Approved: June 19, 2014

OHIO ARTS COUNCIL
PROGRAMS AND PUBLIC POLICY COMMITTEE MEETING
April 3, 2014

The meeting was called to order by committee Chair Monica Kridler at 10:07 a.m. in the offices of the Ohio Arts Council in Columbus. Committee members in attendance: Monica Kridler, chair; Jane Foulk; Robb Hankins; and Emma Off. Absent: Jim Dicke, Sharon Howard, and Ginger Warner. Other OAC board members present: Jeff Rich and Darryl Mehaffie. Staff attending: Julie Henahan, Mary Campbell-Zopf, Missy Ricksecker, Kathy Cain, Ken Emerick, Dia Foley, Dan Katona, Chiquita Mullins Lee, Kathy Signorino, Jim Szekacs, Kim Turner and Elizabeth Weinstein. Also in attendance: Donna Collins, executive director, Ohio Citizens for the Arts; and Rebecca Cochran, legislative aide to Senator Gail Manning.

Committee Chair Monica Kridler welcomed everyone to the Programs, Panels and Public Policy Meeting.

Online Grants System Update

Dan Katona, OAC Research and Program Development director, stated that since the last report to the board at its June 19, 2013, meeting, an internal working group has met on a regular basis to discuss progress, problem-solve various issues, and plan next steps regarding the planning and implementation of a new online grants system using the vendor SmartSimple.

Mr. Katona continued that information-gathering conference calls were conducted with staff from Arts Midwest, to discuss their experience in pursuing a separate SmartSimple system, and Cuyahoga Arts and Culture, to discuss their experience with a competing system that the agency could pursue in the event that the agency was unable to contract with SmartSimple. Following the June 2013 board meeting, OAC staff completed a Scope of Work (SOW) questionnaire that described the agency's application processes, review and assessment procedures, award process, reporting requirements, and any other needs that would impact system design and forwarded the responses and supporting documents to SmartSimple. The questionnaire was used to determine a formal cost-range estimate of $40,300 to $57,200, which was a significant jump in price from the original informal estimate of $25,000. Staff communicated their concerns about this cost increase to SmartSimple, and it was agreed that further study was needed to more precisely project the costs and satisfy critical agency needs at the lowest possible cost. Research and discussions continued into the fall, when the staff working group decided that an on-site research visit was needed to obtain a final actual cost analysis.

He noted that in November of 2013, the nonprofit group Idealware released a follow-up to its 2011 report "A Consumers Guide to Grants Management Systems." SmartSimple was recommended by 100% of its current clients (24 of 40 responded to the survey). The report also notes that SmartSimple's system has "undergone a major user experience redesign which complements its power and flexibility with greater ease of use."

Mr. Katona continued that on December 16-17, SmartSimple Senior Business Analyst Bob Longworth came to the OAC office for an on-site visit, which included in-depth discussions with staff and information sharing about the agency's grants programs and procedures. Following the visit the agency received a formal SOW, which included revised specifications based on the resulted of the consultancy. The revised final total cost to build the system is $39,930. This expenditure will be covered through: 1) a one-time donation of funds following the closure of the Ohio Arts Foundation, and 2) the agency's IT budget for FY2014 and FY2015.

Mary Campbell-Zopf added that following the agreement on the terms of the SOW, OAC staff will work with the Department of Administrative Services (DAS) IT procurement staff and the Attorney General's office to translate the SOW's language into the state-sanctioned contract that reflects all applicable state of Ohio security and privacy expectations, as well as compliance with all relevant state and federal laws.

Mr. Katona continued that once a contract is signed, the OAC staff will develop a series of strategic communications to the field that will describe the new system's functionality and a detailed rollout/implementation plan. He added that both OAC staff and SmartSimple representatives are confident that the new system can be completed in advance of the upcoming winter/spring grants cycle, allowing users to enjoy a vastly upgraded and more functional system when they apply for OAC funding next year.

Ms. Campbell-Zopf stated that in the late spring, summer and early fall of 2014, extensive staff time will be needed to oversee the design and data migration processes. Mr. Katona added that SmartSimple estimated that one person on the OAC staff will need to spend 50 percent of his or her time on the project during that period. The work will include intervals of beta-testing and stakeholder input, including grantees, who are the primary external users.

Mr. Rich asked if a staff person had been identified to complete this work. Mr. Katona replied that the work would be spread between several people, including Ms. Foley, Mr. Szekacs, Carla Oesterle from the fiscal office, Earl Meadows from the IT Office and himself.

Ms. Kridler asked if anything had to be given up to bring the costs down in the final SOW. Mr. Katona replied that a big part that was taken off the table was work to integrate the new system with the state's OAKS system, through which the agency pays out grants awards. This change was not made as much for cost savings as it was due to the realization that the state was not likely to permit a third-party vendor to interface with its system. Ms. Foley stated that some of the reports that staff had originally thought they would need SmartSimple to set up could in fact be accomplished by OAC staff, so the cost of that labor was removed from the SOW. Mr. Katona added that there is a great deal of overlap in the forms the agency uses and the specific data the system captures, so the original cost for that part of the system was overestimated and came down considerably in the final SOW. Ms. Campbell-Zopf added that it wasn't possible to calculate precisely the cost for the migration of historic data until the site visit took place. During the site visit it became clear that because of the way data is stored in the current system, the difficulty of moving it to the new system would not be as great as originally anticipated, so the cost could come down in that area as well.

Mr. Katona shared that the OAC is the first state arts agency (SAA) that SmartSimple has worked with, and their staff has indicated informally that they would like to expand their business to include more SAAs, and could treat the OAC project as a model for other systems, allowing for cost savings based on future advocacy from the agency.

Jane Foulk asked if the "boilerplate language that was more apropos to the work of a foundation rather than the work of a state arts agency" had been taken care of. Ms. Campbell-Zopf replied that staff had gone through every line of the SOW and had made sure that the language issues were resolved. She added that Ohio has very strict laws to ensure that all work contracted by the state takes place in the US. She stated that special care had been taken to ensure that the contract with SmartSimple—whose principal offices are in Canada, but who also has offices in the US—comported with state laws.

Mr. Rich thanked the staff for all their work on this important project.

New Sustainability Guidelines and Funding Restrictions
Executive Director Julie Henahan stated that at the January 16, 2014 council meeting, the OAC board voted to change the FY2016/2017 *Guidelines* to allow arts organizations located on college or university campuses to apply for funding in the Sustainability (over $1.5 million) program. After the vote, staff was directed to draft revisions to the *Guidelines* that would address the agreed upon changes and present them to the board for their review and consideration at this meeting.

Ms. Henahan continued that a number of changes were made that required revisions in the Funding Restrictions section as well as the Sustainability section of the *Guidelines*. These changes dealt primarily with allowable funding issues for academic entities, allowable income for the calculation of the grant award formula, and the addition of special eligibility requirements for university/college-based arts organizations. She directed the committee's attention to the updated *Guidelines* in the Council Book, and reviewed all the changes with the committee.

Following the review of the changes, a discussion ensued about whether the nature of the new restrictions was such that constituents would think they were tailored specifically for the Wexner Center, and the probability of other organizations altering their operations so as to make themselves eligible for the program. Ms. Henahan stated that while there were currently no other university-based organizations who would eligible under the new *Guidelines*, certainly there are some who are approaching eligibility and might make the necessary changes to put them in alignment with the eligibility requirements. She continued that this is the nature of the business, that organizations evolve and change their practices according to trends in funding availability, and added that the issue of the agency's funding restrictions regarding university-based arts organizations has been a topic of discussion for a long time among constituents. Many of these organizations are important cultural institutions in their respective areas and could stand on their own, and there is a rise in the number of SAAs choosing to provide operating support funding for these major university-based institutions. Mr. Hankins added that what the agency is stating with these revised eligibility restrictions is that if a university-based organization is truly independent, is doing great work and is generating a majority of their income from outside the campus, they should be eligible for Sustainability support. Mr. Rich agreed, stating that such organizations should be able to compete with non-university-based organizations fairly. Ms. Campbell-Zopf asked for clarification on which institutions were close to eligibility under the new guidelines.

Ms. Henahan stated that the University of Akron and Clark State University were the only two entities that had such institutions, and that they were close to eligibility because of their level and distribution of support, but neither of them had an independent board.

Ms. Kridler added that the changes show that the OAC is responsive to its constituents, and rather than simply tailoring eligibility to perceived favorites, the agency is flexible enough to make changes as conditions in the field evolve.

Ms. Foulk asked if these changes would make less money available for smaller organizations. Ms. Henahan responded that this was going to happen anyway for reasons that would be discussed in the next item on the agenda. Ms. Off suggested adding wording that the independent board must be a board of trustees, and not another type of board such as a board of advisors. Ms. Henahan thanked Ms. Off for her suggestion and stated that the staff would add that wording to the guidelines.

Mr. Hankins asked how the requirement that eligible institutions not present work exclusively by students would be measured. Ms. Henahan responded that applications include a narrative and support materials describing the programming the institution will be doing. Staff can ascertain through these application materials—and their own knowledge of Ohio's arts organizations—whether the main mission is to present and support the work of students.

Mr. Hankins then asked about the reasoning behind requirement that at least 51 percent of an eligible institution's budget must be from sources other than the university. Ms. Henahan answered that, as board member Jim Dicke had pointed out at the January meeting, 51 percent is a figure that ensures that the institution receives over half its funding from outside the university.

MOTION by Robb Hankins, seconded by Emma Off, to recommend the revisions to the OAC *Guidelines* to the full board.

Motion carried.

Ms. Off stated that the research that staff conducted and the in-depth reporting, including a history of the issue, was excellent and had been very helpful.

Sustainability (over $1.5 million) Eligible Income Report

Ms. Henahan stated that at the January 16, 2014 board meeting, the board requested that she prepare a report for the April 3 meeting detailing the current policy on the eligible income level for the Sustainability (over $1.5 million) program as well as the history of the program. The board also asked her to prepare projections on how many new applicants may become eligible for the FY2016/2017 biennium, as well as projections on how an increase in the eligibility income requirement might impact applicants' grant awards.

Ms. Henahan then directed the committee's attention to the charts reflecting the history of the program. She stated that from 1976 to 1994, the eligible income level was increased by $100,000 increments at fairly regular intervals of three to four years, resulting in an eligibility level of $500,000. Over a two year period from 1995 to 1997, the eligible income level increased twice, to $550,000 and $585,000. In 1998, it was raised to $1,000,000 where it remained until 2003. The last increase to the eligible income level took place in 2004 when it was raised to the current level of $1.5 million. The board would have considered an increase in the level in 2008-2009, but because the Great Recession was taking a major toll on arts organizations' income during that period, it was decided to defer an increase until the economy and the finances of arts organizations in Ohio stabilized.

She continued that in recent years, the Sustainability (over $1.5 million) program has seen a fluctuating number of eligible applicants as well as a budget that has varied significantly, as arts organizations' incomes rose or fell, and as a policy change was made in 2009 allowing the Rock and Roll Hall of Fame to apply for funding in this category. Regarding fluctuations in the budget for the Sustainability (over $1.5 million) program, Ms. Henahan explained that most recently, from FY2013 to FY2014, budget increased by 19.5 percent (or $828,650) while the number of applicants increased by 13 percent. The average grant award increase was 6.2 percent with a high of 17.9 percent (Victoria Theatre). One organization saw a loss of -1.9 percent (Butler Institute of American Art).

Ms. Henahan then moved on to the projections for the FY2016/2017 biennium. She stated that a review of the budgets of Sustainability (under $1.5 million) organizations revealed that there could potentially be seven more applicants to the Sustainability (over $1.5 million) program for the FY2016/2017 biennium (deadline: February 1, 2015) if their audited budgets show that they have exceeded the current eligible income of $1.5 million. Should the agency's budget for FY2016/2017 remain level, a larger pool of grant recipients will certainly impact the grant amounts for every organization in this category except the Big Four, who receive a 36 percent cut off of the top of this budget. If, however, there is a decrease in the FY2016/2017 budget, <u>every</u> grant recipient in this program will experience a reduction in funding.

Ms. Foulk asked if every eligible organization automatically received funding. Ms. Henahan replied that the applications go through a panel review process in which scores are given and recommendations for funding are made. Although it doesn't happen frequently, some institutions have not been awarded grants under this program.

Ms. Henahan then turned the committee's attention to the spreadsheet that provided three scenarios that project what the grant awards in FY2016 could look like if: 1) the OAC budget remains flat, has an increase in the number of grantees (seven) and the eligible income level stays at $1.5 million; 2) the budget remains flat and the eligible income level increases to $1.75 million (17 organizations would drop out); and 3) the budget remains flat and the eligible income level increases to $2 million (20 organizations would drop out).

Ms. Off shared that it makes sense to adjust the eligible income level, not just because of the numbers of organizations that will potentially come in or fall out, but that after 10 years it is simply good business practice to revisit the income eligibility.

Mr. Hankins asked what the scenario would look like if a discussion about the Big Four were added to this discussion. Ms. Henahan stated that this indeed was a sensitive issue for the organizations in that category, and offered the following analysis of what would happen if the

Big Four received funding according to the same formula as everyone else in the program. She noted that this analysis had risen from her own curiosity, and that the issue had not been formally examined for 15 years. She shared that under this scenario, one organization would lose $48,000, two would lose between $26,000 and $27,000, and one would remain roughly the same. Mr. Hankins shared that determining a fair distribution of funds between the large and small organizations is a challenge for both state and local arts agencies. Mr. Rich added that the essence of democracy is negotiation and compromise, and it was in that spirit that the 36 percent for the Big Four had been determined. Mr. Hankins asked when that decision had been made. Ms. Henahan replied that it had been decided in 1998. Mr. Rich continued that it was good to know that the Big Four wouldn't lose much if the policy changed, but advised that it would be prudent not to rock the boat so much that unforeseen consequences may ensue.

Mr. Hankins asked why the figures $1.75 and $2.0 million had been chosen. Ms. Henahan answered past increases had historically been quite steep, and that given the significant impact of a change in the eligible income level on the current pool of grantees in this program, she hoped that the board would give serious consideration to a graduated increase in the eligible income level over the next two biennia. For example, for the FY2016/2017 biennium the eligible income level could be raised to $1.75 million and in FY2018/2019 it could be raised to $2 million (or some other agreed upon incremental increases). Mr. Rich stated that this recommendation was thoughtful and fair to the agency's constituents throughout the state. Ms. Henahan noted that the levels presented in the report were options, and that the amounts could be changed, depending on what the board decides. Mr. Hankins wondered what the reaction would be in the field to the increased eligibility requirements, as organizations will always be approaching eligibility only to have the level increased. Ms. Henahan agreed and stated that that there is no easy solution to this issue if the program's long-term viability has to be considered. The best that the board and staff can do is ensure that decisions are made in a timely fashion that both addresses the constraints of the resources available to the agency, and is well-thought-out and respectful of the agency's constituents. She continued that she hoped that the board would review the eligible income level for Sustainability (over $1.5 million) at regular intervals, perhaps every two years or every four years, and consider increases at those points. Ms. Kridler suggested including wording in the *Guidelines* that ensure the policy is reviewed on a timely basis and the field is forewarned that this will happen. Ms. Henahan shared that in the past organizations were accustomed to regular reviews and increases in the eligibility level, and surmised that they would become so again in the future. She stated that, of course, it would be great if the agency's budget were to be increased, so that there would be additional funds to accommodate the increase in the number of organizations in the Sustainability (under $1.5 million) program when the eligibility is raised. Ms. Kridler asked if the removal of the Wexner Center for the Arts (WCA) from the Sustainability (under $1.5 million) program would free up a significant enough amount of money to create such a buffer. Ms. Henahan answered that taking the WCA from the Sustainability (under $1.5 million) program would free up $30,000–$40,000, which is not enough to make a big difference.

Mr. Hankins asked if there might ever be a situation in which the eligibility level would be lowered. Ms. Henahan replied that this had not happened in the past, but it was not unthinkable.

Ms. Foulk asked how the agency had handled the dramatic budget decrease in the past. Ms. Henahan replied that at that time, once the state budget process had gone far enough that they could see that the agency was going to sustain a significant cut to its budget, staff kept the field informed as the House and Senate recommendations came out. When the Senate recommendation came out in May 2009 for the FY2010/2011 biennial budget, OAC staff calculated grant amounts based on that recommendation and let constituents know what it looked like it could be so they could prepare for a significant cut in their funding from the arts council. Ms. Foulk asked if there has been a uniform percentage cut from all awards. Ms. Henahan relied that a uniform percentage cut was the basis for how the cuts were determined, but that there were other factors that had to be taken into consideration, such as the programs and services that the agency supports within these categories. She reiterated that staff had taken special care to keep constituents informed about what was going on so they were able to plan as best they could.

Mr. Hankins asked if two years was a good length of time in between reviews. Ms. Henahan replied that she recommended the review take place every four, because the organizations in this category apply every four years. Ms. Off lauded the wisdom of staff's suggestion to implement the increase of the eligibility requirement gradually, and suggested that the graduation from $1.75 million to $2.0 million take place at the same four-year interval. Ms. Henahan noted that if the board wanted to keep on the four-year schedule, the increase to $2.0 million would take place for the FY2020/2021 biennium.

A discussion followed about moving forward with a motion regarding what the committee wanted to recommend to the full board based on this conversation. Mr. Hankins asked if the committee needed to vote on this issue that day. Ms. Henahan answered that if the board wanted to implement the eligibility level increase starting in FY2016/2017, staff would need to know as soon as possible, preferably at the current meeting, but no later than the June 19 board meeting.

MOTION by Robb Hankins, seconded by Emma Off, to recommend that the eligibility level for the Sustainability (over $1.5 million) be raised to $1.75 million, with the understanding that the eligibility level will be reviewed every four years, to the full board.

Motion carried.

Ms. Henahan stated that if the board approves the committee's recommendation, the next review of the eligibility level for the Sustainability (over) program would be in the spring of 2018.

National Endowment for the Arts (NEA) Study Group Update

Deputy Director Mary Campbell-Zopf stated that a staff study group has been working to expand their knowledge about the entire NEA grants process from start to finish—from understanding the application guidelines and legal requirements; to researching, drafting, editing major portions of the grant; to preparing a comprehensive suite of electronic support materials that will be available to the NEA review panelists via the OAC website. She continued that the study group began meeting in early March with two whole-group meetings to review and discuss the NEA guidelines, legal requirements, required outcomes and review criteria, and applying through the federal e-grants system. As part of those meetings, staff re-read the last full Partnership grant application and had a free-ranging discussion comparing the last grant application to the current guidelines, which are substantively different from the guidelines that were issued the last time the agency applied for a Partnership grant.

Ms. Campbell-Zopf added that after those introductory meetings of the entire study group, it was divided into smaller working groups with responsibilities for researching and drafting particular sections of the narrative proposal and the budget. She stated that the first three sections of the narrative—the overview, description of the planning process, and evaluation sections—were in good shape, and teams were now working on the middle sections, writing and critiquing them in weekly sessions. She projected that the narrative would be nearly finalized by the time she retires at the end of May, and shared that it was a pleasure to work with such talented and accommodating staff and to tell the story of the OAC through these grant narratives.

2014 Arts Access Program Evaluation Report
Ms. Campbell-Zopf stated that this report represents a thorough analysis through which staff was trying to figure out if the Arts Access program had as much access as the agency had hoped. She reminded the committee that a focus on infusing the agency's work with a focus on results was an important thrust in the agency's strategic plan, and that over the last three years, four program evaluations had been conducted—for the Artist in Residence, Arts Partnership, Artist with Disabilities Access and Arts Access grant programs.

She continued that constituent satisfaction surveys had consistently reflected that the Arts Access constituents, which are small, often volunteer-run organizations that produce good work for their audiences, had been frustrated with the program, noting particularly the significant decreases in funding due to the draconian budget cuts during the Great Recession. She stated that the agency's typical evaluation methodology was used, including interviews with staff and board members, focus groups of representative stakeholders, 18 Arts Access applicants—including all-volunteer and staffed organizations, successful and unsuccessful applicants, and former applicants who were also grant panelists—and that the feedback gleaned from the interviews and focus groups provided helpful insights about how the program could be improved. She outlined several changes to the program, particularly simplification and shortening of the application and reporting process, and stated that the new online system would make the process simpler and easier to complete, even when different people are completing the applications from year to year. She encouraged the committee to read the report thoroughly, and pointed out the detailed maps showing the program's wide reach throughout Ohio's cities and towns. She emphasized that benchmarking with other state arts organizations (SAAs) had revealed that compared to all other SAAs, the OAC awarded the third highest number of grants and the fifth highest dollar amount of funds distributed to small organizations and programs. There are few national programs that benefit small arts organizations with operating support. She reflected that the beauty of the evaluation process is that it provides staff with an opportunity to thoroughly examine a program through the eyes of its constituents.

Mr. Hankins noted that the number of grants had decreased significantly over the years. Ms. Campbell-Zopf explained that the program guidelines had been changed during that time to separate out project support from the program, allowing the program to focus on operating support, which is generally much harder for organizations to obtain. She added that since the change, the agency has been able to consistently offer small, grass-roots organizations awards reflecting roughly 95 percent of what they ask for.

Approved: June 19, 2014

MEETING was adjourned at 11:17 a.m.

An audio recording of this session is available upon request.

Monica Kridler
Programs, Panels and Public Policy Chair

Jane Foulk
OAC Board Secretary