

# The Legislative Fiscal Division Presents an Agency Profile of: The Department of Military Affairs

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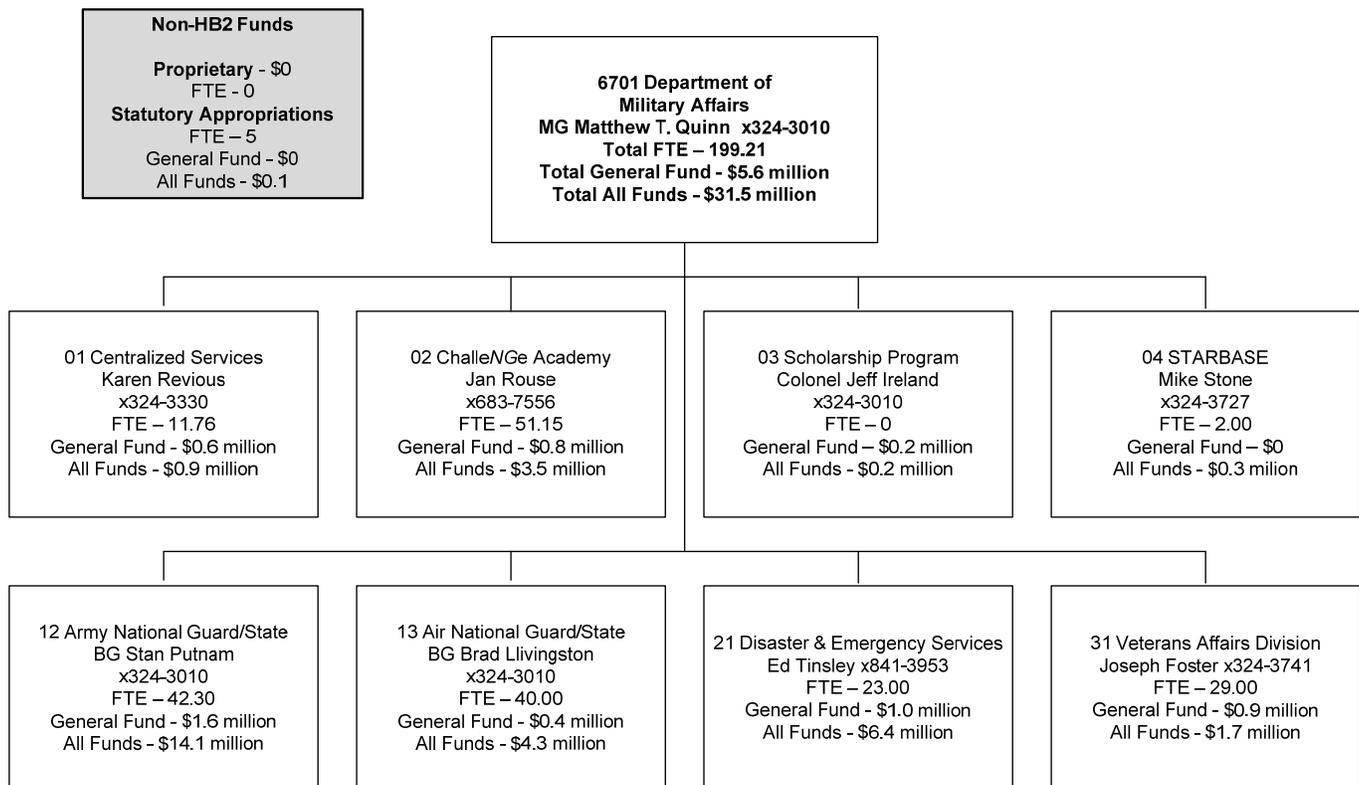
Updated December 2012

## Agency Description

## Definition of Terms

The Department of Military Affairs, administered by the Adjutant General, oversees activities of the Air and Army National Guard, Disaster and Emergency Services, and the National Guard Youth ChalleNGe program. The Montana Board of Veterans' Affairs is administratively attached to the department. The department, through the Army and Air National Guard, manages a joint federal-state program to maintain trained and equipped military organizations in readiness for state and national mobilizations to active duty.

The Disaster and Emergency Services Division plans for and coordinates state responses in disaster and emergency situations (all-hazards emergency management). The Board of Veterans' Affairs manages and cooperates with state and federal agencies in providing statewide services for discharged veterans and their families and is responsible for the three state veterans' cemeteries. The National Guard Youth Challenge Program is focused on at-risk youth, 16-18 years of age, who are no longer enrolled in high school or are considering withdrawing from school. The Challenge program provides values, skills, education, and self-discipline in a quasi-military modeled training environment.



## How Services are Provided

The Department of Military Affairs consists of eight divisions/programs with the following functions:

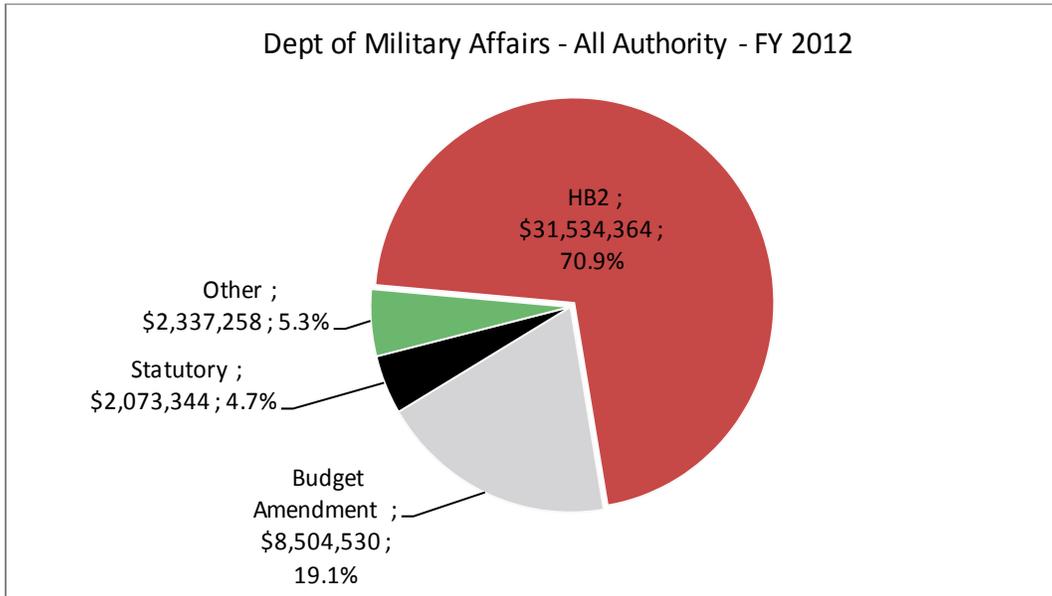
- Army National Guard (ARNG) provides trained and equipped military units for use in the event of state or federal mobilization, maintains numerous military facilities in Montana, plans and contracts for construction of military facilities and training areas, and provides statewide communication services, security contracts, and leases for buildings and land used by ARNG.
- Air National Guard under dual state/federal mandates provides trained and equipped military air units for use in event of state or federal mobilization, including wildfire support.
- Youth Challenge Program operates an education program for “at risk” youth ages 16 to 18 who have dropped out of high school. The program teaches both life skills and academics (leading to GED completion) in a military-modeled training program.
- Department of Defense’s STARBASE Program hosts 5<sup>th</sup> grade students at Fort Harrison and Gore Hill (Great Falls) for a week long “hands on” “minds on” experience. The program curriculum provides inquiry based instruction in Science, Technology, Engineering, and Math (STEM) and STEM career fields.
- Disaster and Emergency Services (DES) is responsible for statewide disaster planning and preparedness activities and coordination of federal, state, and volunteer assistance to communities, local and tribal governments in the event of an incident, emergency, or disaster.
- Veterans Affairs Program assists discharged veterans and their families regarding veteran benefits and administers three veteran cemeteries located in Montana. The Board of Veterans’ Affairs is administratively attached to the Department of Military Affairs.
- Centralized Services Division provides comprehensive administrative support for all department divisions, programs, and functions.
- Montana National Guard Scholarship Program provides scholarship awards to enlisted Montana National Guard troops enrolled as full-time undergraduate students in colleges, universities, or training programs.

The Department of Military Affairs provides services and functions through the employment of state FTE who recruit and train Guard troops, provide education for youth, staff the statewide disaster preparedness system, provide assistance coordination services to veterans and families, and respond to local emergencies.

## Sources of Spending Authority

The chart on the next page shows the sources of appropriation authority for the Department of Military Affairs. For a more detailed description of accounting terminology, please refer to the definition of terms. The operations of the Department of Military Affairs are mainly funded through HB 2. Statutory appropriations are provided to support the three veterans cemeteries with funding generated through cemetery plot allowances and donations. The Office of Budget and Program Planning approved an additional \$8.5 million in federal funding for Army National Guard repair and maintenance, DES grants, and opening an additional STARBASE in Great Falls.

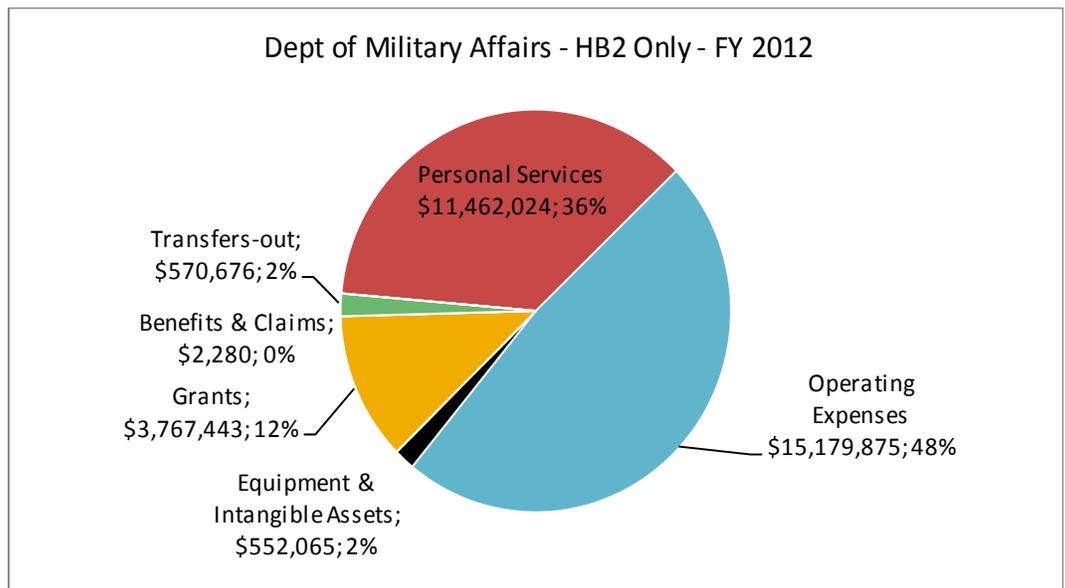
## Sources of Spending Authority, cont.



## Expenditures

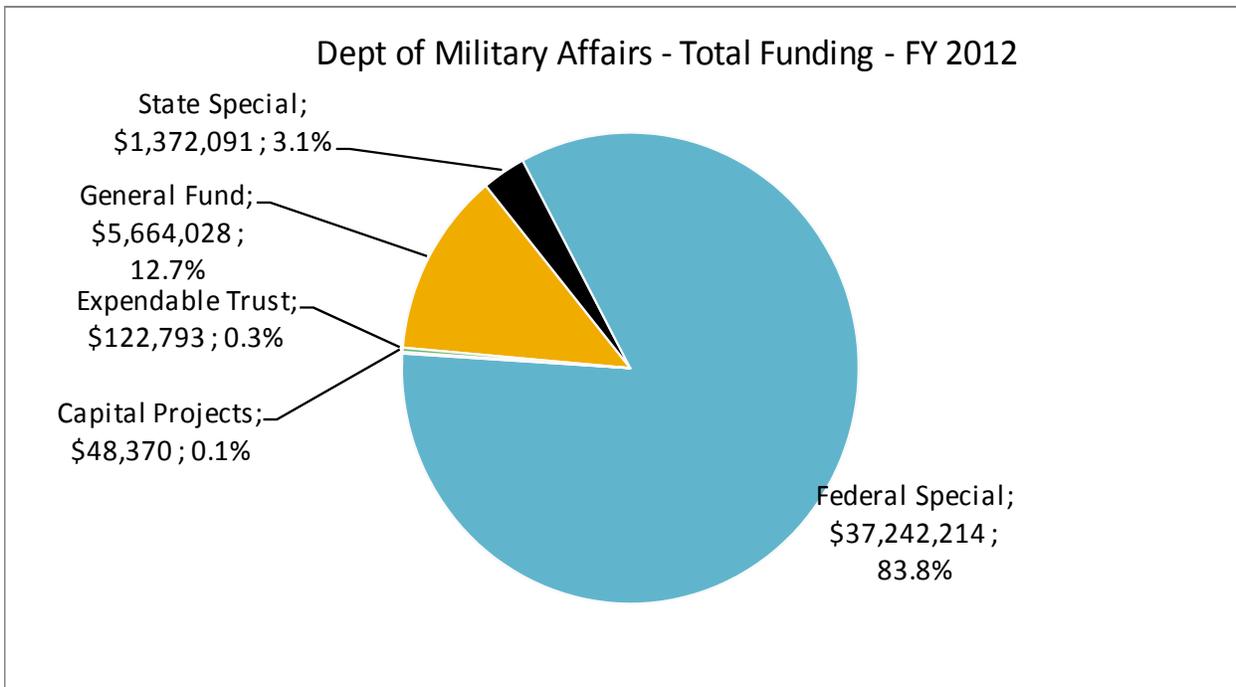
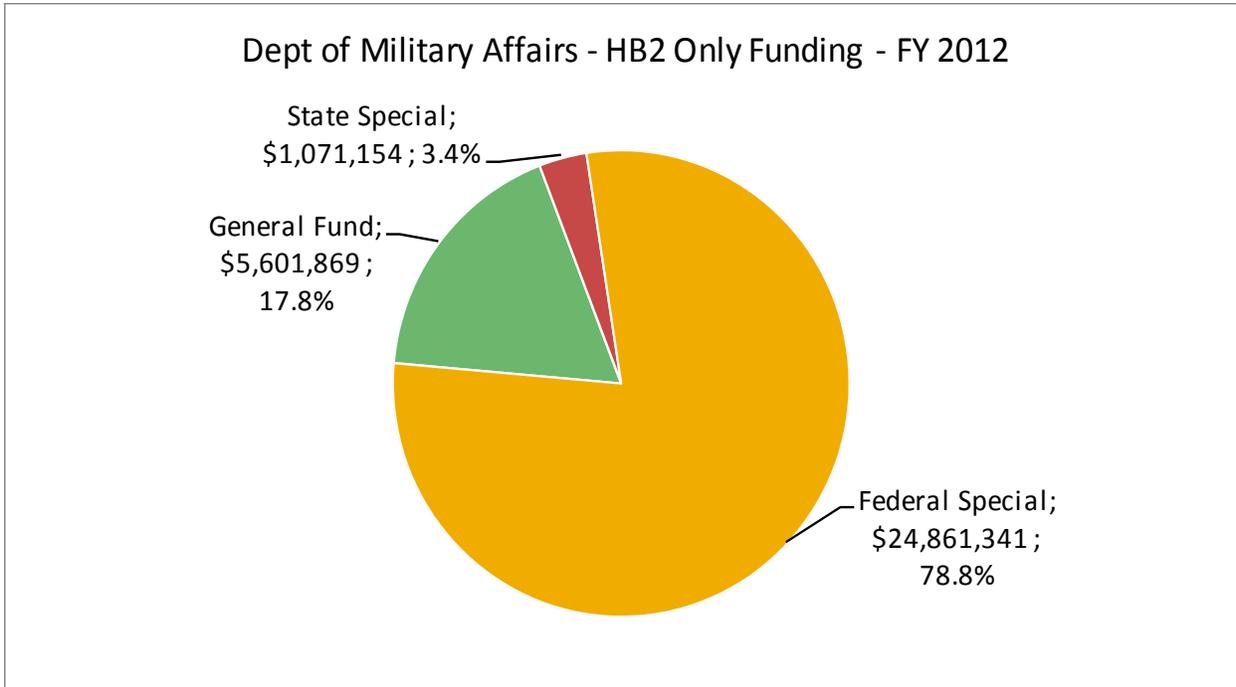
This chart explains how the HB 2 appropriation is spent. Personal service expenditures account for 36% of department costs, and operations account for 48%. This percentage is primarily a reflection of maintaining the various military facilities across the state, which includes utilities, repairs, and contracted services. Costs of facility operations are split between the federal and state government, based upon ownership of each specific facility.

This chart matches the agency base expenditure found in the 2015 Budget Analysis.



# Funding

The following charts show the agency's HB 2 funding authority by fund type and all sources of its total funding authority.



## Funding

The Department of Military Affairs is funded primarily with federal special revenue that supports both personal service and operations costs of the Army and Air Guard programs. Federal funds also support DES and the Youth Challenge Program. Most of the federal programs require a state match, which is most of the general fund expenditures. General fund match is used in the Youth Challenge Program, DES, and Air National Guard Program, as well as in the operations formula for military facilities operations costs that are a federal/state split based upon facility ownership under the Army National Guard Program. General fund also supports administrative costs in Centralized Services and all funding for the Scholarship Program. State special revenue funds primarily support Veterans' Affairs, with revenue from cemetery plot allowances and sale of veteran license plates.

## How the 2013 Legislature Can Effect Change

In order to change expenditure levels and/or Department of Military Affairs activity, the legislature must address one or more of the following basic elements that drive costs.

- Number of military facilities in Montana – each military facility located in Montana creates ongoing and future costs for operations and maintenance. While the federal government typically pays 100% of the capital construction costs, operations and maintenance are split using a federal/state expenditure formula. Therefore, addressing the number of military facilities located in the state may change expenditure and activity levels of the department.
- Level of disaster and emergency preparedness - Montana's disaster and emergency preparedness is directly dependent on general fund support. Emergency management, response, and recovery costs are shared 50/50 by the Department of Homeland Security's Federal Emergency Management Agency (FEMA). Department of Military Affairs identifies that when state funding is not adequate, sufficient resource are not available to plan, organize, equip, train, and exercise robust emergency management program.

## Major Cost Drivers

Federal mobilization of Montana National Guard troops – in December 2012 more than 300 Montana National Guard troops were mobilized or serving overseas in Afghanistan including:

- 495<sup>th</sup> Combat Service Support Battalion
- 484<sup>th</sup> Military Police Company
- 260<sup>th</sup> Engineers
- 189<sup>th</sup> General Aviation Support Battalion

Veteran population – Montana has the 2<sup>nd</sup> largest population of veterans per capita in the country, recently estimated at 105,838. With a large number of young adults enlisting, Montana also has a record number of Montana troops who were previously engaged in combat operations in the Middle East and Afghanistan. The veteran population services include employment, housing, and medical and mental health care. Department expenditures and activities may be changed by looking at service eligibility criteria for a myriad of human services (mental health, drug abuse, homelessness, etc.), as there is historical evidence that veteran populations compose a sizeable percentage of consumers of these services, in particular combat veterans.

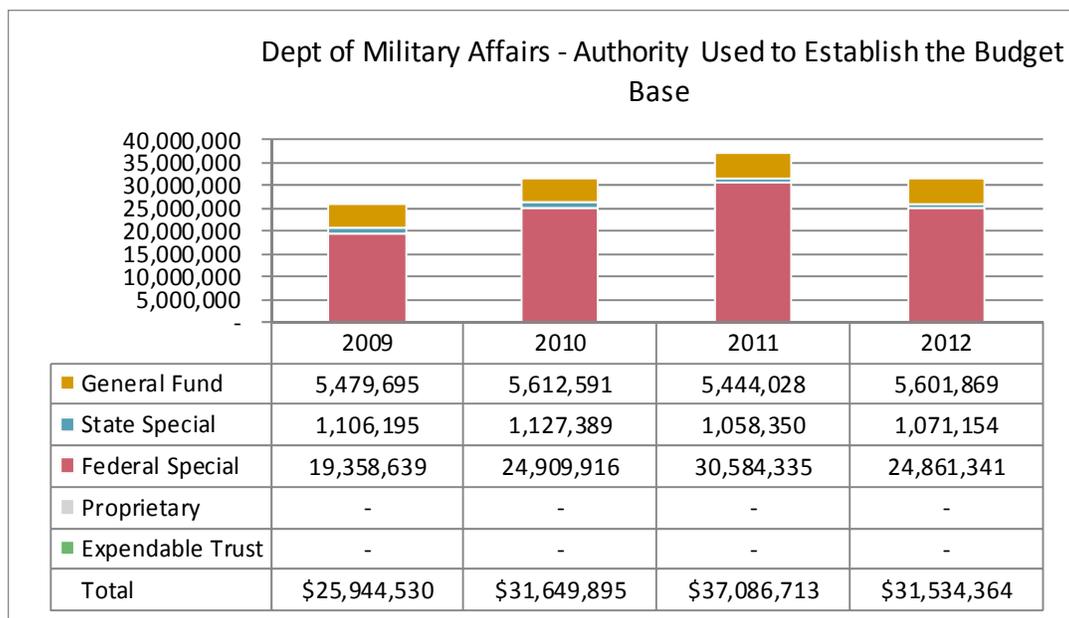
## Major Cost Drivers, cont.

Participation in Youth Challenge Program – The Challenge Program is funded with general fund and federal special revenues at a 25/75 state to federal funding ratio for most costs. Department activity can be changed by determining if and at what level Montana will participate in this optional program.

Element	2008	2012	Significance of Data
Number of military facilities in Montana	257	270	Indicates operations costs
Number of disaster declarations	7	12	Reflects demand for DES services
Number of scholarship awards	388	175	Reflects demand for scholarship funds
Number of Youth Challenge enrollees	169	190	Reflects the demand for youth who required a non-traditional setting for education & life coping skills
Number of Youth Challenge graduates	113	131	Measures an essential component of the program including short & long term success of enrollees
Veterans benefits acquired for Montana veterans	\$114 mil	\$160 mil	Actual receipt of VA monetary benefits resultant of agency services
Number of veterans assisted with benefit claims	4317	3354	Reflects need for professional claim product services
STARBASE Helena participants	130	4503 since fall of 2007	Indicates demand for education program
STARBASE Great Falls participants	n/a	1062 since spring 2012	Indicates demand for education program

## Funding/Expenditure History

The table below shows historical changes to the agency's base budget authority.



The main change in funding levels is due to increased federal grants supporting the Disaster and Emergency Services Division in FY 2011.

## Major Legislative Changes in the Last Ten Years

### Veterans' Cemeteries

The 2003 Legislature authorized the Department to perform pre-application requirements provided in the federal Department of Veterans Affairs National Cemetery Administration's state cemetery grants program.

The 2007 Legislature authorized counties to construct and maintain a veterans' cemetery, and allowed the county to fund the cemetery via imposition of a property tax levy and acceptance of gifts, grants, or donations.

## Major Legislative Changes in the Last Ten Years, cont.

### Search and Rescue Funding

The 2003 Legislature increased fees on certain licenses and created a state special revenue fund for the transfer of funding to entities involved in the search and rescue function.

The 2007 Legislature made the money in the Fish, Wildlife, and Parks (FWP) special revenue account for search and rescue remain available for reimbursement of search and rescue missions and provided matching funds to reimburse counties for search and rescue training and equipment costs.

The 2009 Legislature increased the maximum amount available for transfer to local sheriff's offices for search and rescue operations from \$3,000 to \$6,000 per rescue operation and increased the maximum amount available to match local funds for the purchase of search and rescue equipment from \$2,000 to \$6,000.

### Board of Military Affairs

The 2003 Legislature revised the duties and membership of the Board of Veterans' Affairs and, in addition, created a state special revenue fund for the purpose of supporting Veterans' Affairs operations. The new fund receives revenue from: 1) a \$15 surcharge on a generic license plate sponsored by the Department of Military Affairs; and 2) an additional \$0.50 added to the registration fees for most vehicle types.

### Active military

The 2005 Legislature allowed members of the Montana National Guard on active duty for a contingency operation to be reimbursed for group life insurance. HB 761 also allows the reimbursement of premiums for the group life insurance to be exempt from state taxation. The legislature appropriated \$300,000 of general fund each year for reimbursement of group life insurance premiums.

The 2007 Legislature transferred \$1.0 million of general fund to a state special revenue fund, established for the purpose of creating a Montana military family relief fund. All money transferred to the fund by the legislature, all monetary contributions, gifts, grants, etc., must be deposited to the state special revenue account and is statutorily appropriated to the Department of Military Affairs for relief grants to National Guard and Reserve members or family members.

### ChalleNGe Program

The 2007 Legislature provided the state statutory authorization for the Montana National Guard Youth ChalleNGe Program.

### Armories and other military facilities

The 2009 Legislature provided \$1.3 million in federal special revenue for the National Guard Bureau approved projects to improve, repair and modernize facilities through the American Recovery and Reinvestment Act. In addition, the legislature provided general fund appropriations of \$250,000 for a military museum and \$750,000 for Improvised Explosive Device (IED) training.

The 2009 Legislature created a Montana National Guard land purchase account in the state special revenue fund and required that if the state sells an armory, the money from the sale must be deposited in the account. It also created a statutory appropriation from the account for the preparations to purchase or for the purchase of land necessary for the Montana National Guard's mission upon the authorization of the Governor.

For further information, you may wish to contact the agency at: Department of Military Affairs

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