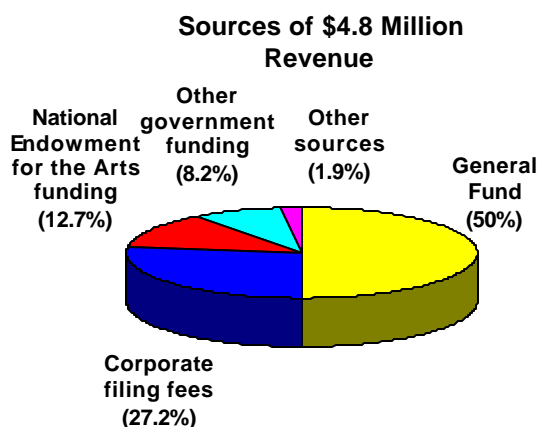


Arizona Commission on the Arts (Report Highlights)

June 2001

The Arizona Commission on the Arts was established 35 years ago to encourage the presentation and appreciation of the performing and fine arts throughout Arizona. The Commission also makes it possible for Arizona to receive and disburse federal funding for the arts from the National Endowment for the Arts (NEA). In January 2000, the Commission was reviewed by the NEA and received the highest marks among its pool of 14 arts commissions the NEA reviewed.

Our Conclusion: The Commission has a sound process for awarding almost \$3 million annually in grants to arts organizations and art projects throughout the State. Further, the grants appear to fill important needs for the organizations that receive them. However, the Commission can do a better job monitoring its contracts with private endowments that receive funds on the Commission's behalf.



Commission's Grants Benefit Organizations and Projects Statewide

Sixty-two percent of the Commission's spending in fiscal year 2001 will be used to award nearly 600 grants that support arts organizations, specific arts projects, and arts education. The majority of these grants are competitively awarded using defined criteria and often involve peer review panels.

Commission Grants

- **General operating grants**—Assists large and small Arizona arts organizations with administrative expenses.
- **Project grants**—Support arts education and other artistic projects such as dance performances and art festivals.

Grants to large organizations—Arizona's 13 largest arts organizations were awarded about \$1.14 million in grants in fiscal year 2001. These organizations include:

- Phoenix Art Museum
- Phoenix Symphony
- Arizona Theater Company
- Tucson Museum of Art
- Museum of Northern Arizona



These grants make up only 2.3 percent of the large organizations' operating budget and do not appear essential to their core operations. However, nearly all of the states auditors contacted support their major arts organizations as a matter of policy. Further, these large organizations report that a state grant acts as a "seal of approval" for their other fund-raising.



Grants to smaller organizations—124 smaller arts organizations were awarded about \$1.1 million in fiscal year 2001. Examples of these organizations include:

- White Mountain Apache Heritage Museum
- Santa Cruz Valley Art Association
- Black Theatre Troupe

Grants to these organizations compose up to 10 percent of their operating budgets and are critical to core operations. For example, small organizations report that the grants often fund:

- Basic administrative expenses, such as part of the director's salary; or
- Specific projects or programs that could not be continued without the grants.

Grants for arts education—260 organizations were awarded about \$420,000 in fiscal year 2001. These grants ranged from \$500 to \$6,000 and covered up to 50 percent of project costs.

Projects funded by the grants include:

- Teachers learning how to teach performing and fine arts at Tucson Unified School District; and
- Alpine Elementary School children learning folk arts from a visiting folk artist.

Arts education project



Photograph by David Barr provided by the Arizona Commission on the Arts.

Grants for productions, festivals, and performances—In fiscal year 2001, 191 arts projects were awarded a total of \$471,000. Grants ranged from \$500 to \$10,000 and covered up to 50 percent of project costs.

Among the beneficiaries of these grants are:

- The Gila Valley Arts Council, for its "Bach to Blues" program;
- The Wright Foundation, for the conservation of Frank Lloyd Wright's architectural drawings; and
- A Chicanos por la Causa's ethnic artwork display.

Arts festival project



Photograph by David Barr provided by the Arizona Commission on the Arts.

Commission Needs to Better Monitor Contracts with Foundations

In addition to its General Fund appropriation, another source of Commission revenue is the earnings on private matches to state money in the Arizona Arts Endowment Fund. The Commission contracts with two private nonprofit charitable organizations to receive and invest such donations.

Auditors found the Commission was not reviewing quarterly reports from one of these foundations and had been overcharged \$17,550 in administrative fees during 1999 and 2000. The Commission recovered these monies in March 2001.

The Commission should:

- ✓ Better monitor its contracts with the foundations and immediately resolve problems.

To Obtain More Information

- A copy of the full report can be obtained by calling (602) 553-0333 or by visiting our Web site at:

www.auditorgen.state.az.us

- The contact person for this report is **Melanie Chesney**.