

Table of Contents

2016-17 Governor's Budget - Arts Board

Agency Profile – Arts Board.....	1
Expenditures Overview.....	3
Financing by Fund.....	4
Change Item: Operating Adjustment.....	6
Federal Funds Summary.....	7

www.arts.state.mn.us

AT A GLANCE

- The arts are a significant industry in Minnesota, generating more than \$1 billion in economic activity each year.
- Minnesota is home to more than 1,500 nonprofit arts organizations and 20,000 individual 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 2012-2013 biennium served a combined audience of more than 24 million children and adults.

PURPOSE

The Minnesota State Arts Board exists to stimulate and encourage the creation, performance, and appreciation of the arts in the state. It serves as an adviser, resource, and policy maker for the arts in the state; it distributes grants, loans, and other forms of assistance for artistic activities; and it serves as fiscal agent for legislative appropriations to eleven regional arts councils.

First and foremost, 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.

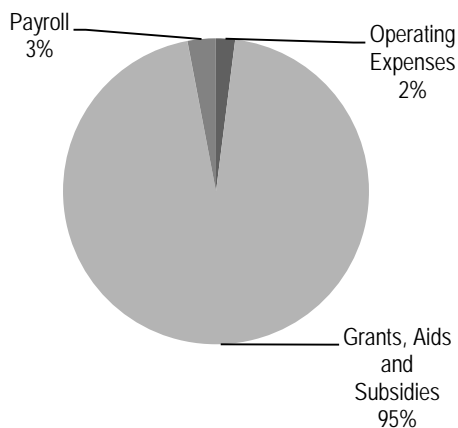
Research shows that the arts increase academic achievement. Nontraditional learners or at-risk students often become high achievers in arts learning settings; this success becomes a bridge to learning in other areas. The arts stimulate 21st century work skills, including creativity which will be the most important characteristic of the jobs and the workforce of the future. Arts bring people together. Residents of a community 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 an annual arts festival. Artists and arts participation build social capital—the social bonds and civic engagement needed in a healthy, thriving society.

Through its ten grant programs, and its other activities and services, the Arts Board helps achieve the outcomes described above. And, in particular, its grants and services help 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**

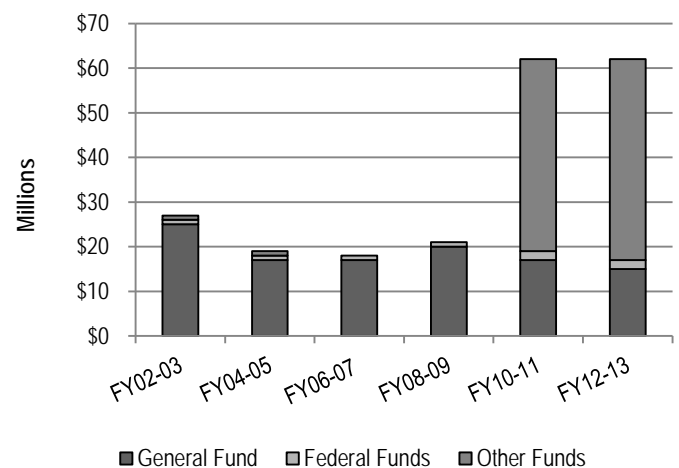
BUDGET

**Spending by Category
FY 13 Actual**



Source: SWIFT

Historical Spending



Source: Consolidated Fund Statement

The board receives an appropriation from the State's general fund. Beginning with the FY 2010-11 biennium, the Arts Board also has received appropriations from the State's arts and cultural heritage fund (ACHF) which was created by the voters of Minnesota in 2008. (The "Other funds" section of the Historical Spending chart reflects ACHF appropriations.) 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 adopted a strategic vision and a set of long-term goals and strategies in 2009. It intends to pursue these goals over the life of the arts and cultural heritage fund (FY 2010-2034):

- 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

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of people who benefit from Arts Board funded activities	20,563,917	24,255,074	2008-09 biennium, 2012-13 biennium (a)
Quantity	Percent of Minnesotans who attend arts activities	67%	75%	2001, 2011
Quality	Surveyed applicants' average rating of Arts Board staff helpfulness (five-point scale, five being highest)	4.18	4.61	2013, 2014
Quantity	Number of applicants reviewed (top number) and grants awarded (bottom number)	633 381	1,215 562	2009, 2013 (b)

(a) Pre-arts and cultural heritage fund biennium compared to most recently completed biennium.

(b) Pre-arts and cultural heritage fund fiscal year versus last year of most recently completed biennium.

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

Expenditures By Fund

	Actual		Actual FY14	Estimate FY15	Forecast Base		Governor's Recommendation	
	FY12	FY13			FY16	FY17	FY16	FY17
1000 - General	7,457	7,178	7,455	7,573	7,514	7,514	7,522	7,530
2001 - Other Misc Special Rev	5	2	0	0	0	0	0	0
2301 - Arts & Cultural Heritage Fund	22,054	23,236	26,723	27,145	0	0	0	0
2403 - Gift	40	34	46	41	41	41	41	41
3000 - Federal	661	1,101	725	735	735	735	735	735
Total	30,216	31,551	34,950	35,495	8,291	8,291	8,299	8,307
<i>Biennial Change</i>				8,678		(53,863)		(53,839)
<i>Biennial % Change</i>				14		(76)		(76)
<i>Governor's Change from Base</i>								24
<i>Governor's % Change from Base</i>								0

Expenditures by Program

Program: Arts Board	30,216	31,551	34,950	35,495	8,291	8,291	8,299	8,307
Total	30,216	31,551	34,950	35,495	8,291	8,291	8,299	8,307

Expenditures by Category

Compensation	948	1,085	1,213	1,333	502	511	510	527
Operating Expenses	398	521	528	786	309	314	309	314
Other Financial Transactions	5	33	82	65	0	0	0	0
Grants, Aids and Subsidies	28,864	29,912	33,127	33,311	7,479	7,465	7,479	7,465
Capital Outlay-Real Property	1							
Total	30,216	31,551	34,950	35,495	8,291	8,291	8,299	8,307
Full-Time Equivalent	15.6	17.0	17.6	17.8	6.2	6.2	6.2	6.2

(Dollars in Thousands)

1000 - General

	Actual		Actual FY 14	Estimate FY 15	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY16	FY17	FY16	FY17
Balance Forward In		55		59				
Direct Appropriation	7,506	7,506	7,514	7,514	7,514	7,514	7,522	7,530
Cancellations		383	0					
Expenditures	7,457	7,178	7,455	7,573	7,514	7,514	7,522	7,530
Balance Forward Out	49		59					
<i>Biennial Change in Expenditures</i>				394		0		24
<i>Biennial % Change in Expenditures</i>				3		0		0
<i>Gov's Exp Change from Base</i>								24
<i>Gov's Exp % Change from Base</i>								0
FTEs	4.6	5.7	4.5	5.3	5.6	5.6	5.6	5.6

2000 - Restricted Misc Special Rev

	Actual		Actual FY 14	Estimate FY 15	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY16	FY17	FY16	FY17
Balance Forward In	1	1	2	3	3	3	3	3
Receipts	1	1	0	0	0	0	0	0
Balance Forward Out	1	2	3	3	3	3	3	3

2001 - Other Misc Special Rev

	Actual		Actual FY 14	Estimate FY 15	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY16	FY17	FY16	FY17
Receipts	5	2	0	0	0	0	0	0
Expenditures	5	2	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(7)		0		0
<i>Biennial % Change in Expenditures</i>				(100)		0		0
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2301 - Arts & Cultural Heritage Fund

	Actual		Actual FY 14	Estimate FY 15	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY16	FY17	FY16	FY17
Balance Forward In	0	139	229	172				
Direct Appropriation	22,167	23,314	26,675	27,425	0	0	0	0
Receipts	0	0						
Net Transfers				(451)				

(Dollars in Thousands)

2301 - Arts & Cultural Heritage Fund

Cancellations			9						
Expenditures	22,054	23,236	26,723	27,145	0	0	0	0	
Balance Forward Out	113	216	172						
<i>Biennial Change in Expenditures</i>				8,578		(53,868)		(53,868)	
<i>Biennial % Change in Expenditures</i>				19		(100)		(100)	
<i>Gov's Exp Change from Base</i>								0	
<i>Gov's Exp % Change from Base</i>								0	
FTEs	9.8	10.8	12.8	12.2	0	0	0	0	

2403 - Gift

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	197	199	206	201	202	203	202	203
Receipts	41	41	41	42	42	42	42	42
Expenditures	40	34	46	41	41	41	41	41
Balance Forward Out	199	206	201	202	203	204	203	204
<i>Biennial Change in Expenditures</i>				14		(5)		(5)
<i>Biennial % Change in Expenditures</i>				19		(6)		(6)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In			0					
Receipts	661	1,100	725	735	735	735	735	735
Expenditures	661	1,101	725	735	735	735	735	735
<i>Biennial Change in Expenditures</i>				(301)		10		10
<i>Biennial % Change in Expenditures</i>				(17)		1		1
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	1.1	0.5	0.3	0.3	0.6	0.6	0.6	0.6

Arts Board

FY16-17 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	8	16	16	16
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	8	16	16	16
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding for compensation related costs associated with the delivery of agency services. This amount represents an annual increase of 1.8% for General Fund compensation costs.

Rationale/Background:

Each year, compensation costs rise due to labor contract settlements, and changes in employer-paid contributions for insurance, FICA, Medicare, retirement, and other factors. Absorbing this increase in compensation costs within existing agency base appropriations results in reduced staffing and/or reduced non-compensation spending.

Proposal:

The Governor recommends increasing agencies' general fund budgets for employee wage and benefit costs by 1.8% per year for FY 2016-17. Agencies were instructed to include a 1.8% increase to total compensation each year in their base budgets, based upon the compound annual compensation spending rate increase per FTE over the last ten years for executive branch employees. This recommendation is intended to allow agencies to maintain their current level of agency operations.

For non-General Fund direct appropriated funds, the Governor's budget recommendations also include an adjustment of 1.8% per year, where the amount can be supported by the source of revenue.

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.

FY16-17 Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	2014 Actuals	2015 Budget	2016 Base	2017 Base	State Match or MOE Required?	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.	N	725	735	735	735	State Match	.6
	Federal Fund – Agency Total		725	735	735	735		.6

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 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.