

---

**AGENCY OVERVIEW****Date:** 12/07/2012**709 Council on the Arts****Time:** 14:01:44

---

**Statutory Authority**

North Dakota Century Code 54-54.

**Agency Description**

The North Dakota Council on the Arts was established by state statute in 1967. Its board is comprised of nine citizens appointed by the Governor to serve five-year terms. The First Lady is an ex-officio member of the board. The purpose of the Council is to establish policies, programs, and partnerships to encourage the study and presentation of the performing and fine arts and to encourage public interest in the cultural heritage of the state. The Council functions as a community partner and a catalyst for artists and organizations. The Council re-grants National Endowment for the Arts funds and state appropriated funds to North Dakota communities, schools, individuals, and organizations through its various grant programs. It offers educational opportunities and technical advice, collects and disseminates arts information, and acts as the state's foremost arts advocate.

**Agency Mission Statement**

The North Dakota Council on the Arts promotes, preserves, and perpetuates the arts in North Dakota.

**Agency Performance Measures**

The performance measurements that will be used by the NDCA includes tracking the:

1. number of grant applications received in each grant cycle and number of grants funded.
2. number of dollars each grant dollar generates as stated in grantee's final reports.
3. numbers benefitting from each grant program with a subset of a) children, b) artists.
4. number of grant dollars given by the NDCA.
5. final reports to determine any underserved areas of the state & any increase in counties served.
6. number of phone and e-mail inquiries by zip code responded to by NDCA staff with comparison to #5.
7. increases in number of newsletter subscriptions (both hard copy and e-news).

**Major Accomplishments**

1. Completed a touring exhibition based on the "Sundogs and Sunflowers" publication (currently touring over 25 libraries in ND).
2. Received a grant for a second conference for artists with disabilities and organizations that serve them or utilize their services.
3. Added three community assisted living centers to the Art for Life program, making the number of communities involved a total of eight.
4. Conducted a full evaluation of the NDCA arts in education program with the assistance of a national consultant.
5. Completed an Icelandic residency with schools in both Iceland and North Dakota.
6. Produced an on-line newsletter (nine issues per year) and hard copy newsletter (three issues per year) and increased the number of subscriptions by over 10.0 percent.
7. Successfully organized a pilot project involving the community of Wahpeton in an effort to develop a model economic development plan utilizing the arts.
8. Partnered with ND Parks and Recreation in establishing three residencies in state parks.
9. Received state and national recognition for the "Sundogs and Sunflowers" publication, named one of the nation's notable documents.

**Future Critical Issues**

Along with the state of North Dakota, the National Endowment for the Arts (NEA), a federal agency, has historically been a major funding source for the agency. NEA funding to the North Dakota Council on the Arts has been reduced for the past two years, reducing the funding available for grants by nearly \$60,000 per year. The possibility always exists that Congressional action will decrease funding again during this time of economic turmoil. Keeping the NDCA funding levels at a pace with inflation is one of the greatest difficulties the NDCA encounters when there are decreases in funding, especially with the cost of hotels and gas rising sharply over the past two years.

---

**AGENCY OVERVIEW****709 Council on the Arts**

---

**Date:** 12/07/2012**Time:** 14:01:44

Rural organizations especially look to the ND Council on the Arts Community Services programs to maintain programs that enhance the quality of life in their communities. There has been increased interest in the arts by rural communities as a means of strengthening their economies. Grants through the Council's Institutional Support programs assist many organizations in large and small communities in leveraging funds at the local level. The state's economic future is affected by the location preferences of highly mobile knowledge-workers who value quality of place. In researching what makes a livable community one of the four primary factors listed by residents is a vibrant music and arts scene. North Dakota must work diligently to promote the arts in order to retain its current residents and to continue to succeed in attracting professionals to the state to keep pace with the great number of workers brought by the oil industry.

The value of arts in education is broadly recognized as a means of providing effective learning opportunities that will yield increased academic performance, reduced absenteeism, and provide better skill building. It is critical that the Council continue to advocate and provide opportunities for children and teachers to participate in arts education. The amount and quality of art instruction offered in North Dakota communities has diminished in many school districts, leaving classroom teachers to lead the art program. The NDCA Artist in Residence program is sometimes the only art instruction children in grade schools receive, certainly not enough to generate lasting outcomes. Arts education continues to be one of the Council's strongest outreach programs. One of the Council goals is to develop a program whereby students will learn to think creatively and innovatively in both their future jobs and their personal lives.

In light of North Dakota's aging population, it is critical that the rich heritage of cultural and traditional art forms be preserved and cultivated so that they live on for future generations to participate in and appreciate. Many of these rare traditions and art forms rest in the hands of aging master artists. These traditional art forms also have the added potential to offer economic development opportunities to individual artists and communities. The NDCA traditional arts apprenticeship program is consistently one of the best in the nation and continues the art traditions of our Native American artisans, homesteaders, and immigrants to our state. We must have apprentices that can learn and master these traditional skills before they are lost forever. With the severe cuts from the NEA, this program is at risk. In the past year the federal funds for NDCA in this program dropped from \$45,000 to \$30,000 reducing the number of applicants that can be funded.

When finances become an issue the arts are often one of the first programs to suffer. The perception that the arts are dispensable and merely "entertainment" is unfortunate. The arts bring vibrancy to our homes, our communities, our schools, and most of all to our daily lives. A big challenge to arts organizations in the future will be maintaining programs for older adults while meeting the needs of a younger, multi-tasking population. North Dakota is a state with few foundations, especially those that focus on the arts and cultural sector. This makes it extremely difficult to obtain grants and foundation support that organizations in many other states rely on.

With the job market in North Dakota booming, where do we find qualified and engaged individuals to replace staff reaching retirement age? As a small agency each staff member has a tremendous number of duties. The Council works with people from many different segments of society and staff must have the educational and social skills to manage people, grant programs, and finances skillfully. We see this as an issue for not only the Council, but the numerous cultural organizations throughout the state. Finding young leadership will continue to be a very challenging issue, especially at the pay level that nonprofits can actually afford to give.

**REQUEST SUMMARY**709 Council on the Arts  
Biennium: 2013-2015

Bill#: SB2010

Date: 12/07/2012

Time: 14:01:44

Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Budget Request
<b>By Major Program</b>					
Council on the Arts	3,163,255	3,218,462	(89,563)	3,128,899	268,480
<b>Total Major Program</b>	<b>3,163,255</b>	<b>3,218,462</b>	<b>(89,563)</b>	<b>3,128,899</b>	<b>268,480</b>
<b>By Line Item</b>					
Salaries and Wages	677,814	741,580	(3,011)	738,569	0
Operating Expenses	247,704	275,575	62,448	338,023	(5,000)
Grants	1,947,737	2,201,307	(149,000)	2,052,307	273,480
Federal Stimulus Funds - 2009	290,000	0	0	0	0
<b>Total Line Items</b>	<b>3,163,255</b>	<b>3,218,462</b>	<b>(89,563)</b>	<b>3,128,899</b>	<b>268,480</b>
<b>By Funding Source</b>					
General Fund	1,277,781	1,363,602	20,382	1,383,984	268,480
Federal Funds	1,878,790	1,791,345	(109,945)	1,681,400	0
Special Funds	6,684	63,515	0	63,515	0
<b>Total Funding Source</b>	<b>3,163,255</b>	<b>3,218,462</b>	<b>(89,563)</b>	<b>3,128,899</b>	<b>268,480</b>
<b>Total FTE</b>	<b>5.00</b>	<b>5.00</b>	<b>0.00</b>	<b>5.00</b>	<b>0.00</b>

**REQUEST DETAIL**

709 Council on the Arts

Biennium: 2013-2015

Bill#: SB2010

Date: 12/07/2012

Time: 14:01:44

Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Budget Request
<b>Salaries and Wages</b>					
Salaries - Permanent	474,752	515,365	19,811	535,176	0
Temporary Salaries	22,333	23,040	(9,040)	14,000	0
Fringe Benefits	180,729	203,175	(13,782)	189,393	0
<b>Total</b>	<b>677,814</b>	<b>741,580</b>	<b>(3,011)</b>	<b>738,569</b>	<b>0</b>
<b>Salaries and Wages</b>					
General Fund	652,814	716,235	6,934	723,169	0
Federal Funds	25,000	25,345	(9,945)	15,400	0
Special Funds	0	0	0	0	0
<b>Total</b>	<b>677,814</b>	<b>741,580</b>	<b>(3,011)</b>	<b>738,569</b>	<b>0</b>
<b>Operating Expenses</b>					
Travel	54,767	50,001	0	50,001	(5,000)
Supplies - IT Software	1,838	6,000	0	6,000	0
Supply/Material-Professional	435	1,200	0	1,200	0
Miscellaneous Supplies	387	1,600	0	1,600	0
Office Supplies	7,454	5,201	0	5,201	0
Postage	9,308	10,001	0	10,001	0
Printing	7,358	10,500	0	10,500	10,000
IT Equip Under \$5,000	3,724	6,000	0	6,000	0
Other Equip Under \$5,000	238	285	4,000	4,285	0
Office Equip & Furn Supplies	349	2,774	0	2,774	0
Insurance	832	1,500	0	1,500	(1,000)
Rentals/Leases-Equip & Other	0	101	0	101	0
Rentals/Leases - Bldg/Land	37,119	39,898	0	39,898	0
Repairs	1,416	1,500	0	1,500	0
IT - Data Processing	13,797	14,604	0	14,604	0
IT - Communications	7,420	8,501	0	8,501	0
IT Contractual Srvcs and Rprs	10,703	7,001	0	7,001	0
Professional Development	49,892	55,121	0	55,121	0
Operating Fees and Services	10,379	11,269	49,448	60,717	(3,000)
Fees - Professional Services	30,288	42,518	0	42,518	(6,000)
Other Expenses	0	0	9,000	9,000	0
<b>Total</b>	<b>247,704</b>	<b>275,575</b>	<b>62,448</b>	<b>338,023</b>	<b>(5,000)</b>
<b>Operating Expenses</b>					
General Fund	116,717	107,757	27,448	135,205	(5,000)
Federal Funds	124,303	124,303	35,000	159,303	0
Special Funds	6,684	43,515	0	43,515	0

**REQUEST DETAIL**709 Council on the Arts  
Biennium: 2013-2015

Bill#: SB2010

Date: 12/07/2012

Time: 14:01:44

Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Budget Request
<b>Total</b>	<b>247,704</b>	<b>275,575</b>	<b>62,448</b>	<b>338,023</b>	<b>(5,000)</b>
<b>Grants</b>					
Grants, Benefits & Claims	1,947,737	2,201,307	(149,000)	2,052,307	273,480
<b>Total</b>	<b>1,947,737</b>	<b>2,201,307</b>	<b>(149,000)</b>	<b>2,052,307</b>	<b>273,480</b>
<b>Grants</b>					
General Fund	508,250	539,610	(14,000)	525,610	273,480
Federal Funds	1,439,487	1,641,697	(135,000)	1,506,697	0
Special Funds	0	20,000	0	20,000	0
<b>Total</b>	<b>1,947,737</b>	<b>2,201,307</b>	<b>(149,000)</b>	<b>2,052,307</b>	<b>273,480</b>
<b>Federal Stimulus Funds - 2009</b>					
Salaries - Permanent	2,668	0	0	0	0
Temporary Salaries	264	0	0	0	0
Fringe Benefits	21	0	0	0	0
Travel	853	0	0	0	0
Office Supplies	96	0	0	0	0
Postage	109	0	0	0	0
IT - Data Processing	573	0	0	0	0
IT - Communications	242	0	0	0	0
Operating Fees and Services	99	0	0	0	0
Fees - Professional Services	75	0	0	0	0
Grants, Benefits & Claims	285,000	0	0	0	0
<b>Total</b>	<b>290,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Federal Stimulus Funds - 2009</b>					
General Fund	0	0	0	0	0
Federal Funds	290,000	0	0	0	0
Special Funds	0	0	0	0	0
<b>Total</b>	<b>290,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Funding Sources</b>					
General Fund	1,277,781	1,363,602	20,382	1,383,984	268,480
Federal Funds	1,878,790	1,791,345	(109,945)	1,681,400	0
Special Funds	6,684	63,515	0	63,515	0
<b>Total Funding Sources</b>	<b>3,163,255</b>	<b>3,218,462</b>	<b>(89,563)</b>	<b>3,128,899</b>	<b>268,480</b>

**CHANGE PACKAGE SUMMARY**

709 Council on the Arts  
Biennium: 2013-2015

Bill#: SB2010

Date: 12/07/2012

Time: 14:01:44

Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
<b><u>Base Budget Changes</u></b>						
<b>Ongoing Budget Changes</b>						
A-A 4 Increase for operational expense		0.00	13,448	0	0	13,448
A-A 5 Federal funding reduction		0.00	0	(100,000)	0	(100,000)
Base Payroll Change		0.00	6,934	(9,945)	0	(3,011)
<b>Total Ongoing Budget Changes</b>		<b>0.00</b>	<b>20,382</b>	<b>(109,945)</b>	<b>0</b>	<b>(89,563)</b>
<b>Total Base Budget Changes</b>		<b>0.00</b>	<b>20,382</b>	<b>(109,945)</b>	<b>0</b>	<b>(89,563)</b>
<b><u>Optional Budget Changes</u></b>						
<b>One Time Optional Changes</b>						
A-D 2 Increase for Pilot Arts in Education project	1	0.00	250,000	0	0	250,000
A-D 6 Expenses for Cultural Guide	3	0.00	10,000	0	0	10,000
<b>Total One Time Optional Changes</b>		<b>0.00</b>	<b>260,000</b>	<b>0</b>	<b>0</b>	<b>260,000</b>
<b>Ongoing Optional Changes</b>						
A-C 3 Increased Grant Funds	2	0.00	50,000	0	0	50,000
<b>Total Ongoing Optional Changes</b>		<b>0.00</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>50,000</b>
<b>Total Optional Budget Changes</b>		<b>0.00</b>	<b>310,000</b>	<b>0</b>	<b>0</b>	<b>310,000</b>
<b><u>Optional Savings Changes</u></b>						
A-G 1 3% reduction		0.00	(41,520)	0	0	(41,520)
<b>Total Optional Savings Changes</b>		<b>0.00</b>	<b>(41,520)</b>	<b>0</b>	<b>0</b>	<b>(41,520)</b>

**BUDGET CHANGES NARRATIVE**

709 Council on the Arts

Bill#: SB2010

Date: 12/07/2012

Time: 14:01:44

<b>Change Group:</b> A	<b>Change Type:</b> A	<b>Change No:</b> 4	<b>Priority:</b>
------------------------	-----------------------	---------------------	------------------

Increase for operational expense

The agency anticipates the replacement of its copier that was purchased in 2001, two staff computers that are designated in the agency IT plan, and upgraded software for the web designer and newsletter. Also, the agency auditors recommend moving two projects, Poetry Out Loud and Artist-to-Artist from the grants line into the operating line due to the nature of expenses within those programs.

<b>Change Group:</b> A	<b>Change Type:</b> A	<b>Change No:</b> 5	<b>Priority:</b>
------------------------	-----------------------	---------------------	------------------

Federal funding reduction

We anticipate a reduction in the amount of funds that will be received from the National Endowment for the Arts and have adjusted the federal funding figures accordingly. We are requesting additional funding from the state to make up for those federal losses.

<b>Change Group:</b> A	<b>Change Type:</b> C	<b>Change No:</b> 3	<b>Priority:</b> 2
------------------------	-----------------------	---------------------	--------------------

Increased Grant Funds

This request is made to reduce any losses that will occur with the loss of National Endowment for the Arts funding in FY13-15. This is not for a new grant program, but to insure that current program funding will not be cut substantially.

<b>Change Group:</b> A	<b>Change Type:</b> D	<b>Change No:</b> 2	<b>Priority:</b> 1
------------------------	-----------------------	---------------------	--------------------

Increase for Pilot Arts in Education project

The NDCA, in partnership with the Regional Education Cooperatives, public schools and cultural organizations in their communities, will conduct a pilot program to study the effects of innovative and creative arts projects on student success in various curriculums including science, technology, engineering and math (STEM) in the development of 21st Century Skills. This innovative two year program will deliver teacher development programs and student learning opportunities to one grade level, in three schools within three selected Regional Education Cooperatives. To document the success of this project, a carefully designed assessment and evaluation will be created to measure the development of student writing and oral expression and 21st Century Learning Skills: creativity, critical thinking, communication, collaboration, and community building. Studies have shown that businesses are looking for employees that are innovative and able to be creative in their work environment. Research demonstrates that arts learning experiences contribute in unique ways to developing the creative capacities that lie at the heart of new innovations that are vital to success in today's global economy..

<b>Change Group:</b> A	<b>Change Type:</b> D	<b>Change No:</b> 6	<b>Priority:</b> 3
------------------------	-----------------------	---------------------	--------------------

Expenses for Cultural Guide

These funds will provide funding for the updating and reprinting of the statewide cultural guide last completed in 2003. The NDCA will partner with the SHSND, ND Parks and Recreation, ND Art Gallery Association, ND Humanities Council, ND Indian Affairs Commission, and ND Tourism to make sure the guide is inclusive and up to date. Cultural locations open to visitors that will be included in the guide are museums, galleries, parks, historical sites, zoos, artist studios, and other local attractions. The guide will be placed in rest stops, visitor centers and other locations designated by the various partners.

<b>Change Group:</b> A	<b>Change Type:</b> G	<b>Change No:</b> 1	<b>Priority:</b>
------------------------	-----------------------	---------------------	------------------

**BUDGET CHANGES NARRATIVE**

709 Council on the Arts

Bill#: SB2010

Date: 12/07/2012

Time: 14:01:44

3% reduction - Governor request

These decreases are in accordance with the Governor's request for addressing a 3% reduction in agency expenses.

<b>Change Group:</b> R	<b>Change Type:</b> A	<b>Change No:</b> 1	<b>Priority:</b>
------------------------	-----------------------	---------------------	------------------

Increase General Fund Grants

This recommendation provides \$50,000 from the general fund for the Institutional Services grant program, which provides funding to support major arts organizations and partnerships throughout the state. This is the agency's major grant program and federal funds to support it have declined and are anticipated to continue to do so. This funding would make up approximately 50 percent of the anticipated decline in federal funds for the 2013-15 biennium.

<b>Change Group:</b> R	<b>Change Type:</b> A	<b>Change No:</b> 100	<b>Priority:</b>
------------------------	-----------------------	-----------------------	------------------

Executive Compensation Package Adjustment

This budget change provides funding for recommended 2013-15 compensation adjustments. Compensation adjustments for each agency were calculated following the recommendations of the Hay Group developed through the 2011 study of the state's classified employee compensation system. Pursuant to those recommendations, compensation adjustments were calculated to provide funding to allow for both performance-based salary adjustments and market-based salary adjustments. This funding allows for increases of 2% to 4% for employees in the first quartile of the pay range and 1% to 2% for those in the second quartile of the range. For employees in the third and fourth quartiles, which are above the market policy position, no market policy increase is funded. Performance-based increases are assumed to be 3% for employees meeting performance standards and up to 5% for employees exceeding performance standards. No performance-based increases are provided for employees that fail to meet performance standards.

<b>Change Group:</b> R	<b>Change Type:</b> B	<b>Change No:</b> 1	<b>Priority:</b>
------------------------	-----------------------	---------------------	------------------

Funding to Update Cultural Guide

This recommendation provides \$10,000 for the updating and reprinting of a statewide Cultural Guide. The Guide is an important tourism resource and directs visitors to museums, parks, historical sites, zoos, artist studios, and other attractions. The Guide will be updated in cooperation with other state agencies and statewide organizations.