



March 28, 2022

TO: Members of the Senate Appropriations Committee  
FROM: Karen Mittelman, executive director, Vermont Arts Council  
RE: FY23 Budget Request

The Arts Council board and staff are grateful for the strong support that Vermont's arts and culture sector has received from the legislature in this exceptionally difficult year. I look forward to meeting with the Committee tomorrow to discuss our work.

### **Organization Background**

Since 1965, the Arts Council has been the primary funder for the arts in Vermont. As Vermont's designated state arts agency, the Council invests in artists and the creative process, arts-integrated learning in K-12 classrooms, and cultural organizations that engage audiences across New England in outstanding arts experiences and events, through the following:

- [Creation grants](#) give outstanding artists the time and resources to imagine new work;
- [Artist Development grants](#) foster individual artists' professional development;
- The "[I Am A Vermont Artist](#)" series highlights a diverse range of artistic perspectives that compose our state's arts landscape;
- [Arts Partnership grants](#) provide critical operating support to 30 arts organizations;
- [Arts Impact grants](#) build the capacity of arts nonprofits to effect change;
- [Animating Infrastructure](#) grants support unique community projects that integrate public art into infrastructure improvements;
- [Teaching artist residencies](#) engage students from pre-K through high school and in Head Start Arts Partnership programs in active, arts-integrated learning.

Highlights from the past fiscal year (FY21) may be found in our [Annual Report](#).

### **Summary of COVID19 Aid to the Field**

The Covid-19 pandemic has profoundly jeopardized the economic viability of Vermont's cultural organizations, large and small. Hundreds of museums, theaters, galleries and community arts centers were among the first to close to protect public health and the last to re-open. A Brookings Institution report indicates that in just the first few months of the pandemic (from April to July 2020) Vermont's creative sector lost 8,090 jobs and \$216M in sales.

Since the pandemic hit two years ago, the Arts Council's primary focus has been on addressing the urgent pandemic-related needs of individual artists, creative entrepreneurs, and cultural

nonprofits. The Council serves as an essential conduit for state, federal, and private funds to our sector across Vermont. In partnership with Vermont Humanities and ACCD, we have distributed direct aid to 220 cultural organizations and 517 individual artists totaling more than \$7 million. Our primary investments in COVID relief are as follows:

- The [Rapid Response Artist Relief program](#) provided grants to 425 artists who lost jobs or income due to cancelled gigs (e.g., commissions, performances, workshops, classes).
- The Arts Council and Vermont Humanities collaborated, for the first time, to design and implement a [CARES Act grant program](#) for arts and humanities organizations facing financial hardship. With funds from the National Endowment for the Arts and the National Endowment for the Humanities, we distributed grants totaling \$781,000 to 123 cultural organizations in all 14 Vermont counties.
- The state legislature provided vital aid through H.966, allocating \$5 million to support nonprofit cultural organizations. We assisted ACCD in identifying eligible organizations and distributing [Vermont Economic Recovery Grants for Cultural Organizations](#) to 115 museums, theaters, libraries, and community arts organizations.
- We secured private funds to more than double our investment in Artist Development Grants, allowing us to support 85 individual artists in developing the skills and financial strategies to weather the impact of the pandemic.
- Thanks to an allocation of \$1.15 million from the state legislature for FY22, we developed a [Digital Capacity program](#) that provides technical assistance workshops, digital skills training, and direct grants to strengthen the digital capacity of Vermont cultural nonprofits.
- With American Rescue Plan Act funds from the NEA and NEH, we partnered again with Vermont Humanities to provide Cultural Recovery Grants totaling \$1.2 million to 146 non-profit cultural organizations that continue to struggle financially due to the pandemic. Details are provided in our report on [Pandemic Recovery in Vermont's Cultural Sector](#).

### **Grant-making with an Equity Lens**

In the midst of an economic and public health crisis, it is more important than ever to ensure we are effectively delivering funds to those who are most in need or typically underserved by state resources.

The Arts Council's vision statement describes a Vermont where "everyone has access to the arts and creativity in their lives, education, and communities." Our board and staff recently embarked on a thorough examination of our grant programs, partnerships, and operations, to assess how we allocate our resources and whose voices and perspectives we are recognizing through our work. (Please see our [IDEA](#) page for details.)

We applied an equity lens to many of our COVID-19 relief grant programs. For example, to prioritize aid to historically marginalized groups, we made direct grants to the Clemmons Family Farm and the Vermont Abenaki Artists Association. These funds were deployed to aid artists in the Abenaki and African Diaspora communities who do not typically access state resources.

In our distribution of federal CARES Act funds (in partnership with Vermont Humanities) we built equity criteria into the panelist review process. Panelists considered applicants' geographic diversity, budget size, and representation of under-resourced communities. Well over half of the CARES Act funding was distributed to Vermont's smallest and most at-risk cultural organizations (those with annual operating budgets less than \$250,000). Overall, the Council's Covid-19 relief grants reached more than two-thirds of Vermont towns.

We also regularly track the number of first-time applicants and first-time grantees who benefit from all of the Council's grant programs. There has been a significant uptick in new applicants, reflecting both the unmet need and the impact of the Council's wider outreach and communications to the field.

The increasing reliance on digital technology during the pandemic has laid bare inequities in how digital skills and resources are allocated across Vermont. Our Digital Capacity Grant program and technical assistance mentioned above help address digital skill gaps at cultural organizations. As part of this program, with Inclusive Arts Vermont, we are currently offering an [8-month workshop series](#) for cultural organizations on accessibility issues on digital platforms.

### **Needs and Challenges in the Upcoming FY**

Vermont's arts and culture sector will continue to struggle in the coming year. Because so many artists and cultural organizations rely on bringing audiences together in person, their livelihood is endangered whenever COVID cases rise and events are cancelled, limited, or moved online.

While we are all working toward a time when we won't feel the impact of the pandemic, when audiences come back, when musicians and stage hands and exhibit designers are fully employed again – we are not there yet. National data suggests the cultural sector will not achieve pre-pandemic audience levels until the third or fourth quarter of 2022.

We have been inspired and amazed at how artists and cultural organizations across the state have adapted to COVID restrictions—live-streaming performances, hosting drive-up concerts and online poetry readings, commissioning virtual plays and dance performances. Facing huge revenue losses, they have nevertheless devised ways to bring Vermonters together and to keep so many of us engaged and connected through the arts. We are committed, in turn, to helping them to weather the impact of the pandemic.

Our top priorities for FY23 remain the same: to help the creative sector navigate the challenges of the pandemic and endemic phases of COVID in the following ways:

- Support individual artists in developing the skills and financial strategies to put their creative businesses on firmer footing
- Provide cultural organizations and creative businesses with the resources and expertise they need to weather the impact of the pandemic and build resilience
- Revitalize downtowns and stimulate community recovery through the arts

### **Key Budget Pressures in FY2023**

**Anticipated decrease in private funds:** Whenever possible, we are committed to raising additional private funds (from individual donations, corporate and foundation grants) to supplement our state and federal appropriations. There has been a substantial increase in private donations to the Arts Council in response to the urgent needs in Vermont's arts and culture sector. However, many of those donations were one-time gifts. Most national projections show philanthropic giving to the arts dropping over the next year, as the immediacy of the COVID-19 crisis subsides and other priorities compete for attention.

**Federal funding match requirement:** The Council receives the majority of its revenue (75-80%) from two sources: the National Endowment for the Arts (NEA) and the state of Vermont. The NEA requires that state governments match the federal dollars allocated to state arts agencies, dollar for dollar. Our General Fund allocation, therefore, enables the Arts Council to secure substantial federal funds each year that are distributed to organizations, schools and communities in all 14 counties.

Given our long-standing funding history with the NEA, we can project with reasonable certainty that our federal allocation will increase in FY23. The NEA doesn't announce their annual allocations to state agencies until late March. This presents us a perennial funding shortfall that must be met with state funds in order for us to secure full federal funding.

In FY2020, the state legislature approved a special, one-time allocation of \$5,000 to help us to match the NEA funds. For FY2021, the Finance Commissioner adjusted our allocation in the Governor's budget to \$724,300, to reflect the NEA increase. For FY2022, we will benefit from an additional General Fund appropriation of \$63,121 that enables us to match federal NEA dollars.

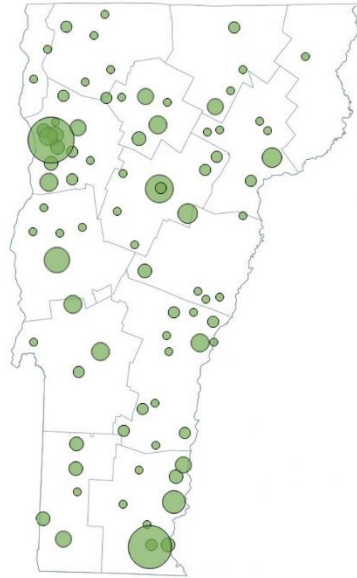
This year we are pleased to see a modest (3%) increase for the Arts Council in the governor's proposed FY23 budget. However, it's very likely that we will be requesting a budget adjustment later in the year, once we hear from the NEA about our allocation.

### **Conclusion**

The arts will continue to be the economic anchor and the heartbeat of Vermont's communities. Arts and culture have always been key to creating economic opportunity and community vibrancy in Vermont; and they are essential now to bringing us back together and helping to recover and restore our businesses and downtowns. We look forward to working with the legislature, the administration, and our many public and private partners to support and strengthen a vital arts and culture sector.

## FY22 Grantees

262 grants  
totaling \$1,616,007



### FY22 Grants to Organizations

Program	Number of Grants	Total Grant Dollars
Animating Infrastructure	2	\$20,000
Arts Impact	22	\$66,824
Arts Partnership	30	\$220,900
Cultural Facilities	16	\$297,389
Cultural Recovery	111	\$712,000
with VT Humanities	146	\$1,189,000
Digital Assistance	6	\$89,525
Head Start	5	\$24,500

### FY22 Grants to Individuals and Schools

Program	Number of Grants	Total Grant Dollars
Artist Development	31	\$55,939
Artists in Schools	16	\$36,930
Creation	23	\$92,000

## FY23 Proposed Budget

Revenue and Expense Summary		3% increase	
Major Category	FY21 ACTUAL	VAC FY22 Budget	VAC FY23 Budget
<b>REVENUE</b>			
State Appropriation - general fund	718,589	722,859	744,545
Additional general fund appropriation		63,121	
State Capital funds: Art in State Buildings	2,500	48,800	50,000
State Capital funds: Cultural Facilities Grants	207,668	300,000	300,000
ACCD contract: Economic Recovery grants	34,993		
State appropriation - general fund		1,150,000	
Federal Grant: National Endowment for the Arts	737,485	809,806	807,740
Federal Grant: NEA - CARES Act	31,334	30,000	
Federal Grant: NEA - ARPA		747,400	
Federal Grant: Digital Access		132,400	
Private funds: Grants, contributions, misc revenue	175,438	354,431	312,167
<b>TOTAL REVENUE</b>	<b>1,908,007</b>	<b>4,358,817</b>	<b>2,214,452</b>
<b>EXPENSES</b>			
<b>COVID Relief &amp; Recovery</b>			
Rapid Response Artist Relief grants	14,000	-	
Cultural Relief Grants	30,000	-	
Cultural Recovery Grants		723,000	
Digital Capacity Grants		1,224,000	
<b>Subtotal COVID Grants</b>	<b>44,000</b>	<b>1,947,000</b>	<b>-</b>
<b>Grants to Artists</b>			
Artist Grants	104,834	172,000	142,000
Art in State Buildings projects	-	45,000	45,000
<b>Grants to Organizations</b>			
Community Placemaking Grants	60,000	80,000	63,000
Arts in Education Grants and Services	66,878	86,000	86,000
Cultural Facilities grants to towns, nonprofits	198,367	300,000	300,000
Operating and Project Grants for Arts Nonprofits	179,600	304,600	248,600
<b>Subtotal Grants</b>	<b>609,679</b>	<b>987,600</b>	<b>884,600</b>
<b>Non-Grant Programs &amp; Services</b>			
Professional development for the field	1,700	6,125	6,125
Folk Arts Partnership	3,000	40,000	40,000
Arts Organization services	50,703	64,500	47,650
Accessibility - workshops, technical assistance	4,578	10,150	10,150
Publications, Marketing, Outreach	15,222	36,931	24,931
Governors Arts awards, Sculpture Garden, Gallery	5,558	10,100	10,450
Vermont Creative Network	103,930	155,966	117,845
Staffing for program services	478,896	364,272	364,272
Program services operating expenses	83,775	64,464	59,240
<b>Subtotal Services</b>	<b>747,362</b>	<b>752,507</b>	<b>680,662</b>
<b>Subtotal Grants and Services</b>	<b>1,401,041</b>	<b>3,687,107</b>	<b>1,565,262</b>
<b>Fundraising &amp; Administration</b>			
Staffing	346,994	496,435	496,435
Phone, postage, printing, rent, travel, other operating	102,902	175,275	152,755
<b>Subtotal Fundraising &amp; Administration</b>	<b>449,896</b>	<b>671,710</b>	<b>649,190</b>
<b>TOTAL EXPENSES</b>	<b>1,850,937</b>	<b>4,358,817</b>	<b>2,214,452</b>
<b>NET SURPLUS/(LOSS)</b>	<b>57,070</b>	<b>(0)</b>	<b>(0)</b>