

LSC Greenbook

Analysis of the Enacted Budget

Ohio Arts Council

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Budget Spreadsheet By Line Item	

Ohio Arts Council

- H.B. 1 appropriates approximately \$8.0 million in each fiscal year
- Funding for grant programs decreases by 38.5% from FY 2009

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. The Council awards grants in the areas of Arts Learning, Capacity Building, Artists with Disabilities Access, Arts Innovation, 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. The Council 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 administrative and program staff. In total, there are 26 full-time employees of the Council, including grants administrators, fine arts administrators, and fine arts specialists, and other administrative and support staff. Seven positions were eliminated during FY 2009 as a result of statewide budget cuts.

Appropriation Overview

Appropriations by Fund Group, FY 2010-FY 2011					
Fund Group	FY 2009	FY 2010	% change, FY 2009-FY 2010	FY 2011	% change, FY 2010-FY 2011
General Revenue	\$10,441,756	\$6,594,290	-36.9%	\$6,594,290	0.0%
General Services	\$535,805	\$371,366	-30.7%	\$371,366	0.0%
Federal Special Revenue	\$929,237	\$1,000,000	7.6%	\$1,000,000	0.0%
TOTAL	\$11,906,798	\$7,965,656	-33.1%	\$7,965,656	0.0%

*FY 2009 figures represent actual expenditures.

As the table above shows, H.B. 1 appropriates approximately \$8.0 million in each fiscal year for the Council's activities and operations, 33.1% lower than overall FY 2009 spending of \$11.9 million and largely attributable to a considerable cut in GRF funding. A majority (82.8%) of OAC's total funding is derived from the GRF. Revenue from Riffe Gallery operations and the Percent for Arts Program account for another 4.7%. In addition to these sources, OAC receives funding from the U.S. Department of Education

and the National Endowment for the Arts. These federal grants comprise approximately 12.5% of the budget.

Major Initiatives

Administrative Cost Containment and Grant Expenditures

Under H.B. 1, the Council intends to further streamline operations and maximize the impact of its grant programs given the reduced staff and other constraints caused by budget reductions. In the FY 2008-FY 2009 biennium, OAC reduced grant programs with remaining balances or unallocated funds and reduced existing grants that had not yet been paid in full. In addition, the Council ceased accepting new applications for two grant programs, allowing these funds to be reallocated to other areas. At the funding levels for FY 2010 and FY 2011, OAC will likely be required to undertake further actions to reduce the costs of administering its programs.

In addition, OAC will likely have to implement changes to maximize the use of limited resources for grant awards. The Council expects grant applications to increase because of the dwindling sources of funding for arts organizations in the weak economy. Overall, it is likely that OAC will issue fewer awards as a result of the cuts enacted in H.B. 1.

Vetoed Provisions

Museum Subsidy

H.B. 1 included a provision in uncodified law prohibiting the use of OAC grant subsidy funds for a museum that received \$8 million or more in state capital appropriations from 1996 through 2002. This provision applied specifically to the Rock and Roll Hall of Fame and Museum in Cleveland. The Governor vetoed this provision.

ANALYSIS OF ENACTED BUDGET

OAC's appropriations provide funds to support artists and arts organizations through targeted grants, manage the Riffe Gallery in downtown Columbus, administer the Percent for Arts Program, and cover operating expenses. The appropriations for these purposes in FY 2010 and FY 2011 are shown in the table below. Following the table, a narrative describes how each appropriation is used and any relevant changes enacted by H.B. 1.

Appropriations for the Ohio Arts Council				
Fund	ALI and Name		FY 2010	FY 2011
General Revenue Fund				
GRF	370321	Operating Expenses	\$1,450,782	\$1,450,782
GRF	370502	State Program Subsidies	\$5,143,508	\$5,143,508
General Revenue Fund Subtotal			\$6,594,290	\$6,594,290
General Services Fund Group				
4600	370602	Management Expenses and Donations	\$285,000	\$285,000
4B70	370603	Percent for Arts Acquisitions	\$86,366	\$86,366
General Services Fund Group Subtotal			\$371,366	\$371,366
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			\$7,965,656	\$7,965,656

Operating Expenses (370321)

This GRF line item replaces three former GRF operating line items: 370100, Personal Services; 370200, Maintenance; and 370300, Equipment. Beginning in FY 2010, all of the Council's GRF operating expenses will be accounted for in this line item. These expenses include payroll and fringe benefits and maintenance and equipment costs. Combined, the actual FY 2009 expenditures for line items 370100, 370200, and 370300 were \$2,081,168. The appropriation for the consolidated operating line item is \$1,450,782 in each fiscal year, a decrease of approximately 30.3% from the FY 2009 amount for these purposes.

State Program Subsidies (370502)

The budget funds this GRF line item at a level of approximately \$5.1 million in each fiscal year, a decrease of 38.5% from actual FY 2009 spending of almost \$8.4 million.

Grant awards are based on a grantee's operating income. The Council estimates that for smaller organizations (those with operating incomes of under \$1.5 million), the average award amount is between \$8,000 and \$10,000, but can be as high as \$20,000. For larger organizations (those with operating incomes of \$1.5 million or more), grants can be in the range of \$40,000. The largest FY 2009 grant under this line item was \$350,000. Grants make up approximately 1-2% of the operating income for large organizations and 5-8% of the operating income for smaller organizations. As previously mentioned, because of the current economic climate that has squeezed the budgets of many arts organizations, there is likely to be an increase in the number of applications.

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.

Management Expenses and Donations (370602)

This line item supports the operational expenses associated with the Council'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. H.B. 1 appropriates funding of \$285,000 in each fiscal year for these purposes.

Percent for Arts Acquisitions (370603)

This line item is used to pay for the costs of selecting artists for the Percent for Arts Program, which 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 Arts. These funds are deposited into the Percent for Arts Fund (Fund 4B70) for expenditure under this line item.

H.B. 1 appropriates \$86,366 in each fiscal year for this line item. Of the 1% of each capital project's funding that is set aside for Percent for Arts, 5% of that may be used for OAC's administrative costs. Previously, OAC collected this fee from projects once a project was completed. Beginning in FY 2010, the Council will collect the fee at the beginning of a project. This change would allow for more up-front revenues to manage the commissioning, acquisition, and installation of artwork in public buildings.

Federal Support (370601)

This line item receives grants from the National Endowment for the Arts (NEA) that are used for a variety of purposes. Approximately 40% of these funds have historically been allocated towards OAC's administrative costs, while the remainder is

used for grant awards under NEA requirements. The Council uses these NEA funds for federally allowable activities such as the State Arts Plan, Arts Education, Underserved Persons grants, the NEA Challenge Program, the NEA American Masterpieces Program, the NEA Poetry Out Loud Program, and the NEA Folk and Traditional Arts Program. The budget appropriates \$1.0 million in each fiscal year for these purposes.

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FY 2010 - 2011 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2008</i>	<i>FY 2009</i>	<i>FY 2010 Appropriations</i>	<i>% Change FY09 - FY10</i>	<i>FY 2011 Appropriations</i>	<i>% Change FY10 - FY11</i>
Report For: Main Operating Appropriations Bill			Version: Enacted					
ART Ohio Arts Council								
GRF	370100	Personal Services	\$ 1,848,027	\$ 1,713,884	\$ 0	-100.00%	\$ 0	N/A
GRF	370200	Maintenance	\$ 387,084	\$ 338,316	\$ 0	-100.00%	\$ 0	N/A
GRF	370300	Equipment	\$ 83,213	\$ 28,968	\$ 0	-100.00%	\$ 0	N/A
GRF	370321	Operating Expenses	\$0	\$0	\$ 1,450,782	N/A	\$ 1,450,782	0.00%
GRF	370502	State Program Subsidies	\$ 9,633,473	\$ 8,360,588	\$ 5,143,508	-38.48%	\$ 5,143,508	0.00%
General Revenue Fund Total			\$ 11,951,797	\$ 10,441,756	\$ 6,594,290	-36.85%	\$ 6,594,290	0.00%
4600	370602	Management Expenses and Donations	\$ 201,953	\$ 523,634	\$ 285,000	-45.57%	\$ 285,000	0.00%
4B70	370603	Percent For Art Acquisitions	\$ 39,368	\$ 12,171	\$ 86,366	609.62%	\$ 86,366	0.00%
General Services Fund Group Total			\$ 241,321	\$ 535,805	\$ 371,366	-30.69%	\$ 371,366	0.00%
3140	370601	Federal Support	\$ 935,545	\$ 929,237	\$ 1,000,000	7.62%	\$ 1,000,000	0.00%
Federal Special Revenue Fund Group Total			\$ 935,545	\$ 929,237	\$ 1,000,000	7.62%	\$ 1,000,000	0.00%
Ohio Arts Council Total			\$ 13,128,663	\$ 11,906,798	\$ 7,965,656	-33.10%	\$ 7,965,656	0.00%