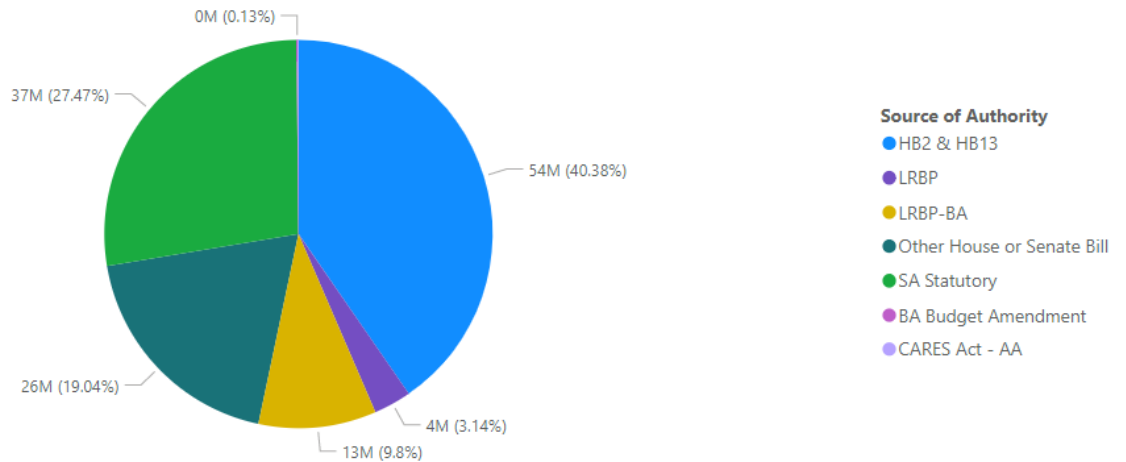


# DEPARTMENT OF MILITARY AFFAIRS

## TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 40.4% 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	Percent Expended
HB2 & HB13	54,162,459	34,844,772	64.3%
BA Budget Amendment	170,325		
LRBP	4,211,052	3,639	0.1%
LRBP-BA	13,147,684	2,352,448	17.9%
Other House or Senate Bill	25,543,765	551,663	2.2%
SA Statutory	36,854,877	9,650,832	26.2%
CARES	54,670	54,670	100.0%
<b>Total</b>	<b>134,144,832</b>	<b>47,458,024</b>	<b>35.4%</b>

Report Period

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

## Budget Amendments

The Department of Military Affairs (DMA) received one budget amendment since the March meeting of the Interim Budget Committee (IBC). DMA received federal grant funding totaling approximately \$170,000 from the High Hazard Potential Dam Grant Program to rehabilitate the Powell Dam owned by the Department of Corrections in Blaine County. This award does require a cost match of approximately \$92,000 of non-federal funds. Cost match funding will be provided from the Department of Corrections. To date, no expenditures have been made. However, funds will be available through FY 2023.

## Long-Range Building Program

The legislature may appropriate funds to the Architecture and Engineering Division in the Department of Administration (DOA) for long-range building projects in other agencies. DMA received authority from DOA for long-range building projects, which are comprised of federal funds totaling \$4.2 million. This authority includes funding for projects such as wash facility improvements, cemetery improvements at Miles City, a weapons

cleaning facility at Fort Harrison, and the Malta and Miles City Readiness Centers. Long-Range Building Program projects often take a number of years to complete, which is the reason for the low expenditures to date. Additional information on the Long-Range Building Program can be found here: <https://leg.mt.gov/lfd/interim-budget-committee-section-f/>.

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

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

- Fort Harrison Projects:
  - \$3.0 million for a maintenance bay addition to the combined support maintenance shop
  - \$1.8 million for the construction of an enlisted barracks facility
  - \$1.3 million for a maintenance vehicle/sand storage building
  - \$170,000 for a hazardous waste accumulation area
  - \$131,000 for dining facilities
- \$571,000 for unheated storage facilities
- \$6.0 million for the Miles City Aviation Readiness Center
- \$147,000 for the Missoula veteran’s cemetery

To date, the agency has expended \$2.4 million of these funds, primarily for the enlisted barracks facility project at Fort Harrison.

## **Other Bills**

### ***HB 5 – Agency Capital Development Projects***

Several previous legislatures have appropriated funds directly to DMA in HB 5, or other long-range building bills, for construction projects on various military bases and armories across Montana. As the construction projects take several years, the unspent authority awarded in one biennium is continued into future biennia until the projects are completed. In FY 2022, \$25.5 million is included in the Department of Military Affairs’ budget for agency capital development projects, with the majority approved by the 2021 Legislature and the balance from continuing authority from prior sessions. The projects approved by the 2021 Legislature include:

- \$6.0 million for the design and construction of barracks and supporting infrastructure at Fort Harrison
- \$3.0 million for capital improvements to statewide facilities
- \$2.2 million for the construction of barracks for National Guard soldiers at the Limestone Hills training area near Townsend
- \$2.2 million for the renovation of existing space in the Regional Training Institute building and the construction of new classroom space
- \$0.8 million for the renovation of paved/surfaced secure compound space for military vehicles and equipment to load and unload trains at Fort Harrison
- \$0.8 million for the installation of an eight-foot-tall chain-link fence, security gates, and gravel base to create multiple secured compound sections at Fort Harrison

- \$0.5 million for a remodel of the Post Engineers Maintenance Building to accommodate 24 personnel and create a conference room at Fort Harrison
- \$0.4 million to construct military equipment parking with rigid concrete pavement at the Helena field maintenance shop
- \$0.2 million for the replacement of the roof on building 530 at Fort Harrison
- \$0.1 million to construct a fence around the perimeter of the Billings field maintenance shop
- \$0.1 million for permanent vault style latrines at the training area at Fort Harrison
- \$0.1 million to remove existing waste oil burners from the aircraft storage hanger and install above-ground storage tanks for jet fuel and used oil at the Army Aviation Support Facility
- \$0.1 million for the construction of a concrete loading ramp at the Limestone Hills training area
- \$0.1 million to replace rigid concrete paving and install stormwater drainage structures, fencing, and curbing at the Missoula field maintenance shop

As of the end of May, during FY 2022 DMA has expended \$552,000 of its long-range building funds from previous biennia.

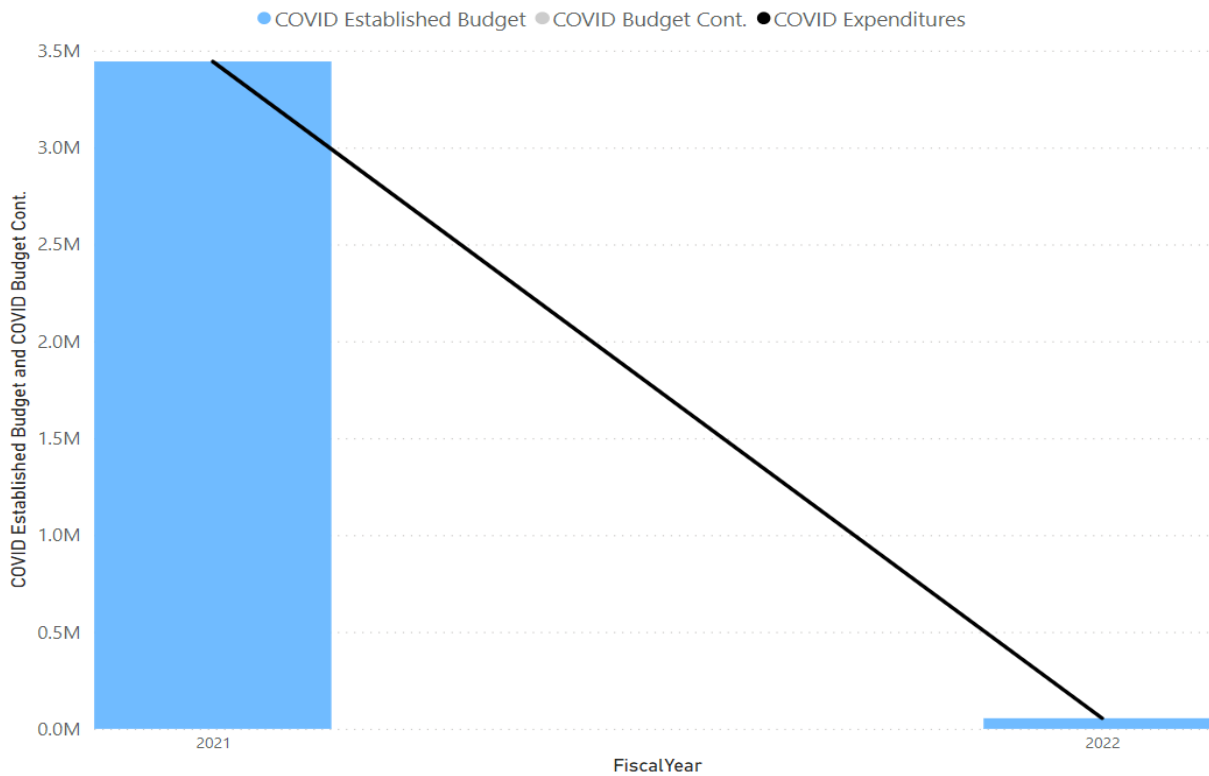
***HB 701 – Revising Laws Related to the Regulation and Taxation of Marijuana***

The 2021 Legislature appropriated \$200,000 annually in the 2023 biennium from the marijuana state special revenue account to the Department of Military Affairs to provide services and assistance to Montana veterans and surviving spouses and dependents. As of the end of May, the Department of Military Affairs had not expended any of the funding. The agency anticipates utilizing these funds by the end of June for equipment for the Veterans Cemeteries.

***COVID-19 Authority***

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

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



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

### Statutory Appropriations

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

Statute provides the Governor with \$16.5 million general fund over the biennium to address unanticipated costs associated with disasters and emergencies. Natural disasters include costs associated with flooding, windstorms, winter storms, and tornados. In FY 2022, the Department of Military Affairs budget includes \$1.0 million in general fund from disasters declared in previous biennia. Through the end of May, DMA has not expended any of the funding. Lower expenditures are due to these funds typically being for multi-year mitigation or reimbursement projects.

#### *Wildfire Funding (76-13-150, MCA)*

Statute provides for a state special revenue fire suppression account. Governor Gianforte declared a statewide wildland fire emergency in Montana in July 2021 and activated the Montana National Guard. DMA has anticipated spending \$3.9 million in statutory appropriations of state special revenue from the fire suppression fund for the costs of summer firefighting. This appropriation was reduced by \$1.7 million since the March 2022 IBC meeting. DMA reverted this unspent authority back to the Department of Natural Resources and Conservation. As of the end of May, DMA has expended the entire appropriation authority.

### ***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 \$30.2 million in federal funds for disasters, \$23.6 million is budgeted for the COVID-19 pandemic efforts. As of the end of May, DMA has expended \$5.0 million on pandemic-associated costs and \$118,000 for costs associated with floods 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

Funding for the program is provided through a portion of motor vehicle registration fees, cemetery plot allowances, and donations. As of the end of May, DMA has expended \$552,000 of the \$740,000 in state special revenue funds appropriated for the cemeteries.

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

The Montana military family relief fund receives statutory appropriations to provide monetary grants to families of Montana National Guard and Reserve Component members who on or after April 28, 2007, are on active duty for federal service in a contingency operation. MMFRF grants are intended to help Montana families defray the costs of food, housing, utilities, medical services, and other expenses that become difficult to afford when the wage-earner has temporarily left civilian employment to be placed on active military duty. As of the end of May, DMA has expended \$116,000 of its \$140,000 state special revenue appropriation.

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

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

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

In FY 2022, DMA expended \$878,000 of these funds for the future site of the Readiness Center in Billings.

## HB 2 BUDGET MODIFICATIONS

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

### Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	March Modified Budget	June Modified Budget	Net Modifications
<b>Dept of Military Affairs</b>	<b>54,236,811</b>	<b>54,162,459</b>	<b>-74,352</b>
AIR NATIONAL GUARD PGM	5,986,778	5,934,593	-52,185
ARMY NATIONAL GUARD PGM	19,593,021	19,575,834	-17,186
CHALLENGE PROGRAM	5,007,418	4,989,070	-18,348
DIRECTORS OFFICE	1,352,585	1,350,915	-1,670
DISASTER & EMERGENCY SERVICES	19,095,921	19,112,649	16,728
SCHOLARSHIP PROGRAM	207,362	207,362	
STARBASE	654,027	654,027	
VETERANS AFFAIRS PROGRAM	2,339,700	2,338,009	-1,691
<b>Total</b>	<b>54,236,811</b>	<b>54,162,459</b>	<b>-74,352</b>

Acct & Lvl 1 DESC	March Modified Budget	June Modified Budget	Net Modifications
61000 Personal Services	17,489,421	17,727,069	237,648
62000 Operating Expenses	20,616,728	20,174,423	-442,305
63000 Equipment & Intangible Assets	150,536	150,536	
66000 Grants	14,357,466	14,157,466	-200,000
67000 Benefits & Claims	1,000	1,000	
68000 Transfers-out	1,621,660	1,571,965	-49,695
69000 Debt Service		380,000	380,000

Fund Type	March Modified Budget	June Modified Budget	Net Modifications
01 General	8,328,974	8,326,909	-2,065
02 State/Other Spec Rev	1,105,445	1,104,271	-1,174
03 Fed/Other Spec Rev	44,802,392	44,731,279	-71,113

The Department of Military Affairs had a modification that reduced the HB2 budget by \$74,352. 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. This modification reduced personal services primarily in the Air National Guard Program from federal special revenue.

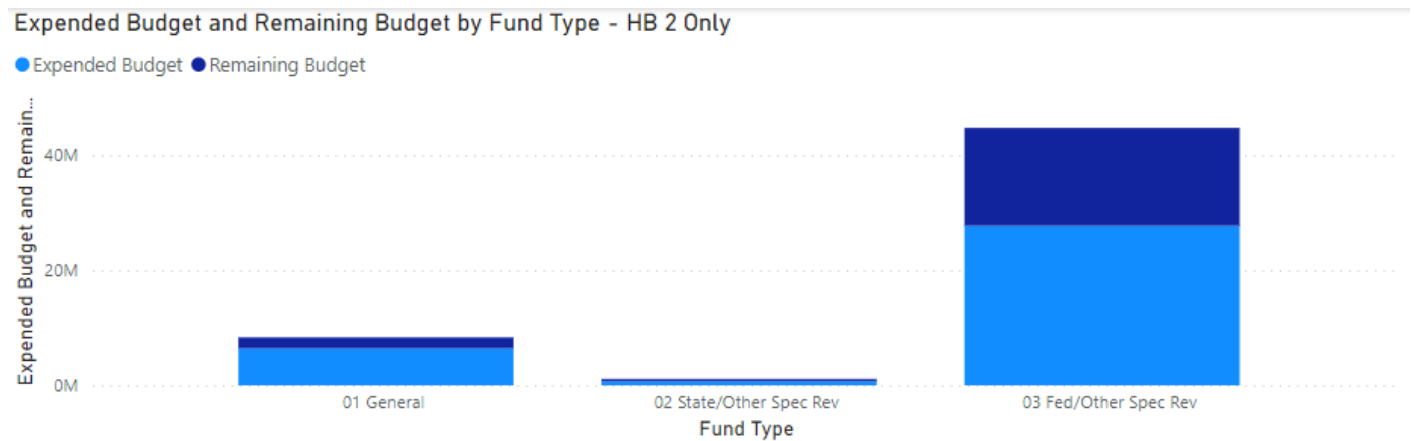
DMA had program transfers of authority from the Air National Guard Program (\$12,300), Army National Guard Program (\$1,500), and the ChalleNGe Program (\$7,000) to the Disaster and Emergency Services Division (\$20,800). This program transfer reallocated budget authority to the correct allocations.

DMA also transferred appropriations between expenditures categories for the following reasons:

- In the Disaster and Emergency Services Division, the agency made adjustments to reflect actual staff time and costs for federal grants by transferring appropriation authority from transfers-out (\$23,000), grants (\$200,000), and operating expenses (\$40,000) to personal services (\$263,000)
- In the Army National Guard Program, \$380,000 was transferred from operating expenses to debt services to pay for building leases
- A transfer of authority was made from transfers-out (\$61,695) to personal services (\$49,000) and operating expenses (\$12,695) to help cover subrecipient expenditures under the FEMA Pre-disaster Mitigation (PDM) program
- \$35,000 was transferred from operating expenses to transfers-out to establish authority for subrecipients for the Hazard Mitigation Planning Grants (2021 Legislative Session)

## HB 2 APPROPRIATION AUTHORITY

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



acclv1_descr	Modified Budget	Expended Budget	Percent Expended
Personal Services	17,727,069	14,744,125	83.2%
Operating Expenses	20,174,423	13,564,126	67.2%
Equipment & Intangible Assets	150,536	109,797	72.9%
Grants	14,157,466	6,172,326	43.6%
Benefits & Claims	1,000	750	75.0%
Transfers-out	1,571,965	253,648	16.1%
Debt Service	380,000		

Program Name	Modified Budget	Expended Budget	Percent Expended
AIR NATIONAL GUARD PGM	5,934,593	4,596,983	77.5%
ARMY NATIONAL GUARD PGM	19,575,834	13,229,029	67.6%
CHALLENGE PROGRAM	4,989,070	4,519,438	90.6%
DIRECTORS OFFICE	1,350,915	1,118,597	82.8%
DISASTER & EMERGENCY SERVICES	19,112,649	8,764,786	45.9%
SCHOLARSHIP PROGRAM	207,362		
STARBASE	654,027	642,165	98.2%
VETERANS AFFAIRS PROGRAM	2,338,009	1,973,774	84.4%
<b>Total</b>	<b>54,162,459</b>	<b>34,844,772</b>	<b>64.3%</b>

DMA's HB 2 modified budget for FY 2022 totals \$54.2 million, of which the agency has expended \$34.8 million or 64.3%. The majority of the agency's budget comes from federal special revenue funds.

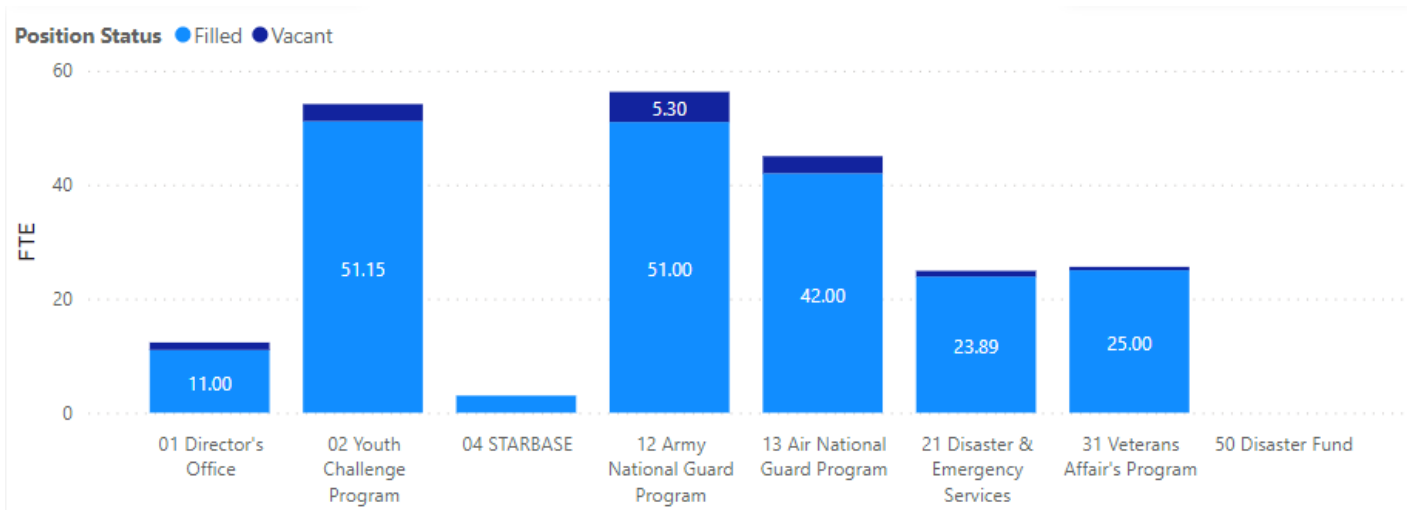
Lower expenditures in the Disaster and Emergency Services Program are due to the program having funding for several multi-year projects.

### Personal Services

Personal services make up 32.7% of the total HB 2 budget for FY 2022 with \$14.7 million or 83.2% expended as of June 1, 2022.

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





DMA had 6.4%, or 14.21 FTE, of its HB 2 positions vacant as of May 1, 2022, which includes:

- 1.32 FTE in the Director's Office
- 5.30 FTE in the Army National Guard Program
- 3.00 FTE in the Air National Guard Program
- 3.00 FTE in the Youth Challenge Program
- 0.59 FTE in the Veterans Affairs Program
- 1.00 FTE in the Disaster and Emergency Services

For a detailed report on vacancies by job type, please refer to the attached vacant FTE report. To address retention problems the agency has provided pay increases since July 2021.

### Next Steps for Personal Services Reporting

In upcoming Quarterly Financial Reports, the LFD will begin the process of a more comprehensive look at personal services. The LFD will compare two executive "snapshots" -- July 2020 and July 2022. The analysis will identify adjustments adopted by the legislature in 2021 and modifications made by the agencies, within the confines of budget law.

The September Quarterly Financial Report will provide the complete comparison from July 2020 to July 2022. Ultimately, the analysis will result in a description of all the components that will be part of the executive's decision package one (DP 1) 2025 biennium budget request. This work will prepare legislators for budget deliberations in the 2023 session. For a review of how DP 1 works and snapshot components, please read this [short brochure](#) from 2019.

### Operating Expenses

Operating expenses make up 37.2% of the HB 2 modified budget. The majority of this funding is in the Army National Guard Program for utility costs and maintenance and repair costs. Through the end of May, DMA had expended \$13.6 million or 67.2% of its operating expense budget. According to DMA, the majority of total operating expense funding is related to the unexploded ordnance cleanup of the Limestone Hills training area.

## **Grants**

Grants make up 26.1% of the HB 2 modified budget. The majority of this grant funding is for the Disaster and Emergency Services Division. This includes a \$1.0 million restricted, one-time-only appropriation for the Laurel water system. As of the end of May, DMA has expended \$6.2 million or 43.6%. Lower expenditures are due to the majority of grant funding being for multi-year projects.