

HB

215

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FILE

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB215
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DOT&PF
 Title Repeal One Percent for Art BRU _____
 Component _____
 Sponsor Stoltze
 Requester HSTA Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type—Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Dennis R. Poshard Phone 465-3900
 Division: Special Assistant to Commissioner Date/Time 4/2/03 5:56 PM
 Approved by: Commissioner Mike Barton Date 4/2/2003
 Agency: Alaska Department of Transportation and Public Facilities

LEGISLATIVE RESEARCH REPORT

APRIL 30, 2003



REPORT NUMBER 03.204

ALASKA'S "PERCENT FOR ART" PROGRAM

PREPARED FOR REPRESENTATIVE BILL STOLTZE

BY KATHLEEN L. WAKEFIELD, LEGISLATIVE ANALYST,

You asked what percentage of construction funds have been allocated to the "Percent for Art" program during the past three years.

As you may know, the legislature created the "Percent for Art" program in 1975.¹ The law, AS 35.27.010, stipulates that a portion of the funds appropriated for capital projects for public facilities (including schools, office buildings, court buildings, and state ferries) be set aside for the purchase of works of art. At least one percent of a project's construction or renovation costs must be dedicated to purchase of art, although schools in Rural Education Attendance Areas (REAs) may reserve a lower amount (no less than one-half of one percent). If the project's costs are under \$250,000 or the project will receive minimal public use, the amount reserved for art is placed in the Art in Public Places Fund.² The Alaska State Council on the Arts manages this fund and uses it to acquire art for other public buildings or to provide additional monies to a project if the actual cost for a work of art exceeds available funding.³

During fiscal years 2000-2002, the legislature appropriated about \$3.6 billion for all capital projects statewide.⁴ Of course, many of these projects were not for public facilities and did not qualify for the percent for art requirement. During that same time, the Alaska Court System and the Department of Transportation and Public Facilities (which also manages projects for other state departments) spent about \$1.1 million for art purchased under the "Percent for Art" program. This amount is less than one-half of one percent of the total authorized capital budgets for those years.

¹ For a more detailed legislative history of the "Percent for Art" program, you may wish to review Legislative Research Services Report 97.016, "Legislative History of Alaska's Percent for Art Program."

² AS 44.27.060.

³ The Alaska State Council on the Arts' website contains additional information on the "Percent for Art" program, <http://www.educ.state.ak.us/aksca/visual.htm>.

⁴ *Fiscal Summaries*, Division of Legislative Finance.

This \$1.1 million figure includes only two years' worth of expenditures by the Court System. During those two years, the Court System spent approximately \$8,000 for art. Expenditures vary from year to year, based on which projects are actually funded in the capital budget. In the previous two years (FY98-99), for example, the Court System spent almost \$279,000 for acquisitions under the "Percent for Art" program.⁵

The total figure for FY00-02, however, does not include amounts spent during those years for art for school construction and renovation projects. The Department of Education and Early Development does not track expenditures for art separately from other project costs, since school projects are managed by the individual school districts, and so was unable to provide us with firm cost figures. The department, which provides bond and grant funding to school districts for qualifying projects, spent almost \$584 million for school construction, renovation, and maintenance projects in FY00-02. Grant funding provides only 65 to 98 percent of the total project cost, so this figure is not the full construction amount.

However, based on the information for these projects provided by the department, we estimate that about \$3.6 million in state funds *may have been spent* on art for school projects for fiscal years 2000-2002. *Please note that this is our estimate only—actual expenditures may have been quite different.*⁶

It is important to note that there is no centralized repository of information on amounts spent for art in public places. For example, although the Alaska State Council on the Arts tracks expenditures for art on projects managed by the Department of Transportation and Public Facilities (based on information provided by the department), other entities, such as the Alaska Court System and individual school districts, maintain their own accounting records on their projects.

With these exceptions, if we include our estimate for art in schools, the state may have spent approximately \$4.8 million on the "Percent for Art" program for fiscal years 2000-2002. This figure is just over one percent of the total capital projects budget for those three years.

Table 1 contains the amounts spent for art for capital projects by the Alaska Court System and the Department of Transportation and Public Facilities for fiscal years 2000-2002, as well as our estimates for the Department of Education and Early Development for those years.

⁵ Although for fiscal years 2000-2002 the Department of Transportation and Public Facilities spent almost \$1.1 million for art in public places, in the previous two years it spent only \$32,000.

⁶ We arrived at the \$3.6 million estimate by calculating one percent for art for urban school construction and renovation projects, and one-half of one percent for REAA school projects funded (in part) by the department for FY00-02, based on amounts for the projects provided to us by the department. These amounts, of course, are not total project costs and do not include any federal or local funding sources. We excluded any projects that appeared to be maintenance work (roof repair or replacements, deferred maintenance, asbestos abatement, ADA upgrades, structural upgrades, fuel tank upgrades, etc.) and projects that were for technology installations or upgrades. Since the total funding for school projects is a mix of state, local, and sometimes federal monies, this estimate is probably lower than the actual amount spent for art in schools.

Table 1: Expenditures for the "Percent for Art" Program, FY2000-2002

Fiscal Year	Alaska Court System ¹	Department of Transportation and Public Facilities ²	Department of Education and Early Development ³ (estimate)	Total
2000	\$5,000	\$240,614	\$1,190,530	\$1,436,144
2001	\$3,000	\$134,309	\$1,177,094	\$1,314,403
2002		\$698,722	\$1,327,531	\$2,026,253
Total	\$8,000	\$1,073,645	\$3,695,155	\$4,776,800

Notes: 1. The amounts listed in this table for the Alaska Court System are for the fiscal year in which funds were authorized, not the year in which the art was purchased. 2. The amounts listed for the Department of Transportation and Public Facilities are for projects for several state departments, and are for the years in which the actual expenditures for art were made. 3. The amounts listed for the Department of Education and Early Development are for certain school construction and renovation projects, and are for the year the construction funds were appropriated. By law, Rural Education Attendance Area (REAA) schools may allocate one-half of one percent to art, instead of the full one percent. *Please note: amounts for the Department of Education are estimates only, based on the amount of state grants or bonds allocated to the project and do not reflect total project costs. Total funding for school projects is a mix of state, local, and sometimes federal monies.* Actual project costs, including the amount spent for art, are accounted for by the individual school districts.

Sources: Alaska Court System; Alaska Department of Education and Early Development; Alaska State Council on the Arts.

I hope you find this information to be useful. Please do not hesitate to contact us if you have questions or need additional information.

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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

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Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

Prepared by: Dennis R. Poshard Phone 465-3900
 Division Special Assistant to Commissioner Date/Time 4/2/03 5:56 PM
 Approved by: Commissioner Mike Barton Date 4/2/2003
 Agency Alaska Department of Transportation and Public Facilities

ALASKA STATE LEGISLATURE

Chair:
House Finance Subcommittees for
Department of Public Safety
Department of Law

Member:
House Finance Committee
Legislative Council



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REPRESENTATIVE BILL STOLTZE

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Sponsor Statement for CS for House Bill 215 (STA)

"An Act relating to art requirements for public buildings and facilities; relating to identification, monitoring, maintenance, and reporting of art in public buildings and facilities; and relating to the art in public places fund."

Alaska's "Percent for Art" program originated in 1975 with the requirement that a percent of state capital expenditures for public buildings and facilities be set aside to acquire works of art for display in those facilities (Alaska Statute 35.27).

My intent in introducing HB 215 was to address the fiscal aspect of the program; the original version repealed the percent for art program. The committee substitute for HB 215 provides 1% for art from the first \$10 million of the total construction costs, and reduces it to ½% thereafter. Additionally, the 1% would only apply to state funding sources such as general funds or general obligation bonds.

At this time, a mechanism for maintenance doesn't exist. This bill sets aside 5% of the percent for art, placing it into the Art in Public Places Fund to insure works of art can be maintained in good condition. The Alaska State Council on the Arts (ASCA) would receive requests for maintenance, facilitate coordination of the repairs, and maintain a database of all artwork that is owned by the state.

Furthermore, annual reporting to ASCA will be required by those agencies subject to the 1% for art. Required reporting will provide: the amount of state funding for the project, the percent set aside for art; the total cost of art, the title, artist, etc. The ASCA will have this information for monitoring works of art and the annual amount allocated to the Percent for Art Program through new construction. Annually, the ASCA will prepare a report to the Legislative Budget and Audit Committee.

Additionally, this legislation strengthens the preference for state artists.

A member of the House State Affairs Committee removed the long-standing reduced percentage for rural schools that allowed for a lesser percentage to compensate for the significantly higher construction costs for rural schools.

I appreciate your consideration of this legislation.

DISTRICT 16

BIRCHWOOD • BUTTE • CHUGIAK • EKLUTNA • FAIRVIEW LOOP
KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK