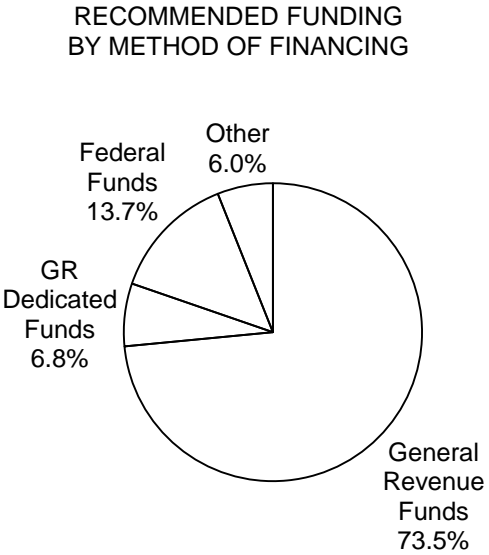


Section 1

Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$10,680,496	\$9,794,222	(\$886,274)	(8.3%)
GR Dedicated Funds	\$0	\$907,122	\$907,122	100.0%
Total GR-Related Funds	\$10,680,496	\$10,701,344	\$20,848	0.2%
Federal Funds	\$1,781,000	\$1,823,800	\$42,800	2.4%
Other	\$798,000	\$804,000	\$6,000	0.8%
All Funds	\$13,259,496	\$13,329,144	\$69,648	0.5%

	FY 2015 Budgeted	FY 2017 Recommended	Biennial Change	% Change
FTEs	14.0	14.0	0.0	0.0%

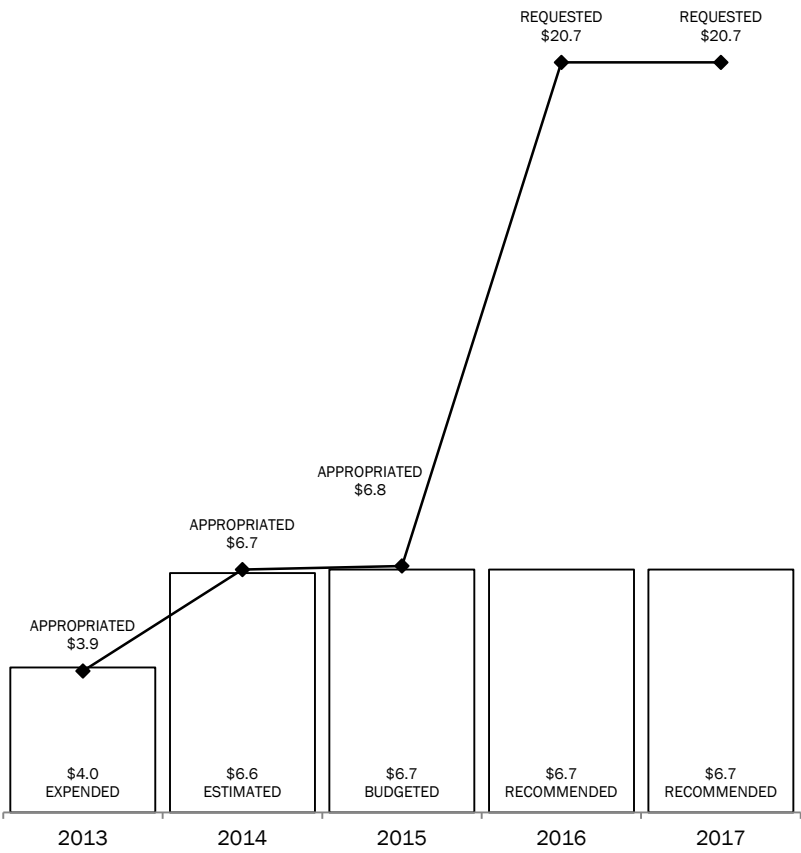


The bill pattern for this agency (2016-17 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2016-17 biennium.

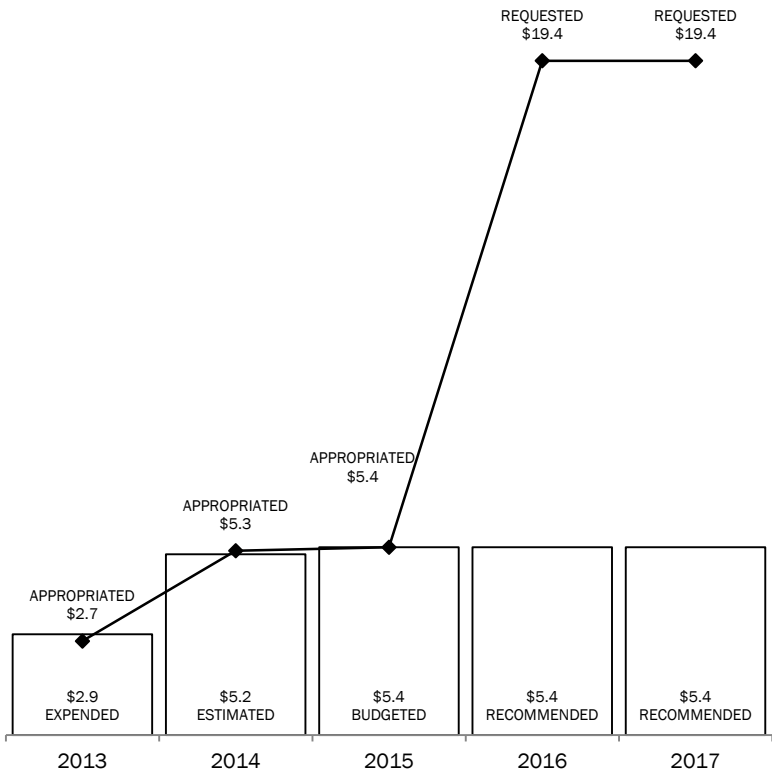
Section 1
Commission on the Arts
2016-2017 BIENNIUM
IN MILLIONS

TOTAL= \$13.3 MILLION

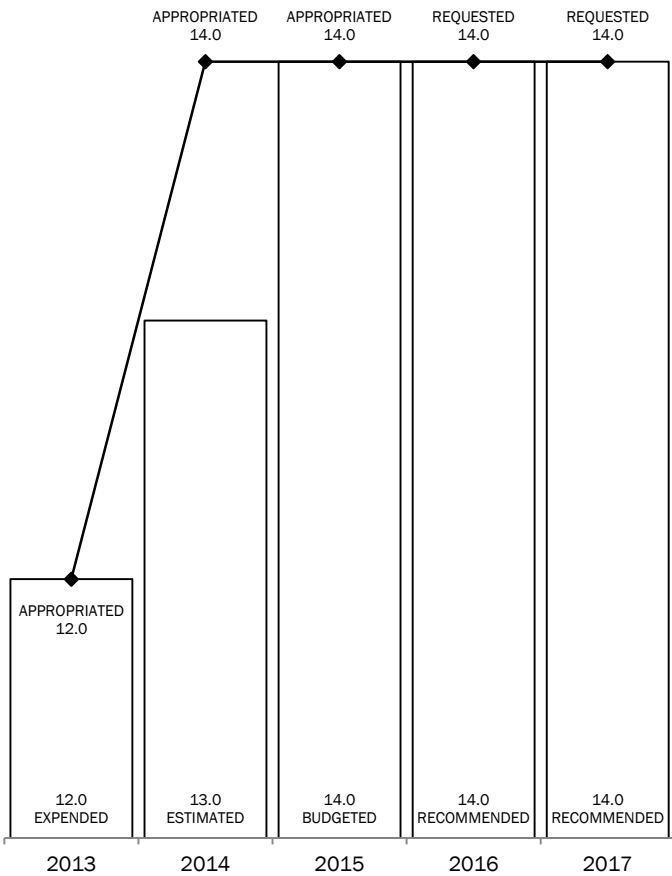
ALL FUNDS



GENERAL REVENUE AND
GENERAL REVENUE-DEDICATED FUNDS



FULL-TIME-EQUIVALENT POSITIONS



Section 2

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

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
ARTS ORGANIZATION GRANTS A.1.1	\$7,695,162	\$7,811,664	\$116,502	1.5%	
ARTS EDUCATION GRANTS A.1.2	\$2,203,800	\$2,130,970	(\$72,830)	(3.3%)	
CULTURAL TOURISM GRANTS A.1.3	\$1,340,000	\$1,340,000	\$0	0.0%	
DIRECT ADMINISTRATION OF GRANTS A.1.4	\$1,057,277	\$1,079,552	\$22,275	2.1%	
Total, Goal A, ARTS AND CULTURAL GRANTS	\$12,296,239	\$12,362,186	\$65,947	0.5%	
CENTRAL ADMINISTRATION B.1.1	\$728,931	\$729,400	\$469	0.1%	
INFORMATION RESOURCES B.1.2	\$234,326	\$237,558	\$3,232	1.4%	
Total, Goal B, INDIRECT ADMINISTRATION	\$963,257	\$966,958	\$3,701	0.4%	
Grand Total, All Strategies	\$13,259,496	\$13,329,144	\$69,648	0.5%	Recommendations provide an increase of \$0.9 million in General Revenue Dedicated Arts Operating Account No. 334 due to a method of finance (MOF) swap from General Revenue across the agency's three grant strategies. Also see Item #1 in Fiscal and Policy Issues.
					Recommendations include an increase of \$139,000 in the License Plate Trust Fund No. 802 (Other Funds) to align with the agency's revenue estimate for the 2016-17 biennium. Also see Item #2 in Selected Fiscal and Policy Issues.
					Recommendations include a reallocation of General Revenue-related funds among the agency's three grant strategies reflecting the agencies actual and planned expenditures, an increase of \$42,800 in Federal Funds for grants from the National Endowment for the Arts, and a decrease of \$133,000 in Appropriated Receipts from anticipated donations.
					Recommendations include increases to Strategies A.1.4, Direct Administration of Grant Programs, B.1.1, Central Administration, and B.1.2, Information Resources of \$20,848 for the biennialization of salary increase for general state employees and \$5,128 for increased supply costs.

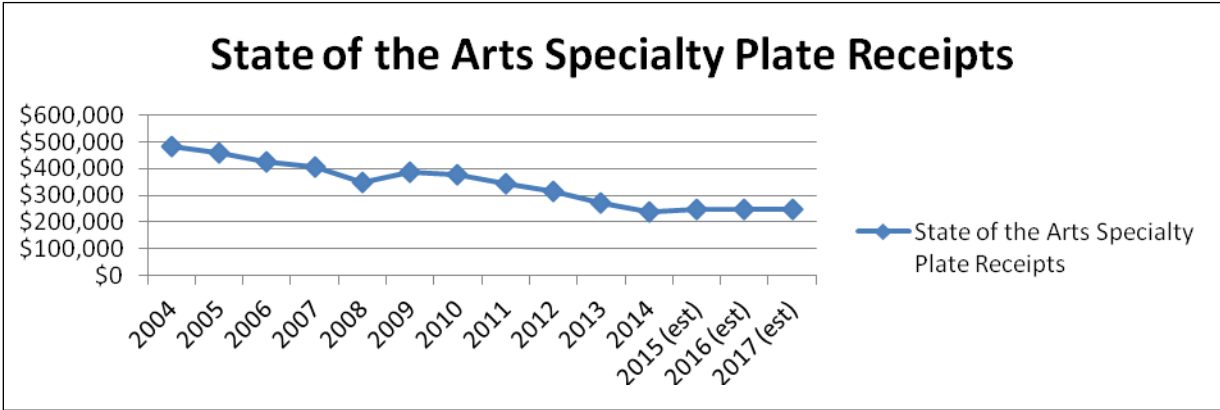
Texas Commission on the Arts
Selected Fiscal and Policy Issues – Senate

1. Method of Finance Swap and License Plate Trust Fund No. 802.

A. Recommendations for the 2016-17 biennium reflect a MOF swap of \$907,122 from General Revenue to General Revenue-Dedicated (GR-D) Arts Operating Account No. 334, for grants in Strategies A.1.1, Arts Organization Grants, A.1.2, Arts Education Grants, and A.1.3, Cultural Tourism Grants. The Arts Operating Account No. 334 is composed of license plate revenue (not transferred to the License Plate Trust Fund No. 802), endowment proceeds, donations, and interest. The MOF swap would spend down the remaining balance in the Arts Operating Account No. 334.

House Bill 7, Eighty-third Legislature, 2013, required interest earned on certain specialty license plates (State of the Arts) on or after September 1, 2013, to be deposited to the License Plate Trust Fund No. 802 and to close the designated plates' General Revenue–Dedicated accounts by September 30, 2013. Revenues that would have been deposited to certain designated GR-D specialty license plate accounts are to be deposited to the License Plate Trust Fund No. 802. The balance in the Arts Operating Account No. 334 (\$907,127 at the end of fiscal year 2014) includes funds from the Texas Cultural Endowment Fund (CEF), un-transferred license plate revenue, donations, and interest and remains available for appropriation. The CEF was abolished by House Bill 2242, Eighty-first Legislature, 2009. The CEF included donations, sales receipts, and appropriated General Revenue.

B. **State of the Arts Specialty License Plate:** Recommendations continue appropriation of estimated receipts from sales and renewals of the State of the Arts specialty license plate and provide carry forward authority between and within biennia for unexpended balances, deposited to License Plate Trust Fund No. 802, to fund the agency's grant programs. The recommendations reflect the agency's estimated revenue of approximately \$250,000 each fiscal year of the 2016-17 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 2013 were \$271,876 and fiscal year 2014 were \$238,926, representing a decline of 50.6 percent (\$245,652) since fiscal year 2004.



Source: Texas Annual Cash Report, USAS Export, Commission on the Arts

Section 3

2. Performance Measures

New Key Performance Measures: The agency’s primary function is to award grants to arts and cultural organizations. These grants support operations, projects, performance, and sub-granting in local communities. During the 2012 Sunset Review of the agency, it was found that the agency’s grant programs worked well, but could be strengthened through developing new and revising old performance measures to better evaluate the impact of its grant programs. The Sunset Commission recommended that the agency work with the LBB to design new performance measures that more fully reflect the impact of its grant programs.

During the 2014 Strategic Planning Process, the agency, LBB, and Governors Office of Budget, Planning, and Policy developed several new key and non-key performance measures to determine the impact of TCA’s grant programs. Key measures include:

- Number of Artists Compensated for TCA Texas Touring Roster Performances
- Number of Texas Cities in Which Organizations Received TCA Grants
- Number Served by Arts Respond Projects in Education
- Number Served by Arts Respond projects in Health & Human Services
- Number Served by Arts Respond Projects in Public Safety & Criminal Justice

The new key performance measures allow the agency to track additional information to determine the impact its grants have on funded arts entities, audiences, and communities. See Section 3c, Performance Measure Highlights, for new key measures and targets.

Section 3b

Texas Commission on the Arts
FTE Highlights - Senate

Full-Time-Equivalent Positions	Expended 2013	Estimated 2014	Budgeted 2015	Recommended 2016	Recommended 2017
Cap	12.0	14.0	14.0	14.0	14.0
Actual/Budgeted	12.0	13.0	14.0	NA	NA
Schedule of Exempt Positions (Cap)					
Executive Director, Group 2	\$85,250	\$86,103	\$87,825	\$87,825	\$87,825

The agency is requesting an increase in authority and funding for the Executive Director Exempt Position salary from \$87,825 to \$99,825 per year.

The State Auditor's Office Report, *Executive Compensation at State Agencies* (Report No. 14-705, August 2014), indicates a market average salary of \$119,989 for the Executive Director position at the Commission on the Arts and recommends a change from the current Group 2 classification to Group 3.

Section 3c

Texas Commission on the Arts
Performance Measure Highlights - Senate

	Expended 2013	Estimated 2014	Budgeted 2015	Recommended 2016	Recommended 2017
<ul style="list-style-type: none">• <i>Number of Artists Compensated for TCA Texas Touring Roster Performances</i> <p><i>Measures the total number of artist compensated through the Texas Touring Roster Performances program area. The agency provides grants to cover 20-50% of the artist fee while the Arts Organization provides the remaining balance with other available funds not provided by the agency.</i></p>	1,506	1,580	1,500	1,500	1,500
<ul style="list-style-type: none">• <i>Number of Texas Cities in Which Organizations Received TCA Grants</i> <p><i>Measures the number of cities through out the state that had organizations that received TCA grants.</i></p>	157	173	150	150	150
<ul style="list-style-type: none">• <i>Number Served by Arts Respond Projects in Education</i> <p><i>Measures the number of individuals served by all Arts Respond Projects that use art to promote innovations in K-12 education, annually, as reported in the agency's grants management database.</i></p>	1,048,365	948,239	1,000,000	1,000,000	1,000,000
<ul style="list-style-type: none">• <i>Number Served by Arts Respond Projects in Health & Human Services</i> <p><i>Measures the number of individuals served by all Arts Respond Projects that use art to improve human health or functioning, annually, as reported in the agency's grants management database.</i></p>	102,335	73,813	120,000	75,000	75,000
<ul style="list-style-type: none">• <i>Number Served by Arts Respond Projects in Public Safety & Criminal Justice</i> <p><i>Measures the number of individuals served by all Arts Respond Projects that use art to prevent juvenile delinquency and recidivism in youth and adults, annually, as reported in the agency's grants management database.</i></p>	213,607	96,955	225,000	100,000	100,000

Recommendations reflect new key measures and targets to more fully reflect the impact of the agency's grant programs.

Section 4

Commission on the Arts
Performance Review and Policy Report Highlights - Senate

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

Section 5

Texas Commission on the Arts
Rider Highlights – Senate

- 3. (Revise) **Appropriation of License Place Receipts and Interest Earnings.** Revise rider to reflect updated fiscal years and \$250,000 in estimated revenue from the License Plate Trust Fund No. 802. Removed reference from rider regarding interest earned on Arts Operating Account No. 334 to align with requirements in House Bill 7, Eighty-third, Regular Session, 2013. Also see Item #1 in Selected Fiscal and Policy Issues.
- 5. (Delete) **Sunset Contingency.** Delete rider due to completed Sunset review.

Section 6

Commission on the Arts
Items not Included in Recommendations - Senate

	2016-17 Biennial Total	
	GR & GR-Dedicated	All Funds
Agency Exceptional Items - In Agency Priority Order		
1. Executive Director Salary Increase Executive Director - increase salary by \$24,000 in General Revenue for the biennium (increase from \$87,825 to \$99,825). The increase would not change the current Group 2 classification. The SAO report, <i>Executive Compensation at State Agencies</i> , recommends that the salary cap for the Executive Director be changed from \$86,103 to the market average of \$119,989 and a change to Group 3.	\$ 24,000	\$ 24,000
2. Cultural Districts Appropriation \$10,000,000 in General Revenue each fiscal year for grants to expand assistance to designated Cultural Districts.	\$ 20,000,000	\$ 20,000,000
3. Arts Organization Grants for Rural & Veterans Initiatives \$3,000,000 in General Revenue each fiscal yea for new and additional grants in rural areas and to serve veterans. The rural initiative would be an expansion of a current grant program and the veteran initiative would be a new program.	\$ 6,000,000	\$ 6,000,000
4. Arts Education Grants for School Buses Initiative \$1,000,000 in General Revenue each fiscal year for a new grant program to defray costs associated with schools transporting students to arts education events.	\$ 2,000,000	\$ 2,000,000
Total, Items Not Included in the Recommendations	\$ 28,024,000	\$ 28,024,000

Section 7

Commission on the Arts
Summary of 10 Percent Biennial Base Reduction Options - Senate

Biennial Reduction Amounts								
Priority	Item	Description/Impact	GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Intro Bill?
1	Arts Education Grants	<p>Part One of Agency's Reduction Options:</p> <p>After careful consideration, the agency would need to reduce its grants budget for Arts Education programs to accommodate the cut. This initial 5% reduction would greatly diminish the agency's Arts Education grant activities. TCA's administrative costs are extremely low and staff has been reduced to a minimum. Reducing the agency's Arts Education budget would have the effect of reducing the average grant size, rather than the number of grants, therefore requiring the same staffing levels. By preserving Arts Organization grants, the agency would still comply with its enabling legislation, as described in Texas Government Code, Section 444.024. TCA would continue to support Arts Education projects, albeit at a lower level. It is not anticipated that this cut would impact the agency's Federal Funds revenues, nor its collection of donations. Cutting the grants budget for Arts Education programs could negatively impact the following key measures:</p> <ul style="list-style-type: none">-Percentage of Grants Funded for Arts Education-Number of Artists Compensated for TCA Texas Touring Roster Performances-Number of Texas Cities in Which Organizations Received TCA Grants-Number Served by Arts Respond Projects in Education-Number Served by Arts Respond Projects in Health & Human Services-Number Served by Arts Respond Projects in Public Safety & Criminal Justice	\$532,195	\$532,195		\$0	5%	No

Section 7

Commission on the Arts
Summary of 10 Percent Biennial Base Reduction Options - Senate

Biennial Reduction Amounts								
Priority	Item	Description/Impact	GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Intro Bill?
2	Arts Education Grants	<p>Part Two of Agency's Reduction Options:</p> <p>After careful consideration, the agency would need to further reduce its grants budget for Arts Education programs to accommodate the cut. This additional 5% reduction in the same strategy would further diminish the agency's Arts Education grant activities. TCA's administrative costs are extremely low and staff has been reduced to a minimum. Reducing the agency's Arts Education budget would have the effect of reducing the average grant size, rather than the number of grants, therefore requiring the same staffing levels. By preserving Arts Organization grants, the agency would still comply with its enabling legislation, as described in Texas Government Code, Section 444.024. TCA would continue to support Arts Education projects, albeit at a lower level. It is not anticipated that this cut would impact the agency's Federal Funds revenues, nor its collection of donations. Cutting the grants budget for Arts Education programs could negatively impact the following key measures:</p> <p>-Percentage of Grants Funded for Arts Education -Number of Artists Compensated for TCA Texas Touring Roster Performances -Number of Texas Cities in Which Organizations Received TCA Grants -Number Served by Arts Respond Projects in Education -Number Served by Arts Respond Projects in Health & Human Services -Number Served by Arts Respond Projects in Public Safety & Criminal Justice</p>	\$532,195	\$532,195		\$0	5%	No
TOTAL, 10% Reduction Options			\$1,064,390	\$1,064,390		\$0		

Commission on the Arts
Summary of 10 Percent Biennial Base Reduction Options - Senate
Agency 10% Reduction Options by Category of Reduction

