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↻ Designates that this item is a change item

## Agency Purpose

The Minnesota State Arts Board's mission is to:

- ◆ serve as a leading catalyst for creating a healthy environment for the arts that fosters broad public participation in, and support for, the arts in Minnesota;
- ◆ promote artistic excellence and preserve the diverse cultural heritage of the people of Minnesota through its support of artists and organizations;
- ◆ act as a responsible steward of the public trust; and
- ◆ work with the statewide network of regional arts councils to ensure accessibility to arts activities for all Minnesotans.

Its vision is to ensure that all Minnesotans have the opportunity to participate in the arts.

The Arts Board was established in its current form in 1976, by Minnesota Statutes, chapter 129D; however, it had several predecessor organizations that have been serving Minnesota residents, artists, arts organizations, and arts educators since 1903.

## Core Functions

The Arts Board provides financial assistance and services that are designed to stimulate and encourage the creation, performance, and appreciation of the arts in the state. It accomplishes this work through the following three core functions:

**Arts Board grants** — In FY 2006-07, the Arts Board awarded \$11.534 million to Minnesota artists, arts organizations, and educational institutions through its three broad categories of grants:

- ◆ Institutional/Presenter Support – these funds are an investment in the state's leading arts organizations and provide them with the flexibility essential to meet the growing needs and demands of their audiences.
- ◆ Artist Assistance – these grants support the artistic and professional growth of artists who are the strong foundation necessary for a healthy arts community.
- ◆ Arts in Education – these funds enable hundreds of thousands of children to experience the arts each year, and through those experiences develop their cognitive skills and achieve key competencies necessary to meet the state's graduation standards.

**Regional Arts Councils (RACs)** – The board serves as fiscal agent for state funds that are distributed to Minnesota's eleven regional arts councils - \$5.916 million in FY 2008-09. Together the board and the regional councils comprise a statewide, decentralized service system that effectively reaches citizens in every county in Minnesota. Regional arts councils provide grants and support services tailored to meet the needs of their particular areas of the state.

**Other services/partnerships** – The Arts Board leverages its resources and its reach by collaborating with other public agencies and nonprofit organizations on projects that offer Minnesota residents and visitors high-quality arts experiences. These include:

- ◆ Managing the state's Art in Public Places program in cooperation with the Minnesota Department of Administration. The program commissions artists to create new work or purchases existing artwork to be installed in new or renovated public buildings.
- ◆ Working in partnership with Explore Minnesota Tourism, the Minnesota Historical Society, the Minnesota Department of Natural Resources, and the Minnesota Department of Transportation on initiatives to promote cultural tourism in the state and bring greater visibility to cultural assets along Minnesota's scenic byways.
- ◆ Collaborating with the Minnesota Department of Public Safety Office of Justice Programs to sponsor Art of Recovery, an annual exhibition that features artwork by individuals who have been victims of crime.

## At A Glance

- ◆ The arts generate more than \$1 billion in economic activity each year.
- ◆ Minnesota is home to more than 1,600 nonprofit arts organizations and 30,000 individual artists.
- ◆ Together, the Minnesota State Arts Board and the state's 11 regional arts councils serve communities, residents, and visitors in all 87 Minnesota counties.
- ◆ Activities supported by the Arts Board and the regional arts councils during the FY 2006-2007 biennium served a combined audience of more than 18.3 million children and adults.

- ◆ Managing the state's Poetry Out Loud contest, a national initiative of the National Endowment for the Arts, that uses poetry to help high school students develop self-confidence, public speaking skills, and a deeper appreciation of the importance of language skills and literature.

## Operations

Given the economic, educational, and social benefits the arts provide, Minnesota citizens and communities are the principal beneficiaries of the Arts Board's activities. The board provides financial support, technical assistance, and other resources to artists, arts organizations, nonprofits, schools, and communities that, in turn, make stimulating, high-quality arts experiences available throughout the state.

## Key Goals

The following strategic goals help guide the board's day-to-day activities:

- ◆ Increase the level of support available to help sustain and grow a healthy arts community
  - ⇒ Financially support artists and organizations throughout Minnesota
  - ⇒ Seek additional public and private financial support for artists and organizations throughout Minnesota
  - ⇒ Expand the significant nonfinancial contributions individuals and organizations make to the arts
- ◆ Ensure that public services and grants are delivered effectively throughout the statewide arts system
  - ⇒ Carefully examine how resources are allocated in the following areas: formula-based funding; financial and technical support for community-based arts organizations; and education, outreach, and touring
  - ⇒ Ensure that resources are allocated to provide the best return on investment in the arts for the people of Minnesota
  - ⇒ Work collaboratively with the regional arts councils to examine the existing model to ensure effective delivery of grants and technical assistance services to artists and organizations throughout the state
  - ⇒ Work in concert with the regional arts councils to evaluate the statewide network and determine whether any changes would better meet the needs of artists, organizations, and audiences today and in the future
  - ⇒ Solicit advice from arts funders, institutions, artists, and other stakeholders about how to better meet the needs of the arts community
- ◆ Serve as a leader, promoting the value of the arts to Minnesota's quality of life
  - ⇒ Communicate the importance of public and private investment in the arts
  - ⇒ Continue to build partnerships within the leadership of the arts community
  - ⇒ Achieve and maintain recognition locally, regionally, and nationally as a leader in the arts community
- ◆ Support increased access and opportunities in arts education
  - ⇒ Continue to emphasize arts in education as a primary component in all Arts Board grant programs
  - ⇒ Support in-school residencies with professional teaching artists
  - ⇒ Continue partnership with the Perpich Center for Arts Education
  - ⇒ Support the activities of the Comprehensive Arts Planning Program

## Key Measures

Annually, the Minnesota State Arts Board accomplishes the following:

- ◆ Provides general support to at least 130 Minnesota arts organizations so that residents in every area of the state have access to high-quality arts experiences;
- ◆ Expands learning opportunities for students across the state by supporting 500 weeks of artist residencies;
- ◆ Provides strategic support to 100 Minnesota artists so they become better accomplished artists and better connected to the individuals and communities they serve;
- ◆ Invests at least \$100,000 in targeted support to provide arts activities in traditionally underserved communities.

## Budget

The Arts Board's FY 2008-2009 budget is \$22,099,100. Over 90% of the budget (\$20.442 million) comes from the state's general fund. The remaining portion comes from federal (National Endowment for the Arts) and private funds. The board has 11 FTE employees.

**Contact**

Office of the Executive Director  
400 Sibley Street, Suite 200  
Saint Paul, Minnesota 55101  
Phone: (651) 215-1600  
[www.arts.state.mn.us](http://www.arts.state.mn.us)

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	10,215	10,227	10,227	10,227	20,454
<b>Recommended</b>	<b>10,215</b>	<b>10,227</b>	<b>6,892</b>	<b>3,446</b>	<b>10,338</b>
Change		0	(3,335)	(6,781)	(10,116)
% Biennial Change from 2008-09					-49.4%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	9,957	10,485	6,892	3,446	10,338
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	13	3	3	3	6
Federal	621	842	776	776	1,552
Gift	52	40	40	40	80
<b>Total</b>	<b>10,643</b>	<b>11,370</b>	<b>7,711</b>	<b>4,265</b>	<b>11,976</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	690	719	598	449	1,047
Other Operating Expenses	293	509	253	172	425
Local Assistance	9,660	10,142	6,860	3,644	10,504
<b>Total</b>	<b>10,643</b>	<b>11,370</b>	<b>7,711</b>	<b>4,265</b>	<b>11,976</b>
<b><u>Expenditures by Program</u></b>					
Operations & Services	965	1,228	851	621	1,472
Grant Programs	6,715	7,183	4,884	2,651	7,535
Region Arts Fisc Agent	2,957	2,959	1,976	993	2,969
Percent For Art	6	0	0	0	0
<b>Total</b>	<b>10,643</b>	<b>11,370</b>	<b>7,711</b>	<b>4,265</b>	<b>11,976</b>
<b>Full-Time Equivalent (FTE)</b>	<b>9.8</b>	<b>10.0</b>	<b>7.1</b>	<b>3.9</b>	

	<i>Dollars in Thousands</i>			<b>Biennium 2010-11</b>
	<b>FY2009</b>	<b>Governor's Recomm. FY2010</b>	<b>FY2011</b>	
<b><i>Fund: GENERAL</i></b>				
<b>FY 2009 Appropriations</b>	<b>10,227</b>	<b>10,227</b>	<b>10,227</b>	<b>20,454</b>
<b>Technical Adjustments</b>				
Current Law Base Change		110	110	220
<b>Subtotal - Forecast Base</b>	<b>10,227</b>	<b>10,337</b>	<b>10,337</b>	<b>20,674</b>
<b>Change Items</b>				
Transition to Private Non-Profit	0	(3,445)	(6,891)	(10,336)
<b>Total Governor's Recommendations</b>	<b>10,227</b>	<b>6,892</b>	<b>3,446</b>	<b>10,338</b>
<b><i>Fund: MISCELLANEOUS SPECIAL REVENUE</i></b>				
<b>Planned Statutory Spending</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>6</b>
<b>Total Governor's Recommendations</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>6</b>
<b><i>Fund: FEDERAL</i></b>				
<b>Planned Statutory Spending</b>	<b>842</b>	<b>776</b>	<b>776</b>	<b>1,552</b>
<b>Total Governor's Recommendations</b>	<b>842</b>	<b>776</b>	<b>776</b>	<b>1,552</b>
<b><i>Fund: GIFT</i></b>				
<b>Planned Statutory Spending</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>80</b>
<b>Total Governor's Recommendations</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>80</b>

## ARTS BOARD

Change Item: Transition to Private Non-Profit

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(3,445)	\$(6,891)	\$(10,337)	\$(10,337)
Revenues	0	0	0	0
Net Fiscal Impact	\$(3,445)	\$(6,891)	\$(10,337)	\$(10,337)

### Recommendation

The Governor recommends a reduction of \$3.445 million in FY 2010 and \$6.891 million in FY 2011 to the Arts Board's general fund operating budget as a precursor to transitioning to a private non-profit status. The decreasing amount of state funding provided to the Arts Board will impact the programs and services provided by the Board, but the Governor believes this transition is necessary to deal with the current budget deficit.

### Background

Since the 1970's, the Minnesota State Arts Board has partnered with the state's eleven regional arts councils to encourage the arts through a wide range of programs, tailored grants and other services. Arts provide economic, educational and social benefits, but the current budget deficit requires that hard decisions be made in response to Minnesota's challenged economy. The shift in funding for the Arts Board will be difficult, but the Arts Board's clear mission, effective leadership and standing in the arts community will help with the transition.

The Arts Board's operating budget includes amounts for grants, regional arts councils and other partnerships. Arts Board will reduce operating budgets by \$3.445 million in FY 2010, \$6.891 million in FY 2011 and \$10.337 million in FY 2012 and FY 2013.

### Relationship to Base Budget

This proposal represents a 33% base level reduction to the general fund budget in FY 2010, a 66% base level reduction to the general fund budget in FY 2011, and a 100% base level reduction to the general fund budget in FY 2012 and FY 2013. For budgeting purposes, the reductions in FY 2010 and FY 2011 were allocated according to actual FY2008 expenditures.

This level of reduction will impact the Art's Boards core functions of: providing grants to Minnesota artists, arts organizations and educational institutions; serving as the fiscal agent for state funds that are distributed to Minnesota's eleven regional arts councils and; collaborating with other public agencies and nonprofit organizations. In the next two years, the Arts Board will focus more of its resources on finding other sources of funding, largely relying upon other state and federal funds as well as gifts and grants from other levels of government.

### Key Goals and Measures

Minnesota Statutes, chapter 129D, charges the Arts Board to "stimulate and encourage the creation, performance, and appreciation of arts in the state."

As the Arts Board transitions to non-profit, 501(c)(3) status, the Board will continue to fulfill its mission to: serve as a leading catalyst for creating a healthy environment for the arts that fosters broad public participation in, and support for, the arts in Minnesota; promote artistic excellence and preserve the diverse cultural heritage of the people of Minnesota through its support of artists and organizations; act as a responsible steward of the public trust; and work with the statewide network of regional arts councils to ensure accessibility to arts activities for all Minnesotans.

**Statutory Change:** Not Applicable

ARTS BOARD

Agency Revenue Summary

*Dollars in Thousands*

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010   FY2011		Biennium 2010-11
<b><u>Non Dedicated Revenue:</u></b>					
<b>Other Revenues:</b>					
General	5	0	0	0	0
<b>Total Non-Dedicated Receipts</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Dedicated Receipts:</u></b>					
<b>Grants:</b>					
Miscellaneous Special Revenue	6	0	0	0	0
Federal	621	836	776	776	1,552
<b>Other Revenues:</b>					
Miscellaneous Special Revenue	1	2	2	2	4
Gift	49	50	50	50	100
<b>Other Sources:</b>					
Miscellaneous Special Revenue	1	0	1	1	2
<b>Total Dedicated Receipts</b>	<b>678</b>	<b>888</b>	<b>829</b>	<b>829</b>	<b>1,658</b>
<b>Agency Total Revenue</b>	<b>683</b>	<b>888</b>	<b>829</b>	<b>829</b>	<b>1,658</b>

Federal Program (\$ in Thousands)	Related SFY 2008 Spending	Primary Purpose	SFY 2008 Revenues	SFY 2009 Revenues	Estimated SFY 2010 Revenues	Estimated SFY 2011 Revenues
NEA Block Grant	\$621	SO	\$621	\$806	\$776	\$776
NEA Accessibility Leadership	\$0	SO	\$0	\$30	\$0	\$0
<b>Agency Total</b>			\$621	\$836	\$776	\$776

**Key:**

Primary Purpose

SO = State Operations

GPS = Grants to Political Subdivision

GI = Grants to Individuals

GCBO = Grants to Community Based Organizations

The Minnesota State Arts Board receives federal support in the form of an annual State Partnership grant from the National Endowment for the Arts (NEA). NEA dollars are restricted to the following three purposes:

- Arts in education – the Arts Board must use these funds to support arts activities in schools and/or developmental programs to make arts in education programs more accessible or more successful. Minnesota school children, teachers, school districts, parents, and communities benefit directly from these grants. Teaching artists also benefit from developmental programs that enhance their skills and expand their professional capacity.
- Underserved – the Arts Board must use these funds to support arts experiences for individuals/groups/areas that traditionally have fewer opportunities to participate in the arts. In Minnesota, this includes individuals/communities in greater Minnesota, artists/arts organizations based in communities of color, and arts activities that involve persons with disabilities and/or older adults.
- State basic grant – the Arts Board is free to use these funds as it sees fit to help achieve its vision – that all Minnesotans should have the opportunity to participate in the arts.

The National Endowment for the Arts requires a one-to-one cash match. The Arts Board must receive state funding in order to qualify for NEA funding.

As long as Congress continues to fund the National Endowment for the Arts, support from the NEA to the Arts Board will be forthcoming each year. The NEA is required to pass at least 40 percent of its annual support from Congress on to states in the form of State Partnership (block) grants. The block grants are determined by a formula, predominantly based on population.

During FY 2009, the Arts Board received a special grant from the NEA – a National Accessibility Leadership Award. This is a one-time only award and will not be repeated in the future. There is no match requirement on the grant. The Arts Board must use the dollars as it proposed in its nomination/application, namely to purchase equipment and provide training on how to use the equipment so that Minnesotans with disabilities will be better able to participate in arts activities.