

Commission on the Arts
Summary of Recommendations - Senate

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Gary Gibbs, Executive Director

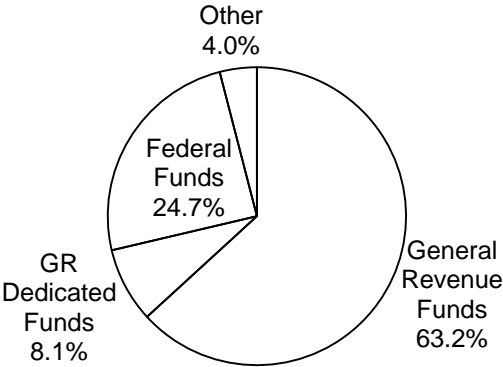
Lena Conklin, LBB Analyst

Method of Financing	2012-13 Base	2014-15 Recommended	Biennial Change	% Change
General Revenue Funds	\$3,571,961	\$4,776,814	\$1,204,853	33.7%
GR Dedicated Funds	\$1,819,427	\$614,574	(\$1,204,853)	(66.2%)
Total GR-Related Funds	\$5,391,388	\$5,391,388	\$0	0.0%
Federal Funds	\$1,920,200	\$1,863,200	(\$57,000)	(3.0%)
Other	\$398,000	\$304,000	(\$94,000)	(23.6%)
All Funds	\$7,709,588	\$7,558,588	(\$151,000)	(2.0%)

	FY 2013 Budgeted	FY 2015 Recommended	Biennial Change	% Change
FTEs	12.0	12.0	0.0	0.0%

The bill pattern for this agency (2014-15 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2014-15 biennium.

RECOMMENDED FUNDING
BY METHOD OF FINANCING



Commission on the Arts

2014-2015 BIENNIUM

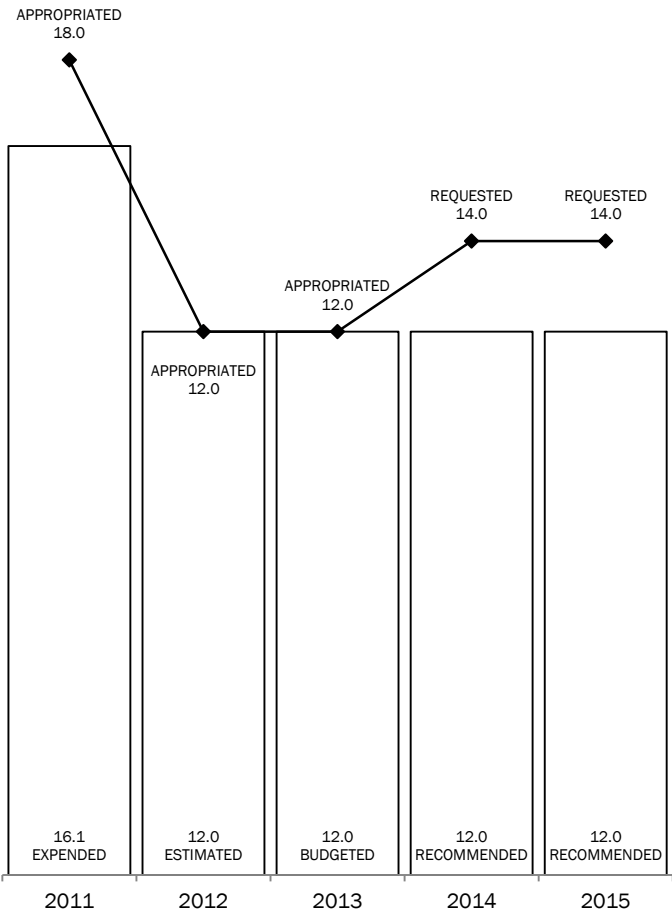
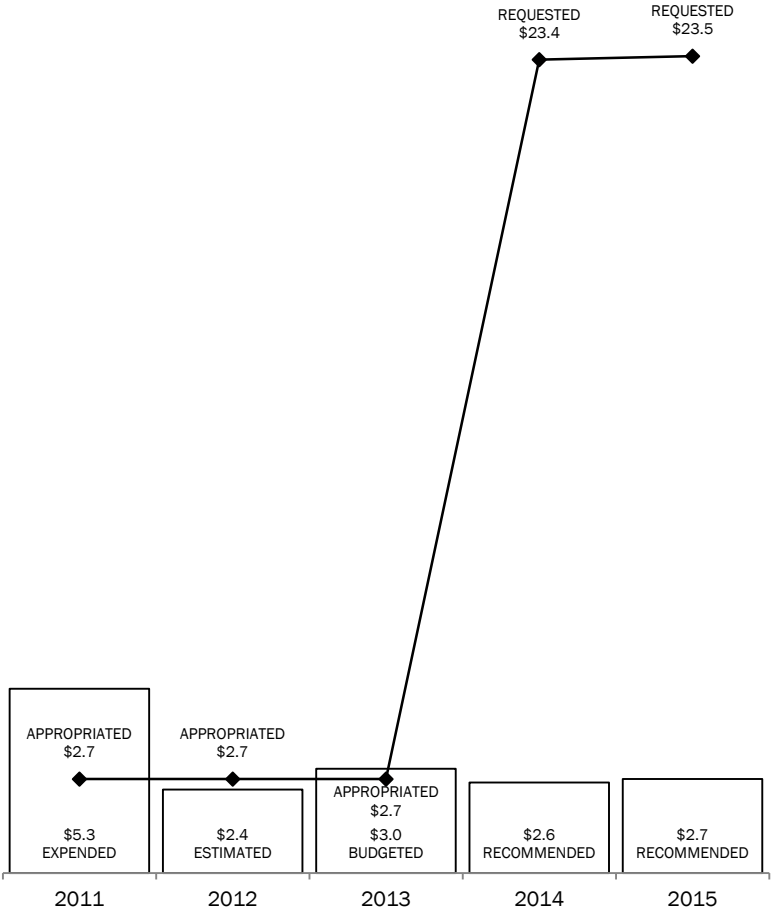
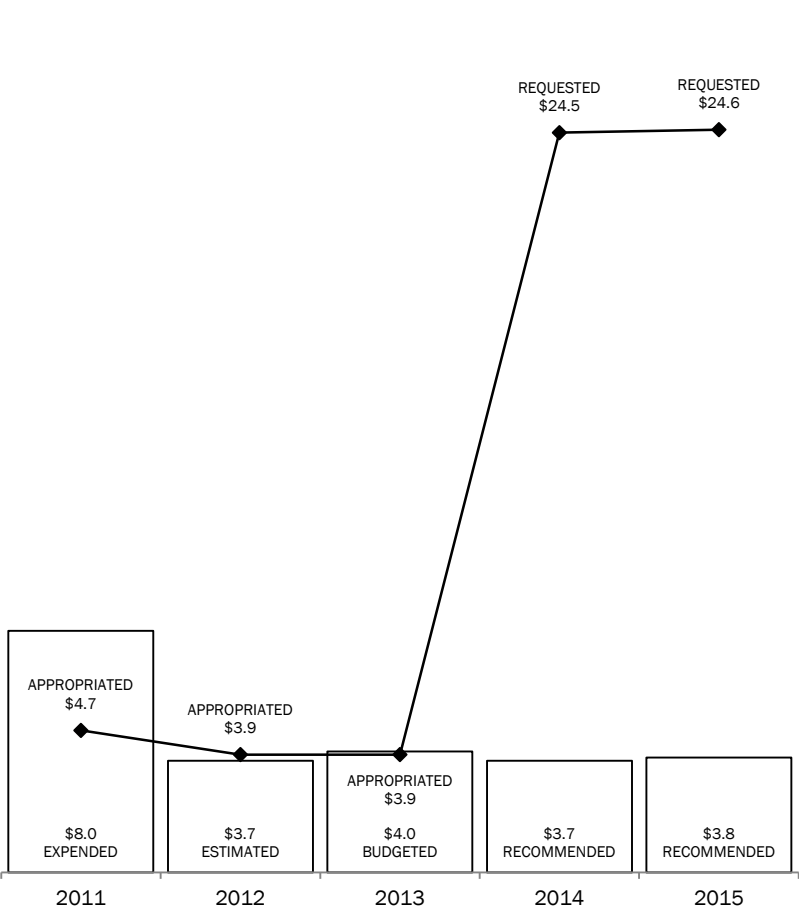
IN MILLIONS

TOTAL= \$7.5 MILLION

ALL FUNDS

GENERAL REVENUE AND
GENERAL REVENUE-DEDICATED FUNDS

FULL-TIME-EQUIVALENT POSITIONS



Commission on the Arts
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
					Recommendation continue General Revenue-related base level funding of \$5.4 million, which includes a method of finance (MOF) swap resulting in an increase in General Revenue by \$1.2 million and a decrease in General Revenue-Dedicated Arts Operating Account No. 334 by the same amount compared to the current biennium. Also see Issue #1 in Selected Fiscal and Policy Issues.
					Recommendations include a reallocation of GR-related funds primarily among grants strategies reflecting the agencies actual and planned expenditures, and decreases of \$57,000 in Federal Funds from the National Endowment for the Arts and \$94,000 in Appropriated Receipts from donations.
ARTS ORGANIZATION GRANTS A.1.1	\$4,157,156	\$3,891,362	(\$265,794)	(6.4%)	
ARTS EDUCATION GRANTS A.1.2	\$1,466,654	\$1,507,800	\$41,146	2.8%	
CULTURAL TOURISM GRANTS A.1.3	\$302,150	\$380,000	\$77,850	25.8%	
DIRECT ADMINISTRATION OF GRANT PGMS A.1.4	\$955,002	\$955,002	\$0	0.0%	
Total, Goal A, ARTS AND CULTURAL GRANTS	\$6,880,962	\$6,734,164	(\$146,798)	(2.1%)	
MARKETING AND COMMUNICATIONS B.1.1	\$0	\$0	\$0	0.0%	
CULTURAL TOURISM GRANTS B.1.2	\$0	\$0	\$0	0.0%	
MARKETING AND FUNDRAISING B.1.3	\$0	\$0	\$0	0.0%	
DIRECT ADMINISTRATION B.1.4	\$0	\$0	\$0	0.0%	
Total, Goal B, PROMOTION AND PARTICIPATION	\$0	\$0	\$0	0.0%	
CENTRAL ADMINISTRATION C.1.1	\$633,954	\$633,954	\$0	0.0%	
INFORMATION RESOURCES C.1.2	\$194,672	\$190,470	(\$4,202)	(2.2%)	
Total, Goal C, INDIRECT ADMINISTRATION	\$828,626	\$824,424	(\$4,202)	(0.5%)	
Grand Total, All Strategies	\$7,709,588	\$7,558,588	(\$151,000)	(2.0%)	

Commission on the Arts
Summary of Recommendations - Senate, By Method of Finance -- GR & GR DEDICATED FUNDS

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
					Recommendations maintain General Revenue-related base level funding of \$5.4 million (\$4.8 million out of General Revenue and \$0.6 million out of General Revenue Dedicated Arts Operating Account No. 334) through a method of finance (MOF) swap resulting in an increase in General Revenue by \$1.2 million and a decrease in Arts Operating Account No. 334 by the same amount compared to the current biennium. The MOF swap is due to expenditure of remaining one-time funds transferred to the Arts Operating Account from outside the Treasury as a result of the dissolution of the Cultural Endowment Fund. Revenue sources to the Arts Operating Account, which include receipts from sales of the specialty State of the Arts license plate and interest earned in the Treasury, will not support base level funding. Also see Issue #1 in Selected Fiscal and Policy Issues.
					Recommendations reflect various reallocations reflecting the agency's actual and planned expenditures in their grants strategies. Also see Issue #2 in Selected Fiscal and Policy Issues.
ARTS ORGANIZATION GRANTS A.1.1	\$2,455,256	\$2,228,562	(\$226,694)	(9.2%)	Recommendations include a reallocation of General Revenue-related funds to Strategy A.1.2, Arts Education Grants (\$137,944), and Strategy A.1.3, Cultural Tourism Grants (\$88,750).
ARTS EDUCATION GRANTS A.1.2	\$993,254	\$1,135,400	\$142,146	14.3%	Recommendations reflect a reallocation of funds from Strategy A.1.1, Arts Organization Grants (\$137,944) and from B.1.2, Information Resources (\$4,202).
CULTURAL TOURISM GRANTS A.1.3	\$159,250	\$248,000	\$88,750	55.7%	Recommendations reflect a reallocation of funds from Strategy A.1.1, Arts Organization Grants.
DIRECT ADMINISTRATION OF GRANT PGMS A.1.4	\$955,002	\$955,002	\$0	0.0%	
Total, Goal A, ARTS AND CULTURAL GRANTS	\$4,562,762	\$4,566,964	\$4,202	0.1%	
MARKETING AND COMMUNICATIONS B.1.1	\$0	\$0	\$0	0.0%	
CULTURAL TOURISM GRANTS B.1.2	\$0	\$0	\$0	0.0%	
MARKETING AND FUNDRAISING B.1.3	\$0	\$0	\$0	0.0%	
DIRECT ADMINISTRATION B.1.4	\$0	\$0	\$0	0.0%	
Total, Goal B, PROMOTION AND PARTICIPATION	\$0	\$0	\$0	0.0%	
CENTRAL ADMINISTRATION C.1.1	\$633,954	\$633,954	\$0	0.0%	

Commission on the Arts
Summary of Recommendations - Senate, By Method of Finance -- GR & GR DEDICATED FUNDS

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
INFORMATION RESOURCES C.1.2	\$194,672	\$190,470	(\$4,202)	(2.2%)	Recommendations reflect a reallocation of General Revenue funds to Strategy A.1.2, Arts Education Grants.
Total, Goal C, INDIRECT ADMINISTRATION	\$828,626	\$824,424	(\$4,202)	(0.5%)	
Grand Total, All Strategies	\$5,391,388	\$5,391,388	\$0	0.0%	

Commission on the Arts
Summary of Recommendations - Senate, By Method of Finance -- FEDERAL FUNDS

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
					Recommendations reflect a decrease in Federal Funds from the agency's annual award from the National Endowment of the Arts. Federal Funds are allocated among all grants strategies.
ARTS ORGANIZATION GRANTS A.1.1	\$1,701,900	\$1,662,800	(\$39,100)	(2.3%)	
ARTS EDUCATION GRANTS A.1.2	\$75,400	\$68,400	(\$7,000)	(9.3%)	
CULTURAL TOURISM GRANTS A.1.3	\$142,900	\$132,000	(\$10,900)	(7.6%)	
DIRECT ADMINISTRATION OF GRANT PGMS A.1.4	\$0	\$0	\$0	0.0%	
Total, Goal A, ARTS AND CULTURAL GRANTS	\$1,920,200	\$1,863,200	(\$57,000)	(3.0%)	
MARKETING AND COMMUNICATIONS B.1.1	\$0	\$0	\$0	0.0%	
CULTURAL TOURISM GRANTS B.1.2	\$0	\$0	\$0	0.0%	
MARKETING AND FUNDRAISING B.1.3	\$0	\$0	\$0	0.0%	
DIRECT ADMINISTRATION B.1.4	\$0	\$0	\$0	0.0%	
Total, Goal B, PROMOTION AND PARTICIPATION	\$0	\$0	\$0	0.0%	
CENTRAL ADMINISTRATION C.1.1	\$0	\$0	\$0	0.0%	
INFORMATION RESOURCES C.1.2	\$0	\$0	\$0	0.0%	
Total, Goal C, INDIRECT ADMINISTRATION	\$0	\$0	\$0	0.0%	
Grand Total, All Strategies	\$1,920,200	\$1,863,200	(\$57,000)	(3.0%)	

Commission on the Arts
Summary of Recommendations - Senate, By Method of Finance -- OTHER FUNDS

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
ARTS ORGANIZATION GRANTS A.1.1	\$0	\$0	\$0	0.0%	Recommendations reflect a decrease in Appropriated Receipts from anticipated reduced receipts from private donations for grants.
ARTS EDUCATION GRANTS A.1.2	\$398,000	\$304,000	(\$94,000)	(23.6%)	
CULTURAL TOURISM GRANTS A.1.3	\$0	\$0	\$0	0.0%	
DIRECT ADMINISTRATION OF GRANT PGMS A.1.4	\$0	\$0	\$0	0.0%	
Total, Goal A, ARTS AND CULTURAL GRANTS	\$398,000	\$304,000	(\$94,000)	(23.6%)	
MARKETING AND COMMUNICATIONS B.1.1	\$0	\$0	\$0	0.0%	
CULTURAL TOURISM GRANTS B.1.2	\$0	\$0	\$0	0.0%	
MARKETING AND FUNDRAISING B.1.3	\$0	\$0	\$0	0.0%	
DIRECT ADMINISTRATION B.1.4	\$0	\$0	\$0	0.0%	
Total, Goal B, PROMOTION AND PARTICIPATION	\$0	\$0	\$0	0.0%	
CENTRAL ADMINISTRATION C.1.1	\$0	\$0	\$0	0.0%	
INFORMATION RESOURCES C.1.2	\$0	\$0	\$0	0.0%	
Total, Goal C, INDIRECT ADMINISTRATION	\$0	\$0	\$0	0.0%	
Grand Total, All Strategies	\$398,000	\$304,000	(\$94,000)	(23.6%)	

**Commission on the Arts
Selected Fiscal and Policy Issues**

1. Texas Commission on the Arts Operating Account No. 334.

- **Method of Finance Swap:** Recommendations include an additional \$1.2 million in General Revenue funds to offset the loss of funds no longer available for appropriation in the 2014-15 biennium out of the General Revenue Dedicated Arts Operating Account No. 334 (Fund 334). The agency's 2012-13 base includes approximately \$3.6 million out of General Revenue funds and \$1.8 million out of Fund 334. Amounts from Fund 334 include expenditure of funds remaining from the dissolution of Cultural Endowment Fund outside the Treasury, which was dissolved pursuant to House Bill 2242, Eighty-first Legislature, Regular Session, 2009, and the balance of which was transferred to Fund 334 in fiscal year 2010, after return of donations to donors. Remaining revenue sources to Fund 334, which include specialty license plate receipts and interest earned in the Treasury, will not support 2012-13 base levels. As a result, General Revenue was increased to maintain base funding levels out of General Revenue-related funds.
- **State of the Arts License Plate:** Recommendations continue appropriation of receipts from sales and renewals of the State of the Arts specialty license plate, deposited to Fund 334, for funding of the agency's grant programs. The agency estimates revenue of approximately \$300,000 each fiscal year of the 2012-13 biennium and the 2014-15 biennium. Sales and renewals from the State of the Arts specialty plate have declined nearly each fiscal year since fiscal year 2004 when receipts were \$484,578. Receipts in fiscal year 2012 were \$316,736, representing a decline of 34.6 percent (\$167,842) since fiscal year 2004.

Recommendations do not include unexpended and unobligated balances of license plate receipts across biennia (estimated by the agency to be approximately \$550,000 at the end of fiscal year 2013). The recommendation is consistent with appropriation of only license plate revenue in the 2012-13 biennium, as provided in Article IX, Sec. 13.07 Appropriation of Specialty License Plate Receipts, as amended by Senate Bill 2, Sec. 24, Eighty-second Legislature, First Called Session, 2011.

In addition, interest earned on the balance of Fund 334, estimated to be \$5,787 in fiscal year 2014 and \$8,787 in fiscal year 2015 are included in recommendations, with authority provided in Rider 3, Texas Commission on the Arts Operating Account No. 334: Appropriation of License Plate Receipts and Interest Earnings, as revised.

- 2. Cultural Tourism Grants.** Appropriations to Strategy B.1.1, Cultural Tourism Grants, were not provided in the 2012-13 GAA. However, the agency has expended an estimated \$112,150 in fiscal year 2012 and is anticipating spending \$190,000 in fiscal year 2013 towards grants to arts organizations for tourism-related projects. Furthermore, the agency has not transferred appropriations into Strategy B.1.1, Cultural Tourism Grants, and instead is currently expending funds for these grants out of Strategy A.1.1, Arts Organization Grants. Article IX, Section 14.01 of the 2012-13 General Appropriations Act (GAA) authorizes agencies to transfer appropriations from one strategy to another in an amount not to exceed 20 percent of originating strategy's appropriation. The agency's anticipated 2012-13 expenditures are under the transferability limit which amounts to \$435,000 each fiscal year of the biennium. The agency has included in their request for Strategy A.1.1, Arts Organization Grants, \$190,000 in each fiscal year of the 2014-15 biennium for cultural tourism grants. These amounts are included in the recommendations under new Strategy A.1.3, Cultural Tourism Grants. Grants administration costs are included in Strategy A.1.4, Direct Administration of Grant Programs.

3. **Budget Structure.** Recommendations include modifications to the agency's 2014-15 budget structure which was previously approved by our office and the Governor's Office of Budget, Planning and Policy. Changes to the structure correspond with recommended reallocation of funding for cultural tourism grants from Strategy A.1.1, Arts Education Grants, to new Strategy A.1.3, Cultural Tourism Grants, which are described in the previous item. Changes include the following:
 - Transfer of former Strategy B.1.1, Cultural Tourism Grants, from Goal B, Promotion and Participation, to Goal A, Arts and Cultural Grants. The transfer consolidates all three grant making strategies under a single goal, Goal A, as well as costs for administration of the grant programs under Strategy A.1.4, Direct Administration of Grant Programs.
 - Consolidation of former Strategy B.1.2, Marketing and Fundraising, and Strategy B.1.3, Direct Administration of Cultural Tourism Grants and Marketing and Fundraising, into new Strategy B.1.1, Marketing and Communications. The strategies under Goal B did not receive appropriations in the 2012-13 GAA. However, the agency is requesting funding for a Director of Communications position (1.0 FTE) to coordinate tourism efforts with the Governor's Office of Economic Development and Tourism under a memorandum of understanding (MOU) with Parks and Wildlife Department, Texas Department of Transportation and the Historical Commission, in accordance with Government Code 481.172. If funded, appropriations would be made to the new Strategy B.1.1, Marketing and Communications.
4. **Sunset Recommendations.** The agency has been reviewed by the Sunset Commission. The Commission met on November 13, 2012 and approved continuation of the agency for 12 years.
5. **Budget Control Act.** The agency's federal grant from the National Endowment for the Arts, totaling \$1.9 million and included in recommendations, is subject to sequester under the Budget Control Act of up to 8.2 percent.

Commission on the Arts
FTE Highlights

Full-Time-Equivalent Positions	Expended 2011	Estimated 2012	Budgeted 2013	Recommended 2014	Recommended 2015
Cap	18.0	12.0	12.0	12.0	12.0
Actual/Budgeted	16.1	12.0	12.0	NA	NA
Schedule of Exempt Positions (Cap)					
Executive Director, Group 2	\$85,250	\$85,250	\$85,250	\$85,250	\$85,250

State Auditor's Office Report No. 12-708, *A Report on Executive Compensation at State Agencies*, indicates a market average salary of \$105,265 for the Executive Director of the Commission on the Arts. No change to the current Group 2 is recommended.

**Commission on the Arts
Performance Measure Highlights**

	Expended 2011	Estimated 2012	Budgeted 2013	Recommended 2014	Recommended 2015
<ul style="list-style-type: none"> Percentage of Grant Dollars To Rural Counties <p>Measure Explanation: Recommendations reflect an increase in targets for fiscal years 2014 and 2015 over fiscal years 2012 and 2013 due to an increase in the portion of grant awards provided to organizations in rural counties in fiscal years 2011.</p>	15	5	5	10	10
<ul style="list-style-type: none"> Percentage of Grants Funded for Arts Education <p>Measure Explanation: Recommendations reflect an increase in targets for fiscal years 2014 and 2015 over fiscal years 2012 and 2013 due to an increase in the portion of grant awards for Arts Education in fiscal years 2011 and 2012.</p>	27	33	20	35	35
<ul style="list-style-type: none"> Average Grant Amount Awarded to Arts Education <p>Measure Explanation: Recommendations reflect a decrease in targets for fiscal years 2014 and 2015 from fiscal year 2013 to reflect recommended funding levels and the anticipated number of grants to be awarded for Arts Education.</p>	2,136	2,046	3,050	2,500	2,500
<ul style="list-style-type: none"> Number of Grants that Promote Cultural Tourism <p>Measure Explanation: Recommended targets for fiscal years 2014 and 2015 reflect reallocation of funds related to cultural tourism grants. Amounts reported in historical years by agency in the LAR were revised to solely include grants for cultural tourism projects. Agency included in fiscal years 2011 and 2012 grants which were categorized as "cultural tourism" for the purposes of reporting to the National Endowment for the Arts, but which may not have been awarded specifically for the purpose of cultural tourism.</p>	71	69	107	107	107

Section 4

Commission on the Arts (TCA)
Performance Review and Policy Report Highlights

Reports & Recommendations	Report Page	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
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NO RELATED RECOMMENDATIONS

**Commission on the Arts
Rider Highlights**

2. (revise) **Unexpended Balances within the Biennium.** Revise rider to provide the agency the authority to carry forward unexpended and unobligated balances from fiscal year 2014 to fiscal year 2015 in new Strategy A.1.3, Cultural Tourism Grants.
3. (revise) **Texas Commission on the Arts Operating Account No. 334: Appropriation of License Plate Receipts and Interest Earnings.** Revise rider to include license plate revenue in Strategy A.1.3, Cultural Tourism Grants, and to appropriate all interest earned in the Treasury on the balance of the Arts Operating Account.
4. (revise) **Limitation on Reimbursements for Commission Meetings.** Revise rider to specify references to Article IX, Part 5, relating to travel regulations.
5. (new) **Sunset Contingency.** Add rider due to Sunset review.

Commission on the Arts
Items not Included in Recommendations - Senate

	2014-15 Biennial Total	
	GR & GR-Dedicated	All Funds
Agency Exceptional Items - In Agency Priority Order		
1. Additional General Revenue and increase in salary cap for Executive Director from \$85,250 to \$97,250. No change to salary Group 2 is requested.	\$ 24,000	\$ 24,000
<p>The State Auditor's Office Report No. 12-708, A Report on Executive Compensation at State Agencies, indicates a market average salary of \$105,265 for the Executive Director of the Commission on the Arts. No change to the current Group 2 is recommended.</p>		
2. Grants for cultural tourism.	\$ 960,000	\$ 960,000
3. Additional General Revenue and full-time equivalent (FTE) authority:		
(a) Director of Communications (1.0 FTE).	\$ 120,000	\$ 120,000
(b) Grants Program Assistant (1.0 FTE).	\$ 80,000	\$ 80,000
4. Additional General Revenue for existing grant programs:		
(a) Arts organizations grants.	\$ 8,000,000	\$ 8,000,000
(b) Arts education grants.	\$ 2,000,000	\$ 2,000,000
(c) Arts organization grants designated for rural areas.	\$ 4,000,000	\$ 4,000,000
5. Additional General Revenue for new grant programs:		
(a) New grant program for cultural districts designated by the agency.	\$ 24,000,000	\$ 24,000,000
(b) New grant program for arts programs impacting veterans and military families.	\$ 2,000,000	\$ 2,000,000
Total, Items Not Included in the Recommendations	\$41,184,000	\$41,184,000