

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	7.00	7.00	7.00	7.00	7.00	7.00	0.00	0.00%
Personal Services	506,369	557,017	537,185	544,960	1,063,386	1,082,145	18,759	1.76%
Operating Expenses	322,558	240,170	325,708	305,826	562,728	631,534	68,806	12.23%
Grants	420,903	499,973	420,903	420,903	920,876	841,806	(79,070)	(8.59%)
Total Costs	\$1,249,830	\$1,297,160	\$1,283,796	\$1,271,689	\$2,546,990	\$2,555,485	\$8,495	0.33%
General Fund	467,889	459,035	468,541	460,209	926,924	928,750	1,826	0.20%
State Special	204,517	214,756	213,909	213,742	419,273	427,651	8,378	2.00%
Federal Special	577,424	623,369	601,346	597,738	1,200,793	1,199,084	(1,709)	(0.14%)
Total Funds	\$1,249,830	\$1,297,160	\$1,283,796	\$1,271,689	\$2,546,990	\$2,555,485	\$8,495	0.33%

Agency Description

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.

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.

Agency Highlights

Montana Arts Council HB 2 Budget Highlights	
<ul style="list-style-type: none"> ◆ MAC budget increases less than 1 percent when compared to the 2009 biennium ◆ MAC present law adjustments for personal services, fixed costs and per diem travel comprise increases of almost \$90,000 ◆ HB 13 increases personal service costs by \$9,500 ◆ General fund reductions include a 2 percent reduction of \$19,000 and removal of moving costs of \$12,000 ◆ Grants to local communities are reduced \$80,000 to offset increases in personal services and operating costs 	
HB 645 Budget Highlights	
<ul style="list-style-type: none"> ◆ MAC receives \$291,000 from the National Endowment for the Arts to support subgrants to local communities 	

Summary of Legislative Action

The legislature approved an overall agency increase of less than 1 percent for MAC when compared to the 2009 biennium. Increases due to present law adjustments for personal services, fixed costs, and per diem travel, and increases to support health insurance costs and one-time only payment of \$450 in HB 13 are offset by a reduction of 2 percent or \$18,854 of general fund support each year of the biennium and a reduction for one-time costs related to moving into new office space. The legislature included language in HB 2 allowing the agency to allocate the 2 percent reduction among programs.

The legislature provided for increased support for personal services of \$18,759 when compared to the 2009 biennium. The increases include statewide present law adjustments and increases contained in HB 13 of \$9,000 for increased costs of providing group health insurance and \$500 for one-time payment of \$450 for employees earning less than \$45,000.

Operating costs included in the bill increase by \$68,806 when compared to the 2009 biennium due to present law adjustments offset by the 2 percent reduction. Over 16 percent of the increases included in the fixed costs of the statewide present law adjustments result from the move to a new office space. Other significant budgeted operating cost increases include:

- \$10,000 for consulting and professional services
- \$10,000 for postage and mailing services
- \$ 6,000 for food
- \$ 4,500 for printing costs
- \$ 4,000 for education and training costs

Grants to schools and communities included in the bill are reduced by \$79,070 or 8.6 percent when compared to the 2009 biennium. The legislature approved the agency's budget proposal to reduce grants to communities around Montana to offset increased personal service costs and operating costs over the 2011 biennium.

Agency Discussion

MAC personal service costs have exceeded the legislative appropriations in the previous three fiscal years. The Joint Appropriations Subcommittee on Education requested MAC review their personal services request to determine its adequacy for the 2011 biennium. MAC officials reviewed the personal services request and committed to staying within legislative appropriations for personal services in the 2011 biennium.

Other Legislation

HB 645 – Implementation of the American Reinvestment and Recovery Act of 2009 (ARRA)

The following table summarizes funding for the agency, by program, included in the bill.

Program Funding Table					
Promotion Of The Arts					
Program Funding	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011	
03000 Total Federal Special Funds	\$ 145,500	100.0%	\$ 145,500	100.0%	
03490 Federal Stimulus Implementation	145,500	100.0%	145,500	100.0%	
Grand Total	<u>\$ 145,500</u>	<u>100.0%</u>	<u>\$ 145,500</u>	<u>100.0%</u>	

MAC is provided an appropriation of \$291,000 in federal funds granted by the National Endowment of the Arts. The funding is to be used for subgrants to eligible nonprofit organizations to provide:

- Salary support for positions that may or have been eliminated as a result of the current economic climate
- Fees for artists or contractual personnel to maintain or expand the period the artists would have been engaged

Up to \$50,000 of the funds may be used by MAC for administration or for statewide projects or state level programs that support either continuing jobs or artists.

Federal funds received under this portion of the ARRA will be available April 1, 2009. MAC must report:

- The use of the funds each quarter, and maintain personnel activity reports for salaries charged to the grant
- Written contracts with artists or contractual personnel
- Listings of subgrantees

HB 2 and HB 645 Combined

The following table combines HB 2 and HB 645.

2011 Biennium HB 2 and HB 645 Combined Montana Arts Council			
Fund	HB 2	One-time HB 645 Appropriations	2011 Biennium Revised Total
General Fund	\$928,750	\$0	\$928,750
State Special Revenues	427,651	0	427,651
Federal Special Revenues	<u>1,199,084</u>	<u>291,000</u>	<u>1,490,084</u>
Total Funds	<u>\$2,555,485</u>	<u>\$291,000</u>	<u>\$2,846,485</u>

The funds granted to MAC in HB 645 are considered one-time-only and will not carry forward into the base budget of the agency in the 2013 biennium.

HB 9 - Established priorities for the Cultural and Aesthetic Project Grants. The bill appropriates \$885,400 in interest earnings to MAC 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 2011 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 – Provides that certain appropriations continue into state and federal fiscal years 2010 and 2011. The bill provides that all remaining fiscal year 2009 federal budget amendment authority for the Montana current partnership agreement be authorized to continue into FY 2010.

Executive Budget Comparison

The following table compares the legislative budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg – Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg – Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	7.00	7.00	7.00	0.00	7.00	7.00	0.00	
Personal Services	506,369	534,422	537,185	2,763	538,163	544,960	6,797	9,560
Operating Expenses	322,558	335,134	325,708	(9,426)	315,253	305,826	(9,427)	(18,853)
Grants	420,903	420,903	420,903	0	420,903	420,903	0	0
Total Costs	\$1,249,830	\$1,290,459	\$1,283,796	(\$6,663)	\$1,274,319	\$1,271,689	(\$2,630)	(\$9,293)
General Fund	467,889	476,541	468,541	(8,000)	466,129	460,209	(5,920)	(13,920)
State/Other Special	204,517	213,080	213,909	829	211,705	213,742	2,037	2,866
Federal Special	577,424	600,838	601,346	508	596,485	597,738	1,253	1,761
Total Funds	\$1,249,830	\$1,290,459	\$1,283,796	(\$6,663)	\$1,274,319	\$1,271,689	(\$2,630)	(\$9,293)

The legislature included a 2 percent reduction in general fund of \$18,853 for the MAC and included funding for HB 13 pay plan increases.

Funding

The following table summarizes funding for the agency, by program and source, as adopted by the legislature.

Program Funding Table Promotion Of The Arts						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000 Total General Fund	\$ 467,889	37.4%	\$ 468,541	36.5%	\$ 460,209	36.2%
01100 General Fund	467,889	37.4%	468,541	36.5%	460,209	36.2%
02000 Total State Special Funds	204,517	16.4%	213,909	16.7%	213,742	16.8%
02009 Cultural And Aesthetic Project	204,517	16.4%	213,909	16.7%	213,742	16.8%
03000 Total Federal Special Funds	577,424	46.2%	601,346	46.8%	597,738	47.0%
03016 Nea Funds-Basic State Grant	523,425	41.9%	546,346	42.6%	542,738	42.7%
03017 Nea Funds-Arts In Education	53,999	4.3%	55,000	4.3%	55,000	4.3%
Grand Total	\$ 1,249,830	100.0%	\$ 1,283,796	100.0%	\$ 1,271,689	100.0%

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

The coal severance tax fund shared account supports the Montana Arts Council's administration of the cultural and aesthetic trust activities and its Folklife Program, which promotes Montana's traditional and native arts and cultures. Interest earnings from the corpus of the cultural trust support the Cultural and Aesthetic Program projects and are appropriated to both MAC and other art organizations and projects around the state. MAC administers the grants and makes recommendations to the Long Range Building Program on grant appropriations. During the 2011 biennium, funding for the administration and the Folklife Program included in the general appropriations act is 32.5 percent of the total biennial revenue available for appropriation for Cultural and Aesthetic Trust grants.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	467,889	467,889	935,778	100.76%	1,249,830	1,249,830	2,499,660	97.82%
Statewide PL Adjustments	10,784	(41)	10,743	1.16%	35,926	15,466	51,392	2.01%
Other PL Adjustments	(2,277)	(1,844)	(4,121)	(0.44%)	4,318	8,689	13,007	0.51%
New Proposals	(7,855)	(5,795)	(13,650)	(1.47%)	(6,278)	(2,296)	(8,574)	(0.34%)
Total Budget	\$468,541	\$460,209	\$928,750		\$1,283,796	\$1,271,689	\$2,555,485	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2010-----						-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					23,853	0.00				24,394
Inflation/Deflation					1,660	0.00				1,915
Fixed Costs					10,413	0.00				(10,843)
Total Statewide Present Law Adjustments										
		\$10,784	\$6,825	\$18,317	\$35,926	0.00	(\$41)	\$2,071	\$13,436	\$15,466
0										
DP 5 - Present Law Adjustments										
	0.00	3,873	1,675	4,920	10,468	0.00	4,306	5,062	5,471	14,839
DP 7 - Remove Telephone Move Charges										
	0.00	(6,150)	0	0	(6,150)	0.00	(6,150)	0	0	(6,150)
0										
Total Other Present Law Adjustments										
	0.00	(\$2,277)	\$1,675	\$4,920	\$4,318	0.00	(\$1,844)	\$5,062	\$5,471	\$8,689
0										
Grand Total All Present Law Adjustments										
	0.00	\$8,507	\$8,500	\$23,237	\$40,244	0.00	(\$1,885)	\$7,133	\$18,907	\$24,155

DP 5 - Present Law Adjustments - The bill increases funding of \$8,179 in general fund, \$6,737 in state special revenue, and \$10,391 in federal funds over the biennium for anticipated costs of per diem for the council, legal fees, and rent increases.

DP 7 - Remove Telephone Move Charges - The bill notes that the Montana Arts Council moved from the City County Building into a private building rented by the Department of Administration in FY 2008. The move created a one-time-only charge of \$6,150 for telephone moving charges which was removed from the FY 2010 and FY 2011 budgets.

New Proposals

New Proposals										
-----Fiscal 2010-----						-----Fiscal 2011-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8 - Establish Biennial Appropriation for Federal Funds										
01	0.00	0	0	0	0	0.00	0	0	0	0
DP 6013 - 2011 Biennium Pay Plan - HB 13										
01	0.00	1,162	672	413	2,247	0.00	3,507	2,037	1,253	6,797
DP 6014 - Pay Plan Lump Sum Payment OTO										
01	0.00	264	157	95	516	0.00	0	0	0	0
DP 6101 - Fixed Cost Workers Comp Mgmt Pgm										
01	0.00	145	63	177	385	0.00	125	55	154	334
DP 6105 - 2 percent Unspecified Reduction of General Fund										
01	0.00	(9,426)	0	0	(9,426)	0.00	(9,427)	0	0	(9,427)
Total	0.00	(\$7,855)	\$892	\$685	(\$6,278)	0.00	(\$5,795)	\$2,092	\$1,407	(\$2,296)

DP 8 - Establish Biennial Appropriation for Federal Funds - The bill provides provision to designate federal funds to MAC as biennial appropriations over the 2011 biennium.

DP 6013 - 2011 Biennium Pay Plan - HB 13 - The legislature passed a pay plan that provides an additional \$53 per month in health insurance contribution for CY 2010 and an additional \$54 per month for CY 2011. In addition, the legislature provided a one-time-only payment of \$450 for all employees earning less than \$45,000 annually. These costs are included in DP 6014.

DP 6014 - Pay Plan Lump Sum Payment OTO - This DP funds this program's cost of providing a one-time-only payment of \$450 to each full-time employee making less than \$45,000 annually and \$225 for half-time employees making \$21.635 per hour or less.

DP 6101 - Fixed Cost Workers Comp Mgmt Pgm - The Workers' Compensation Management Program at the Department of Administration was funded by the 2007 Legislature with a one-time-only (OTO) general fund appropriation. For the 2011 biennium and beyond, the bill funds the program via a fixed cost allocation. The allocation is based upon the average number of payroll warrants issued per pay period. Because the program was approved as an OTO for the current biennium, it must be presented as a new proposal for the next biennium. Therefore, the allocation cannot be included as part of the standard present law fixed cost process.

DP 6105 - 2 percent Unspecified Reduction of General Fund - This item provides an unspecified reduction in general fund of 2 percent for the agency. Language included in the bill allows the agency to allocate the reduction in funding among programs when developing 2011 biennium operating plans.

Language and Statutory Authority

The legislature added the following language to HB 2:

"Promotion of the Arts includes a reduction in general fund money of \$9,427 each year of the biennium. The agency may allocate these reductions in funding among programs when developing 2011 biennium operating plans. "