



February 13, 2024

TO: Members of the House Committee on Commerce & Economic Development

FROM: Susan Evans McClure, Executive Director, Vermont Arts Council

RE: Vermont Council on the Arts FY25 Budget Request

The Vermont Arts Council board and staff are grateful for the strong support that Vermont's arts and culture sector has received from the legislature, as we work together to build a creative, inclusive, vibrant Vermont for everyone. As the new Executive Director of the Vermont Arts Council, I look forward to meeting with the Committee to discuss our work.

Organization Background

The Vermont Arts Council 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 transform individual lives, connect people more deeply to each other, energize the economy, and sustain 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. The Council is supported by private and public funds from the National Endowment for the Arts and the State of Vermont. A total of \$8,009,602 in Arts Council funding was distributed in FY23, which included unprecedented support through the Vermont Creative Futures pandemic relief program (a part of [Act 183](#))

In FY23, Grants were awarded to 85 individual artists, 201 organizations in every county, and 100 towns across Vermont in FY23. Some of our key programs include:

- [Creation grants](#) that support outstanding Vermont artists with time and resources to imagine new work.
- [Artist Development grants](#) which foster individual artists' professional development.
- [Arts Operating](#) grants which provide critical operating support to build the capacity of arts nonprofits to affect change to 30 arts organizations.
- [Arts Impact grants](#) that 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 that support unique community projects that integrate public art into infrastructure improvements.
- Teaching artist residencies that engage students from [pre-K through high school](#) and in [Head Start Arts Partnership](#) programs in active, arts-integrated learning.

- The [Creative Aging Initiative](#) which 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 (FY23) may be found in our [Annual Report](#).

Driving Vermont's Economy: The Vermont Creative Network

One of the Council's main initiatives is the [Vermont Creative Network](#), which was established by the Vermont Legislature in May 2016. The Creative Network is a broad coalition 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.

- According to the U.S. Bureau of Economic Analysis, the arts and culture sector added \$1.1B in value to Vermont's GDP in 2021, ranking a close third behind the retail and construction sectors.
- According to the Arts and Economic Prosperity 6 survey, there were 1.4 million attendees to nonprofit arts and culture events in 2022. 25% of those attendees were nonlocal, 75% were local. Nonlocal attendees spend, on average, \$51.69 per person on top of the cost of admission. Local attendees spend, on average, \$28.88 per person on top of the cost of admission.
- 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 Creative Network assists 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.

Flood Impact, Relief, and Resiliency

Coming right on the heels of the Covid-19 pandemic, 2023's flooding and extreme weather had a devastating impact on many of Vermont's cultural organizations and artists. Artists and cultural organizations had collections destroyed, buildings damaged, studio spaces filled with

sludge. Tourism, which the arts sector both drives and relies on, dramatically decreased during the summer season. The ongoing extreme weather, from wildfire smoke to flooding to intense lightning storms, made Vermont's short summer season for outdoor programming even shorter. But the flooding also showed the resilience and commitment of Vermont's creative sector to supporting our communities. Arts organizations quickly pivoted to serving as relief centers, benefit concerts sprung up around the state, and Vermont proved once again that our arts and culture organizations are the backbones of our community.

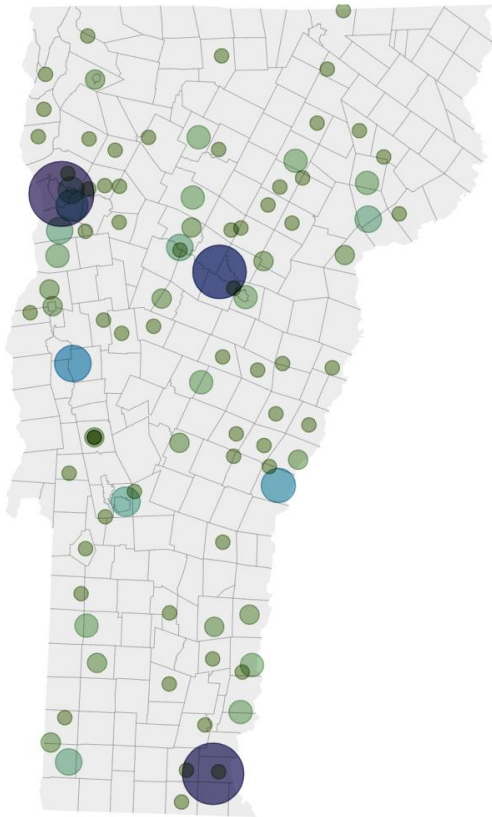
The Arts Council worked with other funders, including Vermont Humanities and the Vermont Community Foundation, to quickly administer relief support to organizations. And the Council launched its own emergency grant program, using privately raised funds, for artists, awarding over \$67,000 directly to artists to support emergency relief.

In 2019, the Vermont Arts Council, the Vermont State Archives and Records Administration, and Vermont Emergency Management Association established the [Vermont Arts and Culture Disaster and Resiliency Network](#) (VACDaRN). Artists and cultural organizations work together to share expertise and resources, mobilize response for mutual assistance during emergencies, and engage collectively with first responders and government emergency management agencies. After this summer's historic flooding, the [VACDaRN steering team](#) activated to deploy assistance to artists and cultural organizations, providing immediate expertise for conservation needs, supporting with the FEMA process, and connecting the creative sector with Vermont's emergency management response.

The Vermont Arts Council's offices at 136 State Street were severely damaged, and we are not able to return to the building. BGS has been a tremendous partner in this recovery, and we are grateful for their quick response to this disaster. Currently, Vermont Humanities is giving us an office in their building, and our staff continue to work from home.

In FY25, the Council will be focused on building resilience and preparedness for the arts and culture sector, offering trainings on [planning for climate change](#) and supporting organizations in developing emergency preparedness plans. The role of arts and culture in community healing and recovery will be a significant priority for our work, as Vermont works to both recover and prepare for an uncertain future.

Vermont Creative Futures Grants and Pandemic Recovery



Vermont Creative Futures grants

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 overseen delivery of \$14,055,239 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.

Thanks to an 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](#)), the Council was able to successfully distribute pandemic relief funds to 233 creative sector nonprofits and businesses in 96 towns and all counties across the state. The final grants of the [Creative Futures grant program](#) were announced in September of 2023. Awards funded Vermont-based creative economy nonprofits and for-profit businesses that demonstrated 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.

While we know that recovery from the pandemic continues to be ongoing, state, and federal funding to Vermont's creative sector has been a lifeline, successfully supporting vital institutions and companies that are the backbone of our creative state.

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 continued to assess our grant programs, partnerships, and operations through an equity lens, 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 immediately following 2023’s flooding. These funds were deployed to aid artists in the Abenaki and African Diaspora communities who do not typically access state resources but were in great need after the disaster.

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 hosted multiple grantseeker workshops via zoom, have a dedicated email address for inquiries, and provided 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 continues to be a significant increase in new applicants, reflecting 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

In every corner of Vermont, artists and cultural organizations have embraced change with remarkable courage over the past years—live-streaming performances, pivoting to be emergency centers in a crisis, commissioning new works that speak to our present moment, and so much more. Facing devastating and unprecedented environmental impact, 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 FY25 are to help stabilize and sustain the creative sector through the challenges of our current moment and to build a vibrant, resilient creative economy for Vermont 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 FY2025

Ending of Pandemic Relief Programs: FY25 will be the first year in which all of the federal COVID relief funding for arts and culture organizations has completely ended. This funding has had a significant impact on Vermont's arts and culture sector for several years. While all arts and culture organizations were advised that this was temporary, one-time relief funding, many organizations have relied on this funding since 2020. There will be increasing needs from Vermont's arts and culture organizations to support unrestricted operating costs, at a level that cannot be fully supported by the Vermont Arts Council annual budget.

Increasing Cost of Doing Business: The Vermont Arts Council is committed to continuing to fund Vermont's artists and arts organizations at a meaningful level. At the same time, the increasing cost of living in Vermont and the increasing cost of health insurance is putting real pressures on the Arts Council's budget, and the budgets of Vermont's arts and culture organizations.

Federal funding match requirement: The Council receives the majority of its revenue (80-85%) 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. This year, despite the ongoing lack of a federal budget in Washington, **the NEA has unofficially let us know that we should be prepared for a stable NEA allocation of approximately the same as FY24 at \$986,940. We are currently in the FY24 Executive Budget at \$923,848, leaving a shortfall of approximately \$45,092. We are requesting that our full required match amount be part of our base budget in FY25.** Providing this match will ensure that Vermont is not leaving federal funding for the arts on the table, and that even more Vermonters have access to experience, create, and enjoy the arts and creativity everywhere in our state.

Conclusion

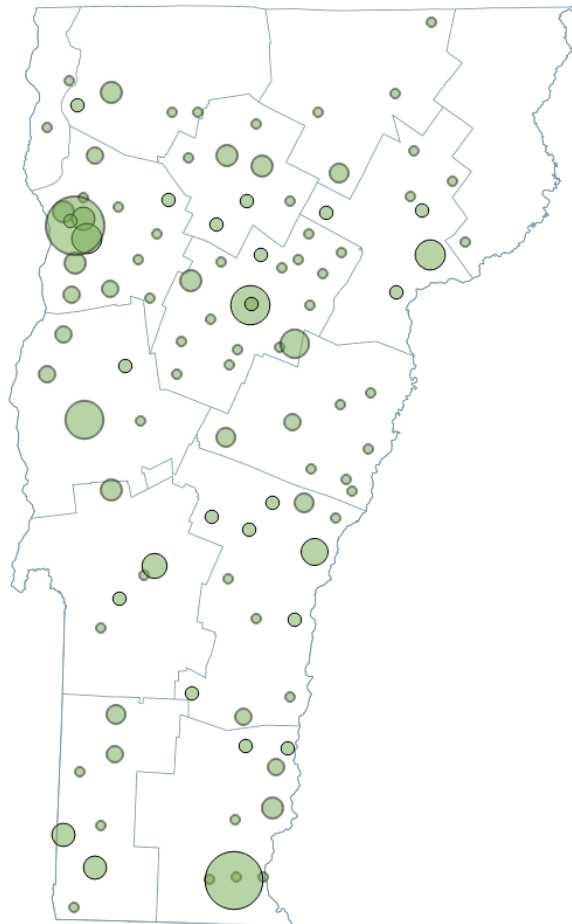
The creative sector is a powerful catalyst for growth and change, particularly in rural places and in times of crisis and recovery. The arts will continue to be the economic anchor and the heartbeat of Vermont's communities. We look forward to working with the legislature, the administration, and our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

FY23 Grantees

343 grants totaling \$8,009,602

Program	# Grants	Total Grant Dollars
Animating Infrastructure	11	\$127,000
Artist Development	45	\$67,965
Artists in Schools	26	\$67,420
Arts Operating	30	\$298,100
Arts Project	23	\$75,000
Creation	25	\$100,000
Creative Aging	11	\$27,695
Creative Futures	148	\$6,912,500
Cultural Facilities	15	\$295,972
Head Start	7	\$29,950
Special Project	2	\$8,000
TOTAL	343	\$8,009,602

Map of FY23 Grantees

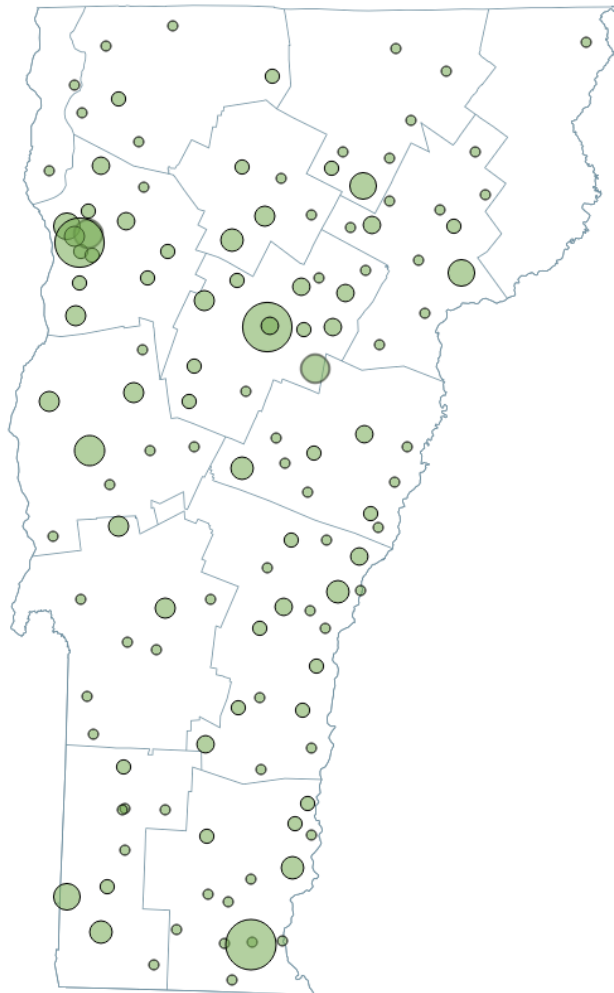


FY24 Grantees to date

335 grants totaling \$3,201,648

Program	# Grants	Total Grant Dollars
Animating Infrastructure	11	\$80,000
Artist Development	29	\$39,527
Artists in Schools	24	\$75,220
Arts Operating	54	\$400,000
Arts Project	25	\$75,000
Creation	22	\$108,000
Creative Aging	17	\$72,100
Creative Futures	85	\$1,931,000
Cultural Facilities	19	\$313,845
Flood Relief	43	\$78,756
Head Start	6	\$28,200
TOTAL	335	\$3,201,648

Map of FY24 Grantees to date





Revenue and Expense Summary	VAC FY23 Actual	VAC FY24 Budget	FY25 Governor's Recommend	VAC FY25 Budget (NEA Match)
REVENUE				
State Appropriation - general fund	859,445	968,940	923,848	968,940
Additional general fund appropriation				
State Capital funds: Art in State Buildings	40,500	75,000	75,000	75,000
State Capital funds: Cultural Facilities Grants	295,972	300,000	300,000	300,000
State Appropriation - ARPA Funds	7,039,575	1,965,000		
Federal Grant: National Endowment for the Arts	884,124	935,242	968,940	968,940
Private funds: Grants, contributions, misc rev.	424,632	535,188	435,484	435,484
TOTAL REVENUE	9,544,248	4,779,370	2,703,272	2,748,364
EXPENSES				
COVID Relief & Recovery				
Vermont Creative Futures Grants	6,912,500	1,900,000	-	-
Subtotal COVID Grants	6,912,500	1,900,000	-	-
Grants to Artists				
Artist Grants	167,965	191,000	165,000	165,000
Art in State Buildings projects	39,000	67,500	75,000	75,000
Grants to Organizations				
Community Placemaking Grants	88,000	80,000	80,000	80,000
Arts in Education Grants and Services	125,065	135,000	135,000	135,000
Cultural Facilities grants to towns, nonprofits	295,972	300,000	300,000	300,000
Operating, Project Grants for Arts Nonprofits	381,100	498,000	500,000	500,000
Subtotal All Grants	8,009,602	3,171,500	1,255,000	1,255,000
Non-Grant Programs & Services				
Professional development for the field	750	4,000	4,000	4,000
Folk Arts Partnership	35,500	35,000	35,000	35,000
Arts Organization services	126,804	130,400	130,000	130,000
Accessibility - workshops, technical assistance	8,233	10,200	10,000	10,000
Publications, Marketing, Outreach	84,888	74,176	65,000	65,000
Governors Arts awards, Sculpture Garden, Gallery	8,904	16,900	12,364	12,364
Vermont Creative Network	90,368	141,069	27,000	27,000
Staffing for program services	425,489	468,903	480,000	480,000
Program services operating expenses	105,290	75,375	75,000	75,000
Subtotal Services	886,226	956,023	838,364	838,364
Subtotal Grants and Services	8,895,828	4,127,523	2,093,364	2,093,364
Fundraising & Administration				
Staffing	485,326	483,990	490,000	490,000
Phone, postage, printing, rent, travel, other	153,229	167,857	165,000	165,000
Subtotal Fundraising & Administration	638,556	651,847	655,000	655,000
TOTAL EXPENSES	9,534,383	4,779,370	2,748,364	2,748,364
NET SURPLUS/(LOSS)	9,865	-	(45,092)	-

NOTES

\$45,092 additional state funds required for 1:1 match

Vermont Creative Futures anticipated NEA award

pass-through of NEA funds to VT Folklife Center