



**Special Meeting of the  
Cuyahoga Arts & Culture Board of Trustees**  
Idea Center at Playhouse Square  
Miller Classroom  
Monday, October 16, 2017, 8:00am

**1. Call to order**

- a. Call to order
- b. Call the roll
- c. State the purpose of the special meeting

The purpose of this meeting is to discuss and take action on a revised Allocation Policy; hold a work session to review 2018-2019 program allocations and the formula used to determine grants for General Operating Support recipients; and to discuss and take action on an allocation to CAC's 2018-19 General Operating Support program.

- a. Action: vote to hold public comment on today's special meeting agenda items

**2. Public Comment on Today's Agenda**

**3. Discussion & Action: Revised Allocation Policy**

**4. Work Session: Program Allocations**

**5. Work Session: General Operating Support (GOS) formula basics**

**6. Board Action: Allocation to 2018-19 GOS program**

Next Regular Meeting: November 13, 2017, 4:00 pm  
Cleveland History Center  
10825 East Blvd, Cleveland, OH 44106

**7. Adjourn**



## **FINAL DRAFT** Cuyahoga Arts & Culture

### Allocation Policy

Approved September 9, 2013 **version 10/11/2017**

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Cuyahoga Arts & Culture's mission is to inspire and strengthen the community by investing in arts and culture. Through our grantmaking, we support the people and organizations that create meaningful cultural experiences for our residents.

To live that mission, CAC must make wise and strategic investments of the public funds that we manage. CAC's Board of Trustees sets forth this Allocation Policy to guide the annual budgeting process. The policy is reviewed each year to ensure funds are spent in line with our [mission, vision, values](#), and our community's needs.

CAC's 2016 Cuyahoga Voices & Vision project resulted in the creation of a roadmap that articulates two key priorities for CAC's future work. It states that CAC will:

1. Continue to support a wide variety of cultural organizations, artists, and creative people; and
2. Explore ways to recognize and equitably support our community's varied ecology.

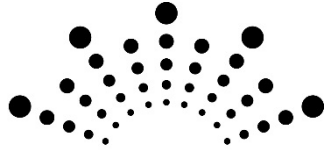
CAC will continue its efforts to make all of its grant programs more equitable, and it will endeavor to set aside funds each year specifically to support efforts that equitably benefit Cuyahoga County residents.

#### **Annual Allocation of Funds**

Grantmaking and program management represent the majority of work done by CAC and, accordingly, shall account for the vast majority of annual expenditures. Specific appropriations to CAC grant programs will generally follow these guidelines:

- **General Operating Support** grants provide flexible, multi-year support to nonprofit arts and culture institutions that provide a range of programs to benefit residents throughout Cuyahoga County. General Operating Grants are not replicated in many local institutional funding settings, so maintaining a high level of support for this type of funding is particularly important. Accordingly, CAC will endeavor to invest the majority of its excise tax revenues in the General Operating Support program.
- **Project Support** grants expand the reach of CAC's funding by providing annual grants to a range of organizations producing, creating or presenting arts and cultural projects that benefit residents throughout Cuyahoga County. Accordingly, CAC will endeavor to maintain the program and provide meaningful grants that meet community demand.
- **Other Grants and Grant Programs** may be approved from time to time in order to expand the reach of CAC's funding for specific purposes. Grants falling within this category shall not take precedence over the General Operating Support and Project Support grant programs.

CAC will endeavor to limit administrative overhead and expenditures while providing appropriate oversight and stewardship of the public funds dedicated for arts and cultural pursuits.



cuyahoga  
**arts & culture**  
strengthening community

## MEMORANDUM

Date: October 16, 2017  
To: CAC Board of Trustees  
From: Karen Gahl-Mills, ceo + executive director  
Jill M. Paulsen, deputy director  
Meg Harris, director of administration  
  
Re: ACTION: allocation to 2018-19 General Operating Support program

**IN BRIEF:** At the October 16<sup>th</sup> Special Board meeting, CAC's staff will engage the Board of Trustees in a work session to review and discuss the factors influencing the allocation of funds into CAC's grant programs for 2018 and beyond.

**ACTION:** At the end of the work session, we will ask the Board to **approve an annual allocation to the 2018-19 General Operating Support program of \$10.2 million**, with a commitment to maintaining funding at this level for the next cycle (2020-2021).

### **Recap from September board meeting:**

At our September board meeting, we discussed how our allocation of funds has been done in the past, items to consider for future allocations, and a set of objectives to guide our decisions.

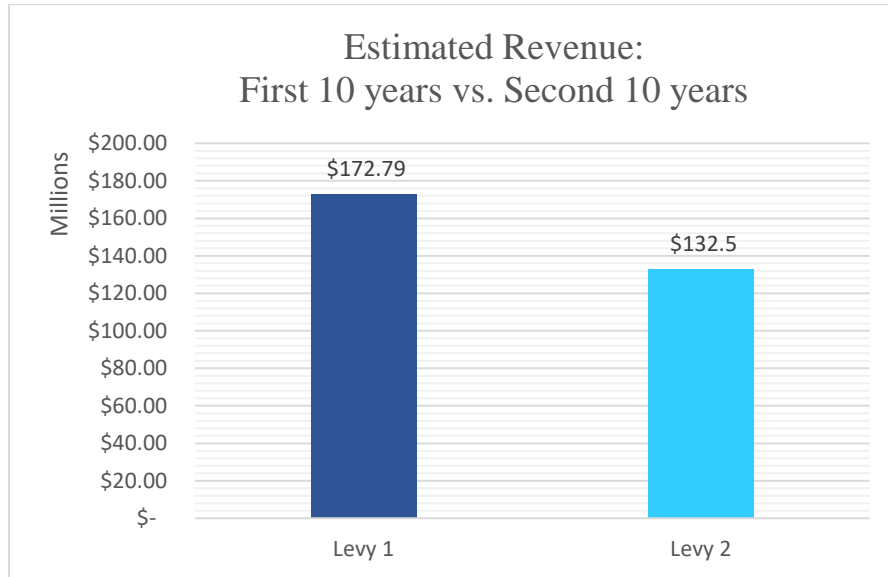
We agreed that:

- We are working in an environment where there is less revenue; we will need to make reductions to our programs to keep expenditures in line with revenues.
- Allocations and reductions should be made in line with our Allocation Policy and commitment to equity.
- Knowing that predictability is important to our cultural partners, we will continue to communicate both our financial situation and our plans for the future to our cultural partners, and we will continue to listen to their concerns as we make future recommendations.
- Allocations can be reevaluated in future years should revenues improve.

### **Looking forward: anticipated revenues and expenditures:**

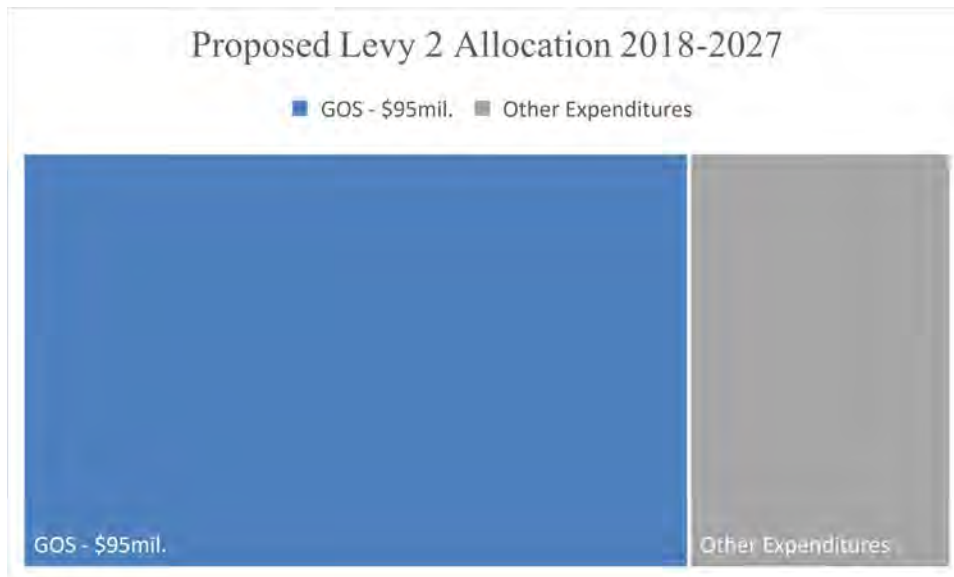
Our first levy, 2007-2016, provides us with solid data about revenues with which we can make informed projections for future years. While early modeling predicted that our revenue would eventually plateau, we have not seen that materialize. We have experienced annual decreases in revenue ranging from .64% to 7.01%.

**Chart 1 – Predicting Available Revenue:** Comparing CAC’s first 10 years of revenue (February 1, 2007 – January 31, 2017) to our second ten years of estimated revenue (February 1, 2017 – January 31, 2027).



We anticipate that excise tax revenue will continue to decline over the current (2<sup>nd</sup>) levy at a rate of 2.6% per year. This is a best estimate based on the declines seen in the previous ten years. Looking forward, we anticipate the second 10-year levy cycle will generate \$40 million less than the first 10-year levy. (\$132.5 million).

**Chart 2: Proposed Expenditures for 2018-2027.** This chart reflects how we recommend funds be allocated over the next 10 years, grounded in our Allocation Policy.



*(Other expenses include: Project Support, Support for Artists, Neighborhood Connections, Downtown 4<sup>th</sup> of July concert / Cleveland Orchestra, funds for Equity & Experimentation, Operations)*

This projection assumes generally consistent allocations to Project Support, other CAC programs, and CAC operations. Maintaining these programs at relatively the same level allows us to back in to a **forecast of \$95 million (approx. 72% of estimated levy dollars) committed to the General Operating Support program for the next 10 years.**

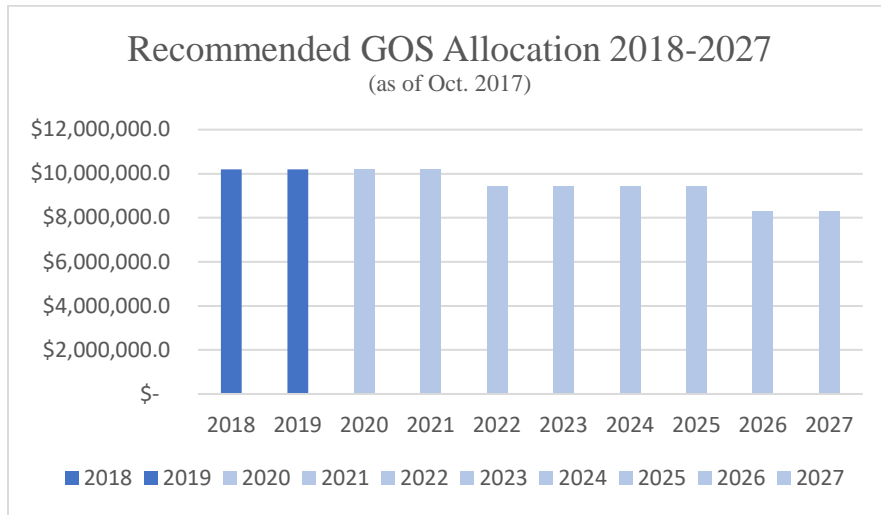
As is our practice, we will update our forecast annually throughout the levy period.

Building off our lessons learned in the first ten years (noted above),  
the question before the Board today:

**How can CAC best allocate the \$95 million into General Operating Support over the next 10 years to achieve our mission?**

**Chart 3. Recommended Allocation:** Staff recommends an allocation of \$10.2 million into the General Operating Support program for 2018-19, with an intent to maintain that same allocation for the 2020-21 cycle.

Making a more significant adjustment this cycle (from \$12.7M to \$10.2M for 2018-19+) will allow CAC to maintain a more consistent allocation to GOS for the remainder of the levy period (2018-2027). This plan for consistency aims to minimize disruption for our cultural partners while right-sizing the allocation to our anticipated revenues.



(dark blue represents current recommended allocation; light blue represents estimated future allocation)



## **CAC's 2018-19 General Operating Support (GOS) Grant Formula FAQs**



### **How is my GOS grant amount determined?**

CAC uses a mathematical formula to calculate GOS grants. CAC has used the same baseline funding formula for all GOS grants since 2008.



### **Did CAC invent this formula?**

No. CAC uses a calculation based on the Ohio Arts Council's formula.



### **Why does CAC use a formula?**

Using a funding formula ensures that:

- grants are determined in a fair and impartial manner; and
- funding is relative to each organization's budget size to ensure meaningful grants for all organizations.



### **What are the factors that contribute to the formula and my grant amount?**

- The total amount CAC allocates to the GOS program this cycle;
- Your organization's average adjusted operating budget for fiscal years 2014, 2015 and 2016; and
- Your organization's average operating budget compared to the combined budgets of all other organizations within the GOS pool.



### **How does CAC determine how much to allocate to the GOS program?**

- CAC makes allocation decisions guided by its Board-approved Allocation Policy.
- CAC analyzes its revenue projections and makes an allocation recommendation to the Board each cycle.
- The Board reviews the allocation recommendation and makes the final decision during public meeting(s).



### **My organization's budget has grown. Will my 2018-19 grant be larger than last cycle?**

CAC's revenue projections have continued to decline since the last GOS cycle, which means a smaller amount will likely be allocated to the GOS program for 2018-19. This will result in most organizations receiving smaller grants in 2018-19.

Another factor in the formula is your organization's size relative to the combined budgets of all organizations in the GOS pool. While your organization may have grown in size, others did too, often in larger percentages than you. This will mean an even smaller grant for your organization despite your growth.



### **When will I be notified of my Board-approved grant amount for 2018 and 2019?**

At CAC's November 13, 2017 Board meeting at 4:00 pm at Cleveland History Center, our Board reviews and approves the grants in the upcoming cycle. Pending Board approval, CAC will distribute a list of approved grant amounts to meeting attendees. We will also post this information on our website after the meeting.

FACTORS CONTRIBUTING TO CAC'S 2018-19 GOS GRANT AMOUNTS

1



The total amount CAC allocates to the GOS program this cycle



CAC's revenue projections have continued to decline since the last GOS cycle, which means a smaller amount will likely be allocated to the GOS program for 2018-19. This will result in most organizations receiving smaller grants in 2018-19.

2

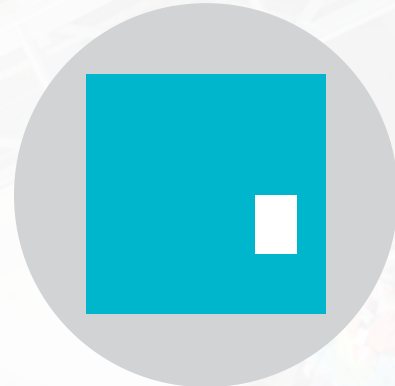


Your organization's average adjusted operating budget for fiscal years 2014, 2015 and 2016\*



Even if your organization's average adjusted operating budget has stayed the same since the last GOS cycle, your 2018-19 grant amount will shrink to a greater degree than the percentage decrease in the allocation.

3



Your organization's average operating budget compared to the combined budgets of all other organizations in the GOS pool



Almost all organizations in the pool have grown. If others grew in larger percentages than you, this will mean a smaller grant for your organization.

\* CAC calculates your organization's average adjusted operating budget based on your completed Eligible Revenue and Support forms for fiscal years 2014-2016.

**Questions?**

Contact Jill Paulsen, deputy director, at [jpaulsen@cacgrants.org](mailto:jpaulsen@cacgrants.org) or 216.515.8303 x104 or Roshi Ahmadian, identity & systems manager, at [rahmadian@cacgrants.org](mailto:rahmadian@cacgrants.org) or 216.515.8303 x109.