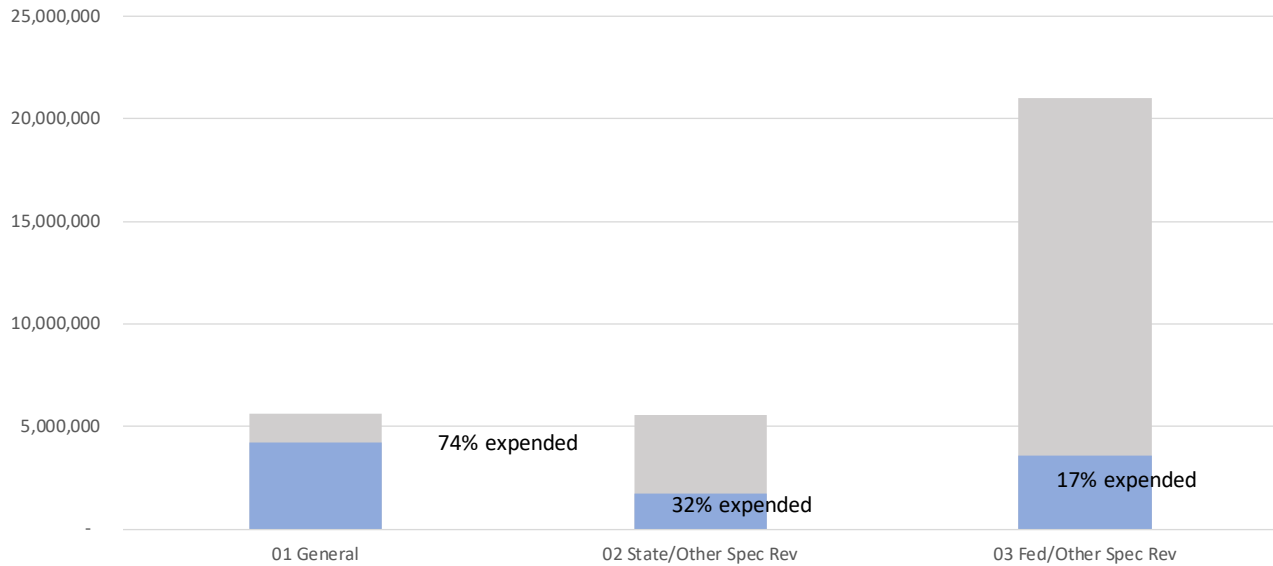


30% of the agency's total HB2 budget has been expended, 41% is the 5 year average of actual expenditures

HB 2 Expenditures

Budgeted vs. Expended

by fund type



Expenditure Account	Budgeted	Expended	% Expended
Personal Services	4,079,355	2,799,447	69%
Operating Expenses	4,657,017	2,167,826	47%
Local Assistance	46,000	-	0%
Grants	22,646,310	3,799,298	17%
Transfers-out	801,123	800,000	100%
Agency Program	Budgeted	Expended	% Expended
51 Mt Office Of Tourism & Bus Dev	7,986,570	5,001,110	63%
60 Community Development Division	23,492,950	4,068,270	17%
78 Board Of Horse Racing	200,285	92,373	46%
81 Directors Office	550,000	404,819	74%
Total	32,229,805	9,566,572	30%

Federal special revenue provides the greatest amount of the HB 2 modified budget for the Department of Commerce, at 65.3%, followed by general fund at 17.5% and state special revenue at 17.2%. Over 77.2% of the overall funding in the department is not budgeted through HB 2 but provided as either nonbudgeted proprietary funding or as statutory appropriations.

Unexpended state special revenues include \$1.8 million for Coal Board grants, which are biennial, and \$1.1 million for primary sector business training, mostly for grants that are in the process of being awarded and thus showing as unexpended at this point in the budget process. State special revenues for the Coal Board are 26.6% or \$718,000 below FY 2019 revenues as of May 31, 2020.

Unexpended federal special revenues include community development block grants (CDBG) of \$6.7 million and HOME grants of \$7.5 million. As with the state special revenue grant funds, the timing of the application process for grants is cyclical, most grants are awarded at the end of the fiscal year.

Personal services are 12.7% of the HB 2 modified budget, and as of May 31 approximately 68.6% expended. As of May 28, 2020, Commerce had 7.70 FTE or 15.9% of its FTE budgeted in HB 2 vacant. This is contributing to the lower than anticipated expenditure of personal services budget authority. Commerce has expended \$24,279 in personal services for Covid-19 leave.

Lower operating expenses are mainly due to unexpended authority of \$1.5 million in the Community Development Division. Federal funds of \$1.2 million make up the majority of unexpended appropriations and include:

- \$0.2 million for the community development block grant (CDBG)
- \$0.5 million for Economic Development Administration revolving loan fund
- \$0.1 million for HOME grants
- \$0.1 million for the housing trust funds
- \$0.3 million for CDBG revolving loan funds

These lower operating costs are related to lower grant expenditures due to the cyclical process of awarding grants, with the majority of the funding for grants included in the Community Development Division.

Total authority reflected in this quarterly report does not include \$100,122,885 in statutorily appropriated federal Coronavirus Relief Funds (CRF) that were transferred from the Governor's Office to the Department of Commerce to provide \$50.0 million for Montana business stabilization grants and \$50.0 million for emergency housing assistance grants. The remaining \$122,885 will be used to purchase Submittable, a software used for grant applications. Further details about CRF are provided in the quarterly report for the Governor's Office.

HB 2 Modifications

Negative modifications vs. positive modifications, by program

The net budget modifications were \$0.

Agency Program	Mar. Mod. Budget	June Mod. Budget	Net Modifications
51 Mt Office Of Tourism & Bus	7,986,570	7,986,570	-
60 Community Development I	23,492,950	23,492,950	-
78 Board Of Horse Racing	200,285	200,285	-
81 Directors Office	550,000	550,000	-
Expenditure Account	Mar. Mod. Budget	June Mod. Budget	Net Modifications
Personal Services	4,079,355	4,079,355	-
Operating Expenses	5,059,017	4,657,017	(402,000)
Local Assistance	46,000	46,000	-
Grants	22,244,310	22,646,310	402,000
Transfers-out	801,123	801,123	-
Fund Type	Mar. Mod. Budget	June Mod. Budget	Net Modifications
01 General	5,647,735	5,647,735	-
02 State/Other Spec Rev	5,540,766	5,540,766	-
03 Fed/Other Spec Rev	21,041,304	21,041,304	-
Total	32,229,805	32,229,805	-

The Department of Commerce transferred \$402,000 from operating expenses to grants. The Primary Sector Training Business Workforce Training Program had additional funding available for workforce training awards but did not have appropriation authority. Authority was transferred from operating expenses in the microbusiness loans and private business assistance.