

MONTANA ARTS COUNCIL

Section E

JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

-----Agencies-----

Office of Public Instruction	Montana Arts Council
Board of Public Education	Montana State Library
Office of Commissioner of Higher Education	Montana Historical Society
Montana School for Deaf & Blind	

-----Committee Members-----

House

Senate

Representative David Bedey (Chair)	Senator John Fuller (Vice Chair)
Representative Brad Barker	Senator Matt Regier
Representative Llew Jones	Senator Jonathan Windy Boy
Representative Connie Keogh	
Representative Eric Matthews	

-----Fiscal Division Staff-----

Julia Pattin
Katie Guenther
Kurt Swimley
Alexandra Ghosh

Agency Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Agency Base Budget Comparison						
Budget Item	Base Budget	Requested Budget		Biennium Change from Base		
	FY 2025	FY 2026	FY 2027	Amount	Percent	
PB	7.00	7.00	7.00	0.00	0.0%	
General Fund	627,688	673,602	674,242	92,468	7.4%	
State/Other Special Rev. Funds	228,012	222,947	223,404	(9,673)	(2.1%)	
Federal Spec. Rev. Funds	808,086	802,127	802,738	(11,307)	(0.7%)	
Total Funds	1,663,786	1,698,676	1,700,384	71,488	2.1%	
Personal Services	761,676	774,224	775,854	26,726	1.8%	
Operating Expenses	344,381	311,723	311,801	(65,238)	(9.5%)	
Grants	512,238	567,238	567,238	110,000	10.7%	
Debt Service	45,491	45,491	45,491		0.0%	
Total Expenditures	1,663,786	1,698,676	1,700,384	71,488	2.1%	
Total Ongoing	1,663,786	1,698,676	1,700,384	71,488	2.1%	
Total One-Time-Only					0.0%	

Agency Highlights

<p>Montana Arts Council Major Budget Highlights</p>
<ul style="list-style-type: none"> • The 2027 biennium budget request for the Montana Arts Council is approximately \$71,000 or 2.1% greater than the FY 2025 base budget. Significant changes include: <ul style="list-style-type: none"> ◦ Adjustments to statewide present law, including increases to personal services and decreases in fixed costs, and inflation and deflation ◦ A new proposal for an increase in the general fund to fulfill a federal dollar-for-dollar match requirement

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Montana Arts Council 2027 Biennium Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	627,688	228,012	808,086	1,663,786	97.9%	627,688	228,012	808,086	1,663,786	97.8%
Statewide PL										
Personal Services	5,742	993	5,813	12,548	0.7%	6,312	1,450	6,416	14,178	0.8%
Fixed Costs	(14,765)	(6,039)	(11,682)	(32,486)	(1.9%)	(14,715)	(6,045)	(11,704)	(32,464)	(1.9%)
Inflation Deflation	(63)	(19)	(90)	(172)	(0.0%)	(43)	(13)	(60)	(116)	(0.0%)
Total Statewide PL	(9,086)	(5,065)	(5,959)	(20,110)	(1.2%)	(8,446)	(4,608)	(5,348)	(18,402)	(1.1%)
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	55,000	0	0	55,000	3.2%	55,000	0	0	55,000	3.2%
Total HB 2 Adjustments	45,914	(5,065)	(5,959)	34,890	2.1%	46,554	(4,608)	(5,348)	36,598	2.2%
Total Requested Budget	673,602	222,947	802,127	1,698,676		674,242	223,404	802,738	1,700,384	

Statewide Present Law Adjustment for Personal Services

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP1) has been broken down into three categories, as follows:

- Legislative changes - This category includes adjustments explicitly approved by the legislature, such as, changes to benefit rates, longevity adjustments required by statute, and changes in rates for workers' compensation and unemployment insurance
- Management changes - This category includes agency management decisions that adjust personal services related to changes in pay. This includes changes such as hiring positions budgeted (PB) 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 2025 personal services base budget such as management decisions to transfer personal services funding between programs within an agency or movement of personal services funding to or from another 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.

Montana Arts Council FY 2026 Statewide Present Law Adjustment for Personal Services - DP1				
Program	Legislative Changes	Management Decisions	Budget Modifications	Total DP1
Promotion of the Arts	10,421	2,127	-	12,548
Total	\$10,421	\$2,127	-	\$12,548

Statewide present law adjustments to personal services are primarily comprised of legislative changes and some smaller management changes. Legislative changes are primarily due to increased benefits as well as longevity adjustments. Management changes are due to increased pay for market adjustments and reclassification.

Funding

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

Total Montana Arts Council Funding by Source of Authority 2027 Biennium Budget Request						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,347,844				1,347,844	39.7%
02009 Cultural and Aesthetic Project	446,351				446,351	13.1%
State Special Revenue Total	446,351	-	-	-	446,351	13.1%
03016 NEA Funds-Basic State Grant	1,604,865				1,604,865	47.2%
Federal Special Revenue Total	1,604,865	-	-	-	1,604,865	47.2%
Proprietary Fund Total	-	-	-	-	-	0.0%
Total of All Funds	3,399,060	-	-	-	3,399,060	
Percent of All Sources of Authority	100.0%	0.0%	0.0%	0.0%		

HB 2 Funding

The Montana Arts Council (MAC) is funded through a combination of general fund, state special revenue, and federal special revenue.

General Fund

The Montana Arts Council’s general fund authority in the 2027 biennium request totals approximately \$1.3 million, which is 39.7% of the total authority requested for the agency in HB 2. General fund supports:

- A portion of the agency operations and services to the state’s art community
- Arts grants and several other grant programs available to non-profit arts organizations, schools, and other eligible entities

State Special Revenue

State special revenue comes from the Cultural and Aesthetic Trust, which 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).

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

The Cultural and Aesthetic Project Account projected fund balance is outlined below.

Cultural and Aesthetic Project Account (02009) 2027 Biennium Fund Balance Projection				
	Actual FY 2024	Appropriated FY 2025	Proposed FY 2026	Proposed FY 2027
Beginning Fund Balance	\$904	\$148,654	\$253,047	\$234,831
Revenues	648,340	641,590	681,709	716,918
Total Expenditures	500,596	537,197	699,926	729,926
Prior Period Adjustments	6	-	-	-
Ending Fund Balance	\$148,654	\$253,047	\$234,831	\$221,824

As seen in the table above, the fund balance in the account is projected to remain positive. Requested expenditures are increased for the 2027 biennium when compared to current structures. There is an appropriation expiring at the end of the 2025 biennium of approximately \$560,000 total, or \$280,000 annually, resulting from HB 9 (2023 Session). HB 9 established appropriations for cultural and aesthetic grants and will be proposed again for the 2027 biennium. This fund balance table depicts the projections with the HB 9 proposal included.

Agency Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	7.00	7.00	7.00	7.00
Personal Services	706,597	706,584	761,676	774,224	775,854
Operating Expenses	363,513	367,837	344,381	311,723	311,801
Grants	512,238	512,238	512,238	567,238	567,238
Debt Service	45,491	45,491	45,491	45,491	45,491
Total Expenditures	\$1,627,839	\$1,632,150	\$1,663,786	\$1,698,676	\$1,700,384
General Fund	611,241	615,567	627,688	673,602	674,242
State/Other Special Rev. Funds	221,393	221,387	228,012	222,947	223,404
Federal Spec. Rev. Funds	795,205	795,196	808,086	802,127	802,738
Total Funds	\$1,627,839	\$1,632,150	\$1,663,786	\$1,698,676	\$1,700,384
Total Ongoing	\$1,627,839	\$1,632,150	\$1,663,786	\$1,698,676	\$1,700,384
Total OTO	\$0	\$0	\$0	\$0	\$0

Agency Description

The Montana Arts Council (MAC) is authorized by Title 22-2-101, MCA, to promote and support artistic and cultural activities and institutions statewide. The council administers the Cultural and Aesthetic Project grants and other grants approved by the legislature, stewards the Montana Laureate program, and makes recommendations to the Governor and the legislature on arts-related issues. Please refer to the agency profile at <https://www.legmt.gov/lfd/committees/section-e/montana-arts-council/> for additional information about the agency’s organization structure, historical expenditures, goals and objectives, and recent studies and audits.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Montana Arts Council (MAC) modified HB 2 budget of approximately \$1.6 million was 99.7% expended as of the end of FY 2024. The small portion of the remaining appropriation was primarily in general fund. Personal services were 100.0% expended.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Overall, the FY 2025 appropriation is approximately \$32,000 or 1.9% greater than the FY 2024 appropriation. The difference is primarily due to the pay plan derived from HB 13. While the total difference is minimal, the difference between expenditure categories is larger with significant differences in personal services and operating expenses. This is due to a budget modification from FY 2024 whereby approximately \$26,000 was moved from personal services to operating expenses in order to pay for contracted services and stipends for the Poet Laureate Anthology.

Comparison of FY 2025 Legislative Budget to FY 2025 Base

The figure below illustrates the beginning FY 2025 budget as adopted by the 2023 Legislature compared to the FY 2025 base budget, which includes modifications as approved by the approving authority (as authorized in statute) during the interim. The FY 2025 base budget was agreed upon by the Office of Budget and Program Planning and the Fiscal Division to be the point from which any changes would be recorded for the 2027 biennium budgeting process.

Montana Arts Council				
Comparison of the FY 2025 Legislative Budget to the FY 2025 Base Budget				
	Legislative Budget	Executive Modifications	Base Budget	% Change
01 PROMOTION OF THE ARTS				
6100 Personal Services	\$278,418		\$278,418	0.0%
6200 Operating Expenses	313,730		313,730	0.0%
6600 Grants	512,238		512,238	0.0%
6900 Debt Service	45,491		45,491	0.0%
Total	592,148		592,148	0.0%
Agency Total	\$592,148		\$592,148	0.0%

As seen in the table above, the executive did not make modifications to the legislative budget from the 2023 Session.

HB 2 Language -

LFD COMMENT	Historically, certain language has been included in HB 2 for the Montana Arts Council. The legislature may wish to include this language in HB 2 again: "All HB 2 federal funding appropriations for the Montana Arts Council are biennial appropriations."
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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 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	5,742	993	5,813	12,548	0.00	6,312	1,450	6,416	14,178
DP 2 - Fixed Costs	0.00	(14,765)	(6,039)	(11,682)	(32,486)	0.00	(14,715)	(6,045)	(11,704)	(32,464)
DP 3 - Inflation Deflation	0.00	(63)	(19)	(90)	(172)	0.00	(43)	(13)	(60)	(116)
Grand Total All Present Law Adjustments	0.00	(\$9,086)	(\$5,065)	(\$5,959)	(\$20,110)	0.00	(\$8,446)	(\$4,608)	(\$5,348)	(\$18,402)

**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 2025 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: audit fees, Capitol complex rent, 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 in-state state motor pool and motor pool leased vehicles.

New Proposals

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

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 5 - Federal Match Increase	0.00	55,000	0	0	55,000	0.00	55,000	0	0	55,000
Total	0.00	\$55,000	\$0	\$0	\$55,000	0.00	\$55,000	\$0	\$0	\$55,000

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

DP 5 - Federal Match Increase -

The Arts Council requests a general fund increase each year of the 2027 Biennium to fulfill their federal match requirement. This funding is for a long-standing program, Strategic Investment Grants (SIG), which provides microgrants to awardees across the state.