



February 9, 2021

TO: Members of the House Appropriations Committee
FROM: Karen Mittelman, executive director, Vermont Arts Council
RE: FY22 Budget Request

Thank you for this opportunity to discuss the work of the Vermont Arts Council. We are grateful for the legislature's strong support of the Council and Vermont's arts and culture sector.

Organization Background

Since 1965, the Arts Council has been the primary funder for the arts in Vermont. As Vermont's state arts agency, the Arts Council invests in artists and the creative process, arts education in K-12 classrooms, and cultural organizations that engage audiences across the New England region in arts experiences and events. Highlights from the past fiscal year:

- [Creation grants](#) gave 15 outstanding artists the time and resources to imagine new work;
- [Artist Development grants](#) fostered professional development for 29 artists;
- The "[I Am A Vermont Artist](#)" series highlighted a diverse range of artistic perspectives that compose our state's arts landscape;
- [Arts Partnership grants](#) provided critical operating support to 30 arts organizations;
- [Arts Impact grants](#) built the capacity of arts nonprofits to effect change;
- [Teaching artist residencies](#) engaged students from pre-K through high school and in Head Start Arts Partnership programs in active, arts-integrated learning.

Impact of the COVID19 Pandemic on Vermont's Arts and Culture Sector

The arts are the economic anchor and the heartbeat of our communities. And it is one of the sectors hardest hit by the coronavirus pandemic. Hundreds of theaters, museums, galleries, and community art centers across Vermont remain shuttered or operating at limited capacity to protect public health.

A Brookings Institution report indicates that Vermont's creative sector lost 8,090 jobs and \$216M in sales from April to July 2020 due to the pandemic.

In normal times, creative industries and occupations provide 9.3% of the jobs in Vermont. Beyond the impact on employment, the COVID pandemic has had ripple effects that are felt in the hospitality, food, and tourism sectors. When a museum or theater closes, there are economic repercussions throughout an entire town—at the restaurants, shops, hotels, and bars

where those arts patrons spend their dollars. Event-related spending by arts and culture audiences in Vermont totaled \$44 million in 2016.

COVID19 Aid to the Field

Since the COVID19 pandemic hit, the Vermont Arts Council has served as an essential conduit for state, federal, and private funds to artists and cultural organizations.

From March 2020 to January 2021, the Council distributed a total of \$1,108,122 to the field, compared to \$611,143 for the same period last year. In the first six months alone, we developed and implemented three new grant programs and awarded more than 650 grants—five times the number of grants we typically process in a year.

Our primary investments in COVID relief are as follows:

- The [Rapid Response Artist Relief program](#) provided grants up to \$500 to artists who lost income due to the loss of a job or cancellation of a scheduled gig (e.g., commissions, performances, workshops, classes) because of COVID-19. The Arts Council awarded more than \$170,000 in relief grants to 425 artists.
- CARES Act funds were distributed through the National Endowment for the Arts and the National Endowment for the Humanities to state agencies. The Arts Council and Vermont Humanities collaborated, for the first time, to provide rapid-response funding to arts and humanities organizations facing financial hardship. Through a brand-new joint grant program, Cultural Relief Grants totaling more than \$780,000 were awarded to 123 arts and cultural organizations located in all 14 Vermont counties. The attached [“CARES Act Report to the Community”](#) provides grant lists and program details.
- The state legislature provided vital aid through H.966, allocating \$5 million to support nonprofit cultural organizations. We assisted the Agency of Commerce and Community Development in identifying eligible organizations and distributing [Vermont Economic Recovery Grants for Cultural Organizations](#), to 115 museums, theaters, libraries, and community arts organizations.
- To prioritize aid to historically marginalized groups, we made grants to the Clemmons Family Farm and the Vermont Abenaki Artists Association. These funds were deployed to reach individual artists in the Abenaki community and the Vermont African-American/African Diaspora Artists Network.
- We doubled our investment in the Council’s Artist Development Grant program, which supports individual artists in developing the skills and financial strategies to weather the impact of the pandemic. A total of 68 artists have received grants so far to adapt their businesses in a variety of ways, including launching e-commerce sites, honing social media marketing skills, and purchasing equipment to present virtual programming.

Impact and Reach

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

The Council's Covid-19 relief to artists and cultural organizations reached more than two-thirds of Vermont towns. An interactive map showing locations of grants to organizations and individuals is on our website: <https://www.vermontartscouncil.org/covid-19>

Cultural Relief Grants were awarded in all 14 counties. To distribute the CARES Act funds as widely and equitably as possible, we awarded grants based on size of an organization's operating budget. Grants were awarded as follows:

- 71 to organizations with budgets under \$250K
- 36 with budgets \$250-750K
- 16 with budgets over \$750K

In all of our COVID grants, we have prioritized aid to underserved and at-risk Vermonters. In addition to awarding more than half of the CARES Act fund to the smallest organizations, the grants described above to the African Diaspora Artists Network and Abenaki Artists Association benefited artists who are historically marginalized.

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, indicating both the unmet need and the impact of the Council's wider outreach and communications to the field.

Needs and Challenges in the Upcoming FY

Vermont's arts and culture sector will continue to struggle in the coming months. Because so many artists and cultural organizations rely on bringing people together in person, their livelihood continues to be endangered.

One [recent audience study](#) predicts that for museums, audiences are likely to rebound in the third quarter of 2021, but will reach only 72% of 2019 attendance. For live performance venues, the picture is bleaker: they are not likely to recover until the fourth quarter of the year, and projected attendance is 57.7% of 2019 audiences.

Data from our Cultural Relief grantees provide evidence of the devastating impact of the pandemic. In the reports we've received to date, forty-four grantees are projecting losses totaling \$4,863,293 in the next 6 months.

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. They have found ways to bring arts experiences to residents isolated in senior centers and nursing homes,

keeping Vermonters engaged and connected through the arts. In many cases, this has required re-inventing their missions and business models overnight.

Despite remarkable resilience and creativity, we know that these adaptations won't be enough to keep many creative businesses and nonprofits afloat.

The Council's top priorities for future COVID recovery aid are as follows:

- Help individual artists develop skills and financial strategies to put their creative businesses on firmer footing;
- Provide cultural organizations with the resources and expertise required to adapt to COVID and ensure safe re-opening;
- Revitalize downtowns and stimulate community recovery through the arts

Key Budget Issues in FY2022

Federal funding: 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.

We can project with reasonable certainty that our allocation from the NEA will increase. Over the past three years, we have seen our annual allocation increase from \$717,200 to \$724,300 to \$765,300. 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.

This year we are pleased to see a modest increase for the Arts Council in the proposed FY22 budget (from \$718,589 to \$722,859). However, it's likely that we will be requesting a budget adjustment over the summer, once we hear from the NEA about our allocation for next year.

We recognize that the coming fiscal year is likely to be a challenging one, and we look forward to working with the legislature, ACCD, Vermont Humanities, and our other partners to support and strengthen a vital arts and culture sector. 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 communities.