

**Agency Biennium Comparison**

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	1,389,594	1,409,396	19,802	1.43 %
Operating Expenses	507,294	725,198	217,904	42.95 %
Grants	1,046,964	1,024,476	(22,488)	(2.15)%
Debt Service	68,237	90,982	22,745	33.33 %
<b>Total Expenditures</b>	<b>\$3,012,089</b>	<b>\$3,250,052</b>	<b>\$237,963</b>	<b>7.90 %</b>
General Fund	1,091,318	1,245,425	154,107	14.12 %
State/Other Special Rev. Funds	467,946	433,629	(34,317)	(7.33)%
Federal Spec. Rev. Funds	1,452,825	1,570,998	118,173	8.13 %
<b>Total Funds</b>	<b>\$3,012,089</b>	<b>\$3,250,052</b>	<b>\$237,963</b>	<b>7.90 %</b>
<b>Total Ongoing</b>	<b>\$3,012,089</b>	<b>\$3,250,052</b>	<b>\$237,963</b>	<b>7.90 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

**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.

**Agency Highlights**

<b>Montana Arts Council Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The executive requests a total increase of \$237,963 or 7.9% for the 2025 biennium. This includes increases in general fund and federal authority, offset by a decrease in state special funds</li> <li>• An increase of \$50,000 general fund for the biennium to match federal National Endowment for the Arts (NEA) grant award</li> <li>• The executive requests a fund switch that would replace \$50,000 of general fund with federal special funds for personal services</li> <li>• Statewide present law requests total \$156,548 over the FY 2023 base appropriation of which \$78,537 is general fund.</li> </ul>

**Agency Actuals and Budget Comparison**

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	7.00	7.00	7.00	7.00
Personal Services	674,742	689,176	700,418	702,896	706,500
Operating Expenses	208,669	218,922	288,372	377,645	347,553
Grants	584,726	584,726	462,238	512,238	512,238
Debt Service	22,746	22,746	45,491	45,491	45,491
<b>Total Expenditures</b>	<b>\$1,490,883</b>	<b>\$1,515,570</b>	<b>\$1,496,519</b>	<b>\$1,638,270</b>	<b>\$1,611,782</b>
General Fund	533,409	558,107	533,211	637,523	607,902
State/Other Special Rev. Funds	232,703	232,703	235,243	216,383	217,246
Federal Spec. Rev. Funds	724,771	724,760	728,065	784,364	786,634
<b>Total Funds</b>	<b>\$1,490,883</b>	<b>\$1,515,570</b>	<b>\$1,496,519</b>	<b>\$1,638,270</b>	<b>\$1,611,782</b>
<b>Total Ongoing</b>	<b>\$1,490,883</b>	<b>\$1,515,570</b>	<b>\$1,496,519</b>	<b>\$1,638,270</b>	<b>\$1,611,782</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Agency Discussion**

*FY 2022 Appropriation Compared to FY 2022 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 98.4% expended as of the end of FY 2022. Personal services appropriations of \$689,176 were 98.0% expended.

*FY 2022 Appropriations Compared to FY 2023 Appropriations*

Overall, the FY 2023 appropriation is approximately \$19,000 or 1.3% lower than FY 2022. This difference is primarily due to the audit appropriation, which is included in the first year of the biennium.

In FY 2022 a budget modification moved approximately \$95,000 from operating expenses to grants. The MAC experienced savings in operational costs due to the COVID-19 pandemic, so the agency awarded more grants than originally anticipated.

*Comparison of FY 2023 Legislative Budget to FY 2023 Base*

The figure below illustrates the beginning FY 2023 budget as adopted by the 2021 Legislature compared to the FY 2023 base budget, which includes modifications as approved by the approving authority (as authorized in statute) during the interim.

The FY 2023 base budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2025 biennium budgeting process.

Montana Arts Council				
Comparison of the FY 2023 Legislative Budget to the FY 2023 Base Budget				
	Legislative Budget	Executive Modifications	Base Budget	Percent Change
<b>Montana Arts Council</b>				
Personal Services	\$700,418		\$700,418	0.0%
Operating Expenses	333,863	(\$45,491)	\$288,372	-13.6%
Grants	\$462,238		\$462,238	0.0%
Debt Service		45,491	\$45,491	100.0%
<b>Agency Total</b>	<b>\$1,496,519</b>		<b>\$1,496,519</b>	<b>0.0%</b>

The only material modification to the legislative budget was due to an accounting rule change that required certain leases be recorded in debt service rather than operating costs.

*Executive Request*

The executive requests an increase of \$121,938 in FY 2024 and \$96,417 in FY 2025 compared to FY 2023 base appropriations. This includes the following:

- \$50,000 general fund in each year of the biennium to match federal NEA grant funds
- \$156,548 of SWPL adjustments for personal services, fixed costs, and inflation/deflation

*5% Reduction Plan*

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. Because this agency has fewer than 20.00 FTE it is exempt from this requirement

*Right to know requests*

MAC did not have any right to know requests during the biennium.

*Agency Goals and Objectives*

Statute requires that agencies submit a statement of the agency mission and a statement of goals and objectives for each program of the agency. The goals and objectives are required to be concise, specific, quantifiable, and measurable. Goals and objectives, submitted by the agency, are included in the agency profile webpage.

**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:

- Legislatively approved changes – This category includes adjustments explicitly approved by the legislature, such as expected changes to annualize personal services costs included in the FY 2023 statewide pay plan adjustments, changes to benefit rates, increases in pay approved by the legislature, longevity adjustments required by statute, and changes in rates for workers’ compensation and unemployment insurance
- Management decisions – This category includes agency management decisions that adjust personal services related to changes in pay. This includes changes such as hiring full time equivalent (FTE) at a lower rate to replace senior staff and broadband pay adjustments for recruitment and retention
- Budget modifications – This category includes other modifications to the FY 2023 personal services base budget such as management decisions to transfer personal services funding between programs within an agency or transfers to move personal funding to or from other expenditure category (e.g. moving funding from operating expenses to personal services)

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

Statewide Present Law Adjustment for Personal Services FY 2024 Decision Package 1				
Program	Legislative Changes	Management Decisions	Budget Modification	Decision Package 1
Montana Arts Council	3,379	(901)		2,478
<b>Grand Total</b>	<b>3,379</b>	<b>(901)</b>	<b>-</b>	<b>2,478</b>

Legislative changes included the pay plan, benefit, and longevity changes. Management changes included a position that was filled at a lower rate, partially offset by a retention increase and a market adjustment.

**Funding**

The following table shows proposed agency funding for all sources of authority.

Total Montana Arts Council Funding by Source of Authority 2025 Biennium Budget Request - Montana Arts Council						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	1,245,425	0	0	0	1,245,425	38.32 %
State Special Total	433,629	0	0	0	433,629	13.34 %
Federal Special Total	1,570,998	0	0	0	1,570,998	48.34 %
Proprietary Total	0	0	0	0	0	0.00 %
Other Total	0	0	0	0	0	0.00 %
<b>Total All Funds</b>	<b>\$3,250,052</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,250,052</b>	
<b>Percent - Total All Sources</b>	<b>100.00 %</b>	<b>0.00 %</b>	<b>0.00 %</b>	<b>0.00 %</b>		

**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 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	533,211	533,211	1,066,422	85.63 %	1,496,519	1,496,519	2,993,038	92.09 %
SWPL Adjustments	54,079	24,458	78,537	6.31 %	91,518	65,030	156,548	4.82 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	50,233	50,233	100,466	8.07 %	50,233	50,233	100,466	3.09 %
<b>Total Budget</b>	<b>\$637,523</b>	<b>\$607,902</b>	<b>\$1,245,425</b>		<b>\$1,638,270</b>	<b>\$1,611,782</b>	<b>\$3,250,052</b>	

**HB 2 Language -**

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 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.

Present Law Adjustments	Fiscal 2024				Fiscal 2025					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	1,392	(204)	1,290	2,478	0.00	2,654	516	2,912	6,082
DP 2 - Fixed Costs	0.00	47,838	4,903	23,193	75,934	0.00	15,963	4,750	22,447	43,160
DP 3 - Inflation Deflation	0.00	4,849	1,441	6,816	13,106	0.00	5,841	1,737	8,210	15,788
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$54,079</b>	<b>\$6,140</b>	<b>\$31,299</b>	<b>\$91,518</b>	<b>0.00</b>	<b>\$24,458</b>	<b>\$7,003</b>	<b>\$33,569</b>	<b>\$65,030</b>

\*\*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:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, 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: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

**New Proposals**

The "New Proposals" table shows new proposals for spending.

New Proposals	Fiscal 2024				Fiscal 2025					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 4 - Personal Services Fund Switch	0.00	0	(25,000)	25,000	0	0.00	0	(25,000)	25,000	0
DP 5 - General Fund Federal Match Increase	0.00	50,000	0	0	50,000	0.00	50,000	0	0	50,000
DP 99 - New Fixed Costs	0.00	233	0	0	233	0.00	233	0	0	233
<b>Total</b>	<b>0.00</b>	<b>\$50,233</b>	<b>(\$25,000)</b>	<b>\$25,000</b>	<b>\$50,233</b>	<b>0.00</b>	<b>\$50,233</b>	<b>(\$25,000)</b>	<b>\$25,000</b>	<b>\$50,233</b>

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

**DP 4 - Personal Services Fund Switch -**

The executive requests a personal services reduction of \$25,000 in FY 2024 and FY 2025 in the State Special Revenue Fund (Cultural Trust) and a corresponding personal services increase of \$25,000 in FY 2024 and FY 2025 in Federal Special Revenue (National Endowment for the Arts).

**DP 5 - General Fund Federal Match Increase -**

The executive requests \$50,000 general fund for each year of the 2025 biennium to fully match the federal NEA grant award without reverting funds.

**DP 99 - New Fixed Costs -**

The budget includes \$233 in each year of the 2025 biennium to provide funding for the agency to pay for new fixed cost allocations related to the Chief Data Office and the State Management Training Center. Rates for the fix costs are reviewed by the Section A subcommittee.