

CULTURAL AND AESTHETIC GRANT PROGRAM

Program Description

The Cultural and Aesthetic Grant Program (C&A), as provided in Title 22, Chapter 2, part 3, MCA, is administered by the Montana Arts Council (MAC). Interest earnings from a statutory trust, which receives coal severance tax revenues, fund the grant program. By statute, the interest from the cultural trust is to be appropriated for the protection of works of art in the State Capitol and other cultural and aesthetic (C&A) projects, 15-35-108, MCA.

Grant applications for cultural and aesthetic projects are submitted to the MAC on a biennial basis. Eligible applicants include the state of Montana and regional, county, city, town, or tribal governments. A 16-member Cultural and Aesthetic Projects Advisory Committee, with eight members appointed by the Montana Arts Council and eight appointed by the Montana Historical Society, reviews each application. The committee prioritizes the requests and makes funding recommendations to the legislature as part of the executive budget. All grants require legislative approval in accordance with 22-2-306 through 309, MCA.

Program Budget Comparison

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

Figure 17

Program Comparison - Cultural and Aesthetic Trust				
Budget Item	Budget 2021 Biennium	Budget 2023 Biennium	Biennium Change	Biennium % Change
Trust Balance (End of Biennium)	\$14,785,727	\$15,025,299	\$239,572	1.6%
Trust Earnings (Projected)	966,060	850,642	(\$115,418)	-11.9%
Number of Grants	82	74	(8)	-9.8%
	<u>Appropriated</u>	<u>Proposed</u>		
Grants Cost	\$423,381	\$309,800	(113,581)	-26.8%
Capitol Complex Works of Art	30,000	30,000	0	0.0%
Total Costs	\$453,381	\$339,800	(\$113,581)	-25.1%
State Special	453,381	339,800	(113,581)	-25.1%
Total Funds	\$453,381	\$339,800	(\$113,581)	-25.1%

Program Discussion

The executive recommendation for C&A grants is contained in HB 9. As seen in Figure 17, the first C&A priority recommended for funding is a \$30,000 appropriation to the Montana Historical Society for the care and conservation of capitol complex artwork, in accordance with 2-17-805, MCA. The second priority is 74 C&A grant awards totaling \$339,800. The recommended awards are prioritized within three categories, which include: special projects, operational support projects, and capital expenditure projects. In the 2023 biennium, appropriations proposed for the C&A program would be 25.1% less than the amount appropriated for the 2021 biennium. This is largely as a result of lower projected revenues.

A complete listing of the C&A grants may be seen in appendix item A-8 of this report. The details behind the grants requested for the 2023 biennium C&A, along with a status of grants awarded in the 2021 biennium, are presented in [Vol. 7 of the Governor's Executive Budget](#).

CULTURAL AND AESTHETIC GRANT PROGRAM

Provision for revenue shortfalls

In past biennia, the C&A grant program has experienced interest earnings that have not kept pace with legislative appropriations. When revenue shortfalls occur, language contained in HB 9 has provided for a reduction of grants on a pro-rata basis. The language makes it possible for the program to provide all the approved grants with smaller amounts instead of needing to cancel grant awards.

Funding

Funding for the C&A program comes from the interest earnings from the cultural trust. The trust receives a statutorily dedicated 0.63% of coal severance tax revenues. At the end of the 2023 biennium, the cultural trust is projected to have a balance of approximately \$15.0 million, and the balance is expected to grow by approximately \$239,572 during the 2023 biennium.

Figure 18

Cultural & Aesthetic Grant Fund Balance Analysis - 2023 Biennium					
Account - 02009					
	FY 2020 Actual	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected	2023 Bien. Projected
Estimated Beginning Fund Balance	\$0	\$18,576	\$31,784	(\$95,716)	\$31,784
Revenue Projections ¹					
Total Revenues	482,737	483,276	444,644	405,997	850,642
Expenditures					
MAC Administration and Folklife ²	242,803	244,919	232,344	233,106	465,450
Capitol Cmplx Works of Art	0	30,000	30,000		30,000
Prior Biennium	221,358	195,149	0	0	0
2023 Executive Proposal	<u>0</u>	<u>0</u>	<u>309,800</u>	<u>0</u>	<u>309,800</u>
Total Expenditures	464,161	470,068	572,144	233,106	805,250
Ending Fund Balance	\$18,576	\$31,784	(\$95,716)	\$77,176	\$77,176

¹2019 revenues revised for Legislative projections
²HB 2

Figure 18 shows the projected balance of the C&A state special fund for the 2023 biennium. The fund is expected to begin the 2023 biennium with a fund balance of \$31,784. Revenues in the 2023 biennium are expected to be lower than the 2021 biennium. The projection for total revenue is \$850,642 in the biennium, 11.9% lower than the projections for the 2021 biennium. For more information on interest earnings, see page F-4 of this report. Expenditures for the C&A program, which include both administration costs and grants, are limited by the amount of interest earned from the trust investments. The executive budget proposal includes appropriations of \$465,450 for administrative expenses and the Folklife program, as appropriated in HB 2. In the 2023 biennium, HB 2 appropriations are 54.7% of the total program revenues. The HB 9 executive proposal includes \$30,000 for a statutorily required appropriation for capitol complex works of art and an appropriation of 309,800 for project grants. This results in a projected fund balance of \$77,176 at the end of the 2023 biennium.