

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON INSTITUTIONS & CULTURAL EDUCATION

Call to Order: By Marjorie I. Fisher, on January 9, 1995, at
8:05 AM

ROLL CALL

Members Present:

Rep. Marjorie I. Fisher, Chairman (R)
Sen. Larry J. Tveit, Vice Chairman (R)
Rep. William T. "Red" Menahan (D)
Rep. Steve Vick (D)
Sen. Mignon Waterman (D)

Members Excused: Sen. Gary Aklestad

Members Absent: None

Staff Present: Lisa Smith, Legislative Fiscal Analyst
Mary LaFond, Office of Budget & Program Planning
Brandee Decrevel, Committee Secretary

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

Committee Business Summary:

Hearing: MONTANA ARTS COUNCIL
Executive Action: MONTANA ARTS COUNCIL

HEARING ON MONTANA ARTS COUNCIL

Tape No. 1 SIDE A

Opening Statement by Sponsor:

Arlynn Fishbaugh, Executive Director of the Montana Arts Council, provided the committee with an outline of what she wanted to point out with this program. **Exhibit 1**

Ms. Fishbaugh told the committee she was going to focus on three areas: 1) A brief background on the Montana Arts Council, 2) the role of the arts in Montana, and 3) budget specifics. She illustrated four major points: 1) Why the arts and culture are an important investment in Montana's economy, its communities, and its children; 2) to let the committee know how the Arts Council's conservative budget was developed in direct alignment with needs identified by Montana constituents.

3) to underscore that the 1996-97 budget represents basically no increase to the agency's bottom line, and 4) to point out that the general fund in the 1996-97 biennium costs Montanans only 24 cents per person per year.

The mission of the Montana Arts Council is straightforward: to promote the arts and cultural activities in the state. Since its founding in 1967, the Montana Arts Council has played a meaningful role in the unprecedented growth, vibrancy, quality and national reputation of arts organizations within Montana. According to the 1990 census, one out of every 85 people in Montana's labor force is a working artist. The agency is governed by a 15-member Council, appointed by the governor. These people come from all over the state.

There are a variety of grant programs developed to serve the needs of the cultural communities of Montana. FY 94, the Council granted over half a million dollars for specific programs, funded primarily from federal dollars. In addition, the Arts Council administers the cultural trust program, which in the current biennium totaled 102 grants at an estimated \$1 million. These grants are funded from interest on coal tax revenue in the Cultural Trust. The Arts Council is not involved in investing the cultural trust. They process all applications, payments, and reports--and serve as agency staff for a 16-member Citizen's Advisory committee that makes funding recommendations to the legislature. None of these committee members are on the Montana Arts Council, and this Committee operates autonomously from the Arts Council. During the legislative session they serve as agency staff for the Long-Range Planning Sub-committee as it makes grant awards. The expertise the staff provides to Montana is extremely broad and nationally renowned. They work with virtually all of Montana's cultural organizations and with many of our individual artists.

The Montana Arts Council works hard to maximize the investments the arts provide. This year they embarked upon an in-depth strategic planning process to produce a road map to guide the agency's direction and priorities in serving the state through the end of the century. **Exhibit 2, Written Testimony**

Proponents' Testimony:

Linda Talbott, Executive Director of the Copper Village Museum and Arts Center, from Anaconda-Deer Lodge County. She is also a member of the Rural Arts Steering Committee for the Montana Arts Council. **Ms. Talbott** testified in support of the Montana Arts Council's Rural Arts and Folklife Programs. **Exhibit 3**

Questions From Subcommittee Members and Responses:

SEN. MIGNON WATERMAN asked if the Arts Council worked with the Historical Society on the historic survey of buildings in Anaconda and how does the survey connect with the project the Council is working on in Rural Arts Program.

Ms. Talbott says that all projects are going to interconnect, they will only be working in different components. The Montana Historical Society and Copper Village Museum share a building in Anaconda and so they are sharing volunteers. The Society and the Arts Council will always work together.

REP. RED MENAHAN said that they took the old city hall and rebuilt it completely and this part of the walk is where the golf course will be.

Ms. Talbott says that their building is scheduled to be the visitors gateway for the Anaconda attraction. Visitors will be able to come to the city hall cultural center and get information on how to attend the attractions.

REP. MENAHAN said people who are benefiting the most are basically the Main Street community. They are the ones who have asked people to stay in the community. These people have done some great things for the community.

Ms. Talbott also said they have planned a sort of visitors complex. These are the people who know the hotels and restaurants.

Tape 1 Side B

CHAIRMAN MARGE FISHER said that Board of Investments revenue projections are \$62,000 less than the year before. She asked "We have had seven interest rate increases this year, why is projected revenue down so much from the original. "Where did all this come from?"

Carlene Layne, accountant for the Montana Arts Council, said much of the investments for the cultural trust are held in long term bonds. The Arts Council is 12% down to FY 1995 from the revised projection.

SEN. LARRY TVEIT asked **Mary LaFond, OBPP,** what are the reasons for the funding switch from 50% federal funds to 50% C&A funds to general fund? Are federal funds declining too?

Ms. LaFond replied that it is questionable if we should be using the cultural trust for funding these programs. The Folklife and the Rural Arts programs were originally meant to do restoration and art for rural projects. When the revenue decreased the governor and the budget office thought these were valuable programs and that they should continue the funding. There is no increase to FTE, everything stays the same except for the funding.

SEN. TVEIT asked if the Folklife Program is also a funding switch?

Ms. LaFond replied that yes, it is all the same.

Larry Williams, Chairman of the Montana Arts Council, thinks that is a very important way to look at this transfer of funding and it probably should have been done years ago. It has certainly been a priority of the agency. The net result of this is that it is going to free up some monies from the cultural trust to be used for purposes that they were originally designed for. This will be an advantage for communities across the state.

REP. STEVE VICK asked how long the Montana Arts Council has existed.

Ms. Smith answers, since 1967.

A motion to adjourn was made by **SEN. TVEIT** at 9:10 AM.

EXECUTIVE ACTION ON MONTANA ARTS COUNCIL

Tape No. 2 SIDE A

Executive Action was taken on January 10, 1995.

DISCUSSION

Lisa Smith, LFA, told the committee that between the grants awarded by the long-range subcommittee, and the agency budget determined by this subcommittee they are concerned about the ending fund balance in the Cultural and Aesthetic Trust Fund. In the budget analysis LFA raised the issue that if the legislature funded the executive budget at present law there would be a negative fund balance in the C&A fund. With the revised figures which include reversions and revised 1995 expenditures this will not happen. The present law will not cause the C&A fund to have a negative balance. The issue that was brought up is in regard to the funding that is available, however there are some other issues the subcommittee may want to consider:

The philosophical issue of whether or not these programs should be funded with the C&A money or should they be general fund; if the money is available in the C&A account, should it be available for grants in the long range building program or should it be used for funding a state agency program.

Mary LaFond, OBPP, told the committee that when **Governor Stephens** was Governor in the 1995 biennium general fund was in more trouble than the 1997 biennium. The 53rd legislature funded the Rural Arts Program and the Folklife Program with the C&A funds. This was a threat for the grant programs coming ingiving them less funding because they were moving some of that funding to these two programs in the Arts Council. Those grants funds were meant to be used for some of the arts projects throughout the state.

Dick King, Chairman of the CNA committee, said this committee was created by the legislature when the program was first established and tried to promote a fair and level playing field to evaluate grants applications and make recommendations to the legislature. He thinks the quality if this program is great because it benefits both rural and urban areas, small towns, small organizations. It is very unique. It is a very Montana-oriented program.

MOTION/VOTE

REP. MENAHAN MOVED THE FY 1994 BASE BUDGET BE APPROVED. SEN. TVEIT seconded the motion. The motion passed unanimously.

MOTION

REP. MENAHAN MOVED THAT ALL SEVEN OF THE PRESENT LAW ADJUSTMENTS BE ACCEPTED.

DISCUSSION

CHAIRMAN FISHER asked if this motion was made based on fixed costs and inflation rates approved by the general subcommittee **SEN. WATERMAN** stated that this is a general motion that would be applied to all agencies in this action

CHAIRMAN FISHER wanted to know if this needed to be done with each agency.

SEN. WATERMAN said the motion she made was to apply all agencies in this section

VOTE

The motion carried unanimously.

MOTION

REP. MENAHAN MOVED TO ACCEPT THE EXECUTIVE NEW PROPOSALS.

SEN. WATERMAN seconded the motion.

DISCUSSION

Ms. LaFond, OBPP, makes a clarification on #3, Public Information Contract. In the past this was a 3/4 time contract that the Arts Council had and they have now created a full FTE in this proposal. When the budget office was putting the budgets together, this FTE was entered at an entry level. It should be higher, so Mary added the additional amount in operations. If the subcommittee approves this proposal, the operations amount should be moved to personal services. Bottom line doesn't change.

MOTION

SEN. WATERMAN MOVED TO AMEND THE MOTION TO INCLUDE SOME OPERATING COST PER OBPP WHICH DOES NOT CHANGE THE BOTTOM THE LINE.

SEN. TVEIT seconded the motion.

VOTE

The amendment passed with all members in favor.

VOTE

The main motion to accept new proposals one through three fails. Committee members **SEN. TVEIT, REP. VICK, AND CHAIRMAN FISHER** all voted against the original motion.

MOTION

SEN. WATERMAN MOVED TO PROVIDE \$31,467 OF FEDERAL FUNDS EACH YEAR FOR THE PUBLIC INFORMATION CONTRACT WITH NO FTE. CHAIRMAN FISHER seconded the motion.

VOTE

The motion passed with all members in favor except **REP. STEVE VICK** voted no.

Executive Action was over at 9:20 AM and the overview of the State Library started at 9:30 AM.

HOUSE INSTITUTIONS & CULTURAL EDUCATION SUBCOMMITTEE

January 9, 1995

Page 7 of 7

ADJOURNMENT

Adjournment: 11:45 AM


MARJORIE I. FISHER, Chairman


BRANDEE J. DECREVEL, Secretary

MIF/BJD

INSTITUTIONS

Joint Appropriations Subcommittee

ROLL CALL

DATE 1-9-95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Marj Fisher, Chairman	X		
Rep. Red Menahan	X		
Rep. Steve Vick	X		
Sen. Larry Tveit, Vice Chairman	X		
Sen. Gary Aklestad		X	
Sen. Mignon Waterman	X		

Outline -

EXHIBIT D112

DATE 1-9-95

SB 110112

January 9, 1995

MONTANA ARTS COUNCIL
LEGISLATIVE TESTIMONY

- I. Mission
- II. Services and program highlights
- III. Impact on Subcommittee's areas of the state
- IV. The role of the arts in Montana:
 - A. Economic investment:
 - Arts Council '97 general fund: 24 cents per person/year
 - Agency grants leverages \$1.8 million
 - Economic impact of \$4 million
 - B. Private support
 - Each MAC grant \$ leverages \$8 in private cash
 - Each MAC grant \$ leverages \$12 total
 - C. Arts role in renewing our communities
 - D. Investing in Montana's children
 - E. Boost to local economies
- V. Agency's Strategic Plan: priorities set by Montana public.
 - A. Funding
 - B. Public awareness
 - C. Expanded arts education
 - D. Individual artists' support
 - E. Service to the field
- VI. Current agency funding scenario: 1984 - 1994
 - A. 1994 General fund 7% less than 1984 (46% less in constant '84 \$)
 - B. Between '84 and '94: An increase from \$50,000 to more than half a million in non-state revenue
- VII. New budget proposals
 - A. Rural Arts Program
 - B. Folklife Program
 - C. Public Information Officer
 - D. Cultural Trust revenue
- VIII. Senator Aklestand and Rep. Zook's request:
 - A. Funding at '94 base
 - B. Priorities
- XI. Conclusion

EXHIBIT Two
DATE 1-9-95
SB none

MONTANA ARTS COUNCIL
LEGISLATIVE TESTIMONY 97 BIENNIUM
January 9, 1995

Arlynn Fishbaugh
444-6430
Let me know if you
want
a
disc.

Good morning Madame Chair and members of the Committee. For the record, my name is Arlynn Fishbaugh, and I am the Executive Director of the Montana Arts Council.

I'm also a former farm girl, growing up on a Chouteau County wheat farm in Carter, and a proud graduate of Fort Benton High School and the Montana University system.

The Arts Council has actually had quite an impact on my life through an organization it has supported throughout the years, the Montana Repertory Theatre. When I was 18, I saw one of their productions in Great Falls called "Oh, What A Lovely War". This was the catalyst that eventually led to a career in arts administration which has provided me with the privilege of working for some of the country's leading cultural institutions. It's also a first-hand example of the long-lasting impact the arts can have on an individual...as a single performance ended up, literally, opening up the world for a young farm girl from Carter.

This morning I'm going to focus on three areas:

A brief background on the Montana Arts Council,
The role of the arts in Montana,
And budget specifics...

In order to illustrate four major points:

- 1) Why the arts and culture are an important investment in Montana's economy, its communities, and its children.
- 2) To let you know how the Arts Council's conservative budget was developed in direct alignment with needs identified by Montana constituents.
- 3) To underscore that our 1996-97 budget represents basically no increase to the agency's bottom line.
- 4) And to point out that our general fund in the 1996-97 biennium costs Montanans only 24 cents per person per year.

The mission of the Montana Arts Council is straightforward: to promote the arts and cultural activities in the state. This agency has an impact in every single county in Montana, as you will see in our Agency Report (HOLD IT UP) which I will provide to you later this morning as part of a packet of background information.

Since its founding in 1967, the Montana Arts Council has played a meaningful role in the unprecedented growth, vibrancy, quality and national reputation the arts community in our state has achieved. There are now an estimated 500 cultural organizations within Montana. And, according to the 1990 census, one out of every 85 people in Montana's labor force is a working artist.

Our agency is governed by a 15-member Council, appointed by the Governor. Larry Williams, a music educator and superintendent of schools in Great Falls, is our current Chair. Carol Novotne, director of the Helena Art Center, is vice-Chair.

Other members near or in your districts include Carol Brenden, a wheat farmer and music and voice teacher from Scobey; Beth Collier, a wheat farmer from Shelby, and organizer of the tri-annual Art Shows at the Governor's Mansion; Diane Davies, an arts supporter and administrative assistant at Speaker Mercer's law firm in Polson; Kathy Doeden, an arts Board member and historic preservation expert from Miles City; John Dudis, an attorney from Kalispell; Bebe Kezar, owner of the Western Eclectic Gallery in Whitefish; and Jackie Parsons, director of the Northern Plains Indian Crafts Association at the museum in Browning.

You will find a complete description of our programs and the accomplishments we have achieved during the past two years included in our Agency Report. I'd like to highlight major elements here to give you an overview of our activities.

Chief among our services are a variety of grant programs developed to serve the needs of the cultural communities of Montana. In FY94, we granted over half a million dollars for specific programs, funded primarily from federal dollars.

In addition, the Arts Council administers the Cultural Trust grant program, which in the current biennium totals 102 grants at an estimated \$1 million. These grants are funded through interest on coal tax revenue in the Cultural Trust.

To further emphasize the LFA's statements in our agency description, the Cultural Trust is a program we administer only. The Arts Council is not involved in any funding decisions. We process all applications, payments, and reports -- and serve as agency staff for a 16-member Citizen's Advisory Committee that makes funding recommendations to the legislature. None of these Committee members are on the Montana Arts Council, and this Committee operates autonomously from the Arts Council. During the legislature, we serve as agency staff for the Long-Range Planning Subcommittee as it makes their final grant awards.

The expertise our staff provides to Montana is extremely broad and nationally renowned. We are familiar with virtually all of Montana's cultural organizations and with many of our individual artists. We pride ourselves in the close working relationships we have forged through the years. This morning, I wanted to give you an opportunity to connect our staff to the programs we run.

Our Accountant, Carleen Layne assists organizations seeking their 501-c-3 non-profit status. She also provides non-profit, financial and budgetary management assistance and helps train artists to develop their business skills.

Bill Pratt, our Director of Organizational Services, has created many of the organizational support programs within this agency, and is responsible for garnering over \$800,000 in additional non-state funding for Montana programs through the years. Bill has also established the Montana Arts Council as one of our nation's leading state arts agencies in using the information superhighway for communication and providing services.

The Rural Arts Program is one of the most valued services we provide to constituents, and it is used now as a model by other states. Suzanne Rice is our Rural Arts Specialist. She provides guidance to rural cultural organizations in management, Board development, long-range planning and organizational restructuring. I'll be going into more detail about this program later.

Through our Folklife Program, we operate a Traditional Artist Master/Apprentice Program, allowing over 30 master artists to pass on their traditional arts by training members of the younger generation in areas as diverse as Crow beadwork, Norwegian hardanger and saddle-making. We are also in the midst of mounting a major Folklife Exhibition, slated to open in 1996. Our new State Folklorist, Francesca McLean, provides Montanans with expertise she gained in working with the Smithsonian and the Library of Congress in Washington, D.C..

Connection is very important to Montanans, and our bi-monthly newsletter, "ArtistSearch" (HOLD UP), which you all should or will be receiving, is one of our strongest links to Montanans. This publication is created by Kerry Mulholland, our Public Information Officer. I'm proud to say that it's ranked by the cultural community as one of the agency's top strengths.

Last, we have our highly respected artists-in-the-schools/communities program, which reached over 35,000 children in the last fiscal year -- the equivalent of over 20% of all public school kids in the state. This program is run in expert fashion by Fran Morrow, who was raised in Baker and has taught in Glasgow, Missoula and Helena. She is also responsible for our Fellowships Program, the First Book Award, among many other projects.

There is a strong entrepreneurial component in programs developed and run by this agency. We do not sit around and administer pro-forma grants and programs laid out before us by the federal government. The individuals I've introduced to you today work directly with constituents, matching their needs to opportunities available to us, to them, and in partnership with others...building programs that work for and benefit Montanans.

The degree to which we have been successful was made apparent to us in our recent "Statewide Conversations on the Arts", which I'll describe a bit later, when the Montana public ranked the Arts Council staff as the agency's number one strength.

Now that you have an overview of our programs, let me paint a picture of the impact of our efforts in your areas of the state: (HAND OUT COUNTY DISTRIBUTIONS).

Representative Fisher: In Whitefish alone, during FY93 and 94, your residents took part in activities presented by the Montana Alliance for Arts Education, the Montana Association of Symphonies, and the Montana Dance Arts Association. We also supported the Flathead Valley Festival of the Arts, the Whitefish Theatre Company, a visit by Shakespeare in the Parks, participants in our Cultural Congress and Rural Arts

Roundup, and a residency by Hellgate Writers. The Hockaday Art Center in Kalispell is considered to be the outstanding art center in the region, and we work closely with them, too.

During the last two years, the Montana Arts Council provided close to \$175,000 in services to Flathead County, corresponding to \$2.78 per person.

Senator Aklestad: In Toole, Teton and Pondera counties, we have supported services to Oilmont, Shelby, Ethridge, Sunburst, Bynum, Choteau, Dutton, Fairfield, Power, Conrad, Dupuyer, Heart Butte, Brady and Valier. We provide support to The Choteau Performing Arts League, considered to be one of the finest rural presenters in the state, and the volunteer Executive Director of the organization, farmer Ralph Paulus, has done a marvelous job. All in all, the Arts Council has provided \$20,220 in services to these 3 rural counties, at \$1.16 a person in '93-94.

Senator Tveit: We have supported services in Fairview, Lambert, Sidney, Bloomfield, Glendive, Richey, Jordan, Brockway and Circle. And Marie Sawyer from the MonDak Heritage Society is a member of our Rural Arts Steering Committee. Close to \$20,000 in services have been provided to these counties in '93-94, at 84 cents per person. We have targeted these rural counties for increased support through our underwriting and artists-in-the-schools program for the coming biennium.

Representative Vick: In Gallatin County, while there is a great deal of activity in Bozeman, you can see we also provide services to rural communities of Manhattan, Belgrade, Big Sky, West Yellowstone, Three Forks, Gallatin Gateway and Willow Creek. All in all, during the past two years we have provided \$121,000 in grants and services to the county, at \$2.25 per person.

Representative Menahan: We support a great deal of activity, as you know, in your area. The Copper Village Arts Center is one of the major participants in our Rural Arts Initiative. We have also funded the Butte/Anaconda Heritage Park among many other activities, totalling \$110,000 to Deer Lodge County in 93-94, at \$10.71 per person. This figure is that high because of the major investment we are making in the Rural Arts Initiative, made possible through federal funding.

Senator Waterman: I know you are familiar with the rich variety of cultural events here in Helena. Helena Presents is recognized as one of the nation's finest performing arts series, and also receives high marks for its extensive education programs. In fact, last month, its Executive Director, Arnie Malina, was honored as the nation's outstanding performing arts presenter. There are a wealth of additional activities which the Arts Council also supports in the county. Our investment in Lewis and Clark County totalled over \$140,000 in 93-94, at \$2.88 per person.

* * * * *

All of the cultural organizations in your area and throughout the state have extensive volunteer bases, and approximately 15% have paid staffs. You will find that the Boards of Directors are composites of your own community ... business owners, dedicated

individuals, farmers, teachers, and strong supporters of community....working hard to improve the quality of life in your own towns.

I want to also mention that I just completed an analysis of how our money is distributed state-wide in 1994. Just over half of Montana's population lives outside of the six most populated counties. And just over half of Montana Arts Council grants and services benefit those 50 counties.

* * * * *

There has been a great deal of talk recently about the value of government supporting the arts in this country. This is an important discussion -- and provides a valuable context for evaluating our budget.

**ARTS SUPPORT IS NOT A HANDOUT...IT'S AN INVESTMENT....
IN OUR ECONOMY, OUR COMMUNITY AND OUR CHILDREN.**

(READ NUMBERS ON OUTLINE)

1. Montana Arts Council support is an important economic investment.

There are three major factors here.

The first: It will cost each Montanan just 24 cents per year in general fund to pay for the Arts Council's '97 biennium budget. That equals three ten-thousandths of the total general fund.

The second: This 24 cent investment supports agency operations which, in 1994, helped local cultural organizations leverage \$1.8 million in additional revenue and in-kind support which translates to a \$4 million economic impact in local Montana communities.

The third: Each dollar the Arts Council provides in grant funding helps leverage an average of \$12.00 in additional local revenue and in-kind support. This equates to over a thousand percent return on investment for each dollar granted to organizations.

2. Government grants help leverage private support. Grants from the Montana Arts Council serve as a "Good Housekeeping Seal of Approval", which in turn acts as a fundraising catalyst. One MAC dollar granted to an organization typically attracts an additional \$8.00 from private sources. When businesses are solicited for contributions, one of the first questions they frequently ask is, "Do you get support from the state arts council?"

Montana arts organizations understand very well the necessity for a broad mix of funding sources. But they experience special challenges not faced in the majority of other states, since there are so few major corporations and foundations here. Only four Montana foundations give regularly to the arts, and there is only one Fortune 500 corporation in the state. Despite this situation, private support normally constitutes close to 3/4 of organizational budgets.

3. The arts help build community and make them better places in which to live and work. They present opportunities where families can come together and experience the arts. In doing so, they foster a sense of community by promoting understanding of history, cultures and ideas. The arts foster community values and instills social values by helping people recognize common bonds and connections to spirituality.

4. The arts are an investment in Montana's children.

This is a time when, according to the US Department of Labor, more than half the students in the United States leave schools without the skills to find and hold a good job. These skills are exactly what arts education can help to develop -- the ability to work with others, communicate, think creatively, develop self-confidence, imagine, and invent. According to work done by the National Arts Education Research Center, "Studies show that test scores improve when the arts are used to aid learning in mathematics and social studies and to develop communication skills." I've also included info in your packet from "USA Today" on a small new pilot study which found that music lessons at a young age increase math aptitude by 40%.

5. The arts help stimulate local economies in communities large and small.

(HAND OUT NALAA, SIDNEY FLYER & RURAL ARTS COMMUNITY LIST):
The "Montana Business Quarterly" (HOLD UP MAGAZINE) recently published an article about this very topic, using the results of a national survey in which local arts agencies in Missoula and Miles City participated. The Montana Arts Council has played a significant role in the development of many of the organizations involved. The full publication is included in your packets. Here is a highlight of the findings

Miles City

- 7 full-time jobs were supported
- Over \$130,000 in personal income was paid locally
- Expenditures totalled an additional \$200,000
- Over 500 volunteers were involved in these organizations.

Missoula

- 112 jobs full-time jobs were supported
- Close to \$2 million in personal income was paid locally
- Expenditures totalled an additional \$3 million
- An average of 21,000 volunteers were involved.

Senator Tveit, I visited the MonDak Heritage Center in Sidney last year, which is one of the many organizations with whom we work closely. They used economic impact in an effective way. too. (HOLD UP FLYER)

- They average 1,000 visitors per month
- Of out-of-town visitors surveyed, 40% came to Sidney or extended their stay because of the Heritage Center.
- 85% of out-of-town visitors surveyed stopped in and shopped in a Sidney business.

Senator Aklestad, I was visiting with Dick King at Bear Paw Development in Havre, and he told me that one of the reasons a manufacturing business from Iowa chose to move to Chester was because of the cultural activities sponsored by the Liberty County Arts Council, another organization benefitting from our agency's services. And as part of the Downtown Revitalization efforts in Havre, the city is seriously considering utilizing a vacant building downtown as a community theatre to increase traffic in that neighborhood and bolster business activity.

* * * * *

The Montana Arts Council works hard to maximize the investments the arts provide. This year we embarked upon an in-depth strategic planning process to produce a roadmap to guide the agency's direction and priorities in serving the state through the end of the century.

Critical issues and priorities were defined by the public through "Statewide Conversation on the Arts", which we conducted in a series of 9 Town Meetings covering the entire state and by mail late this spring. Constituents from your districts were involved in this process.

Here are the top five critical issues and needs identified through this process, which are now the strategic directions the agency plans to pursue:

- 1) Increased funding and resources.
- 2) Increased public awareness about the value and benefits the arts and cultural activities provide.
- 3) Expanded arts education opportunities.
- 4) Services and support for individual artists.
- 5) Services to the field through professional development, conferences, networking, and technical assistance.

A complete copy of the draft plan is in your packet (HOLD UP), which will be refined and adopted at our February Council meeting.

This strategic plan leads me now to specifics on our budget. This budget represents government serving our public in a very conservative, cost-effective, meaningful way -- based on needs identified by Montana citizens and not the Helena bureaucracy.

How does this all relate to the general fund? Here is "Current Funding Scenario" information.

Our 1994 general fund is 7% less than what it was 10 years ago. In constant '84 dollars, considering inflation, it's really 46% less. Yet the total 1997 general fund is calculated to be close to 80% more than it was ten years ago.

In that same 10-year period, you also see an agency working exceedingly hard to benefit Montanans through aggressive pursuit of additional funding resources. The

Montana Arts Council increased its special project funding through non-state revenue from under \$50,000 in 1984 to over half a million dollars in 1994 ... over a thousand percent increase. We have, at present, fully exhausted our capability to match any additional federal funding proposal, all of which, at a minimum, require 1:1 match.

We have fallen victim to cuts in our annual federal Basic State Operating Grant, which provides operational and grant funds. We have just been notified we will take a \$13,000 cut in FY96 from this source, which has not been calculated into any of our budgetary figures. This makes full funding of our '97 budget even more essential.

There are three new proposals in our '96-97 budget. Each corresponds exactly to the strategic directions identified in our "Statewide Conversations".

The Rural Arts Program is one of our most highly respected and utilized programs. It is truly an example of government funding working at its best.

This program funds the work of our Rural Arts Specialist, who provides technical assistance and information to hundreds of rural arts organizations throughout the state. (HOLD UP) Here is a listing of the type of work she has done in communities, concentrating on administrative guidance, Board development, strategic and long-range planning, and organizational restructuring.

We recently conducted an evaluation of the effectiveness of this program. I have included a representative sampling of responses in the packet you'll be receiving. I'd characterize these responses as "rave reviews."

The Rural Arts program is guided by a Steering Committee. We have with us today one of the members of that committee, Linda Talbott, from the Copper Village Arts Center in Anaconda. Linda is regarded as one of the finest arts administrators in the region, and in addition, she is a highly respected visual artist. She is here to talk first-hand about the impact this program and work of the Arts Council has had on her own organization and throughout the state. (LINDA)

The Rural Arts program was included in our budget during the prior biennium, and does not add any FTE's. It does not increase our total budget. And our "Statewide Conversations" ranked this program as one of the agency's top strengths.

Now, our Folklife program, an integral part of the agency since 1979. In fact, this was the first Folklife program in the country established by a state legislature.

As a bit of background, the term "folklife" refers to the elements of cultural groups which make them unique, such as sharing the same language, ethnic heritage, occupation, religion or geographic area. Examples can be found in folk music, dances, folktales, traditional arts and crafts, architecture and rituals. Each of these elements is sustained through time because they are passed through generations and communities. What remains expresses the basis, the "soul" of a group, because it contains the

collective wisdom of the past. This wisdom is passed on one-on-one, orally and through demonstration, not through traditional college or university training.

The folklife and folklore found in a community embody the traditional values of that community. Quite simply, they exemplify those grass-roots values and traditions that make us uniquely Montanans...the "soul" of Montana heritage and culture.

The Folklife Program provides one of the agency's most important conduits to our Indian nations, and it includes all aspects of traditional and folk arts -- from logging to mining to ranching -- in cultures as varied as Irish, Hmong and Scandinavian ... all of which have solid roots in our state.

It has been particularly valuable in serving Montanans by connecting artists and organizations to non-MAC funding sources. You will find a list included in your packet documenting over \$600,000 in funds secured in this manner since 1990.

Meeting its mandate to educate the public, this program will be mounting the state's first Folk Art Exhibit, slated for 1996, as I mentioned earlier.

Economic development is incorporated into this program, as well. One of our most exciting upcoming ventures involves the Blackfeet nation in Browning. This project is designed to enable the Blackfeet to use their traditional arts and culture as a tool for economic development, both on the reservation and through Glacier National Park. It was created as a result of the Arts Council's participation in the Montana Rural Development Council through a joint partnership between the national SRDC and the National Endowment for the Arts. It also represents an unprecedented partnership in Montana between the Blackfeet, the SBA, the National Parks through Glacier, the Minority Economic Development Council and the Arts Council.

As to the budget, we are asking that Cultural Trust funding for the Folk Arts program be replaced by general fund due to the important service this program provides in promoting basic traditional Montana values and in promoting our strong and very proud Montana heritage. It relates closely to all five of the critical issues defined in our "Statewide Conversations". Having been an integral part of the agency since 1979, it is seen by constituents as essential.

This position constitutes no increase in FTE. It does not represent an increase to our budget.

Lastly, a need to convert our federally funded Public Information Officer from a contract position to an FTE. The LFA Analysis refers to a 3/4 time contract, which it was in FY94. Our 15-member Council approved increasing this work to full time for FY95, based on the needs identified in "Statewide Conversations" and the high value placed on our agency's newsletter. This position is paid for through our federal Basic State Grant. I have included in your packet a representative sampling of the comments

we received about the value this publication provides (HOLD UP BINDER)...again, "rave reviews".

Utilizing a Public Information Officer as a staff member helps us keep our costs down by producing everything in-house, rather than turning to more expensive outside graphic designers and copy writers...we estimate the savings to be approximately \$25,000 per year.

We have looked very closely at the regulations regarding contractors and employees, and it is our position that our Public Information Officer functions as a staff position, not as a contractor, according to the legalities. We also consulted the Budget Director, and he concurs. We are, obviously, eager to avoid an audit exception. As I mentioned, this position is completely federally funded.

* * * * *

The Cultural Trust is included in both the Rural Arts and Folklife Programs, so revenue projections for the Trust become a critical factor.

There is a discrepancy between the LFA '97 ending fund balance and ours, which centers in the projected FY95 expenditure amount. We have been unable to reconcile this difference before this hearing, but will do so.

On the back of the "Financial Scenario Handout" we compare revenue projections made by the Revenue Oversight Committee and the Board of investments. The bottom line is a \$212,000 difference, with the Board of Investments having the more conservative projection. This more conservative projection is the revenue figure the Cultural Trust Citizen's Advisory Committee used in recommending \$620,000 in Cultural Trust grants to the legislature.

We are, frankly, especially nervous about the \$212,000 disparity because of what we have been through with the Trust revenue this year. Original projections for 94-95 included \$1.3 million for Cultural Trust grants. During the special session this figure was reduced by over \$300,000 and grants, programs and administration costs were cut by 27%. Now that 3/4 of the grant period has elapsed for '94-95, we are still 12% behind where we should be based on the '95 revenue estimates revised during the special session last November.

If the more conservative Board of Investment figures are utilized -- which again, are the figures the Citizen's Advisory Committee used to make its grant recommendations to the legislature, funding the Rural Arts and Folk Life programs from the Trust would mean that over one-third of Cultural Trust funding for the '97 biennium would go directly to the Arts Council. It would also necessitate reducing Cultural Trust grant awards currently totalling \$620,000 by a further \$100,000 -- a 17% reduction, netting the total '96-97 Cultural Trust grants to \$520,000 -- a bit more than 1/3 of the original \$1.3 million '94-95 biennial projection.

In either revenue projection scenario, continued funding for the Folk Life and Rural Arts programs is seen as untenable in the eyes of the 16-member Citizen's Advisory Committee and the 15 members of the Montana Arts Council -- because of the direct competition it places between the agency and the grant applicants the Cultural Trust is designed to serve. This sentiment has been voiced especially strongly given the limited revenue projections for '96-97. Both groups view the general fund as the appropriate source of funding for what are two vital state programs serving Montanans so effectively.

I should add that, at present, relying on federal funding prospects to assist in funding these programs looks especially grim. And you'll recall I earlier discussed the difficulty seeking major private revenue without entering into worrisome competition with the constituents we are mandated to serve.

* * * *

Returning to the broad picture, your LFA book represents a thorough financial analysis. But there is another important element that was utilized in developing the Governor's Budget for this agency. And that is the recognition that these programs do an outstanding job of meeting the needs of Montanans.

In our "Statewide Conversations" we asked our public to identify the five top strengths of the agency, in addition to the critical issues mentioned earlier. These are their answers:

- 1) A dedicated, responsive, helpful staff.
- 2) "ArtistSearch" newsletter.
- 3) Funding.
- 4) Networking capability, especially conferences and professional development opportunities.
- 5) Rural outreach and funding; arts education programs.

All of which speak precisely to the '96-97 budget before you today.

* * * * *

Until last Friday at 5:30, I thought that about covered everything. At that time, Senator Aklestad and Representative Zook asked us to determine the impact on this agency if it were funded at the '94 Base. I am prepared to answer this request if the Subcommittee wishes.

We have developed the following analysis.

IMPACT OF FUNDING AT '94 BASE LEVEL ONLY
MONTANA ARTS COUNCIL

IMPACTS ON FISCAL 1996 (Double to calculate estimate for 96-97)

Overall agency impact:

Pay Plan estimate fiscal '96	\$ 12,000
PIO from 3/4 to full-time	12,000
Rural Arts Specialist Federal included in '94; unavailable in '96	25,000
Federal Basic State Operating grant reduction in fiscal '96 - not included in LFA or Governor's budget	13,000
Federal Basic State Operating grant cut for fiscal '95	15,000
Increase for computer from '94 to '96	800
Fixed cost increases '96	<u>5,120</u>
Total reductions necessary	<u>\$82,920</u>

Grants

Impact on MAC grants to the field:

Loss in federal program grants	Total reductions necessary <u>\$ 65,000</u>
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Impact on Cultural Trust grants:

Half of Rural Arts Specialist & all of Folklife continue to be
funded from Cultural Trust rather than general fund

Total reductions necessary 50,000*

*Totals \$100,000 for the biennium. Would necessitate reducing Cultural Trust grant awards currently totalling \$620,000 by a further \$100,000 -- a 17% reduction, netting the total '96-97 Cultural Trust grants to \$520,000 -- a bit more than 1/3 of the original \$1.3 million '94-95 biennial projection.

PRIORITIES

These are the top priorities as identified by the Montana public in the agency's "Statewide Conversation on the Arts", and how they correspond to current agency programs:

	<u>Agency Programs</u>				
	<u>Org Services</u>	<u>Rural Arts</u>	<u>Public Info</u>	<u>Folklife</u>	<u>Arts Ed</u>
1) Funding	X	X	X	X	X
2) Public Awareness	X	X	X	X	X
3) Arts Education	X	X	X	X	X
4) Support for individual artists	X	X	X	X	X
5) Service to the Field	X	X	X	X	X

If you cut grants, you compound the impact the drastic reductions in Cultural Trust grants will have on the cultural community of the state. If you cut a program, we eliminate one of the top five critical issues our constituency charged the agency to pursue, since all of the programs align with the needs the Montana public have identified. If you cut staff -- we only have 11 people in this agency, and the staff was ranked as the number one strength of the entire agency.

I have not been able to reach our Executive Committee over the weekend to discuss the Senator Aklestad's and Representative Zook's request. Funding the Montana Arts Council at the '94 base would have such severe ramifications that all 15 members of the Montana Arts Council will want to be involved in doing an intensive analysis to determine what has to go.

This agency supports a very important investment in the quality of life in Big Sky Country at minimal cost. And so, we come full circle to the four major points outlined at the beginning:

- 1) The Arts Council's conservative budget for 96-97 has been developed in direct alignment to constituent's needs.
- 2) The Executive budget represents no increase to the agency's bottom line, with the exception of the pay plan and inflation and a bit more for one computer.
- 3) Our '96-97 biennium budget cost but 24 cents per person per year in general fund expense -- a lot less than the price of a new postage stamp...the equivalent of three ten-thousandths of the total general fund.

- 4) And finally our budget underscores the fact that the arts and culture are an important investment in Montana's economy, its communities, and its children.

The Governor's Budget speaks clearly about the fact that arts and cultural activities benefit all Montanans. It underscores the fact that support of the arts is a bi-partisan commitment, not the province of one political party or the other. This is an issue about investment, about valuing and nurturing the souls of our citizenry and renewing the quality of life in our communities.

This agency is about to enter one of the most important periods in its history. We have a clear charge from our public. Our budget constitutes a most conservative request, supporting programs that return a potential economic impact of close to \$4 million for your constituency and others throughout Montana.

All at a cost of less than 24 cents a person.

Here are the packets of background information I've promised.
(HAND OUT PACKETS)

Thank you very much. My staff and I would be glad to answer any questions you may have.

January 9, 1995

Testimony on behalf of Montana Arts Council

Linda Talbott
Copper Village Museum and Arts Center of Deer Lodge County

Mister Chairman, members of the committee, for the record my name is Linda Talbott, I am the Executive Director of the Copper Village Museum and Arts Center in Anaconda Deer Lodge County...and I am also a member of the Rural Arts Steering Committee for the Montana Arts Council. I am testifying today in support of the Montana Arts Council's Rural Arts and Folklife Programs.

The support and investment of the Rural Arts and Folklife Programs of the Montana Arts Council have had a lasting, and meaningful, positive impact for both my organization and my community.

What was our project ?

From 1990 to the present, Copper Village has been part of a model rural arts development project sponsored by the Montana Arts Council, with funding from the NEA and the State of Montana. Through this project Copper Village has received \$48,000 in grant funds for organizational development planning, and for salary assistance for a professional Executive Director. In addition to cash funds Copper Village had received approximately 200 hours of in kind technical assistance from Rural Arts and Folklife staff of the Montana Arts Council, who often traveled to our location to participate in our planning efforts. Now, at the end of our four year project, Copper Village has officially become a Local and Regional Cultural Agency, serving parts of four counties in rural Southwest Montana. We are just closing our final grant for this project and will be independent of salary support in 1995.

How have we changed ?

If our Mom met us on the street she wouldn't recognize us...we have transformed from a small, narrow focus visual arts organization, to a broad based community driven organization. We have highly trained professional staff, a reorganized and trained Board of Trustees, and a thriving force of 500 volunteers. We have made education and service to our regional cultural community our highest priority. Annually we provide \$15,000 in programs and services to our school kids and teachers. We also provide \$40,000 in programs and services which help to strengthen 10 other cultural organizations in our region, as well as individual artists and scholars. Finally, Copper Village works with local and regional government and economic development groups to plan and implement cultural tourism projects which will help our region achieve a more diverse and stable economy. In total, the Copper Village programs and budget have expanded by 200%...and our budget is balanced! For every dollar invested in our project by the Montana Arts Council, we have learned how to raise seven more. I am proud to say that Copper Village was just awarded an Institute of Museum Services Operating Support Grant...which means that now we are meeting the highest national standards of excellence and accountability.

How has all this affected our community ?

Throughout our project we focused not so much on Copper Village, but rather on the history, current needs, and dreams of our community. Our project has really been a community development project. Our 200% expansion was designed to meet the defined needs of our community. Because of that, our programs and services are very successful and have a real and long lasting impact which continues to grow each year. The more we provide in meaningful programs and services, the more we have seen our community respond by giving of their time and money to help support us. In our economically devastated region, we are able to raise \$150,000 annually...of which \$120,000 comes directly from fundraising within our community service area. In addition donated time and services total another \$50,000 annually. Perhaps most significantly, our efforts have helped our entire community to plan for the future...Anaconda Deer Lodge County is currently holding a community wide visioning and planning process, which was inspired by the cultural visioning process which Copper Village hosted in 1993 as part of our rural arts development project.

What does the Montana Arts Council Staff and Programs mean to our community ?

The Rural Arts Program provides training for board members and staff, so that our organizations can be strong, accountable, long lived, and independent. This training is provided through one on one assistance from the Rural Arts Specialist, through peer consulting, through statewide conferences, and through grants which help keep you afloat while you are learning to paddle for yourself. The end result is that not only can you swim, but you can also teach others to do so. I am an example of that training. There is no school you can go to learn how to be Director of a large arts center in a small town. The Rural Arts Program was my mentor. As I learned how to be a good manager and leader, the Rural Arts Program was always there to give me individual advice and opportunities to meet and consult with my peer statewide. Now I am proud to be serving on the Statewide Rural Arts Steering Committee, and to be in a position to teach and train other cultural organizations in my region how they too can be strong.

The Folklife Program provides training and assistance for organizations and communities in identifying, preserving and developing the resources of our cultural heritage. This assistance is vital in our rapidly changing communities, as we struggle to define who we are, based on our rich and wild past, our present economic struggles, and our dreams for the future. The rich industrial and multiethnic heritage of the Anaconda region formed the basis for the expansion of the Copper Village Programs and Services. Our community told us that our heritage was vitally important to our identity, and could not be forgotten even though the Anaconda Company and way of life were gone. Throughout the first 18 months of our communitywide planning process, the Montana Arts Council Folklife staff attended every monthly steering committee meeting. This in person commitment of time from the Folklorist was so important, because again, there is no book you can read to learn how to identify and preserve your community heritage. Since then the Folklife Program has provided grants and technical assistance to our projects, such as the Cultural History Survey of Anaconda. This survey will in turn be used to develop education programs in our schools and interpretive attractions for our community and visitors. Once again, the Folklife program has taught us how to continue on our own, and how to train others in the community. And as I stated before our entire community has undertaken a similar project as they plan for the future.

To put it very simply, Copper Village would not be the successful organization that it is today, without the time and investment of the Montana Arts Council. The Montana Arts Council has made a strong commitment to the cultural life and vitality of our rural communities. The Rural Arts Program and the Folklife program work hand in hand to achieve this cultural and community revitalization.

HOUSE OF REPRESENTATIVES
VISITORS REGISTER

Constitutions & Cultural Education SUB-COMMITTEE DATE 1/9/95
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NAME AND ADDRESS	REPRESENTING	Support	Oppose
Bill Fitch	MT Arts Council	X	
Carleen Payne	MT Arts Council	X	
Arlynn Fishbaugh	MT Arts Council	X	
Kerry Windland	MT Arts Council	X	
Suzanne Rice	Arts Council	X	
LARRY D. WILSON, CHAIR	MT ARTS COUNCIL	X	
Linda Tullst	MT Arts Council	X	
John Z. Lee		X	
FRANK M. ORSON	" " "	X	
Chris Collins	M.H.S.	X	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

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