

HHS Committee #2
September 17, 2009

MEMORANDUM

September 15, 2009

TO: Health and Human Services Committee
FROM: Minna K. Davidson, ^{MKD}Legislative Analyst
SUBJECT: Arts and Humanities Council – policy on earmarked grants

Those expected to attend this worksession include:

Suzan Jenkins, Chief Executive Officer, Arts and Humanities Council (AHCMC)
Pooja Bharadwaja, Management and Budget Analyst, Office of Management and Budget

For today's meeting, Arts and Humanities Council staff will present a briefing on their recommendation to fund competitive Advancement Grants in place of funding direct earmarks to arts and humanities organizations. (A memo describing the recommendation is attached on © 1-3. The briefing will be based on the PowerPoint presentation attached on © 13-50.) After the briefing, Executive staff will comment on their perspective on this recommendation, and AHCMC and Executive staff will be available to respond to Committee questions. The AHCMC has invited arts and humanities organizations to attend to hear the Committee discussion.

Background

In recent years, the County Council has encouraged the consolidation of arts and humanities funding within the Arts and Humanities Council NDA, and the allocation of funding through peer reviewed Arts and Humanities Council grants processes. During the County Council's review of the FY10 budget, the HHS Committee Chair expressed concern that although the number of grants earmarked by the Executive for direct distribution to certain organizations decreased dramatically from 17 in FY07 to three in FY08, the number had gone up to five in FY10.

The County Council ultimately approved the FY10 earmarks recommended by the Executive. The Committee Chair generally did not support earmarks, and would have preferred

transferring the funding which the Executive had recommended for earmarked grants¹ to the Arts and Humanities Council to use for a competitive allocation process.

When asked about the feasibility of this approach, the CEO of the AHCMC said that she had informed the organizations recommended for earmarks that the AHCMC would support the earmarks on a one-time basis for FY10, but would not support further earmarks in the future. She said that AHCMC staff planned to meet with the Executive to discuss how arts and humanities funding would move forward in the future. She committed to work to end earmarks after FY10.

Background on the Arts and Humanities Council's budget process, and the HHS Committee's discussion of earmarked grants was included in the Council worksession packet for the Arts and Humanities Council's FY10 operating budget. Relevant excerpts are attached on © 61-62. A list of FY10 earmarked grants is attached on © 63.

Arts and Humanities Council Recommendation

To prepare a recommendation, the Arts and Humanities Council prepared an overview of grants for the past eight years that have been made directly to large arts and humanities organizations (not including Operating Support grants administered by the Arts and Humanities Council). After reviewing the overview (summary information on © 17), Arts and Humanities Council staff determined that the number of earmarked grants fell off significantly in FY08 in conjunction with implementation of the first Phase of the Strategic Plan. Some factors that contributed to this change were an increase in the level of Operating Support - from 4% of an organization's total operating expenses in FY06 and FY07 to 8% in FY10, and a policy of grandfathering certain organizations, for which commitments were received for specific transition needs, at their FY07 total funding amount.

Arts and Humanities Council staff then reviewed the recommendations in the Strategic Plan and noted that one critical element of the plan, Advancement Grants, had not been implemented. Guidelines had been prepared, but no funds had been appropriated for them. Advancement grants (called "add-on" grants in the Strategic Plan) were intended to be available for organizations that are eligible for Operating Support based on evaluation of specific criteria and requests for specific activities or projects. Advancement Grant awards were to be determined through peer panel review.

The Plan envisioned that Advancement Grants of \$25,000 to \$200,000 might be used for projects such as community outreach, private fundraising initiatives, small facilities improvements, and transition needs. Major capital projects of more than \$200,000 were intended to be considered by the Executive and Council with input from the AHCMC, although not necessarily approved unless a compelling need or opportunity arises. (Strategic Plan recommendations on grant categories are attached on © 4-12.)

¹ The Committee Chair did not intend to change the earmark for AFI which has unique status as a national non-profit in the County and a long-standing agreement with the County regarding funding.

The draft guidelines for Advancement Grants provide that each year the specific purposes of the grant would be defined in response to current conditions. In light of the current economic situation, the Arts and Humanities Council recommends establishing Advancement Grants to help organizations address sustainability issues in FY11. The grants could be used to fund management efficiencies, technology improvements, physical plant repairs, and retention of staff critical to the organization's arts and humanities mission.

The Plan recommends funding Advancement Grants at 2% of the total operating budgets for the eligible organizations. The Arts and Humanities Council estimated that 2% would yield about \$1.2 million based on FY10 budgets. As currently proposed, an organization that receives an Advancement Grant would be required to match it with money from new or increased contributions from other sources.

Arts and Humanities Council staff believe that several steps must take place for Advancement Grants to be viable in FY11:

- The Executive would have to recommend funding for Advancement Grants in his FY11 budget.
- The County Council would have to approve the Executive's recommendations.
- Both the Executive and County Council would have to decline direct requests for funding and refer those organizations to AHCMC as potential Advancement Grant applicants.
- The AHCMC Board would have to adopt the Advancement Grant Guidelines for the FY11 grant year.
- Operating Support grants would have to be funded as close as possible to the Plan's stated goal of 8% of the grantee's annual expenses or income. (For FY10 they were between 5% and 6%.)

Executive Staff and Field Review

AHCMC staff met with Executive staff in July and August, and it is Council staff's understanding that Executive staff approve of this recommendation in concept, but caution that given the County's current general economic situation, it may not be possible to fund this recommendation. Funding levels, if any, will not be determined until the FY11 budget is developed several months from now.

AHCMC staff held a webinar on August 18 to discuss this proposal with organizations in the field, and the response was generally positive. They will hold a brown bag lunch for further field review on Tuesday, September 15, and will report on any feedback received at Thursday's Committee session.

This packet contains:

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MEMORANDUM

September 10, 2009

TO: Councilmember George Leventhal, Chair
Health and Human Services Committee, Montgomery County
Council

FROM: Suzan E. Jenkins, CEO 
Arts and Humanities Council of Montgomery County

RE: Recommendations on How to Eliminate Earmarks for Large Arts
and Humanities Organizations

In response to the discussion at the HHS Committee Meeting on April 17th, at the County Council budget hearing on May 11th, and with members of the offices of the County Executive and the Office of Management and Budget in July and August, the Arts and Humanities Council of Montgomery County (AHCMC) has investigated an approach to giving grants to large organizations that does not include "earmarks" or direct grants.

To do so, we first prepared an overview of grants for the past eight years that have been made directly to large arts and humanities organizations beyond the general operating support grants administered by the Arts and Humanities Council. After reviewing this chart, we noted that, while some of the organizations have received awards over the years of more than \$1.5 million, for the majority of organizations the amount of direct grants fell off significantly when the first phase of the AHCMC Strategic Plan was adopted. We believe this proves that the Plan had a positive impact on the field. (A summary of the direct grant awards by year is shown on page 5 of the attached Powerpoint presentation.)

We also noted that the direct grants to the grandfathered organizations ceased as of the implementation of the Strategic Plan, as recommended in the Plan, which also seems to confirm the Plan's effectiveness. At the same time, as an incentive to discourage requests for direct grants, FY08 operating support grants administered by AHCMC were increased to 7% of an organization's annual operating expenses from 4% in FY06 and FY07.

We then reviewed the recommendations of the Strategic Plan which, as you may recall, takes national best practices into consideration. Extensive research went into the preparation of the Strategic Plan that was conducted by a nationally

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recognized expert in public grant making. We noted that there was one critical part of the Plan that had not been implemented, that is, the Advancement Grant. Although AHCMC prepared guidelines for this grant category, funds were never appropriated for it.

In August, we updated the Advancement Grant guidelines to reflect current economic conditions. We then held a webinar on August 18 with the field to discuss this alternative approach to earmarks and to ask for their review of the proposed guidelines. The field reacted positively to the webinar and many wrote to say that they appreciate the fairness of the approach of this new category. The proposed guidelines, including the clarifications suggested by the field, and the Powerpoint overview that we shared with the field also are attached.

Thus, after vetting the concept with the office of the County Executive and the field, we are convinced that, as the Plan recommended, Advancement Grants must be established as the alternative for direct grants. Advancement Grants, referred to as “add-on” grants in the Plan, would be “based on evaluation of specific criteria and requests for specific activities or projects. . . . Not all organizations will receive add-on grants, but no organization’s base operating support funding will be reduced as a result of the decision on its add-on grant request.”

The Plan went on to explain that “add-on grant awards should be determined by peer panel review. Add-on grants may be requested for projects such as community outreach, private fundraising initiatives, small facilities improvements, and transition needs.” Also, given the significant increase in operating support grants that accompanied the implementation of the Plan, it was never intended that supplemental funding would be provided for the ordinary costs of operating an organization, such as rent and utilities. A copy of the relevant pages of the Strategic Plan is attached.

Originally, the grants were intended for new projects as well as transition needs. However, in light of the economic climate in which we find ourselves, we are recommending that Advancement Grants be focused on assisting large arts and humanities organizations to attain fiscal stability and long-term viability. For FY11, it is intended that this grant will not fund new programs. Instead, it is focused on management efficiencies, technology improvements, physical plant repairs and renovations, and retention or rehiring of staff critical to the organization’s core arts or humanities mission.

In our annual meetings with each of our operating support grantees, we learned how the current economic downturn is affecting them. We heard several urgent challenges that could be addressed though Advancement Grants, including

- Reductions in staff critical to the organization’s core mission;
- Assessments of technology improvements that can improve efficiencies and fundraising; and
- Deferral of significant renovations even though the improvements would result in increased earned revenues.

The draft guidelines also provide that each year the specific purpose of this grant will be defined in response to current conditions. This allows AHCMC to adjust the purpose of the grant. For example, during preparation of the Plan there was discussion of possibly giving preference to proposals that would strengthen diversity in the organization.

At the AHCMC Board meeting on Tuesday, September 8, board members voted unanimously to endorse the concept of Advancement Grants as a better policy than direct grants, re-affirming the recommendations of the Strategic Plan. On Tuesday, September 15, AHCMC will hold a brown bag lunch meeting for our grantees to discuss the second draft of the Advancement Grant guidelines. These guidelines will not be final until adopted by the AHCMC Board. Approval of all the guidelines for FY11 grant categories is scheduled for the November board meeting.

There are several steps that need to take place to make Advancement Grants a viable grant category for FY11:

- First, the County Executive must propose funding in his FY11 recommended budget for this grant. In the first year of implementing the Strategic Plan, we requested but did not receive \$800,000 to fund these grant awards. The Plan recommends that 2% of the total operating budgets of all the eligible organizations be designated for these grants. For FY10, 2% would yield about \$1.2 million.
- Second, of course, is that the County Council must approve the Executive's recommendations.
- Third, both the Executive and the County Council must decline requests that come directly to them for funding and refer those organizations to AHCMC as potential Advancement Grant applicants.
- Forth, the AHCMC Board must adopt these guidelines in preparation for the FY11 grant year.
- Finally, operating support grants must be funded as close as possible to the Plan's stated goal of 8% of the grantee's annual expenses or income.

The only exception to this process would be funding for large capital improvements. Advancement Grants are proposed to be available for amounts of \$25,000 to \$200,000. The Plan intended and we reiterate that major capital projects to be undertaken with County funds should be approved by our elected officials with input from AHCMC. Therefore, requests larger than \$200,000 might be considered by the Executive and Council, although not necessarily approved unless a compelling need or opportunity presents itself.

We appreciate the opportunity to present our position on eliminating direct grants and look forward to discussing these points with you.

Attachments

Arts & Humanities Council of Montgomery County
Strategic Plan Outline – Phase I
Approved by Arts and Humanities Council Board of Directors
January 16, 2007

EXCERPT ABOUT GRANT CATEGORIES

Introduction

In August, 2006, the Arts and Humanities Council of Montgomery County (AHCMC) contracted with a consultant, Bill Bulick of Creative Planning, to facilitate research and community engagement to develop a new Strategic Plan. The purpose of the planning process was to review progress made on the 2001 Cultural Plan--*Creative Montgomery*, and the significant cultural development over the last five years, assess current strengths and challenges, and provide AHCMC and Montgomery County with a clear set of goals and strategies for future cultural development. A new mission statement for the Arts and Humanities Council was developed as part of the planning process.

A particular focus of the planning effort was an assessment of publicly funded grantmaking in comparison to nationally accepted best practices. A Phase II of this process, to develop strategies to grow private philanthropy, has been added and will conclude in Spring of 2007.

The planning process included interviews and focus groups with community leaders, arts and humanities organizations and individuals (listed in Appendix XX), extensive review of background materials on cultural programs in Montgomery County, research of comparable program models from other communities, review of white papers and Plan draft documents with a Steering Committee and ongoing dialogue with the AHCMC board and staff. In late November, a draft was disseminated broadly to the field and comments invited over a month-long period. The current draft is based on careful consideration by AHCMC's Executive Committee of the excellent input received.

The Strategic Plan is organized around the topical categories of the 2001 *Creative Montgomery*. Each chapter is introduced with relevant overarching issues and guiding principles, based on findings from research and nationally accepted "best practices" in community cultural development.

Mission of the Arts and Humanities Council of Montgomery County

The mission of the Arts and Humanities Council of Montgomery County (AHCMC) is to promote, support, and expand a vibrant arts and humanities presence woven into the fabric of our diverse and inclusive community. As Montgomery County's designated arts and humanities funding and policy-making body, AHCMC will fulfill its mission in collaboration with arts and humanities stakeholders and community leaders by:

- Creating a cultural presence that encourages creativity and scholarly excellence as an integral part of everyday living;
- Providing opportunities for residents to explore their potential, to understand others, and to express themselves creatively;
- Celebrating the rich mosaic of individuals and organizations engaged in creative activity;
- Fostering cooperation and collaboration among individuals and organizations to benefit the arts and humanities, its financial supporters, and the public;
- Encouraging lifelong learning in the arts and humanities;
- Advancing the contribution of the arts and humanities to prosperity, economic growth, jobs, and the vitality of our County; and
- Promoting ongoing public and private investment to sustain the presence of the arts and humanities in Montgomery County.

I: Funding, Grants and Sustainability

The arts and humanities sector in Montgomery County has experienced significant growth in the numbers and sizes of organizations since the 2001 Cultural Plan. Montgomery County has invested over \$80 million in new cultural facilities and also increased funding for programs during this five-year timeframe through a combination of earmarks, "transition" grants and funding through the Arts and Humanities Council.

To compare this mix of funding mechanisms with other communities, the consultant conducted a scan of nationally accepted grantmaking "best practices," and detailed analysis of grantmaking policies and guidelines from several model programs: the Maryland State Arts Council and local arts councils in San Jose, Charlotte, Austin, Broward County, Florida and Pima County (Tucson), Arizona.

A Phase II of the Strategic Plan will investigate strategies to increase private philanthropy in Montgomery County and will be completed in Spring, 2007.

Issues and Guiding Principles

1. Total annual funding from Montgomery County for the arts and humanities during this timeframe has grown approximately five fold, from under \$1 million to approximately \$5 million. Much of the new funding has been focused around additional support for capital projects and "transition funding" for organizations using new facilities.
2. The 2001 Cultural Plan established a goal that the County would provide large organizations with operating support at a level of 10% - 15% of their annual operating expenses. This goal has not been met; and the growth in the number and budget size of eligible organizations has brought more competition for available funding. The aggregate budgets of organizations receiving operating support has grown from under \$10 million/year in 2001 to over \$40 million/year in 2006.
3. There is not yet a strong base of private funding for arts and humanities in Montgomery County.
4. Some organizations are carrying significant debt from facilities projects while others may be experiencing persistent operating deficits from other than carrying costs.
5. The mix of line item grants from the County and the grant programs of AHCMC has sparked conflict around issues of equity, access and need.
6. Our independent consultant has noted that, in an overwhelming majority of communities with local arts agencies, the policy and practice is that all cultural funding from the government goes through the locality's chartered cultural policy and funding organization.
7. Our consultant has further noted that major capital investments for cultural facilities are appropriately determined in the political arena by elected officials, in consultation with the locality's arts agency.
8. Successful grants programs allow effective comparisons and evaluation of like organizations within the grant categories.
9. Successful grants programs are managed to maximize efficiency and accountability, with the fewest number of categories possible.
10. The grants program needs to address the issue of identifying and determining the eligibility of organizations that warrant a yearly investment of public dollars for operating support.
11. Program grants, for organizations not receiving operating support, need to provide a wide variety of funding opportunities, including administrative support, cultural programs, and facility improvements.
12. The current process for considering and awarding transition grants and other line item grants bypasses the peer panel review process of AHCMC and takes place outside of the context of general operating support for grantee organizations.
13. An effective use of County funding is to leverage increased private sector funding by requiring matches and offering incentives.

14. Overall, the grants program must aim for fairness and balance within the context of overall available cultural funding.
15. It is important that the grants program encourage and help sustain the cultural ecosystem by continuing to support emerging and established organizations and leveraging private funds.

Funding, Grants and Sustainability Strategies

1. Policy, guidelines and decisions for arts and humanities grants for operating, program, project and management assistance should be determined through an AHCMC managed process that includes peer panel review with final approval by the AHCMC Board of Directors.
2. It is appropriate that proposals for major capital investments for cultural facilities by the County, including those done under an economic development agenda, should be developed by the County Executive and Council. County officials should invite input and consultation with AHCMC on capital projects.
3. Transition grants and other line item grants should be folded into the operating support program over the next few years through a clear process for determining their purpose and duration.
4. AHCMC should organize grantmaking into three categories – *Operating Support*, *Program Grants*, and *Project Grants*, and then draft guidelines and constitute peer panels accordingly.
5. Operating Support should be made available to both “core” arts and humanities institutions and “affiliate” arts and humanities organizations as these terms are defined below.
6. An organization is a “core arts or humanities organization” if it meets all of the following criteria:
 - A. Has met the following five criteria for at least 36 consecutive months immediately prior to the application deadline:
 - (1) Has as its primary mission the exhibition, presentation, production or performance of, and/or education in, an arts and/or humanities discipline;
 - (2) Holds current status under IRS code 501(c)(3) or is a specifically defined arts and/or humanities division within a larger 501(c)(3) organization;
 - (3) Has its principal office in Montgomery County;
 - (4) Is governed by an independent, legally liable board of directors operating under a mission statement for the organization and an operating budget specific to the organization; and

- (5) Offers not less than 51 percent of its programs and services in Montgomery County and these programs and services are open to the public, with or without an admission fee;
 - B. Had cash expenditures during the most recently completed fiscal year of \$150,000 or more with the exception that, for an organization that has incurred a deficit in its most recently completed fiscal year, eligibility will be based on the organization having had \$150,000 or more in cash income for the most recently completed fiscal year;
 - C. Has undertaken an audit for its most recently completed fiscal year, or will complete such an audit within 60 days of submitting this grant application;
 - D. Had cash expenditures during the most recently completed fiscal year of \$150,000 or more with the exception that, for an organization that has incurred a deficit in its most recently completed fiscal year, eligibility will be based on the organization having had \$150,000 or more in cash income for the most recently completed fiscal year;
 - E. Has undertaken an audit for its most recently completed fiscal year, or will complete such an audit within 60 days of submitting this grant application;
 - F. Has on its staff a full-time (35 hours or more) administrator, e.g., executive director, managing director, administrative director, and this position has been filled for not fewer than 12 months prior to submitting the application; and
 - G. Has sufficient cash income from non-governmental sources to match *Operating Support* from AHCMC dollar for dollar.
7. An organization is an "affiliate arts or humanities organization" if it meets all of the following criteria:
- A. Has as its primary mission the exhibition, presentation, production or performance of, and/or education in, an arts and/or humanities discipline;
 - B. Holds current status under IRS code 501(c)(3) or is a specifically defined arts and/or humanities division within a larger 501(c)(3) organization;
 - C. Carries out an annual season of programming in Montgomery County on the premises of a "core" organization;
 - D. Has its principal office outside of Montgomery County, but has
 - (1) A local (301 or 240 exchange) telephone number; and
 - (2) Staff present on the premises of a core arts or humanities organization at least 1,000 hours a year distributed over no fewer than 40 weeks during the year;

- E. Has an agreement with a core arts or humanities organization to provide a regular season of programming or educational services at the facility of the core arts or humanities organization during FY08;
- F. Has on its staff a full-time (35 hours/week or more) administrator, e.g., executive director, managing director, administrative director, and this position has been filled for not fewer than 12 months prior to submitting the application;
- G. Has undertaken an audit for its most recently completed fiscal year, or will complete such an audit within 60 days of submitting this grant application; and
- H. Has sufficient cash income from non-governmental sources to match *Basic Support* from AHCMC dollar for dollar.

8. The first portion of operation support should be a base amount equal to a percent of eligible expenses of income (whichever is lower). The goal, depending on funding available from the County, is for the base grant to be 8% for organizations under an annual eligible budget of \$6 million.
9. For organizations with eligible budgets over \$6 million, the grant award for the base amount of operating support should be calculated based on a percentage that is graduated downward from 8%, as budget size increases, to not lower than 5% as follows:
 - 8% on the first \$6 million of eligible budget amount,
 - 6% on the next \$200,000 of eligible budget amount,
 - 5% on the next \$200,000 of eligible budget amount,
 - 4% on the next \$200,000 of eligible budget amount,
 - 3% on the next \$200,000 of eligible budget amount,
 - 2% on the next \$200,000 of eligible budget amount,
 - 1% on amounts over \$7 million of eligible budget amount with a grant limit of 5% of total eligible budget amount. This formula should be adjusted if base operating support grants are more or less than 8%.
10. To the extent that County appropriations allow, operating support funding should be calculated so that the BSO at Strathmore, National Philharmonic, and Glen Echo Park Partnership for Arts and Culture – organizations that have experienced specific transition needs and have received support and commitments for future support for those needs consistently over the past several years – will be grandfathered into the grants process and will receive not less than their FY07 total award amounts until such time as the amounts of their operating support grants, calculated under the new policy, exceeds their FY07 total award amounts. If, due to significantly reduced County appropriations, the percentage

used to compute operating grant awards for all grantees is reduced to less than the previous year's percentage, the grandfathered organization's support grants will be reduced in the same proportion. During the time that an organization is covered by this grandfather provision, it may not apply for an add-on grant as described below.

11. The second part of operating support should be an additional amount of funding available for distribution as add-on grants to organizations based on evaluation of specific criteria and requests for specific activities or projects. It is intended that 2% of the total of all operating budgets would be available for add-on grants. Not all organizations will receive add-on grants, but no organization's base funding will be reduced as a result of the scores.
12. Add-on grant awards should be determined by peer panel review. Add-on grants may be requested for projects such as community outreach, private fundraising initiatives, small facilities improvements, and transition needs. Applicants requesting an add-on grant for "transition needs" will be asked to describe, in detail, the nature and duration of their "transition." Use of the add-on award for transition will be evaluated annually. It is intended that no organization should receive a transition grant for more than five years.
13. AHCMC should advocate for sufficient funding from Montgomery County for base operating support and add-on grant awards to enable qualified organizations to receive, on average, up to 10% of their eligible budgets, in keeping with the goals of the 2001 Cultural Plan.
14. Program Grants should be made available to 501(c)(3) arts and humanities organizations that are not receiving General Operating Support or Project Grants. Program Grants should support:
 - A. Ongoing programming, e.g., concert series, educational programming, festivals, theatrical season;
 - B. Small facility improvements, renovations, equipment upgrades not to exceed \$30,000 and not construction of new facilities or major capital projects; and
 - C. Professional/organizational development including self-defined technical assistance or capacity-building activities, e.g., training, paid administrative staff, strategic planning and transition expenses.
15. Program Grants should be competitive based on peer panel review.

16. Program Grants should require a 1:1 match of the grant amount; the source of the required match should not necessarily be cash, and should be flexible.
17. Program Grants should be structured to allow any one organization to receive up to \$30,000 in one fiscal year, consisting of separate grants in more than one category, or a single grant in one category. Each grant request should be not less than \$1,000.
18. AHCMC should seek funding sufficient to award approximately 35-50 grants each year of \$10,000 each.
19. AHCMC should investigate whether it is feasible to approve 2-3 year grant awards with funds distributed annually to assist organizations with budgeting and assure consistent program funding.
20. Project Grants for arts or humanities activities should be made available to small organizations or groups of artists, scholars or other individuals that are not receiving Operating Support or Program Grants. Nonprofit 501(c)(3) status should not be a requirement for the applicant. Grants of up to \$5,000 should be awarded for a variety of activities, including:
 - A. Creative or scholarly projects;
 - B. Capacity-building activities; and
 - C. Community-based arts and humanities activities that bring qualified artists and scholars to social service organizations, libraries, neighborhood associations, summer school or summer camp programs, and similar community-based organizations. As part of the procedure for implementing community-based activities:
 - (1) Artists and scholars should be screened by a panel and identified as qualified to receive these grants;
 - (2) A qualified artist or scholar should remain on the qualified roster for three years before having to apply again.
 - (3) Culturally-diverse artists and scholars should be encouraged to apply for the roster.
 - (4) Community-based organizations should apply in a simplified process to bring in an artist or scholar from the "pre-qualified" roster.
21. AHCMC should pursue other activities to improve the AHCMC grant program including the following:
 - A. Implement an online e-grants approach;

B. Adapt its grant application forms to conform as closely as possible to other models, such as the Washington Regional Association of Grantmakers and the Maryland State Arts Council (MSAC).

C. Participate in and implement the Cultural Data Project, a statewide effort to create a web-based system that supports e-grants and allows each arts and humanities organization to enter its own financial and other data one time for multiple funders. This project will allow organizations to enter data once for use by both MSAC and AHCMC. It then allows the funders to gather and organize information about the arts and humanities constituency to depict and analyze trends and needs.

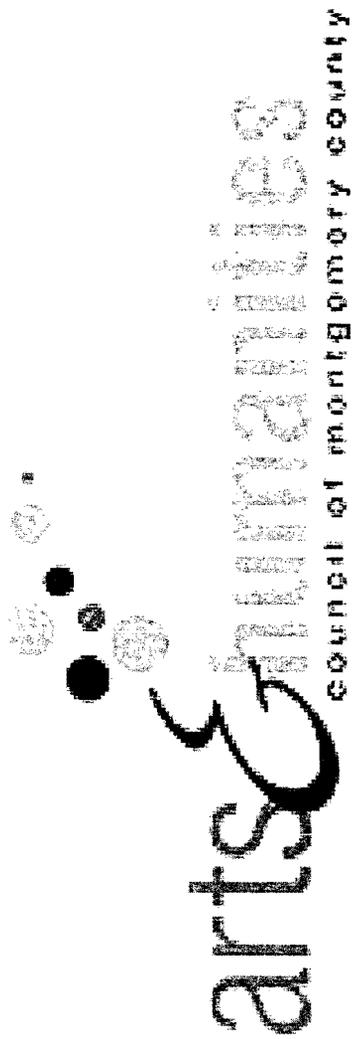
D. Prepare a budget request to the County that will provide adequate funding to achieve this level of grant making and advocate along with its constituent organizations for its approval.

E. Add one full-time staff (FTE) and dedicate half to provide further assistance with the grants program and the other half to the closely allied role of enhancing technical and management assistance programs (See also Capacity Building and Professional Development).

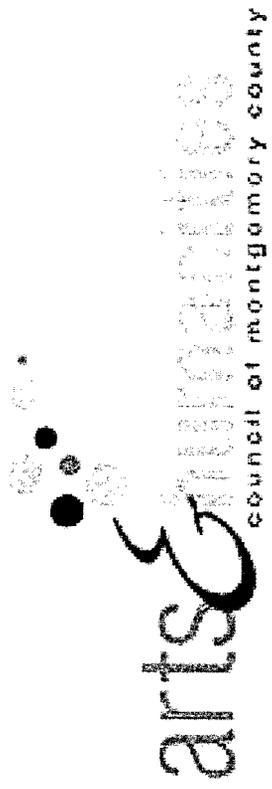
F. Continue to work with the Community Foundation of the National Capital Region and LINC (Leveraging Investments in Creativity), a national project supported by the Ford Foundation, to identify and secure resources to support individual artists and the creation of new work.

22. AHCMC, County leaders and cultural leaders should explore strategies in the future to leverage increased private philanthropy. Phase II of this planning process will further research these opportunities.

23. AHCMC, County leaders and the cultural community should explore dedicated funding sources, such as a local fee or tax with proceeds going directly to fund arts and humanities programs.



Discussion Regarding Earmarks



BACKGROUND



In FY2008 AHCMC implemented a Strategic Plan with support from the County Executive and County Council.

All aspects of the Strategic Plan were implemented *except* for Advancement Grants.

In Spring 2009 County Council requested that AHCMC recommend an approach to giving grants to large organizations that does not include “earmarks” or direct grants.



In conjunction with OMB, AHCMC researched grants for the past 8 years that have been made directly to large arts and humanities organizations beyond the general operating support grants administered by AHCMC.



Direct Grant Amounts FY02-FY10

FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	TOTAL
\$2,736,900	\$582,500	\$239,500	\$1,381,180	\$2,327,690	\$4,068,490	\$790,000	\$665,000	\$600,000	\$13,391,260

FY06 & FY07 includes Cultural Facilities Grants

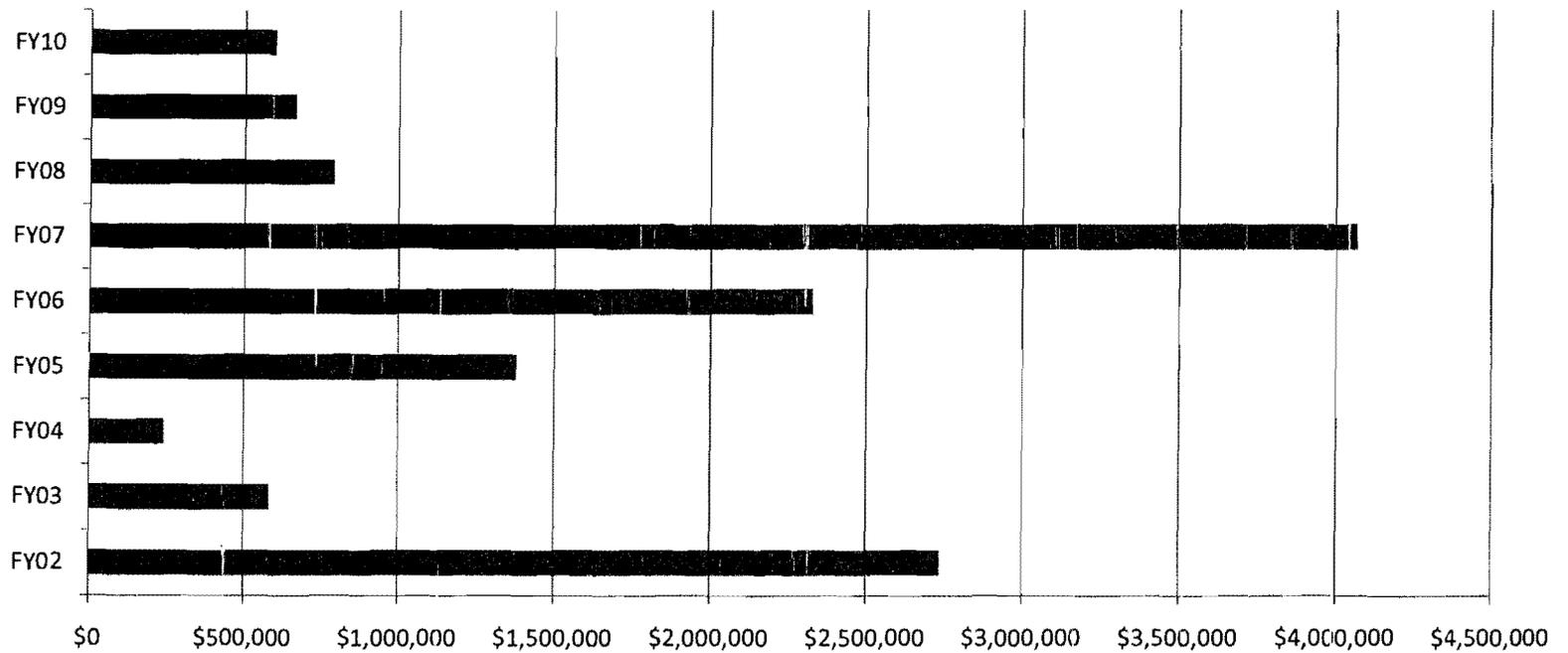
FY07 includes Transition Grants

FY08 is first year of implementation of AHCMC Strategic Plan

8/18/2009



Direct Grant Amounts FY02-FY10



8/18/2009



After reviewing the research, AHCMC noted that, for the majority of organizations, the amount of direct grants fell off significantly when the first phase of the AHCMC Strategic Plan was adopted in 2008.



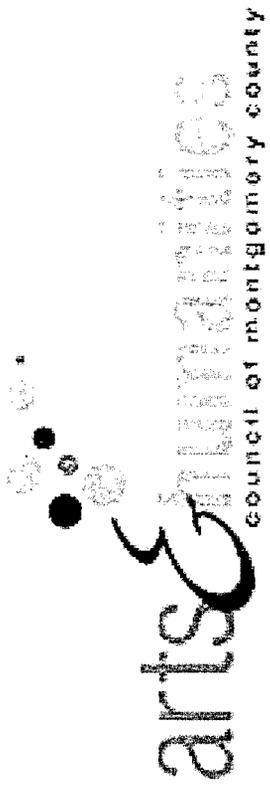
As recommended in the Strategic Plan, direct grants to the grandfathered organizations ceased as of the implementation of the Strategic Plan.



At the same time, as an incentive to discourage further requests for direct grants, FY08 operating support grants administered by AHCMC were increased to 7% of an organization's annual operating expenses from 4% in FY06 and FY07.



AHCMC then reviewed the recommendations of the Strategic Plan which takes national best practices into consideration.



CONCLUSION



AHCMC is convinced that, as the Strategic Plan recommended, Advancement Grants must be established as the alternative for direct grants.



Advancement Grants, referred to as “add-on” grants in the Plan, would be “based on evaluation of specific criteria and requests for specific activities or projects. . . . Not all organizations will receive add-on grants, but no organization’s base operating support funding will be reduced as a result of the decision on its add-on grant request.”



RECOMMENDATIONS



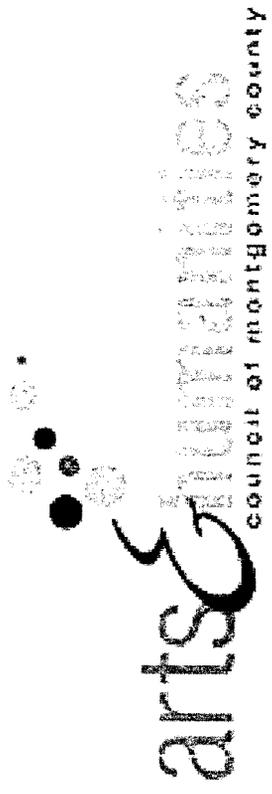
In the spring and summer of 2009, AHCMC met with OMB and Special Assistants to the County Executive to recommend that the Advancement Grants be focused on assisting large arts and humanities organizations to attain fiscal stability and long-term viability.



For FY11, it is intended that this grant will not fund new programs. Instead, it is focused on management efficiencies, technology improvements, physical plant repairs and renovations, and retention of staff critical to the organization's core mission.



OMB and the Special Assistant to the County Executive approved of AHCMC's recommended approach to earmarks but noted that budget appropriations for FY11, *if any*, for our recommendation will not be considered until much later this year.



NEXT STEPS



There are several steps that need to take place to make this a viable grant category for FY11.

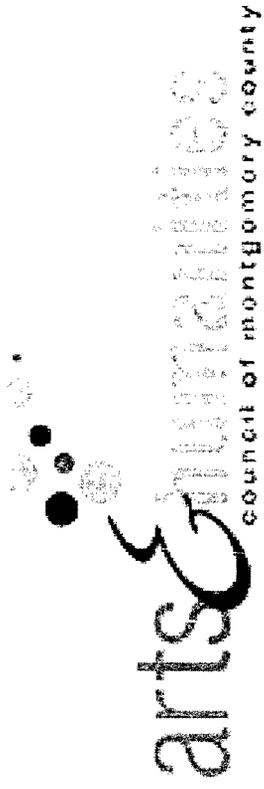


The HHS Committee Session to discuss earmarks is scheduled for September 17, 2pm, 3rd floor conference room—all are welcome

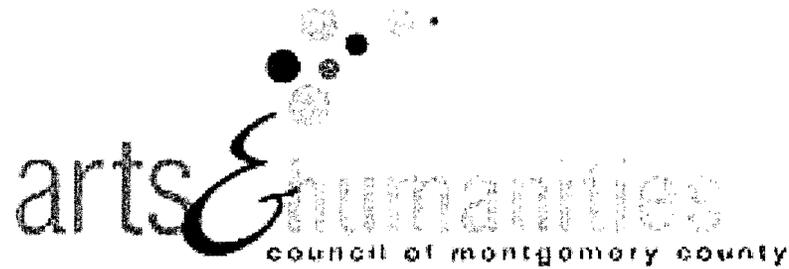


The County Executive must propose funding in his FY11 recommended budget for this grant.

The Plan recommends that 2% of the total operating budgets of all the eligible organizations be designated for these grants. For FY10, 2% would yield about \$1.2 million.



The County Council must approve the Executive's recommendations.



Most importantly, both the Executive and the County Council must decline requests that come directly to them for funding and refer those organizations to AHCMC as potential Advancement Grant applicants.



Finally, funding for operating support grants must be funded as close as possible to the Plan's stated goal of 8% of the grantee's annual expenses or income.

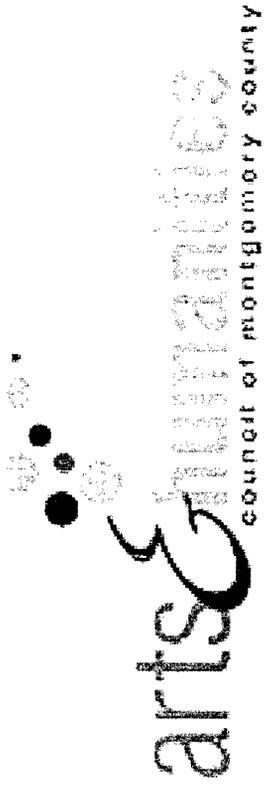


The only exception to this process would be funding for large capital improvements.



The Plan intends that major capital projects to be undertaken with County funds should be approved by our elected officials with input from AHCMC.

Requests larger than \$200,000 might be considered by the Executive and Council, although not necessarily approved unless a compelling need or opportunity presents itself.



SUMMARY OVERVIEW OF DRAFT FY11 ADVANCEMENT GRANT



Following completion of this webinar, draft Advancement Grant Guidelines will be emailed to all large organization grantees for comments and feedback.



Purpose

- To provide supplemental funding that will assist large organizations in attaining fiscal stability and long-term viability.
- Will not fund new programs.
- Focused on management efficiencies, technology improvements, physical plant repairs and renovations, and retention of critical staff necessary to achieve the organization's core mission.



Award Amount

- \$25,000-\$200,000
- Intent (depending on funds available) to fund not less than 75% of the grant amount requested.



Applicant Eligibility

- Large organizations that qualify for and receive General Operating Support.
- Organizations receiving grandfathered operating support are not eligible.



Proposal Eligibility

- Must address urgent needs of the organization, such as staff retention, technology upgrades, stabilization, or recovery from unforeseen events, and
- Must contribute to the organization's fiscal stability and long-term viability.



Restrictions

- One application and one award for one project/activity per year.



Required Match

- Cash match of one dollar for every dollar of grant awarded.
- Match cannot be from County government sources.



Panel Process

- Advisory review panel will evaluate applications based on:
 - Quality of proposed activities and people who will participate (25 points)
 - Impact of proposed activity on urgent needs, fiscal stability and long-term viability (50 points)
 - Appropriateness of budget and amount of grant request (10 points)
 - Expectations for matching funds (15 points)

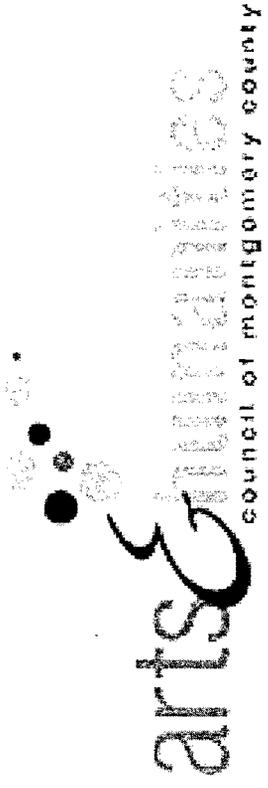


Awards

- Number of awards determined by amount of funds provided by County.
- Approval or disapproval of this award has no effect on General Operating Support Grant.



QUESTIONS/COMMENTS



Thank You for Participating!



FY2011 Guidelines for

Advancement Grants for Large Arts and Humanities Organizations

**These grants are available to organizations
that qualify for *Operating Support Grants to Large Arts and
Humanities Organizations***

**Deadline: (tentative) Tuesday, February 3, 2010 (concurrent
with Operating Support deadline) – midnight**

Applications will be accepted for the fiscal year 2011 (July 1, 2010 – June 30, 2011).
Announcement of these grant awards is anticipated in mid-June 2010, pending approval
by the County Council of the County's FY11 Operating Budget.

**NEW: All applications must be submitted online at
creativemoco.cgweb.org**

Free Grant Preparation Workshops:
TBD

Arts and Humanities Council of Montgomery County
801 Ellsworth Drive, Silver Spring, MD 20910
Phone: 301-565-3805 Fax: 301-565-3809
Email: grantsinfo@creativemoco.com
Web: www.creativemoco.com

*All grant funding is subject to fiscal appropriation, reduction or termination
by the Montgomery County Government.*

FY2011 Advancement Grants for Large Arts and Humanities Organizations

Introduction

Advancement Grants for Large Arts and Humanities Organizations are available to nonprofit arts and humanities organizations that qualify and are applying for *General Operating Support Grants for Large Arts and Humanities Organizations*.

Grants are awarded for use between July 1, 2010 and June 30, 2011. Grant payments for FY2011 will not be made until the organization has met all narrative and financial reporting requirements for any grant(s) received from the Arts and Humanities Council of Montgomery County (AHCMC) during past fiscal years.

Advancement Grants are intended as supplemental funding for special purposes. Each year, the specific purpose of this grant will be defined in response to current conditions. For FY11, these grants are intended to assist large arts and humanities organizations in attaining fiscal stability and long-term viability. In general, it is intended that the grant will not fund new activities. Instead, it is focused on management efficiencies, technology improvements, physical plant repairs and renovations, and retention of staff critical to an organization's arts or humanities mission.

The amounts awarded for *Advancement Grants* will range from \$25,000 to \$200,000. Grant awards will be determined based on a competitive process that includes review by an advisory panel. The panel will evaluate the applications on the basis of the criteria contained in these guidelines.

These grants require a cash match of one dollar for each dollar of grant amount. Grant payments are made in two installments. The first installment will be 80% of the grant award. The remaining 20% will be paid when evidence is presented that the match for the entire amount has been obtained.

Not all applicants will be awarded *Advancement Grants*, but no organization's *General Operating Support Grant* will be influenced by the decision on its *Advancement Grant* request.

These grant guidelines are revised annually as deemed appropriate by the Board of Directors of AHCMC based on a review of the past year's experience in administering the grants and current needs of large arts and humanities organizations.

Organization Eligibility

1. An organization is eligible to apply for an FY2011 *Advancement Grant* only if it is eligible to receive and is applying for an FY2011 *General Operating Support Grant to Large Arts and Humanities Organizations* as described in the applicable guidelines.
2. Any organization that has been grandfathered into the *General Operating Support* grants process by action of the County Council in approving the County's FY11 Operating Budget is not eligible to apply for an *Advancement Grant*.

Grant Preparation Assistance

Free Workshops

AHCMC will conduct **free grant preparation workshops** on:

TBD (same day as GOS)

AHCMC, 801 Ellsworth Drive, Silver Spring

TBD (same day as GOS)

First Floor Auditorium, Council Office Building, 100 Maryland Avenue, Rockville

Both workshops will cover the same material.

The workshops will instruct prospective applicants in how to complete the grant application. AHCMC strongly encourages all potential applicants to attend a workshop, but attendance is not mandatory. Whether an applicant attended a workshop will not be a factor in evaluating the application. However, the grant preparation assistance provided at the workshop may improve the likelihood of a grant application receiving a favorable evaluation by the review panel.

Personal Appointments

Those unable to attend may schedule an appointment to discuss the application preparation process. Also, a prospective applicant may schedule an appointment following a workshop if additional assistance is needed in completing an application. Daytime and evening appointments are available. Consultation services in languages other than English also are available.

Please call 301-565-3805 or send an email to grantsinfo@creativemoco.com for answers to questions, directions to workshops, to reserve space in a workshop, or to schedule an appointment.

Grant Amounts

1. The award amounts for *Advancement Grants* will be established by decision of the Board of Directors of the Arts and Humanities Council of Montgomery County (AHCMC) based on the recommendations of an advisory review panel, the AHCMC staff, and the Grants Committee of AHCMC, and will depend on the amount of funds available to be distributed.
2. Depending on the amount of funds available to be granted, it is the intent of AHCMC that grants will not be awarded for less than 75% of the grant amount requested.

Eligible Proposals

1. An *Advancement Grant* will be funded only if it proposes to address urgent needs of the organization, such as staff retention, technology upgrades, stabilization, or recovery from unforeseen events, and if the proposal will contribute to the organization's fiscal stability and long-term viability.
2. Eligible proposals include, but are not limited to:
 - Purchase of equipment or software intended to upgrade the organization's technological capacity or management efficiency;

- Board or staff training, such as financial management;
- Retention or rehiring of a critical staff position necessary to achieve the organization's core arts or humanities mission, excluding development staff; and
- Facility repairs or renovations.

Grant Restrictions

1. The expenditures for the proposed activity must occur after July 1, 2010 and before June 30, 2011 and may not take place before a Grant Agreement between the organization and AHCMC has been executed.
2. An organization may apply for and may be awarded an *Advancement Grant* in an amount that is not less than \$25,000 and not more than \$200,000.
3. An organization may apply for only one *Advancement Grant* each year and each application may request funding for only one project, activity or program.
4. These grants will not fund:
 - Programs that take place outside of Montgomery County;
 - Scholarships or tuition assistance awarded by the organization for its own activities;
 - Development staff positions and expenses that are incurred in connection with fundraising;
 - Costs of receptions, refreshments and food;
 - Political advocacy or any partisan activity that promotes the interests of any one political party or candidate; and
 - Travel outside the country.

Required Match

1. The applicant must demonstrate the ability to provide a cash match for the proposed *Advancement Grant* of one dollar for every dollar of grant funds awarded.
2. At least 50% of the cash match must be from sources that are new to the applicant including new donors and increased gifts from past and current donors. Increased gifts from past and current donors must be counted as the amount given above the past fiscal year's gift.
3. Except as restricted below, the remaining match may be from any source, including reserves, ticket sales, tuition, or State and Federal grants.
4. The match may not include:
 - a. In-kind contributions or donated services;
 - b. Any earned revenue from County government or grants from County government sources.
5. The match does not need to be on hand at the time the application is submitted. However, documentation available at the time the application is submitted to substantiate the organization's ability to raise the matching funds should be included with the application.

Evaluation Process and Criteria

Process

An Advisory Review Panel will evaluate each grant application based on the criteria listed below. This panel concurrently will be reviewing General Operating Support Grant applications from the same organizations. The meeting of the panel is open to applicants who wish to observe. Applicants are not permitted to make any comments or participate in any way at the panel meeting.

Based on the recommendations of the panel, AHCMC staff will recommend grant award amounts to AHCMC's Grants Committee. The Committee will review and revise, as necessary, the grant awards and forward its recommendations to the AHCMC Board of Directors. The Board of Directors has final authority to approve all grant awards.

The AHCMC staff will discuss the panel's comments on a particular application at the request of that applicant following final action on the grants. An applicant may contact the grants staff at 301-565-3805 or grantsinfo@creativemoco.com.

Criteria

Each *Advancement Grant* application will be evaluated based on the criteria that follow.

1. MANAGEMENT AND PLANNING (50 points total, as follows)

a. Quality of Proposed Activity (25 points)

To what extent are the following criteria met?

- The proposal demonstrates a commitment to quality and creativity appropriate to the proposed activity/project and to the applicant's resources.
- The individuals who have participated in the planning and who will direct, manage and/or participate in the proposed project are well-qualified.

b. Appropriateness of Budget and Amount of Grant Request (10 points)

To what extent is the budget:

- Reasonable, realistic, clear and complete?
- Appropriate for the scale of the proposed project?
- Adequate to achieve the proposed objectives?

c. Expectations for Matching Funds (15 points)

To what degree do the proposed sources and amounts of anticipated matching funds appear to be reasonable and attainable?

2. EFFECTIVENESS OF PROPOSED ACTIVITY (50 points)

To what extent are the following criteria met?

- The proposal addresses urgent needs of the organization.
- The proposal is significant to the mission and core work of the organization.
- The project objectives are clearly stated and achievable.
- The proposal will be an effective way to reach these objectives.
- Achieving these objectives will benefit the organization's fiscal stability and long-term viability.

Grant Agreements and Reporting

Following the award of an *Advancement Grant*, an authorized representative of each grantee organization must sign a Grant Agreement with AHCMC stating that the organization, in addition to all of the requirements for the *General Operating Support Grant*, agrees:

- To use the grant funds only for the purposes described in the grant proposal;
- Not later than July 31, 2011, to submit a final report on forms provided by AHCMC, presenting information about the implementation of the activity funded by this grant;
- To submit evidence that the required match has been obtained; and

- That, if the organization determines that it is not possible to carry out the activity as described in the grant proposal, the organization will return the grant funds or seek written approval from AHCMC to change the activity. Any change in a grantee's funded activity, be it content or timing, must be requested in writing and approved by AHCMC before the change occurs.

FY11 Advancement Grants to Large Arts and Humanities Organizations Application Cover

Name of Organization:	(If applying as an arts/humanities division within a non-arts/humanities organization, list as (Name of division) of (Name of organization))	
Mailing address:		
City, State, Zip:		
Name of contact (grant writer):		
Contact Title:		
Contact Telephone:		
Contact E-mail:		
Telephone Number of Organization:		
Organization's Web Address:		
Amount Requested for Advancement Grant:	\$	Proposal Title (No more than 10 words):
Signature and Date (in blue or red ink) of Executive Director:		Date:
Printed/Typed Name and Title:		
Signature and Date (in blue or red ink) of Board Officer:		Date:
Printed/Typed Name and Title:		

Using no more than 50 words, provide a brief overview of the proposal starting with "The proposed grant will be used to (for) . . ."

FY11 Advancement Grants to Large Arts and Humanities Organizations Proposal

Organization Name:
Brief Proposal Title:

MANAGEMENT AND PLANNING (50 points total, as follows)

Quality of Proposed Activity (25 points)

1. **WHAT:** Provide a detailed description of the activity/project that is being proposed.
2. **WHY:** Explain what makes this important for the organization and worthy of funding.
3. **WHEN/WHERE:** When and where will the activity/program/project take place? Be as specific as possible.
4. **WHO:** List and briefly describe the skills of the key individuals—staff, volunteers and/or contractors—who have been responsible for planning the proposed activity and those who will be responsible for implementing it. (Note that resumes of these individuals—no longer than one page each, must be included with the proposal, or if the individuals have not been selected, please include a job description or if contractors, a request for proposals, including required qualifications.)
5. **HOW:** Describe the steps the organization has taken to plan, design and develop its approach to and the components of this proposed activity.
6. Appropriateness of Budget and Amount of Grant Request (10 points) Note: Budget on next page and the organization's budget included in the General Operating Support Grant application are also part of the score on this section.

Complete the table below summarizing sources of matching funds.
(Additional lines may be added as needed.)

Brief Description of Source of Match	Amount	Guidelines Require
		Match must be all cash, not from County government sources.
1. Cash Match from New Sources		At least 50% must be from new sources.
	\$	
	\$	
	\$	
2. Cash Match from Sources that are Not New		
	\$	
	\$	
	\$	
Total Match	\$	Must equal or be more than Grant Request.

7. Expectations for Matching Funds (15 points)

Briefly explain how the organization plans to obtain each source of the required match shown on the table above. Include the explanation as part of the response to this question, not as an attachment. Include documentation for the sources of the proposed match as an attachment.

8. Will the organization still undertake this activity or any part of this activity if the grant award is smaller than the amount requested? If only a part of the proposed project will be completed, please explain.

EFFECTIVENESS OF PROPOSED ACTIVITY (50 points)

9. Explain the objective of undertaking this activity/project.
10. Explain the significance of this proposal to the mission and core work of the organization.
11. Explain how completion of the proposed project will contribute to the organization's financial viability and fiscal stability.
12. Explain why this activity/project is urgently needed by the organization.

FY11 Advancement Grants to Large Arts and Humanities Organizations Budget

Organization Name:
Brief Project Title:

Include **only** expenses and income-specific to **this grant request**. This is **not** the organization's total budget.

Please describe the expenses and income with as much detail as possible. Please add one page titled *Budget Notes for Advancement Grant Proposal* explaining (1) how the figures shown here have been calculated if they are not completely explained in the table, and (2) the basis of any expenses and income that cannot be completely described in the space provided.

EXPENSES (Use * to note which line items will be paid with grant funds.)

Description of Line Item Expenses	Amount (\$)
TOTAL EXPENSES	

INCOME

<u>Sources of cash income</u>	
TOTAL INCOME <u>NOT</u> FROM GRANT REQUEST	
+ AHCMC GRANT REQUEST	
= ALL INCOME	

PLEASE NOTE: Total of All Income MUST equal Total Expenses.

BACKGROUND ON THE BUDGET PROCESS

For several years through FY05, the Executive recommended a budget for the Arts and Humanities Council which was funded in an Arts and Humanities Council NDA. In addition, the Executive recommended grants to individual arts and humanities organizations ("earmarked grants") which were funded in a Support for the Arts and Humanities NDA administered by the Department of Recreation. Some of the Executive's recommendations were based on competitive grant processes, and some were based on direct requests for funding. Some of Arts and Humanities organizations also appealed directly to the County Council for funding. Any approved Council requests were also included in the Support for the Arts and Humanities NDA.

In FY06, the Council approved an HHS Committee recommendation to appropriate all of the operating budget funds for arts and humanities grants in the Arts and Humanities Council NDA with County Council direction about how the funds were to be spent. The Council approved a total of \$3.9 million for the Arts and Humanities Council NDA, of which \$1.37 million was for the Arts and Humanities Council, and \$2.59 million was for 12 earmarked grants.

For FY07, the Council requested that the Arts and Humanities Council propose a consolidated arts and humanities budget, and encouraged all arts and humanities organizations to apply for FY07 grant funding through the Arts and Humanities Council.

For the FY07 budget, in addition to developing a funding request for its own operations, the Arts and Humanities Council solicited applications for Transition Grants and Cultural Facilities Improvement Grants. The Arts and Humanities Council presented a consolidated budget request to the Executive and Council, and the Council approved a combination of \$1.6 million for Arts and Humanities Council funding and \$4.3 million for 17 earmarked grants, all (with the exception of funding for the American Film Institute) to be administered by the Arts and Humanities Council.

For FY08, the Arts and Humanities Council continued to move toward consolidation and overall administration of arts and humanities funding, as requested by the County Council, by developing a new Strategic Plan. Among other things, the Plan recommended a substantial restructuring of the Arts and Humanities Council's grant categories. In particular, the Plan recommended increasing operating support for large organizations, in part, to reduce the number of requests for individual earmarked grants.

For FY08, the Arts and Humanities Council submitted a consolidated budget request based on the recommendations in the Strategic Plan. The Executive recommended, and the Council approved, an FY08 budget that incorporated funding for most of the realigned grant categories plus three earmarked grants.

For FY09, the Executive recommended funding for the same grant categories as in FY08. The Executive also recommended three earmarked grants totaling \$1,065,000, plus \$100,000 in the Community Grants NDA for the Heritage Tourism Alliance. The

Council approved the recommendations for the Arts and Humanities Council, the three earmarked grants, and the transfer of the \$100,000 Heritage Tourism Alliance grant to the Arts and Humanities Council NDA.

For FY10, the Executive continues to recommend funding in the same grant categories as in FY08 and FY09, but has reduced the total amount available for Arts and Humanities Grants by -5%. The Executive has also recommended earmarked grants for five organizations totaling \$1,106,250.

The table below summarizes the breakout of funding for the Arts and Humanities Council NDA from FY06 to FY10.

Breakout of Arts and Humanities Funding, FY06-10					
	FY06	FY07	FY08	FY09	FY10 Rec.
Arts and Humanities Council					
Operating Support	976,000	1,236,660	3,306,670	3,247,830	3,085,390
Grants and Programs	107,860	107,860	500,000	518,840	492,930
Administration	288,050	288,050	333,810	373,810	374,810
Public Arts Trust Maintenance			10,000	10,000	10,000
Total	1,371,910	1,632,570	4,150,480	4,150,480	3,963,130
Number of earmarked grants to organizations	12	17	3	4	5
Total earmark \$\$	2,591,690	4,333,920	1,200,000	1,165,000	1,106,250
Total Arts and Humanities Council NDA	3,963,600	5,966,490	5,350,480	5,315,480	5,069,380

HHS COMMITTEE DISCUSSION: The Committee Chair discussed the County Council's effort to consolidate all arts and humanities funding in the Arts and Humanities Council. The intent was to eliminate earmarked grants, and to direct all requests for arts and humanities funding through the Arts and Humanities Council. The Arts and Humanities Council was to become the focal point for funding and advocacy for local arts and humanities organizations.

The Committee Chair expressed concern that the Executive's recommendation for an increase in earmarked grants for FY10 is moving in the wrong direction. He was concerned that organizations bypassed the Arts and Humanities Council and did not go through a competitive process to seek funding. He suggested that another approach might be to transfer the funding which the Executive had recommended for earmarked grants¹ to the Arts and Humanities Council to use for competitive Advancement Grants (described on page 7 of this memo).

When asked about the feasibility of this approach, the CEO of the AHCMC said that she had informed the organizations recommended for earmarks that the AHCMC would support the earmarks on a one-time basis for FY10, but will not support further earmarks in the future. AHCMC staff plans to meet with the Executive to discuss how arts and humanities funding will move forward in the future. The AHCMC will work to end earmarked grants after FY10.

¹ The Committee Chair did not intend to change the earmark for AFI which has unique status as a national non-profit in the County and a long-standing agreement with the County regarding funding.

36. During FY10, the Council estimates that the Director of Finance will transfer the following amounts from the General Fund to these Non-Tax Supported Funds:

Amount	Fund
\$ 1,941,510	Solid Waste Disposal Fund
19,919,270	Montgomery Housing Initiative
1,153,770	Permitting Services Fund: Public Agency Permits and Green Tape Position
1,581,510	MCPS Instructional Television Fund
1,319,940	Montgomery College: Cable TV Fund
25,000	Community Use of Public Facilities

37. For FY10 this resolution appropriates \$5,069,380 to the County Arts and Humanities Council Non-Departmental Account, which must be allocated as follows:

Purpose	Amount
Arts and Humanities Council Activities	
Operating Support	\$3,085,390
Small/Mid-Size Organizations, Creative Projects, Arts Education, and Individual Artist/Scholar Grants	492,930
Public Arts Trust Maintenance	10,000
Administration	374,810
Total Arts and Humanities Council Activities	\$3,963,130
Assistance to Individual Organizations	
American Film Institute (Silver Theatre operating support, which AFI must repay from net revenues before any revenue sharing with the County)	506,250
Heritage Tourism Alliance (operating support – match for State funds)	75,000
Imagination Stage (facility debt service and/or debt retirement)	400,000
Pyramid Atlantic Art Center (facility debt payment)	50,000
Round House Theatre (Bethesda facility maintenance and utilities)	75,000
Total Assistance to Individual Organizations	\$1,106,250
Grand Total – Arts and Humanities Council NDA	\$5,069,380

earmarks

Of the funds appropriated for the administration of the Arts and Humanities Council, \$31,350 must be used only to provide health insurance benefits for one or more of the Council's full-time employees. The Arts and Humanities Council's Board of Directors must determine how these benefits are provided. If the County Attorney finds that these employees' participation is consistent with Federal and County law, these funds may be