

May 2020 Financial Update – COVID-19

STATE BUDGET IMPLICATIONS OF COVID-19
BY LEGISLATIVE FISCAL DIVISION STAFF

MAY 12, 2020



OVERVIEW OF STATE BUDGET IMPLICATIONS OF COVID-19

This report is the second in a series used to update the legislature on the impacts of the coronavirus public health emergency on the state budget. Since the April update, the state received \$1.25 billion in Coronavirus Relief Funds (CRF), deposited into a new federal fund. Allocation of portions of the CRF have been made by the Office of Budget and Program Planning as directed by the Governor. This report illustrates the fund balance and reserve levels available to absorb a revenue shock, and updates current revenue collections. In addition, the report details the federal allocations and the funds remaining for allocation including a summary of expenditures to date, and provides enrollment information on state safety net programs, and other items of interest to the legislature.

For real time data on state expenditures, unemployment insurance benefit payments, and income tax withholding trends, please use the [LFD COVID-19 Dashboard](#). Data are updated daily, except weekly withholding data, which updates on Tuesday of each week.

STATE FINANCIAL MANAGEMENT TOOLS

While the COVID-19 virus has impacted public health in Montana, the disruption on state and local government finances is still unknown. Managing the financial impacts of COVID-19 are expected to be challenging and last several years.

Summary

Given that the financial implications of COVID-19 are expected to last well beyond FY 2021, careful consideration of all reserves, potential federal revenue assistance, and other budget measures will be needed to manage state finances over the next several years.

No part of the \$1.25 billion coronavirus relief funding may be used for state or local revenues as per the [U.S. Treasury Department guidelines](#). While there have been federal level discussions of revenue replacement for state and local governments, nothing has moved to date. Moody's Analytics has estimated Montana's revenue shock through FY 2021 to be between 15.4% and 18.7% of annual revenue. The Legislative Fiscal Division will update the 2021 Biennium revenue estimates in June 2020 in an effort determine how much collections may differ from the HJ 2 estimate.

If the state receives no federal revenue support, and revenues decline as indicated by Moody's Analytics, other methods may be needed to stabilize state finances. A combination of fund balance cushion, reserves, and assumed expenditure reductions total 15.4% of FY 2021 revenues. The combination of the fund balance cushion (7.4%), reserves (5%), and assumed 3% expenditure reductions¹ ensures that the minimum required ending fund balance stays above 4% of second year

¹ Assumed expenditure reductions could include savings from CARES Act COVID-19 expenditures reimbursed to the general fund, enhanced FMAP if higher Medicaid enrollments do not offset savings, and other expense management that results in savings to the general fund.

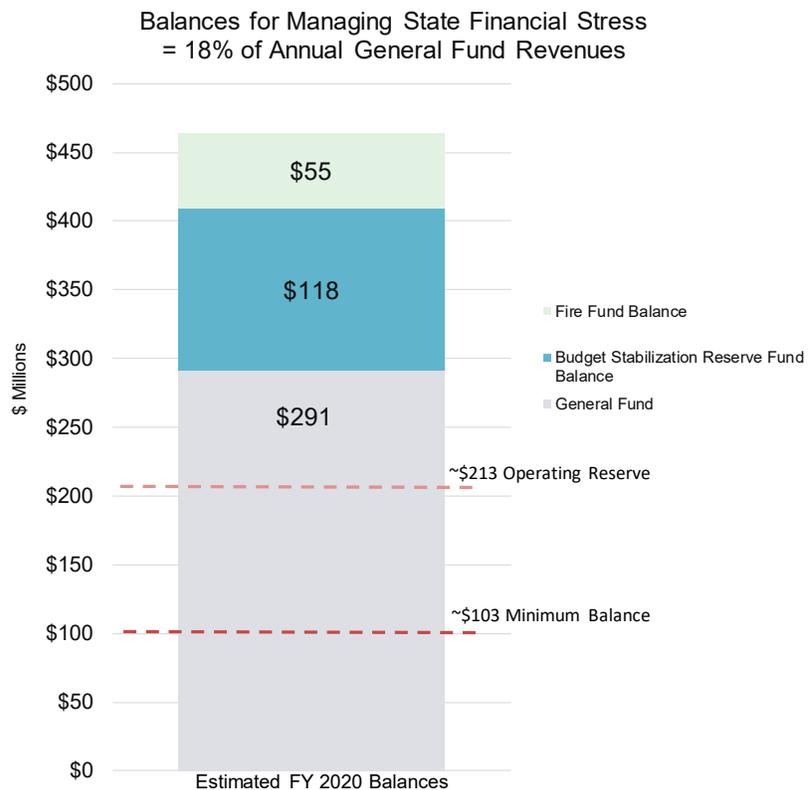
appropriations prior to October 1. After October 1, a further 1% is gained as the minimum required fund balance drops to 3% of second year appropriations. If FY 2021 estimated revenues are lower than HJ 2 by 15.4% before October 1 or 16.4% after October 1, all available fund balance cushion, reserves and 3% expenditure cuts may not be enough and legislative action may be necessary.

The state of Montana has the following tools to manage financial unpredictability:

1. Operating Reserve for Liquidity Management
 - a. Volatility Buffer
 - b. Minimum projected general fund balance
2. Budget Stabilization Reserve Fund
3. Wildland Fire Suppression Fund
4. Governor’s Emergency Statutory Appropriation
5. Internal short-term borrowing (borrowing from other funds within state government, including borrowing coronavirus relief funds), to resolve cash flow shortages
6. External short-term borrowing through Tax Revenue Anticipation Notes (TRANS) or federally backed municipal bonds offered as part of the federal stimulus package, to resolve cash flow shortages
7. Executive Statutory Budget Management
 - a. Spending reductions when deficit forecasted ([17-7-140, MCA](#))
 - b. Additional access to state special funds, if declared emergency
8. Prioritized spending reductions (5% reduction plans) provided by agencies at time of budget proposal
9. Other Tools Requiring Legislative Action

FINANCIAL RESERVE BALANCES

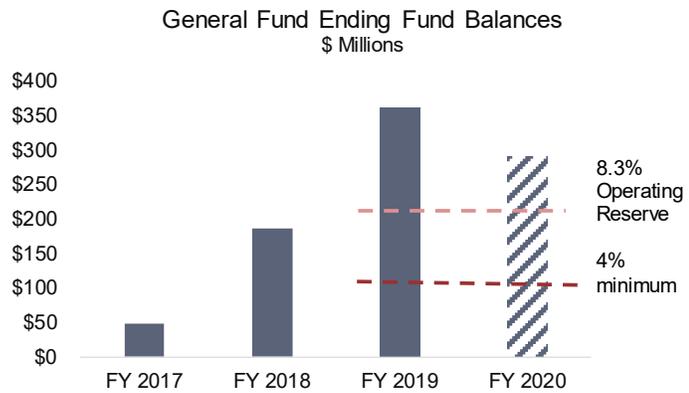
Montana had strong financial reserves at the start of the COVID-19 public health emergency. Tools for managing financial stress were calculated in March 2020 to be about 18% of annual general fund revenues. Note that not all these balances can be used by the Governor to address a shortfall in revenue. The chart shows the reserves as of March 2020 and the level of the operating reserve suggested in [statute](#) for liquidity



management. A minimum balance is required by statute. If the ending fund balance of the general fund is anticipated by the Governor to go below the minimum, transfers from reserves and agency expenditure reductions may occur.

Operating Reserve

The operating reserve parameters designed to weather financial difficulties recommend maintaining an operating reserve balance of 8.3% of all general fund appropriations in the second year of the biennium, or about \$213 million. The projected FY 2020 ending fund balance of \$291 is 3%, or about \$78 million, above the recommended operating reserve.



Maintaining an operating reserve provides the state with a wedge for liquidity management before reaching the minimum ending fund balance required by law. Re-establishing an operating reserve during a downturn, after all other reserves have been spent may require spending reductions, tax increases, or other difficult budget measures to re-fill the reserve.

Minimum Ending Fund Balance

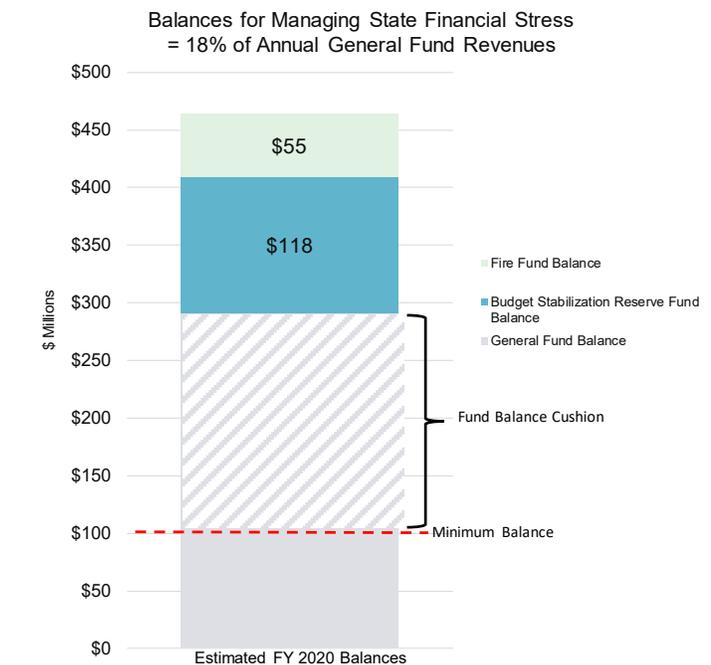
[Statute](#) requires a minimum state general fund balance of 4% of general fund appropriations in the second year of the biennium prior to October 2020. After October, minimum balances drop incrementally as shown in the table. As the minimum fund balance

Minimum Ending Fund Balance Timetable \$ Millions		
Prior October 2020	4%	\$103
Oct-20	3%	\$77
1-Jan-21	2%	\$51
Mar-21	1%	\$26

requirements decline, the difficulty of managing volatility increases.

Fund Balance Cushion Available

In times of financial stress, revenue volatility may exhaust the available fund balance cushion, including the operating reserve. The maximum cushion in the fund is about \$190 million or 7.4% of FY 2021 revenues. The graphic shows this cushion. If revenues collections do not decline beyond \$190 million, then further stabilization action would not be necessary.



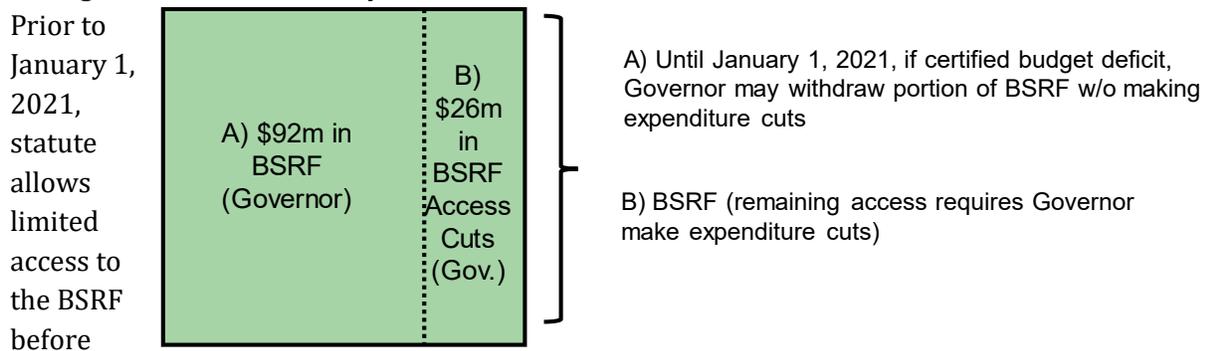
BUDGET DEFICIT PARAMETERS

The strong revenue growth prior to the emergency makes it likely that final revenue collections will still reach the HJ 2 estimate in FY 2020. However, the general fund revenue collections will likely decline in FY 2021 and beyond. The length and severity of the COVID-19 public health emergency and the economic reaction to it will determine the severity of revenue collection decline. If the general fund revenue collections are forecast below the FY 2021 HJ 2 estimate by about \$190 million, prior to October, the ending fund balance would reach the 4% minimum required.

If the budget director certifies a projected general fund budget deficit, the governor may authorize transfers to the general fund from a portion of the budget stabilization reserve (BSRF). If the governor also reduces agency expenditures, then reserves from the fire fund and more authority from the BSRF become available.

Budget Stabilization Reserve Fund

The graphic demonstrates the calculated amounts available from the BSRF if the executive certifies a budget deficit as directed by [statute](#).



expenditure reductions. However, a transfer may not cause the fund balance of the budget stabilization reserve fund to be less than 1% of all general fund appropriations in the second year of the biennium. If certification of a projected general fund budget deficit occurs, the governor may access about \$92 million from the BSRF, leaving a balance in the fund of about \$26 million, before implementing a reduction in expenditures.

If the governor reduces expenditures, access to the remaining BSRF is available, which is about \$26 million as shown in the graphic above. For every \$2 in BSRF funding, the governor must make \$1 in spending reductions.

Fire Suppression Fund Reserve

The next graphic shows the estimated calculated fire suppression fund amount

\$11m Fire Suppression Fund (Governor)

Governor may access a portion if certifies budget deficit and reduces expenditures

available for transfer² as \$11 million. [Statute](#) defines how the calculations are made. The fire suppression fund reserve may only be used if expenditure cuts are made, and the Governor must reduce expenditures by \$1 for every \$1 fire fund accessed.

EXPENDITURE REDUCTIONS

In the past, budget deficits have necessitated governors implement expenditure reductions. Statute directs that expenditure reductions ensure that the minimum general fund balance is achieved. Typically, expenditure decreases occur in services outlined by 5% reduction plans that agencies submit during the budget process. Historically, no more than 2-3% of annual expenditures³ were reduced by the executive before the Governor needed action by the Legislature. In the current biennium, the executive may be able to use 1) the higher Medicaid reimbursement for Medicaid (FMAP) to the extent the costs for Medicaid do not grow to offset the higher reimbursement; 2) CARES Act COVID expenses reimbursed to the general fund to the extent allowed by federal law; and 3) other expense management techniques.

² The amount available for transfer is up to the sum of the fund balance of the account, plus expected current year revenue, minus the sum of 1% of the general fund appropriations for the second fiscal year of the biennium, and estimated expenditures from the account for the fiscal year.

³ Legislative Fiscal Division Analysis Spending Reductions Proposal Part 1 – Overview, February 26, 2010, page 11. [Legislative Budget Analysis Special Session August 2002 for the Fiscal 2003 Budget, July 23, 2002, page 33.](#)

CUSHION, RESERVES & 3% EXPENDITURE REDUCTIONS = 15.4% FY 2021 REVENUES

The future is uncertain, but revenues in FY 2021 are expected to be lower than originally estimated due to impacts from the COVID-19 public health emergency. The fund balance cushion, BSRF, available fire fund reserves, and 3% expenditure reductions is 15.4% of FY 2021 revenues. According to economic literature from the University of Montana's [Bureau of Business and Economic Research](#), [Moody's Analytic](#), and the [Congressional Budget Office](#), future revenues are projected far lower than originally planned and unemployment will be significant. Using broad brush calculations, Moody's estimated Montana's general fund revenue through FY 2021 would be lower by between 15.4% and 18.7%. If this decline were to occur relative to annual revenues, it would be the single largest decline in the LFD fiscal records.



As mentioned previously, if FY 2021 estimated revenues are lower than HJ 2 by 15.4% before October 1 or 16.4% after October 1, all available fund balance cushion, reserves and 3% expenditure cuts may not be enough and other measures beyond executive control may be necessary.

UNCERTAIN FUTURE

As the state entered the COVID-19 emergency, Montana had strong reserves and other financial tools in the toolbox to get the state through a period of fiscal volatility. Some reserves are only available for use if the budget director certifies a budget deficit. Montana received \$1.25 billion in federal funding to assist with coronavirus expenditures, and the Governor has statutory appropriation authority to spend the funds. While the total impact of the public health emergency is unknown, the \$1.25 billion should cover COVID-19 expenditures.

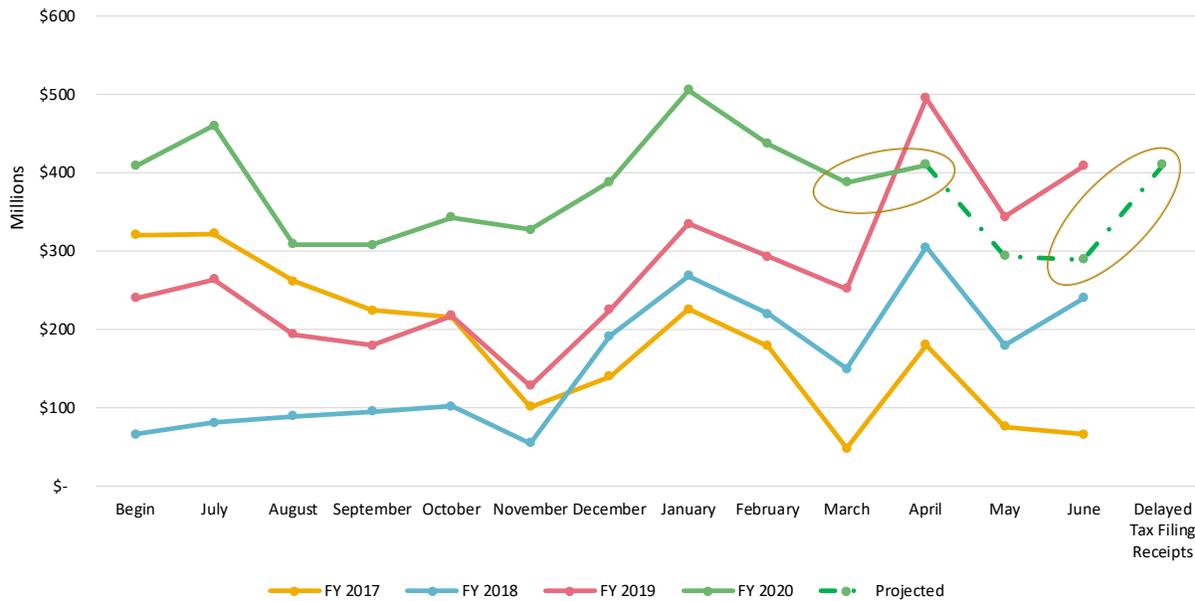
As stated in the summary section above, no part of the \$1.25 billion coronavirus relief funding may be used for state or local revenues as per the [U.S. Treasury Department guidelines](#). If FY 2021 estimated general fund revenues decline farther than 15.4%-16.4%, and no federal revenue support is received, other measures beyond the control of the Governor may be necessary. The ramifications of COVID-19 on state finances will likely last longer than FY 2021 and careful consideration of all reserves, potential federal revenue assistance, and other budget measures will be needed to manage state finances over the next several years.

GENERAL FUND CASH FLOW

There is a difference between general fund balance and general fund cash flow. The general fund balance reflects accrual accounting, meaning that at the end of the fiscal year the full expenditures obligated for the year and the revenues attributed to the fiscal year are included. General fund cash flow is the change in cash balance over the course of the fiscal year and is typically higher than the ending fund balance.

One of the actions taken to provide relief to taxpayers during this uncertain economic time was to move the tax filing deadline from April 15 to July 15. While providing relief to taxpayers, this increases the uncertainty and potential cash flow risk for states. General fund cash as of the end of April was \$410.4 million, well below what would have been expected had taxes been finalized in April. As a result, we will not know the total cash collections attributed to calendar year 2019 until after the new tax filing deadline in July. The projected line extending beyond June in this chart is based upon HJ 2 revenue estimates from the 2019 Session and does not reflect the higher trend experienced in collections prior to April. An updated projection is planned for June that will look more closely at FY 2021 revenues and potential impacts.

The general fund cash balance was reduced in **FY 2017**, but has been increasing each year since. Moving the tax filing deadline from April to July for **FY 2020** changes cash timing, with collections coming in after the fiscal year.



STATE REVENUE

State Special Revenues

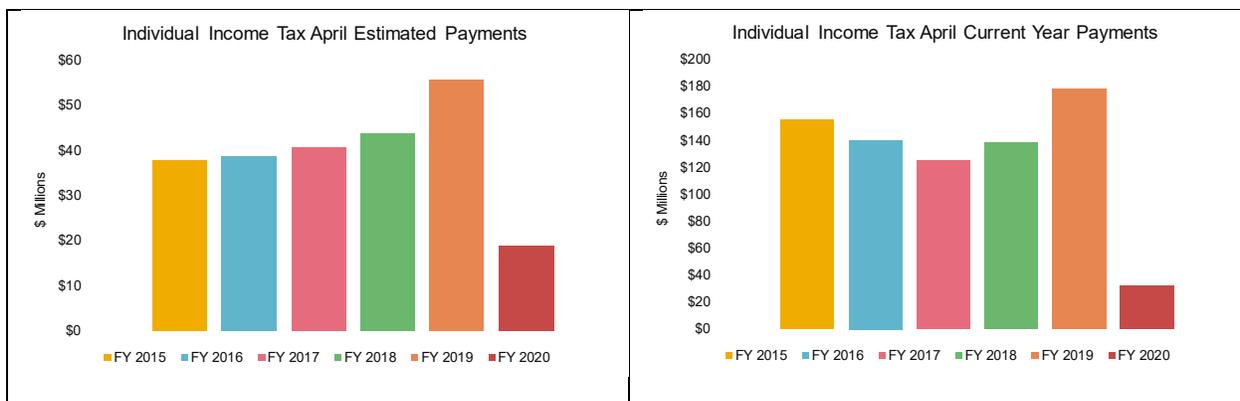
The Legislative Fiscal Division continues to monitor state special revenues, like gasoline and diesel taxes, for COVID-19 impacts. As more detail is obtained, future updates will include pertinent information.

LOCAL GOVERNMENT PROPERTY TAX

Legislative Fiscal Division analysts continue to monitor impacts to K-12 schools and local governments. The June COVID-19 report will provide information on local government property tax collections.

STATE REVENUE UPDATE - GENERAL FUND REVENUE COLLECTIONS DOWN DUE TO EXTENSION OF APRIL TAXES

Year-to-date general fund collections through April are currently below last year's collections. Total collections are down by 5.6% while ongoing revenues (those excluding November 2017 Special Session transfers in FY 2019) show a decline of 4.3%. **The decline is largely based on the extension of individual income tax payments from April 15th to July 15th. This extension applied to both the current year payments that are typical in April as well as the quarterly individual income estimated payments that were due in April. If these payments are excluded from both this year and last year, then the year-to-date growth is 3.5% while the ongoing revenue growth is 5.1%. The following charts show the noticeable decline in these two accounts in April.**



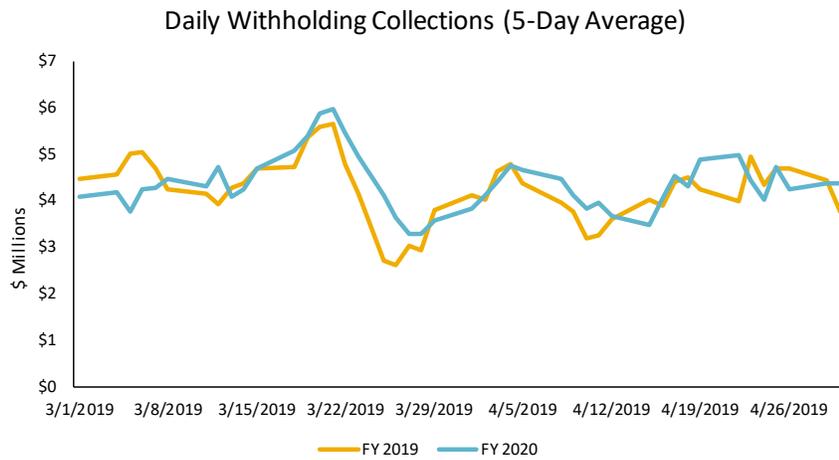
It is anticipated that these delayed payments will be paid in July and accrued in FY 2020. Once these payments are accounted for, it is likely that final revenue collections will end near HJ 2 for FY 2020. This is due to the strong growth that was seen in the first three quarters of FY 2020 being offset by lower collections in the last three months.

Personal and Corporate Income tax collections typically lag significant economic downturns/upturns. As a result, moving forward, the current economic downturn is likely to impact the revenue collections in FY 2021 and beyond. At this point, the degree of the impact is unknown.

The LFD has been monitoring daily withholding patterns since the beginning of March. The LFD will continue to monitor this indicator as it is one collection type that reacts in real-time, as compared to other revenue collections. At the end of February year-to-date withholding growth was 7.4%. As of the date of this report year to date withholding currently sits at 7.1%, indicating that it has not fallen dramatically since February. The

following chart shows a smoothed chart of daily withholding since the beginning of March for the last two years.

While collection patterns across some revenue accounts will lag in real-time, others may begin to show declines, especially during the fourth quarter of FY 2020. These sources include oil and natural gas taxes, video gaming taxes, lodging facilities sales taxes, and TCA interest earnings.



This report contains current details on the top seven sources, as well as those sources that are believed to be experiencing immediate impacts.

YEAR-TO-DATE GENERAL FUND REVENUE

General Fund Revenue Monitoring Report (\$ Millions)

Revenue Source	Actual FY 2019	HJ 2 FY 2020	HJ 2 Est. % Change	April FY 2019	April FY 2020	YTD Difference	YTD % Change	YTD % Change
Largest Seven Sources								
Individual Income Tax	\$1,429.010	\$1,410.943	-1.3%	\$1,301.096	\$1,217.729	(\$83.367)	-6.4%	
Property Tax	289.212	302.470	4.6%	170.859	177.363	6.503	3.8%	
Corporation Tax	186.536	165.893	-11.1%	148.685	142.466	(6.220)	-4.2%	
Vehicle Taxes & Fees	109.508	112.953	3.1%	81.121	82.973	1.852	2.3%	
Oil & Natural Gas Taxes	54.178	56.639	4.5%	28.441	23.700	(4.741)	-16.7%	
Insurance Tax	76.141	81.158	6.6%	60.898	66.421	5.523	9.1%	
Video Gaming Tax	63.228	60.248	-4.7%	47.050	45.455	(1.595)	-3.4%	
Other Business Taxes								
Drivers License Fee	3.976	4.370	9.9%	3.241	3.436	0.195	6.0%	
Investment Licenses	8.182	16.040	96.0%	7.654	15.132	7.477	97.7%	
Lodging Facilities Sales Tax	26.703	26.380	-1.2%	17.359	17.638	0.279	1.6%	
Public Contractor's Tax	3.597	3.579	-0.5%	3.616	4.514	0.898	24.8%	
Railroad Car Tax	3.594	3.878	7.9%	3.087	3.584	0.497	16.1%	
Rental Car Sales Tax	4.431	4.039	-8.8%	3.266	3.055	(0.211)	-6.5%	
Retail Telecom Excise Tax	13.224	11.927	-9.8%	7.652	7.428	(0.224)	-2.9%	
Other Natural Resource Taxes								
Coal Severance Tax	14.091	13.731	-2.6%	10.411	8.168	(2.243)	-21.5%	
Electrical Energy Tax	4.185	4.416	5.5%	3.617	3.032	(0.584)	-16.2%	
Metal Mines Tax	6.907	6.767	-2.0%	3.524	4.614	1.090	30.9%	
U.S. Mineral Leasing	21.570	20.891	-3.1%	15.050	11.859	(3.190)	-21.2%	
Wholesale Energy Trans Tax	3.490	3.464	-0.8%	2.657	2.567	(0.089)	-3.4%	
Other Interest Earnings								
Coal Trust Interest Earnings	18.172	17.315	-4.7%	12.912	15.833	2.921	22.6%	
TCA Interest Earnings	22.036	27.318	24.0%	15.249	16.321	1.073	7.0%	
Other Consumption Taxes								
Beer Tax	3.041	3.074	1.1%	2.206	2.270	0.064	2.9%	
Cigarette Tax	27.500	26.687	-3.0%	21.813	21.813	(0.001)	0.0%	
Liquor Excise Tax	21.946	24.153	10.1%	16.325	17.599	1.274	7.8%	
Liquor Profits	12.500	13.506	8.0%	-	-	-	-	
Lottery Profits	12.215	14.603	19.6%	7.292	4.658	(2.634)	-36.1%	
Tobacco Tax	5.869	6.279	7.0%	4.384	4.364	(0.020)	-0.4%	
Wine Tax	2.478	2.554	3.1%	1.846	1.869	0.023	1.2%	
Other Sources								
All Other Revenue	98.800	41.259	-58.2%	69.784	28.868	(40.916)	-58.6%	
Highway Patrol Fines	3.862	3.848	-0.4%	2.868	2.633	(0.236)	-8.2%	
Nursing Facilities Fee	4.416	4.087	-7.5%	2.702	2.516	(0.186)	-6.9%	
Public Institution Reimbursement	15.991	11.396	-28.7%	9.159	9.080	(0.079)	-0.9%	
Tobacco Settlement	3.034	2.603	-14.2%	3.025	2.654	(0.371)	-12.3%	
Ongoing Revenue Subtotal	2,519.566	2,508.465	-0.4%	2,056.298	1,967.511	(88.786)	-4.3%	
OTO Revenue & Transfers Subtotal	54.055			32.552	4.100	(28.452)		
Grand Total	\$2,573.621	\$2,508.465	-2.5%	\$2,088.850	\$1,971.611	(\$117.239)	-5.6%	

TOP SEVEN SOURCES

This section provides an update on the state’s top seven general fund sources as well as those additional revenues sources with significant year-to-date changes. Additionally, certain sources that haven’t yet shown significant change but are likely being impacted by the current economic downturn are also included.

Individual Income Tax: Below Estimate Due to Tax Extension

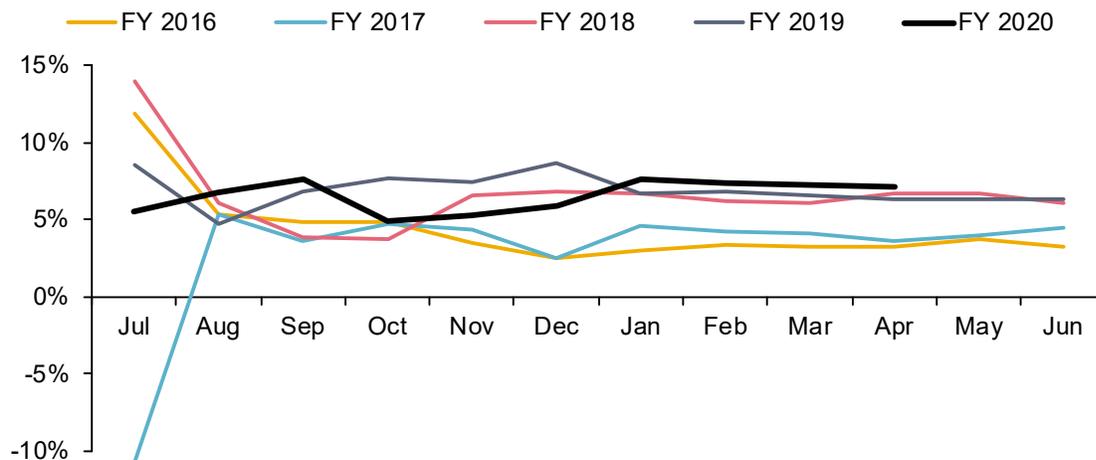
Individual income tax collections through the end of April are \$83.4 million or 6.4% below the year-to-date collections in FY 2019, and below the -1.3% growth anticipated in HJ 2. As noted earlier, the decrease has been driven by the extension of the April tax due date to July.

Individual Income Tax (\$ Millions)

Account	YTD 2020	YTD 2019	\$ Difference	% Difference
Withholding	\$916.9	\$855.7	\$61.1	7.1%
Estimated Payments	235.7	240.7	(4.9)	-2.0%
Current Year Payments	80.7	220.8	(140.1)	-63.4%
Audit, P&I, Amended	37.5	35.2	2.4	6.7%
Refunds	(253.7)	(258.7)	5.0	-1.9%
Refund Accrual Reversal	152.8	161.9	(9.1)	-5.6%
Partnership Income Tax	39.8	39.0	0.8	2.0%
Mineral Royalties	8.0	6.5	1.5	23.4%
Total	\$1,217.7	\$1,301.1	(\$83.4)	-6.4%

Withholding accounts for over two-thirds of individual income tax and about one-third of total general fund revenue and has shown strong growth compared to FY 2019 collections. As shown in the following chart, withholding growth tends to be relatively variable in the first half of the year, and typically stabilizes for February. **While the coming months may show a change to this pattern, thus far withholding has proven to be resilient to the current economic downturn.**

Cumulative year-over-year withholding growth may decrease throughout the remainder of the fiscal year due to increased unemployment.



Prior to April collections, individual income tax estimated payments had been particularly strong. In fact, even with the extension of the due date for estimated payments, the year-over-year decline is still only 2.0%

Property Tax: Slightly Below Estimate

Property tax collections are above last year by \$6.5 million or 3.8%. The increase anticipated in HJ 2 is approximately 4.6%. Property tax is tracking slightly below estimate. However, it is a relatively stable source of revenue for the state and is still likely to come in close to the HJ 2 estimate. Only one of two large property tax payments have been made, and the second payment is due by the end of May.

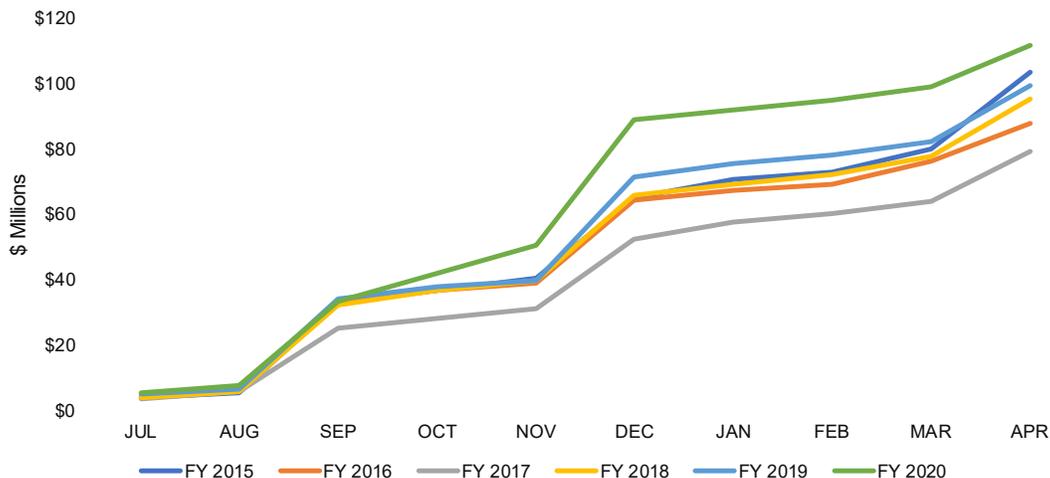
Corporation Income Tax: Currently Above Estimate

Corporation income tax collections through the end of April are 4.2% or \$6.2 million below this time in FY 2019. Since this source was expected to decline by 11.1% in HJ 2, it is still on pace to meet or exceed the HJ 2 estimate.

Account	YTD 2020	YTD 2019	\$ Difference	% Difference
Corporation Tax	\$36.9	\$43.2	(\$6.3)	-14.6%
Estimated Payments	111.7	99.2	12.5	12.6%
Refunds	(17.9)	(11.2)	(6.7)	59.3%
Refund Accrual Reversal	4.0	4.9	(0.9)	-18.7%
Audit, P&I, Amended	7.8	12.6	(4.8)	-38.3%
Total	\$142.5	\$148.7	(\$6.2)	-4.2%

The chart below shows a history of estimated payments through April. Estimated payments typically make up 80% of total corporation income tax collections. **While third quarter payments did not experience much of a decrease due to the current economic downturn, a visible decrease may be apparent by the fourth quarter payments.**

Estimated payments through April are higher in FY 2020 than any prior year.



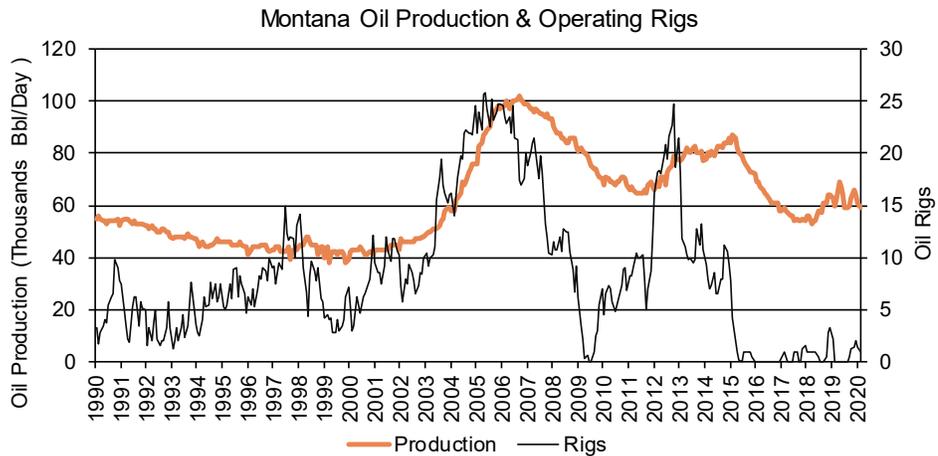
Vehicle Fees & Taxes: Slightly Below Estimate

Through April, vehicle taxes and fees are 2.3% or \$1.9 million above collections from last year. In HJ 2 this source was expected to grow by 3.1%, so it is tracking slightly below the estimate at this point.

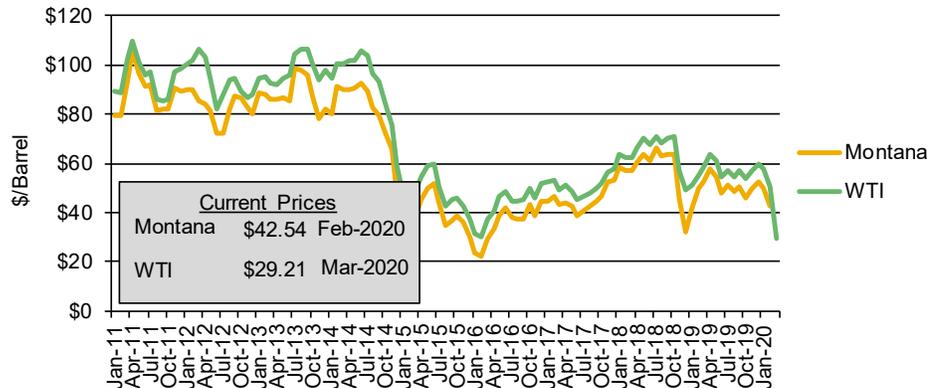
Oil & Natural Gas Production Tax: Below Estimate

At the end of April, the first two quarters of oil and gas production taxes have been posted to the state accounting system. Due to decreased oil prices, year-to-date collections are down \$4.7 million or 16.7%.

This decrease is expected to further amplify as the fiscal year closes. Those payments that have been posted to the state accounting system were from taxes paid in the first six months of FY 2020, when oil prices were far higher than they are now.



Oil prices have recently seen a large drop-off.



The two charts to the right show Montana's oil production, operating rigs, and prices. The Montana data lags the West Texas Intermediate (WTI) price by one month, so next month's report will show the corresponding decrease in Montana's prices as well.

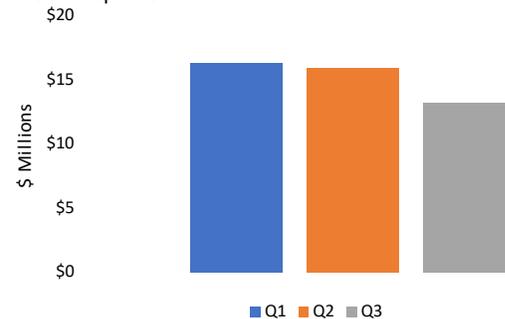
Insurance Tax: Currently Above Estimate

Year-to-date insurance tax collections are 9.1% or \$5.5 million higher than last April. This is in part due to earlier than usual fire marshal tax collections. This source is expected to normalize over the last months of the fiscal year and come in close to HJ 2.

Video Gaming Tax: Uncertain

Revenue from video gambling is currently \$1.6 million or 3.4% below collections from last year. This source was expected to drop by 4.7% in HJ 2. **With the recent statewide closures of gambling establishments and current limitations on capacity, fourth quarter revenues will likely drop dramatically, and this source could ultimately end up below HJ 2.**

Video gaming revenues began to decline in the end of the third quarter



OTHER KEY DIFFERENCES:

Investment Licenses: On Track With Estimate

Currently, investment license revenues are \$7.5 million or 97.7% above last year's collections. The increase was anticipated in HJ 2 due to the passage of [HB 694](#), which increased fees paid by investment firms.

Coal Severance Tax: Uncertain

Coal severance tax collections through March are \$2.2 million or 21.5% below last year's collections, and below HJ 2 which anticipated a decline of 2.6%. Production has decreased this fiscal year, but not in the amounts reflected in the tax collections. There is an issue with the timing of payments that is contributing to most of the decline.

Metal Mines Tax: Currently Above Estimate

Year-to-date growth in metal mines revenue is \$1.1 million or 30.9%. This is a large jump from last month, and according to DOR more payments than what is typical were posted in April, making this likely a timing issue.

U.S. Mineral Leasing: Currently Below Estimate

U.S. mineral leasing revenues are currently \$3.2 million or 21.2% below last year's collections. This large departure is due to the sporadic collection nature of this source, as it commonly varies from month to month.

Coal Trust Interest Earnings: Currently Above Estimate

Coal trust interest earnings are currently \$2.9 million or 22.6% above last year's numbers. This source typically sees similar collections from month-to-month, but April showed an abnormally large amount. The investments are fixed income investments, which causes the interest rate to show little variation throughout the course of the fiscal year. According to the Board of Investments (BOI), the monthly earnings have been stable month-to-month, as opposed to the recent jump shown in the state accounting system. The board indicates that this month's jump is a product of how those earnings are being booked to the accounting system.

TCA Interest Earnings: Below Estimate

Treasury cash account interest earnings are \$1.1 million or 7.0% above collections last year, and below the HJ 2 anticipated growth of 24.0%. Short-term interest rates have recently dropped far below levels anticipated in HJ 2, explaining the deviation from HJ 2. As a result, it is anticipated that this source will end up far below HJ 2.

Liquor Excise Tax: Strong Year-To-Date Growth

Liquor excise tax revenue is currently \$1.3 million or 7.8% higher than this time last year. Sales were strong in March and somewhat weaker in April. Research into the COVID-19 impact on this revenue source is ongoing.

Lottery Profits: Below Estimate

Lottery profits are currently \$2.6 million, or 36.1% below year-to-date-collections for the previous year. Sales were substantially down for all lottery products in April due to the COVID-19 stay-at-home order and the closure of several outlets.

All Other Revenue: On Track With Estimate

To date, all other revenue collections are 58.6% or \$40.9 million below last year's collections. This source was expected to decrease by 58.2% in HJ 2, so this source is tracking as expected. The expected decrease is due to the passage of [HB 6 \(2017 Special Session\)](#), which authorized numerous one-time-only transfers that occurred in the second half of FY 2019.

CORONAVIRUS RELIEF FUNDS: FEDERAL TREASURY GUIDANCE

In the CARES Act, funding was directed to the states for dealing with unexpected expenditures as a result of the Coronavirus. Guidance directed that these funds were to be used for expenditures that were not already in state budgets; were incurred between March 1, 2020 and December 30, 2020; and could not be used to offset revenue losses.

The Department of the Treasury has since published more guidance in a few areas that will assist the state in how to utilize the \$1.25 billion Montana has received. This guidance clarified that not only were direct medical expenses associated with responding to the emergency and medical situation applicable, but also allowed for "second-order effects of the emergency."

One helpful clarification confirmed that costs were not considered to have been accounted for merely because it could have been met with reserves set aside for budget stabilization.

Examples of allowable expenditures provided ranged from direct medical and public health expenses like testing, communication, disinfecting, quarantining individuals, food delivery, and other public safety measures taken. The guidance explicitly includes the coverage of unemployment insurance costs resulting from this situation that are not already covered by other federal funding (additional weeks of coverage and the \$600/week are already fully covered by federal funding).

For a longer list of permissible examples, see the [Treasury guidance here](#).

However, there were also examples provided of expenditures that are not permissible. This includes the state share of Medicaid, which is consistent with past federal guidance. Additionally, legal settlements, workforce bonuses, and severance pay were explicitly excluded.

FEDERAL LEGISLATION

In response to the COVID-19 emergency, four separate federal bills have been passed and approved to provide relief. Those bills include:

Bill 1: H.R. 6074 "[Coronavirus Preparedness and Response Supplemental Appropriations Act](#)"

Bill 2: H.R. 6201 "[Families First Coronavirus Response Act](#)"

Bill 3: H.R. 748 "[Coronavirus Aid, Relief, and Economic Security Act](#)" or "[CARES Act](#)"

Bill "3.5": H.R. 266 "[Paycheck Protection Program and Health Care Enhancement Act](#)"

US HR 266 is new since the last published monthly report and includes \$11 billion for states for testing and contact tracing.

The following spreadsheet has been updated since the April version to reflect new information, but continues to focus only on state government impacts, rather than all funding included in the federal bills referenced above. Where new information has been made available, estimated amounts have been updated, but many of those numbers are still only estimates.

The Coronavirus Relief Fund (CRF) in the amount of \$1.25 billion has been received from the federal government. An advisory committee has made recommendations to the governor on how best to utilize that funding, but very little final detail has been provided yet as to the executive plan. Initial COVID related grants are being provided through nine different programs in the Department of Commerce, totaling \$123 million. Another \$5 million has been committed to helping local health departments with contact tracing efforts.

A Summary of Coronavirus Funding to Date (May 7, 2020)
(\$ in millions)

Sources: FFIS, NCSL, bill text, state agencies

State Agency	Program	Projected Federal Stimulus	Actual Amount Received to date	Expiration Date	Notes	Legislative Vehicle				Total National Funding	Bill Section*
						H.R. 6074	H.R. 6201	H.R. 748	H.R. 266		
Commerce	Community Development Block Grant	3.9		9/30/2022	Two thirds to be distributed by formula, the remaining by public health needs			X		5,000	PL 116-136 Div B Title XII
Commerce	Tenant-Based Rental Assistance	1.3		Until spent	Tenant vouchers for housing			X		1,250	PL 116-136 Div B Title XII pg 321
Commerce	Project-Based Rental Assistance	TBD		Until spent	Rent subsidy for low income tenants of multi family facilities			X		1,000	PL 116-136 Div B Title XII pg 330
Commerce	Public Housing Operating Fund	0.9		9/30/2021	To Public Housing Agencies to maintain normal operations			X		685	PL 116-136 Div B Title XII pg 323
Commerce	Small Business Development Centers	1	1.28	3/31/2021	To small business development centers for assisting small businesses with expanded			X	265		
Commerce	Housing for the Elderly	TBD		9/30/2023				X		50	PL 116-136 Div B Title XII pg 331
Commerce	Housing for Persons with Disabilities	TBD		9/30/2023	To maintain normal operations			X		15	PL 116-136 Div B Title XII pg 331
Direct to Airports	Grants-in-Aid to Airports	9			This will be distributed directly to recipients rather than funneled through MDT.			X		10,000	Department of Transportation, Federal Aviation Administration (page 316)
DLI	UI administration	6.2	1.3	12/31/2020	Montana appears to meet requirements for both base & supplemental.			X		1,000	PL 116-127 D Section 4102 pg 15
DLI	Grants to establish or improve short-time compensation programs	TBD		12/31/2020	DLI does not have a short-time compensation program.			X		100	PL 116-136 Title II Subtitle A Section 2108, pg 41
DLI	Unemployment Insurance - 39 weeks of benefit (EUC)	TBD		12/31/2020	DOL will pay for benefits to start first week of unemployment and to extend benefit for 39 weeks. As of 4/5/2020 76,670 unemployed, 18,678 in January all qualify for additional weeks of benefits			X		TBD	PL 116-136 Title II Subtitle A Sec 2102 Pg 33
DLI	Unemployment Insurance - Additional \$600 a week in addition to state benefit amount (FPUC)	TBD	128.41	7/31/2020	Establishes the Federal Pandemic Unemployment Compensation (FPUC) Program - 18 weeks of an additional \$600 a week would be \$828.0 million if 76,670 unemployed			X		TBD	PL 116-136 Title II Subtitle A Sec 2104 Pg 38
DLI	Unemployment Insurance - Providing unemployment compensation for individuals who may not qualify for regular unemployment benefits, such as those who are self-employed. (PUA)	TBD	7.05	12/30/2020	Establishes the Pandemic Unemployment Assistance (PUA) Program - provides up to 39 weeks of benefits. Those that receive benefits under this program may also be eligible for the additional \$600/week benefits available through the Federal Pandemic Unemployment Insurance (FPUC) Program.			X		TBC	PL 116-136 Title II Subtitle A Section 2102 Pg 33
DMA	Disaster Relief Fund	TBD		Until spent	\$45B appropriation - \$25B for disasters declared under Stafford Act. \$15B in addition to amounts designated by Congress for disaster relief.			X		45,000	Division B, Title VI, Federal Emergency Management Agency, pgs 263 through 264
DMA	Emergency Management Performance Grants	TBD		9/30/2021	\$100M available in grants.			X		100	Division B, Title VI, Federal Emergency Management Agency, pg. 264
DMA or Governor	National Guard	TBD		9/30/2020	Per presidential memorandum, issued April 7,2020, Montana will receive 100% federal cost share for national guard emergency assistance activities related to COVID19, effective for 31 days or fewer.			X		1,400	Division B, Title III, Department of Defense Military Personnel, pgs 238 through 242
DNRC or DMA	Firefighter Assistance Grants	TBD		9/30/2021	\$100M available in grants for purchase of PPE & related supplies, including reimbursements. This funding is an addition for the Assistance to Firefighters grants, which is normally open to eligible fire departments. Currently, DMA is waiting on guidance to see if state agencies are going to be eligible applicants or pass-through entities.			X		100	Division B, Title VI, Federal Emergency Management Agency, pg. 265
DOC	Byrne Justice Assistance Grants (JAG)	3.4	3.40	Until spent	\$850 million total; will be using the same formula allocation (adjusted in proportion to the relative amounts statutorily designated) that was used in fiscal year 2019 for the Edward Byrne Memorial Justice Assistance Grant program. An additional \$1.3 million will be sent directly to Montana local government entities.			X		850	Division B, Title II, State and Local Law Enforcement Activities, pages 233-234
DPHHS	Emergency Solutions Grants	2.5	2.52	9/30/2022	Assistance for Homeless			X		4,000	PL 116-136 Div B Title XII pg 328

DPHHS	Housing Opportunities for Persons with AIDS	0.0	0.32	9/30/2021	Rental Assistance, \$50 million by formula, \$10 million OTO assistance			X	65	PL 116-136 Div B Title XII pg 325	
DPHHS	SNAP Contingency Reserve	TBD		9/30/2021	100% federal, depends on eligibility. Allocated as Secretary deems necessary.			X	15,510	Pg 228	
DPHHS	Child Nutrition	TBD	5.30	9/30/2021	Refers to USDA programs (National School Lunch/Breakfast Programs and other similar			X	8,800	Pg 227	
DPHHS	Emergency Food Program (TEFAP)	2.5	0.31		USDA Food and Nutrition Service program.			X	X	850	P.L. 116-127, Div. A Title I; P.L. 116-136, Div. B Title I
DPHHS	Supplemental Nutrition Assistance for Women, Infants, and Children (WIC)	1.1			USDA WIC program.			X		500	P.L. 116-127, Div. A Title I
DPHHS	Grants to states, localities, and tribes	9.6	9.643		BA processed			X	X	2,450	P.L. 116-123, Div. A Title III
DPHHS	Testing and Contact Tracing								X	11	
DPHHS	Infectious Diseases Rapid Response Reserve Fund	TBD	5.08	9/30/2024	Appropriated to the CDC and distributed from that agency as grants to states, local entities, and tribes.			X	X	600	Pg 275
DPHHS	Surveillance and analytics infrastructure	TBD		9/30/2024	Appropriated to the CDC and distributed from that agency as grants to states, local entities, and tribes.				X	500	Pg 274
DPHHS	Survey and Certification	TBD		9/30/2023	Appropriated to CMS for certification for Medicaid and Medicare providers				X	100	Pg 277
DPHHS	Medicaid/CHIP FMAP adjustments	~80.0			Federal authority would be increased, and would reduce state spending. This estimate is based on a full year, but the FMAP is temporary, depending upon when the disaster is declared over.			X		Entitlement	HR 6201
DPHHS	Hospital Preparedness Program	0.7	0.68	9/30/2024	Appropriated to Health and Human Services to make grants.				X	250	Pg 281
DPHHS	Child Care and Development Block Grant	10.1	10.11	9/30/2021	Assistance to childcare providers				X	3,500	P.L. 116-136, Div. B Title VIII
DPHHS	Community Services Block Grant	4.7		9/30/2021	For states to distribute to local community-based entities.				X	1,000	P.L. 116-136, Div. B Title VIII
DPHHS	Low Income Home Energy Assistance Program	5.1		9/30/2021	HHS LIHEAP program.				X	900	P.L. 116-136, Div. B Title VIII
DPHHS	Head Start	2.6		9/30/2021	HHS Head Start program.				X	750	P.L. 116-136, Div. B Title VIII
DPHHS	Family Violence Prevention and Services	0.2		9/30/2021	Domestic violence shelters and hotline				X	45	P.L. 116-136, Div. B Title VIII
DPHHS	Child Welfare Services	0.1		9/30/2021					X	45	P.L. 116-136, Div. B Title VIII
DPHHS	Runaway and Homeless Youth	0.2		9/30/2021	Funds to supplement (not supplant) existing funds in this area.				X	25	Pg 279
DPHHS	Congregate Meals and Home Delivered Meals	3.6	3.60	9/30/2021	Activities under Older Americans Act of 1965			X	X	740	P.L. 116-127, Div. A Title V, P.L. 116-136, Div. B Title VIII
DPHHS	Home and Community-Based Supportive Services	1.0		9/30/2021	Activities under Older Americans Act of 1965				X	200	P.L. 116-136, Div. B Title VIII
DPHHS	Family Caregivers	0.5	0.50	9/30/2021	Activities under Older Americans Act of 1965				X	100	P.L. 116-136, Div. B Title VIII
DPHHS	Centers for Independent Living	1.0		9/30/2021	Activities under Older Americans Act of 1965				X	85	P.L. 116-136, Div. B Title VIII
DPHHS	Aging and Disability Resource Centers	0.3	0.30	9/30/2021	Activities under Older Americans Act of 1965				X	50	Pg 148
DPHHS	Protection of Vulnerable Older Americans	0.1		9/30/2021	Activities under Older Americans Act of 1965				X	20	Pg 279
DPHHS	Certified Community Behavioral Health Clinical Expansion Grant	0.0		9/30/2021	SAMHSA program.				X	250	Pg 276
DPHHS	Emergency Grants - Mental Health & Substance Use	2.0	2.00	9/30/2021	SAMHSA program.				X	100	Pg 276
DPHHS	Suicide Prevention Programs	TBD		9/30/2021	SAMHSA program.				X	50	Pg 276
DPHHS	Community Health Centers	10.0			Increased funding for Community Health Centers under the Affordable Care Act.			X	X	1,420	P.L. 116-123, Div. A Title III, P.L. 116-136, Div. B Title VIII
DPHHS	Telehealth Resource Centers	0.0		9/30/2022	Funding for telehealth and rural health activities under the Public Health Service Act and Social Security Act.				X	180	Sec. 4213
DPHHS	Small Rural Hospital Improvement Program	4.0			Funding for telehealth and rural health activities under the Public Health Service Act and Social Security Act.						Sec. 4214
DPHHS	Ryan White HIV/AIDS	0.2	0.05	9/30/2022	Supplemental funding for existing contracts and grants.				X	90	Pg 282
MAC	National Endowment for the Arts (NEA)	0.4	0.42	9/30/2021	\$75.0 million available nationally, of which 40% will be distributed to state arts agencies and regional art organizations and 60% will be used for direct grants				X	75	Other Related Agencies (page 272)
MDT	Transit Infrastructure Grants	52			\$35.5 million to "rural" and \$14.3 to "urban" (urban is only the MPOs of GF, Billings and Missoula) Also 2 million directly to tribes. No match required for any of it. Distributed through existing formulas/mechanisms.				X	25,000	Department of Transportation, Federal Transit Administration (Page 319)
MHS and MSL	National Endowment for the Humanities (NEH)	TBD		9/30/2021	\$75.0 million available nationally for the National Endowment for the Humanities in which 40% will be distributed to state humanities councils and 60% will be used for direct grants				X	75	Other Related Agencies (page 273)
MSL	Institute of Museum and Library Services	0.1	0.10	9/30/2021	\$50.0 million for the Institute of Museum and Library Services, in part, for grants to states				X	50	Department of Education (page

N/A	Project SERV	TBD		9/30/2021	\$100 million available nationally for cleaning and disinfecting schools, providing for mental health services and providing distance learning. According to OPI staff, applications will be submitted by school districts directly to the U.S. Department of Education	X	100	Department of Education (page 289)
OCHE	Education Stabilization Fund	37.3		9/30/2021		X	30,750	18004
OCHE	Manufacturing Extension Center	0.2		9/30/2021	Hollings Manufacturing Extension Program	X		Title II - Department of Commerce (page 231)
OCHE	Corporation for Public Broadcasting	0.6		9/30/2021	MSU's public television station and MSU, UM, and MSU Billings' public radio stations received	X	75	Department of Education (page 18002)
OCHE and/or OPI	Governor's Emergency Relief Fund	8.8		9/30/2021	\$8.765 million Governor's Emergency Education Relief Fund allocated between post-secondary and secondary education by the Governor	X	*	18002
OPI	Education Stabilization Fund	41.3		9/30/2021		X	*	18003
researching	Rural Broadband ReConnect	TBD		9/30/2021	Available until Sept. 2021 Provided 90% is spent on households in rural areas without	X	100	
researching	Distance learning and telemedicine	TBD		Until spent	Distance Learning & Telemedicine Grants. A minimum 15% match is required for grant-only	X	25	
researching	Water and Related Resources	TBD		9/30/2021	Department of the Interior Bureau of Reclamation	X	13	
Secretary of State	Election Security Grants	3.0	3.00	12/31/2020	\$400M overall. Can only be used for federal election cycle expenses related to coronavirus. 20% state match (\$600k) required. Montana requested grant funds on 4/13/2020.	X	400	Division B, Title V, Independent Agencies, pgs. 250 through 251
TBD	Economic Development Assistance programs	TBD			Grant program, TBD	X	1,500	
	Coronavirus Relief Fund	1,250.0	1,250.0	12/30/2020	Deposited with the State of Montana in a federal fund, for expenses between March 1 and December 30. Statutory authority established through Governor's office.	X	150,000	Title V Sec. 5001 (p 221)
	Lending fund for Businesses, <u>Cities, & States</u>				While the focus is on business lending, there is potential assistance for revenue loss in government entities. Private demand is expected to very high for this assistance.	X	500,000	Sec. 4003 (p 190)

* Page references may not match a bill you are referencing, as there are multiple versions of the bill available online.

APPROPRIATIONS AND SPENDING

TRACKING THE USE OF COVID-19 FUNDING

When the legislature is not in session, agency budgets are monitored as directed in statute. The process is strictly controlled and agencies report changes to budget operating plans through process documents such as budget amendments, program transfers, etc. Significant budget changes approved by the executive are reported to the LFD and presented to the Legislative Finance Committee during the interim. Agencies continue to use this process to plan for implications of COVID-19. To learn more about the budget change process, please refer to the [LFD Interim Budget Changes Brochure](#).

Agency Budget Change Documents Processed

State agencies initiated the following budget changes since the April 9 report.

- Budget amendments
 - Department of Labor and Industry (DLI)
 - \$350 million enterprise funding for unemployment insurance benefit payments
 - \$2.7 million federal funding provided through Families First Coronavirus Response Act (FFCRA) for special administration of unemployment insurance benefit payments, agency plans to use 80% for personal services and 20% operations
 - \$800,000 federal funding for staff and operating costs for increased operations
 - Department of Transportation (MDOT)
 - \$35.5 million federal funding for the rural rail and transit planning program of which 98.6% is budgeted for grants
 - Department of Public Health and Human Services (DPHHS)
 - \$2.5 million federal funding for local assistance emergency solutions grants
 - \$2.0 million federal funding for emergency COVID-19 response through the addictive and mental disorders program, of which \$1.5 million is for local assistance
 - \$1.0 million federal funding for supportive services grants
 - \$500,000 federal funding for family caregiver support program grants
 - \$324,723 federal funding for COVID-19 grants for Housing Opportunities for Persons with AIDS
 - \$310,666 federal funding for Families First Coronavirus Response Act Emergency Food Assistance Grant
 - Secretary of State (SOS)
 - \$3.0 million federal funding for Help American's Vote Act COVID-19 funds, 75% for local assistance and 25% for operations
 - Montana Arts Council (MAC)

- \$424,400 federal funding for additional National Endowment for the Arts grant funding through CARES, 4.7% to be used for operating costs and the remainder for local assistance to non-profit arts sectors
 - Department of Commerce (Commerce)
 - \$420,000 enterprise funding for local emergency rental assistance
 - Montana State Library
 - \$96,573 federal funding through CARES for Library Services and Technology Act grants
- Modified FTE
 - 8.00 FTE in FY 2020 and 16.00 FTE in FY 2021 for pandemic unemployment assistance call center, DLI
 - 11.00 FTE for special administration of unemployment insurance benefit payments, DLI

Emergency Appropriation Authority

The Governor has statutory authority to establish appropriation authority and spend certain state funds and any emergency federal funds. The following two sections describe this authority.

State funds the Governor can access during a declared emergency include:

Governor's State General Fund Statutory Appropriation, \$16.5 million

During a declared emergency, the Governor has access to \$16.0 million of state general fund authority for a biennium. In addition, since the President of the United States declared an emergency, the Governor has access to an extra \$500,000 general fund.

Since the April report, the Department of Military Affairs processed a budget change document for \$1.0 million of which approximately \$810,000 will be used for personal services in the disaster and emergency services program and for deployment of National Guard personnel. The remaining will cover travel, lodging, and communication costs of DMA.

State Special Funds Emergency Budget Amendment Authority

In rare circumstances like a declared emergency, budget amendments for state special funds may be allowed by approving authorities, under the direction of 17-7-403 (2).

The LFD is not aware of any emergency budget amendments to spend state special funds.

Federal fund authority the Governor may access through emergency powers:

As related in the federal legislation section of this report, the state received CRF funding on April 24, 2020. The Governor appointed a task force to provide advice on how the allocations could be made. The Coronavirus Relief Fund Advisory Council Report is available at <https://commerce.mt.gov/Portals/90/shared/DOC/docs/CoronavirusReliefFundAdvisoryCouncilReport.pdf?ver=2020-05-01-140631-863>

Allocations will be made by the Office of Budget and Program Planning as directed by the Governor. Initial funding for grants to businesses and funding for contact tracing has been indicated by the Governor. Details can be found at the Department of Commerce website: <https://commerce.mt.gov/Coronavirus-Relief>. No information is yet available on actual grant awards.

Coronavirus Relief Funds (CRF) Statutory Appropriation, \$1.25 billion

- Governor's Office of Budget and Program Planning, \$1.25 billion to be distributed as determined by the Governor
 - \$123.0 million federal authority announced for coronavirus relief
 - \$50.0 million administrative appropriation to Commerce for the Homeowner/Renter Grant Program
 - \$50.0 million administrative appropriation to Commerce for Business Stabilization Grant Program through the Office of Tourism
 - \$22.9 million not established yet
 - \$122,885 Administrative Appropriation to Commerce for reimbursement to the housing division for COVID-19 response
 - Anticipated grants to state agencies of all three branches of government to cover COVID-19 related expenditures incurred and anticipated to be incurred
 - Other additional allocations by the Governor to be determined

STATE EXPENDITURES IN RESPONSE TO COVID-19 (AS OF MAY 7)

Total state expenditures due to COVID-19 as of May 7, 2020 were \$12.0 million. Please view the [LFD COVID-19 Dashboard](#) for the daily updated figures on state expenditures. Agency expenditures included in the LFD Dashboard as "COVID-19 State Expenditures" are based on entries in the state accounting system and may vary from the final determination of eligible COVID expenditures. Eligible general fund and state special revenue expenditures will be reimbursed with federal funding from the Coronavirus Relief Fund during the fiscal year end process.

Agencies experienced an increase in personal services related to COVID-19. Leave categories for state of Montana employees were established if employees are unable to telework due to COVID-19 related illness or events, like school closures.

COVID-19 Expenditure Summary Highlights by Agency (as of May 7)

Department of Public Health and Human Service

- \$1.2 million federal funding for food through aging services grants in response to COVID-19
- \$1.1 million federal funding for contract services grants for critical response

Department of Labor and Industry

- \$924,748 federal funding for personal services costs for administration of unemployment insurance payment benefits

- \$270,765 mixture of state special, federal, and other funding for computer hardware; technology services; legal fees; and other (56.9% state special, 39.1% federal, & 4.0% other)

Department of Military Affairs expended \$652,000 of general fund for staffing and supplies for emergency COVID-19 response.

Department of Transportation expended \$231,797 of federal funding for rail and transit planning.

UNEMPLOYMENT INSURANCE ENROLLMENT AND BENEFITS DISTRIBUTED IN RESPONSE TO COVID-19

The Department of Labor and Industry provided \$194.0 million in unemployment insurance payment benefits in April 2020 and as of May 12, sent out an additional \$95.2 million for May payments. Please view the [LFD COVID-19 dashboard](#) for the most up-to-date information on unemployment insurance benefit payments.

In order to assist DLI with the administration of claims, the department qualified for \$6.2 million from U.S. HR 6201 for an emergency administration grant.

For more detail about unemployment statistics including job tracking, please visit the DLI web site: <http://lmi.mt.gov/home/job-tracking#Unemployment-Insurance-Monthly-2930>

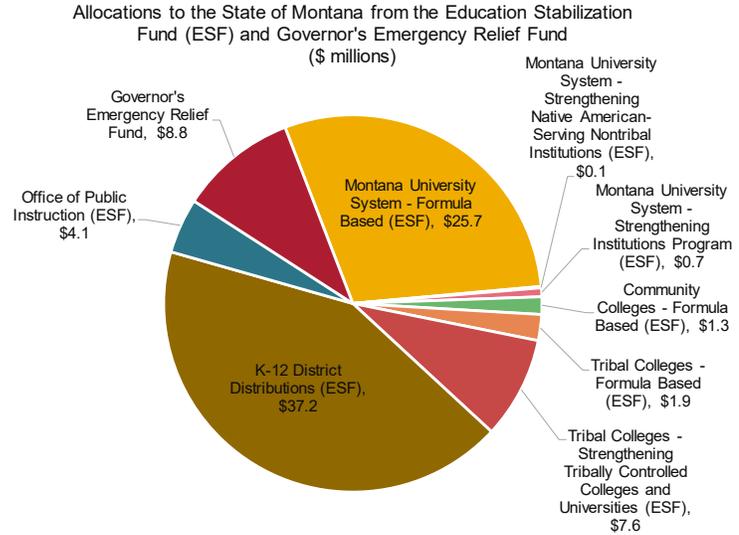
For additional employer information, please visit the DLI web site: <http://dli.mt.gov/employer-covid-19>

EDUCATION FUNDING IN RESPONSE TO COVID-19

The U.S. Department of Education released the allocations for Section 18004(a)(2) of the CARES Act, which directed 7.5% of the education stabilization fund to “minority serving institutions”. Public institutions in Montana received allocations in three areas:

- Strengthening Tribally Controlled Colleges and Universities – the Tribal Colleges will receive \$7.6 million directly from the federal government
- Strengthening Native American-Serving Nontribal Institutions – MSU Northern will receive \$104,000
- Strengthening Institutions Program – Currently MUS campuses will receive a total of \$660,000 (note: two MUS campuses and the community colleges did not receive an allocation. They may be eligible and there is a process to request funds from a reserve that was established)

The graphic shows allocations to Montana from both the Education Stabilization Fund and the Emergency Relief Fund. Tribal Colleges will likely receive additional funding from the Bureau of Indian Education. The chart will be updated in future reports as more information is received.

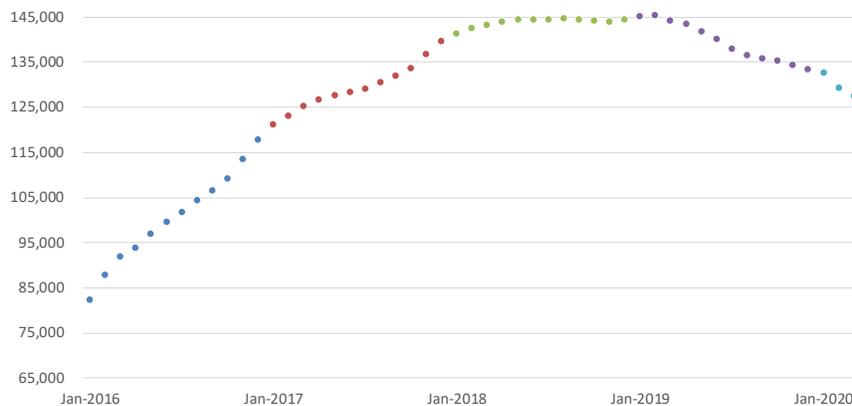


APPENDIX: DPHHS SAFETY NET ASSISTANCE PROGRAMS

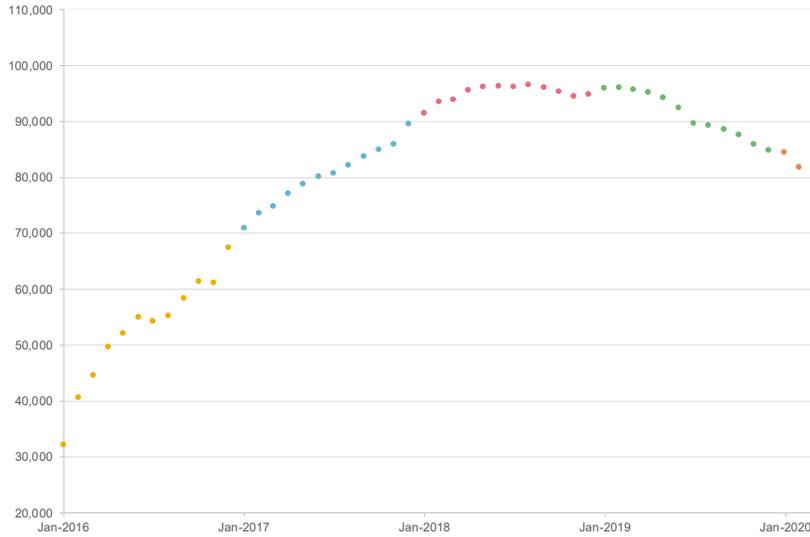
MEDICAID ENROLLMENT IN RESPONSE TO COVID-19

Medicaid enrollment continued to show a decline through March. However, since enrollment data lags real time, enrollment response to COVID-19 will not be present in the data until the June report which should show April data. Charts reflecting the continued decline are available in the appendix section of this report.

The number of Traditional Medicaid Enrollees increased during CY 2016 and CY 2017 before leveling off in CY 2018 and decreasing during CY 2019 and CY 2020.



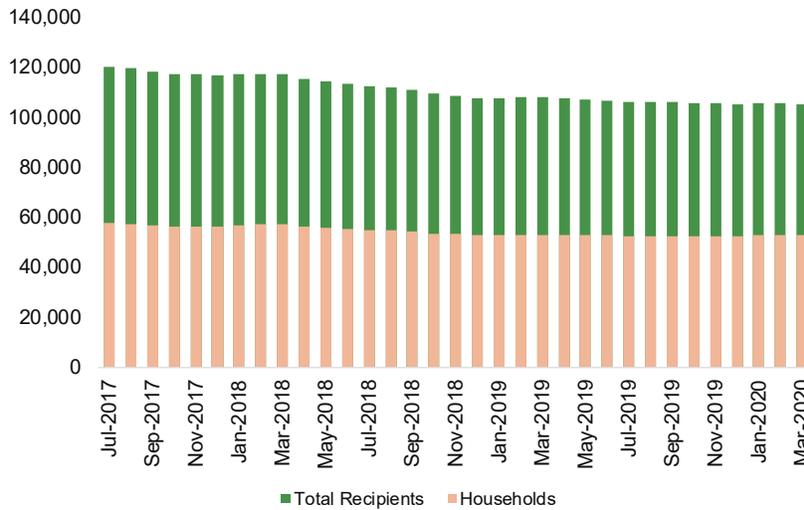
The number of HELP Act Enrollees increased during CY 2016 and CY 2017 before leveling off in CY 2018 and decreasing during CY 2019 and CY 2020.



SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)

SNAP is a federal program supported by a federal block grant overseen by the United States Department of Agriculture. SNAP provides a monthly benefit for the purchase of food. Benefits are 100% funded by the federal government with states only required to cover half of administrative costs. Eligibility is determined by household. There are Gross Monthly Income (GMI) and Net Monthly Income (NMI) limits for eligibility. In FY 2020, a household of four can have a GMI of \$2,790 and NMI of \$2,146 to qualify for SNAP.

Supplemental Nutrition Assistance Program (SNAP) Participation July 2017 - March 2020



In addition to food benefits, SNAP includes nutrition education and obesity prevention (SNAP ED) and the SNAP Employment and Training Program (SNAP E&T). The chart above illustrates the

number of households and individuals receiving SNAP benefits has been decreasing since FY 2017 and continued to do so in March of FY 2020.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

TANF is a federal program supported by a federal block grant and a state contribution. The program provides a public safety net including; cash assistance, job preparation supports and education and training. States are required to expend state and local resources at a level known as the “maintenance of effort” (MOE). These amounts are based on states assistance expenditures during FFY 2011, the last time the requirements were updated. Montana’s annual MOE in FY 2019 was \$14.3 million while federal benefits totaled just under \$30.0 million.

The table below illustrates the number of households, and total recipients receiving TANF benefits in Montana from FY 2017 through March of FY 2020. Like Medicaid, Medicaid Expansion, and SNAP, the enrollment numbers in TANF have been declining for over a year and continued to do so in March of 2020. Beginning in June, enrollment numbers for all programs during the month of April will be available.

