



**CREATIVEMANY**

**MI House of Representatives – General  
Government Subcommittee  
Tuesday, March 14, 2017 – 9:00am  
Room 352, House Appropriations, Capitol**

Thank you Chair VerHeulen and members of the Subcommittee for the opportunity to share comments with you this morning. I'm Jennifer Goulet, President and CEO of Creative Many Michigan, the statewide organization developing creative people, creative places and the creative economy for a competitive Michigan through research, advocacy, professional practice, funding and communications. Michigan's creative industries are a powerful force generating 88,761 jobs and \$4.97 billion in wages in 10,706 businesses statewide.

I'm here today to share our thanks and support for the Governor's proposal to increase the state's investment in its arts and cultural assets with a one-time increase of \$1 million. We urge support of this increase which would bring the Michigan Council for the Arts and Cultural Affairs budget to \$11.15 million for FY 2018 (including \$10 million from the General Fund). As these funds have remained steady for the last two years, this is welcome support for an agency once funded at over \$25 million annually.

We also urge returning important language to the boilerplate language (part 2 of section 1035) that prohibits the MEDC from charging the MCACA for administrative costs from these funds. This language was removed in the Governor's proposal and without clarification of such costs there is concern on the potential impacts on the Council's available funding for its grant-making programs which support the work of arts and cultural organizations in communities statewide.

I'm pleased to share advanced copies of our 2017 Creative State MI Nonprofit Report to be released later this month. This year's report shares economic impact data from 419 nonprofit arts and cultural organizations (16.5% of the sector) and reports that these groups:

- Contributed more than \$665 million in direct expenditures to Michigan's economy in 2014;
- Paid nearly \$280 million in salaries for 27,021 jobs – increases of 34% in salaries and 6% in jobs;
- Welcomed over 29 million visitors to cultural venues and events – 67% were free providing valuable accessibility statewide; and
- Generated \$1.86 Billion in direct tourism spending in 2015 – representing 12.7% of total direct spending for Michigan leisure travelers in 2015.

Together with our advocates statewide and across the US, we are celebrating March as Arts Advocacy Month. Michigan's arts and cultural sector – and the creative industries more broadly – are vitally important to our state's economy, in shaping vibrant communities that attract and retain talent and business investment, as contributors to Michigan's tourism industry, and in the education of our youth to be the leaders and innovators for the future.

Thank you for the opportunity to share this testimony this morning.

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## **Michigan Council for the Arts and Cultural Affairs FY 2018 Budget**

In February, Governor Snyder released his state budget recommendation, including **\$1 million in one-time funding to increase Michigan’s investment in the arts and cultural community**. If passed, this would increase the Michigan Council for Arts and Cultural Affairs (MCACA) budget to **\$11.15 million dollars (\$10 million General Fund) for Fiscal Year 2018**. Although this is a modest, one-time increase, this is the first time in several years that the Governor has proposed an increase in funding for the MCACA, which once operated with a budget of more than \$25 million annually.

While this proposed increase is welcome, the Governor's budget also removed boilerplate language that previously prohibited the Michigan Economic Development Corporation (MEDC) from charging the MCACA for administrative costs. This change would give “flexibility” to the MEDC to allow for expenses to be assessed to the Council. Understandably, there is some concern about the need to clarify what those costs could be and determine the possible long-term impact this could have on funding available for grants. Under the Governor's current proposal, the one-time funding could help offset administrative costs assessed by the MEDC in FY18. If MCACA funding stays flat in future budget years, the assessment of administrative costs would mean an **effective cut to total grant dollars being allocated**.

**As the appropriations process begins, our priority is to ensure:**

- The one-time \$1 million increase for the Michigan Council for Arts and Cultural Affairs remains in the budget.
- Boilerplate language for the Michigan Council for Arts and Cultural Affairs reverts back to the original language.

**Boilerplate language from the Governor:**

Sec. 17-1035. From the appropriation in part 1, the Michigan Council for Arts and Cultural Affairs shall administer an arts and cultural grant program that maintains an equitable geographic distribution of funding and utilizes past arts and cultural grant programs as a guideline for administering this program. The Council shall do all of the following: (a) On or before October 1, the fund shall publish proposed application criteria, instructions, and forms for use by eligible applicants. The fund shall provide at least a 2-week period for public comment before finalizing

the application criteria, instructions, and forms. (b) A nonrefundable application fee may be assessed for each application. Application fees shall be deposited in the Council for the Arts fund and are appropriated for expenses necessary to administer the programs. These funds are available for expenditure when they are received and may be carried forward to the following fiscal year. (c) Grants are to be made to public and private arts and cultural entities. (d) Within 1 business day after the award announcements, the Council shall provide to each member of the legislature and the fiscal agencies a list of all grant recipients and the total award given to each recipient, sorted by county.

**Original Language (Part 2 highlighted removed in Governor's proposed boilerplate language):**

Sec. 1035. (1) From the appropriation in part 1, the Michigan Council for Arts and Cultural Affairs shall administer an arts and cultural grant program that maintains an equitable geographic distribution of funding and utilizes past arts and cultural grant programs as a guideline for administering this program. The Council shall do all of the following: (a) On or before October 1, the fund shall publish proposed application criteria, instructions, and forms for use by eligible applicants. The fund shall provide at least a 2-week period for public comment before finalizing the application criteria, instructions, and forms. (b) A nonrefundable application fee may be assessed for each application. Application fees shall be deposited in the Council for the Arts fund and are appropriated for expenses necessary to administer the programs. These funds are available for expenditure when they are received and may be carried forward to the following fiscal year. (c) Grants are to be made to public and private arts and cultural entities. (d) Within 1 business day after the award announcements, the Council shall provide to each member of the legislature and the fiscal agencies a list of all grant recipients and the total award given to each recipient, sorted by county. **(2) The appropriation in part 1 for arts and cultural program shall not be used for the administration of the grant program.**

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