

Memorandum: Executive Committee Report

TO: Montana Arts Council Members
FROM: Steve Zabel | Chair
RE: Update to the Executive Committee

May 21, 2025

The first six months of 2025 have been a time of stress and uncertainty for MAC staff. We have faced four major hurdles—all of which had significant potential impacts on MAC, our budget, our operations, and our constituents. We talked about all of these at our April zoom meeting, but I thought an overall review and update might be helpful.



Hurdle #1 - HB9 and the legislature: HB9 is the bill in each session that allocates Cultural & Aesthetic (C&A) grants, which are funded by a 0.6% share of the earnings of the Montana Coal Tax Trust Fund. These biennial grant applications are reviewed by a 16-member statewide grant panel. Eight reviewers are appointed by MAC; 8 by Montana Historical Society. Together they allocate the funds, and send their recommendations to the legislature’s Long-Range Planning subcommittee for approval. This year Rep. John Fitzpatrick, chair of the LRP subcommittee, rejected the grant panel’s recommendation and reallocated funds according to which applicants appeared in testimony before the subcommittee in the first week of the session, removing 16 applicants from the bill and reducing to \$2,000 for the biennium for those that submitted written testimony. The requirement to appear was unprecedented in the history of the program, as was Rep. Fitzpatrick’s public criticism of MAC staff. Throughout the session, HB9 was held up in the approval process as legislators negotiated for votes on other issues. At one point it was under threat to be tabled—which would have removed \$705,000 from MAC’s annual budget for the next biennium.

In the end HB9 passed, with all the non-testifying applicants removed. Also passed: HB757, a new law creating an entirely new set of criteria for C&A grants, and a rating system for future applications. The governor signed both bills into law on May 13th.

Hurdle #2 – DOGE and potential immediate funding cuts: The DOGE-demanded cuts from the NEH, NEA, and IMLS (funders of museums & libraries) were everywhere in the news. At least 450 current and open grants in every category were rescinded or terminated nationwide (that we know of), totaling more than \$30 million in revoked funding. Among our own constituents, there are several arts organizations which have lost significant funding—including at least two whose grant funds were demanded to be returned, even though their funds were already obligated under contract. How this will effect arts businesses just now recovering from Covid disruptions is hard to determine, but it is a deep concern.

Between February and mid-May, federal funding to MAC was also in doubt. Because we can only draw down on our federal funds every 30 days, we struggled month to month to balance needs vs. potential losses as we calculated through profound uncertainties. Could we award grants, knowing the federal funds that support them might be terminated at any moment? Huge kudos to Jenifer and the entire staff for navigating through all this with no available information.

Hurdle #3 – Will MAC receive an FY26 partnership agreement from the NEA? Even if our current funding were not terminated, we also lived in uncertainty about receiving any NEA funds for FY2026. (NEA funding = 46.6% of MAC’s annual budget.) In mid-May the NEA informed us that partnership agreements to the state arts agencies will be issued for next fiscal year—but we will not know how much until later in June. For this reason we have built an FY26 budget based on our NEA funds for FY25, and will have to make adjustments once the federal funding is officially in place.

Hurdle #4 – Will the NEA survive in FY2027? Public support for arts and culture—and many other forms of civic care (rural hospitals, fire departments, public health, child hunger) have historically seen strong bipartisan support. The administration’s proposal to fully eliminate the NEA, NEH, and IMLS is not unprecedented: during Pres. Trump’s first term, he tried to eliminate the NEA and NEH, which were kept alive by broad bipartisan congressional support. (Ultimately, their budgets grew.) This time, however, with few Republicans in Congress willing to challenge the president, the administration may face less resistance.

We know that—even if fully funded—the NEA has lost so many staff that it will operate differently in the future. Through NASAA, Creative West, and our strong partnership with NEA, we hope to be part of a creative rebuilding.

See the NASAA Statement on Proposed Elimination of the NEA: [Statement on Proposed Elimination of the NEA, May 2025 - NASAA](#)

Two things to know: First, federal funding is most critical in rural areas, where NEA/MAC funds support access to arts experiences in places they otherwise would not happen. Without federal funding, arts and culture would gravitate to major urban areas where money and people are concentrated. So it's **in Montana's best interests** to support full NEA funding. (Public support isn't about the art; it's about access to art.) Strong, bipartisan advocacy for the NEA/NEH will be critical to the community vitality, civic health, economic vibrancy, and mental well-being of Montanans. I urge every single Council member to participate in the advocacy efforts we will be leading statewide to support arts and culture.

Second: The MAC staff has done a tremendous job planning, evaluating various scenarios, adjusting in the moment, and acting calmly through a period of significant upheaval and uncertainty. Kudos to each and every one of them.



Many things are changing. Where are the unseen opportunities ahead? What unplanned good might we discover in the aftermath of change? We carry with us the adage:

"Never let a crisis go to waste."

NASAA on Terminated Grants at the NEA

The NEA plays a vital role in helping communities to thrive through the arts. Its work touches [more than 24 million](#) Americans each year. Federal arts funds facilitate public access to cultural opportunities in every U.S. congressional district. They [spark economic growth](#), promote [good health](#), bolster [civic cohesion](#) and catalyze positive [community engagement](#). When it has full resources, the NEA ensures that every community has access to these advantages. 34% of NEA [grant projects](#) take place in high-poverty neighborhoods and 18% go to rural areas and small towns. 75% of NEA arts education grants engage underserved youth, helping them to flourish [in and out of school](#).

In short, a strong NEA strengthens America. We should be sustaining our federal investment in the arts—not retracting it.