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October 30, 1978

Letter Report 837

Honorable Richard Robinson
Chairman, and Members of the
Joint Legislative Audit Committee
State Capitol, Room 4149
Sacramento, California 95814

Dear Mr. Chairman and Members:

In response to a resolution of the Joint Legislative Audit Committee and under the authority vested in the Auditor General by Section 10527 of the Government Code, we have reviewed selected areas of the California Arts Council (CAC).

Specifically, we were asked to:

- Identify federal assistance programs for which the Arts Council presently does not apply, and
- Review a sample of grant awards from selected Arts Council programs to provide information on how these grant funds are spent.

Background

The California Arts Council replaces the former California Arts Commission. The Commission was established in 1963 to encourage the arts. In 1973, amendments to the legislation authorized the Commission to make grants, subject to specified matching requirements, for a range of artistic and cultural purposes. In 1975, new legislation created the California Arts Council which began operating on January 1, 1976. This new legislation directed the Arts Council to (1) encourage artistic awareness, participation and expression, (2) help independent local groups develop their own art programs, (3) promote the employment of artists and those skilled in crafts in both the public and private sector and (4) provide for the exhibition of art works in public buildings throughout California.

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For fiscal year 1978-79 the Arts Council requested a state appropriation of \$3,479,909, an increase of \$71,908 over the estimated 1977-78 expenditures of \$3,408,001. However, the Arts Council's request was cut over 50 percent to \$1,386,660. As a result, many of their grant programs have been drastically reduced.

Approximately 80 percent of the Arts Council's budget for 1977-78 supported their grant programs to individuals and organizations. These grants are provided through four programs: (1) Cultural Participation, (2) Organizational and Group Support, (3) Direct Support and Training for Artists and (4) Statewide Projects.

Scope of Review

We identified federal assistance programs pertaining to the arts which are available to state art agencies. No evaluation was made to determine the feasibility of implementing any of the programs identified. Such an evaluation would have to be made by the Arts Council since program objectives and availability of state funding would be important factors.

We reviewed a total of 20 CAC grant projects from fiscal year 1977-78. The following is a breakdown of the number of grant projects reviewed in each CAC program area:

<u>Program</u>	<u>Element</u>	<u>Number of Grant Projects Reviewed</u>
Cultural Participating Programs	Artists in Schools/Communities	10
	Artists in Social Institutions	1
	Alternatives in Education	2
Organization and Group Support	Local Organizations and Group Development	5
Statewide Projects	Statewide Art Service Organization	2

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The requirements for the majority of the grants reviewed are specified on the grantee's application form which is included as part of the agreement. This form provides a brief description of the grantee's project. Some project activities changed from those specified in the agreement in 55 percent of the projects reviewed. Also, in 60 percent of the projects, the agreement did not specify time schedules for activities. Each grant project reviewed is discussed in Appendix A.

The financial statements contained in this report were not audited by us and, accordingly, we do not express an opinion on them.

Federal Funds are Underutilized

In fiscal year 1977-78 the California Arts Council was awarded funding from eight federal assistance programs. The National Endowment for the Arts sponsored five of the eight programs. The other three programs were funded by the Department of Health, Education and Welfare, the Department of Labor and the Law Enforcement Assistance Administration, respectively. The total federal funds awarded amounted to \$755,470; however, two of the programs did not receive total funding. CAC's acting executive director stated that the past executive director did not request the total funds awarded, and therefore only partial funding was received. For fiscal year 1978-79 CAC will receive approximately \$664,800 from five federal funding programs.

The Arts Council has not sought additional available federal funding. We identified 17 federal assistance programs available to state arts agencies. Within these programs there are 31 funding categories available. The following table identifies these programs and those to which the Arts Council is presently applying.

The majority of programs identified require matching funds. Therefore, the applicant requesting the funds must present evidence that at least half of the total cost of the project will be provided by the applicant.

Some of the programs identified might not fit into CAC goals and objectives. Also, due to CAC's present budget, funding may not be available for the required match. However, CAC should review all available funding sources and identify those programs which could be implemented. These additional federal funds would enable CAC to supplement state funds with federal funds for broader program coverage.

FEDERAL ASSISTANCE PROGRAMS
AVAILABLE TO STATE ARTS AGENCIES

Federal Assistance Programs	FY 1977-78		FY 1978-79	
	Applied for Grant	Awarded Grant	Applied for Grant	Awarded Grant
<u>I. NATIONAL ENDOWMENT FOR THE ARTS</u>				
1. <u>Architecture and Environmental Arts Program</u>				
Grant Categories:				
a. Cultural Facilities Research and Design	No		No	
b. General Programs	No		No	
2. <u>Dance Program</u>				
a. Dance Touring Program	Yes	\$239,175	Yes	\$163,539
3. <u>Education Program</u>				
a. Learning Through the Arts	No		No	
b. Artists-in-Schools Program	Yes	\$128,300	Yes	\$128,300
4. <u>Expansion Arts Program</u>				
a. State Arts Agencies- Expansion Arts	No		No	
5. <u>Federal-State Partnership Program</u>				
a. Basic State Grant	Yes	\$215,000	Yes	\$243,000
b. Community Development	Yes	\$ 20,000	Yes	No
c. Program Development	Yes	\$ 16,695*	Yes	No
d. Regional Programs	No		No	

* Only part of the total award was requested by CAC.

FEDERAL ASSISTANCE PROGRAMS
AVAILABLE TO STATE ARTS AGENCIES

Federal Assistance Programs	FY 1977-78		FY 1978-79	
	Applied for Grant	Awarded Grant	Applied for Grant	Awarded Grant
6. <u>Folk Arts Program</u>				
a. Folk Arts Program	No		No	
7. <u>Literature Program</u>				
a. Assistance to Small Presses	No		No	
b. Residencies for Writers	No		No	
8. <u>Media Arts: Film/Radio/ Television</u>				
a. Aid to Film/Video Exhibition	No		No	
b. In Residence/Workshop Program	No		No	
9. <u>Museum Program</u>				
a. Special Exhibitions	No		No	
b. Cooperative Programs	No		No	
10. <u>Music Program</u>				
a. Jazz Category III*	No		No	
b. Folk/Ethnic Category I Organizational Presentations	No		No	
11. <u>Theatre Projects</u>				
a. State Arts Agencies Theatre Projects	No		No	
12. <u>Visual Arts Programs</u> <u>Photography</u>				
a. Photography Exhibition Aid	No		No	
b. Photography Surveys	No		No	

* For fiscal year 1977-78 the program was Jazz Category IV.

FEDERAL ASSISTANCE PROGRAMS
AVAILABLE TO STATE ARTS AGENCIES

Federal Assistance Programs	FY 1977-78		FY 1978-79	
	Applied for Grant	Awarded Grant	Applied for Grant	Awarded Grant
<u>Crafts</u>				
a. Crafts Exhibition Aid	No		No	
<u>Works of Art in Public Places</u>				
a. Category I: Major Commissions	No		No	
b. Category II: Work for Direct Purchase and Smaller Commissions	No		No	
<u>General Programs</u>				
a. Artists, Critics, Photographers and Craftsmen in Residence	No		No	
13. <u>Work Experience Internship Program</u>	No		No	
14. <u>Challenge Grants</u>	No		No	
II. <u>DEPARTMENT OF HEALTH, EDUCATION AND WELFARE</u>				
a. <u>Office of Education-Emergency School Aid Act</u>	Yes	\$ 70,300	Yes	\$100,000
III. <u>DEPARTMENT OF LABOR</u>				
a. <u>Comprehensive Employment and Training Act (CETA)</u>	Yes	36,000*	No	
IV. <u>LAW ENFORCEMENT ASSISTANCE ADMINISTRATION</u>				
a. American Correctional Association	Yes	<u>30,000</u>	Yes	<u>\$ 30,000</u>
Total		<u>\$755,470</u>		<u>\$664,839</u>

* The total award amount was never requested by CAC.

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For example, the Kentucky Arts Commission received a "balance-of-state" CETA grant from the Department of Labor to fund five community development coordinators who work in nonmetropolitan areas. These persons are helping the Kentucky Arts Commission encourage diverse community groups to explore the ways in which the arts can be made an integral part of community life.

The acting director for the Arts Council stated that federal funding was not aggressively sought before because of staffing limitations. However, during 1978-79 the Arts Council will be reviewing this area.

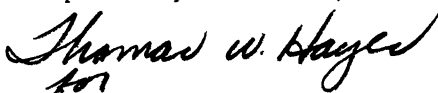
Conclusion

The Arts Council has not sought additional available sources of federal funds to supplement state funding of projects.

Recommendation

We recommend that the Arts Council review all available federal funding sources and identify those programs which could be implemented. Once these programs have been identified, applications for assistance should be submitted for each program.

Respectfully submitted,



JOHN H. WILLIAMS
Auditor General

Staff: Gerald A. Silva, Audit Manager
Dennis Sequeira