



February 12, 2023

TO: Members of the House Appropriations Committee

FROM: Amy Cunningham, Interim Executive Director, Vermont Arts Council

RE: B.808 Vermont Council on the Arts; 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 these exceptionally difficult past years. I look forward to meeting with the Committee later this week to discuss our work.

Organization Background

The Vermont Arts Council (VAC) has been the state's primary provider of arts funding, advocacy, and information since 1965. Our work is based on the understanding that the arts transforms individual lives, connects people more deeply to each other, energizes the economy, and sustains the vibrant cultural landscape that makes Vermont a great place to visit and live.

The Council invests in artists and the creative process, arts-integrated learning in K-12 classrooms, and cultural organizations that engage audiences and creatives across the region in outstanding arts experiences and opportunities. Supported by private and public funds from the National Endowment for the Arts and the State of Vermont, a total of \$2,923,181 in Arts Council funding was distributed in FY2022. Grants were awarded to 121 individual artists, 217 organizations in every county, and 121 towns across Vermont in FY22. Some of our key programs include:

- [Creation grants](#) give outstanding artists the time and resources to imagine new work;
- [Artist Development grants](#) foster individual artists' professional development;
- The [Vermont Made podcast series](#) shines a light on Vermont creatives from many walks of life;
- [Arts Partnership](#) grants provide critical operating support to build the capacity of arts nonprofits to affect change to 30 arts organizations;
- [Arts Impact grants](#) fund nonprofit organizations, municipalities, and schools in their efforts to add vibrancy to Vermont communities through projects that provide equal and abundant access to the arts;

- [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;
- The new [Creative Aging Initiative](#) provides older Vermonters with meaningful arts learning experiences that provide rich opportunities for social engagement and community building.

Other highlights from the past fiscal year (FY22) may be found in our [Annual Report](#).

Pandemic Aid to the Field

The Covid-19 pandemic profoundly jeopardized the viability of Vermont’s artists and 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.

In recent years, VAC asserted itself as a vital resource by assisting the cultural community in navigating the intense (and continuing) disruptions of the pandemic. VAC has successfully administered unprecedented amounts of relief to Vermont artists and cultural organizations. Thanks to collaborations with Vermont Humanities, the Vermont Community Foundation, the Agency of Commerce & Community Development, and the generosity of individual donors, we have—to date—overseen delivery of \$8.9 million in urgently-needed aid to artists and cultural organizations since the pandemic hit in March 2020. See our [Covid-19 relief page](#) for complete details.

The most recent and substantial relief efforts were made possible by the Vermont Legislature: the Digital Capacity program in FY22 and the current Creative Futures program, both summarized below.

Digital Capacity Project: The increasing reliance on digital technology during the pandemic has laid bare inequities in how digital skills and resources are allocated across Vermont. Funded by a one-time \$1.15 million allocation from the Vermont Legislature to help build the digital capacity of Vermont cultural organizations, the Digital Capacity program provided Vermont’s arts and culture organizations with the skills, equipment, and expertise they need to continue serve and expand their audiences and community.

A total of \$1,088,625 in [Digital Capacity grants](#) was awarded to 45 arts and humanities nonprofit organizations to help them meet increased demand for online programming and engagement since the pandemic.

The projects funded include website accessibility improvements, live streaming equipment upgrades, and new online learning platforms.

In addition to grants, the program provided a wide range of free technical assistance workshops and webinars, [now available as videos on the Vermont Arts Council website](#). Topics include

inclusive and accessible digital programming, production and editing, website analytics and e-commerce, legal issues and more. Content was provided in partnership with Inclusive Arts Vermont, the Media Factory, and the Vermont Small Business Development Center.

See full report [here](#).

Creative Futures Pandemic Relief: One outcome of the last legislation session was the unprecedented allocation of \$9 million of American Rescue Plan Act (ARPA) funds to the Vermont Arts Council for grants to creative sector entities that have sustained economic harm due to the pandemic (a part of [Act 183](#)).

With this funding we have created the Creative Futures program, which awards funding to Vermont-based **creative economy nonprofits and for-profit businesses** that can demonstrate economic harm caused by or exacerbated by the Covid-19 pandemic. Funding amounts are based on 2019 (pre-pandemic) operating revenue. These funds are for regular operating expenses, including but not limited to payroll and benefits, utilities, rent, and insurance.

Applications are evaluated using the following criteria:

- Severity of Covid-19 pandemic harm
- Community and cultural impact
- Economic impact

Round 1 of the Creative Futures program is complete, with **49 Creative Futures awards totaling \$3,692,500**. These awardees represent 12 counties, all seven creative [segments](#), non-profit, and for-profit entities, and entities large and small. Round 2 is currently open and Round 3 will conclude in August.

Grant-making with an Equity Lens

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 have embarked on an 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 apply an equity lens to our funding priorities. 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 order to eliminate barriers to access, we provide multiple avenues for outreach and support to potential applicants. For the Creative Futures program for example, we have hosted multiple

grantseeker workshops via zoom, have a dedicated email address for inquiries, and provide applicants with an online calendar system to easily book a one-on-one meeting with a grant manager. In addition, we contracted with the Vermont Professionals of Color Network for focused outreach and technical assistance for applicants who are BIPOC. In many of our grant programs, applicants may use alternate formats (audio, video, etc) to submit their applications.

Panelists consider applicants' geographic diversity, budget size, and representation of under-resourced communities. 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.

Vermont Creative Network

One of VAC's main initiatives is the [Vermont Creative Network](#) (VCN), which was established by the Vermont Legislature in May 2016. The VCN is a broad collective working to advance Vermont's creative sector. Investing in art, culture and creativity as essential infrastructure means we will see a corresponding increase in statewide investment and resources for the creative economy – bolstering our towns, villages, and cities across the state. Vermont's creative sector includes museums and theaters, visual artists and actors, writers and musicians. It also includes architects and graphic designers, librarians and literary agents, museum curators and media producers, to name a few.

- Arts and culture added **\$1.1B in value to Vermont's GDP in 2019**, ranking a close third behind retail and construction.
- **9.3% of all Vermont jobs** are in the creative sector —a greater share than the US average. However, growth in the sector (8%) is half the U.S. average.
- The World Economic Forum predicts the **top three future job skills** will be creative: complex problem solving, critical thinking, and creativity.

The [CreateVT Action Plan](#), completed in 2021, is a strategic roadmap to investment in our state's vital creative sector, based on several years of research and input from thousands of Vermonters. State funding of the VCN would assist in implementing this Plan to bolster local creative sector efforts in communities across Vermont and establish Vermont as a thriving hub for creative industries.

Advancing the CreateVT Action Plan contributes directly to key indicators of economic growth in Vermont's Strategic Plan: cultural events have a demonstrated impact on revenue from tourism, drawing visitors and increasing revenue generated at hotels, bars, restaurants and shops. Creative sector businesses and activities also engage the younger demographic that is vital to expanding Vermont's workforce and convincing young people to build their lives and careers here.

VCN activities at the local level are anchored by grassroots leadership teams in six [“creative zones”](#) that represent regions of Vermont. Local zone leaders promote the creative sector in their communities, facilitate meetings and networking opportunities for creatives, and build relationships with allies in other sectors. A [Steering Team](#) provides statewide vision.

Needs and Challenges in the Upcoming FY

In every corner of Vermont, artists and cultural organizations have embraced change with remarkable courage over the past years—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. Together they provided the spark of inspiration we all needed to face an uncertain future.

Our top priorities for FY24 remain the same—to help the creative sector navigate the challenges of an uncertain world 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 build resilience
- Revitalize downtowns and stimulate community recovery through the arts

Key Budget Pressures in FY2024

Anticipated decrease in private funds for the field: 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, as the immediacy of the Covid-19 crisis subsided and other priorities compete for attention.

Audience hesitancy: Many of us may see the latest schedules from our local cultural organizations— full of a diversity of performances and classes— and assume that everything is “back to normal.” But national research and local anecdotes confirm that audience hesitancy, particularly for ticketed, indoor events, continues to negatively impact organizations, many of whom rely on ticket revenues to subsidize other educational and free opportunities.

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 with general funds. 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.

In recent years, that notification has come in the spring as the State budget is nearing completion. But this year we were given unofficial notification much earlier; we learned in late January that we should plan for an NEA allocation of approximately \$960,000. We are currently in the FY24 Executive Budget at \$887,981, leaving a shortfall of approximately \$72,019.

Providing this needed match will result in a total of approximately \$144,000 in additional revenue for the Council in FY24. This additional funding will fulfill our request for support of the Vermont Creative Network's growth and implementation for the CreateVT Action Plan.

Conclusion

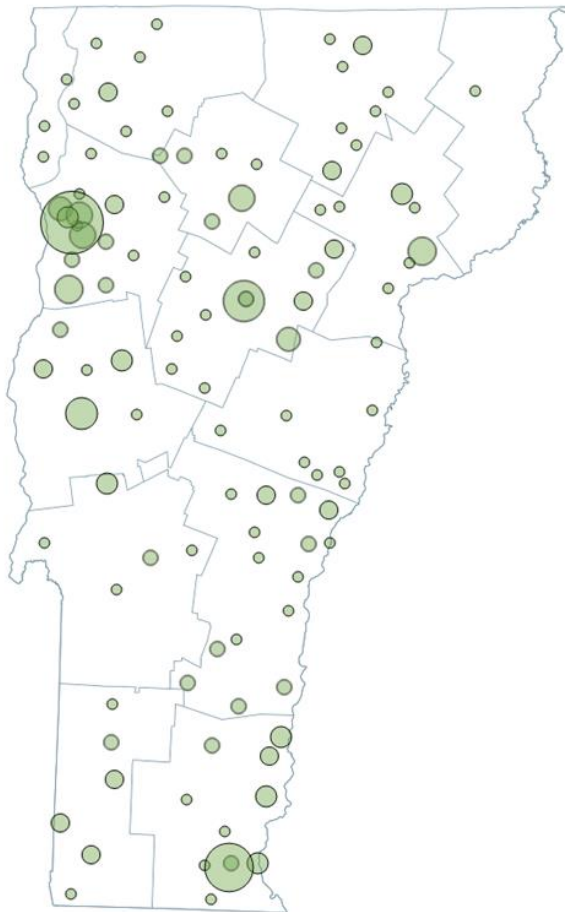
The creative sector is a powerful catalyst for growth and change, particularly in rural places and in times of crisis and recovery. The arts will continue to be the economic anchor and the heartbeat of Vermont's communities. We look forward to working with the legislature, the administration, and our many public and private partners to support and strengthen the arts and culture sector.

FY22 Grantees

383 grants totaling \$2,904,181

Program	# Grants	Total Grant Dollars
Animating Infrastructure	7	\$85,200
Artist Development	94	\$149,598
Artists in Schools	27	\$75,380
Arts Impact	22	\$83,324
Arts Partners	30	\$298,100
Creation	23	\$92,000
Cultural Facilities	16	\$295,454
Cultural Recovery	111	\$712,000
Digital Capacity	48	\$1,088,625
Head Start Arts Integration	5	\$24,500
Total:	383	\$2,904,181

Map of FY22 Grantees

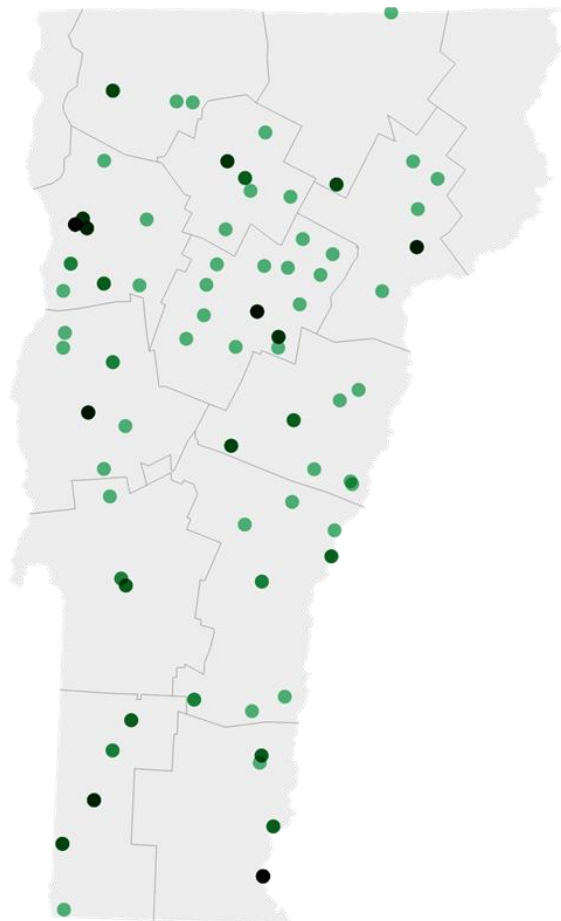


FY23 Grantees to date

202 grants totaling \$4,621,274

Program	# Grants	Total Grant Dollars
Artist Development	22	\$34,352
Artists in Schools	23	\$60,550
Arts Impact	23	\$75,000
Arts Partners	30	\$298,100
Creation	25	\$100,000
Creative Aging	7	\$20,195
Creative Futures	49	\$3,692,500
Cultural Facilities	16	\$310,627
Head Start Arts Integration	7	\$29,950
Total:	202	\$4,621,274

Map of FY23 Grantees to date



Proposed FY24 Budget



Revenue and Expense Summary	FY22 ACTUAL	FY23 Budget	FY24 Budget Governor's Recommend	FY24 NEA Match Request	NOTES - add'l request
REVENUE					
State Appropriation - general fund	722,859	859,445	887,981	960,000	\$72,000 additional state funds needed for 1:1 match
Additional general fund appropriation	63,121				
State Capital funds: Art in State Buildings	13,365	48,800	48,800	48,800	
State Capital funds: Cultural Facilities Grants	290,518	300,000	300,000	300,000	
State appropriation - general fund	1,150,000	-	-	-	
State Appropriation - ARPA Funds		9,000,000	-	-	
Federal Grant: National Endowment for the Arts	827,883	814,684	896,987	960,000	anticipated NEA award
Federal Grant: NEA - CARES Act	30,000	-	-	-	
Federal Grant: NEA - ARPA Funds	746,066	-	-	-	
Private funds: Grants, contributions, misc revenue	548,634	401,284	528,050	528,050	
TOTAL REVENUE	4,392,446	11,424,213	2,661,818	2,796,850	
EXPENSES					
COVID Relief & Recovery					
Cultural Recovery Grants - NEA ARPA funds	712,000	-			
Digital Capacity Grants - Vermont	1,088,625	-			
Vermont Creative Futures Grants		8,750,000			
Subtotal COVID Grants	1,800,625	8,750,000	-	-	
Grants to Artists					
Artist Grants	226,252	160,000	181,092	181,092	
Art in State Buildings projects	11,000	45,000	45,000	45,000	
Grants to Organizations					
Community Placemaking Grants	85,200	75,000	75,000	75,000	
Arts in Education Grants and Services	99,880	90,000	90,000	90,000	
Cultural Facilities grants to towns, nonprofits	290,518	300,000	300,000	300,000	
Operating and Project Grants for Arts Nonprofits	404,424	391,100	391,100	454,042	Add'l grants
Subtotal All Grants	2,917,899	9,811,100	1,082,192	1,145,134	
Non-Grant Programs & Services					
Professional development for the field	4,000	4,000	4,000	4,000	
Folk Arts Partnership	40,000	35,500	35,500	35,500	
Arts Organization services	128,588	94,050	75,050	75,050	
Accessibility - workshops, technical assistance	7,701	10,500	10,500	10,500	
Publications, Marketing, Outreach	95,092	52,399	52,399	52,399	
Governors Arts awards, Sculpture Garden, Gallery	9,686	32,850	32,850	32,850	
Vermont Creative Network	115,510	154,504	177,910	250,000	Add'l support for work of VCN
Staffing for program services	512,003	438,753	462,823	462,823	
Program services operating expenses	84,906	148,505	68,505	68,505	
Subtotal Services	997,486	971,061	919,537	991,627	
Subtotal Grants and Services	3,915,385	10,782,161	2,001,729	2,136,761	
Fundraising & Administration					
Staffing	349,578	491,318	506,602	506,602	
Phone, postage, printing, rent, travel, other operating	102,069	150,734	153,487	153,487	
Subtotal Fundraising & Administration	451,646	642,053	660,089	660,089	
TOTAL EXPENSES	4,367,032	11,424,213	2,661,818	2,796,850	
NET SURPLUS/(LOSS)	25,414	(0)	0	(0)	