

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON LONG-RANGE PLANNING

Call to Order: By **CHAIRMAN ERNEST BERGSAGEL**, on February 9,
1995, at 8:00 a.m.

ROLL CALL

Members Present:

Rep. Ernest Bergsagel, Chairman (R)
Sen. Ethel M. Harding, Vice Chairman (R)
Sen. B.F. "Chris" Christiaens (D)
Rep. Matt McCann (D)
Rep. Tom Zook (R)

Members Excused: None

Members Absent: None

Staff Present: Nan LeFebvre, Office of the Legislative Fiscal
Analyst
Jane Hamman, Office of Budget & Program Planning
Tracy Bartosik, Committee Secretary

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

Committee Business Summary:

Hearing: HB 9 - Cultural and Aesthetic Grants
HB 5 - South Sandstone Dam Project
Executive Action: None

{Tape: 1; Side: A}

INFORMATIONAL TESTIMONY ON THE MONTANA COMMUNITY FOUNDATION

Steve Browning, Chairman of the Montana Community Foundation (MCF), introduced a video that provided an overview of the Montana Community Foundation. **EXHIBITS 1, 2 and 3** Mr. Browning said one of the biggest challenges MCF has faced in its seven years of existence has been to make it clear to all Montanans that the Community Foundation exists for them. It's very much a donor-driven organization. MCF encourages donors to make their contributions to a permanent endowment; to make the contribution as unrestricted as possible to allow some discretion for the people who make the grant funding decisions; and to make the contribution a "challenge grant" to generate additional gifts.

The primary advantages that MCF provides when working with organizations is its flexibility and its lack of limitations. An MCF fund can be created with a minimum contribution of \$250 with the requirement that the fund grows to \$5,000 in five years. This is probably the lowest minimum in the country. All the money is professionally managed and grant awards are for very small amounts. This is the second year of the granting cycle. During the first years of MCF's existence, all the grants were given back to the organizations that joined and those grants were put into their endowments. Money put into the endowments was increased by MCF. Non-profit organizations traditionally are hesitant to make long-term investments to develop future sources of revenue.

Many groups request funding, but MCF has limited resources. In the last cycle, \$360,000 was requested from a fund of \$30,000. Currently MCF's total fund is a little over \$8 million, which should grow to about \$20 million by the turn of the century. Some communities are no starting endowment funds, including the towns of Broadus, Scobey, Browning and Lewis and Clark County.

{Tape: 1; Side: A; Approx. Counter: 410}

REP. MATT MCCANN asked who manages MCF's investment fund. **Mr. Browning** answered there are three separate managers: First Interstate Bank handles fixed investments; Spears Benzak handles value funds; and Capstone handles growth funds. It's a balanced portfolio that operates under very strict investment guidelines and is independently audited annually. The portfolio is also independently evaluated by a Merrill Lynch evaluator.

SEN. CHRIS CHRISTIAENS asked how an organization's endowment fund is handled if the organization ceases to operate. **Sidney Armstrong, Executive Director of the Montana Community Foundation**, explained that the funds in MCF endowments remain permanent and inviolable, but that the board of directors of the defunct organization has the right to direct the earnings of that fund to the purpose for which it was originally intended in that community. Something similar happened when an independent hospice organization went out of business, but the hospice functions were taken over by the local hospital. The MCF fund earnings then went to the hospital earmarked for the hospice program. One of the advantages of a community endowment fund is that if an organization went out of business with no direction to the MCF board, the MCF board may redirect the funds to the closest service without going through a lengthy legal process.

CHAIRMAN ERNEST BERGSAGEL said a number of projects that the state has funded endowments for are now in MCF. Now rather than funds reverting to the state if an organization closes, the state is in the position of essentially managing another endowment. He stated he wasn't sure he could support endowments which would do that.

Ms. Armstrong responded that the Cultural and Aesthetic grant recipients which have endowments with MCF are an exception in that there is particular language in their agreement which provides for the return of their money to the state if the organization ceases to exist.

SEN. CHRISTIAENS commented that the key to community endowments is that the state grants can leverage three-to-one matches which can grow through MCF into something larger. Also with the professional management the funds probably get a greater return on the dollar than if an organization tried to manage the funds on its own.

CHAIRMAN BERGSAGEL agreed that management through MCF is probably advantageous for most organizations. He stated he is still is not sure it was the intent of the legislature to have its grants being invested in endowment funds.

{Tape: 1; Side: B}

REP. McCANN said endowment development shouldn't be held up this session, but the subcommittee should come to some consensus for the future and leave a letter of intent for the next session's subcommittee. If the subcommittee decides that endowments should continue in the future, decisions need to be made about whether limits on the amount of these funds should be set, and the level of those limits.

CHAIRMAN BERGSAGEL said that he recognizes endowments are important, but it is frustrating that all of these organizations turn to the state for funds for endowments. He said, "As an individual responsible for the use of the people's money, I have to see that it is used as they want it used."

SEN. CHRISTIAENS said, "As we grow, as we learn, as time changes, we also need to be able to make additional changes at the legislative level. I encourage other people to look at other ways to support arts and cultural needs around this state and the Community Foundation is one way to leverage funds better. I'm concerned that with the lack of money we are going to lose the cultural programs that make this state what it is."

Mr. Browning said the reason cultural and aesthetic organizations ask for endowment funds from the state is because that's where the money is. Montana ranks 50th in the country for endowed philanthropy. The Montana Community Foundation has started making funds available, but it will be a long time before MCF can take over from the state in funding these endowment requests.

Ms. Arlynn Fishbaugh, Montana Arts Council, in response to a question by **Ms. LeFebvre, LFA**, said the only real guideline is that capital expenditures can't equal more than 25% of the total amount of funds that are granted. The cultural and aesthetics committee of sixteen members is split into two subcommittees,

with equal representation of arts and history in each subcommittee. Every member is assigned about five grants and present those grant requests to the subcommittee. Then there is discussion and the subcommittee makes the initial ranking, which is not based on a target figure. The subcommittees come back together to go over the information and further discuss the applications.

Ms. Fishbaugh said one option this committee has is to consider the Governor's budget recommendation to fund the Arts and Folklife programs from the general fund. She also stated the overall investment income shortfall in 1994/95 is over \$500,000 compared to the revenue estimate, rather than from the interest earnings from the cultural trust.

Ms. Fishbaugh provided the committee with a list of applicants from last session who were asked to return all or a portion of the grant they received. **EXHIBIT 4** She said for the majority of the people who did not return money, it was because they had already completed their project and spent their award when they were notified of the cut. The attorney general advised that the way the current contract reads with the grant recipients, the state couldn't demand money back from the recipients who received \$10,000 and below. There were three organizations with higher than \$10,000 grants that didn't return money.

Carlene Layne, Accountant, Montana Arts Council, said the Montana Arts Council requested, but did not demand the funding back from these organizations. Of the 19 organizations involved in the estimated \$10,000 grant category, nine returned all of the reduction in funding and two returned part of it. Nine organizations had completed their projects at the time the Montana Arts Council notified them they had been cut. Only the Arlee Historical Society (of the ones who had already spent their grants) returned all of the money cut by having a local fundraiser. **Ms. Layne** also submitted handouts to the committee. **EXHIBITS 5, 6 and 7**

{Tape: 2; Side: A}

EXECUTIVE ACTION ON
DEPARTMENT OF FISH, WILDLIFE AND PARKS
SOUTH SANDSTONE DAM PROJECT

{Tape: 2; Side: A; Approx. Counter: 892; Continue on Tape 2; Side B}

Dave Mott, Administrator, Administration & Finance Division, Fish, Wildlife and Parks (FWP), provided an overview of some issues with the Sandstone Dam project. **EXHIBIT 8**

Mr. Mott said Fallon County and the Little Beaver Conservation District are interested in the concept of taking over ownership of the Sandstone Dam, continuing to allow public access, and

having the funds transferred to them rather than having the state do the repairs. **Mr. Mott** said that as it began to look like this transfer might happen, FWP began to study the ability to essentially transfer or give a piece of property away to the public. Under the existing law FWP has to put the property up for public bid, which makes it less certain that the groups FWP has been talking with will get the property. The most efficient way to make this transfer to the interested groups would be to give FWP the ability to negotiate and not have to go through the bidding process. The proposed legislation is written more broadly than for just South Sandstone, because there are some other dams that similar action may be appropriate for.

CHAIRMAN BERGSAGEL asked if any other entities in state government have these same options. **Mr. Mott** replied the Department of Natural Resources and Conservation (DNRC) did something similar during the last session and has a proposed bill this session with very similar provisions. DNRC was willing to let FWP try to piggyback with their bill, but the fit wasn't close enough, which is why this is a separate issue. The Legislative Council suggested either creation of an appropriations bill or a bill implementing an appropriations act to accomplish this change.

{Tape: 2; Side: B; Approx. Counter: 104}

Motion: SEN. CHRISTIAENS MOVED TO DRAFT AND PRESENT AS A COMMITTEE BILL THE NEGOTIATION PROCESS AS REQUESTED BY FISH, WILDLIFE AND PARKS.

Discussion:

REP. MCCANN asked if language in the DNRC bill is similar to this proposal. **Mr. Mott** answered that it is.

REP. MCCANN said the language seems too broad and it might be better to define the specific project in the committee bill.

CHAIRMAN BERGSAGEL responded that because it is a Fish, Wildlife and Parks bill, it will cause a lot of discussion on the House of Representatives floor either way it is presented. If it is specifically to transfer the South Sandstone Dam, that will be the issue. If the project is unspecified, the issue will be that it enables FWP to sell wildlife preserves and other properties at will.

REP. ZOOK asked why the transfer couldn't be included in HB 2.

CHAIRMAN BERGSAGEL explained that if it were only to be added to HB 2, FWP will remain in the original position of having to go through the bidding process.

Mr. Mott presented a proposed amendment for HB 5. **EXHIBIT 9** This amendment alone would not allow FWP to use negotiation, because

statute calls for the bidding process and the "rule of thumb" is that statute overrides appropriation bills. The proposed amendment would go along with the proposed bill. Another option would be to not go with a committee bill at all, but take the chance with the bid process. The amendment to HB 5 would probably be important irrespective of having the committee bill, because it sets the tone and the direction and gives FWP the authority to negotiate the transfer and to make the direct cash transfer.

CHAIRMAN BERGSAGEL said he is concerned that with the direct cash transfer, whoever wins the bid could just "take the money and run."

Mr. Mott said that the final sentence in the proposed HB 5 amendment protects against this in that FWP can choose whether to pass on the funds or make the repairs themselves.

{Tape:2; Side: B; Approx. Counter: 255; Comments: break in tape recording at this point.}

Mr. Mott said FWP is okay with a bill restricted to only the South Sandstone Dam. He also said Fallon County and the Little Beaver Conservation District have agreed to maintain recreational facilities at South Sandstone Dam.

Ms. LeFebvre asked that even though through negotiation FWP transfers to an acceptable owner, couldn't that owner in turn sell the dam to anyone. **Mr. Mott** responded that conditions of resale would be included in the transfer contract and would probably call for the state to approve the sale.

CHAIRMAN BERGSAGEL said he leans toward the amendment on HB 5 as the vehicle to address this project.

SEN. CHRISTIAENS said he felt both the amendment and the bill are needed, but that the bill should be specific to South Sandstone Dam.

Motion Withdrawn: **SEN. CHRISTIAENS** withdrew his motion.

CHAIRMAN BERGSAGEL said the amendment will be acted on when the subcommittee acts on HB 5.

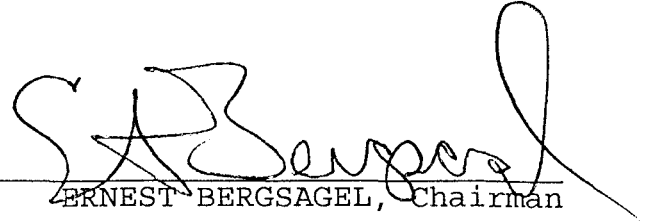
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ADJOURNMENT

Adjournment: 10:30 a.m.



ERNEST BERGSAGEL, Chairman



for TRACY BARTOSIK, Secretary

EB/tb

EXHIBIT

DATE

HB

1
2-9-95
9

MONTANA

COMMUNITY

FOUNDATION

1993

ANNUAL

REPORT

OFFICE OF THE GOVERNOR
STATE OF MONTANA

EXHIBIT 2
DATE 2-9-95
HB 9

MARC RACICOT
GOVERNOR



STATE CAPITOL
HELENA, MONTANA 59620-0801

February 8, 1995

Dear Montana Legislator:

In my recent State of the State address, I indicated that I would be encouraging an active role for the State in promoting endowed philanthropy to help provide a more secure future for our communities. Toward that end, I appointed a representative Task Force on Endowed Philanthropy to examine options and present recommendations. This draft tax credit bill is their first recommendation to the State.

This bill, awarding tax credits for contributions to community foundations and endowment funds housed within community foundations, is modeled on a similar tax credit in effect in Michigan since 1988. The bill was drafted following discussions with Dr. Russell Mawby, Chairman and CEO of the W. K. Kellogg Foundation and chief architect of the concept, and representatives of the Council of Michigan Foundations who helped craft the Michigan bill.

On this fiftieth anniversary of the Montana Study, described in the book *Small Town Renaissance*, it is fitting that the State of Montana launch a new renaissance for local communities by helping them achieve the financial security to devise and implement their own best strategies and solutions. A tax credit is a good place to begin.

Montana is fortunate to already have in place community foundations, such as the Montana Community Foundation and the Central Montana Community Foundation, that can easily and economically establish endowment funds for nonprofit organizations and create affiliate funds for our small towns and rural areas. Community endowment funds do not take money away from existing charities. On the contrary, by attracting bequests and contributions that would not otherwise come to the local community, they provide an additional, permanent source of funds to help meet local needs. A tax credit is a simple way for the State to encourage those bequests and contributions.

Although I am pleased and encouraged by the initial support of the legislative leadership in both the House and the Senate, I am presenting this bill to you in draft form because I want your reaction and your suggestions for modifications that will make it most effective in your local communities. After all, it will be up to each of you to help your communities understand the tax credit and work with them when you get home to gain the most benefit from such a credit. Again, I appreciate your willingness to work together to identify and provide opportunities that can help all Montana communities weather the rough times and increase control over their own destinies. I look forward to hearing your suggestions and ideas.

Sincerely,

A handwritten signature in dark ink, appearing to read "Marc Racicot".

MARC RACICOT
Governor

DRAFT

A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH A TAX CREDIT FOR CONTRIBUTIONS MADE TO GENERAL ENDOWMENT FUNDS OF COMMUNITY FOUNDATIONS AND PROVIDING AN IMMEDIATE EFFECTIVE DATE:"

WHEREAS, Montana should increase permanent charitable endowments to offset its current position among the fifty states, ranking near the bottom with regard to per-capita charitable contributions, number of foundations, size of foundations, value of foundations gifts received and foundation grants made; and

WHEREAS, tax incentives by the state of Montana can create and encourage contributions to establish or expand charitable endowments in our state; and

WHEREAS, community foundations are tax-exempt organizations under state and federal law and are formed to attract endowment funds and to distribute their earnings for community betterment; and

WHEREAS, community foundations have been recognized as stewards of public and private charitable contributions that are invested to meet the challenges and opportunities of changing community needs; and

WHEREAS, community foundations augment the effectiveness of existing charitable organizations and have proven to be a positive benefit because they work in cooperation, not in competition, with other charitable organizations; and

WHEREAS, community foundations in Montana are uniquely qualified to establish and expand endowments to address community needs by providing leadership and resources through local, regional and statewide organizations; and

WHEREAS, earnings of these endowments are distributed by volunteer boards of diverse community leaders to meet emerging community needs in such areas as education, arts and culture, social services, economic development, health and the environment; and

WHEREAS, government neither can nor should meet all of our communities' needs, especially since government does not have the financial means to provide lasting funds to meet future needs; and

WHEREAS, for the purpose of renewing the tax credit created by this act, it is the intent of the Montana Legislature that the State's cost of administering the tax credit should not exceed 5% of the total tax credits granted by this act; and

WHEREAS, the Legislature restricts this tax credit to permanent endowments created within community foundations, as such permanent endowments are the most appropriate way to serve the needs of Montana's communities.

DRAFT

DRAFT

NOW, THEREFORE, BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

New Section. Section 1.

Credit for Contributions to community foundations. (1) For taxable years beginning after December 31, 1994, and ending before January 1, 2000, an individual, partnership, limited liability company, as defined in 35-8-102, estate, or business corporation, as defined in 15-31-101, is allowed a tax credit against taxes imposed by 15-30-103 or 15-31-101 in an amount equal to 50% of the aggregate amount of charitable contributions made by the taxpayer during the year to any general endowment fund of a community foundation located in Montana. Contributions taken as a tax credit by tax payers under this section may not also qualify as an itemized deduction. The maximum credit that an individual taxpayer may claim in a year under this section is \$500. The maximum credit that an estate or business corporation may claim under this section is \$10,000. The credit allowed under this section may not exceed the taxpayer's income tax liability.

(2) There is no carryback or carryforward of the credit permitted under this section, and the credit must be applied to the tax year during which the donation is made, as determined by the taxpayer's accounting method.

(3) For the purposes of this section, "community foundation" is an organization that meets all of the following requirements:

(a) Has qualified for exemption from federal income taxation under section 501(c)(3) of the internal revenue code.

(b) Is publicly supported as defined by the regulations of the United States department of treasury, 26 C.F.R. §1.170A-9(e)(10).

(c) Meets the requirements for treatment as a single entity contained in the regulations of the United States department of treasury, 26 C.F.R. §1.170A-9(e)(11).

(d) Is incorporated or established as a trust prior to January 1 of the year prior to the tax year for which the credit is claimed.

(5) On or before December 31 of each year, the department shall report to the revenue oversight committee the total amount of tax credits claimed under this section for the preceding tax year.

New Section. Section 2. Effective date. [This act] is effective on passage and approval.

Receptions Sponsors

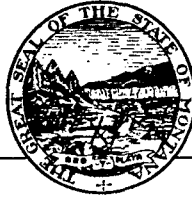
The Governor's Task Force on Endowed Philanthropy thanks the following sponsors for their generous support of the Governor's Reception to introduce the proposed tax credit for contributions to endowment funds in community foundations:

Anheuser Busch Companies
Blue Cross and Blue Shield of Montana
Burlington Northern Railroad
Columbia Falls Aluminum Company
First Banks of Montana

Meridian Oil, Inc.
Montana Power Company
Norwest Banks of Montana
Washington Water Power
Washington Companies

State of Montana

Marc Racicot, Governor



Department of Revenue

Mick Robinson, Director

P.O. Box 202701

Helena, Montana 59620-2701

February 8, 1995

Montana Community Foundation
Arcade Building, Suite 3D
111 Last Chance Gulch
Helena, MT 59601

Ladies and Gentlemen:

Per your request, the Department of Revenue has examined the potential impact that a Community Foundations Tax Credit, similar to the one currently in use in Michigan, might have in Montana.

Based on our findings, we feel that this type of credit could produce between \$400,000 and \$800,000 in donations annually, with the credit against taxes totaling between \$200,000 and \$400,000. Further, given Montana's general propensity to be less generous in the area of charitable giving, relative to the rest of the states, we feel that the more realistic expectation may be towards the lower end of these ranges.

If we can be of further assistance in your endeavors, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read "Mick Robinson", followed by a long horizontal flourish.

Mick Robinson
Director

GOVERNOR'S CONVERSATION ON ENDOWED PHILANTHROPY

Helena, Montana

Hosted by Governor Marc Racicot

November 16, 1994

Montana's present-day economy holds grim reminders of a history shaped by dependence and extraction, beginning with the itinerant fur trappers and gold miners and continuing through the more ambitious Silver Barons and Copper Kings who prospered personally from Montana's wealth of mineral resources. For the most part, these entrepreneurs did not consider Montana home — they were here only to seek their fortunes. Historically, the fortunes they amassed in Montana were exported out-of-state, where they generously endowed museums and symphonies from coast to coast.

While wealth extracted from our state continues to enrich Minneapolis, Philadelphia, Baltimore, San Francisco, Boston, Atlanta and every other sentimental home of the early entrepreneurs, Montana, with so little wealth to call its own, is still struggling to establish a foundation for economic security.



Governor Racicot hosts Conversation participants

With few major corporation headquarters, no well-established corporate endowments, no major private foundations, no critical mass of population to provide adequate funds through charitable giving or taxes to meet our ever-increasing needs, what can Montana do to establish a secure future for our state? This question was uppermost in the mind of Montana Governor Marc Racicot as he sought out the advice of approximately fifty representatives of philanthropy, business and industry, government, and community during this historic Conversation on Endowed Philanthropy held at his home, November 16, 1994.

Breaking the Pattern of Fatalism

The Conversation represented a conscious and deliberate effort to break Montana's pattern of fatalism established by decades of isolation, anticipation of failure, and history of exploitation. The Governor believes that the way to counter fatalism is by building hope through renewal. As a first step, the Governor chose to focus on endowed philanthropy, be-

cause it appears to offer a tangible, practical, and achievable means for Montana to control its own destiny. It is hoped that this focus on endowed philanthropy also will strengthen Montana's spirit of giving and sense of community.

Expert Assistance

To help plan and design this event, the Governor recruited the assistance of his own expert staff advisors, as well as Montana corporations with corporate foundations and the Montana Community Foundation. Consultant services and most planning costs were underwritten by the Montana Community Foundation.

Participants in this first Conversation came from many walks of life and from all across the country. They were in-



Governor Racicot listens to Conversation participants

vited for their experience with successful endowed philanthropy; their personal and professional concern for Montana's future economic security; their willingness to share observations, opinions, and advice; and their ability to make a difference.

Prior to the Conversation, participants received a briefing paper that outlined some of Montana's unique characteristics, discussed important philanthropic trends affecting Montana, and presented examples of government and foundation support of endowed philanthropy.

A Straightforward Approach

The agenda for the three-hour conversation was straightforward. After a welcome and introductory remarks from the Governor, three presenters talked about their experience with endowed philanthropy.



Suzanne Feurt

Suzanne Feurt, Program Officer for the Charles Stewart Mott Foundation, discussed Mott Foundation support for endowed philanthropy; Bernard Christenson, Executive Director of the South Dakota Community Foundation, discussed state government support for endowed philanthropy; and Arlynn Fishbaugh, Executive Director of the Montana Arts Council, discussed the success of Montana's Cultural and Aesthetic Trust Endowment Challenge Grant Program. Following the three presentations, Helen Monroe, former Executive Director of the San Diego Community Foundation and Executive Director of the Indiana Donor Alliance, led a group of participants through a facilitated round table discussion. Then the Governor moderated a general discussion among all participants.



Bernard Christenson



Arlynn Fishbaugh

Piper Jaffray, Inc. sponsored a luncheon where participants continued their discussions and visited informally about the morning's topics. It was here that Conversations began to multiply at an exponential rate. The morning had struck a very strong chord with participants, and many were ready to roll up their sleeves and get to work.

Five Important Observations

From the discussions, we gleaned five important observations about endowed philanthropy and its potential to help provide economic security for Montana:

1. Montana may not have a tradition of endowed philanthropy, but it does have fundamental qualities and characteristics that can generate enthusiasm, support, and funding for endowed philanthropy.
2. It is possible to accumulate adequate capital for endowments rapidly.
3. Endowed philanthropy is a realistic long-term option to help secure Montana's economic future, increase local control over our own future, and further enhance our already strong sense of community.
4. Challenge grants are essential in building endowments.
5. Before Montana can attract big gifts, lead organizations may need to add staff and/or other capacity.

Recommendations From Participants

The Conversation succeeded in generating much good advice and many practical recommendations for encouraging endowed philanthropy in Montana:

- Increase education and raise general public awareness about philanthropy, the role of the nonprofit sector, and the importance of endowment for the long view.
- Educate the agents of wealth — the attorneys, C.P.A.'s, funeral directors, insurance agents, bankers, trust officers, etc., — to advise their clients in the use of charitable devices.
- Meet with legislators person to person, eyeball to eyeball, and convince the State to invest in the future of Montana.
- Use the State's \$25 million surplus as challenge grants to create or expand endowed philanthropy in Montana. (While several participants recommended using the surplus to create or expand endowed philanthropy, the Governor reaffirmed his determination to return the surplus to the taxpayers.) Create and support public policy initiatives to enhance charitable giving through things such as tax incentives or other tax-based plans. Give taxpayers the option of taking the state surplus money individually or allocating it toward a permanent trust and creating a mechanism for local communities to create local funds using part of that trust. Create new decision-making protocols and partnerships while there is still a margin and a possibility for partnerships.
- Look at a range of charitable giving options including corporate giving, encouragement of volunteerism, involving youth in the nonprofit sector, creating administrative endowments to ease the burden of perpetual fundraising for basic operations of nonprofit organizations.
- Increase the capacity of community foundations and help expand the donor base through public/private partnerships. Form partnerships with utility companies because they already have a substantial investment in infrastructure in their region and a vested interest in the area's economic vitality. Create partnerships with out-of-state foundations to advance their mission by working on problems with them. Focus on substantive issues that need long-term support for development of solutions, such as reducing poverty and increasing economic opportunity through community development.
- Approach part-time residents to support causes and issues they traditionally support at home and already like to give to.
- Encourage the development of community foundations and/or community endowment funds within existing community foundations. Expand the Montana Community Foundation's Beacon Community concept throughout Montana.
- Create and encourage challenge grants to establish or expand endowments. Package the project with local partners who can help. Find ways to challenge the smallest communities to participate.
- Look beyond cash support and start thinking about other possibilities such as property and commodities, which are plentiful here. Devote more attention to wills, bequests, and other methods from insurance to charitable remainder trusts.
- Establish a five-year program, The Montana Plan: Envisioning 2000 and Beyond, initiated by the Governor and legislature, setting aside funds from the state surplus; challenge the federal government to contribute; challenge corporations, foundations, and citizens.



Roundtable Participants

Future Directions

The Governor has appointed an Endowed Philanthropy Task Force to begin deliberating, prioritizing, and implementing the recommendations. The Task Force can be reached via Ms. Ti Dahlseide, (406) 444-2436. The Governor has also arranged a meeting with Dr. Russell Mawby, Chairman of the Board of the W. K. Kellogg Foundation, who was in-

strumental in designing the Michigan Tax Incentive, to learn more about Michigan's effort to encourage contributions to community foundations. Key legislators also will be invited to this meeting with Dr. Mawby. The Governor also will talk with Montana native Senator William Roth of Delaware to learn more about that state's direct appropriation to support the Delaware Community Foundation.

In addition to inspiring action from the Governor, the Conversation also served as a clarion call to the Montana Community Foundation to expand its commitment to public education and dialogue promoting endowment building. As a result of the Conversation, MCF is launching a special initiative, The Montana Philanthropy Project. The proposed project has two purposes:

- 1) to work with and assist Governor Racicot's Task Force on Endowed Philanthropy as it develops recommendations regarding what steps the State of Montana should take to promote endowed philanthropy; and
- 2) to initiate a large scale public discussion and education program throughout Montana to persuade key Montanans of the need for and importance of endowed philanthropy and to educate potential donors about the many advantages of contributing to and creating endowments with MCF.

The Montana Community Foundation also is taking steps to encourage local communities to create endowment funds within the Community Foundation.

Governor's Endowed Philanthropy Task Force

For a detailed report of the proceedings and/or copies of the briefing paper, contact:

Montana Community Foundation
Arcade Building, Suite 3-D
111 N. Last Chance Gulch, Suite 3-D
Helena, Montana 59601
Telephone: 406/443-8313

Mr. David Auer, President
Wyo-Ben, Inc.

Ms. Kris Backes, Director - Corporate Affairs
Plum Creek Timber Company

Mr. R. Stephen Browning, President
Montana Community Foundation

Mr. Alan Cain, CEO
Blue Cross and Blue Shield of Montana

Ms. Cathy Campbell, Rancher
Ms. Penny Copps, Public Affairs Director
US WEST

Mr. John Delano, Owner
John Delano & Associates
Public Affairs Consulting

Mr. Tom Elliott, Rancher
N-Bar Ranch

Mr. John Etchart, Council Member
Northwest Power Planning Council

Mr. Bob Gannon, President and COO
Montana Power Company
Utility Division

Mr. Alan R. Kahn
Investor and Consultant

Mr. Bill Pratt, Director of Organization Services
Montana Arts Council

Ms. Linda Reed, Economic Policy Advisor
Office of the Governor

Mr. Russ Ritter, Executive Director
The Washington Foundation

Mr. George Ruff, CEO
US WEST

Mr. Ted Smith, Executive Director
Kendall Foundation

Mr. Burt Sugarman, CEO
GIANT GROUP

Ms. Sue Talbot, Past President
Montana Community Foundation

Ms. Margie Thompson, Vice President
Thompson Distributing

MONTANA ARTS COUNCIL
SUMMARY OF CULTURAL & AESTHETIC PROJECTS 96-97 BIENNIUM
REVENUE, ALLOCATION & APPLICANT CHANGE REQUEST INFORMATION

FUNDING
SWITCH

PROJECTED CARRYOVER FROM PRIOR BIENNIA	-27,100	-27,100
PROJECTED INTEREST EARNINGS 96-97	1,038,065	1,038,065

PROJECTED TOTAL AVAILABLE FOR EXPENDITURE	1,010,965	1,010,965
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RECOMMENDED BY CITIZENS' ADVISORY COMMITTEE	619,890	619,890
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WITHDRAWN

645 Aleph Movement Theatre	-8,770	-8,770	-8,770
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NET RECOMMENDED BY CITIZENS' ADVISORY COMMITTEE	611,120	611,120
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ALLOCATED IN AGENCY BUDGET:

ADMINISTRATION	142,768
PROGRAMS/FOLKLIFE & RURAL ARTS SPECIALIST	121,438
MHS/CAPITAL MURAL RESTORATION	15,000

TOTAL ALLOCATED IN AGENCY BUDGET	279,206	157,768
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PERCENT OF TOTAL RECOMMENATIONS	31.36%	20.52%
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TOTAL RECOMMENDATIONS/ALLOCATIONS	890,326	768,888
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PROJECTED CARRYFORWARD TO NEXT BIENNIUM	120,639	242,077
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CHANGES REQUESTED BY APPLICANTS	Original	Revised	Difference	Revised
				% to request
627 MCAT	3,900	2,264	**	29.32%
635 Helena Symphony Society	2,920	6,600	3,680	100.00%
637 MT Chorale	0	8,400	8,400	50.00%
643 Missoula Symphony Ass'n	0	3,000	3,000	32.45%
649 Beaverhead Development Corporation	0	2,375	2,375 *	29.32%
650 Ft. Belknap College	5,850	6,500	650	50.00%
659 Missoula Cultural Council	0	10,000	10,000	45.07%
678 Blaine County Wildlife Museum	0	4,398	4,398 *	29.32%
681 MT Ballet Company	0	2,876	2,876 *	29.32%
688 Hellgate Writers	9,750	13,000	3,250	45.36%
691 Great Falls Symphony	8,770	0	-8,770	
692 Great Falls Symphony	0	8,770	8,770	23.08%
698 Livingston Depot	4,870	4,105	**	29.32%
702 CM Russell Museum	0	7,330	7,330 *	29.32%
703 MAAE	4,870	5,277	407 *	29.32%
707 MASO	0	20,000	20,000	33.33%
709 Glacier Orchestra & Chorale	0	8,796	8,796 ***	29.32%

TOTAL CHANGES TO FUNDS RECOMMENDED	40,930	113,691	75,162	75,162
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PROJECTED CARRYFORWARD TO NEXT BIENNIUM	45,477	166,915
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All grants asterisked requested additional funds but did not specify an amount.

For calculation purposes only, the percent of CAPAC recommendations to requests (29.32%) is used to generate a projected amount.

** : These two grants are already recommended for an amount higher than that percentage & are left as recommended.

*** : This organization submitted 2 applications and is requesting support for both. The percentage calculation does not exceed that average as applied to the total requested in both requests.

Interim
Report
Not
Received

EXHIBIT 6
DATE 2-9-95
#B 6

MONTANA ARTS COUNCIL									
SCHEDULE OF CULTURAL & AESTHETIC GRANTS STATUS FY 94-95									
PAYMENTS & REPORTS									
CUT PERCENT									
		Original	26.68 %			Interim/Final			
#		Award	Revised	Award	Payments	Balance Due	Reports Due	Rec'd	
491	Hellgate Writers, Inc.	13000	9532		9055	477	X	X	
492	Historic Lewistown Accord	1250	916		916	0	X	X	
497	Montana Ballet Company, Inc.	5000	3666		3483	183	X		
498	Historical Museum at Fort Missoula	12500	9165		5625	3540	X	X	
501	Yellowstone Chamber Players	10000	7332		6965	367	X	X	
504	Aleph Movement Theatre, Inc.	27660	20280		19266	1014	X	X	
505	Young Audiences of Western Montana	7500	5499		5224	275	X	X	
506	Yellowstone Art Center	60000	43992		32994	10998	X	X	
508	Granite County Museum & CC	8000	5866		5573	293	X		
509	Tobacco Valley Improvement Assn.	1000	950		950	0	X	X	
510	Treasure County 89'ers, Inc.	4500	3299		3134	165	X	X	
511	C.M. Russell Museum	22500	16497		15672	825	X	X	
512	Montana Art Gallery Directors Assn	30000	21996		21996	0	X	X	
513	Montana Agricultural Cntr & Museum	2000	2000		2000	0	X	X	
514	Montana Historical Society	12000	12000		11400	600	X	X	
515	Helena City Planning Department	2500	1833		1600	233	X	X	
518	Friends of Intake Church (Mor-Dak)	0	0			0	GRANT REVERT		
519	Community Improvement Organization	4000	3800		3800	0	X	X	
520	Park County Museum	1750	1283			1283	X	X	
521	Helena Art Center	3000	2200		2200	0	X	X	
522	Montana State University Libraries	7500	5970		5970	0	X	X	
523	Hockaday Center for the Arts	10000	7332		6965	367	X	X	
524	Hockaday Center for the Arts	8000	5866			5866			
525	Great Falls Symphony Association	12000	8798		6000	2798	X	X	
526	Montana Historical Society Museum	5000	464		441	23	X	X	
527	Bozeman Symphony Orchestra	8000	5866		5573	293	X	X	
528	Missoula Cultural Exchange	10000	7332		6965	367	X	X	
529	Starfire Productions, Inc.	10000	7332		5000	2332	X	X	
530	Shakespeare in the Parks	30000	21996		20896	1100	X	X	
533	Daly Mansion Preservation Trust	109280	109280		109280	0	X	X	
535	Writer's Voice of Billings YMCA	7500	5499		5243	256	X	X	
536	Missoula Children's Theatre	40000	29328		20000	9328	X	X	
537	Bigfork Ctr for the Perf Arts Fdn	10000	17332		10000	0	X	X	
538	Northern Showcase	2500	1833		1741	92	X	X	
540	Garnet Preservation Association	9000	6599		6599	0	X	X	

	A	B	C	D	E	F	J
1		MONTANA ARTS COUNCIL					
2		SCHEDULE OF CULTURAL & AESTHETIC GRANTS STATUS					12.9.94
3							
4		Percent of grant period elapsed:	45.83%				
5		Percent of 1st year elapsed:	91.67%				
6		Percent of 2nd year elapsed:	0.00%				
7							
8			Projected		Actual		
9		Amount available:					
10		Carryover from prior year	250575		134993	53.87%	
11		General Fund Loan					
12		Interest earnings/FY 94	743000		393189	52.92%	
13		Interest earnings/FY 95	773000			0.00%	
14		Transfer from corpus			103673		
15							
16		Total Amount Available	1766575		631855	35.77%	
17							
18		CUT PERCENT		26.68%			
19			94-95	REVISED		BALANCE	
20	#		ALLOCATION		PAYMENT DUE		EFFECT OF CUT
21							
22	491	Hellgate Writers, Inc.	13000	9532	6500	3032	Will reduce second year of grant by 50%
23	492	Historic Lewistown Accord	1250	917	1188	-272	Will return overpayment; no impact letter received
24	497	Montana Ballet Company, Inc.	5000	3666	3483	183	Commitments to salary support made & will requ
25	498	Historical Museum at Fort Missoula	12500	9165	2250	6915	Will reduce display
26	501	Yellowstone Chamber Players	10000	7332	5000	2332	
27	504	Aleph Movement Theatre, Inc.	27660	20280	13830	6450	Will reduce second year of grant by 50%
28	505	Young Audiences of Western Montana	7500	5499	3750	1749	Will severely limit tours to current schools and w
29	506	Yellowstone Art Center	60000	43992		43992	Will raise additional funds
30	508	Granite County Museum & CC	8000	5866	4000	1866	
31	509	Tobacco Valley Improvement Assn.	1000	733	1000	-267	Project completed, funds spent; will return final 5
32	510	Treasure County 89'ers, Inc.	4500	3299	3134	165	Will scale down and contact membership
33	511	C.M. Russell Museum	22500	16497	11250	5247	
34	512	Montana Art Gallery Directors Assn	30000	21996	15000	6996	Will reduce subsidization of exhibit rentals from
35	513	Montana Agricultural Cntr & Museum	2000	1466	2000	-534	Project completed, funds spent; will return no fur
36	514	Montana Historical Society	12000	8798	6000	2798	
37	515	Helena City Planning Department	2500	1833	1600	233	Will delay part til next year and access funds fro
38	518	Friends of Intake Church (Mon-Dak)	1600	1173		1173	
39	519	Community Improvement Organization	4000	2933	3800	-867	
40	520	Park County Museum	1750	1283		1283	✓
41	521	Helena Art Center	3000	2200	2200	0	Overpayment returned; will cut program in half i
42	522	Montana State University Libraries	7500	5499	7125	-1626	Overpayment of \$1,530 returned; no impact letter re
43	523	Hockaday Center for the Arts	10000	7332	6965	367	Will reducing classes for developmentally disable

	A	B	C	D	E	F	J
44	524	Hockaday Center for the Arts	8000	5866		5866	Will reduce size of endowment
45	525	Great Falls Symphony Association	12000	8798	6000	2798	Will reduce second year of grant by 50%
46	526	Montana Historical Society Museum	5000	3666	4750	-1084	
47	527	Bozeman Symphony Orchestra	8000	5866	4000	1866	Commitment made & will require additional fundrais
48	528	Missoula Cultural Exchange	10000	7332	5000	2332	✓
49	529	Starfire Productions, Inc.	10000	7332	5000	2332	Will reduce number of productions
50	530	Shakespeare in the Parks	30000	21996	7500	14496	Commitments made & contracts signed; will cut costs
51	533	Daly Mansion Preservation Trust	109280	80124	109280	-29156	Project completed, funds spent; will return no funds
52	535	Writer's Voice of Billings YMCA	7500	5499	4063	1436	Will continue to videotape readings and look for other
53	536	Missoula Children's Theatre	40000	29328	20000	9328	Will raise additional funds
54	537	Bigfork Ctr for the Perf Arts Fdn	20000	14664	10000	4664	Will reduce second year of grant by 50%; will seek fu
55	538	Northern Showcase	2500	1833		1833	✓
56	540	Garnet Preservation Association	9000	6599	5000	1599	May not be able to complete work on the Mill
57	541	Holter Museum of Art, Inc.	10000	7332	9500	-2168	
58	542	Helena Symphony Society	7500	5499	3750	1749	
59	543	Upper Blackfoot Valley Hist.Society	3000	2200	1500	700	Will not be able to move 3 historic cabins
60	544	Helena Presents	40000	29328	3833	25495	
61	545	Helena Presents	25000	18330	12500	5830	
62	547	Montana Repertory Theatre	30000	21996	7500	14496	Will raise additional funds and cut costs
63	549	Montana Historical Society Archives	25000	18330	12500	5830	Will cut costs by doing the work in-house
64	550	Museum of Fine Art - UM	9000	6599	8550	-1951	Will delay completion until funding can be obtained
65	552	Billings Preservation Society	8000	5866		5866	Will accomplish as much as funds allow
66	553	Fort Belknap Ventures	4400	3226	4180	-954	
67	554	Alberta Bair Theatre	10000	7332		7332	Will cut costs and seek additional support
68	555	Butte Symphony Orchestra	4000	2933	2000	933	✓
69	556	Very Special Arts Montana	10000	7332	5000	2332	✓
70	557	Montana Chamber Orchestra	4000	2933	2000	933	
71	558	Bitterroot Public Library Found, Inc	8000	5866	8000	-2134	Project completed, funds spent; will return no funds
72	559	Theater Arts Department - FVCC	1000	733	1000	-267	Project completed, funds spent; will return no funds
73	560	Mineral County Fair	2000	1466	1900	-434	Project completed, funds spent; will return no funds;
74	561	Dawson County Arts Unlimited	5000	3666	2500	1166	Will use balance for rent only; eliminating travel and
75	563	Alberta Bair Theater	20000	14664	5000	9664	Will cut costs and seek additional support
76	564	Livingston Depot Foundation	12000	8798		8798	✓
77	565	Gallatin County Historical Society	8000	5866		5866	Will reduce size of endowment
78	566	Gallatin County Historical Society	4000	2933	2000	933	Will reduce the archive by about 100 photos
79	567	Native Voices Public TV	20000	14664	5000	9664	✓
80	568	Center for Native Amer Studies-MSU	2000	1466		1466	✓
81	569	Office of Public Instruction	15000	10998	7500	3498	Project completed, funds advanced by MSU—requir
82	570	Arlee Historical Society	3320	2434	3154	-720	
83	571	Sqelix'u/Aqlemaknik Center	4500	3299	2250	1049	Will reschedule classes to cut costs.
84	574	Northern Cheyenne Cultural Comm	0	0		0	Full grant (\$15,000) reverts; unable to raise match r
85	576	Copper Village Museum & Arts Center	8500	6232	4250	1982	
86	578	Missoula Community Access TV	7500	5499	4818	681	Requesting cut from MCF; if not funded next year's

	A	B	C	D	E	F	J
87	579	Fort Peck Fine Arts Council, Inc.	15000	10998	6000	4998	
88	580	Fort Peck Fine Arts Council, Inc.	12000	8798	6000	2798	
89	581	Custer County Art Center	21495	15760	3500	12260	Salary support reduced, long-term artist in residence.
90	582	Montana Preservation Alliance	3000	2200	1500	700	Rural Design Outreach program is reduced
91	583	Montana Dance Arts Association	5000	3666	2500	1166	Will reduce costs in 2nd year.
92	584	The Montana Art Foundation	20000	14664	10000	4664	Will reduce costs in 2nd year.
93	585	Montana State Theater Association	3000	2200		2200	Merging with another organization; has not been
94	587	The Montana Art Foundation	25000	18330	6250	12080	Project completed, funds committed & used to ma h
95	588	Montana Performing Arts Consort.	40000	29328	20000	9328	Reduce the Quick Grant rural presenter development
96	589	Vigilante Theatre Company	20000	14664	5000	9664	Commitments to salary support made & will require
97	590	Native American Cultural Institute	3000	2200	2850	-650	Organization ceased activity, funds spent; will re n
98	591	Beall Park Art Center	8000	5866	5000	866	Have cut ED salary in hal
99	592	Beall Park Art Center	8000	5866		5866	Will reduce size of endowment
100	593	Archie Bray Foundation	22500	16497		16497	Will raise additional funds to meet \$100,000 end
101	594	Archie Bray Foundation	10000	7332		7332	Will be able to carry out partial renovation
102	595	International Choral Festival	8000	5866	5866	0	Will reduce size of endowment; has already depo
103	596	Blaine County Museum	10000	7332		7332	✓
104	597	Billings Studio Theatre	10000	7332	9500	-2168	Will return full overpayment; funds have been sp
105	598	Rosebud County Historical Society	10000	7332	9500	-2168	Will return full overpayment; funds have been spe
106	599	Pondera History Association	4000	2933		2933	Will raise funds from corporate sources
107	600	Kohrs Memorial Library	12000	8798	6000	2798	Will raise funds from other sources
108	601	Paris Gibson Square Museum of Art	40000	29328	10000	19328	
109	603	Montana Chorale	10000	7332		7332	Will reduce full time position to part time
110	604	Northern Lights Institute	15000	10998	3750	7248	Will eliminate one edition of the magazine
111	605	Montana Assn of Symphony Orchestras	15000	10998		10998	Will eliminate import musicians to 6 orchestras
112	606	Western Heritage Center	14000	10265	7000	3265	Scheduling and contract completed; will reduce p
113	607	Montana Alliance for Arts Education	10000	7332		7332	Commitments made; board will attempt to raise
114	608	Glacier Orchestra and Chorale, Inc.	10000	7332	9500	-2168	Commitments to salary support made; will eval
115	609	Glacier Orchestra and Chorale, Inc.	8000	5866		5866	Will reduce size of endowment
116	611	Billings Symphony Society	10000	7332	3000	4332	Events will be reduced and 700 fewer children se
117	612	Billings Symphony Society	10000	7332		7332	Will reduce size of endowment
118	614	Montana Indian Art & Culture Assn.	11000	8065	2750	5315	Will reduce program from 2 to 1 symposium/im
119	615	Montana Committee for the Human.	40000	29328	20000	9328	Speakers bureau—serving primarily rural comm
120	616	Rattlesnake Productions, Inc.	25000	18330	12500	5830	Commitments made & will require additional fu
121	617	OPERATING EXPENSES	149942	109937	38039	71899	
122	618	FOLKLIFE PROGRAM	71798	52642	24394	28248	
123	619	RURAL ARTS SPECIALIST	49059	35970	11197	24773	
124	620	EVALUATIONS				0	
125		CARRYFORWARD OF PY REVERSIONS	82338		21565	60773	
126							
127							
128		TOTAL GRANTED/EXPENDED	1670392	1164361	664013	582686	
129							

EXHIBIT 8
DATE 2-9-95
HB 5

MEMORANDUM

DATE: January 31, 1995

TO: Dave Mott
FROM: Don Hyyppa
RE: SOUTH SANDSTONE GROUP MEETING

Dick Mayer and I met with members of the South Sandstone Recreation and Water Spreading Group and SCS in Plevna on the afternoon of Monday, January 30, 1995.

The meeting went well, and I believe we are on track to negotiate a mutually pleasing agreement. I don't have details yet, as I've asked the group to make a written proposal based upon the parameters which we discussed during the meeting.

I believe it will incorporate upon the following concepts:

- * Transfer of dam in "as is" condition.
- * Pay the Group a cash settlement in the amount of something less than \$264,000 (our cost to repair the dam).
- * Payment amount to be negotiated but first figure to be developed by Group based upon their cost of making the repairs that they and SCS feel are necessary, plus a lump sum to go into an account for future maintenance.
- * Group will explore possibility of the Little Beaver Conservation District or Fallon County taking title to the property to solve our LWCF conversion problem. (We should also ask Mary Ellen if the Conservation District is an acceptable entity.) The Group will meet with the District on or about February 9.
- * Department will continue to operate the recreation area and stock fish at department expense.
- * Group will lease the recreation site to the Department at no cost (although the possibility of charging us an annual lease fee in lieu of a lump sum maintenance fund payment was discussed).
- * The Department will accept liability responsibility for the recreationists and the Group will have liability responsibility for the dam.

I gave the group the draft amendment to HB 5 which was the starting place for our discussion. The group knows that this has not yet been adopted by the Long Range Planning Committee. We spent most

HB5 -- Introduced Bill
Long Range Building Committee

EXHIBIT 9
DATE 2-9-95
HB 5

This amendment makes the expenditure of the South Sandstone Dam funds contingent upon the department's (FWP) divestiture of the property. It is preferred the transfer of property include continued recreational access through negotiated lease agreement with the new owners.

Page 6, following line 1

Insert: " Funds appropriated for the South Sandstone Dam can only be spent if the Department of Fish, Wildlife and Parks disposes of its ownership and liability responsibility of the property on which the South Sandstone Dam is located. The transfer of ownership should include continued public recreational access. The department is authorized to make the repairs or may pass the funds through to the new owner to spend on the project."