

Indiana Arts Commission

Focus Group

Changes to Grants and Services

Wednesday, March 24, 2010

2 p.m.

Government Center North

Indianapolis, IN



Indiana Arts Commission

Meeting for Public Input
Changes to Grants and Services
Wednesday, March 24, 2010

4 p.m.

Government Center South
Indianapolis, IN



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Recommendations for our Current Budget
and Economic Situation

- History of IAC Funding



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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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- 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 indicating they may reduce the IAC's budget by as much as 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 again for FY2011.

The logo graphic consists of a dark red, wavy shape at the top, with a white, wavy shape below it, and a thin blue line at the bottom. The text "Indiana Arts Commission" is centered in blue.

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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 retreat with the Regional Arts Partners.
- February 23rd 2010 – “Four Point Plan for Moving Forward” is discussed to address regional program in relation to the IAC’s budget situation. Committee on the Future recommends it to the Executive Committee.



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- 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.
- **March 12th, 2010** – Full Commission approves changes with implementation pending public input until April 1.
- **March 18th, 2010** – Executive leadership meets with State Budget Agency. No specifics regarding FY2011 at this time, but further reductions are likely for all state agencies based on tax projections and performance.

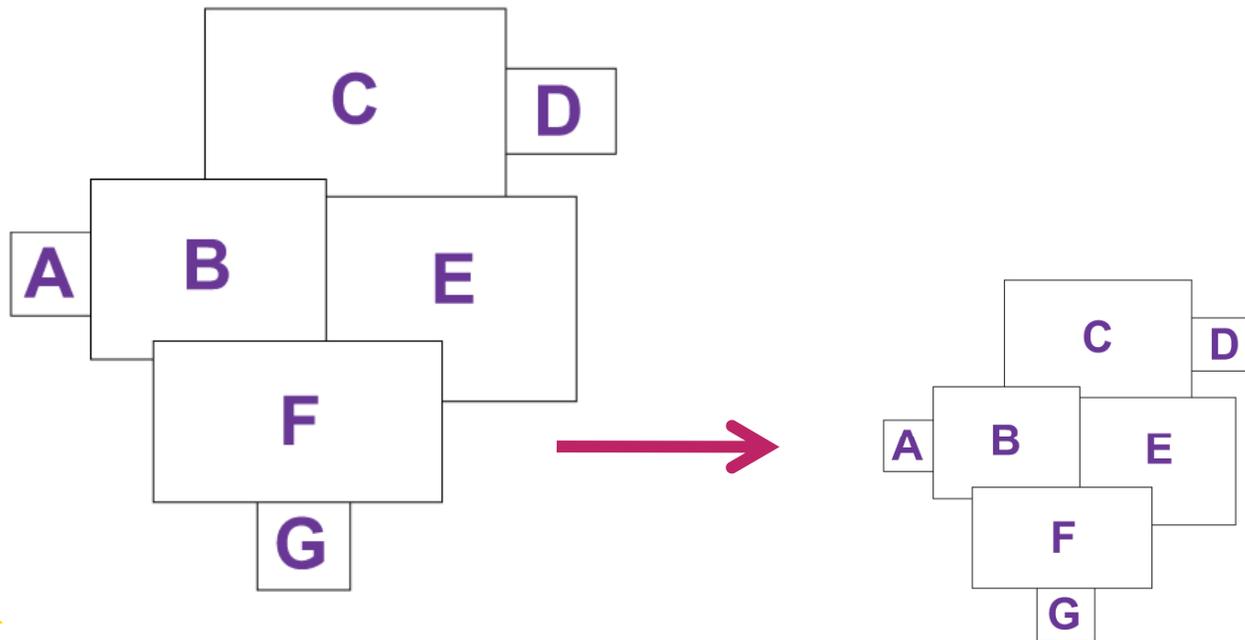
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Managing A Situation Where there Is Not Enough Money:
The Building Scenario

Strategy One – The Xerox Reduction Approach



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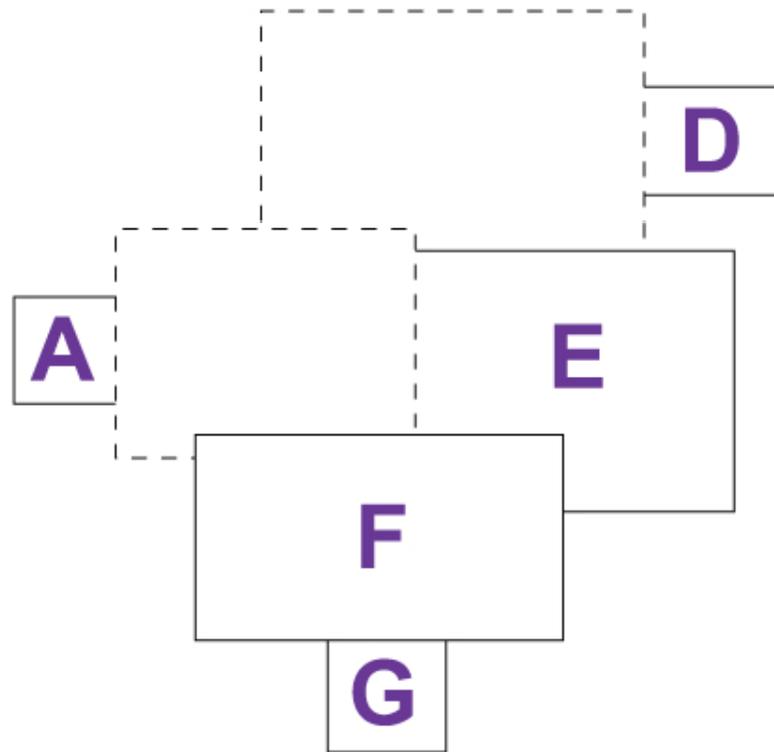
Managing A Situation Where there Is Not Enough Money:
The Building Scenario

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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Recommendations for our Current Budget and Economic Situation

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



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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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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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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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Estimated Comparative Categories Based on FY2010 Funding Levels	Current Levels		Recommended Scenario		
	Category Total	Average Grant Size	Category Total	Average Grant Size	Compared to Current
Partner Community Arts Program Grants	\$ 249,955	\$ 27,773	\$ -	\$ -	-100%
Organization AOS II Grants (estimated)	\$ 319,913	\$ 6,273	\$ 518,363	\$ 9,425	50%
Organization AOS I Grants (estimated)	\$ 544,718	\$ 5,986	\$ 852,566	\$ 8,974	50%
Organization AOS 0 Grants (estimated)	N/A	N/A	\$ 131,043	\$ 1,899	N/A
Project APS Grants (estimated)	\$ 397,100	\$ 1,900	\$ 131,043	\$ 1,899	0%
Majors Grants	\$ 592,040	\$ 45,542	\$ 632,360	\$ 48,643	7%
Total RAP and Majors Grants for FY2010	\$ 2,103,726		\$ 2,265,375		
RAP Admin fee based on RBG	\$ 151,408		\$ 133,758		
Services funding still going to Partners	\$ 192,000		TBD on a contract basis		
External Admin fees paid to RAP	\$ 343,408		\$ 133,758		

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Recommendations for our Current Budget and Economic Situation

- Common Questions and Concerns about Recommendations



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Public Comment and Questions

