

CULTURAL & AESTHETIC GRANT PROGRAM

Section F

JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

-----Agencies-----

Long-Range Building Program
State Building Energy Conservation Program
Long-Range Information Technology Program
Montana Coal Endowment Program
Montana Coal Regional Water Program

Renewable Resource Grant & Loan Program
Reclamation & Development Grants Program
Cultural & Aesthetic Grant Program
Montana Historic Preservation Grant Program

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

House

Representative John Fitzpatrick (Chair)
Representative Scott Rosenzweig
Representative Paul Tuss
Representative Mike Vinton

Senate

Senator John Esp (Vice Chair)
Senator Ellie Boldman

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

Erica Thomas

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). The C&A program provides appropriation for the protection of works of art in the State Capitol, and grants for cultural and aesthetic projects, including but not limited to: the visual, performing, literary, media arts, and folk arts; history, archaeology, archives, collections, research, and historic preservation; and the construction or renovation of cultural facilities. The executive recommendation for C&A grants is contained in HB 9.

Grant applications for cultural and aesthetic projects are submitted to the MAC on a biennial basis. Eligible applicants include any person, association, or representative of a governing unit. 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 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

Figure 19 summarizes the proposed executive budget for the program by biennium, type of expenditure, and source of funding.

Figure 19

Program Comparison - Cultural and Aesthetic Trust				
Budget Item	Budget 2025 Biennium	Budget 2027 Biennium	Biennium Change	Biennium % Change
Number of Grants	65	76	11	16.9%
	<u>Appropriated</u>	<u>Proposed</u>		
Grants Cost	\$ 558,876	\$ 953,500	\$ 394,624	70.6%
Capitol Complex Works of Art	\$ 30,000	\$ 30,000	\$ -	0.0%
Total Costs	\$ 588,876	\$ 983,500	\$ 394,624	67.0%
State Special	\$ 588,876	\$ 983,500	\$ 394,624	67.0%
Total Funds	\$ 588,876	\$ 983,500	\$ 394,624	67.0%

Executive Proposal

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 76 C&A grant awards totaling \$983,500. The recommended awards are prioritized within three categories, which include: special projects, operational support projects, and capital expenditure projects. In the 2027 biennium, appropriations for the grants will be 70.6% more than the amount appropriated for the 2025 biennium., and 67.0% more to the C&A program overall.

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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.

A complete listing of the C&A grants may be seen in appendix A-17 of this report. The details behind the grants requested for the 2027 biennium C&A, along with a status of grants awarded in the 2025 biennium, are presented in Vol. 7 of the Governor's Executive Budget.

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.

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Figure 20

Cultural & Aesthetic Grant Fund Balance Analysis - 2027 Biennium					
Funds - 02009					
	FY 2024 Actual	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	2027 Biennium Projected
Estimated Beginning Fund Balance	\$ 904	\$ 148,654	\$ 253,047	\$ 234,831	\$ 253,047
Revenues					
Interest Earnings Transferred-02009 ¹	\$ 648,340	\$ 651,942	\$ 681,709	\$ 716,918	\$ 1,398,627
Total Revenues	\$ 648,340	\$ 641,590	\$ 681,709	\$ 716,918	\$ 1,398,627
Expenditures					
MAC Administration ²	\$ 221,387	\$ 227,760	\$ 223,176	\$ 223,176	\$ 446,351
Capitol Cmplx Works of Art	\$ -	\$ 30,000	\$ -	\$ 30,000	\$ 30,000
State Fund Dividend	\$ (236)	\$ (178)			\$ -
2027 Biennium Grants	\$ 279,439	\$ 279,437	\$ 476,750	\$ 476,750	\$ 953,500
Total Expenditures/Appropriations	\$ 500,590	\$ 537,197	\$ 699,926	\$ 729,926	\$ 1,429,851
Ending Fund Balance	\$ 148,654	\$ 253,047	\$ 234,831	\$ 221,824	\$ 221,824
¹ HJ 2					
² HB 2					

Figure 20 shows the projected balance of the C&A state special fund for the 2027 biennium. The fund is expected to begin the 2027 biennium with a balance of \$253,047. Revenues in the 2027 biennium are expected to be higher than the 2025 biennium. The projection for total revenue is \$1.4 million. 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 HB 2 appropriations of \$446,351 for administrative expenses of the C&A program. In the 2027 biennium, HB 2 appropriations are 31.0% 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 \$953,500 for project grants. This results in a projected fund balance of \$221,824 at the end of the 2027 biennium.