

Agency Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	7.00	7.00	7.00	7.00	7.00	7.00	0.00	0.00 %
Personal Services	634,238	649,030	664,245	663,217	1,283,268	1,327,462	44,194	3.44 %
Operating Expenses	337,388	317,997	356,901	336,875	655,385	693,776	38,391	5.86 %
Grants	443,031	462,238	443,031	443,031	905,269	886,062	(19,207)	(2.12)%
Total Costs	\$1,414,657	\$1,429,265	\$1,464,177	\$1,443,123	\$2,843,922	\$2,907,300	\$63,378	2.23 %
General Fund	493,654	493,391	513,548	506,509	987,045	1,020,057	33,012	3.34 %
State/Other Special Rev. Funds	223,495	223,294	235,414	229,279	446,789	464,693	17,904	4.01 %
Federal Spec. Rev. Funds	697,508	712,580	715,215	707,335	1,410,088	1,422,550	12,462	0.88 %
Total Funds	\$1,414,657	\$1,429,265	\$1,464,177	\$1,443,123	\$2,843,922	\$2,907,300	\$63,378	2.23 %

Mission Statement

The Montana Arts Council is the agency of state government established to develop the creative potential of all Montanans, advance education, spur economic vibrancy, and revitalize communities through involvement in the arts.

There is additional, more detailed information about the department in the agency profile.

<http://leg.mt.gov/fbp-2017.asp>

Agency Highlights

Montana Arts Council Major Budget Highlights
<ul style="list-style-type: none"> • The executive would maintain operations of the agency, with the increase exclusively caused bylaw adjustments • Due to its small size, this agency is exempted from the personal services boilerplate reduction

Agency Personal Services

Personal services comprise 44.8% of base expenditures, while the Governor proposes 45.4% in FY 2016 and 46% in FY 2017. The increase in costs from the base is primarily due to annualizing the executive pay plan increase in the 2015 biennium.

Vacancy Savings – There were no areas of concentrated vacancy savings. The agency withdrew \$1,500 from the personal services contingency fund to cover unbudgeted costs for employer share of retirement.

Major Non-Pay Plan Salary Adjustments – In addition to the Governor's negotiated pay plan, the agency provided performance-based increases of up to 7% in FY 2014. Also, the hours paid for three part-time positions were an average of 25% more hours than budgeted.

Comparison of FY 2015 Legislative Base to FY 2015 Appropriation

The following highlights the differences between the FY 2015 appropriations as shown in the main table and the FY 2015 legislative appropriations used for purposes of the budget base, by program.

There are no differences between FY 2015 Legislative Appropriation and FY 2015 as implemented by the executive.

Comparison of FY 2014 Actual Expenditures to FY 2015 Legislative Appropriation

Actual FY 2014 expenditures are \$14,608 below the FY 2015 legislative appropriation. The primary reason for the difference is the reestablishment in FY 2015 of all remaining unspent FY 2014 biennial authority for the basic state grant.

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2017 biennium 5% plan submitted for this agency is in the appendix.

Because it has fewer than 20 FTE, this agency is exempt from the requirement to submit a 5% reduction plan.

Funding

The following table shows proposed program funding by source from all sources of authority.

Montana Arts Council, 01-Promotion of the Arts Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	1,020,057	0	0	1,020,057	35.09 %	
02009 Cultural And Aesthetic Project	464,693	0	0	464,693	100.00 %	
State Special Total	\$464,693	\$0	\$0	\$464,693	15.98 %	
03016 NEA Funds-Basic State Grant	1,303,750	0	0	1,303,750	91.65 %	
03017 NEA Funds-Arts In Education	118,800	0	0	118,800	8.35 %	
Federal Special Total	\$1,422,550	\$0	\$0	\$1,422,550	48.93 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$2,907,300	\$0	\$0	\$2,907,300		

The agency is funded with a combination of general fund, state special revenue funds from the cultural and aesthetic project account, and federal funds from the National Endowment for the Arts.

General fund supports:

- A portion of the agency operations and services to the state’s arts community
- Arts grants including artists in the schools and several other grant programs available to non-profit arts organizations, schools, and other entities

State special revenue includes proceeds from the cultural and aesthetic project account. This account:

- Receives interest earnings from a statutory trust account that is funded from a 0.63% distribution from the coal severance tax
- Must be used for protection of works of art in the State Capitol and other cultural and aesthetic projects (15-35-108, MCA)
- Supports the agency’s administration of the cultural and aesthetic trust activities and its Circle of American Masters program, which promotes Montana’s traditional and native arts and cultures

Federal funds come from the National Endowment for the Arts. These federal funds:

- Are formula grants from the federal agency rather than competitive grants
- Require a dollar for dollar match with non-federal revenue. The agency uses general fund and its allocation from the cultural and aesthetic project account to match the federal grant
- Are used for agency administration, grants, and services to the state’s arts community

LFD COMMENT	<p><u>Cultural & Aesthetic Project Account</u></p> <p>The table below the comment presents the 2017 biennium fund analysis for the cultural and aesthetic project account. This table shows the allocation of funds between cultural and aesthetic projects and administrative costs. This account appears to be structurally balanced through FY 2017.</p>
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Cultural & Aesthetic Grant Fund (02009)			
Fund Balance Projection, 2017 Biennium			
Estimated Beginning Fund Balance (7/1/2015)			(\$0)
Revenue Projections ¹	<u>2016</u>	<u>2017</u>	<u>Bien</u>
Interest Earnings	\$487,000	\$473,000	\$960,000
2017 Biennium Revenues			\$960,000
Proposed Expenditures			
MAC Administration ²	(163,006)	(159,713)	(322,719)
Folklife ²	(71,160)	(70,994)	(142,154)
Capitol Cmplx Works of Art			(30,000)
Grants			<u>(385,132)</u>
Total Expenditures			<u>\$(880,005)</u>
Estimated Ending Fund Balance (6/30/2017)			<u>\$79,995</u>
¹ HJ2 estimates			
² Executive proposal (HB 2)			

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	493,391	493,391	986,782	96.74 %	1,429,265	1,429,265	2,858,530	98.32 %
PL Adjustments	20,157	13,118	33,275	3.26 %	34,912	13,858	48,770	1.68 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$513,548	\$506,509	\$1,020,057		\$1,464,177	\$1,443,123	\$2,907,300	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	8,784	5,282	1,149	15,215	0.00	13,430	6,127	(5,370)	14,187
DP 99 - LEG. Present Law	0.00	11,373	6,838	1,486	19,697	0.00	(312)	(142)	125	(329)
Grand Total All Present Law Adjustments	0.00	\$20,157	\$12,120	\$2,635	\$34,912	0.00	\$13,118	\$5,985	(\$5,245)	\$13,858

DP 98 - LEG. Personal Services Present Law -

Personal Services Present Law Adjustments					
FY 2016					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	7.00	\$1,182	\$960	\$1,259	\$3,402
Executive Implementation of 2015 Pay Increase		4,025	3,270	4,288	11,582
Other		3,577	1,052	(4,398)	231
Personal Services Present Law Adjustments	7.00	\$8,784	\$5,282	\$1,149	\$15,215
FY 2017					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	7.00	\$1,182	\$960	\$1,259	\$3,402
Executive Implementation of 2015 Pay Increase		4,025	3,270	4,288	11,582
Other		8,223	1,897	(10,917)	(797)
Personal Services Present Law Adjustments	7.00	\$13,430	\$6,127	(\$5,370)	\$14,187

The executive proposes to increase support to personal services adjustments by 2.3% in FY 2016 and 2.2% in FY 2017 when compared to the FY 2015 legislative budget. The primary increase of the personal services present law adjustment is due to costs associated with HB 13 and the full cost of the Governor's negotiated 5% increase in FY 2015.

DP 99 - LEG. Present Law -

These adjustments consist of:

- Fixed costs
- Inflation and deflation
- Increase in operating costs