

Executive Director: Shelley M. Cohn

JLBC Analyst: Steve Grunig

	FY 2002 Actual	FY 2003 Estimate	FY 2004 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	12.5	11.5	11.5
Personal Services	413,800	396,100	396,100
Employee Related Expenditures	88,700	83,200	88,700
Professional and Outside Services	800	0	0
Travel - In State	10,500	10,000	10,000
Travel - Out of State	800	800	800
Other Operating Expenditures	83,400	40,500	41,300
OPERATING SUBTOTAL	598,000	530,600	536,900
SPECIAL LINE ITEMS			
Arts Endowment Fund	0	0	2,000,000 ^{1/}
Community Service Projects	1,774,600	1,542,700	1,263,100
AGENCY TOTAL	2,372,600	2,073,300	3,800,000^{2/}

FUND SOURCES

Heritage Fund	0	0	0 ^{3/}
General Fund	2,372,600	2,073,300	3,800,000 ^{3/}
AGENCY TOTAL	2,372,600	2,073,300	3,800,000

AGENCY DESCRIPTION — *The agency promotes arts in the state by offering matching grants to communities and arts organizations, developing programs in-house to showcase artists in all disciplines, and serving as a resource for local artists.*

PERFORMANCE MEASURES	FY 2002	FY 2002	FY 2003	FY 2004
	Appropriation	Actual	Appropriation	Appropriation
• Audiences reached by programs sponsored by agency (in millions)	7.0	8.5	7.2	8.5
• Number of grants awarded	550	557	560	560
• Cumulative private funds raised to match state Arts Endowment Fund (\$ in millions)	17.0	24.0	19.0	25.0
• Customer satisfaction rating (Scale 1-8)	7.2	7.5	7.2	7.5
• Administration as a % of total cost	2.2	6.3	2.2	2.2

Heritage Fund — In the General Appropriation Act (GAA), the Legislature appropriated \$1,800,000 from the Heritage Fund for the Arizona Commission on the Arts operating budget and Community Service Projects Special Line Item. The Heritage Fund source was line item vetoed by the Governor. The Governor believes that the veto makes the General Fund the fund source for the agency and is directing that the GAA be implemented in that manner.

This Appropriations Report has incorporated the veto without making an assessment of its legality. As of this writing, there is pending litigation concerning the legality of this particular veto.

Special Line Items

Arts Endowment Fund — Pursuant to A.R.S. § 41-986 and A.R.S. § 42-1341 the Arts Endowment Fund receives revenue from the Amusement Classification of the

^{1/} The Public Finances Omnibus Reconciliation Bill, as originally passed, would have withheld the \$2,000,000 deposit from the General Fund to the Arts Endowment Fund in FY 2004. The Governor vetoed these provisions, thereby requiring the \$2,000,000 transfer from the General Fund in FY 2004.

^{2/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

^{3/} The General Appropriation Act, as originally passed, funded the operating budget and the Community Service Projects Special Line Item from the Heritage Fund for a total of \$1,800,000. This fund source was line item vetoed by the Governor, who believes the veto makes the General Fund the fund source for these items. This Appropriations Report has incorporated the veto without making an assessment of its legality. As of this writing, there is pending litigation concerning the legality of this particular veto. The other \$2,000,000 in General Fund monies results from the veto described in footnote 1.

transaction privilege tax. The statute requires that the Legislature “shall annually appropriate” monies for this purpose. The amount is determined by comparing current year Amusement Classification collections to FY 1994 collections, with the Arts Endowment Fund receiving revenues that exceed FY 1994 levels. The appropriated amount is limited to \$2,000,000 each year. The State Treasurer is responsible for investing monies deposited in the Arts Endowment Fund. The commission then receives interest from the Arts Endowment Fund as a continuing appropriation. Only interest earned from the fund is available for use by the commission to fund art programs.

The Public Finances Omnibus Reconciliation Bill (Laws 2003, Chapter 263) suspended the FY 2004 deposit to the Arts Endowment Fund. This provision was vetoed by the Governor. The Governor believes that the veto results in a FY 2004 General Fund deposit of \$2,000,000 to the Arts Endowment Fund.

Community Service Projects — Monies in this line item provide grants to arts organizations and Arizona communities on a matching basis. These grants enable arts organizations and communities to offer discount tickets, allow arts organizations to undertake organizational development efforts, and fund programs in all disciplines of the arts. The approved amount includes a General Fund decrease of \$(279,600) in FY 2004 below FY 2003.

Vetoed: General Appropriation Act (Chapter 262) — The Governor vetoed provisions in the General Appropriation Act which would have transferred \$7,000,000 from the Arts Endowment Fund to the General Fund. The Arts Endowment Fund currently has a principal balance of \$9,000,000, including the FY 2004 deposit.

The Governor also vetoed the Heritage Fund as the fund source of the operating budget and Community Service Projects Special Line Item. (*See Heritage Fund discussion for more information.*)

Budget Reconciliation: Public Finances (Chapter 263) — The Governor vetoed provisions that would have withheld the FY 2004 deposit to the Arts Endowment Fund. (*See Arts Endowment Fund discussion for more information.*)

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