

Indiana Arts Commission

Quarterly Business Meeting

Friday, March 12, 2010

9:00 a.m. – 12:00 p.m.

Government Center South

Conference Room A

Indianapolis, IN



Quarterly Business Meeting

Indiana Arts Commission

Welcome and Introductions
Jeanne Mirro, Chair



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Indiana Arts Commission

ACTION ITEMS

Approval of meeting agenda

Approval of December 2009 meeting minutes



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Pale Yellow and White Handouts

Indiana Arts Commission

Chair and Executive Reports



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Indiana Arts Commission

Governor's Office Issues Nominations Status

One seat to be filled: Sandi Clark (Bloomington)

Next seat to be filled: Irene Smith-King, June 2010,
end of 2nd term (Gary)

Next probable reappointment: Kelly Schreckengast, June 2010,
end of 1st term (Lafayette)



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Salmon and Lavender Handouts

Indiana Arts Commission

2010-2011 Budget Meeting



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Regional Partner Reviews in Progress or Completed:

Arts Council of Southwestern Indiana (Evansville)
Arts United (Fort Wayne)



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Four Point Plan for Moving Forward
(Covered in next section)



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Year-to-Date Financial Activity



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White Handout

Indiana Arts Commission Comparative Budget Financial Statement For the Period Ending February 17, 2010

February YTD

FY2009 Revenue	
State Appropriation (\$3,202,368 minus Two 5% reserves)	\$ 2,882,132
National Endowment for the Arts Grant	\$ 807,100
NEA Accessibility Award	\$ 30,000
American Recovery and Reinvestment Act	\$ 308,480
FY09 Grant-Committed Carry Forward	\$ 111,559
FY09 Uncommitted Federal Carry Forward	\$ 25,109
Uncommitted other Carry Forward	\$ 13,858
Dedicated Funds/Donations	
Office of Community and Rural Affairs	\$ 166,650
Trust Income	\$ 50,000
CICF Income	\$ 5,366
Total All Revenue	\$ 4,400,254

IAC Expenses	Year to Date			Annual
	<i>Actual/Encumbered</i>	<i>Budget</i>	<i>% Variance</i>	<i>IAC Budget</i>
Salaries and fringe benefits-1	409,772	471,809	-13%	727,963
<i>Indiana Artisan Salaries</i>	5,002	5,002		67,700
Telecommunication Services-2	12,701	14,890	-15%	19,570
<i>Indiana Artisan Telecommunications</i>	713	713		-
Services by contract-3	23,098	27,161	-15%	43,291
<i>Indiana Artisan Services by Contract</i>	45,863	45,863		65,706
Materials, supplies, parts-4	18,449	19,779	-7%	23,827
<i>Indiana Artisan Materials, supplies, parts</i>	(362)	(362)		5,000
Office Equipment-5	-	1,500	-100%	2,000
<i>Indiana Artisan Equipment</i>	-	-		-
Indirect Support-8	14,365	10,000	44%	15,600
<i>Indiana Artisan Indirect Support</i>	-	-		-
Operating Expenses-9	82,230	101,991	-19%	173,750
<i>Indiana Artisan Operating Expenses</i>	5,490	5,490		-
Grants Programs-7	3,194,098	3,194,098	0%	3,194,098
<i>IAP</i>	60,943	60,943	0%	60,943
<i>RAP</i>	1,969,068	1,969,068	0%	1,969,068
<i>CBP</i>	30,000	30,000	0%	30,000
<i>MOS</i>	592,036	592,036	0%	592,036
<i>SWASO</i>	28,050	28,050	0%	28,050
<i>Indirect cost for federal \$</i>	13,067	13,067	0%	13,067
<i>Accessibility</i>	26,000	26,000	0%	26,000
<i>ARRA</i>	273,000	273,000	0%	273,000
<i>Arts Education Program</i>	93,690	93,690	0%	93,690
<i>Lincoln Project</i>	75,000	75,000	0%	75,000
<i>Indiana Artisan</i>	28,244	28,244	0%	28,244
<i>GAA Grant</i>	5,000	5,000	0%	5,000
Total IAC Expenses	3,811,420	3,897,933	-2%	4,338,504
<i>Indiana Artisan Total Expenses</i>	84,950	84,950	0%	166,650
<i>Indiana Arts Commission Expenses (excluding IN Artisan)</i>	3,726,470	3,812,983	-2%	4,171,854
TOTAL Surplus/(Deficit)	588,834			

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State-wide Capacity building efforts
(spring delivery)

- Arts Lab Proposal (with Arts Midwest)
- IU Center on Philanthropy/The Fundraising School



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Gray Handout

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Arts Education Update



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Cultural Districts Update



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Indiana Artisan Program Update



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Turquoise Handout

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ArtsWORK and NEA Accessibility
Leadership Award



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Recommendations for our Current Budget
and Economic Situation

- History of IAC Funding



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Green Handouts

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- The 2010 IAC budget is \$3,689,232 (\$2,882,132 state and \$807,100 federal)
- Compare this to two points in our history adjusted for inflation:
 - The lowest budget point:
 - 1994 \$3,431,705
 - 2010 Inflation Adjusted \$2,523,198 Percent decrease 26%
 - The first full year of the partnership where the initial bubble occurred to have a budget large enough to support the regional system as conceived:
 - 1999 \$4,337,283
 - 2010 Inflation Adjusted \$2,836,469 Percent decrease 35%

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Green Handouts



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- September 2008 – The State announces a 7% holdback on appropriated funds to our administrative budget. This is entirely absorbed into reductions in our administrative lines.
- December 2008 – The State announces an additional holdback on all lines, administrative and grants and requests an additional \$100K holdback on top of this from the IAC. With the September holdback, this constitutes an overall 7% reduction in State funds. The IAC passes on a 3.3% holdback to our grantees and absorbs the rest in its administrative lines.
- February 2009 – Governor Daniels announces that his proposed budget will include a 50% reduction in the IAC, reducing it to \$2M in state funds for the next two fiscal years.

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- March 2009 – Staff presents budget reductions and results on grants and services and recommends at a reduction of \$1M or more that the regional program may not be able to be sustained and project grants might need to be suspended. (As our funding situation deteriorates, this document is presented at every Commission, executive and COF meeting.)
- June 2009 – The IAC approves a budget based on an anticipated 15% reduction from the legislature. It shortly thereafter receives an appropriation of \$3.2M from the State, a 20% decrease.

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- July 2009 – In an emergency meeting of the Commission, the IAC passes a new budget based on a 25% decrease in State funds (a 20% appropriations decrease plus a 5% holdback). It also decreased its staff by two full time positions. The IAC also suspends all central project grant categories (with the exception of Education grants funded by the cultural trust). At this meeting the IAC decides to review all of its programs, central administration, etc., because its budget has dropped to a critical level. Grant reductions are applied fairly evenly to all grantees, but majors receive a larger reduction, and the partnership program receives less of a reduction.

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- September 2009 – The State applies an additional 5% holdback to the IAC (and all State agencies) after threatening to reduce the IAC's budget by an additional 25%. (Making the ultimate reduction in State funds 30%). Reductions are applied fairly evenly to all grantees, but no additional administrative reductions are given to partners to help stabilize their organizational situations. These actions are approved at the September Quarterly Commission Meeting.
- September 2009 – The State budget office indicates to the IAC that they will review our budget in March of 2010, and depending on the State tax projections, it might be reduced as proposed in September or possibly more.

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- November and December 2009 – Dick Stifel, Chair of the Committee on the Future requests that the staff prepare a series of “scenarios” ranging from the current, largely decentralized model to those more centralized or hybrids. This request is confirmed at the December Commission meeting.
- January 26th 2010 – “Scenarios” are presented to an expanded Committee on the Future which includes Regional Arts Partner Representatives, INCA Representatives and former Commissioners.
- February 4th 2010 – “Scenarios” are reviewed in a day-long retreat for the Regional Arts Partners.

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- February 23rd 2010 – “Four Point Plan for Moving Forward” is discussed to address regional program in relation to the IAC’s budget situation. Committee recommends it to the Executive Committee.
- March 2nd, 2010 – Office of Budget Management requests a meeting with the IAC (March 18) to discuss our budget for FY 2011. This comes on the heels of State revenue projections falling short an additional \$75M in January and \$86M in February (\$869M YTD shortfall).
- March 3rd, 2010 – Executive Committee (an expanded meeting where all commissioners are encouraged to attend) reviews the plan and recommends it to the full commission.

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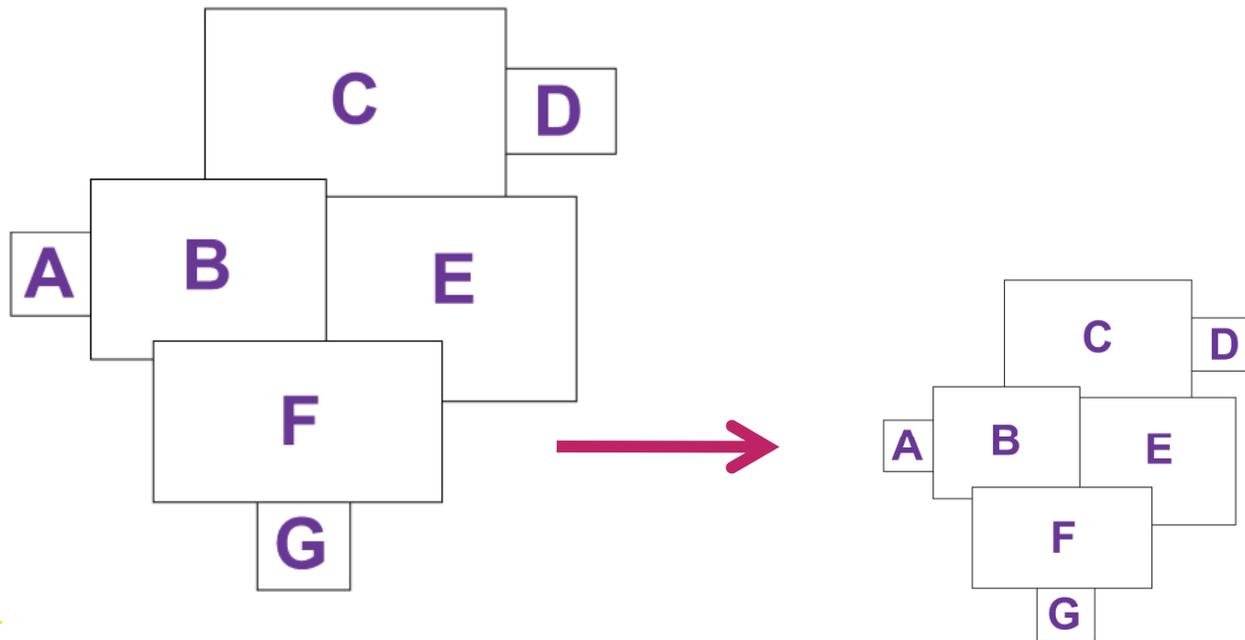
Managing A Situation Where there Is Not Enough Money:
The Building Scenario

Strategy One – The Xerox Reduction Approach



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Managing A Situation Where there Is Not Enough Money:
The Building Scenario

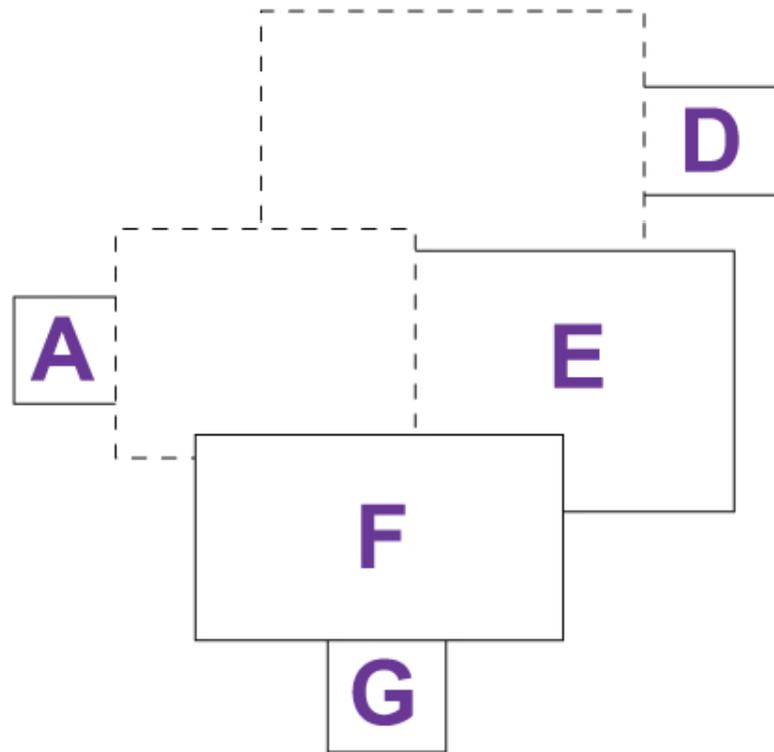
Strategy One – The Xerox Reduction Approach

Strategy Two – Economies of Scale and Making Program
Decisions/Deletions (redistribution of available budget)



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Managing A Situation Where there Is Not Enough Money:
The Building Scenario

Strategy One – The Xerox Reduction Approach

Strategy Two – Economies of Scale and Making Program
Decisions/Deletions (redistribution of available budget)

Strategy Three – Lower Quality (the ugly/unwanted default
strategy)



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Public Management Principles Behind Recommendations:

- Accountability and Fairness
 - Economies of Scale
- Efficiency and Use of Technology
 - Open Public Process
 - Citizen Involvement
- Appropriate Usage of State-Level Public Funding
 - Program Priorities
 - Individual Citizen Benefit
- All savings and redistributions go to support arts grants in the State

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Indiana Arts Commission

Recommendations for our Current Budget and Economic Situation

- Four Point Plan for Moving Forward
 - 1) AOS II Grants



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Cream Handouts

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1) AOS II Grants

- Administered centrally through IAC (rather than regionally)
 - Economy of scale savings (reinvested in grant pool)
 - Technology savings
- Provides the IAC an ongoing, two-way conversation with major arts institutions in the State, helping to position services, planning and advocacy. Affects approximately 40 organizations statewide.

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Indiana Arts Commission

Recommendations for our Current Budget and Economic Situation

- Four Point Plan for Moving Forward
 - 1) AOS II Grants
 - 2) AOS I, Project and Mini Grants



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2) AOS I, AOS 0 and project grants

- Still administered by regional agent with local paneling
 - Current money in project categories statewide is redistributed 1/3 in all AOS categories, 1/3 in a new AOS0 category and 1/3 remains in project grants
- Transition to all applications on IAC centralized electronic system
- All redistribution of funds within traditional regional pool
- All granting category criteria reward organizational outreach to rural areas.
- Redistribution of funds help bolster the level of grants in all AOS categories, II, I and 0

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Indiana Arts Commission

Recommendations for our Current Budget and Economic Situation

- Four Point Plan for Moving Forward
 - 1) AOS II Grants
 - 2) AOS I, Project and Mini Grants
 - 3) Technical Assistance



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3) Technical Assistance

- Largely recentralized with targeted/limited regional/local money.
 - Recentralized services focus on common needs of arts organization management and development, governance and funding, individual artist needs, and community cultural planning/assessment
- Significant savings reinvested in the general grant pool

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Recommendations for our Current Budget and Economic Situation

- Four Point Plan for Moving Forward
 - 1) AOS II Grants
 - 2) AOS I, Project and Mini Grants
 - 3) Technical Assistance
 - 4) CAP Monies and Regional Partner Status



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4) Regional Arts Partners and their Current Community Arts Partner Grants/Money

- Change of system to Regional Arts Agents
- Reduction of aspects of service and regranting activities (due to some recentralization or elimination)
- Non-grandfathered system, allowing organizations to apply on a 4-year cycle
 - No Community Arts Partner grants for agents which may apply in Majors, AOS I or II categories if they qualify on top of their agent status
- All redistribution of monies within AOS II and I categories

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Recommendations for our Current Budget and Economic Situation

- Common Questions and Concerns about Recommendations



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Public Comment



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-- Break --



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ACTION ITEM

Committee Reports

Committee on the Future, Dick Stifel

- Strategic Plan Update
- Four Point Plan for Moving Forward



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Purple Handout

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ACTION ITEM

Committee Reports

Program Evaluation Committee, Earl Williams

- IAP Accessibility Grants



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Hot Pink Handouts

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ACTION ITEM

Committee Reports

Advocacy & Awareness Committee,
Karen Ellerbrook

- 2011 Governor's Arts Awards Update
 - Interim Advocacy Efforts



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Aqua Handout

Indiana Arts Commission

Committee Reports
Cultural Trust Administrative Board,
Kelly Schreckengast

- Current Activity



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Orange Handout

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Regional Arts Partners Update

Sue Burk



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Old Business



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New Business

- Remaining Meeting dates for Calendar Year 2010
- Possible Special Commission April Meeting
 - Ethics Training



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Two Gold and Two White Handouts

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Closing Comments
Jeanne Mirro



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Adjourn



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