



Legislative Fiscal Bureau

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TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Senate Bill 483: Creative Economy Development Initiative Grants

Senate Bill 483 would establish a grant program under the Wisconsin Arts Board for development of creative industries. Senate Bill 483 was introduced December 29, 2015, and referred to the Senate Committee on Agriculture, Small Business, and Tourism. On January 13, 2016, that Committee held a public hearing and also recommended passage of the bill by a vote of 8 to 1.

CURRENT LAW

The Wisconsin Arts Board, which is part of the Department of Tourism, administers several grant programs for the support of arts organizations and arts programming throughout the state. Among these programs are: (a) Creation and Presentation grants, which are awarded to established nonprofit arts organizations to assist with their operations or creation and presentations of arts programming; (b) Creative Communities grants, which fund projects focused on arts education, development of local arts programming, or folk and traditional arts; (c) Folk Arts Apprenticeship grants, which support the study of an apprentice with a master of native or traditional ethnic arts or performance; (d) the Wisconsin Regranting program, which provides funding for local arts agencies to disburse to artists and local arts organizations in their regions of the state; (e) the Arts Challenge Initiative, which currently supports several minority-focused arts organizations in the Milwaukee area; and (f) the Woodland Indian Arts Initiative, which is intended to support events, facilities or institutions to practice and preserve the arts traditions of Wisconsin's Native American tribes. In general, recipient organizations must match Arts Board grant awards with at least an equal amount of funding from other sources.

Arts Board operations and grant programs are funded primarily by general purpose revenues (GPR), federal grants (FED), and program revenue (PR) from tribal gaming receipts. Federal funds consist of annual grants from the National Endowment for the Arts (NEA), and annual federal grants must be matched by at least an equal amount of state GPR and tribal gaming PR. (A PR operations appropriation budgeted at \$20,000 is not eligible to be part of the state's match.)

Arts Board staffing consists of 3.0 GPR and 1.0 FED permanent positions.

Annual GPR and tribal gaming PR funding to the Arts Board is \$781,900 annually in the 2015-17 biennium. The following table shows the Arts Board's available GPR, FED and tribal gaming PR under current law for 2015-16, as budgeted by appropriation or expenditure type (grant programs or operations). It should be noted that Senate Bill 665 would provide \$13,800 GPR in 2015-16 for Arts Board grants to bring total state GPR and tribal gaming PR funding for the Arts Board equal to the \$795,700 available by the current NEA grant for 2015-16.

Wisconsin Arts Board Budget -- 2015-16

<u>Appropriation / Grant Program</u>	<u>State Funding</u>		<u>FED</u>	<u>Program Total</u>
	<u>GPR</u>	<u>Tribal PR</u>		
State aid for the arts	(\$359,300)	--	--	
Creation and Presentation	\$151,900	\$0	\$538,700	\$690,600
Creative Communities	114,000	0	34,400	148,400
Arts Challenge Initiative	57,000	0	0	57,000
Miscellaneous	36,400	0	12,000	48,400
Wisconsin Regranting	116,700	0	0	116,700
Folk Arts Apprenticeships	0	0	33,000	33,000
Woodland Indian Arts Initiative	<u>0</u>	<u>24,900</u>	<u>0</u>	<u>24,900</u>
Grants Subtotals	\$476,000	\$24,900	\$618,100	\$1,119,000
Operations	\$281,000	\$0	\$177,600	\$458,600
Totals	\$757,000	\$24,900	\$795,700	\$1,577,600

SUMMARY OF BILL

The bill would establish a creative economy development initiative competitive grant program to be administered by the Arts Board for the promotion of creative industries, job creation or economic development in Wisconsin. "Creative industry" would be defined as individuals, businesses or organizations, both nonprofit and for-profit, whose products or services have an origin in artistic, cultural, creative or aesthetic content. Grant recipients, which would include businesses, arts organizations, local arts agencies or business development organizations, would be required to match any creative economy development initiative grant with at least twice the amount of the proposed grant. (This would be equivalent to a state grant of up to 33% of eligible project costs.) Further, the bill would limit any grant to no more than \$40,000.

The bill would provide the Arts Board \$500,000 GPR in 2015-16 under a continuing appropriation for creative economy development grants. In administering the grant program, the Arts Board would be required to create a matrix to evaluate the effectiveness of the grants awarded and submit a report on that basis to the Joint Committee on Finance by May 1, 2017.

FISCAL EFFECT

The bill would appropriate \$500,000 GPR on a one-time basis in 2015-16. It would not continue as a base for the 2017-19 budget, due to it being appropriated in the first year of the current biennium. However, as a continuing appropriation the bill would allow the Arts Board to carry unexpended amounts to future fiscal years until the initial sum is depleted. Additional budget authority, if any, would be determined in future budget legislation. Assuming grant guidelines or rules may not be in place quickly enough to award grants in 2015-16, and assuming stable levels of NEA funding in future years, the Arts Board would have approximately \$1.6 million available for grant programs in 2016-17.

In a fiscal note for the bill, the Department of Tourism, of which the Arts Board is a part, expects the agency would reasonably absorb any additional administrative costs using existing staff and operations funding.

Prepared by: Paul Ferguson