



April 12, 2022

TO: Chairman Marcotte and members of the House Commerce Committee
FROM: Karen Mittelman, Vermont Arts Council

Thank you again for recognizing the value of Vermont's creative businesses and cultural organizations and for providing critical support for our sector in H.624. We realize that the appropriations landscape is shifting quickly, and appreciate the opportunity to provide testimony on H.159 and creative sector recovery.

As you know, the Vermont Creative Network and Arts Council worked recently with colleagues in the Chambers and hospitality sector to identify the highest-priority needs in our sectors. I know you have received an outline of those three priorities (VEDA forgivable loans; Creative Sector recovery funding; and marketing and relocation efforts).

Here is more detail about our request for \$13.5M in creative sector recovery funding. This amount breaks down as follows:

- **\$12M in Creative Economy Grants.** This \$12M combines the \$10M allocated in H.624 for Creative Economy Grants and the \$2M allocated for Covid-related program adaptations.
- **\$750,000 for Creative Spaces Grants** to revitalize empty downtown storefronts through arts and culture.
- **\$500,000 for local and regional marketing** of creative sector events and businesses, to help re-engage public audiences and boost consumer spending.
- **\$250,000 for the Vermont Creative Network** to support implementation of the CreateVT strategic action plan.

Three important things to note:

We pulled out the \$4M allocated in H.624 for direct grants for facility adaptations related to COVID. Our hope is that these much-needed capital improvements (such as HVAC upgrades and outdoor seating) can be supported with some modifications to the Capital Investment Program. *(Please see proposed language tweaks below to make this possible.)

We continue to believe that direct grants are the most effective and equitable means of distributing ARPA funds to the organizations and businesses that need aid the most. While the VEDA loan program will undoubtedly benefit larger creative businesses and organizations, small nonprofits are far less likely to benefit.

- Of 230 cultural nonprofits that received some form of public COVID aid in 2020 and 2021, only 83 received PPP. (60% did not benefit).
- The direct grant programs proposed above would complement the VEDA program and would deliver aid to smaller organizations that have limited staff capacity and are reluctant to take on more debt.

The Vermont Arts Council has the expertise and the knowledge of the cultural nonprofit field to design and implement grant programs that are well-matched to the needs of Vermont's cultural organizations, and to distribute funds equitably.

Thank you for your consideration of this recovery package, and for all of the work you are doing on behalf of Vermont communities during an extremely challenging time. Please let me know if I can answer questions or provide additional details as your Committee moves forward.

*The Capital Investment Grant program, as the bill is now written, prioritizes larger-scale projects with substantial funding already in place (the CIG is intended as last money in). The grant evaluation criteria also require evidence that a project is regionally significant and "transformational." In order to support more modest but vitally important facility modifications at our museums, theaters, and community arts venues, we propose the following:

- 1) Delete "transformational" throughout the bill. This is not a requirement for ARPA eligibility and does not serve the purpose of economic recovery from COVID.
- 2) p10 (c)(1) Change requirement that award shall not exceed 20% of the total project cost. This places a huge fundraising burden on smaller organizations and will effectively limit applications and awards from those organizations, which make up the majority of Vermont's cultural nonprofit sector.
- 3) p12. Remove "transformational nature of the project for the region" as a criterion for the interagency team to use in evaluating grant applications.