



State of Michigan
John Engler, Governor

Department of Consumer & Industry Services
Kathleen M. Wilbur, Director

G. Mennen Williams Building
P.O. Box 30004
Lansing, Michigan 48909-7504
517-373-1820

February 20, 2001

The Honorable Marc Shulman, Chairman
House Consumer and Industry Services Subcommittee
Michigan House of Representatives
P.O. Box 30014
Lansing, Michigan 48909

Dear Representative Schulman:

In compliance with Sections 306(8), (22) and (23) of P.A. 293 of 2000, attached is a report on program implementation plans for the Michigan Council for Arts and Cultural Affairs.

This notification may also be viewed on our web site at the following address:
http://www.cis.state.mi.us/leg_rep.htm. If you have any questions regarding this information, please feel free to contact me at 373-3892.

Sincerely,

John R. Suckow, C.P.A.
Director, Finance and Administrative Services

JRS:hab

C: House Consumer & Industry Services Subcommittee
Mary Lannoye
Kathleen M. Wilbur
Bob Schneider
Don Reichle
Betty Boone



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February 20, 2001

The Honorable Loren Bennett
Senate Regulatory Subcommittee
Michigan State Senate
P.O. Box 30036
Lansing, Michigan 48909

Dear Senator Bennett:

In compliance with Sections 306(8), (22) and (23) of P.A. 293 of 2000, attached is a report on program implementation plans for the Michigan Council for Arts and Cultural Affairs.

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Kathleen M. Wilbur
Maria Tyszkiewicz
Don Reichle
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Department of Consumer and Industry Services
Michigan Council for Arts and Cultural Affairs
REPORT ON PROGRAM IMPLEMENTATION
February 1, 2001

In compliance with Act No.293, Public Acts of 2000, Enrolled House Bill No. 5275, Sec. 306 (8, 22, and 23) which states:

(8) By February 1, 2002, the department shall report to all members of the appropriate subcommittees of the house and senate appropriations committees on how the council intends to implement the arts and cultural grants program for the following fiscal year, including process for evaluating organization quality, efforts to achieve an equitable distribution of grants, and a summary of any revisions to the guidelines for the council's grant programs. The department shall submit copies of the guidelines for each grant category to all members of the appropriations subcommittee by February 1, 2001.

(22) The council shall assess its granting processes and procedures to strengthen consumer and industry access to arts and cultural information, services, and funding opportunities and shall explore new technology applications. The council shall report these findings and shall provide a progress report on steps taken to implement new initiatives prescribed by the legislature in this section by February 1, 2001, to all members of the appropriate subcommittees of the house and senate appropriations committee.

(23) The council shall take all necessary steps to implement the recommendations made by the auditor general as a result of the auditor general's most recent performance audit of the council as reviewed in the auditor general's June 2000 audit report. The council shall provide a progress report to the appropriate appropriations subcommittees by February 1, 2001 on the specific steps taken to implement these recommendations.

SECTION ONE

INTRODUCTION - FISCAL YEAR 2001 STATUS

The Michigan Council for Arts and Cultural Affairs (MCACA) received 410 grant applications, requesting nearly \$ 40.0 million in response to submission deadlines for Fiscal Year 2001 (October 1, 2000 - September 30, 2001). A list of grant applicants was forwarded to members of the Senate and House Appropriations Subcommittees on October 1, 2000, in compliance with Section 306, (9). The list included the amount requested by the applicant, any amount awarded to the applicant, the grant category under which the applicant applied, the county in which the organization resides, the expected number of patrons (beneficiaries) during the grant period, the amount of matching funds proposed to be contributed by the applicant, and the organization's score as determined by the relevant peer review panel during the application evaluation process.

Michigan Council for Arts and Cultural Affairs
REPORT ON PROGRAM IMPLEMENTATION
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Grant Programs

<i>Grant Program Category</i>	<i># Applications</i>	<i>Amount Requested</i>
Anchor Organization	25	\$ 24,565,685
Arts and Learning	46	1,057,296
Artists In Schools	13	331,000
Cities, Townships & Villages	39	2,764,500
Arts Projects	121	3,104,037
Partnerships	18	2,638,123
Regional Regranting	32	1,536,700
Local Arts Agencies	15	591,100
Discretionary	02	121,738
Rural Arts and Culture	<u>32</u>	<u>241,555</u>
<i>Sub-Totals</i>	343	\$ 36,951,734

In addition to these core grant programs, the Council successfully developed and implemented new funding initiatives, and strengthened existing programs, in response to Sec. 306 (2), (16) and (20). The Council established the Regional Services Providers (a.k.a.: Regional Projects Providers) and Cultural Projects* as sub-categories of the Arts Projects Program, and re-established the Arts Organization Development Program. Note: As requested in the Senate and House conference agreement for FY 2001, the Council established Cultural Projects as a pilot programming initiative.

<i>Grant Program Category</i>	<i># Applications</i>	<i>Amount Requested</i>
Regional Services Providers	22	\$ 2,098,817
Cultural Projects	28	580,096
Arts Organization Development	<u>17</u>	<u>362,010</u>
<i>Sub-Totals</i>	67	\$ 3,040,923
 <i>TOTALS</i>	 <u>410</u>	 <u>\$39,992,657</u>

Collectively, these funding initiatives accomplish the following legislative requirements:

- serve mid-level and larger arts and cultural organizations that serve regional audiences,
- encourage and support non-profit arts and cultural organizations transitioning from solely volunteer-based organizations to professional directed operations,
- support professional development,
- encourage collaboration between these organizations and other community organizations,
- deliver services to cultural groups and individual artists in all disciplines,
- foster long-term development of a community or region,
- strengthen Michigan families by ensuring full public access to quality arts and cultural, activities, promoting cultural tourism, and providing for quality arts and cultural education.

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Grant Application Assistance

Prior to application deadlines, the Council convened 16 public information and application preparation assistance meetings in 2001 as indicated below:

<i>Date</i>	<i>City</i>	<i>Location</i>
2/17/00	Mt. Clemens	Art Center of Mount Clemens
2/23	Hillsdale	Mitchell Public Library
2/24	Ypsilanti	Riverside Art Center
2/25	Portage	Kalamazoo RESA
3/01	Petoskey	Crooked Tree Art Center
3/02	Alpena	Jesse Besser Museum
3/03	Standish	Northeast Michigan Arts Council
3/07	Sault Ste. Marie	Avery Square
3/08	Marquette	U.P. Children's Museum
3/09	Ironwood	Ironwood Theater
3/14	Detroit	Charles H. Wright Museum
3/15	Holt	All of Us Children's Theater
3/16	Lapeer	Pix Theater
3/22	Grand Rapids	Van Andel Museum Center
3/23	Big Rapids	Ferris State University
3/21	Traverse City	Denno's Museum

Grant Application Review

From June, 2000 through August, 2000 eligible grant applications were reviewed in 25 public peer panel review, convened in Lansing, by more than 100 qualified panelists from the arts, humanities, education, business, government, human services, civic leadership, ethnic and cultural communities, etc. Panelists were selected and appointed by the Council Chairman and were ethnically and geographically diverse and broadly representative of all regions of the state and country. The meetings were facilitated and/or audited by members of the Council and attended by representatives of applicant organizations, staff and the general public.

As in past years, peer panels reviewed and scored grant applications, based upon merit using the following standard:

100 - 95	Excellent
94 - 90	Very Good
89 - 80	Good
79 - 70	Adequate
69 - 60	Questionable
59 - below	Unacceptable

Panelists reviewed and scored each eligible application using established and published quality and feasibility criteria and procedures of the *Fiscal Year 2001 Panel Handbook*. As an example, applications submitted to the Regional Services Providers sub-category were reviewed using the following review criteria and applicant instructions summarized on the next page:

Regional Services Providers (a.k.a. Regional Projects Providers) page 3 -

Panelists have been assigned applications for which they have completed an in-depth review. In-depth reviewers will report their findings to the panel, lead panel discussion, and staff will provide additional technical information regarding the application and act as a resource to the panel.

During discussions of grant applications, panelists are asked to render judgements on application materials (as submitted) based upon published guideline review criteria, not personal preferences. Panelists are expected to objectively apply their knowledge and expertise to application review discussions and merit scoring.

The application review is based on a discussion of quality, feasibility, relative merits and adherence to the guidelines. Each application is evaluated against the published review criteria and individually scored by each panelist.

FISCAL YEAR 2001 REGIONAL PROJECTS PROVIDER REVIEW CRITERIA
(a.k.a. Regional Services Provider)

Applications to the Arts Projects Regional Projects Provider sub-category were reviewed according to the criteria below. Each criteria section carried a specific point value which was used to score grant applications.

Artistic Merit (50 points)

Artistic merit is scored based on: contribution to, or significance within artistic disciplines or fields; exemplary nature of activities; commitment to clearly articulated, high artistic standards; repertoire; critical reviews; awards; number of rehearsals; involvement of high caliber professional artists; suitability and qualifications of artistic decision makers (i.e., selectors of artists, art works, repertoire, etc.); clarity, appropriateness and inclusive ness of the artistic selection process; evidence of artistic impact in the community and region; appropriate supporting interpretive/education program; demonstration of quality in the documentation and other application materials.

Artistic Involvement and Support (10 points)

Artistic involvement and support is based on: the appropriate involvement of accomplished artists of the highest caliber; protection of artist's rights; fair treatment; adequacy of compensation for artist work and involvement; clear and suitable artist roles and responsibilities; technical and artistic excellence, consistent quality of work, history as a working artist, current activity, recognition and awards, educational credentials, traditional/tribal standing, etc.; documentation and other application material.

Community Impact (20 points)

Community impact is scored based on: the extent to which the project provides access to audiences; effective publicity, marketing, audience development; extent to which activities are physically and economically accessible to all segments of the community; quality of project related education activities; distribution or presentation of product; extent to which the project will reach, involve and benefit underserved, diverse, geographic, cultural, ethnic and special populations; suitability of activities for the target audience; outreach efforts that respond to community needs; assurance that research activities will result in appropriate public presentations. In addition describe how the community supports your activities. Provide evidence of the scope of such support.

Project Management and Feasibility (20 points)

Project management and feasibility is scored based on: the extent to which planning and planners are appropriate; potential for project success; feasibility and effectiveness of program plans; the effectiveness and appropriateness of the project in meeting established goals as defined in the organization's mission statement and long range plans; realistic and detailed time lines; work plans, funding request and budget; evidence of the applicant's administrative competence, including commitment of suitable personnel, staff or volunteer time to the project; the extent to which the application is complete, clear, accurate and easily understood; the satisfactory presentation or required materials, assurance that the project can be completed within the approved grant period; proper presentation of the project activities, i.e., acceptable production values, sites facilities, staging, format, etc.; adequacy of project evaluation; in case of collaborations, the extent to which collaborations are clearly described, appropriate, and reasonable; collaborative efforts, project planning, implementation and evaluation, etc.

Funding Distribution

Grant application review panel scores were forwarded to the Council for review and development of funding distribution formulas. Guided by the *Michigan Arts and Cultural Plan* and legislative mandates, as a part of the development process, the Council reviewed past distribution patterns, grant request distribution, grant program request/funding ratios, and etc., and determined funding parameters. Various funding distribution formulas were developed by staff in response to Council requests. Final grant award amounts were subsequently determined through application of Council approved equitable formulas based upon requests, panel scores and recommendations, funds available, legislative boilerplate requirements, and Council goals and priorities.

Program Examples

Arts Projects, Cultural Projects and Arts and Learning, all project-based grant programs with maximum request amounts of \$30,000, utilized similar funding formulas factoring peer panel review scores and grant request amounts; 82% of request for applications receiving excellent scores, 77% of request for applications receiving very good scores, and 70% of request for applications receiving good scores. Further, applicant organizations were limited to one grant per organization within the three programs.

However, to successfully re-establish the Arts Organization Program the Council developed a formula to provide optimum funding levels. Therefore a different funding formula was used; 95% of request for applications receiving excellent scores, 90% of request for applications receiving very good scores, and 80% of request for applications receiving good scores. This formula offered sufficient funding to help "jump start" the development plans of successful small and mid-sized organizations. Based upon the unique nature of the program, the Council determined that eligible applicants could receive additional funding through other programs.

With the assistance of the CIS Internal Audit Division, the financial information and data of applicants to the Anchor Organization Program were reviewed on a consistent basis, by skilled professionals, to determine program guideline compliance. Total revenue was factored as total applicant revenue less restricted funds.

On September 15, 2000, the Council (15 Governor appointed members) made final grant determinations. A listing of funded projects, in summary format, was provided to all members of the appropriate subcommittees of the House and Senate appropriations committees on November 1, 2000. Moreover, in compliance with Sec. 306 (4), (6), (7), (15), (17), and (21) the Council distributed appropriated funding and accomplished the following:

- established the Regional Services Provider subcategory at \$ 1,359,600 which enabled funding of 19 arts and cultural organizations statewide,
- accommodated funding of 25 Anchor Program organizations,
- maintained allocations in the remaining grant categories in the same general proportions as the Council allocated to these categories in recent fiscal years,
- generated a minimum dollar-for-dollar match of appropriated funds. It is anticipated that grant applicants will match each appropriated dollar with more than \$10 from organization and local resources and serve more than 59 million citizens and visitors; amounts which will be verified in October, 2001 through review of review of final grant reports.
- developed an improved grant agreement in consultation with the Office of the Auditor General and Office of the State Attorney General, and executed an agreement with each grant recipient
- reviewed Anchor Organization Program grant awards toward the 2005 goal of ensuring that no organization was receiving more than 15.0% of operating revenue or more than 10.0% of operating revenue in 2000 with the exception of Partnership Program grant recipients
- made available to awardees and non-awardees peer review panel scores, and summary comments and recommendations
- ensured that total grants awarded through the Anchor Organization Program did not exceed more than 65% of the total amount appropriated for Fiscal Year 2001 arts and cultural grants

<i>Total Arts and Cultural Grants Appropriations</i>	<i>Total Anchor Organization Program Grants</i>	<i>Percentage</i>
\$ 25,648,700	\$ 14,178,300	55.5%

As required in Sec. 306 (14), all MCACA applicants, non-profit tax exempt organizations, were required to pay a non-refundable fee of \$100.00 or 1% of the grant request. The application deadline was widely publicized statewide through Departmental press releases, print and broadcast media, and agency and industry websites, publications and correspondence.

Michigan Council for Arts and Cultural Affairs
REPORT ON PROGRAM IMPLEMENTATION
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In compliance with Sec. 306 (22), the Council explored new technology applications, with assistance from the CIS Office of Technology Resources (OTR). Fiscal Year 2002 MCACA grant program guidelines and application forms are available online and accessible through the internet. For the first time in the history of the Council, potential applicants and interested persons may access and download this information by visiting the MCACA website at www.cis.state.mi.us/arts. The next phase of exploration will focus on further upgrading MCACA technology resources to enable online grant application filing.

Further, in compliance with this section the Council, in partnership with the Center for Art and Public Policy at Wayne State University and in collaboration with numerous stakeholders, developed an annual grant assessment process. The process will include detailed grant performance reporting, increased monitoring of funded activities, onsite visitation, random auditing, involvement MCACA staff and outside evaluators, evaluator training, and annual publication of assessment findings. Additional information regarding the new assessment program is available through the MCACA website by linking to Wayne State University or by directly accessing the W.S.U. Website at <http://www.capp-wsu.org/>.

SECTION TWO **FISCAL YEAR 2002 PROGRAM IMPLEMENTATION**
(Section 306-8, 22, 23)

The Council is truly gratified by the generous and stable support for arts and culture in our great state and is certain that Fiscal Year 2002 will prove to be an outstanding year of continued industry excellence, growth and quality services delivery to our many Michigan citizens and visitors. The Council will continue its efforts to strengthen the state's arts and cultural industry by improving product quality, management and services delivery, improving arts education resources, expanding audiences of its grant recipients, engaging communities to stimulate arts and cultural participation and increasing leveraging and distribution of appropriated arts and cultural resources statewide.

To this end, since October 1, 2000, the Council has conducted 13 public workshops in Lansing, Grand Rapids, Kalamazoo, Sault Ste. Marie, Grosse Pointe, Ann Arbor, Grand Haven, Pontiac and Owosso. In addition to routine site visits of grant recipient projects and organizations, Council staff has provided direct consultation and technical assistance to 39 organizations from regions throughout the state. From reviewing peer panel review findings to discussing future proposals, Council staff has traveled from Mount Clemens to Houghton/Hancock to help Fiscal Year 2001 grant recipients improve performance and to increase the competitive position of potential Fiscal Year 2002 grant applicants.

As a part of its annual granting process, MCACA staff has also scheduled Fiscal Year 2002 public grant assistance workshops throughout the state to assist potential grant applicants understand funding opportunities and plan competitive projects. This year's efforts will include 10 regional workshops in March, 2001 as follows:

Fiscal Year 2002 MCACA Grant Program and Funding Workshops

<i>Date</i>	<i>City</i>	<i>Location</i>
03/06/01	Detroit	Detroit Institute of Arts
03/08/01	Lansing	Michigan Historical Center
03/14/01	Midland	Midland Center for the Arts
03/15/01	Flint	Flint Institute of Arts
03/19/01	Escanaba	William Boniface Fine Arts Center
03/20/01	Marquette	Marquette Arts and Culture Center
03/21/01	Sault Ste. Marie	Avery Square
03/22/01	Gaylord	Quality Inn, Mitchell Room
03/28/01	Grand Rapids	Grand Rapids Civic Theater
03/29/01	Kalamazoo	Wellspring Theater, Epic Center

Last year, more than 400 people representing local arts and cultural organizations, municipal governments, museums, zoos and etc. attended these workshops to learn how to apply for state funding designated for arts and culture.

Michigan Council for Arts and Cultural Affairs strives for continuous improvement within the agency and within the industry. The process for evaluating grant applicant organization quality is an integral part of the Council's grant application peer review process. All MCACA Fiscal Year 2002 grant programs include grant review criteria to assess applicant organization quality:

Program Examples

Capital Improvement Projects for Cities, Townships and Villages

Evidence of administrative and financial capabilities; evidence of private and intergovernmental cooperation; resumes of key personnel; quality letters of support; quality of evaluation methods

Arts Organization Development

Evidence of the level of efficiency and professionalism within the organization; organization's ability to manage the fiscal responsibilities associated with the project while providing ongoing programs and services; ability to match grant funds; organization's philosophy, standards and commitment to artistic quality

Artists In Residence (formerly Artists In Schools)

Evidence of appropriate staff; existence of a comprehensive, feasible arts education plan; matching funds reflect a genuine commitment of the applicant to the success of the program

Arts Projects

Evidence of staff and volunteer technical, artistic and administrative abilities and experience; adherence of the proposed project to the mission of the organization

The Council also seeks ways to improve its programs, services, communication, etc. As in prior years, before revising program guidelines and procedures, the Council assessed its Fiscal Year 2001 programs by monitoring program performance, conducting customer surveys and convening "program meetings" and focus groups with grant recipients and stakeholders. Key assessment findings indicated that:

- minor programming revisions were required for Fiscal Year 2002, with the exception of the Regional Projects Providers (a.k.a. Regional Services Providers) sub-category and Anchor Organization Program which required significant restructuring,
- based upon new funding opportunities created through establishment of the Rural Arts and Culture Program, Regional Projects Providers sub-category, re-establishment of the Arts Organization Development Program, and significantly increasing maximum request guidelines in the Regional Regranting Program and Local Arts Agencies Program, the Council is has achieved a good programming mix which is effectively and efficiently reaching all counties and regions of the state,
- the Council should upgrade its technology resources to provide online filing to increase access to grant related information and services,
- based upon the applications received, the Council is continuing to make significant progress in reducing funding disparities between geographic areas of the state, and encouraging greater leveraging of local resources to match state and federal appropriated funds.

Although the Council successfully developed a quality "programming mix" in Fiscal Year 2001 to meet the needs of arts and cultural organizations and communities statewide, the Fiscal Year 2001 assessment indicated that further efforts are required in Fiscal Year 2002 to develop a more appropriate project-based funding structure for the state's premiere regional and statewide arts and cultural organizations; to help ensure continued excellence, stability and prudent growth.

Due to the many similarities between the two types of organizations, it was the Council's original intent to include the new Regional Projects Providers (a.k.a. Regional Services Providers) sub-category in the Fiscal Year 2001 Anchor Organization Program. However, the Anchor Organization Program was completing the last year of a three year programming cycle. The subcategory was instead attached to the Fiscal Year 2001 Arts Projects Program, a one year cycle program.

In Fiscal Year 2002, the Council will continue all of its Fiscal Year 2001 programming initiatives. However, the Regional Projects Providers sub-category will be merged into the Fiscal Year 2002 Anchor Organization Program. The new Anchor Organization Program will consist of three (3) categories:

FISCAL YEAR 2002 ANCHOR ORGANIZATION PROGRAM SUMMARY

- **Category I** (Former Regional Services Providers sub-category)
Category I Anchor Organizations function within their regions and are widely recognized as focal points for arts and culture.

An eligible organization has a documented history of providing quality arts and/or cultural programs to large diverse audiences and impact on their regional economy. The organization provides a variety of programs to the public. Programs and projects supported by MCACA within this category are multi-faceted and of regional significance.

A multifaceted program is a series of interrelated activities of high quality combined with a comprehensive educational component and community outreach. A Category I Anchor Organization must have significant regional impact as exemplified by attracting an audience from a well defined region(s), outreach endeavors and service, providing access to a wide range of audiences and/or underserved communities.

This category supports excellence in a wide range of disciplines. Activities may include but are not limited to performance series or seasons, exhibitions, tours and creation of new works. Programs that expand access to arts and culture and promote the use of arts and culture to address community needs of special interest.

Applicants to the Category I Anchor Organization Program must have documented unrestricted revenue of \$500,000 a certified by an independent auditor, and may request up to \$250,000. Grant requests may not exceed one-third of the cost of the project or program for which MCACA support is requested. Applicants must demonstrate a two to one (2:1) match, of which at least fifty percent (50%) must be cash. The remainder of the match may be other cash, in-kind contributions, or a combination of the two. State funds may not be used as matching funds.

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REPORT ON PROGRAM IMPLEMENTATION

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Application review criteria for the Category I Anchor Organization Program applicants, which must be addressed by applicants and peer review panelists, include the following:

Quality (50 points)

Does the proposed program demonstrate a significant contribution to the arts and cultural field, use nationally accepted professional standards for the presentation or performance of activities, make use of the recognized artists, or themes for exhibits, challenge the arts and cultural awareness of a broad and diverse audience, make use of qualified staff, make use of appropriate facilities/sites consistent with national standards, and make use of information based on quality documented research?

Management (10 points)

Is the proposed program suitable in light of the organization's mission statement, reflective of an inclusive planning process, likely to be implemented as planned within the fiscal year, sufficiently and appropriately funded according to the organization's budget, using appropriate managers, planners and program personnel, using appropriate physical resources in program implementation, and using effective and documented evaluation measures?

Impact (20 points)

Will the proposed program significantly impact the arts and cultural environment of the region(s), draw a significant and documented audience, include an educational component, positively impact the employment of Michigan artists, creators or innovators, have clear evidence of economic impact including the amount of leveraged support from sources other than MCACA, have a significant amount of support from earned income, have an appropriate number of volunteers (if applicable) involved in program activities, create and retain jobs, create or have an impact on cultural tourism opportunities in the region(s)?

Delivery (20 points)

Does the proposed program use appropriate promotional methods to make a broad audience aware of performance and presentation opportunities, partner with organizations to help promote program opportunities, engage communities in an effort to promote the significance of arts and cultural activities in daily life, include targeted audiences (i.e., underserved, persons with disabilities, seniors, etc.) in planning and evaluation, include collaborative projects, and take steps to ensure overall accessibility?

• **Category II and Category III**

The guidelines for the two remaining categories are a continuation of the previous year's program. However, they draw distinctions between applicant organizations by budget size and programming capacity by category criteria. Unlike Category I, applicants to Category II and III have different revenue and request restrictions:

Category II Anchor Organizations must have documented unrestricted revenue of \$1,500,000, may request up to \$500,000 or 10% of unrestricted revenue, which ever is less, and must demonstrate a one to one (1:1) match. Category III Anchor Organizations must have documented unrestricted revenue of \$4,500,000 and may request up to 10% of unrestricted revenue, which ever is less. While these two categories share similar review criteria with Category I, greater leadership and delivery of more comprehensive quality programming are stated Council expectations within the revised program guidelines.

The Fiscal Year 2002 Anchor Organization Program is designed for arts and cultural presenting organizations, narrowly defined. The program is not designed to meet the needs of service organizations (i.e., local arts agencies), councils, public broadcasting, etc. Other core MCACA may more appropriately accommodate the funding requests of these types of organizations.

Also, in Fiscal Year 2001, the Council took significant steps toward achievement of equitable funding distribution statewide as identified below:

- To provide expanded funding opportunities in small, rural, ethnic and other underserved communities, the maximum request amount within the Regional Regranting Mini Grant Program was raised from \$2,000 to \$4,000.

In addition, the Council sought and received additional funding (\$ 40,000) from the National Endowment for the Arts (NEA) for fiscal year 2002 to enhance state appropriate funding within the Rural Arts and Culture Program; enabling the Council to reach almost three quarters of the program's targeted 39 Michigan counties.

- To help strengthen local arts agencies and services providers statewide in their important work of offering community cultural calendars, coordinated presenting and booking, regranting, cultural planning, workshops and conferences, organization development assistance, technical services, coordinated management of facilities, and etc., the Council raised the maximum program request amount from \$20,000 to \$40,000.
- To improve arts and cultural access and funding opportunities for persons with disabilities, the Council worked in partnership with VSA Arts of Michigan to provide technical assistance to Council clients to enhance their facility and programming accessibility, and to compile and disseminate relevant resource information.
- To ensure broader distribution of resources supporting Michigan's premiere in-state arts and cultural touring attractions and to stimulate greater cultivation of future audiences for arts and culture, the Council increased the allocation by \$25,000 to the Michigan Arts and Humanities Touring Program which expanded the number of grants, workshops and publications designed to assist non profit groups and communities in sponsoring performances and exhibitions by juried Michigan artists and humanists.
- To assist communities in supporting projects which more fully utilize the talents of Michigan's creative artists, the Council established a community artist residency program in partnership with the Michigan Association of Community Arts Agencies (MACAA)

- To ensure broader distribution of arts and cultural funding resources, the Council utilized the additional \$4.1 million appropriated in fiscal year 2001 in the following program areas:

Capital Improvement Projects for Cities, Townships and Villages	\$	436,000
Cultural Projects		450,000
Arts Organization Development (AOD)		234,800
Regional Projects Providers (a.k.a. Regional Services Providers)		1,343,200
Partnerships		435,400
Regional Regranting/Mini-Grants		787,600
Local Arts Agencies and Services Program		288,000
Rural Arts and Culture		<u>125,000</u>
	<i>Total</i>	\$ 4,100,000

Performance Audit of the Michigan Council for Arts and Cultural Affairs - June, 2,000

In compliance with Sec. 306 (23), the Council has taken all necessary steps to implement the recommendations made by the Office of the Auditor General's (OAG) performance audit in June of last year. Although the OAG concluded "that MCACA was generally effective and efficient in administering the arts and cultural program", and included noteworthy accomplishments from a federal review of MCACA granting processes and programming, the OAG offered six recommendations to which the Council has responded as summarized below:

1. Grant Awards

Audit Recommendation

We recommend that MCACA document its deliberations on and rationale for awarding arts and cultural grants outside of its regular competitive grant awarding process.

Response

MCACA has always informally documented its rationale for arts and cultural grants awarded outside of its regular competitive grant awarding process. This process has been enhanced through formal documentation of relevant information and data in meeting records. Such information is distributed and included in the justification package for awarding arts and cultural grants.

2. Disclosure of Affiliations

Audit Recommendation

We recommend that MCACA ensure that its members accurately disclose, on a timely basis, their affiliations with potential arts grant applicants. We also recommend that MCACA document its members' grant-related voting activities.

Response

MCACA members annually disclose their affiliations twice during the fiscal year. Council member voting is documented in meeting minutes. Member voting abstentions and other relevant comments are also included within the documentation.

3. **Performance Monitoring**

Audit Recommendation

We recommend that MCACA establish a comprehensive system to monitor and improve effectiveness and efficiency of the arts and cultural grants program.

Response

MCACA has revised the *Michigan Arts and Cultural Plan* for fiscal years 1999-2000 through 2002-2003 which includes measurable goals, strategies and outcomes. In partnership with the Center for Art and Public Policy at Wayne State University, the Council has established a comprehensive program to assess the effectiveness and efficiency of the arts and cultural program and grant recipient projects. Also, the Council has enlisted the help of its other Partners to increase the availability of technical assistance, assessment training, on-site visitation, and grant monitoring and evaluation.

4. **Contract Provisions**

Audit Recommendation

We recommend that MCACA include all necessary financial, service, and reporting provisions in its arts and cultural contracts.

Response

MCACA developed an improved grant agreement in consultation with the Office of the Auditor General and Office of the State Attorney General which is fully compliant with this recommendation. The new grant agreement was utilized in all fiscal year 2001 grant contracting.

5. **Contract Monitoring**

Audit Recommendation

We recommend that MCACA monitor its arts and cultural grants contracts in accordance with MCACA procedures and annual requirements included in appropriations acts.

Response

MCACA, with the assistance of the CIS Internal Audit Division, will monitor its arts and cultural grant contracts in accordance with MCACA procedures and annual requirements included in appropriation acts. A list of MCACA fiscal year 2001 grant recipients has been forwarded to the Internal Audit Division for random audits, on-site visitation of grant recipients has increased by 40%, and a minimum of 25% of fiscal year 2001 grant recipients will participate in a comprehensive program of grantee performance assessment.

6. **State Administrative Board Approvals**

Audit Recommendation

We recommend that MCACA obtain State Administrative Board Approval for arts and cultural grant awards totaling \$250,000 or more.

Response

MCACA obtained State Administrative Board Approval for all fiscal year 2001 arts and cultural grants totaling \$250,000 or more. Moreover, the Council has implemented appropriate procedures to ensure annual State Administrative Board grant review.

The end results, to date, of all of the actions taken by the Council in response to the *Michigan Arts and Cultural Plan* and Act. No. 293, Public Acts of 2000 are an unprecedented percentage of applications funded, provision of increased catalytic project funding for small and mid-sized arts and cultural organizations statewide, greater funding stabilization for large institutions, improved program management and increased public access to quality arts and cultural programming for Michigan's citizens and visitors. This broader geographic and more effective distribution of arts and cultural funds would not have been achievable without the outstanding efforts of MCACA Partners, grant recipients and stakeholders and continued support of the Department of Consumer and Industry Services, Governor Engler and the Michigan Legislature.

Respectfully Submitted by
Michigan Council for Arts and Cultural Affairs
February 1, 2001