

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON LONG-RANGE PLANNING

Call to Order: By Rep. Ernest Bergsagel, Chairman, on January 29, 1993, at 7:00 AM.

ROLL CALL

Members Present:

Rep. Ernest Bergsagel, Chair (R)
Sen. Bob Hockett, Vice Chair (D)
Rep. Francis Bardanouve (D)
Sen. Eleanor Vaughn (D)
Rep. Tom Zook (R)

Members Excused: None

Members Absent: Sen. Ethel Harding (R)

Staff Present: Jim Haubein, Legislative Fiscal Analyst
Jane Hamman, Office of Budget & Program Planning
Sandra Boggs, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: CULTURAL AND AESTHETIC GRANTS; AND
UNIVERSITY SYSTEM

Executive Action: NONE

HEARING ON CULTURAL AND AESTHETIC GRANTS

Tape No. 1:A:003

Informational Testimony: Arlynn Fishbaugh, Montana Arts Council, informed the committee that as time goes on the needs for the Cultural Trust change, and the Arts Council needs the Long Range Planning Committee's input on policy changes and developments. She referred the committee to the Issues Section of the Cultural and Aesthetic Grants book for information on the issues that need to be addressed this biennium. **EXHIBIT 1.** In regards to the Folklife Program and the Oral History Office, **Ms. Fishbaugh** stated that the Arts Council will continue to urge that they be funded from General Fund appropriations rather than compete for grant funds.

Tape 1:A:216

Bill Pratt, Montana Arts Council, introduced proposed legislation

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to change the application procedure for Cultural and Aesthetic Grants. **EXHIBIT 2.** Mr. Pratt explained that all of the people involved in the grants process are concerned about the level of local government support for cultural activities. The current program guidelines only require that publicly owned entities have public support. Private nonprofits do not have to have city or county support, and by law are not eligible for county mill levy funds. REP. TED SCHYE's SB 221 if it passes will allow nonprofits to obtain county mill levy funding for museums.

Mr. Pratt stated that this legislation addresses the committee's concerns about local support, with consideration of the problems and struggles faced by community groups. The legislation states that if the county or city owns the facility and also operates the facility, the organization must have a financial match from the government. If the county or city owns the facility, but it is operated by a nonprofit, they will be expected to have a government match. Recognizing the difficulty that I-105 has caused local governments in raising funds, they will be required to have minimum in-kind support. The Arts Council hopes this is a compromise measure that the committee will accept.

Questions, Responses, and Discussion: CHAIRMAN ERNEST BERGSAGEL asked if by minimal in-kind support, the Art Council meant the opportunity to utilize the building. Mr. Pratt stated that they might defray rent or utilities, or charge a minimal amount, or offer other free services.

SEN. BOB HOCKETT asked how the grant requests from tribal members would be affected. There are increasing requests from them for larger sums. Should they also have local government support? Mr. Pratt stated that his experience is that applications from tribal members that involve tribal cultural facilities have tribal money support. The Tribal Council is a government and those are governmental facilities and the committee may want to include them.

SEN. HOCKETT stated that he believed that should be looked at. He realizes that many of the individuals working with these groups have relatively limited resources, but thinks this is worth looking at. Native involvement is an area the committee is interested in seeing grow, but the committee should see that the tribal governments are involved in providing tangible support to arts organizations. Sometimes tribal governments ignore the artists and organizations, and do not provide support. SEN. HOCKETT stated that he believes there should be more official recognition and encouragement which may lead to some kind of in-kind support. He is sure that in some places there is a lot of support. He is not suggesting that this be put in the bill, but is suggesting that the feasibility of it be looked at.

Mr. Pratt asked if Sen. Hockett would want guidelines to be part of the review process. SEN. HOCKETT stated that, due to the sovereign nature of reservations, any language would have to be

worded carefully.

CHAIRMAN BERGSAGEL asked if Sen. Hockett would work on that and bring it back before the committee.

SEN. HOCKETT stated he will do that, and will probably talk with Kathleen Fleury. Jim Haubein will work with him as well.

REP. FRANCIS BARDANOUVE asked if Sen. Hockett was proposing this as a committee bill. **Sen. Hockett** stated that he is not; he just wants to look at it.

Mr. Pratt asked that the committee take this proposed legislation under consideration. **CHAIRMAN BERGSAGEL** stated that the committee will not be taking any action at this time, and will wait to hear if Sen. Hockett has any recommendations. If Sen. Hockett comes back to the committee with changes in the language, the Arts Council will be consulted.

Cultural Trust Reversion Funds

Informational Testimony: **Ms. Fishbaugh** referred the committee to page 6, **EXHIBIT 1** for information on cultural trust reversion money used in FY92 and FY93. She referred the committee to page 8A, **EXHIBIT 1** for an explanation of where the reverted funds were realized. She stated that they are not expecting reverted funds to be as large in FY94 and FY95. She thanked the committee for allowing the Arts Council to use the reversions to match National Endowment for the Arts funds. She stated that it was a very valuable program for the state of Montana and arts organizations. She asked for committee input on continuing this program when funds are available.

Questions, Responses, and Discussion: **REP. BARDANOUVE** asked if they can match NEA funds when funds are available without legislative authorization. **Ms. Fishbaugh** stated that if cash is available they can. **Mr. Pratt** stated that one of the problems the Arts Council has dealt with is that they have limited state dollars to use as matching funds for NEA grants that might be available to state agencies. This was really the first time that a good pool of money was available. Fortunately it coincided with a federal initiative to support the arts in rural and under-served communities. The NEA funds were aggressively pursued as a result. The Arts Council continues to do so with available cash, but they are limited unless there is cash authorized for that. The Council does need to get the budget amended in so that the state is not obligated more than is feasible.

REP. BARDANOUVE asked if they have to have authorization by the legislature. **Mr. Pratt** stated that they need authorization and the cash to do it.

SEN. HOCKETT stated that last session the Council was authorized to use any over-run money as match funds. In addition, there was

some additional money appropriated. The committee did not know the amount at that time because the Council could not predict what funds would revert.

Mr. Pratt stated that a specific amount was not known, but the Council was given up to \$150,000.

CHAIRMAN BERGSAGEL asked if that language is included in HB 9. **Mr. Haubein** stated that the language is not in the current bill, but was added into the bill toward the end of the Council's presentation last regular session.

CHAIRMAN BERGSAGEL asked if there was an objection to including the language in the bill this time. There was no objection.

SEN. ELEANOR VAUGHN asked if, when applying for NEA funds, the Arts Council has to apply for a special project. **Mr. Pratt** stated that the NEA has different programs for each art discipline, and the state tries to identify grants available to state agencies. If it's reasonable and something the state needs, the Council applies if the NEA cash is there. There was a mix last time of 3 or 4 different programs that were applied to.

SEN. HOCKETT asked if the Council helped local organizations apply or applied directly itself. **Mr. Pratt** stated that the Council applied directly. The Council also provides technical assistance directly to local organizations that apply directly to the NEA. The money received from the NEA was for statewide programs administered by the Council.

Ms. Fishbaugh referred the committee to page 8A, **EXHIBIT 1** for information on NEA grants pending for FY92 and FY93 that trust money was used to match.

SEN. HOCKETT referring to page 8A, **EXHIBIT 1**, stated that \$408,000 from NEA, the Council matched in-kind contributions of \$158,000. **Ms. Layne** stated that the Inkind/Other column is in-kind sources from other organizations. The third column Inkind/MAC is the in-kind provided by the Council, which is basically staff time and other in-kind. The \$114,127 in reverted funds is shown in the fifth column, C&A/MAC. The total of that column is \$149,127. The total is made up of the \$114,127 in reverted funds, and \$35,000 which was awarded to the Council by the Long Range Planning Committee.

CHAIRMAN BERGSAGEL asked if \$35,000 was the beginning balance for this year. **Ms. Layne** stated it was a grant in the current biennium that was awarded to the Arts Council.

SEN. HOCKETT asked if the MAC grants were Arts Council grants of \$42,000. **Ms. Layne** stated that the \$42,000 is other federal money that was awarded to match NEA funds. Most of the money is grants to statewide service organizations.

Rural Arts Initiative

Informational Testimony: Ms. Fishbaugh referred the committee to page 9, EXHIBIT 1 for information on the issue of increasing the accessibility of trust grants to organizations in rural communities. The organizations are volunteer and there is a lot of turnover, which adds to the problem.

Ms. Fishbaugh referred the committee to page 11, EXHIBIT 1 for more information on steps the Council has taken to increase rural access to the trust.

Ms. Fishbaugh asked for guidance and comments from the committee about the Council's idea of establishing a re-granting process. The process would make use of local and regional cultural agencies or state service organizations to better serve rural organizations.

Questions, Responses, and Discussion: SEN. VAUGHN stated that rural organizations need lots of help in fundraising. She believes this would be valuable.

REP. TOM ZOOK asked what criteria is used to establish that a community is rural. Ms. Fishbaugh responded that in Montana a community is rural if the population is 20,000 or below. By NEA standards the entire state is rural except for Billings. The rural arts specialist is providing a lot of help to rural organizations. Rural volunteer groups also seem to be intimidated by the process of applying for grants from the trust. Work can be done with them to encourage them to apply.

Tape 1:B:004

CHAIRMAN BERGSAGEL asked if money is set aside by the legislature, and the Arts Council is authorized to approve the grants that occur in the years the legislature does not meet. Ms. Fishbaugh stated that the amount of money is determined by the legislature.

CHAIRMAN BERGSAGEL asked Mr. Haubein if the law allows for that. Mr. Haubein stated that he would have to go back and read the law. He wondered if this was a process that would be set up with the committee's blessing, rather than have it put into law.

Ms. Fishbaugh stated that is how she would do it, but she also needs to go back to the specific law. The Advisory Committee could be requested to pursue this and develop guidelines.

Mr. Pratt stated that historically one statewide service organization has come to the trust with an unsolicited proposal to establish a granting program. This was the Montana Performing Arts Consortium Quick-grant Program. It was very successful, and became a national model. The first step is for the Advisory Committee to meet in the spring and develop guidelines and the

focus of the program. This way people will know that it is okay to establish an annual granting program that will have the blessing of this committee. The Council would report back to the LRP Committee on grants that were given.

Mr. Pratt believes that a pool of money could be set aside by the Long Range Planning Committee for this purpose.

SEN. HOCKETT stated that he believed that the Historical Society needed to be used more in the Rural Arts Initiative. He stated that local rural organizations are afraid to become involved with the Historical Society, because they feel the Society will stifle their creativity. **SEN. HOCKETT** asked if the Society was included in the five workshops held across the state.

Mr. Pratt stated that the people involved in the workshop represented the Montana Committee for the Humanities, which includes historical concerns. The Historical Society does not have a re-grant program.

SEN. HOCKETT stated that SHPO has almost a veto of some historical programs, and in the proposed bill, the Council is requiring that project be cleared by SHPO.

Mr. Pratt stated that SHPO is part of the state Historical Society. When the Council is approached about a project involving historical sites or buildings, the Council makes sure it seeks expert advice from SHPO.

SEN. HOCKETT referred to page 14, **EXHIBIT 1** which concerns Native American Antiquities. He stated that the 11-member committee formed after the Native American Graves Protection Act passed found it almost impossible to accomplish anything. Has the Council worked with this committee at all? **Mr. Pratt** stated that the issue of Native American antiquities just came up during the review of this year's grant applications. The Advisory Committee had concerns about applications that involved these antiquities. The Committee did not want to get involved in regulations, but felt that it needed to take the role of educating museums about the responsibilities in this area. If there were specific questions regarding antiquities, the organizations would be referred to SHPO.

CHAIRMAN BERGSAGEL stated that for some of the members of the committee the meaning of rural is relative, and they may not agree with the Council's definition of rural. Your concept of rural means that Billings is the only place to be excluded. **Mr. Pratt** stated that usually Helena, Butte, Missoula, Bozeman, Great Falls and Billings are excluded. The state is divided into 3 categories according to the size of communities. The Council is trying to develop a comprehensive rural strategy that would use the strengths of professionally staffed organizations to help volunteer organizations. The LRP committee has the prerogative to set their own standards for what constitutes a rural community,

but the Council is cognitive of the discrepancies.

Ms. Fishbaugh asked if the Advisory Committee should pursue an annual granting program further at its spring meeting and develop guidelines.

CHAIRMAN BERGSAGEL told her to pursue it, and bring a proposal back to the next legislative session.

ISSUE: Arts Education Program

SEN. HOCKETT referred to page 15, **EXHIBIT 1**, the Arts Education Project. He has shared the concern that Cultural Trust Funds are being used to supplant local school system's responsibilities to provide arts education. This is happening most in larger communities and they usually have at least one, sometimes two teachers that do art education. But some of the rural schools have no one. He is concerned and does not want this trend to increase.

Ms. Fishbaugh said that the Citizen's Advisory Committee did discuss this issue in great detail. The Advisory Committee does not want to use trust funds to replace money the schools should be spending for arts program. The Advisory Committee did fund some of the projects, but a lot of scrutiny went into the approval process. The arts education project by Helena Presents is being funded by the schools, and the grant money was in addition to the school funds, not instead of school funds.

Informational Testimony: **Brenda Schye, member of Citizen's Advisory Committee**, spoke on the amount of funding recommended for arts education projects. She stated that the committee never fully funded the requested amount, which is a reflection of their concerns. The advisory committee thought it was very appropriate for local arts agencies to be involved in school art programs, but are unsure of where to draw the line on that involvement. Therefore, the grant amounts were reduced.

Questions, Responses, and Discussion: **CHAIRMAN BERGSAGEL** asked if the Council periodically reviews the Statement of Intent that guides the Council's mission to ensure that they are complying with the intent of the legislature.

Ms. Fishbaugh stated that they do that as part of the budgeting process on an annual basis.

CHAIRMAN BERGSAGEL asked if they believe the original intent allows the trust funds to be used for the activities that Sen. Hockett is concerned about.

Julie Smith, Arts and Education Director, stated that arts education is mentioned in the agency's enabling legislation. Over the past 8 years there has been a great deal of change and emphasis in the funds received from the NEA. It used to be mostly

Artists in Residence programs; now it has expanded. The Council sees its role and that of other arts organization in the state as catalyst and enhancers of arts programs in schools. In addition, these organizations provide opportunity for cooperative ventures with schools without being responsible for curriculum or instruction. She does a lot of work with the Arts Education Specialist at the Office of Public Instruction. She works with the schools on curriculum and instruction, on creativity and enhancement of programs. The Council maintains the stance that schools are responsible for arts education as mandated.

ISSUE: Native American Antiquities

Ms. Fishbaugh informed the LRP committee that the Advisory Committee has recommended that guidelines be developed to address applications that deal with Native American antiquities, requests to move historic buildings, and arts in education projects. In addition, the committee may want to address guidelines clarifying multi-cultural involvement to avoid confusion over applications such as Arlee's.

Mr. Pratt stated that in the spring meeting the Advisory Committee can take each issue and come up with guidelines for the FY96 and FY97 application process. The committee would use expertise from SHPO, Historical Society, Montana Committee for the Humanities and the Montana Alliance for Arts Education.

Sue Near, Museum Services Administrator, State Historical Society, spoke regarding Native American antiquities. She stated that she is concerned about Native American collections the Society and other museums in the state have. She explained the issue is complex and a lot of work needs to be done to clarify procedures. The Federal Native American Graves Protection and Repatriation Act affects federally funded museums only. The guidelines for that act are currently being drafted. The American Association of Museums has guidelines for museums to help them deal with antiquity issues. Montana has a state law that deals with human remains and sacred materials; the federal law will not affect those museums not receiving federal funds but it will become the standard for handling, care and documentation of cultural material.

Ms. Near stated that she believed it was appropriate to look into this issue, but that there is no need to get into regulations to be included in the bill. She stated that her office will be working with museums, as well as the Museums Association of Montana.

Questions, Responses, and Discussion: **CHAIRMAN BERGSAGEL** requested that the issue be brought back before the legislative session next biennium. **Mr. Pratt** stated that the next session will review the guidelines as they have been written and used.

ISSUE: Moving Historic Buildings

Informational Testimony: Mr. Pratt stated that the language from SHPO presented to the LRP committee yesterday regarding the designation of historic buildings, is close to the language that will be used in the trust guidelines. The Advisory Committee and SHPO will work together to establish the guidelines. SHPO's position is that a historic building should be moved only as a last resort, because it destroys the historic aspect of the building.

Questions, Responses, and Discussion: REP. ZOOK stated that he and the committee endorse that policy.

ISSUE: Arts Education Program

Mr. Pratt stated that the Arts Education program would be discussed by the Advisory Committee in its spring meeting.

ISSUE: Multi-Cultural Involvement

Mr. Pratt addressed the issue of confusion over the involvement of Native Americans in projects that affect them. The Arlee Historical Society sparked this debate in an earlier hearing and the Council staff has discussed the issue further. The staff attempted to develop a strategy that will work. Historically any granting process reviewing applications that will affect, serve or involve multi-cultural or special populations usually expect to see those people involved in the project.

Mr. Pratt believes this was implicit, not explicit in the application guidelines and therefore caused the confusion at Arlee. The guidelines should be re-written to specify that applications for multi-cultural projects document the involvement of people with expertise in this area. In addition, the Council will encourage the Advisory Committee to call applicants and ask questions about the applications. During the review process, if questions come up in the committee, staff will contact those applicants to get answers. The Council will recommend that the Advisory Committee be more rigorous and consistent in preparing comments for the LRP committee's review.

Ms. Fishbaugh stated that the Arts Council had concluded their presentation.

REP. BARDANOUVE stated that this agency has always attempted to respond to the LRP committee's concerns and comments.

CHAIRMAN BERGSAGEL thanked the Council for their work and cooperation with the committee.

End of Hearing

ANNOUNCEMENTS/DISCUSSION

Jim Haubein, Legislative Fiscal Analyst, provided the committee

with the hearing schedule for the next two weeks.

REP. BARDANOUVE asked if the committee would have the right to not approve of Treasure State Endowment requests when they come before the committee.

Jane Hamman, Office of Budget and Program Planning, stated that the review would be similar to the RIT process. The program is brand new and is trying to catch up. By the time LRP gets them the bill should be drafted and recommendations made.

REP. BARDANOUVE said he had been concerned that it would become a political pork barrel, and appreciates that the committee will have some say in how the money is spent.

Ms. Hamman stated that there are a number of RIT bills being introduced that will divert RIT funds. She does not know if the bills will be heard by this committee or by other committees. The committee may want time to look at the interpretation of those RIT bills to decide how they impact the funds available for grant money.

CHAIRMAN BERGSAGEL stated he is carrying one of those diversion bills and will speak with the President of the Senate and the Speaker of the House to determine where they would like those bills sent.

REP. BARDANOUVE stated that he is disappointed the RIT is being raided.

CHAIRMAN BERGSAGEL stated that his intention is to get more money for the LRP Committee.

REP. BARDANOUVE stated it will be a short-term good and a long-term loss. SEN. HOCKETT concurred, and said that the good that has been done with the grant money in the past is almost immeasurable.

Joint LRP Committee and Institutions Committee Meeting

CHAIRMAN BERGSAGEL asked the committee how they would like to proceed after last night's discussion. Do they want to wait until the Institutions Subcommittee and the Human Services Committee have made their decisions? He stated that he believed most of institutions cuts would be made out of the full Appropriations Committee.

REP. BARDANOUVE stated that some hard decisions have to be made. The last session he tried twice to close down Galen, and thinks it should be a high priority for this session. He wondered if a new institution, such as the proposed Veteran's Home, should be opened when the state can't properly take care of current facilities.

REP. ZOOK stated that he believed it was a very educational meeting last night, and he admired the work done by DCHS. He is not sure that joint meetings are the way to come to the difficult decisions that need to be made. He also believes the full Appropriations Committee will have to do most of the cuts, and hopes that the LRP committee also participates. It will affect an awful lot of people. Rep. Bardanouve has made a good point concerning new facilities.

SEN. VAUGHN stated that there is a lot of concern from communities about whether funding will be made available to them to help get group homes set up.

CHAIRMAN BERGSAGEL stated that there is roughly \$7 million to assist that endeavor.

REP. BARDANOUE stated that an inconsistency among constituents is that they want to cut government spending but insist on locking up criminals. Any proposal for community rehabilitation causes an uproar.

CHAIRMAN BERGSAGEL stated that Angela Russell gave testimony stating that 32% of the people in prison in Deer Lodge had committed a crime that was of less than \$1,000 in nature. Yet it costs the state \$28,000 to \$30,000 to keep them locked up. The opportunity to change the direction of corrections and go to a community-based systems is valuable.

SEN. HOCKETT stated that Mr. Day, the Director of DCHS, is continuing to plan to use inmate labor to accomplish some projects at MSP. He concurred with REP. BARDANOUE and REP. ZOOK that the LRP Committee does need to take a stand and make some hard decisions.

HEARING ON UNIVERSITY SYSTEM

Tape No. 2:A:289

Discussion: CHAIRMAN BERGSAGEL announced to the committee that the next action would be to hear an explanation of the cost benefit analysis of delaying university projects for one or two years, or if it is best to keep the projects in place.

Mr. Haubein provided the committee with a handout of figures and information on the two related university projects. EXHIBIT 3.

Tape 2:A:309

Mr. Haubein referred the committee to page 5, EXHIBIT 3 for information on the fiscal impact of delaying construction of the University of Montana's Business Administration building, and MSU's Engineering and Physical Sciences building. He referred the committee to Attachment 1, EXHIBIT 3 for a table breaking out the cost for delaying construction one year, and delaying construction two years.

Questions, Responses, and Discussion: REP. ZOOK says he calculates a net savings of approximately \$2.5 million for the one year delay. Mr. Haubein stated that is correct; however, within the biennium \$3.2 million would be saved in General Fund debt service because the \$563,513 inflation on the building costs would either have to be added onto the bonding or cut back. He is not sure that inflation would be a General Fund cost, and therefore it is separated from the debt service.

REP. ZOOK stated that by not including inflationary costs, \$2.5 million is saved; but if you delay two years, you actually lose more. Mr. Haubein stated that is correct.

REP. BARDANOUVE suggested that zero coupon bonds which delay paying interest for two years is one option the committee could consider.

Mr. Haubein stated that Attachment 2, EXHIBIT 3 shows the financial impact of issuing bonds but delaying principal and interest payments for one or two years. This would realize some debt service payments in the FY95 biennium. In the end higher interest will be paid for delaying initial payments. Costs over fifteen years would be \$6 million more.

REP. BARDANOUVE asked if he calculated reducing the inflation loss. Mr. Haubein stated that he did not show a inflation savings, because there would be no inflation loss if the principal and interest payments were delayed.

REP. BARDANOUVE stated that another hazard of delaying the project for two years is that inflation rates may be lower.

Mr. Haubein referred the committee to Attachment 3, EXHIBIT 3 for the total debt service if the bonds were delayed for two years. FY93 will be \$12.5 million, FY94 it is \$9.6 million, then in FY95 and FY96, the figures are approximately \$12 million. This is a result of delaying the debt service for two years. Attachment 4, EXHIBIT 3 shows the General Fund debt service for one year. By doing this the total impact of new bonds goes from \$12 million in FY95 to \$15 million in FY96. So by delaying the debt service, the amount of debt service will remain fairly even. Currently, there has been approximately \$11 million in debt service.

CHAIRMAN BERGSAGEL asked how much money would be saved in general obligation if the Women's Correctional Center is cut, and could that money be transferred to the University System for these projects. Mr. Haubein stated that in FY94 \$280,714, in FY95 \$1.2 million would be realized in debt service payments.

CHAIRMAN BERGSAGEL asked Dave Lewis to comment on bonds.

Dave Lewis, Director, Office of Budget and Program Planning, stated that, if the goal is just to eliminate debt service for this biennium, there is a real long-term cost to doing that.

Inflationary costs will be realized if they are delayed; if debt service payments are delayed then higher interest charges will result. These costs should be taken into consideration. He stated that if the projects are priorities for the state and will need to be built anyway, they should be built in the cheapest way possible.

Tape 2:A:874

CHAIRMAN BERGSAGEL stated that **SEN. JACOBSON** directed that any facility that would incur additional costs to the General Fund should be looked at critically. He asked Mr. Lewis if the bump in General Fund debt service could be absorbed should the committee delay the projects.

Mr. Lewis stated that the fate of the tax reform package and approved tax changes make it difficult to know that answer now. He stated that in two years the legislature would again have a difficult budget to deal with.

CHAIRMAN BERGSAGEL said he recently became aware that private money has been donated for the construction of certain university buildings. It may be a betrayal of trust to not continue those projects. There is a responsibility amongst the committee to at least consider that.

REP. BARDANOUVE asked Mr. Lewis if he believed it was better to pursue these projects or to delay them. **Mr. Lewis** stated that if the legislature thinks it is appropriate for these buildings to be constructed, then it is not a good decision to delay the debt service. The long-term effect will be increased costs. Building the buildings now is the most economical way to get them constructed. He stated that if the debt service is incurred in this biennium, cuts will have to be made elsewhere to meet this legislature's budget goals.

SEN. HOCKETT asked for Mr. Lewis's comments in regards to current and future interest rates. Is this an all-time low? **Mr. Lewis** stated that it has been almost 30 years since rates have been this low for federal fund rates. World-wide inflation rates are being cut to stimulate economies; however, he does not believe it that this can go on for long and interest rates will be impacted.

Mr. Lewis stated that the options before the committee were designed by himself, Ms. Hamman and Mr. Haubein. He stated again that, if construction is going to occur, it should happen in the most economical way possible. Building something into the debt service schedule that costs an extra \$1.5 million is a tough expenditure to defend, even given the current state problems.

REP. ZOOK asked if there is an advantage in moving ahead now when costs are known. **Mr. Lewis** stated that he believed so. If the buildings are delayed there is no control over their final costs. A 5% increase in construction costs could eat up all the savings.

REP. BARDANOUVE stated that the committee must weigh the value of the programs being lost or sacrificed in order to pay interest now, against the option of delaying the payment of principal and interest while continuing construction.

SEN. VAUGHN is concerned that future maintenance costs of new facilities will add to the budget problems. Mr. Lewis said that concern relates to how the legislature deals with this year's budget problems. Will they be a short fix, or will long-term programs be put into place to balance the budget.

Tape 2:B:003

CHAIRMAN BERGSAGEL asked how the committee wanted to proceed. Would they like to hold off action on this issue, or would they like to deal with it now?

REP. ZOOK asked to delay action and let the committee think it over.

REP. BARDANOUVE stated that he would prefer to build the projects and enter into debt service in the normal way, unless other major parts of government will be shut down as a result.

SEN. HOCKETT stated that the committee needs to consider the costs and wear of maintaining the present university buildings if new ones are not built. There will also be costs to institutions in terms of their ability to offer viable programs. The increased income to the state from the benefits of building projects should also be considered. He stated that if the committee was in agreement to continue to build the buildings, then the question of debt service comes in.

CHAIRMAN BERGSAGEL stated that he needs to know the committee's priorities. Are these buildings the last things that will be cut or are they the first things that will be cut.

REP. BARDANOUVE stated that the final determination is how willing the legislature is to cut programs and how willing are they to raise additional revenue in lieu of cutting programs.

REP. ZOOK stated that there is support for both options.

CHAIRMAN BERGSAGEL asked the committee to think about this issue, and he will ask them next week for their priorities.

UNIVERSITY FUNDRAISING STATUS:

Ms. Hamman stated that it might help to have revised projections from the universities on the status of their fundraising.

Informational Testimony: Dr. Malone, MSU, stated that fundraising for the Engineering and Physical Science Building has been successful so far. The target is \$3.4 million, and so far

\$2.7 to \$2.8 million has been received in firm commitments. As authorized by the legislature, the MSU foundation is donating the remaining \$600,000 in equipment. Therefore, he feels the fundraising is complete. The largest single increment of the money is \$950,000 from the National Science Foundation. That money must be expended by February FY97. He is not sure if a delay can be obtained from the federal government.

Mr. Malone reminded the committee that once the decision was made in FY92 to remove state planning money from the project, MSU began, with legislative approval, to spend private money on planning. At this date approximately \$450,000 has been spent.

Dr. Dennison, University of Montana, stated that the money for the Business Administration Building will be in hand this year. They have pledges for the money. To this date they have expended \$340,000 in private money for the planning stages of this project. He stated that the building was originally planned for FY95, and cost \$11 million. The building was 106,000 square feet. The current building is now 2,000 square feet smaller and costs \$15 million. This should give a sense of what happens with inflationary costs caused by delays.

Questions, Responses, and Discussion: **REP. BARDANOUE** asked if architects were engaged and working already on the two buildings. **Dr. Malone** and **Dr. Dennison** both stated that architects have been hired and are working on the projects.

SEN. HOCKETT stated that the last special session the legislature delayed the actual construction of the projects, but authorized the planning to go ahead with private funding.

Mr. Rose referred the committee to Attachment 1, **EXHIBIT 3**. He asked the committee to look at the \$310,069 in inflation in FY94 for a one-year delay of the MSU project; and the \$1 million inflation figure in FY95 for a two-year delay. He has received a letter from CTA Architects, the firm working on the project. The letter states that the inflation figure for their project is 5%, and they are estimating \$850,000 in inflation costs for the first year, and \$1.75 million for a two-year delay. This virtually doubles the amount 10% over two years. This may help the committee in their analysis. He stated that the architect firm has made inflationary cost estimates in the past and they have proven correct. Therefore, he feels they have some credibility.

Mr. Haubein stated that the figures given to the committee were prepared by A&E, and perhaps a meeting between A&E and the universities could work out figures acceptable to both.

CHAIRMAN BERGSAGEL stated that he was not interested in current and exact figures, but would prefer a policy decision from the committee on what direction they would like to go.

SEN. HOCKETT asked if the Value Engineering review was utilized

for these two projects. **Mr. Whaley** stated that they have both been reviewed by that process, and that a significant amount of cost has been cut out as a result. Well over \$1 million was cut from the MSU project.

Mr. Ralph DeCunzo, A&E, provided a handout of the Value Engineering Results. **EXHIBIT 4**.

CHAIRMAN BERGSAGEL reminded the members that they should think about this, and that he will ask them for a policy decision next week.

Tape 2:B:458

ADJOURNMENT

Adjournment: 9:30 AM



ERNEST BERGSAGEL, Chair

SANDRA BOGGS, Secretary

EB/sb

HOUSE OF REPRESENTATIVES

LONG - RANGE PLANNING

SUB-COMMITTEE

ROLL CALL

DATE

1/29/93

NAME	PRESENT	ABSENT	EXCUSED
SEN. BOB HOCKETT, VICE-CHAIR			
REP. FRANCIS BARDONOUVE	✓		
SEN. ETHEL HARDING		✓	
SEN. ELEANOR VAUGHN	✓		
REP. TOM ZOOK	✓		
REP. ERNEST BERGSAGEL, CHAIR	✓		

SECTION VI. ISSUES

This section presents the successes and problems that confront the Legislature and the Citizen's Advisory Committee as they work to distribute the earnings of the Cultural Trust in an effective and equitable manner. It also contains recommended changes in Cultural Trust legislation and grant guidelines used by the citizen's committee. The section points to future opportunities, potential stumbling blocks and possible actions that may be taken to maximize resources for Montana's cultural development.

This biennia's issues are as follows:

CURRENT ISSUE

- A. The governor recommends funding the Folklife Program and Rural Arts Specialist from the Cultural Trust. The Montana Historical Society is not seeking funding for a separate Oral History Office.
.....Page 2

FUTURE ISSUES

- B. In light of current local economic conditions, it is recommended the Legislature modify the matching requirement for cultural facilities owned by local government.
.....Page 5

Copy of Proposed Legislation.....Page 5A

- C. The Montana Arts Council was successful in obtaining federal funds for underserved communities for FY92 and FY93. However, long term access to available federal funds for the Council and other state agencies is still in question.
.....Page 6

NEA Requests Actual And Pending.....Page 8A

- D. Rural communities continue to have difficulty competing for funds. The legislature is urged to continue to support strategies that improve cultural development in rural areas.
.....Page 9

- E. The citizen advisory committee recommends the development of guidelines regarding arts education projects, the moving of historical buildings and Native American antiquities.
.....Page 14

SECTION VI. ISSUES (cont.)

A. The Governor's budget recommends funding the Folklife Program and Rural Arts Specialist from the Cultural Trust.

The Governor's budget for FY94 and FY95 recommends that the Montana Arts Council's Folklife Program and half of its Rural Arts Specialist position be funded directly from earnings of the Cultural Trust. The balance of funding for the Specialist will be sought from the National Endowment for the Arts.

For FY94 and FY95, the Montana Arts Council requested that the Governor's budget fund the Folklife Program and Rural Arts Specialist from the General Fund. The Council was told that only requests involving human safety would be considered for General Fund support. However, the Governor did recognize the agency's historical dilemma for the Folklife Program and the importance of the Rural Arts Specialist to the state. Thus, he recommended these positions be funded directly from the Cultural Trust.

Because of their nature as on-going programs of state agencies, the Cultural and Aesthetic Projects Citizen Advisory Committee, the Montana Arts Council and the Montana Historical Society have continually recommended that the Folklife Program and the Oral History Office would be more appropriately funded with General Fund appropriations rather than from the Cultural Trust.

The **Folklife Program** was originally mandated by the Legislature to:

- * identify, research and document those Montanans who are bearers of traditional cultures, and
- * educate the public about Montana folk arts and folkways through the production of books, records, articles, and other presentations.

Currently it:

- * administers the Folk Arts Apprenticeship Program and Indian Arts Apprenticeship Program,
- * coordinates the Council's Indian Arts Steering Committee,
- * helps Montana cultural organizations obtain funding from various public and private granting sources -- \$506,050 since FY91,
- * provides technical assistance to organizations and agencies, and
- * advocates for the importance of projects and perspectives that recognize and celebrate Montana's traditional cultures.

The **Rural Arts Specialist** position was funded in FY92 and FY93, half from a National Endowment for the Arts grant and half by reversions from the

SECTION VI. ISSUES (cont.)

Cultural Trust as provided by the legislature. Since March 1992, the Council contracted for the services of a Rural Arts Specialist. This position will be changed to a FTE following the initial two-year trial period. The Rural Arts Specialist:

- * provides on-site technical assistance to the state's emerging, volunteer, beginning, and/or professional arts agencies in rural areas including the state's seven Indian reservations,
- * makes grants available to rural arts organizations to contract with consultants for specialized technical assistance,
- * publishes a program brochure and rural arts network section for the Council's newsletter; and
- * administers a statewide steering committee to plan annual meetings for the Council's rural constituents and provides information to the Council to guide its rural and local arts agency development efforts.

Montana Historical Society plans not to seek funding for a separate Oral History Office.

The Montana Historical Society will no longer seek Cultural Trust funds to sustain a separate **Oral History Office** as it has done since 1981. This biennium it will only seek funding for a one-time compilation and publication of a guide to its 2,100 oral history interviews primarily collected over the last decade. The Society will not abandon oral history altogether. Its staff archivist within the Library and Archives Program will serve as a part-time oral historian. The archivist/oral historian will conduct those interviews necessary to supplement a paper collection and will be available to provide workshops for local history groups.

The Montana Historical Society believes that the Oral History Office was successful in adding valuable research resources to its collections, stimulating the preservation of local oral history efforts and providing training workshops and technical assistance to local historical groups. The Society's decision not to seek funding for a separate Oral History Office was based on the following:

- * The Society has not been able to receive the necessary funding from the General Fund to make the Oral History Office a permanent program.
- * During the past three biennia its grant requests to fully fund the program from the Cultural Trust have met resistance from the Citizen's Advisory Committee and the Legislative Subcommittee. These bodies expressed concern about the size of the requests, their recurrent nature, and that they were for an on-going state agency program.
- * The Society was unwilling to request funding both for the Oral History Office and for other, smaller, one-time projects.

4.

EXHIBIT 1
DATE 1-29-93
SB

SECTION VI. ISSUES (cont.)

BACKGROUND:

The Folklife Program and Oral History Office were the first programs funded with Cultural Trust grants, along with the restoration of the Capitol murals. While they were on-going programs of the Montana Arts Council and the Montana Historical Society, they were asked to unfairly compete in a process which demanded the raising of matching funds -- a very difficult chore for state agencies. As a result, the grants received for these programs did not provide adequate support to maintain a current level core program. The Folklife Program and Oral History Office constituted a perennial problem for the Cultural and Aesthetic Project Grants program because both the Montana Arts Council and State Historical Society were charged with overseeing and administering Cultural Trust grants. The Cultural and Aesthetic Projects Citizen Advisory Committee, the Montana Arts Council and the Montana Historical Society tried to remedy this dilemma by getting these programs funded from General Fund appropriations rather than from the Cultural Trust. These efforts have been unsuccessful.

SECTION VI. ISSUES (cont.)

- B. In light of current local economic conditions, it is recommended the Legislature modify the matching requirement for cultural facilities owned by local government.

RECOMMENDATION:

At the request of the Cultural and Aesthetic Projects Advisory Committee, the Council has drafted legislation to allow local governments owning cultural facilities to meet matching fund requirements with either financial or in-kind goods and services for requests submitted by those facilities, e.g. county art centers and historical museums. Current legislation requires both financial and in-kind goods and services. The proposed legislation was discussed with Mary Ellen Connelly, previous chair of the Legislative Subcommittee, and she concurred that the economic situation in most parts of Montana warrants this modification.

BACKGROUND:

Last session the Legislature recognized the hardship under which many cultural facilities owned by non-profit organizations were operating and removed the requirement for local government funding. The requirement was established in better economic times to encourage local government partnerships with cultural organizations. It is the opinion of the Citizen's Advisory Committee and the Montana Arts Council that this requirement needs further modification because in the current fiscal climate to get any local government support for cultural facilities is admirable.

While 7-16-2201 through 2205, MCA, allows counties to levy up to two permissive mills for county and publicly owned museums and art centers, it has been almost impossible for facilities not funded in the past by local government to acquire mill levy support under current economic conditions. Mill levy support for cultural facilities has decreased 20 percent, from \$933,450 in FY86-87 to \$747,054 in FY91-92.

SECTION VI. ISSUES (cont.)

- C. **The Montana Arts Council was successful in obtaining federal funds for underserved communities for FY92 and FY93. However, long-term access to available federal funds is still limited by an inability to provide matching state funds.**

The 52nd Legislature was concerned about the difficulty in providing funding for arts organizations in rural areas of the state. Therefore, it appropriated to the Montana Arts Council up to \$150,000 in funds reverted to the Cultural Trust as match for National Endowment for the Arts (NEA) grants that were available for rural and other underserved communities.

Reverted Cultural Trust grants totaled \$114,127. The Council was able to match the entire amount with grants from the Arts in Education, Expansion Arts, Folk Arts and Locals Programs of the NEA. (For details see: pages 7-8 and 8a.) To further serve its rural constituency, the Council also received:

- * \$119,500 from the NEA's States Program for service in FY92 and FY93 to rural communities for the following statewide arts service organizations:
 - Montana Alliance for Arts Education
 - Montana Art Gallery Directors Association
 - Montana Association of Symphony Orchestras
 - Montana Dance Arts Association
 - Montana Indian Contemporary Artists
 - Montana Institute of the Arts Foundation
 - Montana Performing Arts Consortium
 - Montana Public Television Association
 - Montana State Theatre Association
- * \$45,449 to provide consultant support and sponsor two conferences for locals arts agencies and rural arts organizations in FY93 and FY94.

In addition it received:

- * \$17,566 to enable the Missoula Cultural Exchange to support its first executive director in FY92 and FY93.

These grants were matched by Cultural Trust grants appropriated by the Legislature and other private and public funding sources.

Montana was touted nationally for its success in accessing so many NEA programs that had grants available to address the needs of rural and underserved communities. The state leveraged -- for the above grants and those on pages 7 and 8 -- \$408,215 in FY92-95 NEA grants with an investment of \$114,127 in reverted Cultural Trust funds and \$99,252 in funds directly appropriated to Cultural Trust applicants.

SECTION VI. ISSUES (cont.)

However, the Council does not anticipate significant reverted funds to be available from the Cultural Trust for FY94 and FY95. Thus, while it was highly successful in FY92 and FY93 in obtaining NEA funds from programs to which it has access, it will have difficulty doing so in the upcoming biennium without additional state matching dollars.

NEA Grants for Projects in Rural and Underserved Communities**1. Expansion Arts Program - Rural Arts Initiative - \$80,000 - FY92 and FY93**

This program funds five emerging rural arts organizations for three years to significantly further their efforts to develop and stabilize their operations.

- * Copper Village Art Center (Anaconda) -- to hire a full-time director to develop the center into a local arts agency
- * Custer County Art Center (Miles City) -- to upgrade staff, hire consultants, upgrade exhibits and workshops, strengthen the resident artist program and address space limitations
- * Fort Peck Fine Arts Council (Glasgow) -- to hire an artistic director to enhance current dramatic productions and develop new venues for touring
- * Hockaday Center for the Arts (Kalispell) -- to obtain technical assistance in program and fund-raising development and add an education coordinator to serve new populations
- * Livingston Depot Center (Livingston) -- to contract for an exhibition development team to plan, research and install a major summer exhibition

The Council does not anticipate any difficulty in receiving the third year in funding from this program. Matching funds for participants for FY94 are part of the Citizen's Advisory Committee's current recommendations.

2. Folk Arts Program - Indian Folklife Apprenticeships - \$30,000 - FY92 and FY93

The FY92 grant enabled the Council to augment its existing Folk Arts Apprenticeship Program to include traditional Native American apprenticeships on all seven Montana Indian reservations and in one urban community. The FY93 grant will support 15 traditional art master/apprenticeships. Eight will be on Indian reservations and one in an urban Indian community. Additionally, in FY93, the Folklife Program will submit a grant to the Folk Arts Program of the NEA to support a traveling exhibition of the masters artists' and apprentices' works.

SECTION VI. ISSUES (cont.)

3. Locals Program - Rural Arts Specialist - \$50,000 - FY92 and FY93

The grant enabled the Council to contract for two years with a full-time Rural Arts Specialist to provide technical assistance services to rural communities. The specialist would help to develop local arts agencies and community arts organizations and facilitate communications between rural arts organizations statewide.

4. States Program - Tribal College Arts in Education - \$55,700 - FY93, FY94 and FY95

This three-year grant will support the expansion and improvement of arts education programs in schools and community organizations on or around the seven Montana Indian reservations. This will be accomplished with the guidance and assistance of the seven tribal colleges.

NEA REQUESTS ACTUAL & PENDING 1992-1993

PROGRAM PURPOSE	GRANT AWARD/ REQUEST	MATCH In-kind/Other	In-kind/MAC	C&A/Other	C&A/MAC	MAC grants	All Other	TOTAL
States FY 92-93	Request on behalf of 9 Statewide Service Organizations Grant # 91-6144-0065 1001/91-09/30/93	\$119,500	\$40,375	\$8,290	\$74,132	\$35,896	\$82,116	\$360,309
Locals FY 92-93	Basic Salary Assistance for Muscoul Cultural Exchange (MCE) Grant # 91-6252-0071 1001/91-09/30/93	\$17,566	\$4,100	\$1,468	\$10,000	\$4,000	\$154,046	\$191,180
Locals FY 92-93	Technical Assistance to pre-LAA's contract with rural arts specialist Grant # 91-6252-0040 1001/91-09/30/93	\$50,000		\$13,684		\$42,222	\$5,000	\$110,906
Expansion FY 92	Rural Arts Initiative Regrant program Grant # 91-5370-00432 1001/91-09/30/92	\$40,000		\$13,438		\$40,000	\$40,000	\$133,438
Folklife FY 92	Indian Folklife apprenticeships Grant # 91-5334-0196 1001/91-09/30/92	\$10,000		\$8,726			\$1,274	\$20,000
State/ Regional FY 93-95	Arts Project in Underserved Communities Grant # 92-6144-0082 701/92-06/30/95	\$55,700	\$72,450	\$15,410	\$15,120	\$19,400	\$2,620	\$196,800
Locals FY 93-94	Technical Assistance Grant # 92-6244-0038 701/92-6/30/94	\$45,449	\$41,600	\$47,700			\$4,100	\$138,849
Folklife FY 93	Folklife apprenticeships Grant # 92-5534-0195 1001/92-09/30/93	\$30,000		\$16,768		\$7,505	\$6,129	\$60,402
Expansion FY 93	Rural Arts Initiative Regrant program To be applied for	\$40,000		\$13,438		\$40,000	\$40,000	\$133,438
Total		\$408,215	\$158,525	\$138,921	\$99,252	\$149,127	\$42,516	\$1,345,321
	C&A reversions as of 12/31/91					\$114,127		
	MAC grant for Rural Arts					\$35,000		
	Excess/(Deficit) to date					\$0		
	C&A reversions & uses of reversions as of 12/31/91							
	Huntley Project Museum	\$1,000						
	Hockaday Center for the Arts/Endowment	\$19,417						
	Western Heritage Center	\$15,000						
	Muscoul Children's Theater/Endowment	\$18,472						
	KEMC	\$15,000						
	EMC/Senior Expressions	\$6,630						
	MT Community Foundation/Endowment	\$50,000						
	KURM	\$767						
	UM/Portraits in Pasting	\$1,607						
	Bannock State Park	\$134						
	Evaluation	(\$10,400)						
	Stillwater Museum	(\$3,500)						
	Total Reversions & Uses	\$114,127						

SECTION VI. ISSUES (cont.)

- D. Applications from rural communities comprise a minority of requests and receive a lower percentage of Cultural Trust funding than do those from more populated communities. This continues to be an ongoing concern and the Legislature is urged to support strategies that improve cultural development in rural areas, such as annual granting programs.

RECOMMENDATION

The difficulty rural cultural organizations continue to have in accessing Cultural Trust funds is partly a result of:

- * the overwhelming volunteer nature of these organizations and lack of professional staff;
- * their lack of knowledge about Cultural Trust grants and local expertise to help develop competitive applications;
- * the low population and often depressed economies from which to draw matching funds;
- * the substantial difficulty in getting foundation and corporate funds; and
- * the two-year planning timeline required and the paperwork involved.

In FY92 and FY93 increased attention is being paid to rural arts organizations and in FY94 and FY95 Montana's historical museums and associations will have more access to technical assistance. However, the structural nature of the problem may require additional strategies. **Therefore, it is recommended that the Legislature explore the development of annual regrant programs to serve small and volunteer based groups.** Existing grant programs can be augmented or new ones developed as follows:

- * **Statewide service organizations** might administer small grant programs for specific purposes. For example, the Cultural Trust has funded the Montana Performing Arts Consortium's Quick Grant program for a number of biennia to develop and expand rural performing arts series. It has leveraged additional money from federal sources and served as a model for a national program of performing arts presenter development.
- * **Local or regional cultural agencies** could be other regrant entities as they are knowledgeable about cultural groups in their service areas. These agencies also have access to federal matching funds for regranting.
- * **The Montana Arts Council and the State Historical Preservation Office** both have existing grant programs that could handle additional grant funds without substantially increasing administrative costs.

In all cases regranting agencies would need to have:

- * a clearly stated purpose for the program,
- * established application guidelines,
- * funding priorities,

SECTION VI. ISSUES (cont.)

- * a conflict free review process, and
- * an evaluation system.

The cost of administering any regrating program would need to be kept to a minimum to make the maximum grant funds available.

CURRENT SITUATION:

Montana's six largest communities -- Billings, Bozeman, Butte, Great Falls, Helena and Missoula -- contain approximately 50 percent of the state's population (Montana Department of Commerce). For FY94-95, grant requests from the balance of these communities comprised 34 percent of all applications. The citizen advisory committee recommended a total of one hundred and two requests be funded. Thirty-five percent were from rural communities.

Of the dollars requested, 46 percent were from the six large communities. This included 26 percent to provide statewide arts and cultural services and activities that often benefit rural communities.

PROFILE OF REQUESTS

	<u>No.</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Average</u>
Rural	43	34	918,125	28	21,352
Urban	55	44	1,507,425	46	27,408
<u>Statewide</u>	<u>28</u>	<u>22</u>	<u>859,517</u>	<u>26</u>	<u>30,697</u>
Total	126	100	3,285,067	100	26,072

PROFILE OF RECOMMENDATIONS

	<u>No.</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Average</u>
Rural	36	35	285,595	21	7,850
Urban	42	41	617,660	46	14,706
<u>Statewide</u>	<u>24</u>	<u>24</u>	<u>433,000</u>	<u>32</u>	<u>18,042</u>
Total	102	100	1,333,255	100	13,071

As noted below, rural communities fared better than their urban counterparts in the percentage of applications that were recommended for funding. However, they did not do as well in the percentage of grant funds recommended. Rural communities were recommended for \$282,595 in grants -- 31 percent of what they requested. The larger communities were recommended to receive 41 percent of the funds they requested or \$617,660.

RECOMMENDED TO REQUESTED

	<u>Percent of Number</u>	<u>Percent of Amount</u>
Rural	84	31
Urban	76	41
<u>Statewide</u>	<u>86</u>	<u>50</u>
Total	81	41

SECTION VI. ISSUES (cont.)

STEPS TAKEN TO INCREASE RURAL ACCESS TO CULTURAL TRUST

The lack of access to grant funds by rural organizations is a problem endemic to most grant programs and the Cultural and Aesthetic Project Grants program is no exception. The following steps have been taken to improve the low application and success rate of rural communities:

1. It created a simplified application form for requests of \$4,500 or less for the FY90-91 session. For the FY94-95 session this application was limited to all-volunteer organizations or those which had no more than a half-time staff person. The percentage of applicants taking advantage of this form has decreased since it was instituted.

Biennium	Requests <u>\$4,500</u>	<u>Percent</u>	All Cultural Trust <u>Requests</u>
1990-91	18	17	92
1992-93	18	14	129
1994-95	14	11	126

2. In the Spring of 1991, Montana Arts Council staff members, in some cases accompanied by a representative of the Montana Committee for the Humanities, took their "offices on the road" to Lewistown, Great Falls, Kalispell, Libby and Thompson Falls. They presented workshops about applying for Cultural Trust grants, consulted on individual projects and provided general information about agency programs.
3. The grant application form specifies that new applicants or those who had been unsuccessful in the past should contact the Council to discuss their project. Throughout the spring and summer of 1992, Council staff provided extensive technical assistance via telephone and in-office meetings.
4. In order to improve program implementation Montana's statewide service organizations provide a variety of services for their members, many of whom are in rural communities. This effort has been enhanced by a \$119,500 grant from the National Endowment for the Arts which the Council received to help nine statewide arts service organizations expand opportunities for their rural constituents.

For example, the Montana Art Gallery Director's Association substantially underwrites the cost of making visual arts exhibitions more available to rural communities. At its annual conference the Association also provides opportunities for members to consult with and receive training from experienced art museum professionals.

5. Annually, the Montana Arts Council participates in Art Beyond Boundaries. This two-day conference, sponsored by five "high plains" states, will be held in Sheridan, Wyoming, in June 1993. It provides an opportunity for rural arts organizations to enhance their proposal and program development skills, to visit with regional and national funders, and to network with colleagues. It has become one of the most successful regional arts conferences in the nation.

SECTION VI. ISSUES (cont.)

In addition to what has been previously mentioned, the Montana Arts Council implemented the following for FY92 and FY93:

1. **Rural Arts/Local Arts Agency Steering Committee**--The Council established this seven-member committee to help plan two annual rural arts conferences and to provide direction to the Council in its rural arts and local arts agency development efforts.
2. **Rural Network News**--The Council expanded the publication of its newsletter, ArtistSearch, to highlight the activities of rural arts organizations and encourage the exchange of information supportive of rural arts development.
3. **Rural Arts Roundup**--In May of 1993, the Council will sponsor a two-day conference in Lewistown to provide rural arts organizations with skill training, access to resources, and information sharing opportunities. A similar conference is scheduled for FY94.
4. **Arts and Cultural Resource Directory**--This directory will assist rural communities in identifying financial and technical resources that are available to help support programs in small communities. It will also include contact information for arts and cultural groups working in various communities.
5. **Regional Arts Initiative**--For FY94, the Council will offer a grant program to stimulate the development of regional programs that serve rural and other underserved communities. The program is dependent upon receipt of National Endowment for the Arts funding.

For FY94 and FY95 additional technical assistance resources will be available to rural communities. The **Montana Preservation Alliance** has experienced an increase in requests for technical assistance from communities that often need immediate help in saving a historic building. These communities usually do not have a historic architect. In response, the Alliance has created a rural community "circuit rider" program that will use five strategically located architects and archaeologists to provide technical assistance to qualifying communities.

The **Montana Committee for the Humanities** has also recognized that most of Montana's small museums and historical associations are staffed by volunteers and few have properly catalogued their local history collections. In addition, few have adequate interpretive materials, collection development and acquisition plans, preservation or conservation plans and practices or stable finances. The Montana Committee for the Humanities has proposed to the National Committee for the Humanities a program to provide technical assistance to small museums. The Committee's effort is modeled after the grants-in-aid program of the Minnesota Historical Society and the British Columbia Heritage Trust's community heritage program with advice also obtained from the Montana Historical Society. The program enables organizations in need of assistance to select professional museum and humanities resource people from a brochure that will be developed in 1993.

EXHIBIT 1

DATE 1-29-93

13.

SECTION VI. ISSUES (cont.)

The above describes a long-term strategy for rural cultural development that affects at least half of Montana's population. The residents of these communities usually have less access to formal cultural activities and events and in our experience need this special consideration.

SECTION VI. ISSUES (cont.)

- E. The Citizen's Advisory Committee recommends the development of guidelines that address applications from organizations having collections of Native American antiquities, requests to move historic buildings and the conducting of arts education projects.**

During the current application review, the Committee had to address topics that it had not previously dealt with in any depth. No guidelines had been established for these requests, and thus, the committee plans to develop policies for handling similar ones in the future. The three topic areas are:

1. Native American Antiquities

The committee was concerned about the use of state funds to support organizations that had or wished to acquire artifacts and collections of Native American antiquities collected in other than a legal and professional manner, or which are objects of significant heritage to other cultures. The committee did not wish to support amateur archaeological efforts that violated the sanctity of burial sites. While realizing the difficulty in regulating such activity, the committee thought it important that the grants process be used to help educate Montana historical museums about the issue.

This concern has received significant national coverage recently especially as it regards the repatriation of skeletal remains. Federal agencies and Montana museums receiving federal funds are covered by the Native American Graves Protection and Repatriation Act. Last session the Montana Legislature also passed the Skeletal Remains and Burial Site Protection Act to register and protect "previously unlocated human skeletal remains, burial sites and burial material." (2-6-101, 2-6-102 and 17-7-502, MCA)

2. Moving Historical Buildings

A number of proposals requested funds to move historic buildings. The committee does not want to encourage this as the first or only treatment of historic buildings. According to the State Historic Preservation Office, "Although understandable and justifiable in some instances, the relocation of many historic buildings contributes significantly to the loss of Montana's priceless heritage and warrants our closest scrutiny. Once moved, a building most often loses its historical value and is viewed as a last resort in historical preservation efforts."

SECTION VI. ISSUES (cont.)

EXHIBIT 1

DATE 1-29-93

~~SECRET~~

15.

3. Arts Education Projects

The committee received many requests for projects that dealt in one way or another with arts education. These ranged from requests to support touring artists and companies to do school assemblies, to multi-year coordinated efforts involving a local arts organization and many school districts. The committee was concerned that Cultural Trust funds not be used to supplant the responsibility that local school systems have to support arts education or to develop arts education curriculum. While realizing the national trend that has developed for collaborative efforts between schools and community arts organizations, the committee was concerned that these efforts are often based in urban rather than rural communities which have the greatest need for them.

EXHIBIT 2
DATE 1-29-93
~~93~~

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE APPLICATION PROCEDURE FOR A CULTURAL AND AESTHETIC GRANT FOR A COUNTY OR MUNICIPAL FACILITY; ~~PROVIDING THAT~~ SPECIFYING THE TYPES OF LOCAL GOVERNMENT SUPPORT MAY BE EITHER FINANCIAL OR IN-KIND SUPPORT; AND AMENDING SECTION 22-2-308, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 22-2-308, MCA, is amended to read:

22-2-308. Applications procedure -- grant criteria. (1) A grant for a facility owned and operated by a county or municipality must require financial ~~and in-kind~~ support for the facility from the county or municipality. A grant for a facility owned by a county or municipality but operated by a non-profit organization is expected to have financial support from the county or municipality, but must have at a minimum in-kind support for the facility from the county or municipality. The grant application form, which must be prescribed by the Montana arts council, must request specific information about the level of local support for the project and the facility.

(2) An applicant for a historic preservation project ~~must~~ shall cooperate with the state historic preservation office. A letter from the state historic preservation office, stating any agreements reached with the applicant, must be received by the Montana arts council before the grant funds may be released."

November 13, 1992-3
EXHIBIT
DATE 1-29-93
~~SE~~

ENGINEERING/PHYSICAL SCIENCES COMPLEX - MSU

Appropriation Summary:

\$18,401,510	LRBP Bonds
452,765	LRBP Cash (Planning)
<u>3,380,725</u>	<u>Private</u>
\$22,235,000	Total

Highlights:

1. CTA Architects/Engineers of Billings was appointed by Board of Examiners.
2. The Architectural program and schematic design have been completed.
3. The project was suspended by the Department of Administration on June 19, 1992, to provide the July Special Session an opportunity to review the project.
4. The Special Session eliminated unspent LRBP cash for planning, the general fund portion of the appropriation, and increased the private funds required for the project.
5. The Department of Administration provided framework by which MSU could reinstate the planning on July 31, 1992.
6. MSU submitted proposal to complete the design development with private funds (approx. \$350,000) on October 19, 1992, which has subsequently been approved by the A/E Division.
7. MSU anticipates that they will have private funds (\$700,000) available upon completion of the design development which will allow the planning to immediately continue through the construction document phase.
8. If the private funds for planning are available as per MSU estimates, the plans will be completed in August, 1993.
9. MSU believes they will have the balance of the private funds necessary for construction committed in time to schedule an October, 1993 bid date. (this will be formalized in a financial plan agreement between the University System and the Director of the Department of Administration.)

10. \$18,401,510 of bonds will be issued in October, 1993 (as per HB #2 from the July Special Session they cannot be issued before July 1, 1993.)
11. Assuming an October, 1993 bond sale, the debt service will commence in April, 1994, with an interest payment of \$512,681 and in October, 1994 with a principle and interest payment of \$1,867,126 based on current interest rates.
12. Construction of the new facilities will be completed in October, 1995 while the completion of the renovated spaces will be approximately nine months later in July, 1996.

November 13, 1992

BUSINESS ADMINISTRATION BUILDING - U OF M

Appropriation Summary:

\$13,022,975	LRBP Bonds
183,606	LRBP Cash (Planning)
<u>2,279,419</u>	<u>Private</u>
\$15,486,000	Total

Highlights:

1. L'Heureux, Page, Werner Architects of Great Falls was appointed by Board of Examiners.
2. The architectural program and schematic design have been completed.
3. The project was suspended by the Department of Administration on June 19, 1992, to provide the July Special Session an opportunity to review the project.
4. The Special Session eliminated unspent LRBP cash for planning and increased the private funds required for the project.
5. The Department of Administration provided framework by which U of M could reinstate the planning on July 31, 1992.
6. U of M requested to complete the planning process with private funds (approx. \$870,000) on August 12, 1992, which has subsequently been approved by the A/E Division.
7. Plans will be completed in July of 1993.
8. UM believes they will have the balance of the private funds necessary for construction committed in time to schedule a September, 1993 bid date. (This will be formalized in a financial plan agreement between the University System and the Director of the Department of Administration.)
9. \$13,022,975 of bonds will be issued in September, 1993 (as per HB #2 from the July Special Session they cannot be issued before July 1, 1993).

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10. Assuming a September, 1993 bond sale, the debt service will ~~commence~~ in March, 1994 with an interest payment of \$362,831 and in September, 1994 with a principle and interest payment of \$968,399 based on current interest rates.
11. Construction of the facility will be completed in June, 1995.

MSU ENGINEERING/SCIENCE BUILDING
UM BUSINESS ADMINISTRATION BUILDING

Possible Committee Actions

DELAY CONSTRUCTION OF BUILDINGS

FISCAL IMPACT (Attachment 1)

1. Payment of principal and interest on bonds would be less in the 1995 biennium.
2. There would be inflationary increases in building costs. If no additional funds were appropriated for inflation then the projects would have to be scaled back (Attachment 6).
3. If the projects are delayed there may be additional architecture fees.
4. Additional operating costs for the buildings are not anticipated in the 1995 biennium. However, delay of the projects may reduce operating costs in the 1997 biennium. Biennial operating costs for the new facility were projected to be approximately \$600,000 per biennium for MSU building and \$1.2 million for the UM building.
5. Delaying the projects would delay the bond sales. Current interest rates are very favorable.

DEFER DEBT SERVICE PAYMENTS

FISCAL IMPACT (Attachment 2)

1. General fund debt service costs will be reduced in the 1995 biennium. However, total debt service costs will increase because funds will be borrowed for a longer period of time.
2. There will be no building inflationary costs because the projects will not be delayed.
3. This will level out the debt service costs when bonds are sold for the new projects (Attachments 3 and 4). Current projections show a substantial increase in fiscal years 1995

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and 1996 with the new bonding. Existing debt service drops off in fiscal 1997.

4. General fund operating costs will begin in the 1997 biennium.

CANCEL BUILDING PROJECTS

FISCAL IMPACT (Attachment 5)

1. Debt service projected costs of \$48 million will be eliminated of which \$4 million will be in the 1995 biennium.
2. Operating costs of approximately \$1.8 million per biennium will be eliminated.

EXHIBIT 3DATE 1-29-93SB

Attachment 1

1) Delay Project One Year

	Fiscal 94 Debt Service	Fiscal 94 Inflation	Fiscal 95 Debt Service	Fiscal 95 Inflation	Total Biennium Gen. Fund Savings
UM Bus. Admin Building					
General Fund	\$362,831		\$958,557	\$0	\$1,321,388
LRBF		(253,444)			
Other Funds					
MSU Eng./Science Building					
General Fund	\$512,681		\$1,354,445		\$1,867,126
LRBF		(310,069)			
Other Funds					

Totals

\$875,512	(\$563,513)	\$2,313,002	\$0	\$3,188,514
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1) Delay Project Two Years

	Fiscal 94 Debt Service	Fiscal 94 Inflation	Fiscal 95 Debt Service	Fiscal 95 Inflation	Total Biennium Gen. Fund Savings
UM Bus. Admin Building					
General Fund	\$362,831		\$1,321,388	(769,202)	\$1,684,219
LRBF		0			
Other Funds					
MSU Eng./Science Building					
General Fund	\$512,681		\$1,867,126	(1,065,087)	\$2,379,807
LRBF		0			
Other Funds					

Totals

\$875,512	\$0	\$3,188,514	(\$1,834,289)	\$4,064,026
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DATE 1-29-93
 EXHIBIT 93

Attachment 2
 DATE _____
 SB _____

1) Delay Debt Ser. Paymant One Year

	Fiscal 94 Debt Service	Fiscal 94 Inflation	Fiscal 95 Debt Service	Fiscal 95 Inflation	Total Biennium Gen. Fund Savings
UM Bus. Admin Building					
General Fund	\$362,831		\$948,420		\$1,311,251
LRBF		0		0	
Other Funds					
MSU Eng./Science Building					
General Fund	\$512,681		\$1,340,122		\$1,852,803
LRBF		0		0	
Other Funds					
Totals	\$875,512	\$0	\$2,288,542	\$0	\$3,164,054

1) Delay Debt Ser. Paymant Two Years

	Fiscal 94 Debt Service	Fiscal 94 Inflation	Fiscal 95 Debt Service	Fiscal 95 Inflation	Total Biennium Gen. Fund Savings
UM Bus. Admin Building					
General Fund	\$362,831		\$1,321,388		\$1,684,219
LRBF		0		0	
Other Funds					
MSU Eng./Science Building					
General Fund	\$512,681		\$1,867,126		\$2,379,807
LRBF		0		0	
Other Funds					
Totals	\$875,512	\$0	\$3,188,514	\$0	\$4,064,026

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Attachment 3

General Fund Debt Service
Delay Debt Service Two Years for U Sys. Bldgs

Fiscal Year	WMC	Refinancing			Total		New Debt Service	Total Debt Service
		Debt	Service	Schedule	Gen. Fund Debt	Service		
1993	150,460	\$12,383,825	\$12,534,285			\$0		\$12,534,285
1994	149,327	9,062,196	9,211,523			444,326		9,655,849
1995	147,689	10,674,833	10,822,522			1,185,928		12,008,450
1996	150,017	10,501,118	10,651,135			2,172,701		12,823,836
1997	137,991	2,949,945	3,087,936			4,784,879		7,872,815
1998	153,012	(272,640)	(119,628)			4,771,229		4,651,601
1999	143,682	(229,308)	(85,626)			4,767,471		4,681,845
2000	156,744	(215,596)	(58,852)			4,747,297		4,688,445
2001	145,548	(220,675)	(75,127)			4,756,474		4,681,347
2002	0	(228,728)	(228,728)			4,740,481		4,511,753
2003	0	(219,684)	(219,684)			4,731,160		4,511,476
2004	0	(218,753)	(218,753)			4,731,789		4,513,036
2005	0	(210,772)	(210,772)			4,720,534		4,509,762
2006	0	(215,129)	(215,129)			4,722,322		4,507,193
2007	0	(223,459)	(223,459)			4,703,991		4,480,532
2008	0	(220,944)	(220,944)			4,714,111		4,493,167
2009	0	(224,894)	(224,894)			4,526,192		4,301,298
2010	0	(64,159)	(64,159)			3,529,776		3,465,617
2011						3,517,269		3,517,269
	\$1,334,470	\$42,807,176	\$44,141,646	\$72,267,930				\$116,409,576

EXHIBIT 2DATE 1-29-93SP

Attachment 4

General Fund Debt Service
Delay Debt Service One Year for U Sys. Buildings

Fiscal Year	WMC	Refinancing		Total		New Debt Service	Total Debt Service
		Debt Service Schedule	Gen. Fund Debt Service				
1993	150,460	\$12,383,825	\$12,534,285				\$12,534,285
1994	149,327	9,062,196	9,211,523		\$444,326		9,655,849
1995	147,689	10,674,833	10,822,522		2,085,900		12,908,422
1996	150,017	10,501,118	10,651,135		4,460,694		15,111,829
1997	137,991	2,949,945	3,087,936		4,449,561		7,537,497
1998	153,012	(272,640)	(119,628)		4,439,811		4,320,183
1999	143,682	(229,308)	(85,626)		4,428,435		4,342,809
2000	156,744	(215,596)	(58,852)		4,433,772		4,374,920
2001	145,548	(220,675)	(75,127)		4,417,270		4,342,143
2002	0	(228,728)	(228,728)		4,410,893		4,182,165
2003	0	(219,684)	(219,684)		4,409,653		4,189,969
2004	0	(218,753)	(218,753)		4,401,796		4,183,043
2005	0	(210,772)	(210,772)		4,398,282		4,187,510
2006	0	(215,129)	(215,129)		4,389,095		4,173,966
2007	0	(223,459)	(223,459)		4,392,458		4,168,999
2008	0	(220,944)	(220,944)		4,373,575		4,152,631
2009	0	(224,894)	(224,894)		4,207,815		3,982,921
2010	0	(64,159)	(64,159)		3,198,715		3,134,556
	\$1,334,470	\$42,807,176	\$44,141,646	\$67,342,051			\$111,483,697

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Attachment 5

1) Cancel Building Projects

	Fiscal 94 Debt Service	Fiscal 94 Inflation	Fiscal 95 Debt Service	Fiscal 95 Inflation	Total Biennium Gen. Fund
UM Bus. Admin Building					
General Fund	\$362,831		\$1,321,388	0	\$1,684,219
LRBF		0			
Other Funds					
MSU Eng./Science Building					
General Fund	\$512,681		\$1,867,126	0	\$2,379,807
LRBF		0			
Other Funds					
Totals	\$875,512	\$0	\$3,188,514	\$0	\$4,064,026

EXHIBIT 3
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 SBK _____

PROJECT COST
 ADJUSTED FOR INFLATION

ENGINEERING/PHYSICAL SCIENCES BUILDING
 MONTANA STATE UNIVERSITY

	<u>bid 10/93</u>	<u>bid 3/94</u>	<u>bid 3/95</u>
Project Cost:	\$22,235,000	\$22,545,069	\$23,300,087
Project Funds:	<u>22,235,000</u>	<u>22,235,000</u>	<u>22,235,000</u>
Additional Funds: (3.5% inflation on const. costs only)	0	310,069	1,065,087

BUSINESS ADMINISTRATION BUILDING
 UNIVERSITY OF MONTANA

	<u>bid 9/93</u>	<u>bid 3/94</u>	<u>bid 3/95</u>
Project Cost:	\$15,486,000	\$15,739,444	\$16,255,202
Project Funds:	<u>15,486,000</u>	<u>15,486,000</u>	<u>15,486,000</u>
Additional Funds: (3.5% inflation on const. costs only)	0	253,444	769,202

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VALUE ENGINEERING RESULTS

PROJECT	PROJECT BUDGET	S.D. ESTIMATE	COST OF V.E.	PROPOSED V.E. SAVING	ACCEPTED SAVING	% ACCEPT
MONTANA STATE PRISON PROJECT 1	\$11,098,377	\$11,958,947	\$38,263	\$1,359,000	\$921,118	68%
U of M BUSINESS ADMIN	\$15,486,000	\$16,628,352	\$38,500	\$3,586,800	\$1,142,352	32%
WOMEN'S CORRECTIONAL CENTER	\$10,075,600	\$12,112,083	\$25,202	\$2,053,177	\$740,715	36%
MSU ENGINEERING PHYSICAL SCIENCE	\$13,997,000	\$14,897,000	\$37,967	\$2,351,482	\$1,274,000	54%

- NOTES:
1. THE DESIGN TEAM ON THE MSP PROJECT GENERATED AN ADDITIONAL \$375,256 WORTH OF IDEAS AFTER THE VE SESSION.
 2. THE OWNER AND DESIGN TEAM ON THE WCC PROJECT GENERATED AN ADDITIONAL \$336,000 OF IDEAS THAT WERE ACCEPTED.

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Long Range Planning SUBCOMMITTEE DATE 1/29/93
DEPARTMENT(S) C+A Grants, Univ. System DIVISION _____

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NAME	REPRESENTING	
UIM WHALEY	A/E	
Gloria HERMANSON	MT CULTURAL ADVOCACY	
Suzanne Rice	MT arts Council	
Brenda Schye	C+A Grants Citizen Advisory Committee	
Susan Near	MT Historical Society	
Julie Smith	MT Arts Council-Educ.	
Ralph DeCunzo	A/E	
Alynn Finbaugh	MT Arts Council	
Ell Pratt	" " "	
Carleen Layne	MT Arts Council.	
Bill Rose	MSU	
James E. Todd	Univ of Montana	
Ralph DeCunzo	A/E	
Bill Lannan	MT Univ. System	
Jim Deunison	The U of M	
Shula Stearns	UIM	
Larry Gianchetta	UM	
Mr. Mike	msc	

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Long Range Planning SUBCOMMITTEE DATE 1/29/93
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