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Minnesota State Arts Board

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arts.state.mn.us

AT A GLANCE

- The arts are a significant industry in Minnesota, generating more than \$2 billion in economic activity each year.
- Minnesota is home to more than 1,900 nonprofit arts organizations and 100,000 artists and creative workers.
- 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 2018-19 biennium served a combined audience of 26.8 million children and adults.

PURPOSE

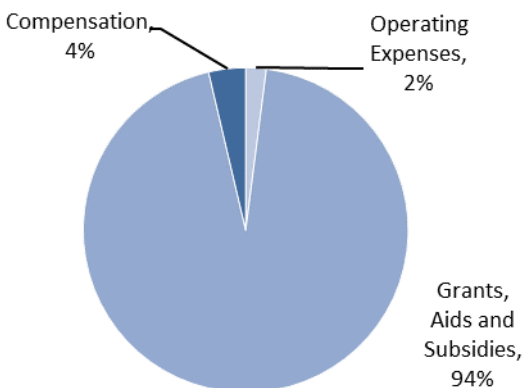
The Minnesota State Arts Board stimulates and encourages the creation, performance, and appreciation of the arts. It serves as an adviser, resource, and policy maker by distributing grants and other forms of assistance for artistic activities; it also serves as the fiscal agent for legislative appropriations 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, empathy, and collaboration which will be important characteristics of the jobs and the workforce of the future. Arts bring people together. Residents of a community better understand their new immigrant neighbors after experiencing a traditional story or dance. 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.

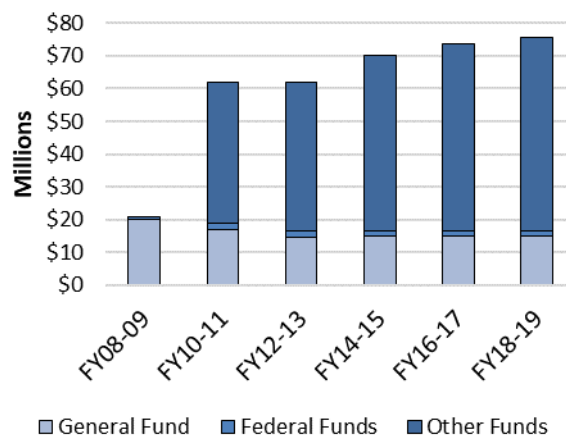
BUDGET

**Spending by Category
FY 2019 Actual**



Source: Budget Planning & Analysis System (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). Appropriations from 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	26,837,348	Previous - 2008-09 Current - 2018-19 (a)
Quantity	Average number of arts experiences Minnesotans have in a year	21.19	53.33	Previous - 2008 Current - 2017 (b)
Quantity	Number of grant applications reviewed (top number) and grants awarded (bottom number)	1,901 1,308	3,727 2,334	Previous - 2009 Current - 2019 (c)

- a) Comparing the 2008-2009 biennium, just prior to creation of arts and cultural heritage fund, to the most recently completed biennium (2018-2019).
- b) Data source: Survey of Public Participation in the Arts (SPPA)
- c) Comparing fiscal year 2009 (just prior to creation of arts and cultural heritage fund) to recently completed fiscal year 2019. Numbers are combined Arts Board and regional arts council applications and grants.

Whenever data are available, the Arts Board uses 2008 or 2009 as baseline years because they precede the establishment of the arts and cultural heritage fund and can help measure the impact of the fund over time.

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

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base FY22 FY23		Governor's Recommendation FY22 FY23	
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Expenditures by Fund

1000 - General	7,464	7,636	8,059	7,637	7,541	7,541	7,551	7,561
2000 - Restrict Misc Special Revenue	5	3						
2301 - Arts & Cultural Heritage	26,993	31,775	32,489	29,280	4,647		39,019	36,010
2403 - Gift	40							
3000 - Federal	773	771	766	1,309	836	836	836	836
Total	35,274	40,185	41,314	38,226	13,024	8,377	47,406	44,407
Biennial Change				4,081		(58,139)		12,273
Biennial % Change				5		(73)		15
Governor's Change from Base								70,412
Governor's % Change from Base								329

Expenditures by Program

Arts Board	35,274	40,185	41,314	38,226	13,024	8,377	47,406	44,407
Total	35,274	40,185	41,314	38,226	13,024	8,377	47,406	44,407

Expenditures by Category

Compensation	1,414	1,476	1,381	1,358	577	577	1,787	1,857
Operating Expenses	721	815	1,273	1,434	586	377	933	737
Grants, Aids and Subsidies	33,138	37,894	38,492	35,434	11,861	7,423	44,686	41,813
Capital Outlay-Real Property			38					
Other Financial Transaction			130					
Total	35,274	40,185	41,314	38,226	13,024	8,377	47,406	44,407

Full-Time Equivalents

	18.36	18.61	16.12	15.46	5.80	5.80	20.00	20.00
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In		98		182				
Direct Appropriation	7,534	7,540	8,241	7,541	7,541	7,541	7,551	7,561
Cancellations		2		86				
Balance Forward Out	70		182					
Expenditures	7,464	7,636	8,059	7,637	7,541	7,541	7,551	7,561
Biennial Change in Expenditures				597		(614)		(584)
Biennial % Change in Expenditures				4		(4)		(4)
Governor's Change from Base								30
Governor's % Change from Base								0
Full-Time Equivalents	5.49	5.85	4.89	4.36	4.60	4.60	4.60	4.60

2000 - Restrict Misc Special Revenue

Balance Forward In	7	3	0					
Receipts	0	0	0					
Balance Forward Out	3	0	0					
Expenditures	5	3						
Biennial Change in Expenditures				(8)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

2301 - Arts & Cultural Heritage

Balance Forward In	1,317	763	765	777	4,647		4,647	
Direct Appropriation	26,370	31,736	32,500	33,150	0	0	34,372	36,010
Transfers In	939		1,463	1,701	4,647		4,647	
Transfers Out	939		1,463	1,701	4,647		4,647	
Cancellations	21	83						
Balance Forward Out	674	642	776	4,647				
Expenditures	26,993	31,775	32,489	29,280	4,647		39,019	36,010
Biennial Change in Expenditures				3,001		(57,122)		13,260
Biennial % Change in Expenditures				5		(92)		21
Governor's Change from Base								70,382
Governor's % Change from Base								

Arts Board

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base FY22 FY23		Governor's Recommendation FY22 FY23	
Full-Time Equivalents	12.03	12.16	10.59	10.50			14.20	14.20

2403 - Gift

Balance Forward In	206	211	216	220	224	228	224	228
Receipts	43	5	4	4	4	4	4	4
Balance Forward Out	210	216	220	224	228	232	228	232
Expenditures	40							
Biennial Change in Expenditures				(40)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Receipts	773	771	766	1,309	836	836	836	836
Expenditures	773	771	766	1,309	836	836	836	836
Biennial Change in Expenditures				531		(403)		(403)
Biennial % Change in Expenditures				34		(19)		(19)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.84	0.60	0.64	0.60	1.20	1.20	1.20	1.20

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Direct				
Fund: 1000 - General				
FY2021 Appropriations	7,541	7,541	7,541	15,082
Forecast Base	7,541	7,541	7,541	15,082
Change Items				
Operating Adjustment		10	20	30
Total Governor's Recommendations	7,541	7,551	7,561	15,112
Fund: 2301 - Arts & Cultural Heritage				
FY2021 Appropriations	33,150	33,150	33,150	66,300
Base Adjustments				
One-Time Legacy Fund Appropriations		(33,150)	(33,150)	(66,300)
Forecast Base	33,150	0	0	0
Change Items				
Arts and Cultural Heritage Legacy - Arts Board Appropriation		34,372	36,010	70,382
Total Governor's Recommendations	33,150	34,372	36,010	70,382
Dedicated				
Fund: 3000 - Federal				
Planned Spending	1,309	836	836	1,672
Forecast Base	1,309	836	836	1,672
Total Governor's Recommendations	1,309	836	836	1,672
Revenue Change Summary				
Dedicated				
Fund: 2403 - Gift				
Forecast Revenues	4	4	4	8
Total Governor's Recommendations	4	4	4	8
Fund: 3000 - Federal				
Forecast Revenues	1,309	836	836	1,672
Total Governor's Recommendations	1,309	836	836	1,672

Minnesota State Arts Board

FY 2022-23 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
General Fund					
Expenditures	0	10	20	20	20
Revenues	0	0	0	0	0
Other Funds					
Expenditures	0	0	0	0	0
Revenues	0	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	10	20	20	20
FTEs	0	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$10,000 in FY 2022 and \$20,000 in each subsequent year from the general fund to maintain the current level of service delivery at the Minnesota State Arts Board (MSAB).

This represents a 0.2 percent increase over the Arts Board's FY 2022-2023 biennial general fund base budget.

Rationale/Background:

This operating increase funds a portion of projected cost increases in the upcoming biennium. Each year, the cost of doing business rises—including growing costs for employer-paid health care contributions and other salary and compensation-related costs. Other operating costs, like rent and lease, fuel and utilities, IT and legal services also grow. This cost growth puts pressure on operating budgets that remain flat from year to year without enacted increases. Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect.

Proposal:

The Governor recommends increasing the Arts Board's operating budget to support the delivery of current services. This funding will cover compensation cost growth.

Results:

This proposal is intended to allow the Minnesota State Arts Board to continue to provide current levels of service and information to the public.

Minnesota State Arts Board

FY 2022-23 Biennial Budget Change Item

Change Item Title: Arts and Cultural Heritage Legacy – Arts Board Appropriation

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	34,372	36,010	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	34,372	36,010	0	0
FTEs	14.2	14.2	0	0

Recommendation:

The Governor recommends an appropriation of \$70.382 million to the Minnesota State Arts Board for the FY 2022-2023 biennium from the state's dedicated arts and cultural heritage fund (ACHF). This is in keeping with current law which states "At least 47 percent of the total appropriations from the arts and cultural heritage fund in a fiscal biennium must be for grants and services awarded through the Minnesota State Arts Board, or regional arts councils subject to appropriation." (M.S. 129D.17, subd 4.) The calculation assumes that five percent of each year's ACHF tax receipts will not be appropriated, pursuant to M.S. 129D.17, subd 5.

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.
- Minnesotans believe the arts are vital to who we are.
- 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 ACHF each year since the fund's creation in FY 2010.

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.

Results:

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. Performance information for the Board's past use of funds is included in the Agency Profile section of this document.

Minnesota State Arts Board

FY 2022-23 Biennial Budget Change Item

Change Item Title: Moving/relocation Expense Cancellation

Fiscal Impact (\$000s)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
General Fund					
Expenditures	(86)	0	0	0	0
Revenues	0	0	0	0	0
Other Funds					
Expenditures	0	0	0	0	0
Revenues	0	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(86)	0	0	0	0
FTEs	0	0	0	0	0

Recommendation:

The Governor recommends the cancellation in FY 2021 of \$86,000 in unneeded moving and relocation expenses.

Rationale/Background:

The Arts Board received a one-time general fund appropriation in FY 2020 of \$700,000 for moving and relocation expenses. Board leadership worked to make sure the move came in under budget. The Board completed its move in 2020 and the remaining funds are unneeded.

Proposal:

The Governor recommends that the unneeded remaining funds cancel to the general fund within FY 2021 so that the savings are recognized within the current biennium.

Minnesota State Arts Board

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY 2020 Actuals	FY 2021 Budget	FY 2022 Base	FY 2023 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.		\$ 766	\$ 845	\$ 836	\$ 836	Yes	1.20
National Endowment for the Arts 45.025	Partnership Agreement amended to include funds from the CARES Act - To support salaries, administration costs, and related subgranting to the nonprofit arts sector in response to COVID-19 pandemic.		\$ -	\$ 464	\$ -	\$ -	No	0.00
	Federal Fund – Agency Total		\$ 766	\$ 1,309	\$ 836	\$ 836		1.20

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 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.
- CARES Act Grant – the Arts Board will use these funds to support nonprofit arts organizations across the state to help these entities, their employees, and their contracted artists and workers, endure the economic hardships caused by the forced cancellation of their activities or closure of their operations due to the COVID-19 pandemic.

The National Endowment for the Arts requires a one-to-one cash match, except for the CARES Act award, which does not require a 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.