

February 2012



## Special Request Results

### Why We Did This Report

This memo responds to a request from Council Member Morrison regarding the equity of the Cultural Arts funding process.

### What We Did

To conduct this work, we compared the current funding process to the prior process. We also reviewed industry standards, prior work performed by a consultant and the Office of the City Auditor (OCA), and interviewed Economic Growth and Redevelopment Services (EGRSO) staff and a commissioner on the Arts Commission. Due to the record retention schedule and time elapsed since the prior process was used, we were not able to compare the actual award amounts under the prior and current processes.



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oca\_auditor@austintexas.gov

# SPECIAL REQUEST REPORT ON EQUITY OF CULTURAL ARTS FUNDING DISTRIBUTION

Mayor and Council,

I am pleased to present this special request report on Equity of Cultural Arts Funding Distribution.

### Background

In 2002, an OCA audit and a review by a consultant identified significant weaknesses in the Cultural Arts funding process, such as:

- limited policy guidance,
- inconsistent allocation and evaluation procedures,
- appeals that circumvented the process,
- ineffective communication, conflicts of interest, and
- a need for additional funding sources.

As a result, the program was transferred to EGRSO from another City department in 2003, and EGRSO redesigned the process in 2005 based on the recommendations made by OCA and the consultant.

### What We Found

Regarding the new funding process, we noted the following safeguards:

- Panelists are unaware of the ethnicity during application review;
- Lowest and highest scores are dropped to garner more consistent results and avoid inequity;
- Staff is unaware of ethnicity when developing the funding allocation matrix; and,
- Commissioners on the Arts Commission do not receive ethnicity information.

As a result of key changes implemented in 2005 to the Cultural Funding process, a concern was raised regarding the perception that access to funding decreased under the new process. See Attachment A for key changes in the Cultural Arts funding allocation process.

Overall, we did not find evidence of inequitable funding allocation between the applicants for the Cultural Arts funding. However, we did note that a portion of the funding is specifically allocated to the artists that have a culturally specific audience. In addition, the Cultural Arts Division provides orientation to potential applicants and organizations who are awarded funding, and also provides free capacity building workshops to any artists and arts organizations.

Kenneth J. Mory, City Auditor

## APPENDIX A

### Key Changes in the Cultural Arts Funding Allocation Process

	Funding Allocation Process Prior to 2002	Current Funding Allocation Process
<b>Tiers and Eligibility</b>	Prior process did not use tiers and did not require tax information to support the financial standing of an applicant.	IRS tax returns for the last 2 years are now required (industry standard), and total expenses amount is used to assign applicants into “tiers” in order to compare like organizations. Once an applicant is placed into a tier, the maximum amount they can receive is restricted based on the scoring system for that tier.
<b>Scoring</b>	Prior process was favorable to applicants with prior performance and not consistent according to OCA audit and consultants’ review.	Currently, the scores are based on how well the application is prepared. An “Olympic scoring system” is used where the lowest and the highest scores are eliminated to determine a final score. Scoring criteria is defined in detail.
<b>Matching Ratio</b>	Under the prior process, the applicant could qualify for up to five dollars in Cultural Arts funds from the City of Austin for each dollar in their existing budget.	Now a dollar-to-dollar ratio (industry standard) is used, and applicants must have more funds available than under the former process.
<b>Culturally Specific Funding</b>	Prior process did not have funds allocated to culturally specific applicants.	Currently, a portion of the funds is specifically allocated to the artists that have a culturally specific audience and board.
<b>Council Role in Allocations</b>	Council had a final say in funding allocation and could make changes at its discretion.	Council role is now limited to final approval at Council request. Although Council can make changes to the funding amounts, this option has not been exercised since 2005.

SOURCE: OCA analysis of the Cultural Arts funding Program Guidelines