

Agency Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	1,285,030	1,365,168	80,138	6.24 %
Operating Expenses	664,506	700,193	35,687	5.37 %
Grants	924,476	924,476	0	0.00 %
Total Expenditures	\$2,874,012	\$2,989,837	\$115,825	4.03 %
General Fund	995,386	1,074,383	78,997	7.94 %
State/Other Special Rev. Funds	466,320	482,189	15,869	3.40 %
Federal Spec. Rev. Funds	1,412,306	1,433,265	20,959	1.48 %
Total Funds	\$2,874,012	\$2,989,837	\$115,825	4.03 %
Total Ongoing	\$2,874,012	\$2,989,837	\$115,825	4.03 %
Total OTO	\$0	\$0	\$0	0.00 %

Agency Biennium Comparison -

The biennium comparison table shows total growth of 4.0%, which for this agency is influenced by the FY 2018 appropriation reductions. Compared to the FY 2019 base appropriation, the growth is 2.2%, or \$64,713.

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 Montana Arts Council in the agency profile. The profile may be viewed at: <https://leg.mt.gov/lfd/publications/>.

Agency Highlights

Montana Arts Council Major Budget Highlights
<ul style="list-style-type: none"> • The Montana Arts Council 2021 biennium budget request is approximately \$116,000 or 4.0% higher than the 2019 biennium budget • Increases are due to SB 9 restoration to the base and statewide present law adjustments • The agency is not subject to vacancy savings

Agency Actuals and Budget Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Agency Actuals and Budget Comparison						
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021	
FTE	0.00	7.00	7.00	7.00	7.00	7.00
Personal Services	615,610	616,404	668,626	683,245	681,923	
Operating Expenses	332,358	332,808	331,698	363,999	336,194	
Grants	459,801	462,238	462,238	462,238	462,238	
Total Expenditures	\$1,407,769	\$1,411,450	\$1,462,562	\$1,509,482	\$1,480,355	
General Fund	475,354	479,042	516,344	551,314	523,069	
State/Other Special Rev. Funds	230,129	230,126	236,194	241,286	240,903	
Federal Spec. Rev. Funds	702,286	702,282	710,024	716,882	716,383	
Total Funds	\$1,407,769	\$1,411,450	\$1,462,562	\$1,509,482	\$1,480,355	
Total Ongoing	\$1,407,769	\$1,411,450	\$1,462,562	\$1,509,482	\$1,480,355	
Total OTO	\$0	\$0	\$0	\$0	\$0	

Agency Discussion

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

The Montana Arts Council (MAC) modified HB 2 budget of approximately \$1.4 million was 99.7% expended as of the end of FY 2018. The small portion of the remaining appropriation was in general fund. Personal services were 99.9% expended.

FY 2018 Appropriations Compared to FY 2019 Appropriations

Overall, the FY 2019 appropriation is 3.6% greater than the FY 2018 appropriation. Personal services increases for pay plan and SB 9 restorations account for almost the entire increase between the fiscal years.

Executive Request

The total budget proposed by the executive is a \$116,000 or 4.0% increase compared to the previous biennium with the following changes:

- Personal services, comprising 45.7% of the requested 2021 biennium appropriation, increased 6.2% due to present law adjustments
- Operating Expenses increased 5.4% due to adjustments for fixed costs and inflation/deflation

The majority of the budget increase is requested from the general fund.

Comparison of FY 2019 Legislative Budget to FY 2019 Base

Figure 1 illustrates the beginning FY 2019 budget as adopted by the 2017 Legislature compared to the finalized 2019 Base Budget, which includes modifications done by the executive (as authorized in statute) during the interim. The 2019 Base Budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2021 biennium budgeting process.

Figure 1

FY 2019 Legislative Appropriations - Montana Arts Council				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
01 Promotion Of The Arts				
61000 Personal Services	688,414	(19,788)	668,626	-2.9%
62000 Operating Expenses	311,910	19,788	331,698	6.3%
66000 Grants	462,238	-	462,238	0.0%
Program Total	1,462,562	-	1,462,562	0.0%
Grand Total	1,462,562	-	1,462,562	0.0%

The legislative action budget includes the FY 2019 budget as adopted during the November 2017 Special Session, specific other house and senate bills, and SB 9 restorations. SB 9 restored general fund appropriations of approximately \$52,000 to the Montana Arts Council in FY 2019. Additionally, there was one executive modification that transferred appropriation authority from personal services to operating expenses.

5.0% Plans

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%.

17-7-111(f), MCA exempts agencies of 20.00 or fewer FTE from filing a 5.0% plan. Due to having fewer than 20.00 FTE the Montana Arts Council is exempt from the requirement.

Agency Personal Services

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP 1) has been broken down into four categories, as follows:

1. Formula Based

Formula based changes are calculated independent of agency choices, such as: annualize personal services costs including FY 2019 statewide pay plan adjustments, changes to benefit rates, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot, plus rate changes for workers' compensation and unemployment insurance.

A detailed illustration of this methodology is included in the Budget Analysis Appendix.

2. Personal Services Management Decisions

Any agency management decisions that adjusted employee pay or transferred personal services authority between programs. This includes raises or position changes that may increase or reduce a budget, such as hiring FTE at a lower rate to replace retired senior staff or moving FTE and funding between programs.

3. Proposed Reinstatement of Personal Services Base Budget Reductions

Most agencies requested reinstatement of personal services budget reductions taken last session. The single largest reinstatement is due to the lower vacancy savings rate requested by the executive. The FY 2019 personal services base included approximately 6.0% vacancy savings reduction as part of the funding adopted in HB 2. Generally, the executive requested a 2.0% vacancy savings reduction for 2021 biennium.

Agencies funded with general fund may have additional personal services reductions such as those reduced from the triggers in SB 261 from last session.

In some instances, the lower personal services budgets caused agencies to make management decisions that lowered the ongoing cost of personal services. When this occurred, the LFD reflected the lower reinstatement requested rather than the total of all personal services reductions made by the previous legislature.

4. Budget Modifications

This category includes modifications to the FY 2019 personal services budget such as transfer of personal services authority to operating expenses that occurred during the interim. These transfers may impact the overall size of the personal services present law adjustment (DP 1).

The Figure shows the analysis of the proposed changes.

Figure 2

Personal Services Present Law DP 1 - FY 2020					
Program	Formula Based	Management Decisions	Proposed Reinstatement of PS	Budget Modifications	DP1 SWPL
01 PROMOTION OF THE ARTS	2,112	(7,281)	-	19,788	14,619
Agency Total	\$2,112	(\$7,281)	\$0	19,788	\$14,619

Personal services are \$668,626, or 45.7% of total FY 2019 appropriations. The executive proposes an increase of approximately \$14,600 in FY 2020 and \$13,300 in FY 2021. In addition to the formula based changes, the proposed reinstatement of personal services base budget reductions and management decisions are primarily contributing to the statewide present law adjustment for personal services. In some instances, the lower personal services budgets caused agencies to make management decisions that lowered the ongoing cost of personal services. When this occurred, the LFD reflected the lower reinstatement requested rather than the total of all personal services reductions made by the previous legislature.

The Montana Arts Council personal services calculation includes several management decisions which impact the total statewide present law adjustment for the agency:

- A portion of the wage changes is due to situational adjustments in pay
- The FTE movement is due to a transition in the agency in which a 0.50 FTE position was eliminated and the corresponding FTE was split between two positions to increase them to 1.00 FTE each
- Modification to personal services base include the change in SB 9 restoration from the initial reduction

Funding

The following table shows proposed agency funding by source of authority.

Total Montana Arts Council Funding by Source of Authority 2021 Biennium Budget Request - Montana Arts Council						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	1,074,383	0	0	0	1,074,383	35.93 %
State Special Total	482,189	0	0	0	482,189	16.13 %
Federal Special Total	1,433,265	0	0	0	1,433,265	47.94 %
Proprietary Total	0	0	0	0	0	0.00 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$2,989,837	\$0	\$0	\$0	\$2,989,837	
Percent - Total All Sources	100.00 %	0.00 %	0.00 %	0.00 %		

MAC is funded with a combination of general fund, state special revenue, and federal special revenue.

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 eligible entities

State special revenue from the Cultural and Aesthetic Trust:

- Supports the agency’s administration of cultural and aesthetic trust activities and the preservation of the state’s cultural heritage
- Grant awards through HB 9 Cultural and Aesthetic projects

Federal special revenue from the National Endowment of the Arts:

- Formula grants requiring a non-federal revenue dollar for dollar match. The agency utilizes general fund and state special revenue as a source of matching funds
- Supports the administration, grants, and services to the state’s arts community

LFD COMMENT The Cultural and Aesthetic Trust is a statutory trust account that is funded with a 0.63% distribution from the coal severance tax. The interest earnings from the trust are deposited into a state special revenue account to be used for protection of works of art in the State Capitol and for other cultural and aesthetic projects (15-35-108, MCA). The account appears to be structurally balanced through FY 2021.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	516,344	516,344	1,032,688	96.12 %	1,462,562	1,462,562	2,925,124	97.84 %
SWPL Adjustments	34,970	6,725	41,695	3.88 %	46,920	17,793	64,713	2.16 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$551,314	\$523,069	\$1,074,383		\$1,509,482	\$1,480,355	\$2,989,837	

Language and Statutory Authority -

The following language is recommended for inclusion in HB 2: "All HB 2 federal funding appropriations for the Arts Council are biennial appropriations."

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	Fiscal 2020				Fiscal 2021					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	4,824	4,240	5,555	14,619	0.00	4,388	3,856	5,053	13,297
DP 2 - Fixed Costs	0.00	30,004	800	1,224	32,028	0.00	2,161	789	1,207	4,157
DP 3 - Inflation Deflation	0.00	142	52	79	273	0.00	176	64	99	339
Grand Total All Present Law Adjustments	0.00	\$34,970	\$5,092	\$6,858	\$46,920	0.00	\$6,725	\$4,709	\$6,359	\$17,793

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

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.