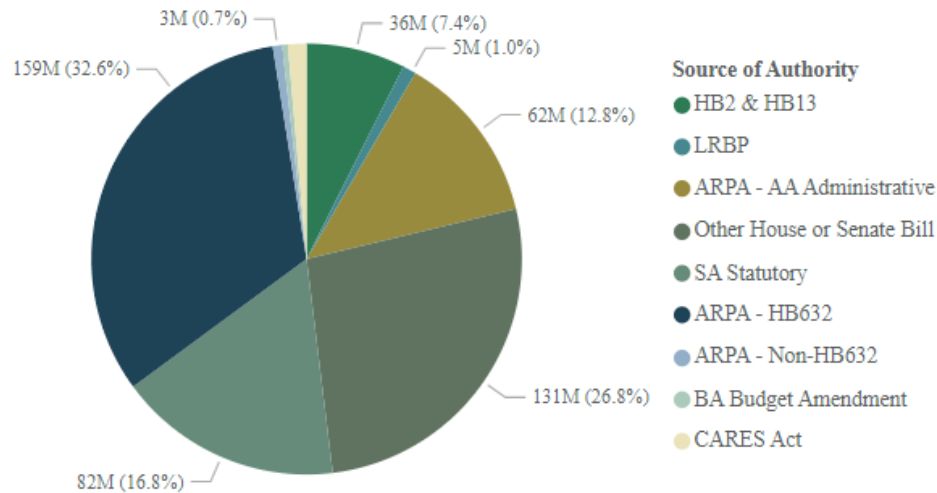


# DEPARTMENT OF COMMERCE (COMM)

## TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Department of Commerce is shown in the pie chart below. HB 2 and HB 13 provide 7.4% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

**Total Modified Budget by Source of Authority**



Source of Authority	Modified Budget	Expended Budget	% Expended
HB2 & HB13	36,150,817	6,776,336	18.7%
BA Budget Amendment	2,087,826	475,889	22.8%
LRBP	4,917,000	35,489	0.7%
Other House or Senate Bill	130,578,758	274,818	0.2%
SA Statutory	82,060,322	40,226,574	49.0%
CARES	6,802,389	841,433	12.4%
ARPA	224,555,393	37,354,667	16.6%
<b>Total</b>	<b>487,152,506</b>	<b>85,985,207</b>	<b>17.7%</b>

## Budget Amendments

Budget amendments processed in FY 2024 for the Department of Commerce total approximately \$2.1 million in federal special revenue funds. Approximately \$1.1 million is for the State Trade Expansion Program (STEP), which supports small businesses who participate in foreign trade and markets. The remaining funding is for federal housing programs including the Project-Based Section 8 Housing, which provides housing to low-income households in privately owned and managed rental units and the Housing Choice Voucher Program which assists very low-income families, the elderly, and the disabled to afford housing in the private market. As

of the end of November 2024, the Department of Commerce had expended \$476,000 or 22.8%, primarily for STEP.

### Long-Range Building Program

The Department of Commerce has Long-Range Building Program authority totaling \$4.9 million granted through a budget amendment for replacement of lead service lines. This budget amendment was to establish federal authority that was awarded from the Infrastructure and Jobs Investment Act. As of the end of November 2023, the agency has expended \$35,000 or less than 1.0% of this authority.

### Other Bills

Other house and senate bill authority for the Department of Commerce totals \$130.6 million in FY 2024. This authority accounts for 26.8% of the department’s total expenditure authority. HB 819 provides the greatest expenditure authority, totaling \$63.0 million for affordable housing programs. HB 11 and HB 12 also represent a significant portion of other bill authority totaling \$42.6 million. HB 11 and HB 12 authorizes grant authority for the Montana Coal Endowment Program (MCEP) grants and the Montana Historical Preservation Grants (MHPG). Less than 1.0% of program authority has been expended as of November 2023. The table below shows the budget, expenditures, remaining budget, and percent expended for the other house bill funds FY 2024.

<b>Department of Commerce</b>				
<b>Other House and Senate Appropriations and Expenditures</b>				
<b>FY 2024</b>				
	<b>Appropriations</b>	<b>Expenditures</b>	<b>Remaining Appropriations</b>	<b>Percent Expended</b>
<b>General Fund</b>				
HB 355 - State-Local Infrastructure Partnership Act (BIEN)	20,000,000	-	20,000,000	0.0%
HB 819 - Planning Grants (BIEN)	1,000,000	-	1,000,000	0.0%
HB 819 - Workforce Housing (BIEN)	12,000,000	-	12,000,000	0.0%
HB 321 - Coal Board (BIEN)	1,000	-	1,000	0.0%
<b>Total General Fund</b>	<b>33,001,000</b>	<b>-</b>	<b>33,001,000</b>	<b>0.0%</b>
<b>State Special Revenue</b>				
HB 12 - Montana Historical Preservation Grants (BIEN)	11,368,044	273,468	11,094,576	2.4%
HB 12 - MCEP Grants (BIEN)	30,209,713	-	30,209,713	0.0%
HB 11 - MCEP Emergency Grants (BIEN)	100,000	-	100,000	0.0%
HB 11 - MCEP Planning Grants (BIEN)	900,000	-	900,000	0.0%
HB 5 - Emergency Shelter (BIEN)	5,000,000	1,350	4,998,650	0.0%
HB 819 - Community Reinvestment Organization (OTO/BIEN)	50,000,000	-	50,000,000	0.0%
<b>Total State Special Revenue</b>	<b>97,577,758</b>	<b>274,818</b>	<b>97,302,940</b>	<b>0.3%</b>
<b>Total Other Bill Appropriations</b>	<b>130,578,758</b>	<b>274,818</b>	<b>130,303,940</b>	<b>0.2%</b>

### Statutory Appropriations

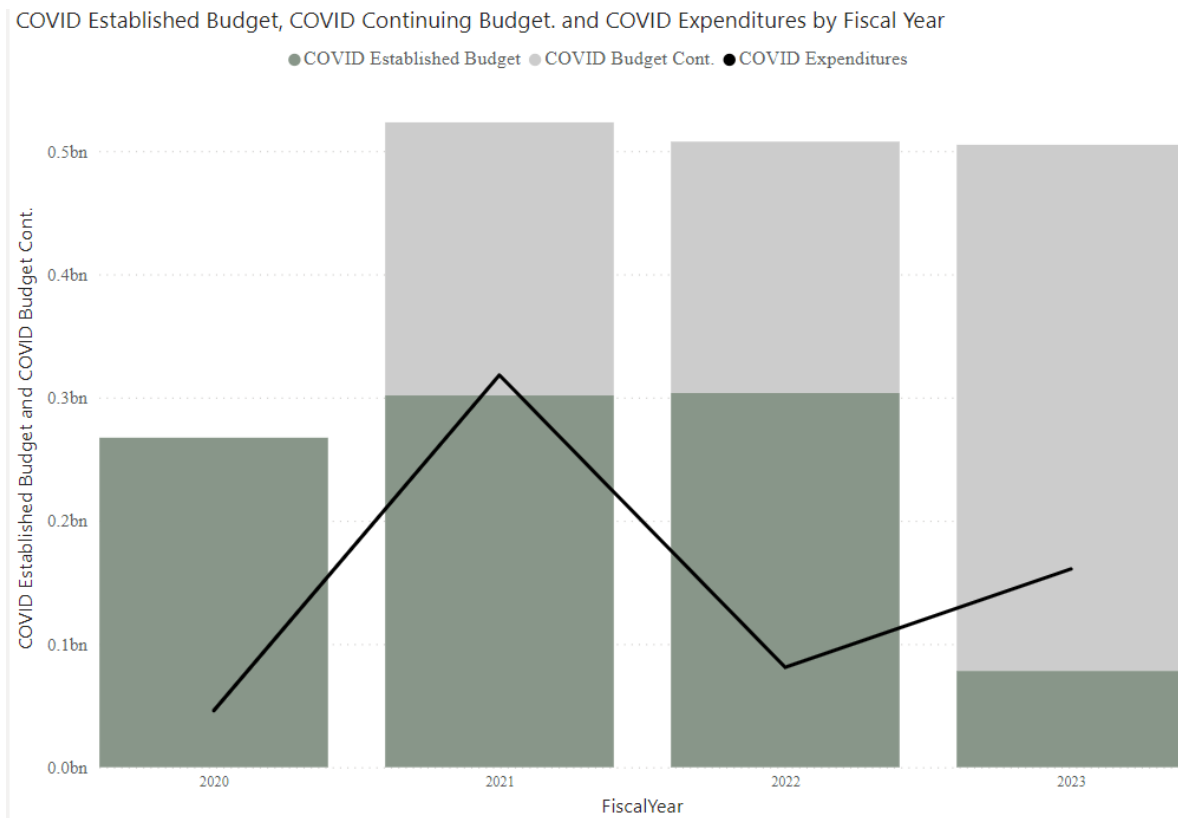
Statutory appropriations account for 16.8% of the Department of Commerce’s total FY 2024 budget. Statutory appropriation authority consists of \$1.8 million general fund, \$75.7 million state special revenue, \$1.0 million

federal special revenue, and \$3.5 million proprietary funds. The lodging facility use tax makes up the greatest portion of statutory authority with \$45.2 million appropriated in FY 2024. Of the approximately \$67.9 million budgeted in FY 2024, \$35.1 million, or 51.6% has been expended. The table below shows appropriations, expenditures, remaining appropriations, and the percent expended for individual statutory appropriations in the Department of Commerce.

<b>Department of Commerce</b>				
<b>Statutory Appropriations and Expenditures</b>				
<b>FY 2024</b>				
	<b>Appropriations</b>	<b>Expenditures</b>	<b>Remaining Appropriations</b>	<b>Percent Expended</b>
<b>Business MT Division</b>				
Coal Severance Tax	1,800,000	773,009	1,026,991	42.9%
Distressed Wood Products State Special Revenue	2,598,918	2,048,970	549,948	78.8%
Distressed Wood Products Federal Special Revenue	1,049,120	2,264	1,046,856	0.2%
Big Sky Economic Development Program	4,184,745	243,255	3,941,490	0.0%
<b>Division Total</b>	<b>9,632,783</b>	<b>3,067,498</b>	<b>6,565,285</b>	<b>31.8%</b>
<b>Brand MT Division</b>				
Promotion Accommodation Tax Account	55,656,623	26,526,642	29,129,981	47.7%
Regional Accommodation Tax Account	12,277,203	8,534,336	3,742,867	69.5%
Lewis & Clark Bicentennial Plate Fund	8,550	2,355	6,195	27.5%
Film Credit	15,795	-	15,795	0.0%
<b>Division Total</b>	<b>67,958,171</b>	<b>35,063,333</b>	<b>32,894,838</b>	<b>51.6%</b>
<b>Community MT Division</b>				
Hard Rock Mining	584,368	184,367	400,001	31.5%
<b>Division Total</b>	<b>584,368</b>	<b>184,367</b>	<b>400,001</b>	<b>31.5%</b>
<b>Board of Investments</b>				
Debt Services	3,500,000	1,741,376	1,758,624	49.8%
<b>Division Total</b>	<b>3,500,000</b>	<b>1,741,376</b>	<b>1,758,624</b>	<b>49.8%</b>
<b>Board of Horse Racing</b>				
Operation Fund	385,000	170,000	215,000	44.2%
<b>Division Total</b>	<b>385,000</b>	<b>170,000</b>	<b>215,000</b>	<b>44.2%</b>
<b>Total Statutory Appropriations</b>	<b>82,060,322</b>	<b>40,226,574</b>	<b>41,833,748</b>	<b>49.0%</b>

## COVID-19 Authority

The following chart is provided to allow the legislature to examine the funding that is available to the agency for COVID-19 impacts.



The agency received approximately \$366.5 million in the Coronavirus Aid, Relief, and Economic Security (CARES) Act I. The majority of funding provided to the agency was for business stabilization grants. Additional funding was provided for small business development center grants, community development block grants, rental assistance, and loan deferments. Of the established CARES I budget, the agency has expended \$358.5 million, or 97.8%. Approximately \$6.8 million remains available for expenditure in FY 2024, while approximately \$1.8 million was reverted back to the Treasury.

In the CARES Act II funding, the Department of Commerce was appropriated \$183.0 million in HB 630 for emergency rental assistance payments. Additionally, HB 3 appropriated \$17.0 million to fund administration costs and 28.00 modified FTE to administer the Emergency Rental Assistance Program. Availability of these funds expired June 30, 2023. At that time, approximately \$57.4 million was expended and \$142.6 million was returned to the Treasury. Due to federal guidance, the uses of those funds were limited, and expenditures were dependent on the number of applications received and the number of eligible applicants.

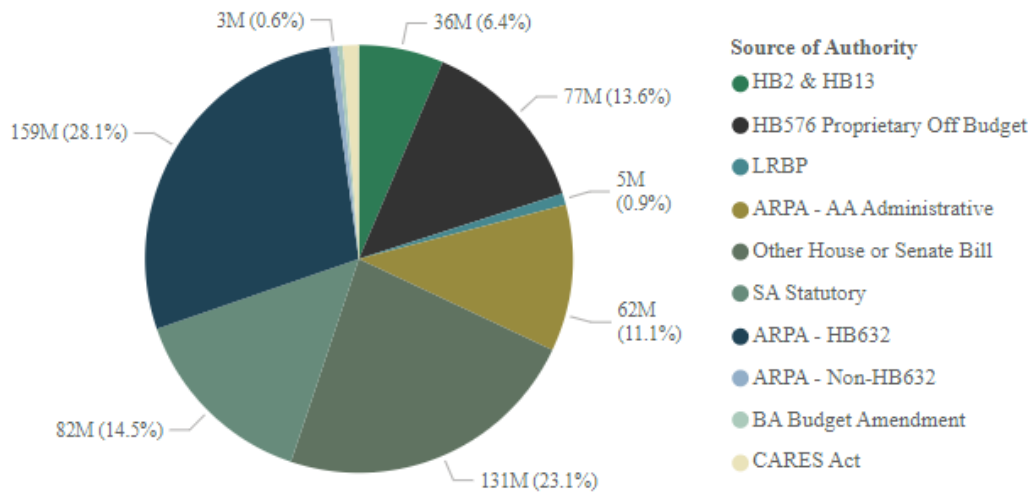
HB 632 established authority from the American Rescue Plan Act (ARPA) for the Department of Commerce. This authority included \$50.0 million for mortgage assistance, approximately \$11.5 million for the Home Investment Partnerships Program (HOME), \$152.4 million for emergency rental assistance (ERA II), and \$65.0 million for the state small business credit initiative (SSBCI). These appropriations were signed into law on April 30, 2021. Appropriations for housing or rental assistance programs will remain available through the 2025 biennium, and

the SSBCI appropriation will remain available through June 30, 2033 per HB 632, Section 14. To date, approximately \$228.2 million has been expended and \$46.5 million was reverted.

### TOTAL EXPENDITURE AUTHORITY

The total expenditure authority for the agency is shown in the following pie chart. Total expenditure authority includes non-budgeted proprietary funding and non-budgeted expenditures such as transfers or indirect costs which are not included in the previous pie chart, as the expenditures are not appropriated.

**Modified Budget & Expended Budget by Source of Authority**



Source of Authority	Modified Budget	Expended Budget	% Expended
HB2 & HB13	36,150,817	6,776,336	18.7%
BA Budget Amendment	2,087,826	475,889	22.8%
HB576 Proprietary Off Budget	76,950,913	31,538,371	41.0%
LRBP	4,917,000	35,489	0.7%
Other House or Senate Bill	130,578,758	274,818	0.2%
SA Statutory	82,060,322	40,226,574	49.0%
CARES	6,802,389	841,433	12.4%
ARPA	224,555,393	37,354,667	16.6%
<b>Total</b>	<b>564,103,419</b>	<b>117,523,578</b>	<b>20.8%</b>

### Non-budgeted Proprietary Fund Authority

The Department of Commerce has approximately \$77.0 million in non-budgeted proprietary funding for FY 2024, of which \$31.5 million or 41.0% was expended. Approximately \$64.7 million is appropriated to the Housing MT Division, which utilizes funds for Section 8 housing projects, Board of Housing projects, Emergency Housing Vouchers, and the Mainstream Housing Choice Voucher Program (HCVP). The table below shows the budget, expenditures, remaining budget, and percent expended for each of the non-budgeted proprietary funds for FY 2024.

**Department of Commerce**  
**Proprietary Appropriations and Expenditures**  
**FY 2024**

	Appropriations	Expenditures	Remaining Appropriations	Percent Expended
Facility Finance Authority Division				
Facilities Finance Authority	922,703	259,994	662,709	28.2%
C-PACE Commercial Property Asset	<u>61,673</u>	<u>46,868</u>	<u>14,805</u>	<u>76.0%</u>
Division Total	984,376	306,862	677,514	31.2%
Housing MT Division				
Board of Housing Financial Programs	3,727,420	3,475,039	252,381	93.2%
Housing Trust Fund	10,000	(1,093)	11,093	-10.9%
Board of Housing Mortgage Loan Servicing	2,258,820	841,404	1,417,416	37.2%
Montana Affordable Housing Revolving Fund	10,000	-	10,000	0.0%
TANF - Revolving Loan Fund	10,000	182	9,818	1.8%
Section 8 Project Based	27,679,169	11,751,321	15,927,848	42.5%
Section 8 Housing Assistance Payment (HAP)	23,196,793	8,636,797	14,559,996	37.2%
Section 8 Moderate Rehabilitation HAP	2,383,583	557,058	1,826,525	23.4%
Section 8 Tenant Based Vouchers	3,727,095	1,486,629	2,240,466	39.9%
Section 8 Moderate Rehabilitation	310,827	56,631	254,196	18.2%
Mainstream HCVP Administration	75,000	9,400	65,600	12.5%
Mainstream HCVP HAP	400,000	110,168	289,832	27.5%
Emergency Housing Vouchers Administration	152,500	30,594	121,906	20.1%
Emergency Housing Vouchers HAP	<u>720,000</u>	<u>291,562</u>	<u>428,438</u>	<u>40.5%</u>
Division Total	64,661,207	27,245,691	37,415,516	42.1%
Board of Investments				
Economic Development Bond	676,985	257,025	419,960	38.0%
Investment Division	<u>7,744,981</u>	<u>2,531,369</u>	<u>5,213,612</u>	<u>32.7%</u>
Division Total	8,421,966	2,788,394	5,633,572	33.1%
Director's Office				
Centralized Services	<u>2,883,364</u>	<u>1,197,424</u>	<u>1,685,940</u>	<u>41.5%</u>
Division Total	2,883,364	1,197,424	1,685,940	41.5%
Total Proprietary Appropriations	<u><u>76,950,913</u></u>	<u><u>31,538,371</u></u>	<u><u>45,412,542</u></u>	<u><u>41.0%</u></u>

## HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget from July 1, 2023 through November 30, 2023. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

### Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	HB 2 Budget	Modified Budget	Net Modifications
☐ Department of Commerce	36,150,817	36,150,817	0
☐ 51 BUSINESS MT	6,415,908	6,415,908	0
☐ 52 BRAND MT	268,542	268,542	0
☐ 60 COMMUNITY MT	15,038,243	15,038,243	0
☐ 74 HOUSING MT	10,114,088	10,122,596	8,508
☐ 78 BOARD OF HORSE RACING	458,674	458,674	0
☐ 80 MONTANA HERITAGE COMMISSION	2,478,078	2,500,181	22,103
☐ 81 DIRECTORS OFFICE	1,377,284	1,346,673	-30,611
<b>Total</b>	<b>36,150,817</b>	<b>36,150,817</b>	<b>0</b>

Expenditure Type	HB 2 Budget	Modified Budget	Net Modifications
☐ 61000 Personal Services	5,442,459	5,777,491	335,032
☐ 62000 Operating Expenses	8,000,698	7,665,666	-335,032
☐ 63000 Equipment & Intangible Assets	150,000	150,000	0
☐ 64000 Capital Outlay	300,000	300,000	0
☐ 65000 Local Assistance	46,000	46,000	0
☐ 66000 Grants	21,917,004	21,917,004	0
☐ 68000 Transfers-out	1,124	1,124	0
☐ 69000 Debt Service	293,532	293,532	0
<b>Total</b>	<b>36,150,817</b>	<b>36,150,817</b>	<b>0</b>

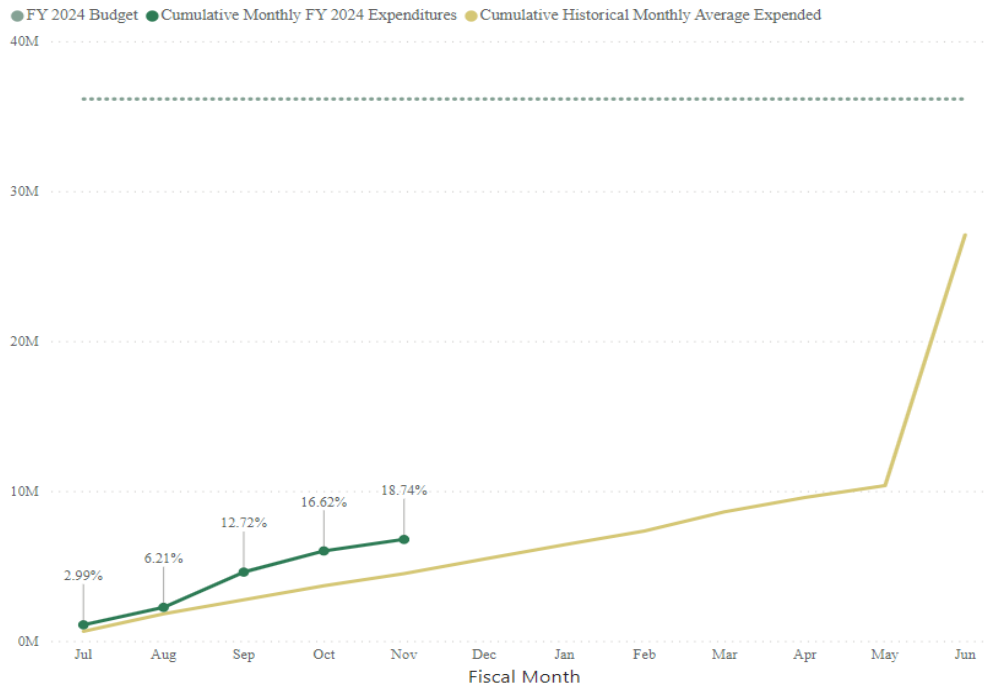
Fund Type	HB 2 Budget	Modified Budget	Net Modifications
☐ 01 General	6,077,740	6,077,740	0
☐ 02 State/Other Spec Rev	10,282,643	10,282,643	0
☐ 03 Fed/Other Spec Rev	19,790,434	19,790,434	0
<b>Total</b>	<b>36,150,817</b>	<b>36,150,817</b>	<b>0</b>

The Department of Commerce has made two budget modifications to its FY 2024 budget since June 1, 2023. The largest of these modifications is an operating plan transfer of \$335,000 to personal services from operating expenses. This transfer is to reauthorize 2.00 FTE for the Business Attraction Program in the 2025 Biennium which was approved during the 2021 Legislative Session. The 2023 Legislature also passed an inflationary adjustment that was placed in the Director's Office. Language in HB 2 allows the agency to redistribute this increase in funding across other divisions as the agency sees fit. Therefore, the agency redistributed authority across all agencies by reducing the Director's Office budget and increasing the Housing MT Division and Montana Heritage Commission.

## HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through November 30, 2023.

**Monthly Expenditures Compared to Historical Average**



Fund Type	Modified Budget	Expended Budget	% Expended
01 General	6,077,740	1,450,743	23.9%
02 State/Other Spec Rev	10,282,643	2,046,439	19.9%
03 Fed/Other Spec Rev	19,790,434	3,279,154	16.6%
<b>Total</b>	<b>36,150,817</b>	<b>6,776,336</b>	<b>18.7%</b>

Expenditure Type	Modified Budget	Expended Budget	% Expended
Personal Services	5,777,491	1,777,957	30.8%
Operating Expenses	7,665,666	1,742,060	22.7%
Equipment & Intangible Assets	150,000	0	0.0%
Capital Outlay	300,000	391,525	130.5%
Local Assistance	46,000	0	0.0%
Grants	21,917,004	2,720,820	12.4%
Transfers-out	1,124	0	0.0%
Debt Service	293,532	143,974	49.0%
<b>Total</b>	<b>36,150,817</b>	<b>6,776,336</b>	<b>18.7%</b>

Program Name	Modified Budget	Expended Budget	% Expended
51 BUSINESS MT	6,415,908	1,637,739	25.5%
52 BRAND MT	268,542	11,245	4.2%
60 COMMUNITY MT	15,038,243	1,729,519	11.5%
74 HOUSING MT	10,122,596	1,658,618	16.4%
78 BOARD OF HORSE RACING	458,674	66,349	14.5%
80 MONTANA HERITAGE COMMISSION	2,500,181	1,247,600	49.9%
81 DIRECTORS OFFICE	1,346,673	425,267	31.6%
<b>Total</b>	<b>36,150,817</b>	<b>6,776,336</b>	<b>18.7%</b>

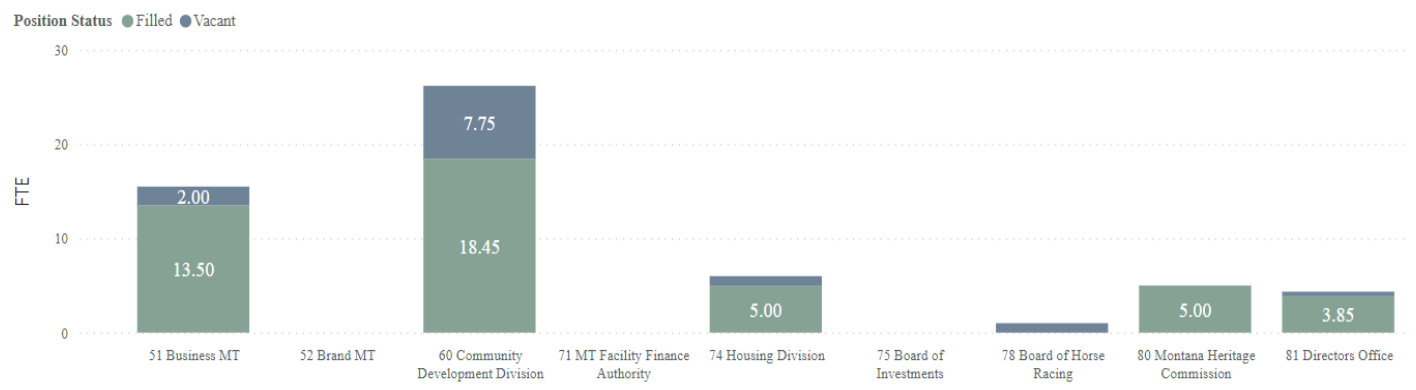


The Department of Commerce has expended 18.7% of its HB 2 appropriation authority in FY 2024. Expenditures are primarily for grants, which are generally for multiyear projects. Approximately, 54.7% of the Department of Commerce’s budget is from federal special revenue authority primarily for community development and housing grants.

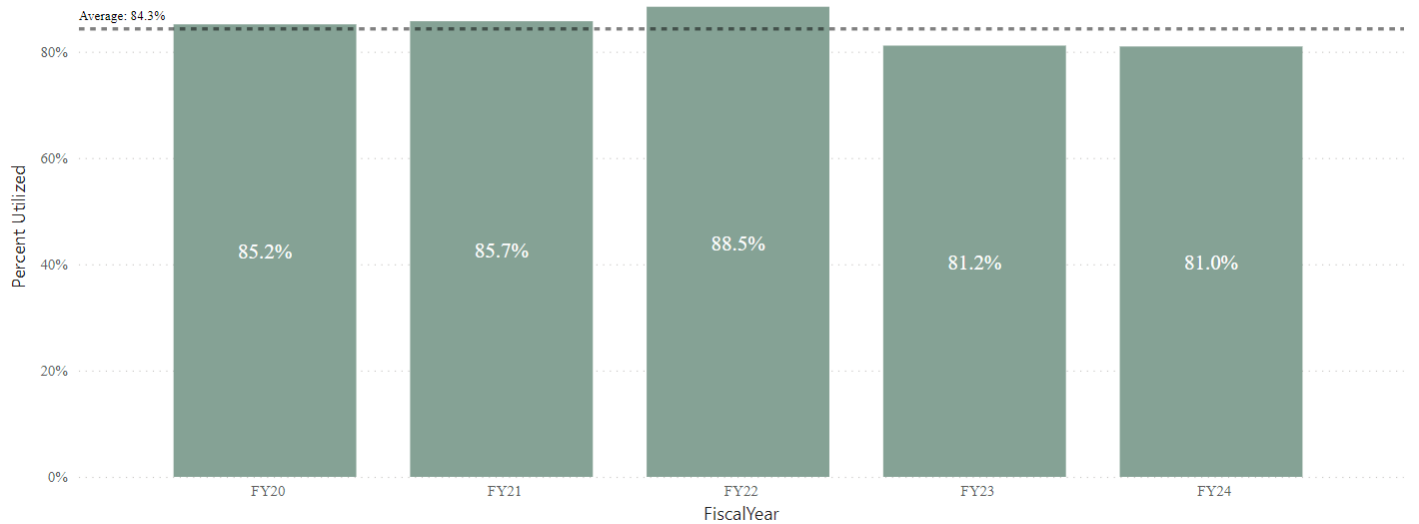
When compared to the historical average, the Department of Commerce has expended a greater portion of their budget to date. Federally funded programs including the Community Development Block Grants and HOME programs are typically recorded closer to fiscal year end. However, due to a change in accounting methodology, the agency has begun recording accruals as contracts are signed rather than waiting until the fiscal year-end. The agency accounting staff believe this will improve accuracy in reporting by ensuring contracts are not missed and will provide better information during the year.

### Personal Services

Appropriations for personal services in the Department of Commerce total \$5.8 million and are 30.8% expended through November 30, 2023. The department has 61.8 HB 2 FTE and 12.25 of these positions are vacant as of November 1, 2023. The following chart shows the filled and vacant FTE within the agency as of November 1, 2023.



The chart below shows the hourly utilization percentage for the Department of Commerce between July 1 and November 1 for each fiscal year when compared to the available hours for the same time period. Overall, the department has utilized 81.0% of the hours budgeted for FY 2024, as shown in the chart below. Lower utilization rates are due to the agency experiencing a higher level of turnover and difficulty hiring.



The chart below shows the vacant FTE in each division, the number of months each position has been vacant, and the midpoint hourly pay rate. Of the 12.25 FTE that are vacant, 3.00 FTE have been vacant for four months or less (since July 2023). As of November 1, 2023, the department was in the process of recruiting for four full-time positions including two program specialists, one planner supervisor, and an accounting supervisor.

### Vacant Positions Report

	FTE	Median Months Vacant	Market Midpoint (Hourly)
<b>65010 COMMERCE</b>	<b>12.25</b>	<b>4.03</b>	<b>36.35</b>
<b>51 Business MT</b>	<b>2.00</b>	<b>1.74</b>	<b>36.35</b>
Bus/Tech Assist Program Mngr	0.50	1.74	36.35
Program Specialist	1.00	1.74	36.35
Public Relations Specialist 1	0.50	0.82	30.55
<b>60 Community Development Division</b>	<b>7.75</b>	<b>4.03</b>	<b>36.35</b>
Accountant 3	0.75	4.03	36.96
Community Planner Supervisor	1.00	0.82	44.13
Division Engineer	1.00	14.59	40.97
Infrastructure Coordinator	1.00	14.52	36.35
Program Specialist 1	3.00	4.03	27.86
Program Specialist 2	1.00	4.03	36.35
<b>74 Housing Division</b>	<b>1.00</b>	<b>10.85</b>	<b>27.86</b>
Program Specialist	1.00	10.85	27.86
<b>78 Board of Horse Racing</b>	<b>1.00</b>	<b>4.03</b>	<b>36.35</b>
Program Specialist 2	1.00	4.03	36.35
<b>81 Directors Office</b>	<b>0.50</b>	<b>11.44</b>	<b>34.06</b>
Industry Development Officer	0.50	11.44	34.06
<b>Total</b>	<b>12.25</b>	<b>4.03</b>	<b>36.35</b>

## OTHER ISSUES

### Required Reports

In accordance with the State's Settlement of Claims Sunshine and Transparency Act, the Montana Department of Commerce must submit its quarterly report to the Legislative Fiscal Division disclosing all civil claims or complaints received during the quarter ending September 30, 2023, seeking \$10,000 or more in monetary compensation. Commerce, and all of its administratively attached boards, have received 0 civil claims or complaints to report this quarter.

### Appendix A

**Did the agency utilize contractors? If so, how much did you pay to contractors? How much of the amount paid to contractors do you estimate is due to vacant positions? If contractors were paid because of vacant positions, what are the types of vacant positions that resulted in the need for contractors?**

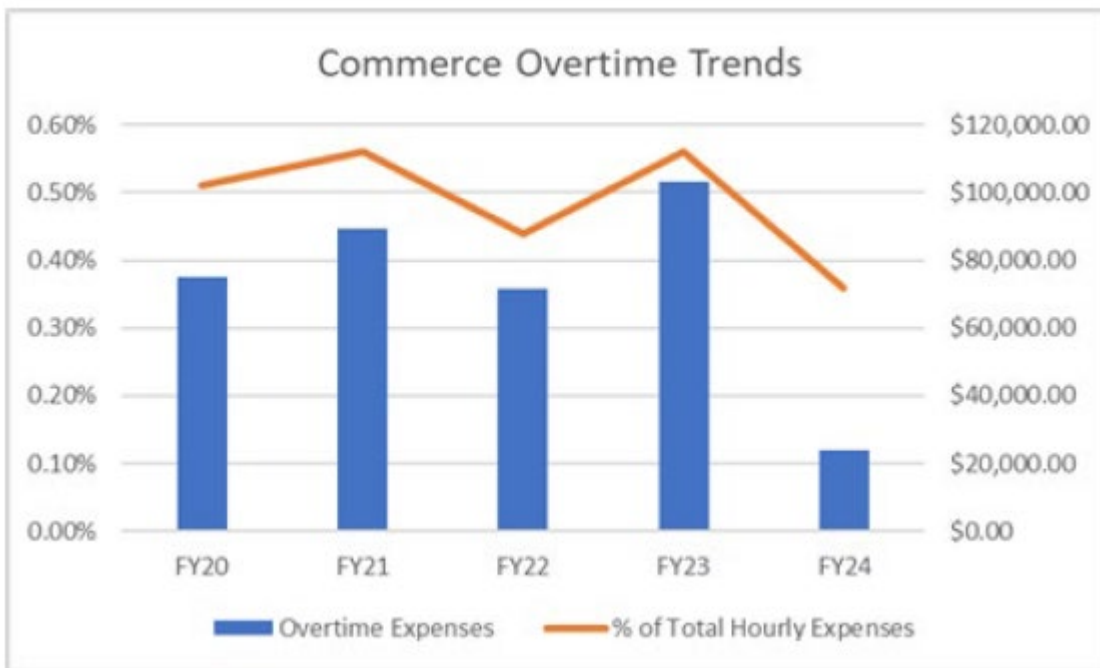
The below table summarizes the payments for temporary services under the state's term contracts for short term workers. 100.0% of these would have been due to vacant positions. Temporary services were used primarily for administrative assistant and customer service roles for Montana Emergency Rental Assistance, homeowner assistance funds, and other COVID related or one-time only programs.

Row Labels	Sum of Amount
2021	539,266.06
03172 CARES Business Stabilization	85,143.94
03233 CARES ACT Housing Grants	424,565.76
06030 BOH Financial Program Fund	10,965.42
06032 Mortgage Loan Servicing	11,604.96
06074 SEC 8 Project Based	1,933.30
06075 Section 8 Vouchers	5,052.68
2022	36,811.12
02116 Accommodation Tax Account	1,578.94
03172 CARES Business Stabilization	6,149.22
06014 BOI Municipal Finance Programs	406.00
06032 Mortgage Loan Servicing	13,319.60
06075 Section 8 Vouchers	1,147.36
06527 Investment Division	14,210.00
2023	33,846.74
03797 ARPA Rental Assistance Funds	33,846.74
2024	37,565.42
03797 ARPA Rental Assistance Funds	37,565.42
<b>Grand Total</b>	<b>647,489.34</b>

The agency does not anticipate a need to utilize the temp services contracts anymore in FY 2024, but they will be utilizing engineering contracts to account for inability to recruit and retain a division engineer in Community MT Division. Additionally, the Executive Director position for the Montana Board of Horse Racing has been filled by a contracted employee for the past decade as a full-time employee was not seen as necessary and a contracted employee was a more affordable alternative. The contract currently is for \$3,000 per month. Finally the Board of Horse Racing in the past year has begun employing stewards as contracted employees since they are only required for a limited number of days each year.

**How much did you pay in overtime? How much of the overtime paid do you estimate is due to vacant positions? If overtime was paid because of vacant positions, what are the types of vacant positions that resulted in the need for overtime?**

Overtime in FY 2020-2023 was higher than normal due to the amount of ARPA and CARES programs the department rolled out. Based on current trends, we anticipate FY 2024 to go back to pre-COVID OT average of 0.37% or lower. See the below chart for details.



Less than 25.0% of the total overtime paid was due to vacant positions. Those vacancies were primarily in modified positions for one-time only federal ARPA funds, including for the MERA program, which ended fully in August 2023. As the Department of Commerce made announcements regarding the program closure there was a large uptick in turnover with these staff, who would no longer have jobs with the department at the end of the program. We approved overtime and paid out bonuses to staff who did stay through the duration of the program to encourage staff to work through the final day of the program.