



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

**Bill information:**

SB0560 - Establish the Defend the Montana Guard Act (Fuller, John )

**Status:** As Introduced

- |   |   |  |
|---|---|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2             | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	(\$197,200,000)	(\$197,200,000)	(\$197,200,000)	(\$197,200,000)
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** SB 560 establishes the Defend the Montana Guard Act. This bill would affect the Department of Military Affairs and the Montana National Guard resulting in the potential loss of federal dollars, equipment, cooperative agreements, and funding for state personnel.

### FISCAL ANALYSIS

**Assumptions:**

Department of Military Affairs

- In 32 USC Section 108 Forfeiture of Federal Benefits <https://www.law.cornell.edu/uscode/text/32/108> it states "If, within a time fixed by the President, a State fails to comply with a requirement of this title, or a regulation prescribed under this title, the National Guard of that State is barred, in whole or in part, as the President may prescribe, from receiving money or any other aid, benefit, or privilege authorized by law."

2. The Montana National Guard is federally funded to be prepared for federal missions, to include overseas contingency operations. The Montana National Guard is subject to a withdrawal or withholding of federal funds, equipment, and personnel if it is not available at the call of the President and Secretary of Defense.
3. The total cost to the state department of military affairs is estimated to be \$197.2 million that runs through the state budget plus additional federal funding that funds the Montana National Guard.

DMA state budget impact:

4. It is estimated that the department would lose approximately \$64 million in funding from federal cooperative agreements for the Montana Army National Guard, the Montana Air National Guard, STARBASE, and the Montana Youth Challenge Academy. These funds at risk are made up of approximately \$22 million in Operations and Maintenance for 14 Cooperative Agreements and approximately \$42 million in Military Construction awards.
5. Buildings and Facilities: It is estimated that DMA would lose over \$133.2 million in Long Range Building funding in FY 24-FY 25. This would be made up of \$85.1 million in federal funds and \$48.1 million in state funding. The ARNG buildings maintained by LRBP funding are valued at \$259 million. The ANG buildings are valued at approximately \$247 million.

Additional at risk federal funding for the Montana National Guard is detailed as follows:

6. Montana National Guard Equipment: The Army National Guard (ARNG) Ground equipment is valued at approximately \$935.1 million and the ARNG Aviation equipment is valued at approximately \$365.3 million. The Air National Guard (ANG) equipment is valued at approximately \$415.4 million. Annual operation and maintenance of equipment is \$31.7 million for ARNG and \$9 million for ANG. *Example:* ARNG Maintenance costs can vary from replacing an engine ranging from \$922,000 to \$1.6 million depending on the engine type, replacing a blade ranging from \$230,000 to \$500,000 depending on the blade type, or replacing an ABRAMS tank engine for \$1.8 million.
7. Montana National Guard Personnel: The Montana National Guard is authorized total personnel of 3,708 for ARNG and ANG combined. The ARNG consists of 647 full-time and 2,041 part-time soldiers, for a total of 2,688 soldiers. The ANG consists of 325 full-time airmen and 695 part-time airmen, for a total of 1,020 airmen. Annual personnel costs are approximately \$85.3 million for ARNG and \$50.8 million for ANG.
8. Recruitment for Montana National Guard: The ARNG pays \$1.6 million for Recruitment and Reenlistment Bonuses, \$2.4 million for GII Bills, and \$872,000 for the Student Loan Repayment Program. The ANG offers non-prior service incentives of \$43,404 per recruit, re-enlistment incentives of \$15,000 if retraining, or \$20,000 if the recruit is fully trained.
9. Training and Retention of Montana National Guard: For the ARNG each new recruit costs about \$12,000 for Basic Training and AIT. The federal government requires ongoing professional military education for each soldier based on rank which costs \$3.8 million per year. The ANG airmen training costs an average of \$81,000 for enlisted airmen and \$167,000 per pilot. Additional ANG training costs are approximately \$2,000,000. *Example:* The cost to create one 1500-Hour Pilot in Command is \$8.8 million and can take about 13 years to fully train, which is a requirement to fly on fires. ARNGs total annual flying hours cost is approximately \$21.3 million. The cost to train a full flight crew ranges from \$1.7 million to \$6.2 million depending on the aircraft type.
10. ANG Fire Station: ANG receives \$3 million annually for the 120<sup>th</sup> Air Wing Fire Station. This fire station is responsible for responding to emergency calls that occur at the airport, at the Air Guard base, within Cascade County.
11. In FY 2022, DMA spent just over \$38.8 million, which equated to \$33.2 million in federal dollars, and \$5.6 million in state dollars.
12. If DMA lost the funding from its federal cooperative agreements, approximately 184.00 FTE would be unfunded as there are federal dollars tied to these positions.
13. For the purposes of this fiscal note, the fiscal impact shown in the tables is only for the DMA state department.



	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	(184.00)	(184.00)	(184.00)	(184.00)
<b><u>Expenditures:</u></b>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0
<b>TOTAL Expenditures</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	(\$197,200,000)	(\$197,200,000)	(\$197,200,000)	(\$197,200,000)
<b>TOTAL Revenues</b>	<u>(\$197,200,000)</u>	<u>(\$197,200,000)</u>	<u>(\$197,200,000)</u>	<u>(\$197,200,000)</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	(\$197,200,000)	(\$197,200,000)	(\$197,200,000)	(\$197,200,000)

NO SPONSOR SIGNATURE

*Sponsor's Initials*

3/31/23

*Date*



*Budget Director's Initials*

3-31-23

*Date*