

DEPARTMENT OF MILITARY AFFAIRS

Section A

JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

-----Agencies-----

Commissioner of Political Practice
Dept. of Administration
Dept. of Commerce
Dept. of Labor & Industry
Dept. of Military Affairs
Dept. of Revenue

Governor's Office
Legislative Branch
Montana Consumer Counsel
Secretary of State
State Auditor's Office

-----Committee Members-----

House

Representative Terry Falk (Chair)
Representative Luke Musziewicz
Representative Ken Walsh

Senate

Senator Forrest Mandeville (Vice Chair)
Senator Derek Harvey
Senator Tony Tezak

-----Fiscal Division Staff-----

Molly DelCurto
Ethan Bergen
Katie Guenther

Agency Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Agency Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	234.66	249.66	249.66	15.00	3.2%
General Fund	9,113,675	11,151,139	11,156,970	4,080,759	22.4%
State/Other Special Rev. Funds	1,175,587	1,551,171	1,504,993	704,990	30.0%
Federal Spec. Rev. Funds	48,822,301	49,995,595	50,130,331	2,481,324	2.5%
Total Funds	59,111,563	62,697,905	62,792,294	7,267,073	6.1%
Personal Services	21,514,133	24,111,242	24,373,259	5,456,235	12.7%
Operating Expenses	22,174,153	23,032,886	22,865,258	1,549,838	3.5%
Equipment & Intangible Assets	150,536	225,536	225,536	150,000	49.8%
Grants	13,240,681	13,296,181	13,296,181	111,000	0.4%
Benefits & Claims	800	800	800		0.0%
Transfers	1,617,260	1,617,260	1,617,260		0.0%
Debt Service	414,000	414,000	414,000		0.0%
Total Expenditures	59,111,563	62,697,905	62,792,294	7,267,073	6.1%
Total Ongoing	59,111,563	62,697,905	62,792,294	7,267,073	6.1%
Total One-Time-Only					0.0%

Agency Highlights

Department of Military Affairs Major Budget Highlights
<ul style="list-style-type: none"> • The Department of Military Affairs' 2027 biennium requested appropriations are approximately \$7.3 million or 6.1% higher than the FY 2025 base budget. Significant requested changes include: <ul style="list-style-type: none"> ◦ An increase in general fund appropriations of \$3.5 million in the Veterans' Affairs Division to support 11.00 PB in converting these previously modified positions into HB 2 permanent ◦ Appropriations of \$190,000 to support 1.00 PB within the Director's Office for a human resources position ◦ Federal special revenue appropriations of \$428,000, funding 3.00 PB, for case managers within the Youth ChalleNGe Program ◦ Increase of \$1.4 million to be used towards firefighter overtime pay within the Air National Guard Program ◦ An increase of \$136,000 in funding to aid county search and rescue missions and training in the Disaster and Emergency Services Program ◦ An increase of \$685,000 in state special revenue in the Veterans' Affairs Division for Veteran Service Office and Veterans' Affairs Cemetery operational costs

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Department of Military Affairs 2027 Biennium Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	9,113,675	1,175,587	48,822,301	59,111,563	94.3%	9,113,675	1,175,587	48,822,301	59,111,563	94.1%
Statewide PL										
Personal Services	113,162	(67,649)	(273,665)	(228,152)	(0.4%)	127,951	(63,613)	(225,344)	(161,006)	(0.3%)
Fixed Costs	45,878	4,809	2,826	53,513	0.1%	10,661	4,408	(52,658)	(37,589)	(0.1%)
Inflation Deflation	(3,428)	(576)	(3,630)	(7,634)	(0.0%)	(2,320)	(389)	(2,451)	(5,160)	(0.0%)
Total Statewide PL	155,612	(63,416)	(274,469)	(182,273)	(0.3%)	136,292	(59,594)	(280,453)	(203,755)	(0.3%)
Present Law (PL)	0	439,000	1,129,445	1,568,445	2.5%	0	389,000	1,173,332	1,562,332	2.5%
New Proposals	1,881,852	0	318,318	2,200,170	3.5%	1,907,003	0	415,151	2,322,154	3.7%
Total HB 2 Adjustments	2,037,464	375,584	1,173,294	3,586,342	5.7%	2,043,295	329,406	1,308,030	3,680,731	5.9%
Total Requested Budget	11,151,139	1,551,171	49,995,595	62,697,905		11,156,970	1,504,993	50,130,331	62,792,294	

Statewide Present Law Adjustment for Personal Services

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP1) has been broken down into three categories, as follows:

- Legislative changes - This category includes adjustments explicitly approved by the legislature, such as, changes to benefit rates, longevity adjustments required by statute, and changes in rates for workers' compensation and unemployment insurance
- Management changes - This category includes agency management decisions that adjust personal services related to changes in pay. This includes changes such as hiring positions budgeted (PB) 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 2025 personal services base budget such as management decisions to transfer personal services funding between programs within an agency or movement of personal services funding to or from another 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.

Department of Military Affairs				
FY 2026 Statewide Present Law Adjustment for Personal Services (DP1)				
Program	Legislative Changes	Management Changes	Budget Modifications	Total DP1
01 Directors Office	\$ (2,381)	28,303	80,160	106,082
02 Challenge Program	\$ 94,320	82,638	-	176,958
03 Scholarship Program*	-	-	-	-
04 STARBASE	\$ 1,723	(7,140)	-	(5,417)
12 Army National Guard Program	\$ 52,406	190,453	(429,004)	(186,145)
13 Air National Guard Program	\$(418,733)	(51,344)	-	(470,077)
21 Disaster and Emergency Services Program	\$ 41,792	277,778	-	319,570
31 Veterans Affairs Program	\$ (79,163)	(89,960)	-	(169,123)
Agency Total	\$(310,036)	430,728	(348,844)	\$ (228,152)

*The Scholarship Program does not have any personal services funding as all of their funding is within transfers

In the table above, the requested change in personal services funding is broken out by each program within the department as well as showing the agency as a whole. Further detail is provided at the program level.

Funding

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

Total Department of Military Affairs Funding by Source of Authority 2027 Biennium Budget Request						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	22,308,109			90,000	22,398,109	17.7%
02548 Veterans Affairs SB401	1,406,868				1,406,868	1.1%
02214 Veterans Affairs Cemeteries				1,182,419	1,182,419	0.9%
02457 Veterans Affairs HB701 SSR	1,046,096				1,046,096	0.8%
02170 SAR DES Off Road Vehicle	400,308				400,308	0.3%
02222 Patriotic License Plate Fees	160,848				160,848	0.1%
Other State Special Revenue	42,044			80,000	122,044	0.1%
State Special Revenue Total	3,056,164			1,262,419	4,318,583	3.4%
03132 National Guard	40,360,526				40,360,526	31.8%
03143 DES Homeland Security 97.067	15,302,576				15,302,576	12.1%
03453 Air National Guard	13,028,437				13,028,437	10.3%
03134 DES Emergency Mgmt Perf 97.042	10,947,247				10,947,247	8.6%
03410 Challenge NG Funding (4001)	9,648,094				9,648,094	7.6%
Other Federal Special Revenue	10,839,046				10,839,046	8.5%
Federal Special Revenue Total	100,125,926				100,125,926	78.9%
Proprietary Fund Total						0.0%
Total of All Funds	125,490,199			1,352,419	126,842,618	
Percent of All Sources of Authority	98.9%	0.0%	0.0%	1.1%		

*HB 2 Appropriations*General Fund

General fund supports most programs within the agency, while also funding all of the National Guard Scholarship Program.

State Special Revenue

State special revenue funding provides a smaller piece of the total appropriation authority for the agency. This funding is mainly within the Disaster and Emergency Services and Veterans' Affairs programs. Further detail on each of these funds is provided at the program level.

Federal Special Revenue

When considering HB 2 appropriations, federal special revenue incorporates the largest amount of funding within the Department of Military Affairs. Funding requirements for federal special revenue are guided by federal government initiatives, programs, and objectives within the agency. Individual details on this can be found at the program level.

*Statutory Appropriations*General Fund

Appropriations within general fund that are classified as statutory are for the civil air patrol within the Disaster and Emergency Services Program.

State Special Revenue Funds

State special revenues are the majority of statutory appropriations. This funding is primarily within the Veterans' Affairs Program, with the largest portion going towards veterans' affairs cemeteries. More detail on this funding can be found at the program level.

*Notable Statutory Appropriations Not Included in the Above Chart*Governor's Emergency Fund (10-3-312, MCA)

Statute provides the Governor with \$20.0 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.

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.

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 with 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.

Agency Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	234.66	234.66	249.66	249.66
Personal Services	19,923,538	20,625,097	21,514,133	24,111,242	24,373,259
Operating Expenses	19,791,109	21,395,184	22,174,153	23,032,886	22,865,258
Equipment & Intangible Assets	296,563	348,764	150,536	225,536	225,536
Grants	12,746,019	13,192,933	13,240,681	13,296,181	13,296,181
Benefits & Claims	1,501	2,953	800	800	800
Transfers	1,039,252	1,233,176	1,617,260	1,617,260	1,617,260
Debt Service	342,219	414,000	414,000	414,000	414,000
Total Expenditures	\$54,140,201	\$57,212,107	\$59,111,563	\$62,697,905	\$62,792,294
General Fund	8,192,118	8,688,043	9,113,675	11,151,139	11,156,970
State/Other Special Rev. Funds	984,594	1,008,218	1,175,587	1,551,171	1,504,993
Federal Spec. Rev. Funds	44,963,489	47,515,846	48,822,301	49,995,595	50,130,331
Total Funds	\$54,140,201	\$57,212,107	\$59,111,563	\$62,697,905	\$62,792,294
Total Ongoing	\$54,115,330	\$57,187,107	\$59,111,563	\$62,697,905	\$62,792,294
Total OTO	\$24,871	\$25,000	\$0	\$0	\$0

Agency Description

The Department of Military Affairs oversees all activities of the Army and Air National Guard, Disaster and Emergency Services Division, and provides administrative support to the Veterans' Affairs Division, which is administratively attached to the department.

Please refer to the agency profile [here](#) for additional information about the agency's organization structure, historical expenditures, goals and objectives, and recent studies and audits.

FY 2024 Appropriations Compared to FY 2024 Actual Expenditures

The agency expended 94.6% of its \$57.2 million HB 2 modified budget as of fiscal year-end 2024. This closely aligns with their anticipated expenditures as of the end of the fiscal year.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The FY 2025 appropriations are 3.3% higher, or \$1.9 million, than the FY 2024. The minor differences in the appropriations across the fiscal years come mainly from the HB 13 pay plan as well as minor changes between accounts. These will be discussed in more detail within the respective program.

Comparison of FY 2025 Legislative Budget to FY 2025 Base

The figure below illustrates the beginning FY 2025 budget as adopted by the 2023 Legislature compared to the FY 2025 base budget, which includes modifications as approved by the approving authority (as authorized in statute) during the interim. The FY 2025 base budget was agreed upon by the Office of Budget and Program Planning and the Fiscal Division to be the point from which any changes would be recorded for the 2027 biennium budgeting process.

Department of Military Affairs				
Comparison of the FY 2025 Legislative Budget to the FY 2025 Base Budget				
	Legislative Budget	Executive Modifications	Base Budget	% Change
01 DIRECTORS OFFICE				
61000 Personal Services	\$ 1,501,277	\$ -	\$ 1,501,277	0.0%
62000 Operating Expenses	259,192	(100)	259,092	0.0%
67000 Benefits & Claims		100	100	100.0%
68000 Transfers	50,655		50,655	0.0%
Total	1,811,124	-	1,811,124	0.0%
02 CHALLENGE PROGRAM				0.0%
61000 Personal Services	4,010,866	-	4,010,866	0.0%
62000 Operating Expenses	1,809,776	(100)	1,809,676	0.0%
67000 Benefits & Claims		100	100	100.0%
Total	5,820,642	-	5,820,642	0.0%
03 SCHOLARSHIP PROGRAM				0.0%
62000 Operating Expenses	250,000		250,000	0.0%
Total	250,000		250,000	0.0%
04 STARBASE				0.0%
61000 Personal Services	602,930	-	602,930	0.0%
62000 Operating Expenses	618,194	(100)	618,094	0.0%
67000 Benefits & Claims		100	100	100.0%
Total	1,221,124	-	1,221,124	0.0%
12 ARMY NATIONAL GUARD PGM				0.0%
61000 Personal Services	5,340,785	321,555	5,662,340	6.0%
62000 Operating Expenses	16,241,642	(321,755)	15,919,887	-2.0%
63000 Equipment & Intangible Assets	150,536		150,536	0.0%
67000 Benefits & Claims		200	200	100.0%
68000 Transfers	25,000		25,000	0.0%
69000 Debt Service	390,000		390,000	0.0%
Total	22,147,963	-	22,147,963	0.0%
13 AIR NATIONAL GUARD PGM				0.0%
61000 Personal Services	4,201,364		4,201,364	0.0%
62000 Operating Expenses	2,159,423	(100)	2,159,323	0.0%
67000 Benefits & Claims		100	100	100.0%
Total	6,360,787	-	6,360,787	0.0%
21 DISASTER & EMERGENCY SERVICES				0.0%
61000 Personal Services	3,077,190	-	3,077,190	0.0%
62000 Operating Expenses	863,985	(100)	863,885	0.0%
66000 Grants	13,205,681		13,205,681	0.0%
67000 Benefits & Claims		100	100	100.0%
68000 Transfers	1,521,605		1,521,605	0.0%
Total	18,668,461	-	18,668,461	0.0%
31 VETERANS AFFAIRS PROGRAM				0.0%
61000 Personal Services	2,458,166		2,458,166	0.0%
62000 Operating Expenses	294,296	(100)	294,196	0.0%
66000 Grants	35,000		35,000	0.0%

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67000 Benefits & Claims		100	100	100.0%
68000 Transfers	20,000		20,000	0.0%
69000 Debt Service	24,000		24,000	0.0%
Total	2,831,462	-	2,831,462	0.0%
Agency Total	\$ 59,111,563	\$ -	\$ 59,111,563	0.0%

In comparing the FY 2025 legislative budget to the FY 2025 base budget, there were few executive modifications. The largest modification shown in the chart above is a transfer of funding from operating expenses to personal services, which allowed for 3.00 modified PB. The other modification, which is across all divisions, is the movement of appropriations from operating expenses into benefits and claims to account for anticipated Risk Management and Tort Defense deductibles.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	15.21	16.21	16.21	1.00	3.3%
General Fund	1,140,705	1,324,512	1,308,200	351,302	15.4%
Federal Spec. Rev. Funds	670,419	710,730	712,021	81,913	6.1%
Total Funds	1,811,124	2,035,242	2,020,221	433,215	12.0%
Personal Services	1,501,277	1,700,797	1,704,195	402,438	13.4%
Operating Expenses	259,092	283,690	265,271	30,777	5.9%
Benefits & Claims	100	100	100		0.0%
Transfers	50,655	50,655	50,655		0.0%
Total Expenditures	1,811,124	2,035,242	2,020,221	433,215	12.0%
Total Ongoing	1,811,124	2,035,242	2,020,221	433,215	12.0%
Total One-Time-Only					0.0%

Program Highlights

Director's Office Major Budget Highlights
<ul style="list-style-type: none"> • The Director's Office's 2027 biennium requested appropriations are approximately \$433,000 or 12.0% higher than the FY 2025 base budget • Of the overall increase in appropriations, \$402,000 of this is within personal services. Significant requested changes include: <ul style="list-style-type: none"> ◦ An increase of \$187,000 for 1.00 PB for a human resources position ◦ An increase of \$216,000 for additional funding for a position that was transferred from the Army National Guard, as well as pay rate changes

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Director's Office 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	1,140,705	0	670,419	1,811,124	89.0%	1,140,705	0	670,419	1,811,124	89.6%
Statewide PL										
Personal Services	65,771	0	40,311	106,082	5.2%	67,878	0	41,602	109,480	5.4%
Fixed Costs	1,817	0	0	1,817	0.1%	1,192	0	0	1,192	0.1%
Inflation Deflation	(19)	0	0	(19)	(0.0%)	(13)	0	0	(13)	(0.0%)
Total Statewide PL	67,569	0	40,311	107,880	5.3%	69,057	0	41,602	110,659	5.5%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	116,238	0	0	116,238	5.7%	98,438	0	0	98,438	4.9%
Total HB 2 Adjustments	183,807	0	40,311	224,118	11.0%	167,495	0	41,602	209,097	10.4%
Total Requested Budget	1,324,512	0	710,730	2,035,242		1,308,200	0	712,021	2,020,221	

Funding

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

Department of Military Affairs, 01-Director's 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	2,632,712	0	0	0	2,632,712	64.9%	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
03132 National Guard	614,309	0	0	0	614,309	43.2%	
03134 DES Emergency Mgmt Perf 97.042	162,304	0	0	0	162,304	11.4%	
03143 DES Homeland Security 97.067	41,722	0	0	0	41,722	2.9%	
03410 Challenge NG Funding (4001)	282,934	0	0	0	282,934	19.9%	
03411 Starbase NG Funding (4002)	64,312	0	0	0	64,312	4.5%	
03453 Air National Guard	257,170	0	0	0	257,170	18.1%	
Federal Special Total	\$1,422,751	\$0	\$0	\$0	\$1,422,751	35.1%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$4,055,463	\$0	\$0	\$0	\$4,055,463		

HB 2 Appropriations

General Fund

The majority of appropriations from HB 2 within the Director's Office come from general fund. General fund provides funding for federal-state matching requirements. General fund also provides funding for the General, Deputy Director, and information technology (IT) staff positions in the Director's Office and all operating costs.

Federal Special Revenue

Federal funds within this program are utilized through a centralized personnel plan across the other divisions within the agency. Financial and human resource staff are allocated across the different divisions from a funding perspective through financial activity and human resources through the number of PB.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	15.21	15.21	16.21	16.21
Personal Services	1,343,507	1,452,120	1,501,277	1,700,797	1,704,195
Operating Expenses	239,678	295,627	259,092	283,690	265,271
Benefits & Claims	0	100	100	100	100
Transfers	0	50,655	50,655	50,655	50,655
Total Expenditures	\$1,583,185	\$1,798,502	\$1,811,124	\$2,035,242	\$2,020,221
General Fund	1,040,684	1,147,632	1,140,705	1,324,512	1,308,200
Federal Spec. Rev. Funds	542,501	650,870	670,419	710,730	712,021
Total Funds	\$1,583,185	\$1,798,502	\$1,811,124	\$2,035,242	\$2,020,221
Total Ongoing	\$1,558,314	\$1,773,502	\$1,811,124	\$2,035,242	\$2,020,221
Total OTO	\$24,871	\$25,000	\$0	\$0	\$0

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.

FY 2024 Appropriations Compared to FY 2024 Expenditures

The Director's Office of the Department of Military affairs is funded through general fund and federal special revenue. The general fund portion of their funding encapsulates 63.8%, or \$1.1 million, of their total funding, while the remaining 36.2%, or \$651,000, is from federal funding. The HB 2 modified budget of \$1.8 million was 88.0% expended at the end of FY 2024.

Personal services incorporate 80.7% of the total HB 2 budget and was 92.5%, or \$1.3 million, expended at the end of FY 2024. The Director's Office has 15.21 PB for FY 2024 with 94.9% utilization of the hours budgeted for these positions. Within this division, 0.21 PB have been considered vacant for all of FY 2024. However, this position is currently filled as a modified HB 2 PB being funded through federal special revenue funding. The Homeland Security Grant that is currently funding this position is set to expire at the end of August 2025 and the agency intends to use the permanent HB 2 funding for this position at the expiration of these funds. Within personal services, the lower percent expended within the program is due to turnover experienced in the FY as well as the Adjutant General and deputy director both taking leave without pay while on federal orders.

Appropriations within operating expenses for the Directors Office amount to 16.4% of the total appropriations with \$240,000 of the \$296,000 in appropriations, or 81.1%, being expended as of the end of FY 2024.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Appropriations from FY 2025 as compared to FY 2024 are 0.7%, or \$12,600, higher. The minor differences in the appropriations across the two years are due to the HB 13 pay plan and the transferring of HB 2 authority to other programs across the agency for an inflationary adjustment.

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 2026					Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	65,771	0	40,311	106,082	0.00	67,878	0	41,602	109,480
DP 2 - Fixed Costs	0.00	1,817	0	0	1,817	0.00	1,192	0	0	1,192
DP 3 - Inflation Deflation	0.00	(19)	0	0	(19)	0.00	(13)	0	0	(13)
Grand Total All Present Law Adjustments	0.00	\$67,569	\$0	\$40,311	\$107,880	0.00	\$69,057	\$0	\$41,602	\$110,659

***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 2025 biennium

Department of Military Affairs Directors Office FY 2026 Statewide Present Law Adjustment for Personal Services (DP1)	
Legislative Changes	\$ (2,381)
Management Changes	28,303
Total Budget Modifications	80,160
Total	\$ 106,082

The executive requests an increase in personal services funding for the upcoming biennium. This increase is due to the transfer of 1.00 PB into the program from the Army National Guard Program through a budget modification during the interim. The transfer of this position did not include a corresponding transfer of funding, so when the statewide present law adjustment is calculated there is an increase for this position. There is a corresponding decrease in the Army National Guard Program for the personal services funding that is included in their budget, that is no longer needed because they do not have the 1.00 PB that was transferred. The increase within management changes is due to pay rate changes, including retention, reclassification adjustments, and promotions.

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, 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 in-state state motor pool and motor pool leased vehicles.

New Proposals

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

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1001 - DO HR Staffing	1.00	96,238	0	0	96,238	1.00	93,438	0	0	93,438
DP 1002 - DO IT Project Implementation	0.00	20,000	0	0	20,000	0.00	5,000	0	0	5,000
Total	1.00	\$116,238	\$0	\$0	\$116,238	1.00	\$98,438	\$0	\$0	\$98,438

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

DP 1001 - DO HR Staffing -

The executive requests an increase in PB with the associated personal services funding for additional human resources (HR) staff. This requested position will aid in general HR workload, as well as assist in hiring efforts to decrease the time positions are not filled due to staff turnover.

DP 1002 - DO IT Project Implementation -

The executive requests an increase in general fund appropriations for the purpose of information technology (IT) project implementation and license costs. Specifically, this request would provide for the purchase, implementation, and on-going licensure costs for Multi-Factor Authentication (MFA). The implementation of MFA is part of the agency's IT strategic plan to enhance security and be in compliance with various standards.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	54.15	57.15	57.15	3.00	2.8%
General Fund	1,415,421	1,517,224	1,515,910	202,292	7.1%
Federal Spec. Rev. Funds	4,405,221	4,708,897	4,705,397	603,852	6.9%
Total Funds	5,820,642	6,226,121	6,221,307	806,144	6.9%
Personal Services	4,010,866	4,397,567	4,403,095	778,930	9.7%
Operating Expenses	1,809,676	1,828,454	1,818,112	27,214	0.8%
Benefits & Claims	100	100	100		0.0%
Total Expenditures	5,820,642	6,226,121	6,221,307	806,144	6.9%
Total Ongoing	5,820,642	6,226,121	6,221,307	806,144	6.9%
Total One-Time-Only					0.0%

Program Highlights

Youth ChalleNGe Program Major Budget Highlights
<ul style="list-style-type: none"> • The Youth ChalleNGe Program’s 2027 biennium requested appropriations are approximately \$806,000 or 6.9% higher than the FY 2025 base budget • An increase within general fund of 7.1%, or \$202,000, as well as an increase in federal special revenue funds of 6.9%, or \$604,000. Notable requested changes within this include: <ul style="list-style-type: none"> ◦ \$419,000 of appropriations to fund 3.00 PB for new case managers within the program, along with \$8,000 in operating expenses for the same purpose ◦ An increase of \$359,000 for personal services benefits and pay rate changes made by the program

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Challenge Program 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	1,415,421	0	4,405,221	5,820,642	93.5%	1,415,421	0	4,405,221	5,820,642	93.6%
Statewide PL										
Personal Services	44,250	0	132,708	176,958	2.8%	45,650	0	136,836	182,486	2.9%
Fixed Costs	3,113	0	9,340	12,453	0.2%	2,459	0	7,379	9,838	0.2%
Inflation Deflation	(100)	0	(1,975)	(2,075)	(0.0%)	(70)	0	(1,332)	(1,402)	(0.0%)
Total Statewide PL	47,263	0	140,073	187,336	3.0%	48,039	0	142,883	190,922	3.1%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	54,540	0	163,603	218,143	3.5%	52,450	0	157,293	209,743	3.4%
Total HB 2 Adjustments	101,803	0	303,676	405,479	6.5%	100,489	0	300,176	400,665	6.4%
Total Requested Budget	1,517,224	0	4,708,897	6,226,121		1,515,910	0	4,705,397	6,221,307	

Funding

The following table shows proposed program 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	3,033,134	0	0	0	3,033,134	24.4%	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
03132 National Guard	49,134	0	0	0	49,134	0.5%	
03410 Challenge NG Funding (4001)	9,365,160	0	0	0	9,365,160	99.5%	
Federal Special Total	\$9,414,294	\$0	\$0	\$0	\$9,414,294	75.6%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$12,447,428	\$0	\$0	\$0	\$12,447,428		

HB 2 Appropriations

General Fund

General fund appropriations account for approximately a quarter of the total appropriations within this program. Funding for the program is because of federal/state cooperative agreements which require a 25.0% state match. General fund is used to meet that state match requirement.

Federal Special Revenue

The remaining appropriations within the Youth ChalleNGe Program are centralized within federal special revenue funds. Most federal special revenues within federal/state cooperative agreements utilize the remaining 75.0% of funding that is not made up within general fund. Certain exceptions to this, such as special projects required by cooperative agreements, are entirely funded through federal funds.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	54.15	54.15	57.15	57.15
Personal Services	4,036,535	4,037,515	4,010,866	4,397,567	4,403,095
Operating Expenses	1,805,041	1,887,168	1,809,676	1,828,454	1,818,112
Equipment & Intangible Assets	0	23,114	0	0	0
Benefits & Claims	251	253	100	100	100
Total Expenditures	\$5,841,827	\$5,948,050	\$5,820,642	\$6,226,121	\$6,221,307
General Fund	1,344,919	1,346,867	1,415,421	1,517,224	1,515,910
Federal Spec. Rev. Funds	4,496,908	4,601,183	4,405,221	4,708,897	4,705,397
Total Funds	\$5,841,827	\$5,948,050	\$5,820,642	\$6,226,121	\$6,221,307
Total Ongoing	\$5,841,827	\$5,948,050	\$5,820,642	\$6,226,121	\$6,221,307
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Montana National Guard Youth ChalleNGe Program is a volunteer 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 reside to provide a positive role model and to assist the student in gaining employment or enrolling in post-secondary schooling.

FY 2024 Appropriations Compared to FY 2024 Expenditures

Within the Department of Military Affairs, the ChalleNGe Program is funded through general fund and federal special revenue. Within FY 2024, the ChalleNGe Program expended 98.2% of its FY 2024 appropriation, this aligns closely with the anticipated expenditure for this program. This program utilized 100.0% of its \$4.0 million personal services appropriation authority, as well as 95.6% of its operating expenses in FY 2024.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Appropriations for FY 2025 within the ChalleNGe Program are 2.1% lower than the FY 2024 appropriations. The decrease in FY 2025 appropriations is within personal services, operating expenses, and equipment and intangible assets. This program experienced an increase in its federal award; however, did not have additional appropriation authority for this amount in FY 2024. Due to this, the Department of Military Affairs transferred operating expense authority into this program from the Army National Guard.

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 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	44,250	0	132,708	176,958	0.00	45,650	0	136,836	182,486
DP 2 - Fixed Costs	0.00	3,113	0	9,340	12,453	0.00	2,459	0	7,379	9,838
DP 3 - Inflation Deflation	0.00	(100)	0	(1,975)	(2,075)	0.00	(70)	0	(1,332)	(1,402)
Grand Total All Present Law Adjustments	0.00	\$47,263	\$0	\$140,073	\$187,336	0.00	\$48,039	\$0	\$142,883	\$190,922

*"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 2025 biennium

Department of Military Affairs Youth ChalleNGe Program FY 2026 Statewide Present Law Adjustment for Personal Services (DP1)	
Legislative Changes	\$ 94,320
Management Changes	82,638
Total Budget Modifications	-
Total	\$ 176,958

The executive requests an increase in personal services funding for the upcoming biennium. This increase is due to both legislative and management changes. The legislative changes are primarily because of an increase in the cost of benefits. Management changes are mainly due to various pay adjustments made by the division, including career ladder adjustments, promotions, and changes in the median market pay rate for vacant positions.

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, 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 in-state state motor pool and motor pool leased vehicles.

New Proposals

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

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 2001 - MYCA Case Managers	3.00	54,540	0	163,603	218,143	3.00	52,450	0	157,293	209,743
Total	3.00	\$54,540	\$0	\$163,603	\$218,143	3.00	\$52,450	\$0	\$157,293	\$209,743

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

DP 2001 - MYCA Case Managers -

The executive requests an increase in general fund and federal special revenue for 3.00 PB. In March 2023, the federal National Guard Bureau changed the case manager per graduate ratio. This requested increase is to comply with the change and has a 75.0% federal funding and 25.0% general fund appropriation split.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison						
Budget Item	Base Budget		Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent	
General Fund	250,000	250,000	250,000			0.0%
Total Funds	250,000	250,000	250,000			0.0%
Operating Expenses	250,000	250,000	250,000			0.0%
Total Expenditures	250,000	250,000	250,000			0.0%
Total Ongoing	250,000	250,000	250,000			0.0%
Total One-Time-Only						0.0%

Program Highlights

Scholarship Program Major Budget Highlights
<ul style="list-style-type: none"> The National Guard Scholarship Program’s 2027 biennium requested appropriations are the same as the FY 2025 base budget

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Scholarship Program 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	250,000	0	0	250,000	100.0%	250,000	0	0	250,000	100.0%
Statewide PL										
Personal Services	0	0	0	0	0.0%	0	0	0	0	0.0%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	0	0	0	0.0%	0	0	0	0	0.0%
Present Law (PL)										
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Requested Budget	250,000	0	0	250,000		250,000	0	0	250,000	

Funding

The following table shows proposed program 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	100.0%
State Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$500,000	\$0	\$0	\$0	\$500,000	

HB 2 Appropriations

General Fund

The Scholarship Program is entirely funded through general fund. This funding is centralized within operating expenses for the upcoming biennium. A brochure, published in June 2024, containing additional information on this, can be found [here](#).

LFD COMMENT	The agency has executed a budget modification to move this appropriation authority to transfers to provide to the Office of the Commissioner of Higher Education. In the November 15 budget, appropriation authority was in operating expenses. The executive will include a request to move this authority from operating expenses to transfer authority in the December 15 budget submission.
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Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
Operating Expenses	0	0	250,000	250,000	250,000
Transfers	250,000	250,000	0	0	0
Total Expenditures	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
General Fund	250,000	250,000	250,000	250,000	250,000
Total Funds	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Total Ongoing	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Montana National Guard 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.

FY 2024 Appropriations Compared to FY 2024 Expenditures

The Scholarship Program in FY 2024 utilized 100.0% of the program appropriations. This is in line with anticipated expenditures at the end of the fiscal year. The Scholarship Program operates in conjunction with the Office of the Commissioner of Higher Education in administering the scholarship. This scholarship is applied as a tuition waiver for eligible recipients. Below is a chart which depicts the program expenditures, and additional tuition waived by the Montana University System (MUS).

National Guard Scholarship Financial Summary				
	FY 2021	FY 2022	FY 2023	FY 2024
Numbers of Awards	58	166	325	480
Total Tuition to be Waived	\$ 26,848	\$ 244,971	\$ 475,667	\$ 585,161
HB 2 Scholarship Program Appropriation	207,362	244,971	250,001	250,000
Funding Applied to Tuition	26,848	244,971	475,667	585,161
Funding Sent to MUS to be Held in Reserve	180,514	-	-	-
Reserve Funding Used	-	-	180,514	-
Tuition Waived by MUS	-	-	\$ 45,152	\$ 335,161

FY 2024 Appropriation Compared to FY 2025 Appropriation

Appropriations for FY 2025 are exactly the same as FY 2024 appropriations for the Scholarship Program.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison						
Budget Item	Base Budget	Requested Budget		Biennium Change from Base		
	FY 2025	FY 2026	FY 2027	Amount	Percent	
PB	7.00	7.00	7.00	0.00	0.0%	
Federal Spec. Rev. Funds	1,221,124	1,665,420	1,694,785	917,957	37.6%	
Total Funds	1,221,124	1,665,420	1,694,785	917,957	37.6%	
Personal Services	602,930	597,513	599,031	(9,316)	(0.8%)	
Operating Expenses	618,094	1,067,807	1,095,654	927,273	75.0%	
Benefits & Claims	100	100	100		0.0%	
Total Expenditures	1,221,124	1,665,420	1,694,785	917,957	37.6%	
Total Ongoing	1,221,124	1,665,420	1,694,785	917,957	37.6%	
Total One-Time-Only					0.0%	

Program Highlights

STARBASE Program Major Budget Highlights
<ul style="list-style-type: none"> • The STARBASE Program's 2027 biennium requested appropriations are approximately \$918,000 or 37.6% higher than the FY 2025 base budget. Significant changes include: <ul style="list-style-type: none"> ◦ An increase in operating expense authority of \$927,000 with notable requested changes being: <ul style="list-style-type: none"> ▪ An increase of \$913,000 to accommodate a proposed STARBASE location in Billings, as well as additional outreach for the program

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Starbase 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	0	0	1,221,124	1,221,124	73.3%	0	0	1,221,124	1,221,124	72.1%
Statewide PL										
Personal Services	0	0	(5,417)	(5,417)	(0.3%)	0	0	(3,899)	(3,899)	(0.2%)
Fixed Costs	0	0	7,359	7,359	0.4%	0	0	7,206	7,206	0.4%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	0	1,942	1,942	0.1%	0	0	3,307	3,307	0.2%
Present Law (PL)	0	0	442,354	442,354	26.6%	0	0	470,354	470,354	27.8%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	0	444,296	444,296	26.7%	0	0	473,661	473,661	27.9%
Total Requested Budget	0	0	1,665,420	1,665,420		0	0	1,694,785	1,694,785	

Funding

The following table shows proposed program 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	0.0%	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
03411 Starbase NG Funding (4002)	3,357,249	0	0	0	3,357,249	99.9%	
03453 Air National Guard	2,956	0	0	0	2,956	0.1%	
Federal Special Total	\$3,360,205	\$0	\$0	\$0	\$3,360,205	100.0%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$3,360,205	\$0	\$0	\$0	\$3,360,205		

HB 2 Appropriations

Federal Special Revenue

The STARBASE Program is entirely funded through federal special revenue funds. Appropriations are within two different funds. This funding supports all of the STARBASE operations and personnel as this division is entirely funded by federal special revenue.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	7.00	7.00	7.00	7.00
Personal Services	322,949	397,507	602,930	597,513	599,031
Operating Expenses	786,967	790,674	618,094	1,067,807	1,095,654
Benefits & Claims	0	100	100	100	100
Total Expenditures	\$1,109,916	\$1,188,281	\$1,221,124	\$1,665,420	\$1,694,785
Federal Spec. Rev. Funds	1,109,916	1,188,281	1,221,124	1,665,420	1,694,785
Total Funds	\$1,109,916	\$1,188,281	\$1,221,124	\$1,665,420	\$1,694,785
Total Ongoing	\$1,109,916	\$1,188,281	\$1,221,124	\$1,665,420	\$1,694,785
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

STARBASE is the 100.0% federally funded youth outreach program of the Department of Defense. Currently, STARBASE has classrooms at Fort Harrison and the 120th Airlift Wing in Great Falls, providing 25 hours of hands-on science, technology, engineering, art, and math (STEAM) instruction to all fifth-grade classes within the Helena and Great Falls school districts, as well as afterschool programs and summer camps to students in grades 3-12 across Montana. STARBASE locations provide students the opportunity to interact with military personnel, foster familiarity with local military installations, nurture interest in STEAM careers, and empower Montana's youth for future success.

FY 2024 Appropriations Compared to FY 2024 Expenditures

Within the Department of Military Affairs, the STARBASE Program used 93.4%, or \$1.1 million, of its FY 2024 appropriation. Within this program, personal services were 81.2% expended for FY 2024. The STARBASE Program has

7.00 HB 2 PB with 4.00 PB being vacant for all of FY 2024; these positions were vacant as the Malta STARBASE location did not receiving federal approval. However, there were personal services expenditures in this program for modified PB. The program did expend 99.5% of its HB 2 operating expenses appropriation in FY 2024.

FY 2024 Appropriation Compared to FY 2025 Appropriation

Appropriations for the STARBASE Program are 2.7% higher for FY 2025 as compared to FY 2024. Personal services are 51.7%, or \$205,000, higher in FY 2025 than in FY 2024. This difference between fiscal years is due to a transfer of authority in FY 2024 to shift appropriations from personal services to operating expenses. The purpose of this budget modification was needed as the program served more students and provided further outreach than anticipated. Operating expenses within this program are 21.8% less in FY 2025 as compared to FY 2024, but this difference is due to the aforementioned change which increased FY 2024 appropriations for this expenditure account type.

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 2026					Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	(5,417)	(5,417)	0.00	0	0	(3,899)	(3,899)
DP 2 - Fixed Costs	0.00	0	0	7,359	7,359	0.00	0	0	7,206	7,206
DP 4001 - STARBASE Budget Authority Increase	0.00	0	0	442,354	442,354	0.00	0	0	470,354	470,354
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$444,296	\$444,296	0.00	\$0	\$0	\$473,661	\$473,661

*"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 2025 biennium

Department of Military Affairs STARBASE Program FY 2026 Statewide Present Law Adjustment for Personal Services (DP1)	
Legislative Changes	\$ 1,723
Management Changes	(7,140)
Total Budget Modifications	-
Total	\$ (5,417)

The executive requests a decrease in personal services authority for the upcoming biennium within this program. This is primarily due to management changes, mainly due to vacancy savings.

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 4001 - STARBASE Budget Authority Increase -

The executive requests an increase in federal budget authority within this program. STARBASE has programs in Great Falls and Fort Harrison, with additional outreach provided to HiLine Communities, there is also a proposed location in Billings. This increase in federal authority will be utilized towards staff and teacher salary increases, as well as costs associated with the proposed STARBASE location in Billings. As the teachers within this program are contracted, this requested appropriation for this are considered operating expenses. Regarding the outreach provided in the HiLine Communities, this is through multiple two-day summer camps to provide science, technology, engineering, art/design, and math (STEAM). These have been provided in numerous areas, including Hot Springs and Malta. With the proposed Billings location, the agency expects to provide these opportunities to both the Crow and North Cheyenne reservations as well.

**LFD
COMMENT**

The Legislature may want to consider this as a new proposal instead of a present law adjustment. This decision package includes additional outreach for this program and authority for the proposed Billings location. Statute (17-7-102(11), MCA) defines a new proposal, in part, as a request to change program services, and this proposal may be considered new services. The executive will change this to become a new proposal in the December 15 budget submission.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison						
Budget Item	Base Budget	Requested Budget		Biennium Change from Base		
	FY 2025	FY 2026	FY 2027	Amount	Percent	
PB	55.30	55.30	55.30	0.00	0.0%	
General Fund	2,079,242	2,077,036	2,067,221	(14,227)	(0.3%)	
State/Other Special Rev. Funds	420	3,920	3,920	7,000	833.3%	
Federal Spec. Rev. Funds	20,068,301	19,857,506	19,839,577	(439,519)	(1.1%)	
Total Funds	22,147,963	21,938,462	21,910,718	(446,746)	(1.0%)	
Personal Services	5,662,340	5,476,195	5,489,015	(359,470)	(3.2%)	
Operating Expenses	15,919,887	15,896,531	15,855,967	(87,276)	(0.3%)	
Equipment & Intangible Assets	150,536	150,536	150,536		0.0%	
Benefits & Claims	200	200	200		0.0%	
Transfers	25,000	25,000	25,000		0.0%	
Debt Service	390,000	390,000	390,000		0.0%	
Total Expenditures	22,147,963	21,938,462	21,910,718	(446,746)	(1.0%)	
Total Ongoing	22,147,963	21,938,462	21,910,718	(446,746)	(1.0%)	
Total One-Time-Only					0.0%	

Program Highlights

Army National Guard Program Major Budget Highlights
<ul style="list-style-type: none"> • The Army National Guard's 2027 biennium requested appropriations are approximately \$447,000 or 1.0% less than the FY 2025 base budget. Significant requested changes include: <ul style="list-style-type: none"> ◦ A decrease of \$359,000 in personal services appropriations due to 1.00 PB being transferred to the Director's Office, as well as other statewide present law adjustments for personal services ◦ A decrease of \$94,000 in fixed costs primarily due to a decrease in insurance costs

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Army National Guard Program 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	2,079,242	420	20,068,301	22,147,963	101.0%	2,079,242	420	20,068,301	22,147,963	101.1%
Statewide PL										
Personal Services	(9,300)	0	(176,845)	(186,145)	(0.8%)	(8,650)	0	(164,675)	(173,325)	(0.8%)
Fixed Costs	7,098	0	(33,870)	(26,772)	(0.1%)	(3,368)	0	(63,995)	(67,363)	(0.3%)
Inflation Deflation	(4)	0	(80)	(84)	(0.0%)	(3)	0	(54)	(57)	(0.0%)
Total Statewide PL	(2,206)	0	(210,795)	(213,001)	(1.0%)	(12,021)	0	(228,724)	(240,745)	(1.1%)
Present Law (PL)	0	3,500	0	3,500	0.0%	0	3,500	0	3,500	0.0%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	(2,206)	3,500	(210,795)	(209,501)	(1.0%)	(12,021)	3,500	(228,724)	(237,245)	(1.1%)
Total Requested Budget	2,077,036	3,920	19,857,506	21,938,462		2,067,221	3,920	19,839,577	21,910,718	

Funding

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

Department of Military Affairs, 12-Army National Guard 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	4,144,257	0	0	0	4,144,257	9.5%	
02343 Armory Rental Funds	7,840	0	0	0	7,840	100.0%	
State Special Total	\$7,840	\$0	\$0	\$0	\$7,840	0.0%	
03132 National Guard	39,697,083	0	0	0	39,697,083	100.0%	
Federal Special Total	\$39,697,083	\$0	\$0	\$0	\$39,697,083	90.5%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$43,849,180	\$0	\$0	\$0	\$43,849,180		

HB 2 Appropriations

General Fund

A small portion of the appropriations for the Army National Guard are from general fund. 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 a fraction 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 pay for costs associated with the use 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:

- When a facility is owned by the state and located on state land, it qualifies to have their maintenance and utility costs covered by 50.0% federal special revenue and 50.0% state funds
- Facilities that are state owned, but located on federal lands qualify to have maintenance and utility costs covered 75.0% by federal special revenue and 25.0% by state funds
- Facilities that are classified as a logistic facility receive 100.0% federal special revenue funding
- 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 Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	55.30	55.30	55.30	55.30
Personal Services	5,279,761	5,330,922	5,662,340	5,476,195	5,489,015
Operating Expenses	14,037,766	14,906,463	15,919,887	15,896,531	15,855,967
Equipment & Intangible Assets	280,749	309,836	150,536	150,536	150,536
Benefits & Claims	1,000	2,000	200	200	200
Transfers	17,452	25,000	25,000	25,000	25,000
Debt Service	319,826	390,000	390,000	390,000	390,000
Total Expenditures	\$19,936,554	\$20,964,221	\$22,147,963	\$21,938,462	\$21,910,718
General Fund	1,951,507	2,024,815	2,079,242	2,077,036	2,067,221
State/Other Special Rev. Funds	0	420	420	3,920	3,920
Federal Spec. Rev. Funds	17,985,047	18,938,986	20,068,301	19,857,506	19,839,577
Total Funds	\$19,936,554	\$20,964,221	\$22,147,963	\$21,938,462	\$21,910,718
Total Ongoing	\$19,936,554	\$20,964,221	\$22,147,963	\$21,938,462	\$21,910,718
Total OTO	\$0	\$0	\$0	\$0	\$0

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:

- Providing professional and skilled personnel for the administration, planning, and execution of statewide repair and maintenance functions on facilities and training areas
- Planning, programming, contracting, and professional and skilled administration, planning and execution for construction
- Ensuring all activities and facilities comply with environmental regulations, state regulations and federal regulations
- 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.

FY 2024 Appropriations Compared to FY 2024 Expenditures

The Army National Guard utilized 95.1% of its FY 2024 appropriation of \$21.0 million HB 2 modified budget. This is slightly below the five-year Olympic average of 99.3%, with the largest expenditures coming from operating expenses and personal services. While it is slightly below the historical average, the percent expended is generally in line with the anticipated expenditures through the end of the fiscal year.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Appropriations for the Army National Guard in FY 2025 are 5.6% higher than that of FY 2024. In FY 2025, the total HB 2 appropriations are \$22.1 million with the FY 2024 appropriation being \$21.0 million. The differences in the appropriations between the fiscal years are due to a variety of budget modifications and transferal of funds.

Similar to other divisions with the Department of Military Affairs, this program received operating expenses transferred from the Director's Office to account for inflationary costs, along with the Army National Guard also received personal services funding from the HB 13 pay plan. The program also executed two budget modification changes to establish 3.00 modified PB. These positions (project manager, environmental scientist 3, and planner 2) are all funded through the pair of operating plan changes by transferring operating expenses to personal services.

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 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(9,300)	0	(176,845)	(186,145)	0.00	(8,650)	0	(164,675)	(173,325)
DP 2 - Fixed Costs	0.00	7,098	0	(33,870)	(26,772)	0.00	(3,368)	0	(63,995)	(67,363)
DP 3 - Inflation Deflation	0.00	(4)	0	(80)	(84)	0.00	(3)	0	(54)	(57)
DP 1201 - Army National Guard State Special Revenue Increase	0.00	0	3,500	0	3,500	0.00	0	3,500	0	3,500
Grand Total All Present Law Adjustments	0.00	(\$2,206)	\$3,500	(\$210,795)	(\$209,501)	0.00	(\$12,021)	\$3,500	(\$228,724)	(\$237,245)

**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 2025 biennium

Department of Military Affairs Army National Guard Program FY 2026 Statewide Present Law Adjustment for Personal Services (DP1)	
Legislative Changes	\$ 52,406
Management Changes	190,453
Total Budget Modifications	<u>(429,004)</u>
Total	<u><u>\$ (186,145)</u></u>

The executive requests a decrease in personal services funding for the upcoming biennium. This change is mainly driven by budget modifications which moved operating expenses into personal services. As this transfer was done in relation to HB 2 modified PB and not HB 2 permanent positions, this funding is subtracted out during the calculation of personal services. Another portion of the decrease in budget modifications is due to the transfer of 1.00 PB to the Director's Office. Since funding was not transferred with this position, personal services associated with this position was decreased during the calculation of personal services. The increase in management changes is due to various pay rate increases within the division for career ladder adjustments, retention, and hiring positions at different rates throughout the interim.

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, 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 in-state state motor pool and motor pool leased vehicles.

DP 1201 - Army National Guard State Special Revenue Increase -

The executive requests an increase in state special revenue authority within this program. The primary source of this funding is rental fees paid. The executive is looking for an increase in this authority due to an increase in revenue from grazing leases and armory rentals. This increase in appropriations will be utilized for janitorial and utility expenses when armories are being rented, as well as repair and maintenance of grazing land fences.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison						
Budget Item	Base Budget	Requested Budget		Biennium Change from Base		
	FY 2025	FY 2026	FY 2027	Amount	Percent	
PB	46.00	46.00	46.00	0.00	0.0%	
General Fund	443,971	420,758	421,619	(45,565)	(5.1%)	
Federal Spec. Rev. Funds	5,916,816	6,312,905	6,455,406	934,679	7.9%	
Total Funds	6,360,787	6,733,663	6,877,025	889,114	7.0%	
Personal Services	4,201,364	4,573,093	4,718,410	888,775	10.6%	
Operating Expenses	2,159,323	2,160,470	2,158,515	339	0.0%	
Benefits & Claims	100	100	100		0.0%	
Total Expenditures	6,360,787	6,733,663	6,877,025	889,114	7.0%	
Total Ongoing	6,360,787	6,733,663	6,877,025	889,114	7.0%	
Total One-Time-Only					0.0%	

Program Highlights

Air National Guard Program Major Budget Highlights
<ul style="list-style-type: none"> • The Air National Guard’s 2027 biennium requested appropriations are approximately \$889,000 or 7.0% higher than the FY 2025 base budget. Significant requested changes include: <ul style="list-style-type: none"> ◦ An increase of \$1.4 million towards re-establishing firefighter overtime authority ◦ An increase of \$413,000 in relation to firefighter pay increases within the program ◦ A decrease of \$914,000 in personal services authority partially due to the previously approved firefighter overtime authority being not included in the calculation for statewide present law adjustment for personal services

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Air National Guard Program 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	443,971	0	5,916,816	6,360,787	94.5%	443,971	0	5,916,816	6,360,787	92.5%
Statewide PL										
Personal Services	(23,500)	0	(446,577)	(470,077)	(7.0%)	(22,150)	0	(421,640)	(443,790)	(6.5%)
Fixed Costs	287	0	860	1,147	0.0%	(202)	0	(606)	(808)	(0.0%)
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	(23,213)	0	(445,717)	(468,930)	(7.0%)	(22,352)	0	(422,246)	(444,598)	(6.5%)
Present Law (PL)	0	0	687,091	687,091	10.2%	0	0	702,978	702,978	10.2%
New Proposals	0	0	154,715	154,715	2.3%	0	0	257,858	257,858	3.7%
Total HB 2 Adjustments	(23,213)	0	396,089	372,876	5.5%	(22,352)	0	538,590	516,238	7.5%
Total Requested Budget	420,758	0	6,312,905	6,733,663		421,619	0	6,455,406	6,877,025	

Funding

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

Department of Military Affairs, 13-Air National Guard 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	842,377	0	0	0	842,377	6.2%	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
03453 Air National Guard	12,768,311	0	0	0	12,768,311	100.0%	
Federal Special Total	\$12,768,311	\$0	\$0	\$0	\$12,768,311	93.8%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$13,610,688	\$0	\$0	\$0	\$13,610,688		

HB 2 Appropriations

General Fund

A portion of appropriations for the Air National Guard Program is from general fund. This funding supports federal/state match requirements for federal grants and is primarily utilized in relation to building and ground maintenance activities, administrative expenses, and a portion of personal services costs.

Federal Special Revenue

The majority of funding for this program comes from federal special revenue funds. Funding from this source supports the operations, activities, and other expenses within the program.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	46.00	46.00	46.00	46.00
Personal Services	3,673,365	3,939,658	4,201,364	4,573,093	4,718,410
Operating Expenses	1,853,250	2,197,923	2,159,323	2,160,470	2,158,515
Benefits & Claims	0	100	100	100	100
Total Expenditures	\$5,526,615	\$6,137,681	\$6,360,787	\$6,733,663	\$6,877,025
General Fund	398,426	420,025	443,971	420,758	421,619
Federal Spec. Rev. Funds	5,128,189	5,717,656	5,916,816	6,312,905	6,455,406
Total Funds	\$5,526,615	\$6,137,681	\$6,360,787	\$6,733,663	\$6,877,025
Total Ongoing	\$5,526,615	\$6,137,681	\$6,360,787	\$6,733,663	\$6,877,025
Total OTO	\$0	\$0	\$0	\$0	\$0

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.

FY 2024 Appropriations Compared to FY 2024 Expenditures

Within the Department of Military Affairs, the Air National Guard expended 90.0% of its HB 2 modified budget in FY 2024. This percent expended is slightly below the five-year Olympic average of 93.6% for the program.

The Air National Guard utilized 93.2% of its \$3.9 million in personal services HB 2 appropriation, while also expending 84.3% in operating expenses. In looking at operating expenses for this program, 98.7% of their general fund appropriation for operating expenses was utilized, with the primary portion of the remaining operating expenses that were not expended in FY 2024 being in federal special revenue funds. The Air National Guard had \$342,000 in remaining federal special revenue appropriation classified as operating expenses at the conclusion of FY 2024. As this program operates on a federal fiscal year, this remaining appropriation is due to the difference in timing between state and federal fiscal years.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Appropriations for the Air National Guard are 3.6% higher in FY 2025, as compared to FY 2024. Similar to the FY 2024 appropriations, the FY 2025 appropriations are primarily located in federal special revenue funds with the minor differences between the two fiscal years coming from the HB 13 pay plan.

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 2026					Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(23,500)	0	(446,577)	(470,077)	0.00	(22,150)	0	(421,640)	(443,790)
DP 2 - Fixed Costs	0.00	287	0	860	1,147	0.00	(202)	0	(606)	(808)
DP 1301 - ANG Re-Establish Firefighter FLSA Overtime	0.00	0	0	687,091	687,091	0.00	0	0	702,978	702,978
Grand Total All Present Law Adjustments	0.00	(\$23,213)	\$0	\$241,374	\$218,161	0.00	(\$22,352)	\$0	\$280,732	\$258,380

**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 2025 biennium

Department of Military Affairs Air National Guard Program FY 2026 Statewide Present Law Adjustment for Personal Services (DP1)	
Legislative Changes	\$ (418,733)
Management Changes	(51,344)
Total Budget Modifications	-
Total	\$ (470,077)

The executive requests a decrease in personal services funding in the upcoming biennium. This decrease is mainly in legislative changes, with a smaller portion of management changes. The decrease within legislative changes is primarily due to funding for firefighter overtime costs included in the FY 2025 base budget. These costs are not captured in the snapshot calculation for the 2027 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.

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

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 PB, due to the 24/7 nature of the fire protection services at the Montana Air National Guard. Hours over 2,080 per PB are not captured in the personal services snapshot used for initial budget preparation.

New Proposals

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

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1302 - ANG Firefighter Pay Increases	0.00	0	0	154,715	154,715	0.00	0	0	257,858	257,858
Total	0.00	\$0	\$0	\$154,715	\$154,715	0.00	\$0	\$0	\$257,858	\$257,858

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

DP 1302 - ANG Firefighter Pay Increases -

The executive requests an increase in federal special revenue appropriations in the upcoming biennium. The request is for an increase in firefighter pay in the Air National Guard 120th Airlift Wing in Great Falls. According to the Department of Military Affairs, the current hourly pay ranks in the bottom 25.0% of all fire departments in Montana. This increase has been approved by the federal National Guard Bureau.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison						
Budget Item	Base Budget	Requested Budget		Biennium Change from Base		
	FY 2025	FY 2026	FY 2027	Amount	Percent	
PB	32.00	32.00	32.00	0.00	0.0%	
General Fund	1,991,285	2,146,261	2,128,221	291,912	7.3%	
State/Other Special Rev. Funds	136,756	204,756	204,756	136,000	49.7%	
Federal Spec. Rev. Funds	16,540,420	16,740,137	16,723,145	382,442	1.2%	
Total Funds	18,668,461	19,091,154	19,056,122	810,354	2.2%	
Personal Services	3,077,190	3,396,760	3,404,264	646,644	10.5%	
Operating Expenses	863,885	899,008	856,472	27,710	1.6%	
Grants	13,205,681	13,273,681	13,273,681	136,000	0.5%	
Benefits & Claims	100	100	100		0.0%	
Transfers	1,521,605	1,521,605	1,521,605		0.0%	
Total Expenditures	18,668,461	19,091,154	19,056,122	810,354	2.2%	
Total Ongoing	18,668,461	19,091,154	19,056,122	810,354	2.2%	
Total One-Time-Only					0.0%	

Program Highlights

Disaster and Emergency Services Program Major Budget Highlights
<ul style="list-style-type: none"> • The Disaster and Emergency Service Program's 2027 biennium requested appropriations are approximately \$810,000 or 2.2% higher than the FY 2025 base budget. Significant requested changes include: <ul style="list-style-type: none"> ◦ An increase in personal services funding of \$647,000 due to career ladder adjustments and other pay rate changes made within the program ◦ An increase of \$136,000 to be used to aid county search and rescue training and missions

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Disaster and Emergency Services 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	1,991,285	136,756	16,540,420	18,668,461	97.8%	1,991,285	136,756	16,540,420	18,668,461	98.0%
Statewide PL										
Personal Services	137,415	0	182,155	319,570	1.7%	140,642	0	186,432	327,074	1.7%
Fixed Costs	19,136	0	19,137	38,273	0.2%	(2,642)	0	(2,642)	(5,284)	(0.0%)
Inflation Deflation	(1,575)	0	(1,575)	(3,150)	(0.0%)	(1,064)	0	(1,065)	(2,129)	(0.0%)
Total Statewide PL	154,976	0	199,717	354,693	1.9%	136,936	0	182,725	319,661	1.7%
Present Law (PL)	0	68,000	0	68,000	0.4%	0	68,000	0	68,000	0.4%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	154,976	68,000	199,717	422,693	2.2%	136,936	68,000	182,725	387,661	2.0%
Total Requested Budget	2,146,261	204,756	16,740,137	19,091,154		2,128,221	204,756	16,723,145	19,056,122	

Funding

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

Department of Military Affairs, 21-Disaster and 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	4,274,482	0	0	90,000	4,364,482	11.4%	
02170 SAR DES Off Road Vehicle	400,308	0	0	0	400,308	97.8%	
02335 DES Training Conference	9,204	0	0	0	9,204	2.2%	
State Special Total	\$409,512	\$0	\$0	\$0	\$409,512	1.1%	
03134 DES Emergency Mgmt Perf 97.042	10,784,943	0	0	0	10,784,943	32.2%	
03143 DES Homeland Security 97.067	15,260,854	0	0	0	15,260,854	45.6%	
03166 DES Hazard Mitigation 97.039	2,668,860	0	0	0	2,668,860	8.0%	
03191 DES Pre-Disaster Mit 97.047	3,398,929	0	0	0	3,398,929	10.2%	
03208 DES Hazardous Materials 20.703	360,176	0	0	0	360,176	1.1%	
03239 DES Flood Mitigation 97.029	862,326	0	0	0	862,326	2.6%	
03267 Nonprofit Security 97.008	106,381	0	0	0	106,381	0.3%	
03429 Disaster & Emergency Services	2,204	0	0	0	2,204	0.0%	
03717 Nat Earthquake Haz Red Prg	12,142	0	0	0	12,142	0.0%	
03939 L Cybersecurity Grant	6,467	0	0	0	6,467	0.0%	
Federal Special Total	\$33,463,282	\$0	\$0	\$0	\$33,463,282	87.5%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$38,147,276	\$0	\$0	\$90,000	\$38,237,276		

HB 2 Appropriations

General Fund

General fund supports administrative and coordination functions, with these primarily being funded by 50.0% general fund within the program.

State Special Revenue

State special revenue fund appropriations account for less than 5.0% of the total appropriations within the program. Over 95.0% of state special revenue authority is within search and rescue activities as funded through surcharges in conservation licenses and off-road vehicle licenses.

Federal Special Revenue

The primary funding for this program is within federal special revenue funds. As a part of this funding, 50.0% of administrative and coordination functions generally come from federal funds. When it comes to disaster coordination functions, federal special revenue funds are generally used to fund 100.0% of these expenditures.

Statutory Appropriations

General Fund

The relatively small statutory appropriation from the general fund is to be utilized towards the civil air patrol. This appropriation was statutorily appropriated through HB 676 of the 2019 Legislative Session with the sunset of this being extended through FY 2031 by HB 274 of the 2023 Legislative Session.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	32.00	32.00	32.00	32.00
Personal Services	3,155,309	3,351,066	3,077,190	3,396,760	3,404,264
Operating Expenses	827,302	1,071,103	863,885	899,008	856,472
Equipment & Intangible Assets	15,814	15,814	0	0	0
Grants	12,716,019	13,157,933	13,205,681	13,273,681	13,273,681
Benefits & Claims	250	300	100	100	100
Transfers	771,800	907,521	1,521,605	1,521,605	1,521,605
Total Expenditures	\$17,486,494	\$18,503,737	\$18,668,461	\$19,091,154	\$19,056,122
General Fund	1,636,426	1,928,111	1,991,285	2,146,261	2,128,221
State/Other Special Rev. Funds	149,140	156,756	136,756	204,756	204,756
Federal Spec. Rev. Funds	15,700,928	16,418,870	16,540,420	16,740,137	16,723,145
Total Funds	\$17,486,494	\$18,503,737	\$18,668,461	\$19,091,154	\$19,056,122
Total Ongoing	\$17,486,494	\$18,503,737	\$18,668,461	\$19,091,154	\$19,056,122
Total OTO	\$0	\$0	\$0	\$0	\$0

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.

FY 2024 Appropriations Compared to FY 2024 Expenditures

The Disaster and Emergency Services Division of the Department of Military Affairs expended 94.5% of its HB 2 modified budget in FY 2024. This is in line with anticipated expenditures at the end of the fiscal year. Expenditures were primarily made in personal services, operating expenses, and grants, with the grants being the largest expenditure account type, incorporating 71.1% of the total HB 2 appropriation for FY 2024.

FY 2024 Appropriations Compared to FY 2025 Appropriations

FY 2025 appropriations are 0.9% higher than that of FY 2024. Although the overall funding is similar, there are differences when looking at the individual expenditure account type (personal services, operating expenses, and transfers). Appropriations in FY 2024 were transferred from personal services to operating expenses. This was moved due to higher-than-anticipated workload, leading to an increase in personal services costs, within the program.

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 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	137,415	0	182,155	319,570	0.00	140,642	0	186,432	327,074
DP 2 - Fixed Costs		19,136	0	19,137	38,273	0.00	(2,642)	0	(2,642)	(5,284)
DP 3 - Inflation Deflation	0.00	(1,575)	0	(1,575)	(3,150)	0.00	(1,064)	0	(1,065)	(2,129)
DP 2101 - DES Search and Rescue State Special Revenue	0.00	0	68,000	0	68,000	0.00	0	68,000	0	68,000
Grand Total All Present Law Adjustments	0.00	\$154,976	\$68,000	\$199,717	\$422,693	0.00	\$136,936	\$68,000	\$182,725	\$387,661

**"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 2025 biennium

Department of Military Affairs Disaster and Emergency Services Program FY 2026 Statewide Present Law Adjustment for Personal Services (DP1)	
Legislative Changes	\$ 41,792
Management Changes	277,778
Total Budget Modifications	-
Total	\$ 319,570

The executive requests an increase in personal services funding for the upcoming biennium. This increase is primarily within management changes and due to career ladder adjustments made by the division, as well as hiring positions at different rates throughout the interim.

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, 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 in-state state motor pool and motor pool leased vehicles.

DP 2101 - DES Search and Rescue State Special Revenue -

The executive requests an increase in state special revenue authority for the search and rescue (SAR) state special revenue fund. Revenues for this fund are described in the state special revenue subsection of the funding section of this program. This increase in authority will be used towards county SAR programs to aid in missions, training, and equipment needs.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	25.00	36.00	36.00	11.00	22.0%
General Fund	1,793,051	3,415,348	3,465,799	3,295,045	91.9%
State/Other Special Rev. Funds	1,038,411	1,342,495	1,296,317	561,990	27.1%
Total Funds	2,831,462	4,757,843	4,762,116	3,857,035	68.1%
Personal Services	2,458,166	3,969,317	4,055,249	3,108,234	63.2%
Operating Expenses	294,196	646,926	565,267	623,801	106.0%
Equipment & Intangible Assets		75,000	75,000	150,000	0.0%
Grants	35,000	22,500	22,500	(25,000)	(35.7%)
Benefits & Claims	100	100	100		0.0%
Transfers	20,000	20,000	20,000		0.0%
Debt Service	24,000	24,000	24,000		0.0%
Total Expenditures	2,831,462	4,757,843	4,762,116	3,857,035	68.1%
Total Ongoing	2,831,462	4,757,843	4,762,116	3,857,035	68.1%
Total One-Time-Only					0.0%

Program Highlights

Veterans' Affairs Program Major Budget Highlights
<ul style="list-style-type: none"> • The Veterans' Affairs Program's 2027 biennium requested appropriations are approximately \$3.9 million or 68.1% higher than the FY 2025 base budget. Significant requested changes include: <ul style="list-style-type: none"> ◦ An increase of personal services authority of \$3.4 million for 11.00 PB to convert from modified HB 2 positions to permanent ◦ An increase of \$685,000 in state special revenue to fund operating expenses in Veteran Service Offices as well as Veterans' Affairs Cemeteries

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Veterans' Affairs Program 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	1,793,051	1,038,411	0	2,831,462	59.5%	1,793,051	1,038,411	0	2,831,462	59.5%
Statewide PL										
Personal Services	(101,474)	(67,649)	0	(169,123)	(3.6%)	(95,419)	(63,613)	0	(159,032)	(3.3%)
Fixed Costs	14,427	4,809	0	19,236	0.4%	13,222	4,408	0	17,630	0.4%
Inflation Deflation	(1,730)	(576)	0	(2,306)	(0.0%)	(1,170)	(389)	0	(1,559)	(0.0%)
Total Statewide PL	(88,777)	(63,416)	0	(152,193)	(3.2%)	(83,367)	(59,594)	0	(142,961)	(3.0%)
Present Law (PL)	0	367,500	0	367,500	7.7%	0	317,500	0	317,500	6.7%
New Proposals	1,711,074	0	0	1,711,074	36.0%	1,756,115	0	0	1,756,115	36.9%
Total HB 2 Adjustments	1,622,297	304,084	0	1,926,381	40.5%	1,672,748	257,906	0	1,930,654	40.5%
Total Requested Budget	3,415,348	1,342,495	0	4,757,843		3,465,799	1,296,317	0	4,762,116	

Funding

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

Department of Military Affairs, 31-Veterans' Affairs 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	6,881,147	0	0	0	6,881,147	64.3%
02002 Purple Heart & Higher Schlshp	25,000	0	0	0	25,000	0.7%
02214 Veterans Affairs Cemeteries	0	0	0	1,182,419	1,182,419	30.9%
02222 Patriotic License Plate Fees	160,848	0	0	0	160,848	4.2%
02457 Veterans Affairs HB701 SSR	1,046,096	0	0	0	1,046,096	27.4%
02548 Veterans Affairs SB401	1,406,868	0	0	0	1,406,868	36.8%
State Special Total	\$2,638,812	\$0	\$0	\$1,182,419	\$3,821,231	35.7%
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$9,519,959	\$0	\$0	\$1,182,419	\$10,702,378	

HB 2 Appropriations

General Fund

General fund appropriations support general functions of the program, with the largest portion of appropriations going towards personal services.

State Special Revenue

State special revenue funds account for a portion of the total appropriations authority in the Veterans' Affairs Program. The state special revenue accounts provide various support, to include:

- 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 is the state special revenue fund that was established to receive marijuana taxes in the 2021 Session. In this bill, the program is to receive 3.0%, or \$200,000, whichever is less. In the 2023 Session the appropriation for this fund was removed, but the funding source remained. With this, the program did not have the appropriation authority to spend the state special revenue funds

Statutory Appropriations

State Special Revenue

The Veterans' 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 Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	25.00	25.00	36.00	36.00
Personal Services	2,112,112	2,116,309	2,458,166	3,969,317	4,055,249
Operating Expenses	241,105	246,226	294,196	646,926	565,267
Equipment & Intangible Assets	0	0	0	75,000	75,000
Grants	30,000	35,000	35,000	22,500	22,500
Benefits & Claims	0	100	100	100	100
Transfers	0	0	20,000	20,000	20,000
Debt Service	22,393	24,000	24,000	24,000	24,000
Total Expenditures	\$2,405,610	\$2,421,635	\$2,831,462	\$4,757,843	\$4,762,116
General Fund	1,570,156	1,570,593	1,793,051	3,415,348	3,465,799
State/Other Special Rev. Funds	835,454	851,042	1,038,411	1,342,495	1,296,317
Total Funds	\$2,405,610	\$2,421,635	\$2,831,462	\$4,757,843	\$4,762,116
Total Ongoing	\$2,405,610	\$2,421,635	\$2,831,462	\$4,757,843	\$4,762,116
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Veterans' Affairs Program 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 Veterans' Affairs is administratively attached to the Department of Military Affairs and operates under a state mandate provided in Title 10, Chapter 2, MCA.

FY 2024 Appropriations Compared to FY 2024 Expenditures

Within the Department of Military Affairs, the Veterans' Affairs Program expended 99.3% of its FY 2024 HB 2 modified budget. This is in line with anticipated expenditures at the end of the fiscal year.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Appropriations for this program in FY 2025 are 14.5% higher than FY 2024. This increase in authority is due to a variety of factors. The HB 13 pay plan accounts for 46.6% of the total increase in funding, specifically within personal services. The other large portion of this increase was the addition of \$85,000 in personal services as a statewide present law adjustment in FY 2025. These two actions played the largest role in the increase in FY 2025 appropriation authority as compared to FY 2024.

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 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(101,474)	(67,649)	0	(169,123)	0.00	(95,419)	(63,613)	0	(159,032)
DP 2 - Fixed Costs	0.00	14,427	4,809	0	19,236	0.00	13,222	4,408	0	17,630
DP 3 - Inflation Deflation	0.00	(1,730)	(576)	0	(2,306)	0.00	(1,170)	(389)	0	(1,559)
DP 3103 - Veteran Affairs State Special Revenue	0.00	0	367,500	0	367,500	0.00	0	317,500	0	317,500
Grand Total All Present Law Adjustments	0.00	(\$88,777)	\$304,084	\$0	\$215,307	0.00	(\$83,367)	\$257,906	\$0	\$174,539

**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 2025 biennium

Department of Military Affairs Veterans' Affairs Program FY 2026 Statewide Present Law Adjustment for Personal Services (DP1)	
Legislative Changes	\$ (79,163)
Management Changes	(89,960)
Total Budget Modifications	-
Total	\$ (169,123)

The executive requests a decrease in personal services funding in the upcoming biennium. This decrease is within both legislative and management changes. The decrease in legislative changes is due to the subtraction of a decision package from the 2023 Legislative Session. This decision package increased personal services funding for the Columbia Falls Veterans' Affairs Cemetery operations. As this personal services authority was not tied to specific PB, it is subtracted during the calculation. In management changes, this decrease is partially due to vacancy savings and hiring positions at different rates throughout the interim.

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, 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 in-state state motor pool and motor pool leased vehicles.

DP 3103 - Veteran Affairs State Special Revenue -

The executive is requesting an increase in state special revenue authority within the Veterans' Affairs state special revenue fund in the upcoming biennium. Revenues in this fund are detailed in the state special revenue subsection of the funding section within this program. This increase in funding is to accommodate for operating expenses for the Veteran Service Office Program, and the Veterans' Affairs Cemetery Program, specifically equipment replacement within the Cemetery Program. These are existing services within the program.

New Proposals

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

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 3101 - Veteran Affairs Division Program Operations	11.00	1,711,074	0	0	1,711,074	11.00	1,756,115	0	0	1,756,115
Total	11.00	\$1,711,074	\$0	\$0	\$1,711,074	11.00	\$1,756,115	\$0	\$0	\$1,756,115

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

DP 3101 - Veteran Affairs Division Program Operations -

The executive requests an increase in general fund for 11.00 PB and operating expenses in FY 2026 associated with the requested PB. The increase in PB is a conversion of modified positions to permanent. This request is mainly within personal services, associated with the requested positions; however, there is a portion within operating expenses to be used to support the nine Veteran Service Offices. Expenses such as rent, office supplies and equipment, and outreach costs such as motor pool and advertising. Other expenditures will also include cemetery landscaping expenses.

**LFD
COMMENT**

The executive has provided authority for these operations through the transfer of authority from interest earned on American Rescue Plan Act (ARPA) funds. This source of authority provided \$799,000 to the agency in FY 2024.

**LFD
COMMENT**

In the November 15 budget submission, this request included \$947,000 in FY 2026 and \$1.0 million in FY 2027 of authority within personal services. The executive will revise the new proposal in its December 15 budget submission to have this funding primarily within operating expenses, with a small portion in debt service.