

Commission on the Arts Summary of Recommendations - House

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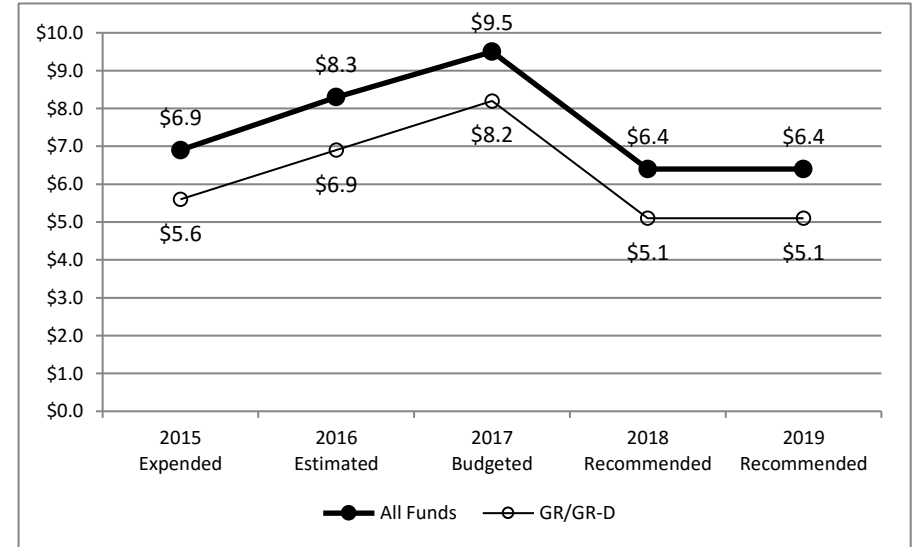
Gary Gibbs, Executive Director

Avery Saxe, LBB Analyst

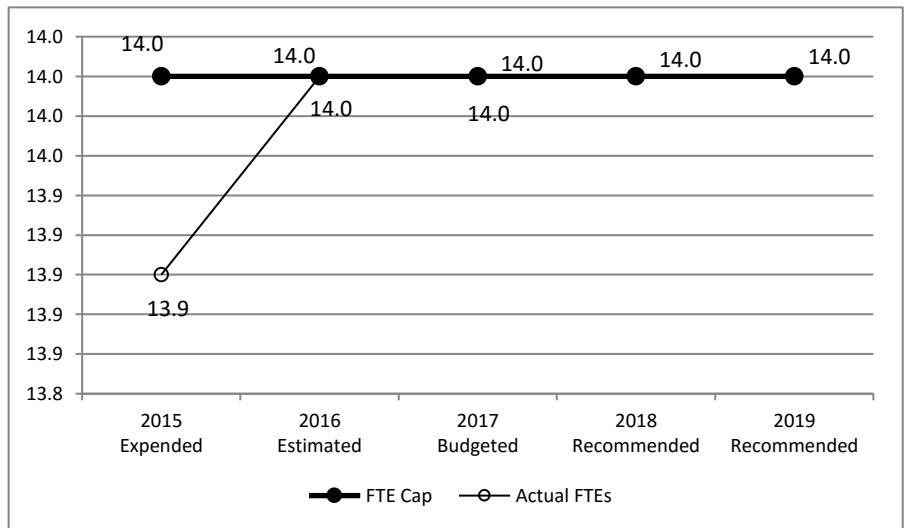
Method of Financing	2016-17 Base	2018-19 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$14,325,652	\$9,993,414	(\$4,332,238)	(30.2%)
GR Dedicated Funds	\$755,935	\$129,912	(\$626,023)	(82.8%)
<i>Total GR-Related Funds</i>	<i>\$15,081,587</i>	<i>\$10,123,326</i>	<i>(\$4,958,261)</i>	<i>(32.9%)</i>
Federal Funds	\$1,886,000	\$1,928,200	\$42,200	2.2%
Other	\$810,000	\$704,000	(\$106,000)	(13.1%)
All Funds	\$17,777,587	\$12,755,526	(\$5,022,061)	(28.2%)

	FY 2017 Budgeted	FY 2019 Recommended	Biennial Change	Percent Change
FTEs	14.0	14.0	0.0	0.0%

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2018-19 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2018-19 biennium.

Commission on the Arts
Summary of Funding Changes and Recommendations - House

Funding Changes and Recommendations for the 2018-19 Biennium compared to the 2016-17 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>							
A)	Reduction in funding for Cultural Tourism Grants to 2014-15 levels of \$670,000 each fiscal year.	(\$4,178,813)	(\$151,187)			(\$4,330,000)	A.1.3
B)	Reduction in Arts Education Grants funding, pursuant to the 4% reduction, resulting in reduced grant sizes, but not the number of grants awarded.	(\$430,801)	(\$172,462)	\$3,900	(\$131,000)	(\$730,363)	A.1.2
<i>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</i>							
C)	Increase in Arts Organization Grants, due to an anticipated increase in Federal Funds. Additional changes in the 2016-17 biennium included a Method of Finance (MOF) swap of \$907,122 from General Revenue to General Revenue-Dedicated (GR-D) Arts Operating Account No. 334, for grants, in order to spend down the remaining balances. The Arts Operating Account No. 334 was composed of endowment proceeds, donations, and interest. In 2018-19, the agency has reallocated funds in order to offset the decrease of GR-D funds.	\$277,376	(\$302,374)	\$38,300	\$25,000	\$38,302	A.1.1
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		(\$4,332,238)	(\$626,023)	\$42,200	(\$106,000)	(\$5,022,061)	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$277,376	\$0	\$42,200	\$25,000	\$38,302	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		(\$4,609,614)	(\$626,023)	\$0	(\$131,000)	(\$5,060,363)	As Listed

Commission on the Arts
Selected Fiscal and Policy Issues - House

1. **Cultural Tourism Grants.** Recommendations include \$1.3 million in General Revenue for cultural district projects in the 2018-19 biennium. In the 2016-17 biennium, the agency was appropriated \$11.3 million for this purpose. The Governor's veto removed \$5.6 million in fiscal year 2017, leaving \$5.6 million in biennial program funding. According to the agency, in fiscal year 2016 funding provided 109 grants for projects and assisted districts with business and job development, helped preserve historic buildings and fostered local cultural development.

\$5.0 million of the 2016-17 appropriation was no-costed by the Comptroller of Public Accounts (CPA) due to revenue certification rider language. CPA has stated appropriations for this purpose will cost the bill in the 2018-19 biennium. Recommendations for 2018-19 include a decrease of \$4.3 million in General Revenue and General Revenue-Dedicated to return appropriations to the 2014-15 base level of \$670,000 each fiscal year.

2. **Arts Education Grants.** Recommendations include a decrease of \$603,263 in General Revenue and General Revenue-Dedicated funding and \$730,363 in All Funds for arts education grants. Recommendations for the 2018-19 biennium total \$1.5 million in All Funds. According to the agency, the decrease in funding will reduce the average grant size rather than the number of grants. For fiscal year 2016 the agency awarded 552 grants at an average of \$2,144 each.

**Commission on the Arts
Rider Highlights - House**

Modification of Existing Riders

3. **Appropriation of License Plate Receipts and Interest Earnings.** Current rider provides the agency with appropriation authority of license plate receipts and earnings for Arts Organization and Arts Education grants. Recommendations include the agency's request to fund an additional grant program in Strategy A.1.3, Cultural Tourism Grants. The recommendations also update the anticipated decrease in license plate revenue from \$250,000 to \$200,000 each fiscal year.

Deleted Riders

5. **Contingency for Cultural Districts.** Recommendations delete this rider because it is no longer necessary. (See Section 3: Selected Fiscal and Policy Issues Item #1 Cultural Tourism Grants).

Commission on the Arts
Items Not Included in Recommendations - House

	2018-19 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2020-21
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items - In Agency Priority Order

1)	Restoration of Cultural Tourism Grants for Cultural Districts	\$4,330,000	\$4,330,000	0.0	No	No	\$4,330,000
2)	Increase in Executive Director Salary from \$110,690 to \$145,000 and reclassification from Group 2 to Group 3	\$68,620	\$68,620	0.0	No	No	\$68,620

TOTAL Items Not Included in Recommendations		\$4,398,620	\$4,398,620	0.0			\$4,398,620
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**Commission on the Arts
Appendices - House**

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* Appendix is not included - no significant information to report

Commission on the Arts
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
ARTS ORGANIZATION GRANTS A.1.1	\$7,756,764	\$7,795,066	\$38,302	0.5%	Recommendations include: 1) \$302,374 decrease in General Revenue-Dedicated (GR-D) related to Commission on the Arts Operating Account No. 334. The 2016-17 biennium reflected a MOF swap of \$907,122 from General Revenue (GR) to GR-D in order spend down the remaining balance in the Arts Operating Account No. 334. Fiscal Year 2017 estimates the GR-D account at \$129,912; 2) \$277,376 increase in General Revenue to offset GR-D reductions; 3) 38,300 increase in Federal Funds related to an award increase from the National Endowment for the Arts (NEA); 4) \$25,000 increase related to the Commission's License Plate Trust Fund.
ARTS EDUCATION GRANTS A.1.2	\$2,219,070	\$1,488,707	(\$730,363)	(32.9%)	Recommendations include: 1) \$430,801 decrease in General Revenue related to education grants as part of the Commission's four percent reduction; 2) \$172,462 decrease in General Revenue-Dedicated related to education grants as part of the Commission's four percent reduction; 3) \$156,000 decrease in Other Funds related to atypically large education grants in Fiscal Year 2016; 4) \$3,900 increase in Federal Funds related to an award increase from the National Endowment for the Arts (NEA); 5) \$25,000 increase in Other Funds related to the Commission's License Plate Trust Fund.
CULTURAL TOURISM GRANTS A.1.3	\$5,670,000	\$1,340,000	(\$4,330,000)	(76.4%)	Recommendations include a decrease of \$4.3 million in General Revenue and General Revenue-Dedicated for one-time funding for cultural tourism grants.
DIRECT ADMINISTRATION OF GRANTS A.1.4	\$1,167,558	\$1,167,558	\$0	0.0%	
Total, Goal A, ARTS AND CULTURAL GRANTS	\$16,813,392	\$11,791,331	(\$5,022,061)	(29.9%)	

Commission on the Arts					
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS					
Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
CENTRAL ADMINISTRATION B.1.1	\$722,594	\$722,594	\$0	0.0%	
INFORMATION RESOURCES B.1.2	\$241,601	\$241,601	\$0	0.0%	
Total, Goal B, INDIRECT ADMINISTRATION	\$964,195	\$964,195	\$0	0.0%	
Grand Total, All Strategies	\$17,777,587	\$12,755,526	(\$5,022,061)	(28.2%)	

Commission on the Arts
FTE Highlights - House

Full-Time-Equivalent Positions	Expended 2015	Estimated 2016	Budgeted 2017	Recommended 2018	Recommended 2019
Cap	14.0	14.0	14.0	14.0	14.0
Actual/Budgeted	13.9	14.0	14.0	NA	NA

Schedule of Exempt Positions (Cap)					
Executive Director, Group 2	\$87,825	\$110,690	\$110,690	\$110,690	\$110,690

Notes:
a) The State Auditor's Office Reports, *Executive Compensation at State Agencies* (Report 16-706, August 2016), indicates a market average salary of \$134,490 for the Executive Director position at the Texas Commission on the Arts and recommends changing the Group classification from Group 2 to Group 3. The agency is requesting an increase in the Executive Director's salary from \$110,690 to \$145,000 and reclassification of the position from Group 2 to Group 3.

Commission on the Arts
Performance Measure Highlights - House

	Expended 2015	Estimated 2016	Budgeted 2017	Recommended 2018	Recommended 2019
Percentage of Grant Applications Funded	99.68%	97.00%	95.00%	95.00%	95.00%
<i>Measure Explanation: The Commission invests public funds in the forms of organization, education, and cultural tourism grants. The Commission estimates approximately 1,600 grant applications are received each fiscal year. Organization grants provide overall operational support and do not fund specific programs. These grants are able to provide short-term project assistance for administrative costs directly related to a project. The Commission awards education grants in collaboration with the Texas Education Agency to ensure creative arts are a basic component of education. These grants fund public and private schools and non-profit organizations. Cultural Tourism grants provide funds to organizations in marketable visitor designations to promote Texas as a tourism destination.</i>					

Commission on the Arts
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Intro Bill?
			GR & GR-D	All Funds	FTEs			
1)	Arts Education Grants	According to the agency, the initial 5% reduction in arts education funding would impact the Arts Create, Arts Respond, and Performance Support and Agency Initiatives programs relatively equally. Reductions in the agency's arts education budget would reduce the average grant size, rather than the number of grants, therefore require the same staffing level.	\$723,917	\$723,917	0.0	\$0	7%	No
2)	Cultural Tourism Grants	According to the agency, a reduction to the cultural tourism grants would impact the Arts Create, Arts Respond, and Performance Support and Agency Initiatives programs relatively equally. Reductions in the agency's cultural tourism budget would reduce the average grant size, rather than the number of grants, therefore require the same staffing level.	\$723,916	\$723,916	0.0	\$0	7%	Yes
TOTAL, 10% Reduction Options			\$1,447,833	\$1,447,833	0.0	\$0		