

Agency Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	1,383,261	1,383,087	(174)	(0.01)%
Operating Expenses	607,033	698,185	91,152	15.02 %
Grants	1,019,764	924,476	(95,288)	(9.34)%
Total Expenditures	\$3,010,058	\$3,005,748	(\$4,310)	(0.14)%
General Fund	1,081,152	1,090,855	9,703	0.90 %
State/Other Special Rev. Funds	487,722	465,450	(22,272)	(4.57)%
Federal Spec. Rev. Funds	1,441,184	1,449,443	8,259	0.57 %
Total Funds	\$3,010,058	\$3,005,748	(\$4,310)	(0.14)%
Total Ongoing	\$3,010,058	\$3,005,748	(\$4,310)	(0.14)%
Total OTO	\$0	\$0	\$0	0.00 %

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.

Please refer to the agency profile for the Montana Arts Council at <https://leg.mt.gov/efd/state-agency-profiles/montana-arts-council/> for additional information about the agency’s organizational structure, historical expenditures, FY 2020 expenditure dashboard, and recent studies, audits, and legislation.

Agency Highlights

Montana Arts Council Major Budget Highlights
<ul style="list-style-type: none"> • The Montana Arts Council’s 2023 biennium requested appropriations are approximately \$4,000 or 0.1% lower than the 2021 biennium • The executive is requesting an increase in the statewide present law adjustment for fixed costs. In FY 2022, \$30,000 of this increase is due to legislative audit costs • The executive is proposing a decrease in HB 2 operating expenses in order to fund additional grants in HB 9

Agency Actuals and Budget Comparison

The following table compares the last full fiscal year actuals, previous biennium appropriations by year, and current annual biennium budget request by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	7.00	7.00	7.00	7.00
Personal Services	535,056	687,783	695,478	690,156	692,931
Operating Expenses	256,709	269,775	337,258	364,239	333,946
Grants	557,526	557,526	462,238	462,238	462,238
Total Expenditures	\$1,349,291	\$1,515,084	\$1,494,974	\$1,516,633	\$1,489,115
General Fund	387,308	553,116	528,036	560,052	530,803
State/Other Special Rev. Funds	242,808	242,803	244,919	232,344	233,106
Federal Spec. Rev. Funds	719,175	719,165	722,019	724,237	725,206
Total Funds	\$1,349,291	\$1,515,084	\$1,494,974	\$1,516,633	\$1,489,115
Total Ongoing	\$1,349,291	\$1,515,084	\$1,494,974	\$1,516,633	\$1,489,115
Total OTO	\$0	\$0	\$0	\$0	\$0

Agency Discussion

FY 2020 Appropriation Compared to FY 2020 Actual Expenditures

The Montana Arts Council (MAC) is funded with general fund, state special revenue and federal special revenue. The HB 2 modified budget of \$1.5 million was 89.1% expended as of the end of FY 2020. Lower expenditures were primarily in personal services.

Personal services appropriations of \$688,000 were 77.8% expended. The lower percentage expended in personal services was due to vacant positions in FY 2020. These positions have been filled and the Montana Arts Council is fully staffed as of September 2020.

FY 2020 Appropriations Compared to FY 2021 Appropriations

Overall, the FY 2021 appropriation is approximately \$20,000 or 1.3% lower than FY 2020. This difference is primarily due to the audit appropriation, which is included in the first year of the biennium. While the total difference is minimal, the difference between expenditure categories is larger with significant differences in operating expenses and grants.

In FY 2020 the Montana Arts Council had a budget modification that moved approximately \$95,000 from operating expenses to grants. The MAC experienced savings in operational costs due to the COVID-19 pandemic, so it was able to award more grants than originally anticipated.

Comparison of FY 2021 Legislative Budget to FY 2021 Base

Figure 1 illustrates the beginning FY 2021 budget as adopted by the 2019 Legislature compared to the FY 2021 base budget, which includes modifications made during the interim as authorized in statute. The FY 2021 base budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2023 biennium budgeting process.

Figure 1

FY 2021 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	695,478	-	695,478	0.0%
62000 Operating Expenses	337,258	-	337,258	0.0%
66000 Grants	462,238	-	462,238	0.0%
01 PROMOTION OF THE ARTS Total	1,494,974	-	1,494,974	0.0%
51140 MONTANA ARTS COUNCIL Total	1,494,974	-	1,494,974	0.0%

FY 2021 Legislative Appropriations - Montana Arts Council				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
01 General Fund	528,036	-	528,036	0.0%
02 State/Other Spec Rev	244,919	-	244,919	0.0%
03 Fed/Other Spec Rev	722,019	-	722,019	0.0%
Grand Total	1,494,974	-	1,494,974	0.0%

The FY 2021 budget as adopted by the 2019 Legislature has remained unchanged.

Executive Request

The Montana Arts Council is requesting an increase of approximately \$22,000 in FY 2022 and a decrease of approximately \$6,000 in FY 2023 compared to FY 2021 base appropriations. The increase in FY 2022 is primarily due to audit costs, which are biennial appropriations that are included in their entirety in the first year of the biennium. There are proposed reductions in both years of the biennium for the statewide present law adjustment for personal services and a reduction in HB 2 operating expenses in order to fund HB 9 cultural trust grants.

5.0% Plans

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. However, the Montana Arts Council is exempt from this requirement. Statute (17-7-111(f), MCA) exempts agencies with 20.00 FTE or fewer from filing a 5.0% plan.

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 three categories, as follows:

1. Expected Changes - This category includes those adjustments explicitly approved by the legislature, such as expected changes to annualize personal services costs including FY 2021 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.
2. Personal Services Management Decisions - Any agency management decisions that adjusted employee pay.

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 between programs.

3. Modifications to the Personal Services Base Budget - Other modifications to the FY 2021 personal services base like operating plan transfers that occurred during the interim may impact the overall size of the personal services present law adjustment (DP 1)

The figure below shows the analysis of the executive budget for personal services compared to the expected personal services budget for each program.

Figure 2

Personal Services Present Law DP 1 - FY 2022				
Program	Expected Changes	Management Decisions	Budget Modifications	DP1 SWPL
01 PROMOTION OF THE ARTS	(3,336)	(1,986)	-	(5,322)
Agency Total	\$ (3,336)	\$ (1,986)	- \$	(5,322)

Personal services were approximately \$695,000 or 46.5% of total FY 2021 appropriations. The executive proposes a decrease of approximately \$5,300 in FY 2021 and \$2,500 in FY 2023. Expected changes because of changes in longevity are primarily contributing to the reduction in personal services.

Funding

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

Total Montana Arts Council Funding by Source of Authority 2023 Biennium Budget Request - Montana Arts Council						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	1,090,855	0	0	0	1,090,855	36.29 %
State Special Total	465,450	0	0	0	465,450	15.49 %
Federal Special Total	1,449,443	0	0	0	1,449,443	48.22 %
Proprietary Total	0	0	0	0	0	0.00 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$3,005,748	\$0	\$0	\$0	\$3,005,748	
Percent - Total All Sources	100.00 %	0.00 %	0.00 %	0.00 %		

The Montana Arts Council is funded with general fund, state special revenue, and federal special revenue.

General fund supports:

- A portion of the agency operations and services to the state’s art community
- Grants, which include Artists in the Schools and several other grant programs available to non-profit art organizations, schools, and other eligible entities

The cultural and aesthetic project state special revenue fund supports:

- Overall agency operations
- Administration of cultural and aesthetic trust activities and the preservation of the state’s cultural heritage
- Grant awards in HB 9 for cultural and aesthetic projects

Federal special revenue from the National Endowment of the Arts supports:

- Formula-based grants, which require a non-federal dollar match. The agency utilizes general fund and state special revenue as a source of matching funds

- The agency’s administration of services to the state’s art 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). HB 2 requests approximately \$465,000 in appropriation authority over the 2023 biennium. Additionally, HB 9 requests \$30,000 for the protection of artwork in the Capitol and approximately \$310,000 for cultural and aesthetic project grants. The state special revenue fund is projected to have a sufficient ending fund balance at the end of the 2023 biennium.

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](#).

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	528,036	528,036	1,056,072	96.81 %	1,494,974	1,494,974	2,989,948	99.47 %
SWPL Adjustments	32,016	2,767	34,783	3.19 %	33,905	6,387	40,292	1.34 %
PL Adjustments	0	0	0	0.00 %	(12,246)	(12,246)	(24,492)	(0.81)%
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$560,052	\$530,803	\$1,090,855		\$1,516,633	\$1,489,115	\$3,005,748	

HB 2 Language

The following language is requested to be included 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 base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2022-----				-----Fiscal 2023-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(1,863)	(1,490)	(1,969)	(5,322)	0.00	(891)	(713)	(943)	(2,547)
DP 2 - Fixed Costs	0.00	33,984	1,192	4,335	39,511	0.00	3,724	1,166	4,222	9,112
DP 3 - Inflation Deflation	0.00	(105)	(31)	(148)	(284)	0.00	(66)	(20)	(92)	(178)
DP 4 - SSR Administration Reduction	0.00	0	(12,246)	0	(12,246)	0.00	0	(12,246)	0	(12,246)
Grand Total All Present Law Adjustments	0.00	\$32,016	(\$12,575)	\$2,218	\$21,659	0.00	\$2,767	(\$11,813)	\$3,187	(\$5,859)

*"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:

- Expected changes
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 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.

DP 4 - SSR Administration Reduction -

The executive is requesting a decrease in state special revenue. The Montana Arts Council intends to reduce operating expenses in the cultural and aesthetics project state special revenue account and use the funds for additional cultural trust grants that are appropriated in HB 9.