, 2023 and January 31, 2024? How much of the amount paid to contractors do you estimate is due to vacant positions? If contractors were paid because of vacant positions, what are the types of vacant positions that resulted in the need for contractors?
- How much did you pay in overtime November 1, 2023 and January 31, 2024? How much of the overtime paid do you estimate is due to vacant positions? If overtime was paid because of vacant positions, what are the types of vacant positions that resulted in the need for overtime?

The table below was provided by DMA to answer these questions. In regard to contracted services, the below chart only depicts contractors hired due to vacant positions or lack of positions, as provided by DMA.

	Contracted Services	Over Time	Reason
Air National Guard	-	5,162	Over-time is related to 24/7 Firefighter positons.
Army National Guard	2,308	6,156	Contracted Services: is for temp services to backfill a position. Over-time: is not due to vacant positions, it is related to normal workload execution and a once every 10 year communication systems upgrade.
Youth Challenge	-	22,525	Over-time: is due to Cadre positions. Cadre are the staff required to supervise students at all times. 95% would be due to vacancies, the other 5% is due to Cadre working holidays.
Disaster & Emergency Services	2,401,805	20,721	Contracted Services: DES hired contractors to monitor and manage disaster recovery and mitigation projects. Contractors were used to augment personnel due to increased workload that would have required temporary employees or overtime, not due to vacant positions. Over-time: Majority of the overtime was for the Duty Officer, Disaster Response, and Financial personnel. DES also had 504 hours of Comp Time Earned to support the operations and requirements of DES. Overtime/comp time was due to increaed workload for Emergency Managers with new disasters and grants with some being due to vacant positions.
Veteran Affairs	-	190	Over-time is not due to a vacant position, it is related to events and outreach done by the Miles City Veteran Service Officer.
Totals	2,404,114	54,754	