



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0901 - Provide an appropriation to continue the emergency rental assistance program (Kortum, Kelly)

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 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> |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Expenditures: | | | | |
| General Fund | \$79,998,310 | \$39,882,110 | \$8,938,375 | \$447,525 |
| Revenue: | | | | |
| General Fund | \$0 | \$0 | \$0 | \$0 |
| Net Impact-General Fund Balance: | <u>(\$79,998,310)</u> | <u>(\$39,882,110)</u> | <u>(\$8,938,375)</u> | <u>(\$447,525)</u> |

Description of fiscal impact: HB 901 appropriates \$130 million from the general fund to the Department of Commerce to continue the Montana Emergency Rental Assistance Program.

FISCAL ANALYSIS

Assumptions:

Department of Commerce

- The Montana Emergency Rental Assistance program was averaging \$6.2 million in financial assistance distributed each month until the January 2023 announcement that the program was winding down. Current monthly financial assistance projections are approximately \$5.2 million per month. With a new infusion of resources, the department anticipates around \$5.8 million in financial assistance would be awarded by the department each month beginning in FY 2024.
- The department would require continued contracted services which include Housing Stability Services administered by the Department of Public Health and Human Services (DPHHS), anticipated at \$5 million per year. In addition, the Department anticipates another \$3 million per year to be administered by Montana Legal Services Association for a combination of financial assistance disbursed to eligible households who are facing an imminent eviction at the court level as well as eligible Housing Stability Services in terms of legal counsel and housing navigation assistance.

- Continued funding for communications would include costs for a new marketing campaign to broadly inform the public of newly available State of Montana resources to continue the MERA program.
- Additional funding is required for software maintenance and repair, which could include pursuing enhancements for improved customer experience.
- Current MERA staffing includes 19.00 modified FTEs, including 1.00 FTE ARPA Housing Program Executive; 0.50 FTE MERA Program Manager; 2.00 FTE MERA Program Supervisors; 3.00 FTE Accounting Technicians; 0.50 FTE Compliance Specialist 3; 6.00 FTE Quality Control Reviewers; 6.00 FTE First Reviewers. It is anticipated the full team would remain in-place through end of FY25. In FY26, three QC Reviewers and three First Reviewers would no longer be needed to process applications, reducing the team to 13 FTEs. In FY27, the team would be further reduced to 4.00 FTEs needed for program close-out, accounting/reconciliation duties and audit preparedness.

| | <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> |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <u>Fiscal Impact:</u> | | | | |
| FTE | 19.00 | 19.00 | 13.00 | 4.00 |
| <u>Expenditures:</u> | | | | |
| Personal Services | \$1,339,291 | \$1,416,330 | \$798,587 | \$389,152 |
| Operating Expenses | \$8,659,019 | \$8,465,780 | \$8,139,788 | \$58,373 |
| Benefits | \$70,000,000 | \$30,000,000 | \$0 | \$0 |
| TOTAL Expenditures | <u>\$79,998,310</u> | <u>\$39,882,110</u> | <u>\$8,938,375</u> | <u>\$447,525</u> |
| <u>Funding of Expenditures:</u> | | | | |
| General Fund (01) | \$79,998,310 | \$39,882,110 | \$8,938,375 | \$447,525 |
| TOTAL Funding of Exp. | <u>\$79,998,310</u> | <u>\$39,882,110</u> | <u>\$8,938,375</u> | <u>\$447,525</u> |
| <u>Revenues:</u> | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| TOTAL Revenues | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u> | | | | |
| General Fund (01) | (\$79,998,310) | (\$39,882,110) | (\$8,938,375) | (\$447,525) |

Technical Notes:

- The Department assumes the continuation of MERA in alignment with the Emergency Rental Assistance 2 program established under section 3201 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (March 11, 2021), as well as all ERA 2 guidance released by the U.S. Department of the Treasury, which can be found at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program>. The sole exceptions would be the federal ERA 2 expenditure deadline of September 30, 2025 and federal limitations on the percentage of funds that may be used for various eligible purposes.

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|--------------------|----------------|----------------------------|----------------|
| | <u>3/30/23</u> | | <u>3-29-23</u> |
| Sponsor's Initials | Date | Budget Director's Initials | Date |