

### Agency Budget Comparison

The following table compares 2014 actuals expenditures without one-time appropriations plus 2015 estimated appropriations including one-time appropriations, but excluding certain base appropriations to the 2017 biennial total legislative budget. The comparison is listed by year, type of expenditure, and source of funding. The biennial percent change column has been eliminated to allow for the transition to a comparison of biennial appropriations consistent with SB 140 in the future. The biennial appropriation growth/decline is listed in the agency highlight tables and the expenditure section of Volume 1 of this Fiscal Report.

Agency Budget Comparison							
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change
FTE	7.00	7.00	7.00	7.00	7.00	7.00	0.00
Personal Services	634,238	649,030	652,663	651,635	1,283,268	1,304,298	21,030
Operating Expenses	337,388	317,997	337,675	304,707	655,385	642,382	(13,003)
Grants	443,031	462,238	487,238	462,238	905,269	949,476	44,207
<b>Total Costs</b>	<b>\$1,414,657</b>	<b>\$1,429,265</b>	<b>\$1,477,576</b>	<b>\$1,418,580</b>	<b>\$2,843,922</b>	<b>\$2,896,156</b>	<b>\$52,234</b>
General Fund	493,654	493,391	547,672	503,329	987,045	1,051,001	63,956
State/Other Special Rev. Funds	223,495	223,294	222,304	223,059	446,789	445,363	(1,426)
Federal Spec. Rev. Funds	697,508	712,580	707,600	692,192	1,410,088	1,399,792	(10,296)
<b>Total Funds</b>	<b>\$1,414,657</b>	<b>\$1,429,265</b>	<b>\$1,477,576</b>	<b>\$1,418,580</b>	<b>\$2,843,922</b>	<b>\$2,896,156</b>	<b>\$52,234</b>

### Agency Description

The Montana Arts Council (MAC) is authorized by Title 22-2-101, MCA to assist public and private institutions with artistic and cultural activities. The council encourages participation in, and appreciation of, the arts. The council fosters interest in the state's cultural heritage, expands state cultural resources, and supports freedom of artistic expression through ongoing programs and projects. The council administers the Cultural and Aesthetic Project grants and other grants approved by the legislature, and makes recommendations to the legislature on arts related issues. The Montana Arts Council provides these services through a structure consisting of one division with 7.00 FTE.

### Agency Highlights

Montana Arts Council Major Budget Highlights
<ul style="list-style-type: none"> <li>The 2017 biennium legislative appropriation increases ongoing funding by .5% over the 2015 biennium legislative appropriation. This increase was largely due to: <ul style="list-style-type: none"> <li>A present law adjustment for operating increases of about \$16,500 for legal fees, minor computer equipment, rent, and increased production and circulations of the State of the Arts newspaper</li> <li>Increases due to inflation, which are driven by rates within the Department of Administration</li> </ul> </li> <li>The legislature appropriated a \$25,000 restricted, biennial, one-time-only general fund appropriation for a Glass Blowing program</li> <li>A 2% vacancy savings was applied by the legislature for the 2017 biennium</li> </ul>

### Summary of Legislative Action

The legislature approved a biennial budget for the Montana Arts Council of about \$2.9 million in total funds while general fund increased 3.5% from the 2015 biennium. The budget addition is due primarily to a new proposal of \$25,000 for a glass blowing program and present law adjustments in operations funded from general fund that total almost \$40,000. This present law adjustment includes legislative audit funding and adjustments for fixed costs, inflation, and deflation made by the legislature.

### Agency Discussion

The Montana Arts Council administers the cultural and aesthetic project grants approved by the legislature each biennium. The operating expenses related to administering these grants are budgeted in HB 2 while the grants are included in a separate appropriations bill (HB 9) and are not included in the agency budget comparison table above.

### Funding

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Montana Arts Council Funding by Source of Authority 2017 Biennium Budget - Montana Arts Council					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	1,051,001	0	0	1,051,001	36.29 %
State Special Total	445,363	0	0	445,363	15.38 %
Federal Special Total	1,399,792	0	0	1,399,792	48.33 %
Proprietary Total	0	0	0	0	0.00 %
Other Total	0	0	0	0	0.00 %
<b>Total All Funds</b>	<b>\$2,896,156</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,896,156</b>	
<b>Percent - Total All Sources</b>	<b>100.00 %</b>	<b>0.00 %</b>	<b>0.00 %</b>		

### 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								
-----General Fund-----					-----Total Funds-----			
Budget Item	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	93.89 %	1,429,265	1,429,265	2,858,530	98.70 %
PL Adjustments	29,281	9,938	39,219	3.73 %	23,311	(10,685)	12,626	0.44 %
New Proposals	25,000	0	25,000	2.38 %	25,000	0	25,000	0.86 %
<b>Total Budget</b>	<b>\$547,672</b>	<b>\$503,329</b>	<b>\$1,051,001</b>		<b>\$1,477,576</b>	<b>\$1,418,580</b>	<b>\$2,896,156</b>	

### Other Legislation

**HB 9** - Establishes priorities for the Cultural and Aesthetic (C&A) Project Grants. The bill appropriates \$384,995 in interest earnings from the C&A projects trust fund for the Montana Arts Council for grant awards, and allows for the reduction of grants on a pro rata basis if the money in the account proves to be insufficient to fund approved projects in the 2017

biennium. The approved grants include special projects of \$4,500 or less, special projects, operational support, and capital expenditures. The grants are awarded to various cultural and aesthetic projects in communities across Montana.

HB 4 - In accordance with 17-7-4, MCA, Budget Amendments are processed during the interim primarily for the receipt of unanticipated federal funds. Statute requires that Budget Amendments that continue beyond September 30 following each biennium must be approved by the legislature (in HB 4). All remaining fiscal year 2015 federal budget amendment authority for the national endowment for the arts is authorized to continue into state fiscal year 2016.

### Executive Budget Comparison

The following table compares the legislative budget for the 2017 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2014	Executive Budget Fiscal 2016	Legislative Budget Fiscal 2016	Leg — Exec. Difference Fiscal 2016	Executive Budget Fiscal 2017	Legislative Budget Fiscal 2017	Leg — Exec. Difference Fiscal 2017	Biennium Difference Fiscal 16-17
FTE	7.00	7.00	7.00	0.00	7.00	7.00	0.00	0.00
Personal Services	634,238	664,245	652,663	(11,582)	663,217	651,635	(11,582)	(23,164)
Operating Expenses	337,388	356,901	337,675	(19,226)	336,875	304,707	(32,168)	(51,394)
Grants	443,031	443,031	487,238	44,207	443,031	462,238	19,207	63,414
<b>Total Costs</b>	<b>\$1,414,657</b>	<b>\$1,464,177</b>	<b>\$1,477,576</b>	<b>\$13,399</b>	<b>\$1,443,123</b>	<b>\$1,418,580</b>	<b>(\$24,543)</b>	<b>(\$11,144)</b>
General Fund	493,654	513,548	547,672	34,124	506,509	503,329	(3,180)	30,944
State/other Special Rev. Funds	223,495	235,414	222,304	(13,110)	229,279	223,059	(6,220)	(19,330)
Federal Spec. Rev. Funds	697,508	715,215	707,600	(7,615)	707,335	692,192	(15,143)	(22,758)
<b>Total Funds</b>	<b>\$1,414,657</b>	<b>\$1,464,177</b>	<b>\$1,477,576</b>	<b>\$13,399</b>	<b>\$1,443,123</b>	<b>\$1,418,580</b>	<b>(\$24,543)</b>	<b>(\$11,144)</b>

The legislature approved a \$25,000 biennial, one-time-only appropriation restricted to a grant for a Fine Arts Glass Blowing program on top of the Arts Council's request for operating increases in their 2017 biennium budget. The Governor's proposed budget included expenses for operating and equipment and intangible assets based on the Department of Administration's rates; the 2015 Legislature adjusted these rates, reducing the need for funding of these expenditures.

**Present Law Adjustments**

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

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 100 - Operating Expenses	0.00	6,030	617	2,904	9,551	0.00	4,349	546	2,153	7,048
DP 102 - Other PS	0.00	3,408	914	(4,577)	(255)	0.00	8,054	1,759	(11,096)	(1,283)
DP 510 - Legislative Audit - HB 2 2014 Fixed Costs (Restricted/Biennia	0.00	20,960	0	0	20,960	0.00	0	0	0	0
DP 515 - State Share Health Insurance	0.00	1,351	1,098	1,439	3,888	0.00	1,351	1,098	1,439	3,888
DP 525 - Fixed Costs	0.00	(4,737)	(4,614)	(6,051)	(15,402)	0.00	(5,218)	(4,240)	(15,017)	(24,475)
DP 526 - 2017 Biennium Legislative Audit (RST/BIEN)	0.00	586	0	0	586	0.00	0	0	0	0
DP 527 - Inflation Deflation	0.00	1,078	1,051	1,378	3,507	0.00	781	635	2,248	3,664
DP 531 - SITSD Rate Adjustment	0.00	796	0	0	796	0.00	796	0	0	796
DP 532 - General Liability Insurance Rate Adjustment	0.00	(134)	0	0	(134)	0.00	(135)	0	0	(135)
DP 550 - Motor Pool Rate Adjustments	0.00	(57)	(56)	(73)	(186)	0.00	(40)	(33)	(115)	(188)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$29,281</b>	<b>(\$990)</b>	<b>(\$4,980)</b>	<b>\$23,311</b>	<b>0.00</b>	<b>\$9,938</b>	<b>(\$235)</b>	<b>(\$20,388)</b>	<b>(\$10,685)</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

**DP 100 - Operating Expenses -**

The legislature approved this present law decision package, adding general fund revenue to provide increases in the 2017 biennium for legal fees, minor computer equipment, rent increase, and increased production and circulations of the State of the Arts newspaper.

**DP 102 - Other PS -**

The legislature adopted personal service adjustments outside of state share health insurance increases, vacancy savings, and the executive implementation of the 2015 pay increase.

**DP 510 - Legislative Audit - HB 2 2014 Fixed Costs (Restricted/Biennia -**

The legislature provided a restricted biennial appropriation for the legislative audit costs. The funding is established at the level of the 2015 biennial appropriation contained in HB 2 as enacted by the 2013 Legislature.

**DP 515 - State Share Health Insurance -**

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

**DP 525 - Fixed Costs -**

The legislature approved a general fund reduction to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs are liability and property

insurance, legislative audit, warrant writer, payroll processing, and others. The rates for these services are approved in a separate portion of the budget.

#### DP 526 - 2017 Biennium Legislative Audit (RST/BIEN) -

The legislature adjusted legislative audit costs and funding based on the current estimate of the Legislative Auditor.

#### DP 527 - Inflation Deflation -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

#### DP 531 - SITSD Rate Adjustment -

The legislature approved an increase for fixed cost rates included in state agency budgets for information technology services provided by the State Information Technology Services Division (SITSD).

#### DP 532 - General Liability Insurance Rate Adjustment -

The legislature reduced the rate assessed to state agencies for general liability insurance provided by the Risk Management and Tort Defense Division.

#### DP 550 - Motor Pool Rate Adjustments -

The legislature adopted a reduction to the motor pool rates.

### **New Proposals**

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals										
-----Fiscal 2016-----						-----Fiscal 2017-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 200 - Glassblowing Arts Program (Restricted/Biennial/OTO)										
0.00	25,000	0	0	25,000		0.00	0	0	0	0
<b>Total</b>	<b>0.00</b>	<b>\$25,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,000</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

#### DP 200 - Glassblowing Arts Program (Restricted/Biennial/OTO) -

The Legislature appropriated \$25,000 general fund in FY 2016 as restricted, biennial, one-time-only revenue for a Glass Blowing program.