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Minnesota State Arts Board

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<https://www.arts.state.mn.us/>

AT A GLANCE

- The arts are a significant industry in Minnesota, generating more than \$2 billion in economic activity each year (prior to the COVID pandemic).
- Minnesota is home to more than 1,900 nonprofit arts organizations and 100,000 artists and creative workers.
- Together, the Minnesota State Arts Board and the state's 11 regional arts councils serve residents and communities in all 87 Minnesota counties.
- Activities supported by the Arts Board and the regional arts councils during the FY 2022-23 biennium served a combined audience of 24.6 million children and adults.

PURPOSE

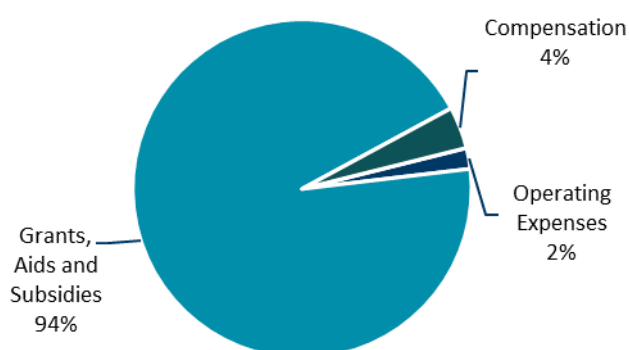
The Minnesota State Arts Board stimulates and encourages the creation, performance, and appreciation of the arts. It serves as an adviser, resource, and policy maker by distributing grants and other forms of assistance for artistic activities; it also serves as the fiscal agent for legislative appropriations to eleven regional arts councils.

The purpose of the arts is to inspire, enlighten, connect, and challenge individuals. They give us new experiences and help us understand and imagine the world from another person's point of view. However, the arts also produce tremendous secondary benefits that help Minnesota achieve many of its most important public goals.

Research shows that the arts increase academic achievement. Nontraditional learners or at-risk students often become high achievers in arts learning settings; this success becomes a bridge to learning in other areas. The arts stimulate 21st century work skills, including creativity, empathy, and collaboration which are vital characteristics of the jobs and the workforce of the future. Arts bring people together. Residents of a community better understand their new immigrant neighbors after experiencing a traditional story or dance. A struggling downtown begins to hum with new energy on the evenings the community arts center offers a concert. Towns celebrate their identity and heritage through annual arts festivals. Artists and arts participation build social capital—the social bonds and civic engagement needed in a healthy, thriving society.

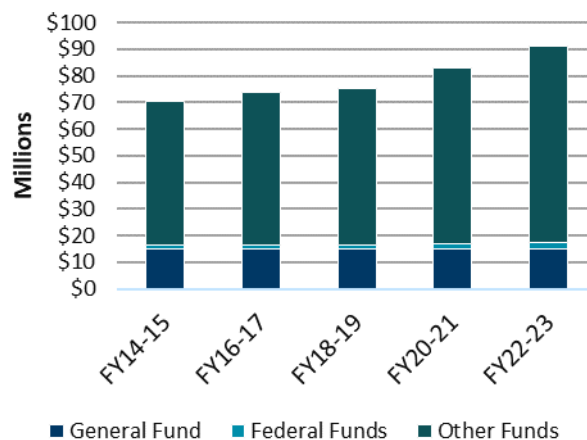
BUDGET

**Spending by Category
FY 2023 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The board receives an appropriation from the State’s general fund and from the State’s arts and cultural heritage fund (ACHF). Appropriations from the ACHF may be spent only “for arts, arts education, and arts access and to preserve Minnesota’s history and cultural heritage.” The board also receives an annual state partnership grant from the National Endowment for the Arts.

STRATEGIES

The Arts Board provides financial support and other services to enable Minnesota and its residents and communities to reap the many benefits the arts provide. To accomplish its mission, the board is pursuing the following long-term goals and strategies:

- The arts are interwoven into every facet of community life
 - Develop strategic relationships and partnerships
- Minnesotans believe the arts are vital to who we are
 - Enhance public understanding of the value of the arts
- People of all ages, ethnicities, and abilities participate in the arts
 - Fully engage with nontraditional and underrepresented participants
 - Transform everyone’s life by experiencing the arts
- People trust Minnesota’s stewardship of public arts funding
 - Provide an accountable arts support system
 - Be responsible stewards of public funds
- The arts thrive in Minnesota
 - Foster visionary, skilled arts leaders and organizations statewide
 - Ensure sufficient resources to sustain the arts and artists
 - Serve as a clearinghouse of information on best practices and successful programs

RESULTS

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of persons who benefit from funded activities	Quantity	Arts Board and regional arts council grantees provide audience/ participant numbers for funded activities	FY 2020-2021 biennium = 22,784,415 persons	FY 2022-2023 biennium = 24,618,934 persons
Number of grant applications reviewed and grants awarded	Quantity	Arts Board data on applications and grants for its own programs and for the eleven regional arts councils	FY 2020-2021 biennium Arts Board and regions combined: 7,232 applications 5,216 grants awarded	FY 2022-2023 biennium Arts Board and regions combined: 7,624 applications 5,309 grants awarded
Percent of employers who say arts are important to success of their business	Results	Management Analysis and Development survey in 2022	70% said arts are important to the success of their business in 2019	93% said arts are important to the success of their business in 2022

The Arts Board’s authorizing statute is M.S. 129D.01-129D.05. <https://www.revisor.mn.gov/statutes/?id=129D>.

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27

Expenditures by Fund

1000 - General	7,365	7,648	7,397	8,164	7,788	7,788	7,798	7,808
2301 - Arts & Cultural Heritage	37,642	35,989	46,667	52,269			40,785	45,591
3000 - Federal	1,682	933	1,050	1,062	1,061	1,061	1,061	1,061
Total	46,689	44,570	55,114	61,495	8,849	8,849	49,644	54,460
Biennial Change				25,350		(98,911)		(12,505)
Biennial % Change				28		(85)		(11)
Governor's Change from Base								86,406
Governor's % Change from Base								488

Expenditures by Program

Arts Board	46,689	44,570	55,114	61,495	8,849	8,849	49,644	54,460
Total	46,689	44,570	55,114	61,495	8,849	8,849	49,644	54,460

Expenditures by Category

Compensation	1,289	1,622	1,733	2,263	1,022	1,022	1,032	1,042
Operating Expenses	913	1,093	896	3,714	404	404	404	404
Grants, Aids and Subsidies	44,488	41,873	52,484	55,518	7,423	7,423	48,208	53,014
Other Financial Transaction	0	(18)	2					
Total	46,689	44,570	55,114	61,495	8,849	8,849	49,644	54,460

Full-Time Equivalents

14.27	18.66	18.02	25.08	9.60	9.60	9.60	9.60
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Arts Board

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		188		377				
Direct Appropriation	7,541	7,541	7,774	7,787	7,788	7,788	7,798	7,808
Cancellations		81						
Balance Forward Out	176		377					
Expenditures	7,365	7,648	7,397	8,164	7,788	7,788	7,798	7,808
Biennial Change in Expenditures				548		15		45
Biennial % Change in Expenditures				4		0		0
Governor's Change from Base								30
Governor's % Change from Base								0
Full-Time Equivalents	3.37	4.54	3.39	5.16	7.00	7.00	7.00	7.00

2000 - Restrict Misc Special Revenue

Balance Forward In	0	0	0				
Balance Forward Out	0	0	0				

2301 - Arts & Cultural Heritage

Balance Forward In	4,226	1,053	1,041	1,735				
Direct Appropriation	34,372	36,010	47,421	50,534	0	0	40,785	45,591
Cancellations	47	63	60					
Balance Forward Out	909	1,011	1,734					
Expenditures	37,642	35,989	46,667	52,269			40,785	45,591
Biennial Change in Expenditures				25,305		(98,936)		(12,560)
Biennial % Change in Expenditures				34		(100)		(13)
Governor's Change from Base								86,376
Governor's % Change from Base								
Full-Time Equivalents	9.90	12.88	13.76	18.92				

2403 - Gift

Balance Forward In	221	222	229	240	251	262	251	262
Receipts	1	7	11	11	11	11	11	11
Balance Forward Out	222	229	240	251	262	273	262	273

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
3000 - Federal								
Balance Forward In		0	1	1				
Receipts	1,683	933	1,050	1,061	1,061	1,061	1,061	1,061
Balance Forward Out	1		1					
Expenditures	1,682	933	1,050	1,062	1,061	1,061	1,061	1,061
Biennial Change in Expenditures				(503)		10		10
Biennial % Change in Expenditures				(19)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.00	1.24	0.87	1.00	2.60	2.60	2.60	2.60

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Direct				
Fund: 1000 - General				
FY2025 Appropriations	7,787	7,787	7,787	15,574
Base Adjustments				
Minnesota Paid Leave Allocation		1	1	2
Forecast Base	7,787	7,788	7,788	15,576
Change Items				
Operating Adjustment		10	20	30
Total Governor's Recommendations	7,787	7,798	7,808	15,606
Fund: 2301 - Arts & Cultural Heritage				
FY2025 Appropriations	50,534	50,534	50,534	101,068
Base Adjustments				
One-Time Legacy Fund Appropriations		(50,534)	(50,534)	(101,068)
Forecast Base	50,534			
Change Items				
Legacy - Arts Board Funding from Arts & Cultural Heritage Fund		40,088	44,470	84,558
Legacy - Interaction with Governor's Sales Tax Proposal and Arts Board Funding		697	1,121	1,818
Total Governor's Recommendations	50,534	40,785	45,591	86,376
Dedicated				
Fund: 3000 - Federal				
Planned Spending	1,062	1,061	1,061	2,122
Forecast Base	1,062	1,061	1,061	2,122
Total Governor's Recommendations	1,062	1,061	1,061	2,122
Revenue Change Summary				
Dedicated				
Fund: 2403 - Gift				
Forecast Revenues	11	11	11	22
Total Governor's Recommendations	11	11	11	22
Fund: 3000 - Federal				
Forecast Revenues	1,061	1,061	1,061	2,122
Total Governor's Recommendations	1,061	1,061	1,061	2,122

Minnesota State Arts Board

FY 2026-27 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	10	20	20	20
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	10	20	20	20
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$10,000 in FY 2026 and \$20,000 in each subsequent year from the general fund to help address operating cost increases at the Minnesota State Arts Board.

Rationale/Background:

The cost of operations rises each year due to increases in employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat year to year.

Agencies face challenging decisions to manage these rising costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. For FY 2026-27, agencies will need to continue to find additional efficiencies and leverage management tools to help address budget pressures. Holding open vacancies in certain programs or delaying hiring in other programs are examples of ways agencies manage through constrained operating budgets. Such decisions are difficult and must be weighed against a program's ability to conduct business with less staffing and its impact to service delivery.

This recommendation provides additional resources to help address these cost pressures and pay for agency operations.

Proposal:

The Governor recommends increasing agency operating budgets to support current services. For the Minnesota State Arts Board, this funding will help cover expected growth in employee compensation and insurance, rising rents, IT services, and other operating costs.

Dollars in Thousands

Net Impact by Fund	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	10	20	30	20	20	40
Total All Funds	10	20	30	20	20	40

Fund	Component Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	Operating Costs	10	20	30	20	20	40

Results:

This recommendation is intended to help the Minnesota State Arts Board address rising cost pressures and mitigate impacts to current levels of service and information to the public.

Minnesota State Arts Board

FY 2026-27 Biennial Budget Change Item

Change Item Title: Legacy - Arts Board Funding from Arts & Cultural Heritage Fund

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	40,088	44,470	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	40,088	44,470	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends an appropriation of \$84.558 million to the Minnesota State Arts Board for the FY 2026 -2027 biennium from the state’s dedicated Arts and Cultural Heritage fund (ACHF). This is in keeping with current law which states “At least 47 percent of the total appropriations from the arts and cultural heritage fund in a fiscal biennium must be for grants and services awarded through the Minnesota State Arts Board, or regional arts councils subject to appropriation.” (M.S. 129D.17, subd 4.) The calculation assumes that five percent of each year’s ACHF tax receipts will not be appropriated, pursuant to M.S. 129D.17, subd 5. This calculation assumes ACHF sales tax revenue based on the February 2025 Forecast with base sales tax rates and does not include additional revenue anticipated with the sales tax changes proposed in the FY 2026-2027 Governor’s Budget Recommendations. Additional funding for the Arts Board resulting from additional revenue received due to the recommended sales tax rate increase is detailed in the change item entitled “Arts and Cultural Heritage Legacy – Arts Board Supplemental Appropriation.”

Rationale/Background:

The Arts Board is a state agency; its statutory charge is to “stimulate and encourage the creation, performance and appreciation of the arts in the state.” It also serves as the fiscal agent for a system of eleven regional arts councils. Together, the board and councils serve as an effective mechanism to assess the arts needs of the state and provide funding and services to best meet those needs. Funds appropriated from the arts and cultural heritage fund are used to help achieve the following outcomes:

- The arts are interwoven into every facet of community life.
- Minnesotans believe the arts are vital to who we are.
- People of all ages, ethnicities, and abilities participate in the arts.
- People trust Minnesota’s stewardship of public arts funding.
- The arts thrive in Minnesota.

The Arts Board has received an appropriation from the ACHF each year since the fund’s creation in FY 2010.

Proposal:

The Arts Board and regional arts councils’ core business is grant making. Rather than investing funds in only a few communities or regions, or a small number of artists, arts organizations, or arts programs, the Arts Board and regional arts council system is designed to ensure that there is investment in every county of the state and in thousands of artists, arts organizations, and arts activities each year. This structure, and broad investment through it, is intentional. Because its long -term goals are statewide, with the intent that all Minnesotans will be

served, a broad strategy and mechanism will best help turn the curve. At the moment, the Arts Board is able to measure the number of applicants that can be funded (i.e., how many investments can be made), and the number of persons who are served by the funded activities (i.e., impact). Each year, the number of requests, and dollars requested, far surpass the funds available.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes
☒ No

Results:

This proposal is intended to allow the Minnesota State Arts Board to continue supporting the eleven regional art councils, individual artists, and arts organizations across the state. With this funding, the Arts Council will increase the percent of project grants to greater MN organizations, BIPOC led organizations, and organizations serving people with disabilities.

Minnesota State Arts Board

FY 2026-27 Biennial Budget Change Item

Change Item Title: Legacy - Interaction with Governor's Sales Tax Proposal and Arts Board Funding

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	697	1,121	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	697	1,121	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a further appropriation of \$1.818 million to the Minnesota State Arts Board for the FY 2026 -2027 biennium from the state's dedicated Arts and Cultural Heritage fund (ACHF). This supplemental appropriation reflects the sales tax changes proposed in the FY 2026-2027 Governor's Budget Recommendations, increasing anticipated ACHF sales tax revenue compared to the February 2025 Forecast with base sales tax rates. This additional appropriation is in keeping with current law which states "At least 47 percent of the total appropriations from the arts and cultural heritage fund in a fiscal biennium must be for grants and services awarded through the Minnesota State Arts Board, or regional arts councils subject to appropriation." (M.S. 129D.17, subd 4.) The calculation assumes that five percent of each year's ACHF tax receipts will not be appropriated, pursuant to M.S. 129D.17, subd 5.

Rationale/Background:

The FY 2026-2027 Governor's Budget Recommendations include recommended changes to state sales tax rates. If the recommended sales tax rate changes are passed into law, this would increase the revenue for the ACHF and in turn require an increased appropriation to the Arts Board, pursuant to M.S. 129D.17. This additional increase in appropriations, considering the requirements of 5% sales tax revenue reserve and 47% minimum appropriation to the Arts Board as stipulated in M.S. 129D.17, is reflected in this change item. This change item supplements the change item appropriating funds from the ACHF to the Arts Board using current base sales tax rates entitled "Arts and Cultural Heritage Legacy –Arts Board Base Appropriation (M.S. 129D.17)."

Proposal:

This proposal appropriates additional funds to the Arts Board from the ACHF contingent consistent with increased ACHF revenue from the sales tax changes included in the Governor's Recommendations.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes
☒ No

Results:

This appropriation would further increase the funding available for the Arts Board to award additional grants to regional arts councils, individual artists, and arts organizations throughout the state.

Minnesota State Arts Board

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and ALN	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Budget	FY 2026 Base	FY 2027 Base	Required State Match or MOE?	FTEs
National Endowment for the Arts 45.025 45.025	Partnership Agreement - The National Endowment for the Arts makes partnership grants to state arts agencies that can be used to support the unique priorities, programs, and needs that are identified by the state.	\$ 1,050	\$ 1,061	\$ 1,061	\$ 1,061	Match	2.6
	Federal Fund – Agency Total	\$ 1,050	\$ 1,061	\$ 1,061	\$ 1,061		2.6

Narrative

The Minnesota State Arts Board receives federal support in the form of an annual state partnership grant from the National Endowment for the Arts (NEA). NEA dollars are restricted to the following purposes:

- Arts in education – the Arts Board must use these funds to support arts activities in schools and/or developmental programs to make arts in education programs more accessible or successful. Minnesota school children, teachers, school districts, parents, and communities benefit directly from these grants. Teaching artists also benefit from developmental programs that enhance their skills and expand their professional capacity.
- Underserved – the Arts Board must use these funds to support arts experiences for individuals/groups/areas that traditionally have fewer opportunities to participate in the arts. In Minnesota, this includes individuals/communities in greater Minnesota, artists/arts organizations based in communities of color, and arts activities that involve persons with disabilities and/or older adults.
- State basic grant – the Arts Board is free to use these funds as it sees fit to help achieve its vision – that all Minnesotans should have the opportunity to participate in the arts.

The National Endowment for the Arts requires a one-to-one cash match. The Arts Board must receive state funding in order to qualify for NEA funding.

As long as Congress continues to fund the National Endowment for the Arts, support from the NEA to the Arts Board will be forthcoming each year. The NEA is required to pass at least 40 percent of its annual support from Congress on to states in the form of state partnership (block) grants. The block grants are determined by a formula, predominantly based on population.