


M E M O R A N D U M

April 22, 2022

TO: Education & Culture [E&C] Committee

FROM: Carolyn Chen, Legislative Analyst 

SUBJECT: **FY23 Recommended Operating Budget Worksession:
Non-Departmental Account [NDA] - Arts and Humanities Council of
Montgomery County [AHCRC]**

PURPOSE: Review and make recommendations for Council consideration – vote expected.

Expected Participants:

- Suzan Jenkins, Chief Executive Officer, AHCRC
- Shantée Jackson, Fiscal and Policy Analyst, Office of Management and Budget (OMB)

SYNOPSIS: [FY23 Recommended Operating Budget
NDA - Arts and Humanities Council of Montgomery County \[AHCRC\]](#)

[About AHCRC](#). Since 1976, AHCRC is the designated local arts agency of the County government. AHCRC manages vendors and payments on behalf of the County, distributes \$5M+ grants to the creative sector, manages the County-owned public art collection and advises County departments on sector trends and implementation of arts-related initiatives. Through AHCRC, the County provides the infrastructure and support necessary to maintain a robust creative community that includes over 500 cultural organizations and 2,000 artists and scholars with the mission of expanding access to cultural expression and contributing to economic vitality in the County.

Summary analysis of FY23 changes. AHCRC's budget requests for FY22 and FY23 detail the change in funding demand in the sector post-pandemic (\$2M) among all size organizations and types of individuals and disciplines. The FY23 recommended increase of 8.6% addresses 25% of the demonstrated equally accessible funding needs over two years. Council staff assessment of two-year equitable funding needs is estimated to be \$859,473. An additional FY23 investment of \$367,023 to the CE recommended increase will address 100% of equitable funding needs.

Laser focus on racial equity and social justice metrics. AHCRC is nationally recognized as an arts agency leader in funding and narrowing racial equity and social justice disparities.

Referencing Office of Racial Equity’s [Racial Equity Impact Assessment \(REIA\) for Supplemental Appropriation #22-67 Public Arts Trust \(No. 729658\)](#) transmitted on March 28, 2022:

AHCMC has demonstrated in a series of racial equity principles, and in its artist recruitment and selection process, that it is aware of and taking steps to address the systemic inequities contributing to racial disparities in public art.

AHCMC is one of the few County agencies/departments presenting operating budget needs that address racial and social justice disparities in the County with metrics.

Council staff recommends increasing the AHCMC FY23 County Executive Recommended Operating Budget by \$367,023.

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Council Staff Recommended Operating Budget Scenarios
NDA: Arts and Humanities Council of Montgomery County

AHCMC Grant Category	Anticipated Change in Demand (\$)		% Change
	FY21 to FY22	FY22 to FY23	
General Operating Support for Org Budgets > \$150,000 (GOS II)	\$125,836	Flat over FY22	N/A
General Operating Support for Org Budgets > \$50,000 (GOS I)	\$529,141	\$559,774	6%
Advancement Grants (AG)	\$174,415	\$181,746	4%
Program & Capacity Building Projects (PCBPG)*	\$213,138	\$100,636	-53%
Artists & Scholars (ASPG)*	\$122,872	\$29,660	-76%
Arts Residencies in Schools (ARSG)**	\$13,840	\$6,387	-54%
Wheaton Cultural Projects (WCPG)*	Flat over FY21	\$16,779	-

*Diversity/Equity Initiatives **Individual teaching artists collaboration w/ MCPS

Budget Notes:

- AHCMC’s FY23 budget request of ~\$2M includes all grant categories for FY22 & FY23 due to flat grant funding levels in the FY22 approved budget.
- Excluding general operating support grants to nonprofit organizations (GOS II & I), five grant categories address a specific need (AG, ARSG) with three grant categories identified as increasing diversity and reducing racial disparities in the arts sector (PCBPG, ASPG, WCPG).
- Note: Decreases in demand from FY22 to FY23 occurred in diversity/equity grant categories after no additional grant funding was available for FY22, thus, setting up an expectation that funds are inaccessible. These grant categories impact small arts and humanities organizations, groups and individual artists and scholars.



Non-Departmental Accounts

RECOMMENDED FY23 BUDGET

\$330,025,234

FULL TIME EQUIVALENTS

43.34

MISSION STATEMENT

Non-Departmental Accounts (NDAs) contain expenditure items essential to the operation of the County government which do not fall within the functional assignment of any department or agency, or which provide for expenditures related to more than one department or agency. In FY23, 55 NDAs are funded. Three new NDAs are established: Guaranteed Income, Police Accountability Board, and Montgomery County Green Bank. In FY21, the Community Grants: County Executive and Community Grants: County Council NDAs merged into a single Community Grants NDA.

BUDGET OVERVIEW

The total recommended FY23 Operating Budget for the Non-Departmental Accounts is \$330,025,234, a decrease of \$13,306,127 or 3.88 percent from the FY22 Approved Budget of \$343,331,361. Personnel Costs comprise 3.75 percent of the budget for 23 full-time position(s) and no part-time position(s), and a total of 43.34 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 96.25 percent of the FY23 budget.

PROGRAM CONTACTS

Contact Lindsay Lucas of the Office of Management and Budget at 240.777.2788 for more information regarding the operating budget for the Non-Departmental Accounts.

PROGRAM DESCRIPTIONS

☀ Arts and Humanities Council

This NDA provides funding for the Arts and Humanities Council of Montgomery County (AHC MC), the County's designated local arts agency. Taxpayer support of the AHC MC includes general operating grants to arts and humanities organizations; program grants to arts and humanities organizations not receiving general operating support; project grants to individuals, scholars, groups, or small organizations; technical assistance and other support services for individuals and other organizations in the County; matching funds for awardees designated to match private donations, such as through power2give; and operating expenses for AHC MC. The County's contribution is implemented by a contract between the Department of Recreation and AHC MC.

Since 1976, AHC MC has been the County's designated local arts agency. The AHC MC, in partnership with the community,

cultivates and supports excellence in the arts and humanities, expands access to cultural expression, and contributes to economic vitality in the region. AHCMC provides leadership that sustains arts and humanities organizations, artists and scholars, and inspires participation in our County's cultural assets. Through its programs and services, AHCMC provides the infrastructure and support necessary to maintain a robust creative community that includes over 500 cultural organizations and 2,000 artists and scholars. AHCMC annually distributes grants to organizations and individuals to help fund enriching cultural activities in our County (www.creativemoco.com/grants/grants-awarded).

AHCMC is headquartered in Silver Spring and receives support from the Maryland State Arts Council, corporations, organizations and individuals.

Funding for maintenance of public art is allocated in the Public Arts Trust Capital Improvements Program (CIP) project.

FY23 Recommended Changes	Expenditures	FTEs
FY22 Approved	5,707,506	0.00
Increase Cost: FY23 Increase to Arts and Humanities Council NDA	492,450	0.00
FY23 Recommended	6,199,956	0.00

Boards, Committees and Commissions

There are approximately 75 boards, committees, and commissions, created by law or resolution, which serve the County for a variety of purposes. These funds provide for the reimbursement of certain expenses incurred by eligible members of boards, committees, or commissions while on official business and/or for expenses related to the establishment of any new boards, committees, or commissions.

FY23 Recommended Changes	Expenditures	FTEs
FY22 Approved	47,750	0.00
FY23 Recommended	47,750	0.00

Charter Review Commission

Section 509 of the County Charter requires that a Charter Review Commission be appointed by the County Council every four years, within six months of the Council assuming office, for the purpose of reviewing the Charter for notetial amendments. The Commission shall report at least once to the Council on the Commission's activities within one year after appointment. Commission reports shall be submitted no later than May 1 of every even-numbered year. The reports shall contain recommendations concerning proposed Charter amendments, if any. This NDA provides for the expenses of the Commission.

FY23 Recommended Changes	Expenditures	FTEs
FY22 Approved	1,150	0.00
Reduce: Charter Review Commission - Biennial Workload Adjustment	(1,000)	0.00
FY23 Recommended	150	0.00

Children's Opportunity Fund

The Children's Opportunity Fund (COF) NDA was established in partnership with the Greater Washington Community Foundation in May 2016. COF provides funding to support policy priorities that address the social determinants that impact the

January 12, 2022

board of directors

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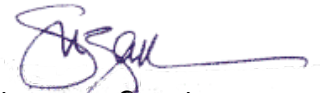
Kenneth A. Lechter, Esq.
Legal Counsel

TO: Councilmember Craig Rice, Chair, Education and Culture Committee

CC: Sharon Ledner, Chief of Staff, Councilmember Craig Rice
Carolyn Chen, Legislative Analyst, County Council

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

SUBJECT: AHCMC FY21 and FY22 Overview and FY23 Budget Request Submission



Thank you for the opportunity to present the Arts and Humanities Council's (AHCMC) FY23 budget request. This request for grant funds to re-grant to arts and humanities organizations is based first on providing support for arts and humanities organizations, and second to individual artists and scholars.

Assistance from federal, state, and local government have provided an important lifeline to help sustain arts and humanities organizations and individual artists and scholars throughout the pandemic. 2021 earned income, such as ticket sales, are by no means adequate to offset projected losses for the arts and humanities sector. **AHCMC is requesting an FY23 budget allocation of \$7,167,397. While AHCMC received an FY22 allocation of \$5,066,424, actual demand in FY22 was \$6,272,415. AHCMC projects an additional \$894,982 in demand in FY23, a 14% increase (see chart on page 14.) An allocation of \$7,167,397 in FY23 would be an increase of \$2,100,973 over AHCMC's FY22 allocation and would allow AHCMC to fund to demand. If the County were to fund the FY23 budget flat over FY22, funding will fall significantly short of need. As the arts and humanities sector continues to be adversely impacted by the on-going pandemic, this request is in addition to requesting \$3.5M from the Federal Relief Fund allocations.**

The pandemic has wreaked havoc on the arts and humanities sector, creating destabilizing conditions that threaten long-term financial stability. The distribution of public funding, providing financial and technical assistance for arts/humanities

organizations and artists/scholars seeking to rapidly adapt to an ongoing pandemic, has helped sustain a financially depleted sector.

Many nonprofit arts and humanities organizations lost significant revenue because of mandated stay-at-home orders that occurred in the recent past, and restrictions on large public gatherings. These restrictions have only recently expired, which means that this sector has not financially recovered yet from losses incurred in 2020.

The cost of reopening during the pandemic has exacerbated financial strain due to the health and safety measures arts and humanities organizations have had to implement. Arts and humanities organizations have managed to survive the pandemic by adopting innovative technology upgrades and enhanced safety measures including shifting to contactless and digital ticketing, making physical modifications to indoor spaces to allow for more social distancing (i.e., reconfiguring seating to align with social distancing requirements), shifting to increase the number of outdoor performances when the weather permits, investing in new, upgraded air filtration systems, installing plexiglass dividers, installing hand sanitizer stations and deploying electronic spraying systems to sanitize spaces between performances.

For some live performances, orchestras and theater companies have reduced the size of ensembles to provide more intimate environments that are conducive to smaller crowds. Other adaptive strategies have included frequent COVID-19 testing of artists and staff, maintaining actors and production crew in “bubbles” or “pods” throughout the rehearsal period.

However, as winter persists, and infections may rise due to holiday travel, some of the adaptations that were available over the summer months may no longer be viable options, and organizations may experience another period of financial decline in late 2021 through the colder season in 2022. For the arts and humanities sector, changing consumer preferences and behaviors during the pandemic may have longer-term effects on audience patterns, and on the livelihoods of artists and arts/humanities organizations, even though vaccines have become widely available. The arts/humanities sector cannot solely rely on earned income for financial wellbeing because the public needs to time adjust, and become comfortable being in spaces with high numbers of people during a pandemic that has not ceased to exist, which is why increased public funding for the arts and humanities sector is an urgent need for organizations, artists and scholars.

In response to the impact of the pandemic on a highly vulnerable sector, we are grateful that the Montgomery County Government funded the Arts and Humanities Council, provided over \$3.5 million in emergency relief funds to AHCMC for re-granting in FY21, and in FY22, funded AHCMC’s standard re-granting at the FY21 level, however, current award limitation recommendations do not and will not adequately address the needs of the arts and humanities in Montgomery County. The substantial

damage caused to the creative economy from previous business closures and event prohibitions requires increased award amounts for organizations and individuals across the cultural sector to offset expenses, and reopening costs.

Johns Hopkins University reports that as of October 2021, the percentage of [job losses at nonprofit arts organizations](#) remains more than three times worse than the average of all nonprofits (-13.4% vs. -3.9%) and the U.S. Census Bureau's [Small Business Pulse Survey](#) reports that "arts, entertainment, and recreation" businesses are among the most likely to take longer than six months to recover from the pandemic. As the creative sector strives to recover from the devastation caused by the pandemic, racial inequities have also been brought to light as a result. According to data obtained by Americans for the Arts, BIPOC organizations were more likely to report that they lack the financial resources needed to return to in-person programming than non-BIPOC organizations (55% vs. 38%). As of July 2021, financial losses to the nation's nonprofit arts and culture organizations were an estimated \$17.97 billion. 99% of producing and presenting organizations cancelled events during the pandemic—a loss of 557 million ticketed admissions impacting both arts organizations and audiences. Additionally, local area businesses—restaurants, lodging, retail, and parking—were severely impacted by cancelled arts and culture events with a loss of \$17.6 billion in audience ancillary spending.ⁱ

FY22 Grant Funding

The Arts and Humanities Council of Montgomery County (AHC MC) is Montgomery County's designated local arts agency under County Code Chapter 5A, notably "*...a nonpartisan Arts and Humanities Council; ...designated as the County arts and humanities organization formed to...develop, promote, advocate, and coordinate efforts to support, investigate, encourage and present arts and humanities in the county...*"

Under the County Code, AHC MC is charged with "*...adopting and applying policies and procedures to ensure that its actions are fair, unbiased and nonpartisan...*" and "*...provide and coordinate funding for the arts and humanities in the county.*" and "*...avoiding duplication in arts and humanities activities by coordinating AHC MC activities with other existing and planned governmental activities...*"

In FY22 AHC MC received an allocation of \$6,102,849, which represents \$5,066,424 for re-granting general operating and project support grants, \$408,000 for Public Art, and \$628,425 for administration. In FY21, AHC MC was able to fund 155 grant requests, which represents 97% of the eligible applicants. AHC MC was able to fund 173 grant requests in FY22, which represents 87% of the eligible applicants, and a 10% decrease in the number of grants AHC MC was able to fund in FY21. In FY22, AHC MC was only able to provide 81% of the money requested from applicants in need.

In addition, AHCMC received a \$12,222 grant from the County for Emergency Relief/General Operating and Technology Upgrade Support; \$3,584,500 in emergency support for re-granting, and \$71,690 to build capacity, as our agency responds to community needs resulting from the pandemic. AHCMC funded 191 FY21 emergency grant awards.

“I want to extend my sincere and heartfelt thanks to AHCMC for your generous support during these challenging covid months. Your belief in my efforts to serve family caregivers of aging parents has been an enormous source of encouragement and inspiration to me. The funds have enabled me to remain committed to investigating, monitoring, and developing ways I can covid-safely apply my playwriting to benefit these caregivers. With many thanks, Paula Stone.” (An AHCMC COVID-19 Relief Fund recipient who is an artist.)

AHCMC’s FY21 and FY22 Emergency Response

In early March 2020 the Governor of MD declared a state of emergency due to the coronavirus pandemic. Almost immediately AHCMC began to survey the field regarding the impact of the virus, understanding the potential impact of the pandemic on our highly vulnerable sector. As the novel Coronavirus COVID-19 emerged as a pandemic, the Arts and Humanities Council of Montgomery County staff began to work from home. That allowed staff to respond quickly and prepare our constituents for the closing of our economy; consider the changes they would need to make to their business plans, and to investigate the levels of funding that would be required to protect the integrity and workforce of our creative sector.

As our community responded to the new constraints and business interruptions due to the COVID-19 outbreak, AHCMC launched a resources page for organizations and individuals that houses key information on safety, news updates, funding opportunities, disaster planning, and emergency communications. This resource has been used not only by our local community, but also by other nonprofit sectors in the region and nationally. The page was shared by Americans for the Arts, The National Endowment for the Arts, Visit Montgomery, Montgomery County Government and the DC Commission on the Arts and Humanities. The resource page continues to be updated and can be found [HERE](#). AHCMC also partnered with Montgomery County Government, trained with the county and made their time available to provide technical assistance for grantees who applied for the PHEG grants program.

AHCMC's FY22 Response to COVID-19

- **Extended deadlines for 990s, audits, and financial reviews** – AHCMC extended the deadline for submitting those documents from June 1, 2021 to June 30, 2021 to allow applicants more time to complete the application.
- **Lump sum disbursements for FY22** – Grantees in categories that normally receive two disbursements received one lump sum payment due to the financial emergencies caused by the pandemic.
- **Waived the match requirement** – The match requirement was waived for FY22 *Advancement Grants*, FY22 *General Operating Support I Grants*, and FY22 *General Operating Support II Grants*.
- **Raised the base award for *General Operating Support II Grants* to 6%** – To fund all organizations within the FY22 GOS II category equitably, no competitive excellence awards were awarded, and the base award was raised to 6%. Funding was based on pre-pandemic operating budgets.

*“We were thrilled to receive our FY22 general operating support grant from the Arts & Humanities Council last week, and to have received our award in a single, lump-sum disbursement. **While it has been truly joyful to re-open our theatre (and to welcome some of our friends from AHCMC to Quixote Nuevo!), we continue to face uneven ticket sales and uncertain relief funding opportunities.** This single disbursement offers the security of having much-needed funds available to help produce our 2021-22 Season. We are also thankful to AHCMC for your foresight in transitioning to a two-year award process; though none of us could have guessed that the stability it offers would be quite so important so soon after the process was implemented, we are grateful for your team’s attention to the needs of Montgomery County’s arts community. In times like these, it’s more important than ever to have a strong advocate for our sector and we’re grateful to have AHCMC in our corner. Thank you for all you do in support of the arts in Montgomery County.”* (Round House Theatre, GOS II grantee)

General Operating Support Grants

According to The National Committee for Responsive Philanthropy, *“General Operating Support (or core support) is integral for nonprofits’ sustainability, impact and growth. It provides flexibility to meet pressing community needs and achieve impact.”* General Operating Support help grantees build capacity by providing comprehensive, rather than fragmented support. This funding allows grantees to present a holistic grant application that helps the grants panel to review proposals within the same frame of work. Studies also indicate that General Operating Support eases administrative burdens for the grant maker and grantee alike; contributes to nonprofit sustainability and capacity building; signals

trust between the funder and grantee without sacrificing accountability; and shifts attention from limited program outcomes to broader organizational and social impact.

General Operating Support II Grants (GOS II)

In FY22, AHCMC funded the same 26 grantees that were funded in FY21 because FY21-22 *General Operating Support II Grant* (GOS II) is a two-year funding opportunity. With flat funding in FY22 and by removing the competitive excellence awards, AHCMC was able to maintain the same base awards for all GOS II grantees at 6%.

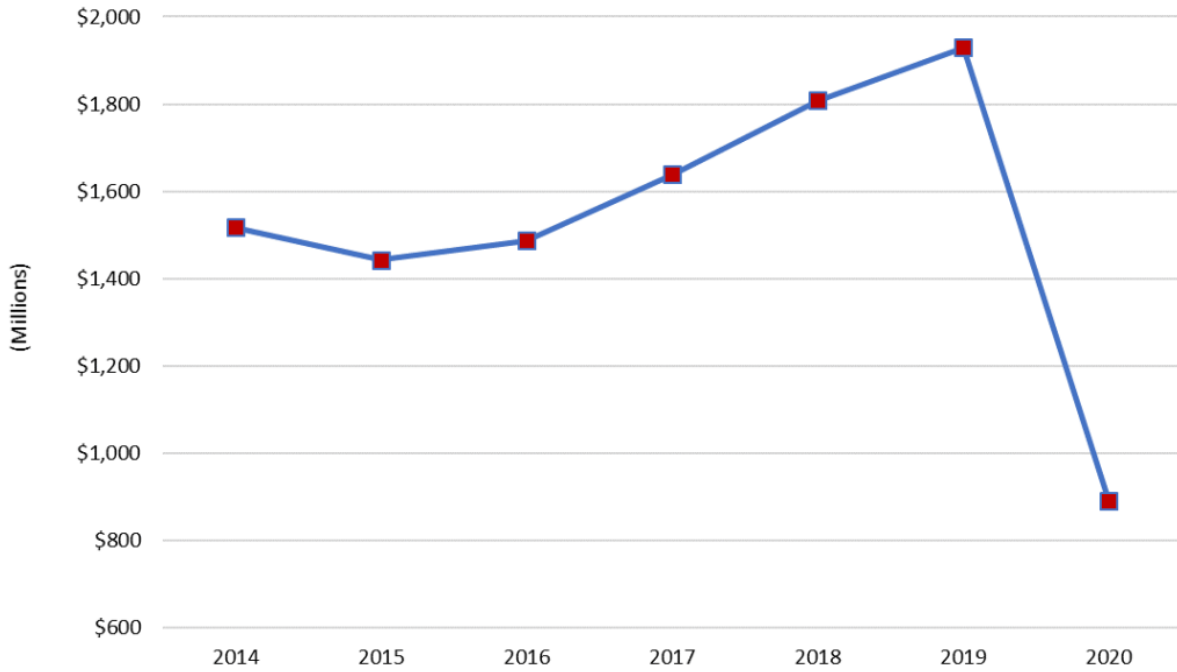
- This category represents 13% of eligible applicants for all AHCMC FY22 grants.
- AHCMC was able to fund 100% of the eligible applicants in this category.
- FY22 funding for this category represents 69% of AHCMC’s overall FY22 budget for re-granting to all eligible arts and humanities organizations, groups, artists, and scholars.

GOS II grantees depend upon this vital source of funding and are very appreciative of support provided, as evidenced by the statement below from an organization that received FY22 GOS II funding:

“MCM thanks you with our deepest gratitude! We are thrilled to receive these critical funds that help us fulfill our mission for the communities of Montgomery County. With the generous support of the Arts and Humanities Council of Montgomery County, MCM looks forward to providing the media access, programming and storytelling that reflects the diversity of the residents of Montgomery County in FY22 and beyond! Thanks, again, on behalf of the entire MCM team!” (Montgomery Community Media, GOS II grantee)

For organizations within this funding category, FY22 allowable budgets decreased by 3% on average in FY22 over FY21 due to a significant decrease in earned income caused by the pandemic. **Although COVID-19 has impacted the entire arts and humanities sector, the financial devastation caused by the pandemic on the performing arts sector has been especially dire. Within GOS II, 81% of AHCMC’s grantees are performing arts organizations.** Organizations within the GOS II funding category are still experiencing the long-term impact of decreased earned income as evidenced by their decreased operating budgets. Data obtained from the Bureau of Economic Analysis confirms that spending on performing arts tickets from July through September 2020 was \$10.1 billion—roughly a quarter of the amount spent on tickets over the same period in 2019.ⁱⁱ

Revenue from tax-exempt performing arts companies
Quarter 3 (July - September): 2014 -2020
Not seasonally adjusted

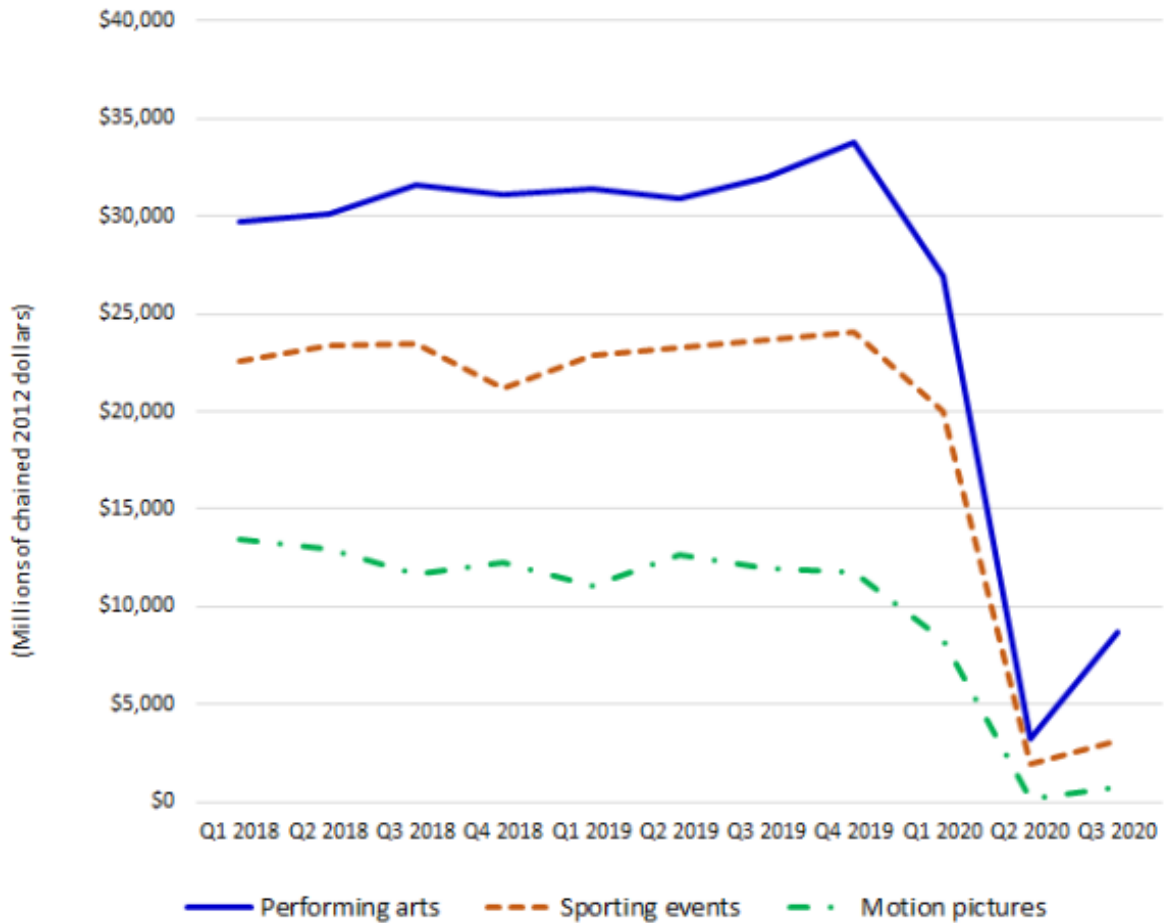


Source: Quarterly Services Survey
U.S. Census Bureau

Office of Research & Analysis
National Endowment for the Arts
December 2020

Revenue from Tax-Exempt Performing Arts Organizations, July–September, 2014–2020. (Analysis by National Endowment for the Arts.)

**Consumer spending on admissions to performing arts events,
sports events, and movies: 2018-2020**
(Adjusted for inflation and seasonality)



Source: U.S. Bureau of Economic Analysis

Office of Research & Analysis
National Endowment for the Arts
December 2020

Consumer spending on admissions to performing arts events. (Source: Bureau of Economic Analysis. Analysis by National Endowment for the Arts.)

General Operating Support I Grants (GOS I)

AHCMC received 36 eligible FY22 *General Operating Support I Grant* (GOS I) applications and we were able to fund 97% of the eligible organizations. GOS I organizations are also very dependent upon General Operating Support. The quote below communicates the critical need for these grants:

“We are so grateful to you and AHCMC for your continued generous support of the Glorystar Children's Chorus. Without your grant we would surely be limited in fulfilling our mission of bringing high quality choral education to the youth of Montgomery County and in particular our Asian American community. [...] We are looking forward to a great 2022 season that will be a year of rebuilding after the challenges of the previous year of COVID.” (Glorystar Children’s Chorus, GOS I grantee)

AHCMC grantees have also worked to right-size their organizational operations. Recognizing that bigger is not always better or healthier, AHCMC staff anticipate that the number of eligible applicants for this funding opportunity will continue to increase. As arts and humanities organizations adjust to the loss of earned income due to the pandemic and realize that their annual budgets and staffing capabilities are more aligned with the GOS I funding opportunity, at least two organizations will shift from applying to GOS II and will instead, apply for GOS I funding, due to right-sizing, budgetary restraints and reductions. (Please see page 12 and chart on page 14 for additional explanation of GOS I demand.)

FY22 Diversity and Equity Initiatives - The benefits of providing project awards for small arts and humanities organizations and groups, and the Wheaton funding opportunity

In order to properly serve Montgomery County’s constituents, AHCMC aims for fairness and balance within the context of available cultural funding. Effective grant programs encourage and help sustain our cultural ecosystem by supporting both emerging and established organizations. Community-based arts and humanities organizations that bring qualified artists and scholars to arts venues, social service organizations, libraries, neighborhood associations, summer schools, summer camp programs, and offer other similar community-based activities are vital initiatives that serve our multicultural county.

AHCMC funds community-based activities by offering project grant awards to arts/humanities organizations, groups, and individual artists and scholars who do not receive general operating support grants. These grant categories also benefit the County’s diverse folk, traditional, and ethnic arts and humanities initiatives.

- AHCMC received 42 eligible FY22 *Programming & Capacity Building Project Grant* (PCBPG)

applications. AHCMC was able to fund 98% of the eligible projects in this category.

“On behalf of the organization, I would like to express my sincerest appreciation to all AHCMC colleagues for your continued support and guidance in DCBBO's endeavor of promoting cultural diversity through education-oriented performances and workshops about Beijing Opera.” (DC Beauty of Beijing Opera Ltd, PCBPG grantee)

- AHCMC received 55 eligible FY22 *Artists & Scholars Project Grant* (ASPG) applications. AHCMC was able to fund 80% of the eligible projects in this category.

“Thank you for all your hard work on behalf of MoCo’s creative community. Thank you for advocating, organizing, leading, advising, inspiring, empowering and supporting all of us. I feel privileged and grateful to have been awarded an Artists & Scholars Project Grant in support of my work. Thank you. I’m also grateful for the emergency COVID grant and for the emotional support you provided through webinars and Healing Libation events—you have been a tremendous safety net in challenging times.” (Jacqui Crocetta, ASPG grantee)

- AHCMC received 15 eligible FY22 *Wheaton Cultural Project Grant* (WCPG) applications. AHCMC was able to fund 87% of the eligible projects in this category.

“While these are challenging times, they are also an opportunity to challenge the creativity of folk in our industry. The funding that AHCMC has provided and the flexibility in using these funds during this virus will make the difference in our being able to survive.” (AmaZing Theatre Company, WCPG grantee)

Despite increasing demand, AHCMC’s funding initiatives continue to support and encourage Montgomery County’s innovative cultural sector. In FY22, AHCMC met the growing demand for technical assistance, professional development, and grants management by providing eight workshops and webinars for applicants and grantees. The grants staff also provided more than 150 consultations with applicants and grantees.

While the need for marketing support and professional development has increased due to the COVID-19 pandemic, grantee marketing, administrative, and professional development budgets have decreased and/or been zeroed out. Access to these critical marketing and professional development services will benefit both AHCMC and our grantees, allowing us to present more robust programming in video production, live-streaming, online content creation, digital marketing, and virtual education.

With \$100,000 in emergency grants from Maryland State Arts Council, AHCMC is supporting our constituents as they transition their business models to the new realities the pandemic and state and local jurisdictions' restrictions present.

By providing a Tier III scholarship to all of our organizational grantees, each organization will have access to all of our professional development programs at no cost to the organization and for as many staff members as they would like to send. Each organization will have the maximum amount of *Culture Spotlight* newsletters features possible to showcase their virtual and physically distant allowable programming to our 17,000 strong opt-in email list each week as well as 2 digital ads on CultureSpotMC.com. We are also updating CultureSpotMC.com with Artsopolis, adding the Classifieds Module from Artsopolis to CultureSpotMC.com to provide a new job and opportunities bank that will include: creative jobs and employment posts; calls for art and artists; teaching artist opportunities; auditions; items for sales or free (art supplies, instruments, training equipment...); items for rent; space for rent; grant opportunities; and volunteer opportunities.

This module functions as a singular place for arts managers and professionals as well as artists, performers, and practitioners to find employment, funding, and support for their work and practice. The Artist Module will allow individual artists and scholars to create profiles on CultureSpotMC.com to promote their events, programs and link their profiles to the organizations and venues that present them. The module will allow individuals to promote and publicize their work and their partnerships online. This module also adds the ability to create customized directories of artists such as the wall artist roster for potential businesses to hire individual artists and better understand who is working in Montgomery County and their expertise. The Public Art Module would expand our ability to organize and showcase the county's public art collection by providing a searchable public database with an integrated map. This both publicizes new and existing work, but also functions as a way for residents to enjoy our outdoor collection during the pandemic.

AHCMC Administration

AHCMC staff consists of seven full-time employees, one part-time employee, and two part-time consultants in key program areas that support over 500 arts and humanities organizations and over 2,000 individual artists and scholars in Montgomery County. All AHCMC management staff have secondary (Masters) degrees and contribute significantly to our mission by providing technical assistance and professional development opportunities for individuals and organizations. Staff also provide cooperative marketing services; serve as arts advocates at the state, regional, and local levels and serve as arts education and cultural information resources for legislators and the public. AHCMC staff routinely offer valuable resources to local organizations by providing key information about the grant application process, technical assistance, and professional development workshops, as well as

online tools and community collaboration efforts. To support pandemic response, advocacy, and our sector around the region between March and May, AHCMC's CEO participated in and led panel discussions for the Arts Educators in Maryland Schools, for the DC Musicians Coalition, The County Arts Agencies of Maryland, Women of Color in the Arts, Maryland Citizens for the Arts, Americans for the Arts, the Maryland State Arts Council and Montgomery Moving Forward. Grant committee meetings, panel meetings and meetings with grantees and the general public have been moved to online platforms to allow access and the flow of information to continue to be shared.

"I also wanted to personally thank you for the emotional support your team has provided through events during the past 14 plus months. I know everyone is grateful to you but I really wanted to make sure you know how much your leadership means. Your leadership represents a source of strength and comfort for all of us in the arts working in Montgomery County." (National Philharmonic, GOS II grantee)

Considering the size and population of Montgomery County, AHCMC operates much like that of a state arts agency, with similar challenges in providing equitable support to organizations, artists and scholars in our rural, urban and suburban regions. AHCMC's professional development and technical assistance programs have created opportunities for heightened outreach to the field. Applicants appreciate and have become successful in applications to the county and other funders as a result of the guidance that AHCMC provides.

"I appreciate everything I have learned about grant writing and approach from the AHCMC. You are a gift." (Arianna Ross, Arts Residencies in Schools grantee)

AHCMC FY23 Budget Request for Re-granting and Administration

AHCMC continues to support its legacy organizations, groups, artists, and scholars while advancing our strategic goals to diversify our funding portfolio. We support the growth of a multicultural and multinational geographic location deserving of our financial support, as we tailor our offerings to the needs of many emerging, under-served, under-represented culturally-specific organizations, artists and scholars.

AHCMC requests the autonomy to allocate grant funds without condition. This ability is vital to the equitable distribution of funding and alleviates favoritism and entitlement. As the designated local arts agency, AHCMC has the experience and expertise to understand, respond and equalize support for the entire community. In FY22 AHCMC's partial ability to do so allowed us to make critical decisions regarding regular and emergency funding that could be most impactful for the field.

AHCMC is requesting an FY23 budget allocation of \$7,167,397. While AHCMC received an FY22 allocation of \$5,066,424, actual demand in FY22 was \$6,272,415. AHCMC projects an additional \$894,982 in demand in FY23, a 14% increase (see chart on page 14). An allocation of \$7,167,397 in FY23 would be an increase of \$2,100,973 over AHCMC's FY22 allocation and would allow AHCMC to fund to demand. If the County were to fund the FY23 budget flat over FY22, funding will fall significantly short of need. This anticipated increase in demand is due to the dire state of the economy and the high number of applications AHCMC received in FY22, including a significant number of new FY22 applicants that were not previously in AHCMC's portfolio. As the arts and humanities sector continues to be adversely impacted by the on-going pandemic, this request is in addition to requesting \$3.5M from the Federal Relief Fund allocations. With almost \$47 million in aggregate negative financial impact being reported in September 2020, additional emergency funding is critical to support the sector, considering that the \$3,584,500 in direct emergency support addressed only 8% of losses being reported.

In FY22, AHCMC saw a 24% jump in eligible applications over FY21. Most of the growth occurred in categories that represent individual artists and scholars, small organizations and groups, and organizations in need of technology and other capacity building support during the pandemic. As indicated below, AHCMC strives to award all panel-recommended grant requests at a reasonable level. However, additional funding from the County would ensure that AHCMC could fund recommended grant requests in a more equitably manner across all grant categories. Should AHCMC continue to receive flat funding with increased demand, more applicants would have to be declined, and a higher number of grantees would receive increasingly smaller grants.

- **Arts & Humanities COVID-19 Relief Fund:** In FY21, the total allocation for eligible organizations was \$3,290,500 and \$294,000 was allocated for individuals, which together only addressed 8% of losses being reported in the sector. With an additional \$3.5 million for COVID-19 relief funds, AHCMC has the potential to help to mitigate closer to 20% of reported losses.
- **General Operating Support II Grants (GOS II):** FY23-24 GOS II is a two-year funding opportunity. Flat funding for GOS II in FY23 will allow AHCMC to maintain GOS II organizations at their current funding level. GOS II funding at this level will also allow AHCMC to continue to ensure enough funding remains to support equitable grants for the smaller and often more diverse organizations in highly competitive grant categories.
- **General Operating Support I Grants (GOS I):** In FY22, the total request from eligible GOS I applicants was \$1,177,846. AHCMC was able to fund all applicants recommended for funding by allocating \$847,477. Despite funding 97% of eligible applicants, AHCMC was only able to fund 72% of the total financial amount requested by grantees in this category. The top scoring

applicant was funded at 82% of their grant request. Given the state of the economy, there is a high likelihood that AHCMC will continue to witness an increase in the number of applicants. AHCMC anticipates that demand in FY23 will be approximately \$1,737,620, representing a 48% increase in demand compared to FY22.

- Advancement Grants (AG):** AHCMC anticipated a 63% monetary increase in demand in FY22 over FY21, however **we actually received a 188% increase of \$793,254**. This was due to the increased number of applications AHCMC received as a result of the COVID-19 pandemic. Organizations can apply for *Advancement Grants* to upgrade and optimize technology, an especially critical need during the pandemic. **Although AHCMC experienced a 157% increase in number of eligible applicants in this category in FY22 over FY21, AHCMC was only able to fund 44% of eligible applicants and 30% of the total financial amount requested by applicants in this category.** The top scoring applicant was only funded at 70% of their grant request. Given that the pandemic is ongoing, in FY23 we anticipate that demand could reach \$975,000, representing a 23% increase over FY22.

Fiscal Year	Applications Submitted	Amount Requested	Amount Awarded	Difference between Amount Requested and Awarded
FY19	9	\$417,228	\$295,094	\$122,134 (able to fund 71% of ask)
FY20	9	\$404,975	\$353,545	\$51,430 (able to fund 87% of ask)
FY21	7	\$275,585	\$265,711	\$9,874 (able to fund 96% of ask)
FY22	18	\$793,254	\$236,948	\$556,306 (able to fund 30% of ask)

A significant contributing to costs for arts organizations was the growing need to complement or replace in-person offerings with virtual arts experiences in 2020, an alternative that has continued into 2021, and many grantees have reported the need to extend hybrid, virtual models of programming into 2022 as the number of COVID-19 variants continues to increase (i.e., the Delta variant and currently, the Omicron variant).

The additional costs of purchasing new equipment, learning new technology skills, and learning how to monetize their offerings in a virtual environment pose further challenges to an already-strained sector. Advancement grants are a significant financial resource as arts and humanities organizations continue to identify technology solutions that can bring live or recorded events to those unable or unwilling to attend events in person.

- Program & Capacity Building Project Grants (PCBPG):** In FY22, the total request from eligible applicants for PCBPG funding was \$349,364. AHCMC allocated \$184,909 in grant awards. AHCMC experienced a 45% increase in number of eligible applicants in this category in FY22 over FY21. Despite funding 98% of eligible applicants, AHCMC was only able to fund 53% of the

total amount requested in this category. **The top scoring applicant was only funded at 60% of their grant request.** We anticipate that demand in FY23 will be approximately \$450,000 representing a 29% increase in demand as compared to FY22. Based on steady growth in this category in recent years, we continue to anticipate an increase in number of eligible applicants.

- **Artist & Scholar Project Grants (ASPG):** The total request from eligible artists and scholars in FY22 was \$270,340. AHCMC was able to fund 80% of the eligible applicants by allocating \$164,750 for grant awards. AHCMC experienced a 28% increase in number of eligible applicants in FY22 over FY21 in this category. Despite funding 80% of eligible applicants, AHCMC was only able to fund 61% of the total amount requested in this category. The top scoring applicant was funded at 75% of their grant request. We anticipate that demand in FY23 will be approximately \$300,000, which represents an 11% increase over FY22. Based on growth in this category in addition to the impact of the pandemic, we continue to anticipate an increase in number of eligible applicants.

“There are some inherent structural elements to occupations in arts and culture that make many arts workers particularly vulnerable to the underlying changes in the economy caused by COVID-19. For example, the National Endowment for the Arts’ analysis of American Community Survey data has revealed that artists are 3.6 times more likely to be self-employed. They also are often employed part-time or in multiple jobs. Long before COVID-19, independent artists and musicians often struggled to secure long-term or consistent income, epitomizing the “gig economy” and sometimes personifying the “starving artist” axiom. The chronic lack of access to affordable, employer-subsidized healthcare for freelance or “gig” artists has created an even greater vulnerability and financial burden during the pandemic.” (ANALYSIS: COVID-19’s Impacts on Arts and Culture, published by the National Endowment for the Arts.)

- **Wheaton Cultural Project Grants (WCPG):** In FY22, the total funding request from eligible applicants was \$143,221. AHCMC was able to fund 87% of the applicants by allocating \$96,013. AHCMC experienced a 7% increase in number of eligible applicants in FY22 over FY21 in this category. Despite funding 87% of eligible applicants, AHCMC was only able to fund 67% of the total amount requested in this category. The top scoring applicant was funded at 80% of their grant request. We anticipate that demand in FY23 will be \$160,000, which represents a 12% increase over FY22, based on the consistent growth we have seen in this category.
- **Arts Residencies in Schools Grants (ARSG):** In FY22, the total funding request from ARSG applicants was \$35,613. In this category AHCMC funded 100% of eligible applicants at 94% of the total amount requested. The top scoring applicant was funded at 97% of their grant

request. Given the dire impact of COVID-19 on schools and students, AHCMC prioritized ensuring that teaching artists were supported. In FY23, AHCMC anticipates that the total request will be approximately \$42,000, as schools continue to re-open and more residencies resume. Also, as noted last year, the Maryland State Arts Council (MSAC) has opened its roster to include new teaching artists. (Note: It is required that teaching artists be approved on MSAC’s roster in order to receive AHCMC funding because MSAC carefully vets all teaching artists for safety, professionalism, and knowledge of arts education before they are approved to be included on the roster.)

Category:	FY23 Anticipated Increase in Demand over FY22:
GOS II	Flat over FY22
GOS I	\$559,774
AG	\$181,746
PCBPG	\$100,636
ASPG	\$29,660
ARSG	\$6,387
WCPG	\$16,779
Total Anticipated Increase In Demand:	\$894,982

Thank you for your consideration of our request. We look forward to the opportunity to discuss AHCMC’s FY22 and FY23 funding appropriation requests with you further.

ⁱ COVID-19 Pandemic Impact on The Arts Research Update: November 30, 2021, American’s For the Arts.

ⁱⁱ ANALYSIS: COVID-19’s Impacts on Arts and Culture, published by the National Endowment for the Arts.