



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0404.01: Require official action to release Montana national guard to active duty combat**

Primary Sponsor: Lee Deming Status: As Introduced

☐ Included in the Executive Budget ☒ Needs to be included in HB 2 ☐ Significant Local Gov Impact
☒ Significant Long-Term Impacts ☐ Technical Concerns ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
Expenditures				
Federal Special Revenue (03)	(\$132,000,000)	(\$132,000,000)	(\$132,000,000)	(\$132,000,000)
Revenues				
Federal Special Revenue (03)	(\$132,000,000)	(\$132,000,000)	(\$132,000,000)	(\$132,000,000)
Net Impact	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund Balance				

Description of fiscal impact

HB 404 establishes the Defend the Montana Guard Act. This bill would affect the Department of Military Affairs (DMA) and the Montana National Guard resulting in the assumed loss of federal dollars, equipment, cooperative agreements, and funding for state personnel.

FISCAL ANALYSIS

Assumptions

Department of Military Affairs

1. In 32 USC Section I 08 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 \$132 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 \$51.1 million in funding annually 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 \$30.1 million annually for Operations and Maintenance for 17 Cooperative Agreements and approximately \$21 million annually in Military Construction awards. Currently, DMA has \$80 million in open construction awards.

5. Buildings and Facilities: It is estimated that DMA would lose \$80.9 million Long Range Building Program (LRBP) funding in FY 2026 and FY 2027 from federal funding. The ARNG buildings maintained by LRBP funding are valued at \$380 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 \$1.02 billion and the ARNG Aviation equipment is valued at approximately \$383.8 million. The Air National Guard (ANG) equipment is valued at approximately \$415.4 million. Annual operation and maintenance of equipment is \$38.1 million for ARNG and \$27.7 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 \$1.6 million. In addition to the current equipment values, ANG is slated to receive approximately \$1.26 billion for upcoming construction projects and upgrades to equipment and facilities. The 120th Airlift Wing will receive approximately \$1.2 billion, which includes \$906 million for the conversion to eight C-130J aircraft. The 219th RED HORSE Squadron (219th RHS) is expecting to receive approximately \$73.2 million.
7. Montana National Guard Personnel: The Montana National Guard is authorized total personnel of 3,694 for ARNG and ANG combined; with 3,339 currently assigned (filled). The ARNG currently has 649 full-time soldiers and federal technicians (Title 32 and Title 5), and 1,686 part-time soldiers, for a total of 2,335 soldiers and federal technicians. The ANG consists of 333 full-time airmen and federal technicians and 671 part-time airmen, for a total of 1,004 airmen and federal technicians. Annual personnel costs are approximately \$106.8 million for ARNG and \$61.1 million for ANG, for a total of \$167.9 million. In addition, the ANG 219th RHS will receive an increase in authorized force worth \$1.5 million annually. The 219th RHS is a rapidly deployable engineering force and deploys regularly across the globe during or outside of war.
8. Recruitment for Montana National Guard: The ARNG pays \$2.9 million for Recruitment and Reenlistment Bonuses, \$3.0 million for GI Bills, and \$406,000 for the Student Loan Repayment Program. The ANG current GI Bills are \$3.8 million, and Kickers are \$3.2 million. The ANG offers non-prior service incentives of \$25,000-\$50,000 per recruit and re-enlistment incentives of \$25,000-\$90,000. The ANG paid \$820,500 in bonuses during FY 2024 and has obligated \$5.3 million of bonuses to be paid out through FY 2028.
9. Training and Retention of Montana National Guard: For the ARNG each new recruit costs about \$21,000 for Basic Training and AIT. The federal government requires ongoing professional military education for each soldier based on rank which costs \$4.6 million per year. The ANG airmen training costs an average of \$124,500 for enlisted airmen and \$322,000 per pilot. Additional ANG training costs are approximately \$2 million. *Example*: The cost to create one 1500-Hour Pilot in Command is \$13.7 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 \$23.7 million. The cost to train a full flight crew ranges from \$1.7 million to \$6.2 million depending on the type of aircraft.
10. ANG Fire Station: ANG receives \$3 million annually for the 120th 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 2024, DMA spent \$43.8 million, which equated to \$37.3 million in federal dollars, and \$6.5 million in state dollars.
12. If DMA lost the funding from its federal cooperative agreements, approximately 199.86 FTE would be unfunded as there are federal dollars tied to these positions.
13. The below table summarizes the financial impact related to authorized positions, personnel costs, operation and maintenance costs, and assets including buildings and equipment.

	DMA	ANG	ARNG	Total
Authorized Positions	199.86	1,004	2,335	3,539
Personnel/O&M	51,100,000	62,600,000	106,800,000	220,500,000
Assets	80,900,000	1,966,300,000	1,821,900,000	3,869,100,000
	132,000,000	2,028,900,000	1,928,700,000	4,089,600,000


14. For the purposes of this fiscal note, the fiscal impact shown in the tables is only for the DMA state agency.

Fiscal Analysis Table

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
<u>Fiscal Impact</u>				
FTE	-199.86	-199.86	-199.86	-199.86
TOTAL Fiscal Impact	-199.86	-199.86	-199.86	-199.86
<u>Expenditures</u>				
Personal Services	(\$16,915,000)	(\$16,915,000)	(\$16,915,000)	(\$16,915,000)
Operating Expenses	(\$34,185,000)	(\$34,185,000)	(\$34,185,000)	(\$34,185,000)
Capital Outlay	(\$80,900,000)	(\$80,900,000)	(\$80,900,000)	(\$80,900,000)
TOTAL Expenditures	(\$132,000,000)	(\$132,000,000)	(\$132,000,000)	(\$132,000,000)
<u>Funding of Expenditures</u>				
Federal Special Revenue (03)	(\$132,000,000)	(\$132,000,000)	(\$132,000,000)	(\$132,000,000)
TOTAL Funding of Expenditures	(\$132,000,000)	(\$132,000,000)	(\$132,000,000)	(\$132,000,000)
<u>Revenues</u>				
Federal Special Revenue (03)	(\$132,000,000)	(\$132,000,000)	(\$132,000,000)	(\$132,000,000)
TOTAL Revenues	(\$132,000,000)	(\$132,000,000)	(\$132,000,000)	(\$132,000,000)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

Significant Long-Term Impacts

- HB 404 would have significant long term impacts to DMA and the Montana National Guard.

NOT SIGNED BY SPONSOR 2/21/25 

Sponsor's Initials _____ Date _____ Budget Director's Initials _____ Date 2/20/2025