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Minnesota State Arts Board

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AT A GLANCE

- The arts are a significant industry in Minnesota, generating more than \$1.2 billion in economic activity each year.
- Minnesota is home to more than 1,500 nonprofit arts organizations and 40,000 artists.
- Together, the Minnesota State Arts Board and the state's 11 regional arts councils serve residents and communities in all 87 Minnesota counties.
- Activities supported by the Arts Board and the regional arts councils during the FY 2014-2015 biennium served a combined audience of nearly 24 million children and adults.

PURPOSE

The Minnesota State Arts Board stimulates and encourages the creation, performance, and appreciation of the arts. It serves as an adviser, resource, and policy maker by distributing grants and other forms of assistance for artistic activities; it also serves as the fiscal agent for legislative appropriations to eleven regional arts councils.

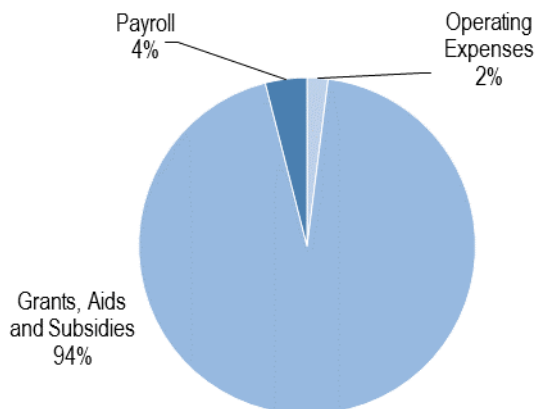
The purpose of the arts is to inspire, enlighten, connect, and challenge individuals. They give us new experiences, and help us understand and imagine the world from another person's point of view. However, the arts also produce tremendous secondary benefits that help Minnesota achieve many of its most important public goals.

Research shows that the arts increase academic achievement. Nontraditional learners or at-risk students often become high achievers in arts learning settings; this success becomes a bridge to learning in other areas. The arts stimulate 21st century work skills, including creativity, which will be an important characteristic of jobs and the workforce of the future. Arts bring people together. Residents of a community often understand their new immigrant neighbors better after seeing a traditional play. A struggling downtown begins to "hum" with new energy on the evenings the community arts center offers a concert. Towns celebrate their identity and heritage through annual arts festivals. Artists and arts participation build social capital—the social bonds and civic engagement needed in a healthy, thriving society. As it stimulates the arts and the many benefits they provide, the Arts Board helps achieve the following statewide outcomes:

- **A thriving economy that encourages business growth and employment opportunities**
- **Minnesotans have the education and skills needed to achieve their goals**
- **Strong and stable families and communities**

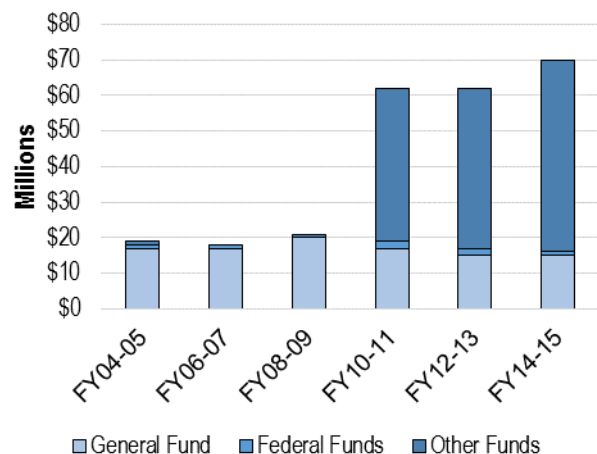
BUDGET

**Spending by Category
FY 15 Actual**



Source: BPAS

Historical Spending



Source: Consolidated Fund Statement

The board receives an appropriation from the State's general fund, and from the State's arts and cultural heritage fund (ACHF). Proceeds of the ACHF may be spent only "for arts, arts education, and arts access and to preserve Minnesota's history and cultural heritage." The board also receives an annual state partnership grant from the National Endowment for the Arts.

STRATEGIES

The Arts Board provides financial support and other services to enable Minnesota and its residents and communities to reap the many benefits the arts provide. To accomplish its mission, the board is pursuing the following long-term goals and strategies:

- The arts are interwoven into every facet of community life
 - Develop strategic relationships and partnerships
- Minnesotans believe the arts are vital to who we are
 - Enhance public understanding of the value of the arts
- People of all ages, ethnicities, and abilities participate in the arts
 - Fully engage with nontraditional and underrepresented participants
 - Transform everyone's life by experiencing the arts
- People trust Minnesota's stewardship of public arts funding
 - Provide an accountable arts support system
 - Be responsible stewards of public funds
- The arts thrive in Minnesota
 - Foster visionary, skilled arts leaders and organizations statewide
 - Ensure sufficient resources to sustain the arts and artists
 - Serve as a clearinghouse of information on best practices and successful programs

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of persons who benefit from funded activities	20,563,917	23,664,929	2008-09 biennium, 2014-15 biennium (a)
Quantity	Percent of Minnesotans who attend arts activities	67%	76%	2001, 2014 (b)
Quantity	Number of grant applications reviewed (top number) and grants awarded (bottom number)	633 381	1,487 558	2009, 2015 (c)

- a) Comparing the biennium just prior to creation of arts and cultural heritage fund to a recently completed biennium.
 b) Data source: Minnesota State Survey, University of Minnesota
 c) Comparing the fiscal year just prior to creation of arts and cultural heritage fund to a recently completed fiscal year

The Arts Board's authorizing statute is M. S. 129D.01-129D.05 [<https://www.revisor.mn.gov/statutes/?id=129D>].

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecasted Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	7,455	7,568	7,502	7,550	7,530	7,530	7,536	7,542
2000 - Restrict Misc Special Revenue	0	7	3	23	0	0	0	0
2301 - Arts & Cultural Heritage Fund	26,723	26,925	26,621	30,805	939	0	30,535	31,108
2403 - Gift	46	40	40	40	40	40	40	40
3000 - Federal	725	735	720	770	770	770	770	770
Total	34,950	35,275	34,886	39,188	9,279	8,340	38,881	39,460
<i>Biennial Change</i>				3,849		(56,455)		4,267
<i>Biennial % Change</i>				5		(76)		6
<i>Governor's Change from Base</i>								60,722
<i>Governor's % Change from Base</i>								345

Expenditures by Program

Program: Arts Board	34,950	35,275	34,886	39,188	9,279	8,340	38,881	39,460
Total	34,950	35,275	34,886	39,188	9,279	8,340	38,881	39,460

Expenditures by Category

Compensation	1,213	1,176	1,220	1,432	453	453	1,324	1,395
Operating Expenses	528	714	618	958	421	379	1,049	1,054
Other Financial Transactions	82	56	147	140	0	0	0	0
Grants, Aids and Subsidies	33,127	33,329	32,901	36,658	8,405	7,508	36,508	37,011
Total	34,950	35,275	34,886	39,188	9,279	8,340	38,881	39,460
Full-Time Equivalents	17.6	16.9	17.0	18.0	5.2	4.7	17.2	16.7

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	59	0	20	0	0	0	0
Direct Appropriation	7,514	7,514	7,522	7,530	7,530	7,530	7,536	7,542
Cancellations	0	5	0	0	0	0	0	0
Expenditures	7,455	7,568	7,502	7,550	7,530	7,530	7,536	7,542
Balance Forward Out	59	0	20	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				29		8		26
<i>Biennial % Change in Expenditures</i>				0		0		0
<i>Gov's Exp Change from Base</i>								18
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	4.5	4.8	5.0	5.0	4.7	4.2	4.7	4.2

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	2	3	6	26	4	4	4	4
Receipts	0	10	23	0	0	0	0	0
Expenditures	0	7	3	23	0	0	0	0
Balance Forward Out	3	6	26	4	4	4	4	4
<i>Biennial Change in Expenditures</i>				19		(26)		(26)
<i>Biennial % Change in Expenditures</i>				279		(100)		(100)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents		0	0.0	0.0	0	0	0	0

2301 - Arts & Cultural Heritage Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	229	189	266	432	939	0	939	0
Direct Appropriation	26,675	27,425	26,819	31,312	0	0	29,596	31,108
Net Transfers	0	(348)	0	0	0	0	0	0
Cancellations	9	120	31	0	0	0	0	0
Expenditures	26,723	26,925	26,621	30,805	939	0	30,535	31,108
Balance Forward Out	172	221	432	939	0	0	0	0
<i>Biennial Change in Expenditures</i>				3,778		(56,487)		4,217

2301 - Arts & Cultural Heritage Fund

<i>Biennial % Change in Expenditures</i>				7	(98)	7
<i>Gov's Exp Change from Base</i>						60,704
<i>Gov's Exp % Change from Base</i>						6,465
Full-Time Equivalents	12.8	11.7	11.8	12.6	0	12.0

2403 - Gift

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	206	201	202	243	245	247	245	247
Receipts	41	41	81	42	42	42	42	42
Expenditures	46	40	40	40	40	40	40	40
Balance Forward Out	201	202	243	245	247	249	247	249
<i>Biennial Change in Expenditures</i>				(6)		0		0
<i>Biennial % Change in Expenditures</i>				(7)		0		0
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	0	0	0	0	0
Receipts	725	735	720	770	770	770	770	770
Expenditures	725	735	720	770	770	770	770	770
<i>Biennial Change in Expenditures</i>				29		50		50
<i>Biennial % Change in Expenditures</i>				2		3		3
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	0.3	0.3	0.3	0.3	0.5	0.5	0.5	0.5

Minnesota State Arts Board

FY18-19 Biennial Budget Change Item

Change Item Title: Arts & Cultural Heritage Legacy Fund Appropriation

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	29,596	31,108	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	29,596	31,108	0	0
FTEs	12.0	12.0	0	0

Recommendation:

The Governor recommends an appropriation of \$60.704 million to the agency for the FY 2018-2019 biennium from the state's dedicated arts and cultural heritage fund. This is in keeping with current law which states "At least 47 percent of the money deposited in the arts and cultural heritage fund must be for grants and services awarded through the Minnesota State Art Board, or regional arts councils subject to appropriation." (Minnesota Statutes 129D.17, subd 4.)

Rationale/Background:

The Arts Board is a state agency; its statutory charge is to "stimulate and encourage the creation, performance and appreciation of the arts in the state." It also serves as the fiscal agent for a system of eleven regional arts councils. Together, the board and councils serve as an effective mechanism to assess the arts needs of the state, and provide funding and services to best meet those needs.

Funds appropriated from the arts and cultural heritage fund are used to help achieve the following outcomes:

- The arts are interwoven into every facet of community life.
- People of all ages, ethnicities, and abilities participate in the arts.
- People trust Minnesota's stewardship of public arts funding.
- The arts thrive in Minnesota.

The Arts Board has received an appropriation from the arts and cultural heritage fund each year since its creation in FY 2010. With those funds, there has been a positive trend in each of the goal areas, however significant work remains to be done to achieve them.

Proposal:

The Arts Board and regional arts councils core business is grant making. Rather than investing funds in only a few communities or regions, or a small number of artists, arts organizations, or arts programs, the Arts Board and regional arts council system is designed to ensure that there is investment in every county of the state and in thousands of artists, arts organizations, and arts activities each year. This structure, and broad investment through it, is intentional. Because its long term goals are statewide, with the intent that all Minnesotans will be served, a broad strategy and mechanism will best help turn the curve.

At the moment, the Arts Board is able to measure the number of applicants that can be funded (i.e., how many investments can be made), and the number of persons who are served by the funded activities (i.e., impact). Each year, the number of requests, and dollars requested, far surpass the funds available.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
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Statutory Change(s):

N.A.

Minnesota State Arts Board

FY18-19 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	6	12	12	12
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	6	12	12	12
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$18,000 in FY18-19 to maintain the current level of service delivery at the Arts Board.

Rationale/Background:

Each year, employer-paid health care contributions, pension contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. However, cost growth typically outstrips efficiencies, and without additional resources added to agency budgets, service delivery erodes.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Arts Board, this funding will cover expected and anticipated employee compensation growth, including anticipated compensation increases and employer-paid pension costs.

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public.

Statutory Change(s):

N.A.

FY 2018-19 Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
National Endowment for the Arts 45.025	Partnership Agreement-To stimulate and encourage the creation, performance, and appreciation of the arts in the state.		720	770	770	770	Yes	.5
	Program Total		720	770	770	770		
	Federal Fund – Agency Total		720	770	770	770		

Narrative:

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 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.