

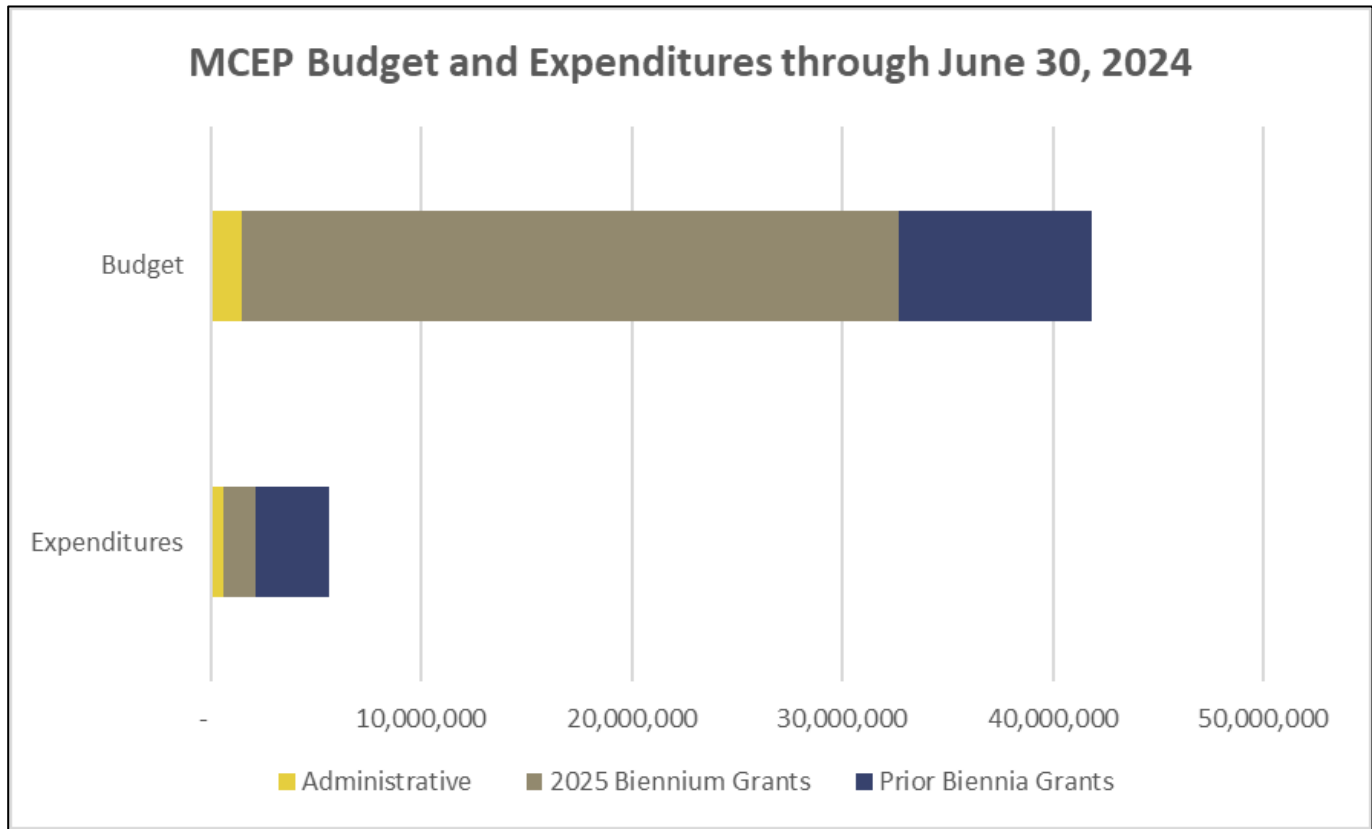
# MONTANA COAL ENDOWMENT PROGRAM

## PROGRAM SUMMARY

Formerly known as the Treasure State Endowment Program (TSEP), the Montana Coal Endowment Program (MCEP) is a local government infrastructure-financing program approved by Montana voters with the passage of Legislative Referendum 110 in June 1992. Grant funding for the program is derived from investment earnings on coal severance tax funds. According to 90-6-702, MCA, the purpose of MCEP is to assist local governments in funding infrastructure projects. Eligible applicants include cities, towns, counties, and tribal governments, county or multi-county water, sewer, or solid waste districts. The MCEP is administered by the Department of Commerce. The MCEP administrators recommend and the legislature authorizes grants through a process that ranks the projects according to seven statutory priorities and relative financial need. Projects are generally funded in priority order, given the amount of interest earnings anticipated in the biennium.

## BUDGET & EXPENDITURE

The following chart and table show 2024 biennium MCEP budget and expenditure for FY 2024 through June 30, 2024 (fiscal year-end).



MCEP Budget and Expenditures through June 30, 2024				
Item	Appropriations HB 11, 14 & 632	Expenditures	Balance	% Expended
Administrative	1,457,722	603,285	854,437	41.4%
2025 Biennium Grants	31,209,713	1,514,354	29,695,359	4.9%
Prior Biennia Grants	9,136,498	3,533,296	5,603,202	38.7%
<b>Total Appropriations/Expenditures</b>	<b>41,803,933</b>	<b>5,650,935</b>	<b>36,152,998</b>	<b>13.5%</b>

The 68th Legislature appropriated \$31.2 million for MCEP in HB 11 for the 2025 biennium. Other appropriations in the bill total \$1.0 million and consist of \$100,000 for emergency grants and \$900,000 for project planning grants.

For the 2025 biennium, there were twelve bridge projects authorized under HB 11 with a budget of \$6.6 million and forty infrastructure grants with a budget of \$23.8 million. Expenditures in FY 2024 of this authority totaled approximately \$1.5 million.

For projects authorized from prior biennia, there was \$3.5 million in expenditures toward the prior authorized projects.

**FUND BALANCE**

The following chart shows the projected MCEP fund balance based on FY 2024 actuals and FY 2025 projections.

MCEP Fund Balance Analysis - 2025 Biennium Accounts 09044 and 02270					
	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Actual	FY 2025 Projected	2025 Biennium Projected
Beginning Fund Balances	\$15,061,556	\$17,845,461	\$25,613,318	\$31,996,225	\$25,613,318
Fund Balance Adjustment	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,597</u>	<u>2,597</u>
		17,845,461	25,613,318	31,998,822	25,615,915
Coal SubTrust Earnings <sup>1</sup>	9,076,714	10,849,707	12,036,439	12,306,782	24,343,221
Expenditures					
HB 2 MCEP Administration <sup>2</sup>	697,526	741,188	603,285	854,437	1,457,722
Fund balance adjustment	(15,158)	(8,402)			
Emergency Grants	0	0	30,000	70,000	100,000
Planning Grants	0	15,000	40,000	860,000	900,000
Prior Biennia Grants	5,548,188	1,303,086	3,533,296	5,603,202	9,136,498
2025 Biennium Grants	<u>62,253</u>	<u>1,030,978</u>	<u>1,444,354</u>	<u>28,765,359</u>	<u>30,209,713</u>
<b>Total Expenditures/Appropriations</b>	<b>6,292,809</b>	<b>3,081,850</b>	<b>5,650,935</b>	<b>36,152,998</b>	<b>41,803,933</b>
<b>Projected Ending Fund Balance</b>	<b>\$17,845,461</b>	<b>\$25,613,318</b>	<b>\$31,998,821</b>	<b>\$8,152,606</b>	<b>\$8,152,605</b>
<sup>1</sup> HJ 2 Projections					
<sup>2</sup> HB 2					

Revenues in FY 2024 were approximately \$314,000 greater than HJ 2 projections. Expenditures for FY 2024 totaled \$5.65 million. This includes expenditure for projects authorized for the 2025 biennium totaling \$1.5 million and \$3.6 million for projects and planning grants that were authorized in prior biennia. Expenditures for program administrative costs, authorized under HB 2, totaled \$603,285 in FY 2024.

Revenue in FY 2024 totals \$12.0 million. For expenditures, the 68<sup>th</sup> Legislature appropriated \$30.2 million for MCEP project grants and \$1.0 million for other grants under HB 11 for the 2025 biennium. There was \$1.5 million appropriated for program administrative costs. For prior biennia grants, \$3.5 million was spent on prior biennia projects. The resulting projected ending fund balance at the end of the 2025 biennium is nearly \$8.2 million.