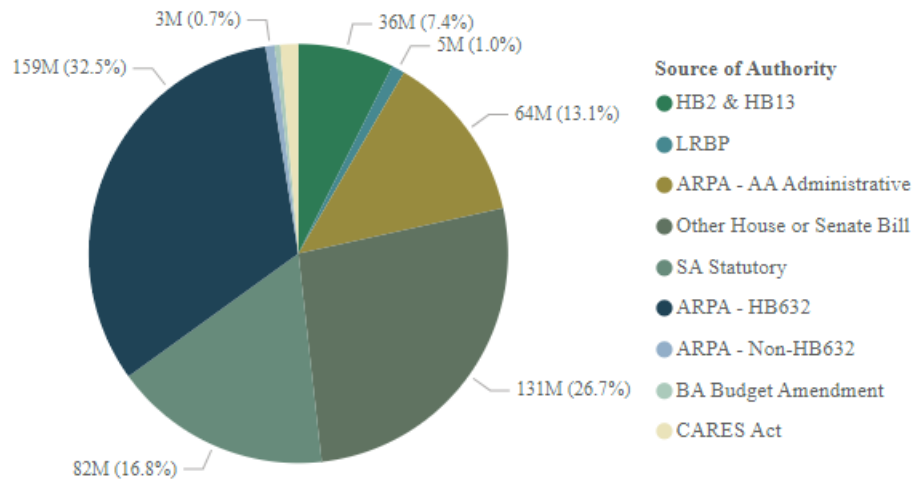


DEPARTMENT OF COMMERCE (COMM)

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	16,006,130	44.3%
BA Budget Amendment	2,087,826	714,900	34.2%
LRBP	4,917,000	122,974	2.5%
Other House or Senate Bill	130,578,758	1,270,661	1.0%
SA Statutory	82,160,322	46,786,597	56.9%
CARES	6,802,389	1,466,394	21.6%
ARPA	226,209,279	46,129,495	20.4%
Total	488,906,391	112,497,151	23.0%

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 February 2024, the Department of Commerce had expended approximately \$715,000 or 34.2%, 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 in drinking water systems. This budget amendment established federal authority that was awarded from the Infrastructure and Jobs Investment Act. As of the end of February 2024, the agency has expended \$123,000 or 2.5% 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 26.7% 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 Historic Preservation Grants (MHPG). As of February 29, 2024, \$1.3 million or 1.0% has been expended. The table below shows the budget, expenditures, remaining budget, and percent expended for the other house bill funds in FY 2024.

Department of Commerce Other House and Senate Appropriations and Expenditures FY 2024				
	Appropriations	Expenditures	Remaining Appropriations	Percent Expended
General Fund				
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)	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>100.0%</u>
Total General Fund	\$ 33,001,000	\$ 1,000	\$ 33,000,000	0.0%
State Special Revenue				
HB 12 - Montana Historic Preservation Grants (BIEN)	\$ 11,368,044	\$ 780,279	\$ 10,587,765	6.9%
HB 12 - MCEP Grants (BIEN)	30,209,713	487,852	29,721,861	1.6%
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	1,530	4,998,470	0.0%
HB 819 - Community Reinvestment Organization (OTO/BIEN)	<u>50,000,000</u>	<u>-</u>	<u>50,000,000</u>	<u>0.0%</u>
Total State Special Revenue	\$ 97,577,758	\$ 1,269,661	\$ 96,308,097	1.3%
Total Other Bill Appropriations	<u>\$ 130,578,758</u>	<u>\$ 1,270,661</u>	<u>\$ 129,308,097</u>	<u>1.0%</u>

Statutory Appropriations

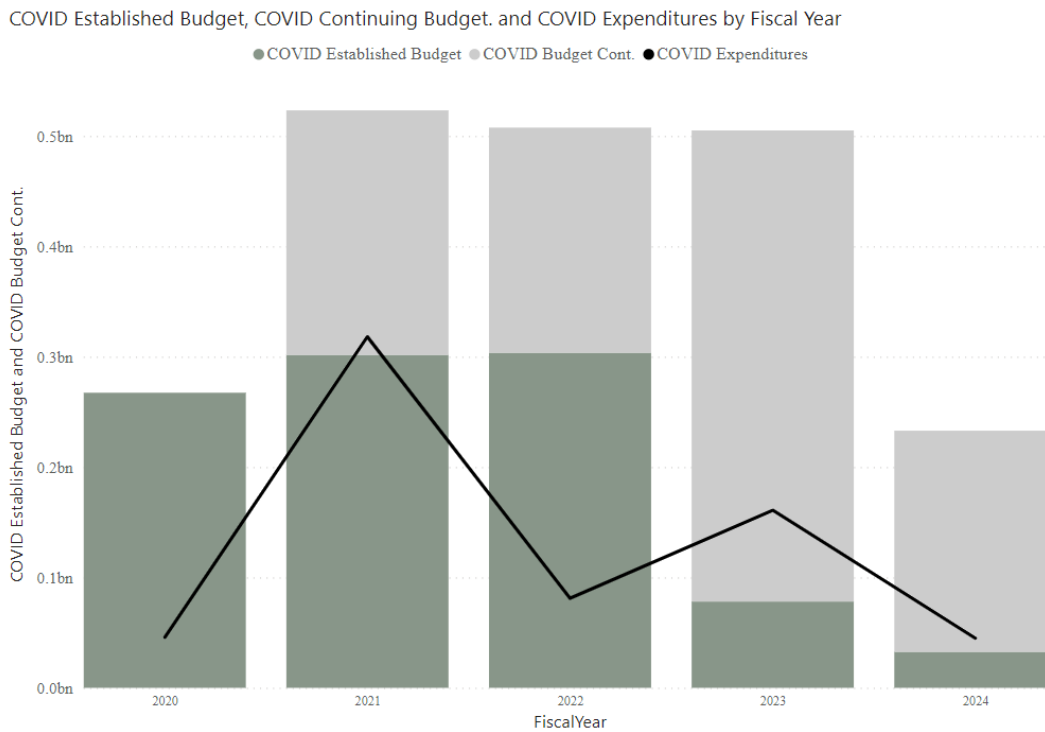
Statutory appropriations account for 16.8% of the Department of Commerce’s total FY 2024 budget. Statutory appropriation authority consists of \$1.8 million general fund, \$75.7 million state special revenue, \$1.0 million federal special revenue, and \$3.5 million proprietary funds. The lodging facility use tax makes up the greatest portion of statutory authority with \$67.9 million appropriated in FY 2024. Of the \$67.9 million budgeted in FY

2024, \$35.8 million, or 52.7% has been expended. The table below shows appropriations, expenditures, remaining appropriations, and the percent expended for individual statutory appropriations in the Department of Commerce.

Department of Commerce				
Statutory Appropriations and Expenditures				
FY 2024				
	Appropriations	Expenditures	Remaining	Percent
			Appropriations	Expended
Business MT Division				
Coal Severance Tax	\$ 1,800,000	\$ 1,480,104	\$ 319,896	82.2%
Distressed Wood Products State Special Revenue	2,595,440	2,072,520	522,920	79.9%
Distressed Wood Products Federal Special Revenue	1,049,120	252,341	796,779	24.1%
Big Sky Economic Development Program	<u>4,188,223</u>	<u>402,052</u>	<u>3,786,171</u>	<u>0.0%</u>
Division Total	\$ 9,632,783	\$ 4,207,017	\$ 5,425,766	43.7%
Brand MT Division				
Promotion Accommodation Tax Account	\$ 55,656,623	\$ 27,573,239	\$ 28,083,384	49.5%
Regional Accommodation Tax Account	12,277,203	11,134,172	1,143,031	90.7%
Lewis & Clark Bicentennial Plate Fund	8,550	4,155	4,395	48.6%
Film Credit	<u>15,795</u>	<u>-</u>	<u>15,795</u>	<u>0.0%</u>
Division Total	\$ 67,958,171	\$ 38,711,566	\$ 29,246,605	57.0%
Community MT Division				
Hard Rock Mining	<u>\$ 584,368</u>	<u>\$ 184,367</u>	<u>\$ 400,001</u>	<u>31.5%</u>
Division Total	\$ 584,368	\$ 184,367	\$ 400,001	31.5%
Board of Investments				
Debt Services	<u>\$ 3,600,000</u>	<u>\$ 3,513,647</u>	<u>\$ 86,353</u>	<u>97.6%</u>
Division Total	\$ 3,600,000	\$ 3,513,647	\$ 86,353	97.6%
Board of Horse Racing				
Operation Fund	<u>\$ 385,000</u>	<u>\$ 170,000</u>	<u>\$ 215,000</u>	<u>44.2%</u>
Division Total	\$ 385,000	\$ 170,000	\$ 215,000	44.2%
Total Statutory Appropriations	<u>\$ 82,160,322</u>	<u>\$ 46,786,597</u>	<u>\$ 35,373,725</u>	<u>56.9%</u>

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 \$359.2 million, or 98.0%. Approximately \$6.8 million remains available for expenditure in FY 2024, while approximately \$1.8 million was reverted back to the Treasury.

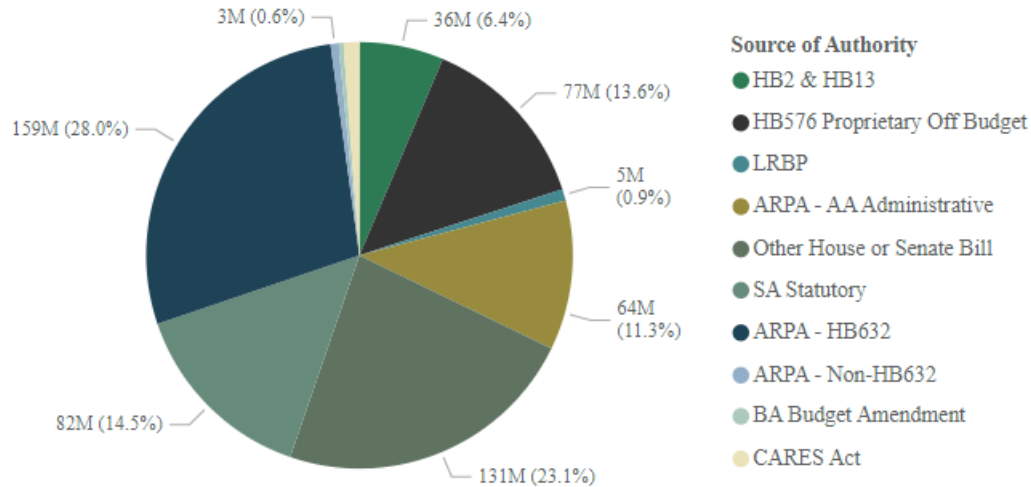
In the CARES Act II funding, the Department of Commerce was appropriated \$183.0 million in HB 630 for emergency rental assistance payments. Additionally, HB 3 appropriated \$17.0 million to fund administration costs and 28.00 modified FTE to administer the Emergency Rental Assistance Program. This authority expired on 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 \$237.0 million has been expended.

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	16,006,130	44.3%
BA Budget Amendment	2,087,826	714,900	34.2%
HB576 Proprietary Off Budget	76,950,913	47,528,774	61.8%
LRBP	4,917,000	122,974	2.5%
Other House or Senate Bill	130,578,758	1,270,661	1.0%
SA Statutory	82,160,322	46,786,597	56.9%
CARES	6,802,389	1,466,394	21.6%
ARPA	226,209,279	46,129,495	20.4%
Total	565,857,304	160,025,925	28.3%

Non-budgeted Proprietary Fund Authority

The Department of Commerce has approximately \$77.0 million in non-budgeted proprietary funding for FY 2024, of which \$47.5 million or 61.8% 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	\$ 494,138	\$ 428,565	53.6%
C-PACE Commercial Property Asset	<u>61,673</u>	<u>4,989</u>	<u>56,684</u>	<u>8.1%</u>
Division Total	\$ 984,376	\$ 499,127	\$ 485,249	50.7%
Housing MT Division				
Board of Housing Financial Programs	\$ 3,727,420	\$ 2,021,272	\$ 1,706,148	54.2%
Housing Trust Fund	10,000	(249)	10,249	-2.5%
Board of Housing Mortgage Loan Servicing	2,258,820	1,319,546	939,274	58.4%
Montana Affordable Housing Revolving Fund	10,000	-	10,000	0.0%
TANF - Revolving Loan Fund	10,000	365	9,635	3.7%
Section 8 Project Based	27,679,169	19,286,211	8,392,958	69.7%
Section 8 Housing Assistance Payment (HAP)	23,196,793	14,148,766	9,048,027	61.0%
Section 8 Moderate Rehabilitation HAP	2,383,583	846,604	1,536,979	35.5%
Section 8 Tenant Based Vouchers	3,727,095	2,252,358	1,474,737	60.4%
Section 8 Moderate Rehabilitation	310,827	89,686	221,141	28.9%
Mainstream HCVP Administration	75,000	13,168	61,832	17.6%
Mainstream HCVP HAP	400,000	160,784	239,216	40.2%
Emergency Housing Vouchers Administration	152,500	45,077	107,423	29.6%
Emergency Housing Vouchers HAP	<u>720,000</u>	<u>464,625</u>	<u>255,375</u>	<u>64.5%</u>
Division Total	\$ 64,661,207	\$ 40,648,213	\$ 24,012,994	62.9%
Board of Investments				
Economic Development Bond	\$ 676,985	\$ 391,462	\$ 285,523	57.8%
Investment Division	<u>7,744,981</u>	<u>3,920,393</u>	<u>3,824,588</u>	<u>50.6%</u>
Division Total	\$ 8,421,966	\$ 4,311,855	\$ 4,110,111	51.2%
Director's Office				
Centralized Services	<u>2,883,364</u>	<u>2,069,580</u>	<u>813,784</u>	<u>71.8%</u>
Division Total	\$ 2,883,364	\$ 2,069,580	\$ 813,784	71.8%
Total Proprietary Appropriations	<u><u>\$ 76,950,913</u></u>	<u><u>\$ 47,528,775</u></u>	<u><u>\$ 29,422,138</u></u>	<u><u>61.8%</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 December 1, 2023 through February 29, 2024. 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
<input type="checkbox"/> Department of Commerce	36,150,817	36,150,817	0
<input type="checkbox"/> 51 BUSINESS MT	6,415,908	6,336,185	-79,723
<input type="checkbox"/> 52 BRAND MT	268,542	268,542	
<input type="checkbox"/> 60 COMMUNITY MT	15,038,243	15,038,243	
<input type="checkbox"/> 74 HOUSING MT	10,122,596	10,122,596	
<input type="checkbox"/> 78 BOARD OF HORSE RACING	458,674	458,674	
<input type="checkbox"/> 80 MONTANA HERITAGE COMMISSION	2,500,181	2,500,181	
<input type="checkbox"/> 81 DIRECTORS OFFICE	1,346,673	1,426,396	79,723
Total	36,150,817	36,150,817	0

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

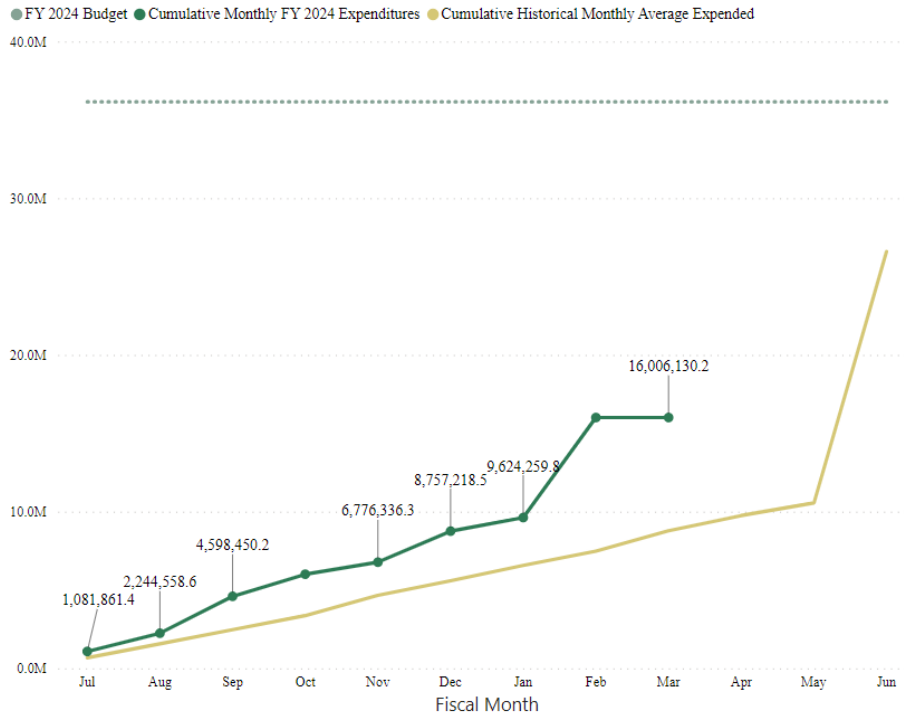
Fund Type	HB 2 Budget	Modified Budget	Net Modifications
<input type="checkbox"/> 01 General	6,077,740	6,077,740	0
<input type="checkbox"/> 02 State/Other Spec Rev	10,282,643	10,282,643	
<input type="checkbox"/> 03 Fed/Other Spec Rev	19,790,434	19,790,434	
Total	36,150,817	36,150,817	0

The Department of Commerce made one budget modification between December 2023 and the end of February 2024. The agency had one program transfer that moved 2.00 FTE and associated personal services and operating expense authority from the Business MT Division to the Director's Office. This transfer was to appropriately house like function positions in the same programs.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through February 29, 2024.

Monthly Expenditures Compared to Historical Average



Program Name	Modified Budget	Expended Budget	% Expended
51 BUSINESS MT	6,336,185	2,324,192	36.7%
52 BRAND MT	268,542	14,192	5.3%
60 COMMUNITY MT	15,038,243	7,964,890	53.0%
74 HOUSING MT	10,122,596	3,193,569	31.5%
78 BOARD OF HORSE RACING	458,674	95,034	20.7%
80 MONTANA HERITAGE COMMISSION	2,500,181	1,726,802	69.1%
81 DIRECTORS OFFICE	1,426,396	687,451	48.2%
Total	36,150,817	16,006,130	44.3%

Expenditure Type	Modified Budget	Expended Budget	% Expended
Personal Services	5,777,491	2,780,506	48.1%
Operating Expenses	7,665,666	3,186,082	41.6%
Equipment & Intangible Assets	150,000	0	0.0%
Capital Outlay	300,000	545,506	181.8%
Local Assistance	46,000		
Grants	21,917,004	9,278,061	42.3%
Transfers-out	1,124		
Debt Service	293,532	215,976	73.6%
Total	36,150,817	16,006,130	44.3%

Fund Type	Modified Budget	Expended Budget	% Expended
01 General	6,077,740	2,162,473	35.6%
02 State/Other Spec Rev	10,282,643	4,726,909	46.0%
03 Fed/Other Spec Rev	19,790,434	9,116,748	46.1%
Total	36,150,817	16,006,130	44.3%

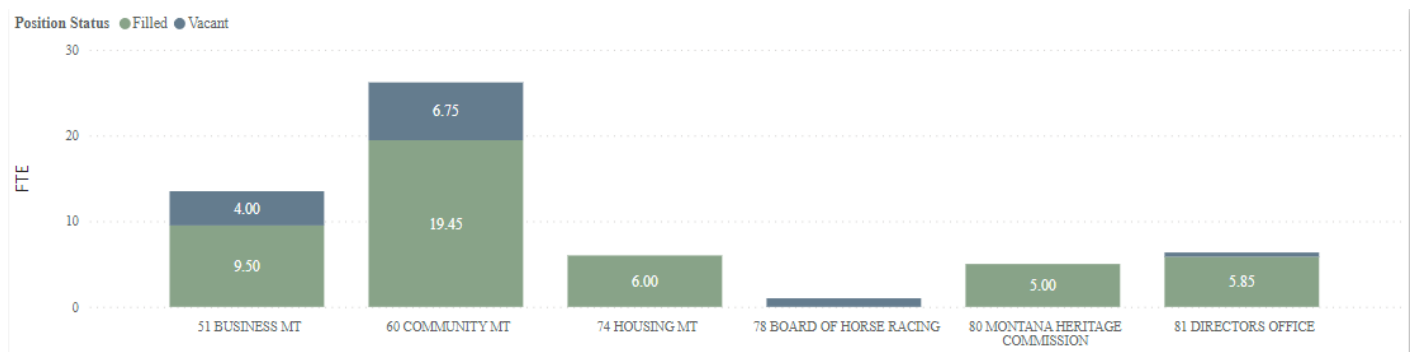
The Department of Commerce has expended 44.3% of its HB 2 appropriation authority in FY 2024. Expenditures are primarily for grants, which are generally for multi-year projects. Approximately 54.7% of the

Department of Commerce’s budget is from federal special revenue authority primarily for community development and housing grants.

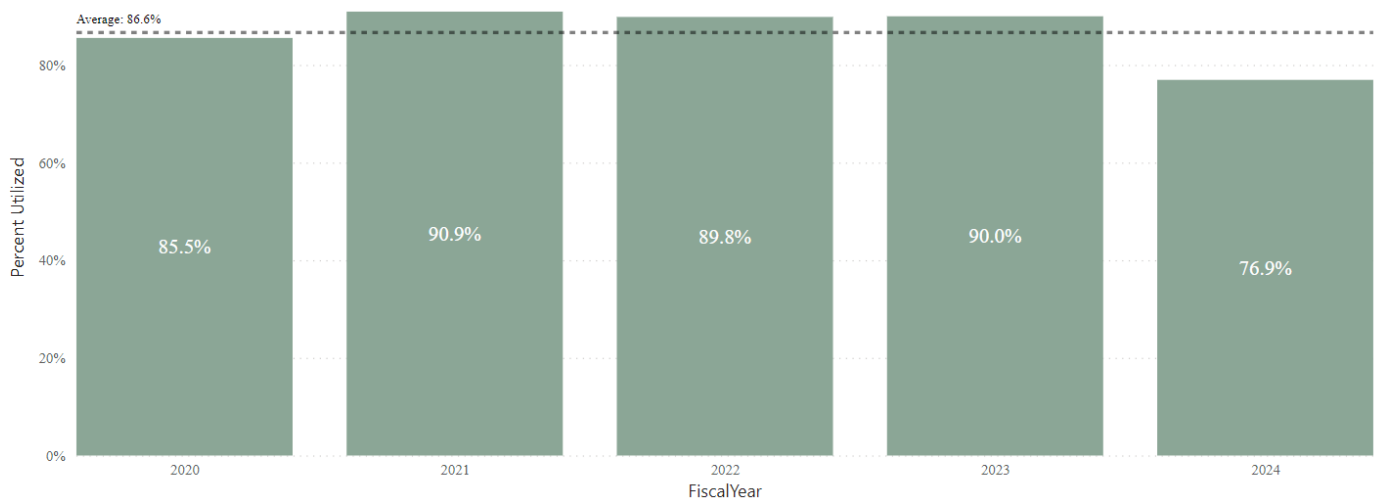
When compared to the historical average, the Department of Commerce has expended a greater portion of their budget to date. Federally funded programs including the Community Development Block Grants and HOME programs are typically recorded closer to fiscal year end. However, due to a change in accounting 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 48.1% expended through February 29, 2024. The department has 61.80 HB 2 FTE, and 12.25 FTE are vacant as of February 1, 2024. The following chart shows the filled and vacant FTE within the agency as of February 1, 2024.



The chart below shows the hourly utilization percentage for the Department of Commerce between July 1 and February 1 for each fiscal year when compared to the available hours for the same time period. Overall, the department has utilized 76.9% 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, 2.50 FTE have been vacant for one year or longer. As of February 1, 2024, the department was in the process of recruiting for an accountant, community resource development manager, homeownership program manager, Housing Choice Voucher Program supervisor, Project-Based Section 8 supervisor, a Small-Business Development Center communications and operations specialist, and two staff to work at Virginia City’s historic preservation site.

Vacant Positions Report

DEPT NUM/NAME	FTE	Median Months Vacant	Market Midpoint (Hourly)
⊖ 65010 COMMERCE	12.25	5.90	36.35
⊖ 51 BUSINESS MT	4.00	3.84	30.55
Administrative Assistant 3	1.00	2.46	21.48
Bus/Tech Assist Program Mngr	0.50	4.75	36.35
Program Specialist	1.00	4.75	36.35
Program Specialist 1	1.00	1.34	27.86
Public Relations Specialist 1	0.50	3.84	30.55
⊖ 60 COMMUNITY MT	6.75	7.05	36.35
Accountant 3	0.75	7.05	36.96
Comm Resource Development Mngr	1.00	1.54	51.21
Community Planner Supervisor	1.00	3.84	44.13
Infrastructure Coordinator	1.00	17.54	36.35
Operations Manager - Community	1.00	17.61	36.25
Program Specialist 1	1.00	7.05	27.86
Program Specialist 2	1.00	7.05	36.35
⊖ 78 BOARD OF HORSE RACING	1.00	7.05	36.35
Program Specialist 2	1.00	7.05	36.35
⊖ 81 DIRECTORS OFFICE	0.50	14.46	34.06
Industry Development Officer	0.50	14.46	34.06
Total	12.25	5.90	36.35

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 December 31, 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?

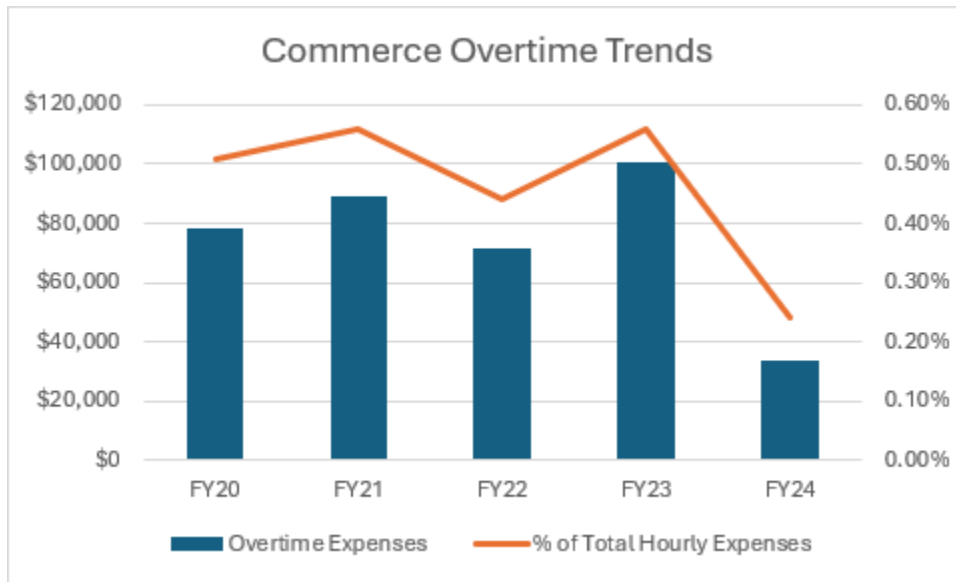
The table below summarizes the payments for temporary services under the state’s term contracts for short term workers. 100.0% of these would have been due to vacant positions. Temporary services were used primarily for administrative assistant and customer service roles for Montana Emergency Rental 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	42,573.15
01100 General Fund	2,683.80
03797 ARPA Rental Assistance Funds	37,407.19
06030 BOH Financial Program Fund	2,482.16
Grand Total	652,497.07

Additional temp services were used in FY 2024 due to vacant positions in the Housing Division, and the Research & Information Services Bureau within the Director’s Office. 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 the 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 (OT) 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, the department anticipates FY 2024 to go back to pre-COVID OT average of 0.37% or lower. Overtime continues to trend lower than pre-pandemic rates. See the chart below for details.



Less than 25.0% of the total overtime paid was due to vacant positions. This trend has continued through the end of February. 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. The department 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.