Arizona Commission on the Arts

JLBC: Steve Grunig
OSPB: David Reese

DESCRIPTION	FY 2003 ACTUAL	FY 2004 ESTIMATE	FY 2005 OSPB	FY 2005 JLBC
OPERATING BUDGET				
Full Time Equivalent Positions	11.5	11.5		11.5
Personal Services	389,200	396,100		396,100
Employee Related Expenditures	90,500	99,400		99,400
Travel - In State	9,700	10,000		10,000
Travel - Out of State	700	800		800
Other Operating Expenditures	40,500	30,600		30,600
OPERATING SUBTOTAL	**530,600**	**536,900**		**536,900**
SPECIAL LINE ITEMS				
Arts Endowment Fund	0	0		0
Community Service Projects	1,542,700	1,263,100		1,263,100
AGENCY TOTAL	**2,073,300**	**1,800,000**		**1,800,000**
FUND SOURCES				
General Fund	2,073,300	1,800,000		1,800,000
SUBTOTAL - Appropriated Funds	**2,073,300**	**1,800,000**		**1,800,000**
Other Non-Appropriated Funds	2,404,600	1,981,900		1,981,900
Federal Funds	730,800	666,600		666,600
TOTAL - ALL SOURCES	5,208,700	4,448,500		4,448,500

CHANGE IN FUNDING SUMMARY

	FY 2004 to FY 2005 JLBC	
	$ Change	% Change
General Fund	0	0.0%
Total Appropriated Funds	0	0.0%
Non Appropriated Funds	0	0.0%
Total - All Sources	0	0.0%

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 2003 Appropriation	FY 2003 Actual	FY 2004 Appropriation	FY 2005 Recommend.
• Audiences reached by programs sponsored by agency (in millions)	7.2	6.7	8.5	8.5
• Number of grants awarded	560	515	560	560
• Cumulative private funds raised to match state Arts Endowment Fund ($ in millions)	19.0	26.7	25.0	26.7
• Customer satisfaction rating (Scale 1-8)	7.2	7.5	7.5	7.5
• Administration as a % of total cost	2.2	6.3	2.2	2.2

RECOMMENDED CHANGES FROM FY 2004

Operating Budget

The JLBC recommends $536,900 from the General Fund for the operating budget in FY 2005. This amount is unchanged from FY 2004.

Special Line Items

Arts Endowment Fund

The JLBC recommends that no appropriation be made from the General Fund for the Arts Endowment Fund in FY 2005. This amount is unchanged from FY 2004. 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 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 Arts Endowment Fund has a principal balance of $7,000,000. 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.

In the FY 2004 budget, the Legislature did not appropriate the $2,000,000 to the Arts Endowment Fund. The Public Finance Omnibus Reconciliation Bill (ORB) also included a provision suspending the General Fund deposit to the Fund. The Governor line item vetoed the ORB provision. This action, however, did not generate a $2,000,000 appropriation.

Community Service Projects

The JLBC recommends $1,263,100 from the General Fund for Community Service Projects in FY 2005. This amount is unchanged from FY 2004. 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.

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RECOMMENDED FORMAT — Operating Lump Sum with Special Line Items by Agency

SUMMARY OF FUNDS	FY 2003 Actual	FY 2004 Estimate
Arts Endowment Expendable Trust (HUA3106/A.R.S. § 41-986)		**Non-Appropriated**
Source of Revenue: Interest from the Arts Endowment Fund. From FY 1998 - FY 2009, subject to legislative appropriation, the Arts Endowment Fund will receive all revenue from the Amusements Classification of the transaction privilege tax above that classification's total FY 1994 revenues. These revenues shall not exceed $2,000,000 in any fiscal year. The Arts Endowment Trust Fund received $2,000,000 deposits in FY 1998, FY 1999, FY 2000 and FY 2001. Laws 2002, 3rd Special Session, Chapter 1 suspended deposits in FY 2002 and FY 2003. Laws 2002, Chapter 1, 6th Special Session transferred $1,000,000 of the principal to the General Fund, reducing the endowment principal to $7,000,000. The Arizona Commission on the Arts is only permitted to spend revenue earned from the investment of these funds. This interest income is deposited into the Arts Endowment Expendable Trust.		
Purpose of Fund: To award grants to mid-sized arts organizations for stabilization projects.		
Funds Expended	509,800	237,800
Year-End Fund Balance	7,108,000	7,049,100
Arts Special Revenues (HUA2116/A.R.S. § 41-983)		**Non-Appropriated**
Source of Revenue: Federal grants from the National Endowment on the Arts and other public and private grants, donations, exhibit rentals, admissions, and charges for services.		
Purpose of Fund: To award grants to arts programs in all areas of the state. Each grant awarded by the Arts Commission must be matched by the applicant organizations.		
Funds Expended	914,200	910,700
Year-End Fund Balance	470,200	302,200
Arizona Arts Trust (HUA3014/A.R.S. § 41-983.01)		**Non-Appropriated**
Source of Revenue: An annual report filing fee from domestic and foreign for profit corporations.		
Purpose of Fund: To award grants to organizations with the purpose of advancing and fostering the arts in Arizona. Portions of the fund are to be used as follows: 1) provide grants to organizations representing handicapped persons; 2) provide grants to racial or ethnic minorities; and 3) provide grants to organizations representing rural areas.		
Funds Expended	1,711,400	1,500,000
Year-End Fund Balance	147,500	100,800

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