

LSC Redbook

Analysis of the Executive Budget Proposal

Ohio Arts Council

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READER'S GUIDE

The Legislative Service Commission prepares an analysis of the executive budget proposal for each agency. These analyses are commonly called "Redbooks." This brief introduction is intended to help readers navigate the Redbook for the Ohio Arts Council (OAC), which includes the following three sections.

1. Overview: Provides a brief description of OAC and an overview of the provisions of the executive budget that affect OAC, including major new initiatives.
2. Analysis of Executive Proposal: Provides a detailed analysis of the executive budget recommendations for OAC, including funding for each appropriation line item.
3. Attachments: Includes the catalog of budget line items (COBLI) for OAC, which briefly describes each line item, and the LSC budget spreadsheet for OAC.

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ATTACHMENTS:

- Catalog of Budget Line Items
- Budget Spreadsheet By Line Item

Ohio Arts Council

- Appropriations of \$6.8 million in each fiscal year
- Funding for grant programs decreases by 22.2% from FY 2011 estimated expenditures

OVERVIEW

Agency Overview

The Ohio Arts Council (OAC) promotes the visual and performing arts in Ohio through cultural and educational activities and by providing economic assistance in the form of grants to artists, art organizations, and communities. OAC awards grants in the areas of Arts Learning, Building Cultural Diversity, Artists with Disabilities Access, Creative Economy, and others. It also operates the Riffe Gallery in downtown Columbus and oversees the state's Percent for Art Program, which places artwork in buildings financed by state capital funds.

OAC is governed by a board consisting of 19 uncompensated members, 15 of whom are appointed by the Governor and four of whom are nonvoting legislative members, two appointed by each house. The Board appoints the Executive Director, who runs the agency's day-to-day operations and oversees the 18 administrative and program staff. OAC currently has an annual operating budget of \$8.1 million. In FY 2010, OAC awarded 642 grants totaling \$5.5 million to individual artists and various arts organizations.

Staffing Levels

Under the executive proposal, OAC's budget supports 18 positions including program staff, which consists of grants administrators, fine arts administrators, and fine arts specialists, and other administrative and support staff. This reflects the elimination of eight positions over the FY 2010-FY 2011 biennium, mostly as a result of budget cuts. According to OAC, the 18 current staff positions is the agency's lowest staff level in 30 years.

Appropriation Overview

The executive proposal appropriates \$6.8 million in each fiscal year for OAC's activities and operations. A majority (78.0%) of the funding is derived from the GRF. Revenue from Riffe Gallery operations and the Percent for Arts Program, account for another 7.3% of the agency's total funding. In addition to these sources, OAC also receives funding from the U.S. Department of Education and the National Endowment for the Arts. These federal grants comprise approximately 14.7% of the proposed budget.

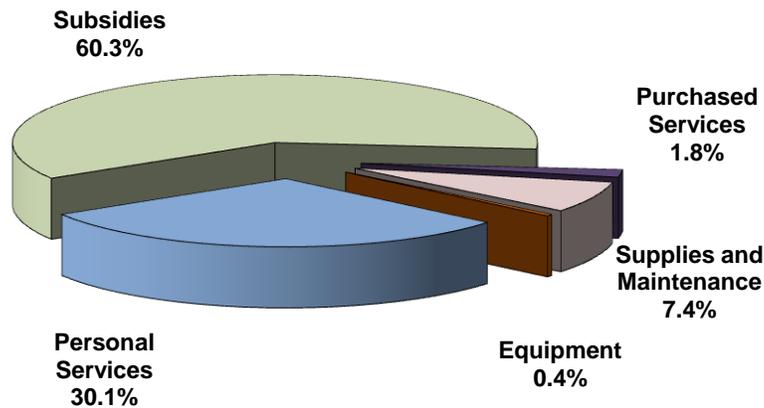
As shown in Table 1 below, the executive recommendation provides funding of \$6.8 million in each year of the FY 2012-FY 2013 biennium, a decrease of 16.1% from FY 2011 estimated expenditures of \$8.1 million. These reductions occur largely through GRF and federal funding. Of the \$5.3 million in proposed GRF funding in each fiscal year, \$4.0 million (75.5%) is primarily used by OAC as grants awarded to individual artists and arts organizations.

Table 1. Executive Budget Recommendations by Fund Group, FY 2012-FY 2013					
Fund Group	FY 2011*	FY 2012	% change, FY 2011-FY 2012	FY 2013	% change, FY 2012-FY 2013
General Revenue	\$6,594,290	\$5,305,704	-19.5%	\$5,305,704	0.0%
General Services	\$400,000	\$494,000	23.5%	\$494,000	0.0%
Federal Special Revenue	\$1,114,225	\$1,000,000	-10.3%	\$1,000,000	0.0%
TOTAL	\$8,108,515	\$6,799,704	-16.1%	\$6,799,704	0.0%

*FY 2011 figures represent estimated expenditures.

Chart 1 below shows the breakdown of the OAC's total executive recommended budget by expense category. A majority (60.3%) of the recommended appropriations are for subsidies in the form of grants to artists and arts organizations. Expenses for personal services are second highest at 30.1%, followed by supplies and maintenance (7.4%), purchased services (1.8%), and equipment (0.4%).

Chart 1: Biennial Executive Budget Recommendations by Expense Category, FY 2012-FY 2013



Major Priorities for the FY 2012-FY 2013 Biennium

In FY 2011, OAC expects to adopt a strategic plan for the FY 2012-FY 2013 biennium. The plan is broken into five goals, which will serve as OAC's main focus in the next biennium. The plan's five main goals, along with OAC's specific objectives for each goal, are as follows:

1. **Protect Ohio's quality of life.** Objectives under this goal include investing in Ohio's rich arts and cultural resources, promoting economic development through creative economy initiatives, and preserving Ohio's cultural heritage.
2. **Connect Ohioans to arts and culture.** Objectives under this goal include cultivating strategic partnerships to promote arts and culture, engaging citizens in ongoing dialogue about the arts and the work of OAC, and raising public awareness of the value of the arts in every Ohio community.
3. **Help citizens of all ages learn and thrive through the arts.** Objectives under this goal include cultivating creativity and imagination and learning, ensuring arts learning opportunities for citizens of all ages, and pursuing policy initiatives to strengthen arts education in schools.
4. **Establish arts and culture as a partner in community, regional, and state development.** Objectives under this goal include contributing to the development of local, state, and regional cultural policies, developing a statewide and regional cultural vitality index, and encouraging local communities to engage in community cultural planning.
5. **Develop leadership for arts and culture.** Objectives under this goal include cultivating leadership for arts and culture through ongoing education and relationship building, supporting organizational capacity building and constituent professional development, and developing new and emerging leaders in Ohio's arts and cultural sector.

ANALYSIS OF EXECUTIVE PROPOSAL

The following table shows the appropriation in the executive proposal for each appropriation item in OAC's budget in each fiscal year of the biennium.

Governor's Recommended Amounts for the Ohio Arts Council				
Fund		ALI and Name	FY 2012	FY 2013
General Revenue Fund				
GRF	370321	Operating Expenses	\$1,305,704	\$1,305,704
GRF	370502	State Program Subsidies	\$4,000,000	\$4,000,000
General Revenue Fund Subtotal			\$5,305,704	\$5,305,704
General Services Fund Group				
4600	370602	Management Expenses and Donations	\$247,000	\$247,000
4B70	370603	Percent for Art Acquisitions	\$247,000	\$247,000
General Services Fund Group Subtotal			\$494,000	\$494,000
Federal Special Revenue Fund Group				
3140	370601	Federal Support	\$1,000,000	\$1,000,000
Federal Special Revenue Fund Group Subtotal			\$1,000,000	\$1,000,000
Total Funding: Ohio Arts Council			\$6,799,704	\$6,799,704

Operating Expenses (370321)

This item supports expenses including payroll and fringe benefits and maintenance, rent, and equipment costs. Over the current biennium, OAC implemented a variety of cost-saving measures. Among these measures was continued use of the Ohio Cultural Data Project, a public – private supported tool operated by the Pew Charitable Trust that provides participating arts organizations the ability to streamline grant applications and provides OAC with a decrease in administrative costs by reducing its grant making and reporting requirements. Furthermore, according to OAC, their November 2010 move from their previous facility to the Rhodes Tower will save the agency about \$132,000 in annual rent payments. The executive budget recommends a decrease of 10.0% from FY 2011 estimated expenditures in FY 2012 and flat funding in FY 2013 for this item.

State Program Subsidies (370502)

The executive budget recommends a 22.2% decrease from FY 2011 estimated expenditures in FY 2012 and flat funding in FY 2013 for this item. If, as OAC expects, it continues to award about 600 grants per year, the dollar amount of the awards would decrease. To help offset the decreased funding in FY 2012, OAC is revising its grant guidelines to allow for more multi-year grants. Not only will this expand the grant

award through another year, but OAC expects to save money by not having to conduct a full annual review of each grant each year. A portion of this line item is also used to provide a required 1:1 state match to the grant from the National Endowment for the Arts appropriated in line item 370601, Federal Support.

In FY 2010, OAC received applications from organizations requesting nearly \$22.0 million; 642 grants were awarded totaling \$5.5 million. The list below shows various types of grant programs available to organizations and individuals and funded under line item 370502, State Program Subsidies:

Support for Organizations

- **Arts Learning.** Provides awards for arts learning and education programs through partnerships, artists-in-residence, and artist-school/community organization collaborations;
- **Sustainability.** Supports organizations with two-year grants that provide ongoing or recurring arts programming. The award amounts for these grants are based on a grantee's operating income. Applicants for these grants fall into one of two categories, those with budgets over \$1.5 million and those with budgets under \$1.5 million;
- **Building Cultural Diversity.** Provides support for organizations that focus on promoting the arts of specific cultures or regions; and
- **Project Support.** Supports a broad range of activities including routine programming of first-time applicants and one-time special events as well as community development projects that use the arts in creative economic initiatives.

Support for Artists

- **Individual Excellence Awards.** Provides awards to individual artists for merit-based individual projects;
- **Traditional Arts Apprenticeship.** Supports study and collaboration between qualified apprentices and master craftspeople, musicians, dancers and other traditional artists;
- **Ohio Heritage Fellowships.** Recognizes Ohio folk and traditional artists who are the finest and most influential masters of their particular art forms and traditions, and whose work in the folk and traditional arts have had a significant impact on the people and communities of the state; and
- **Artists with Disability Access.** Provides assistance to individual artists with disabilities.

Management Expenses and Donations (370602)

This item supports the operational expenses associated with OAC's management of the Riffe Gallery, located at the Vern Riffe Center in downtown Columbus. Funds for this line item are received through gifts, donations, and other revenues generated by Riffe Gallery operations. The executive proposal recommends relatively flat funding of \$247,000 in each fiscal year.

Percent for Art Acquisitions (370603)

This item is used to pay for OAC's costs for the Percent for Art Program. This Program includes purchasing, commissioning, and installing original artwork in new or renovated public buildings that are financed by at least \$4 million in state capital dollars. Of the capital costs for each eligible state building project, up to 1% is set aside for the acquisition of artwork under Percent for Art. These funds are deposited into the Percent for Art Fund (Fund 4B70) for expenditure under this line item.

The executive proposal appropriates \$247,000 in each fiscal year for this line item. Of the 1% of each capital project's funding that is set aside for Percent for Art, 7% of that may be used for OAC's administrative costs. In FY 2010, OAC began collecting this fee at the beginning of a project, which has allowed for more up-front revenues to manage the commissioning, acquisition, and installation of artwork in public buildings.

Federal Support (370601)

This item receives grants from the National Endowment for the Arts (NEA) that are used for a variety of purposes. Depending on the amount of the federal funding made available to OAC, a portion of the funds is allocated towards OAC's administrative costs, while the remainder is used for grant awards under NEA requirements. NEA awards are based on two primary criteria: (1) a formula based on population for the State Arts Plan portion of the grant and (2) a competitive award based on merit in arts education, underserved persons, and folk arts. OAC has historically received one of the highest competitive awards in the country. Other programs supported by these funds include the NEA Challenge Program, the NEA American Masterpieces Program, and the NEA Poetry Out Loud Program. In addition to these programs, the Arts Jobs Preservation Program was created with funds from the NEA provided through the American Recovery and Reinvestment Act of 2009. OAC awarded a total of \$395,000 to 21 Ohio organizations through this program, which is not funded in the next biennium.

Funding for 370601 under the executive proposal decreases by 10.3% from FY 2011 estimated expenditures in FY 2012 and is flat in FY 2013.

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Ohio Arts Council

General Revenue Fund

GRF 370100 Personal Services

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$1,848,027	\$1,713,884	\$0	\$0	\$0	\$0
	-7.3%	-100%	N/A	N/A	N/A

Source: General Revenue Fund

Legal Basis: Discontinued line item

Purpose: This line item provided payroll and fringe benefits for the agency's employees. It was replaced in FY 2010 with GRF appropriation item 370321, Operating Expenses.

GRF 370200 Maintenance

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$387,084	\$338,316	\$1,443	\$0	\$0	\$0
	-12.6%	-99.6%	-100%	N/A	N/A

Source: General Revenue Fund

Legal Basis: Discontinued line item

Purpose: This line item provided funds for the operation and maintenance of the agency's offices. It was replaced in FY 2010 with GRF appropriation item 370321, Operating Expenses.

GRF 370300 Equipment

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$83,213	\$28,968	\$0	\$0	\$0	\$0
	-65.2%	-100%	N/A	N/A	N/A

Source: General Revenue Fund

Legal Basis: Discontinued line item

Purpose: This line item provided funds for equipment. It was replaced in FY 2010 with GRF appropriation item 370321, Operating Expenses.

Ohio Arts Council

GRF 370321 Operating Expenses

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$0	\$0	\$1,366,737	\$1,450,782	\$1,305,704	\$1,305,704
	N/A	N/A	6.1%	-10.0%	0.0%

Source: General Revenue Fund

Legal Basis: Section 219.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This line item supports the agency's payroll and other regular operating expenses. In FY 2010, it replaced GRF appropriation items 370100, Personal Services; 370200, Maintenance; and, 370300, Equipment.

GRF 370502 State Program Subsidies

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$9,633,473	\$8,360,588	\$6,579,534	\$5,143,508	\$4,000,000	\$4,000,000
	-13.2%	-21.3%	-21.8%	-22.2%	0.0%

Source: General Revenue Fund

Legal Basis: ORC 3379.04(D); Section 219.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: The line item supports the agency's grant programs: Arts Learning, Individual Creativity, Sustainability, Creative Economy, Artists with Disabilities Access, Building Cultural Diversity, and other programs and services. Funds from this line item provide grants on a competitive basis to various individual artists, orchestras, dance companies, museums, theater groups, local arts agencies, schools, literary organizations, and other nonprofit organizations.

General Services Fund Group

4600 370602 Management Expenses and Donations

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$201,953	\$523,634	\$107,423	\$250,000	\$247,000	\$247,000
	159.3%	-79.5%	132.7%	-1.2%	0.0%

Source: General Services Fund Group: Revenues received by the Council for its management of the Riffe Gallery, gifts, and donations

Legal Basis: ORC 3379.07 and 3379.11; Section 219.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This line item supports the operational expenses associated with the Ohio Arts Council's management of the Riffe Gallery, located at the Vern Riffe Center in Downtown Columbus.

Ohio Arts Council

4B70 370603 Percent For Art Acquisitions

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$39,368	\$12,171	\$242,387	\$150,000	\$247,000	\$247,000
	-69.1%	1891.6%	-38.1%	64.7%	0.0%

Source: General Services Fund Group: Transfer of capital funds

Legal Basis: ORC 3379.10; Section 219.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This line item is used to pay expenses for selecting artists in the Percent for Art program, which provides for the purchase, commissioning, and installation of original works of art for new and renovated public buildings whose projects receive state appropriations of more than \$4 million. One percent of a project's cost is set aside for this purpose. Eligible expenses include travel, printing, honoraria, and other expenses of jurors and artists. This set-aside supports both the acquisition of art and the administration of the program.

Federal Special Revenue Fund Group

3140 370601 Federal Support

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$935,545	\$929,237	\$1,293,603	\$1,114,225	\$1,000,000	\$1,000,000
	-0.7%	39.2%	-13.9%	-10.3%	0.0%

Source: Federal Special Revenue Fund Group: Grants under the Partnership Program from the National Endowment for the Arts (NEA), Underserved Communities; CFDA 45.025, Basic State Grant; CFDA 45.025, Arts Education; CFDA 45.026, Folk Arts; CFDA 45.027, Challenge America

Legal Basis: ORC 3379.07; Section 219.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This line item is used to supplement the agency's operational costs and for grant awards. Approximately 40% of these federal funds supplement the state-appropriated funds for the agency's administration, while the remainder is used for grant awards subject to National Endowment for the Arts (NEA) requirements.

FY 2012 - FY 2013 Introduced Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2010	Estimate FY 2011	Introduced FY 2012	FY 2011 to FY 2012 % Change	Introduced FY 2013	FY 2012 to FY 2013 % Change
Report For Main Operating Appropriations Bill			Version: As Introduced					
ART Ohio Arts Council								
GRF	370200	Maintenance	\$ 1,443	\$ 0	\$0	N/A	\$0	N/A
GRF	370321	Operating Expenses	\$ 1,366,737	\$ 1,450,782	\$ 1,305,704	-10.00%	\$ 1,305,704	0.00%
GRF	370502	State Program Subsidies	\$ 6,579,534	\$ 5,143,508	\$ 4,000,000	-22.23%	\$ 4,000,000	0.00%
General Revenue Fund Total			\$ 7,947,714	\$ 6,594,290	\$ 5,305,704	-19.54%	\$ 5,305,704	0.00%
4600	370602	Management Expenses and Donations	\$ 107,423	\$ 250,000	\$ 247,000	-1.20%	\$ 247,000	0.00%
4B70	370603	Percent For Art Acquisitions	\$ 242,387	\$ 150,000	\$ 247,000	64.67%	\$ 247,000	0.00%
General Services Fund Group Total			\$ 349,810	\$ 400,000	\$ 494,000	23.50%	\$ 494,000	0.00%
3140	370601	Federal Support	\$ 1,293,603	\$ 1,114,225	\$ 1,000,000	-10.25%	\$ 1,000,000	0.00%
Federal Special Revenue Fund Group Total			\$ 1,293,603	\$ 1,114,225	\$ 1,000,000	-10.25%	\$ 1,000,000	0.00%
Ohio Arts Council Total			\$ 9,591,127	\$ 8,108,515	\$ 6,799,704	-16.14%	\$ 6,799,704	0.00%