

Department 709 - Council on the Arts
House Bill No. 1010

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	\$2,675,895	\$1,810,000	\$4,485,895
2023-25 Base Level	1,662,766	1,788,922	3,451,688
Increase (Decrease)	\$1,013,129	\$21,078	\$1,034,207

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$73,358 is for salary increases and \$30,858 is for health insurance increases	\$104,216	\$0	\$104,216
2. Adds 1 FTE administrative assistant position and associated operating costs	\$136,992	\$0	\$136,992
3. Increases funding for arts education grants	\$113,535	\$0	\$113,535
4. Adds funding for the arts across the prairie initiative, including \$100,000 of one-time funding	\$293,000	\$0	\$293,000
5. Adds one-time funding for leave payouts for retiring staff	\$106,430	\$0	\$106,430

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

Cultural endowment fund - Section 3 would appropriate all income from the cultural endowment fund to the Council on the Arts during the 2023-25 biennium for furthering the cultural arts in the state.

Gifts, grants, and bequests - Section 4 would appropriate all income from gifts, grants, devises, bequests, donations, and assignments received by the Council on the Arts during the 2023-25 biennium.

Significant Audit Findings

The State Auditor reported the Council on the Arts charged \$117,905 of salary expenses to federal funds but did not properly document that the work related directly to the federal grant program for which the funds were received. Additionally, the agency provided employee bonuses totaling \$7,500 using federal COVID-19 relief funds. Federal guidelines do not allow the use of federal COVID-19 relief funds for employee bonuses.

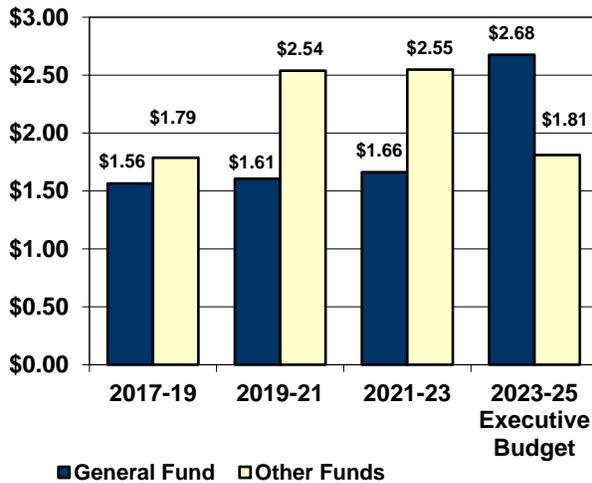
Major Related Legislation

At this time, no major related legislation has been introduced for this agency.

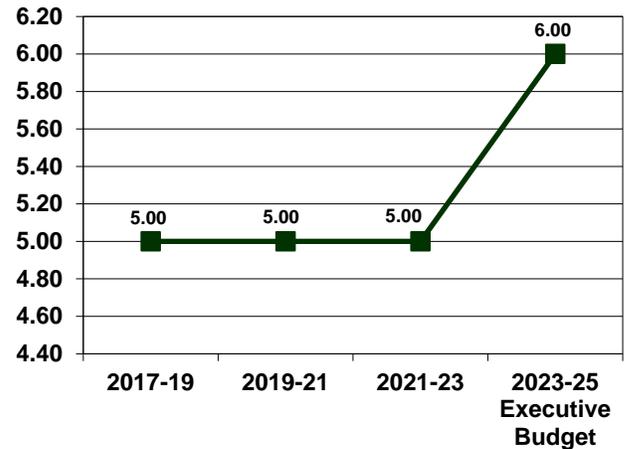
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$1,630,444	\$1,564,876	\$1,606,204	\$1,662,766	\$2,416,965
Increase (decrease) from previous biennium	N/A	(\$65,568)	\$41,328	\$56,562	\$754,199
Percentage increase (decrease) from previous biennium	N/A	(4.0%)	2.6%	3.5%	45.4%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(4.0%)	(1.5%)	2.0%	48.2%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

- Adjusted funding for agency grants (\$26,896)
- Adjusted funding for operating expenses (\$64,373)

2019-21 Biennium

- Increased funding for temporary staff salaries \$7,367
- Reduced funding for operating expenses (\$28,932)
- Added funding for new software costs \$7,810

2021-23 Biennium

- Increased funding for a temporary part-time position \$25,000

2023-25 Biennium (Executive Budget Recommendation)

- Adds 1 FTE administrative assistant position and associated operating costs \$136,992
- Increases funding for arts education grants \$113,535
- Adds funding for the arts across the prairie initiative \$193,000

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$0	\$0	\$0	\$0	\$258,930

Major One-Time General Fund Appropriations

2017-19 Biennium

None \$0

2019-21 Biennium

None \$0

2021-23 Biennium

None \$0

2023-25 Biennium (Executive Budget Recommendation)

1. Adds funding for the arts across the prairie initiative \$100,000
2. Adds funding for leave payouts for retiring staff \$106,430

Council on the Arts - Budget No. 709
House Bill No. 1010
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	5.00	\$1,662,766	\$1,788,922	\$3,451,688
2023-25 Ongoing Funding Changes				
Base payroll changes		\$87,703	(\$70,000)	\$17,703
Salary increase		73,358		73,358
Health insurance increase		30,858		30,858
Adds 1 FTE administrative assistant and related operating costs	1.00	136,992		136,992
Adds funding for inflationary increases and restoration of operating reductions made in prior bienniums		87,048		87,048
Adds funding for a contracted exhibition coordinator		24,000		24,000
Adds funding for the arts across the prairie initiative		193,000		193,000
Adds funding for IT software and supplies		51,400		51,400
Adds funding for marketing		15,000		15,000
Adds funding to improve accessibility		16,600		16,600
Adds funding for arts education grants		113,535		113,535
Adjusts grant funding		(75,295)	94,578	19,283
Reduces funding for operating fees and services			(3,500)	(3,500)
Total ongoing funding changes	1.00	\$754,199	\$21,078	\$775,277
One-time funding items				
Adds funding for new FTE one-time costs		\$2,500		\$2,500
Adds funding for leave payouts for retiring staff		106,430		106,430
Adds funding for a strategic planning consultant		40,000		40,000
Adds one-time funding for the arts across the prairie initiative		100,000		100,000
Adds funding for IT equipment		10,000		10,000
Total one-time funding changes	0.00	\$258,930	\$0	\$258,930
Total Changes to Base Level Funding	1.00	\$1,013,129	\$21,078	\$1,034,207
2023-25 Total Funding	6.00	\$2,675,895	\$1,810,000	\$4,485,895
<i>Federal funds included in other funds</i>			\$1,800,000	
<i>Total ongoing changes as a percentage of base level</i>	20.0%	45.4%	1.2%	22.5%
<i>Total changes as a percentage of base level</i>	20.0%	60.9%	1.2%	30.0%

Other Sections in Council on the Arts - Budget No. 709

	Executive Budget Recommendation
Cultural endowment fund	Section 3 would appropriate all income from the cultural endowment fund to the Council on the Arts during the 2023-25 biennium for furthering the cultural arts in the state.
Gifts, grants, and bequests	Section 4 would appropriate all income from gifts, grants, devises, bequests, donations, and assignments received by the Council on the Arts during the 2023-25 biennium.

**HOUSE BILL NO. 1010
(Governor’s Recommendation)**

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an Act to provide an appropriation for defraying the expenses of the council on the arts.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the council on the arts for the purpose of defraying the expenses of the council on the arts, for the biennium beginning July 1, 2023 and ending June 30, 2025, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$1,082,619	\$ 357,341	\$1,439,960
Operating Expenses	286,545	544,048	830,593
Grants	<u>2,082,524</u>	<u>132,818</u>	<u>2,215,342</u>
Total All Funds	\$3,451,688	\$1,034,207	\$4,485,895
Less Estimated Income	<u>1,788,922</u>	<u>21,078</u>	<u>1,810,000</u>
Total General Fund	\$1,662,766	\$1,013,129	\$2,675,895
Full-time Equivalent Positions	5.00	1.00	6.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-EIGHTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the 2023-25 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
Furniture	\$0	\$ 2,500
Leave Payouts	0	106,430
Strategic Planning	0	40,000
Arts Across the prairie	0	100,000
IT Equipment	<u>0</u>	<u>10,000</u>
Total All Funds	\$0	\$258,930
Less Estimated Income	<u>0</u>	<u>0</u>
Total General Fund	\$0	\$258,930

The 2023-25 one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The council on the arts shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 3. APPROPRIATION – CULTURAL ENDOWMENT FUND. All income from the cultural endowment fund is appropriated to the council on the arts for the furthering of the cultural arts in the state for the biennium beginning July 1, 2023 and ending June 30, 2023.

SECTION 4. GIFTS, GRANTS, AND BEQUESTS - APPROPRIATION. All gifts, grants, devises, bequests, donations, and assignments received by the council on the arts and deposited with the state treasurer pursuant to section 55-01-04 are appropriated to the council on the arts for the purposes provided in section 54-54-06, for the biennium beginning July 1, 2023 and ending June 30, 2025.