



ARTS COMMISSION: 08/08/07

ITEM: VII.A.1

Memorandum

TO: ARTS COMMISSION

FROM: Paul Krutko

SUBJECT: Changes to Organization
Development Grants Guidelines

DATE: August 6, 2007

RECOMMENDATION

Accept the recommended changes to the Organization Development Grants, as described herein.

BACKGROUND

Organization Development Grants (ODG) is a pilot program that offers arts organizations and artist ensembles, on a competitive basis, Technical Assistance Grants and Professional Development Scholarships, to foster capacity development and enhance self-sustainability.

Following the Arts Commission's endorsement of several guiding principles and procedural concepts, and its recommendation that a program of small organization enhancement grants be implemented as a pilot program, the Office of Cultural Affairs (OCA) developed the ODG pilot and accepted applications for the first time in August 2002.

With the exception that the OCA reduced the number of application deadlines per year from four to two in the pilot's third year in response to a reduced budget, and then settled on a three-deadline per year schedule in the following year, the ODG has remained essentially unchanged since its introduction.

In keeping with the principles and concepts that the Arts Commission endorsed for the pilot program, in June 2006, at the conclusion of the pilot's fourth year, the OCA hired Nancy Ragey, a well-regarded local consultant who had previously supervised grant-making programs of Community Foundation Silicon Valley, to conduct an independent assessment of the pilot. (The same budget constraints that led to the reduction in application deadlines each year caused the original plan to conduct the assessment after the second year of the pilot to be put off.)

Following an extensive review of materials associated with the ODG, and surveys of and interviews with OCA staff, grant applicants, review panelists and others, Ms. Ragey completed her assessment in January 2007. (Ms. Ragey herself had been a review panelist for the pilot program at times.) She presented her final report to OCA in February and the Programs Committee in March.

Ms. Ragey reported that the pilot was, on the whole, operating well and serving actual needs experienced by San Jose arts groups, and that grantees represented a spectrum of small and large organizations based in a variety of art disciplines. However, she also found that several of the original provisions of the program were proving onerous in practice, without serving any useful purpose. In addition, Ms. Ragey reported that, despite its strengths, the ODG was not well suited to meet some of the loftier ambitions that had been variously ascribed to it, especially those that spoke of lifting sector-wide capacity and sustainability.

Ms. Ragey offered a number of recommendations to improve applicant access to the program, eliminate several provisions that seemed not to serve any useful purpose, regardless of their original intent, and streamline and clarify the application, review and grant management process. She also made recommendations regarding directions that OCA can explore if addressing sector-wide capacity-building challenges is in fact an arts development goal for the City.

RECOMMENDED CHANGES AND ANALYSIS

OCA recommends the following material changes to the Organization Development Grants pilot:

Recommendation: Put Technical Assistance Grants and Professional Development Scholarships on Separate Tracks

For purposes of application eligibility and review, Grants and Scholarships have been treated as one. At any given time, an organization or ensemble may apply for a Grant or a Scholarship, but not both. A Scholarship recipient may not apply for a Grant until it has completed all the obligations resulting from the Scholarship award, and vice versa. While the assessment was not able to establish that this was specifically a cause for the small number of Scholarship applications received, it speculated that the mutually exclusive nature of Scholarships and Grants might have discouraged potential Scholarship applications, since they would have come at the expense of significantly larger Grant applications.

By putting Grants and Scholarships on separate tracks, organizations and ensembles will be able to apply for both, as appropriate, as long as they meet eligibility requirements and are in good standing with respect to other awards from OCA. As receiving a small Scholarship award will not, then, prevent an organization from also seeking a larger Grant, it is anticipated that a number of organizations that have previously avoided seeking Scholarships will, in the future, take advantage of the opportunity to facilitate the professional development of (paid or volunteer) staff or board members for the benefit of the organization.

Recommendation: Replace the 12-month Wait Period with Per-Organization Maximums of One Technical Assistance Grant a Year and Scholarship Assistance of \$1,500 a Year

Grantees and Scholarship recipients have been required to wait 12 months following the completion of their grant or scholarship obligations, including the filing of satisfactory final

reports, before they can be eligible to submit another application for a Grant or Scholarship. In practice, this has usually meant a 24-month interval between application opportunities.

As there was some concern during the development of the ODG that pent-up demand for technical assistance support would lead to a much larger number of applications than the grants budget could accommodate, this requirement was included to promote wider access to Grant/Scholarship opportunities by preventing rapid serial grant awards to a handful of the best-prepared organizations.

The assessment has shown, however, that the actual disparity between ODG applications and the grants budget has been small, thus obviating the original reasons for the 12-month wait requirement. Furthermore, the assessment reported that the long wait period inhibited the ability of organizations to undertake substantial capacity building in a sequence of smaller steps. The scale of Grants is too small to offer significant support for large-scale technical assistance, and the wait requirement put too much time in between potential projects to make sequential capacity building practical in many instances.

In addition, the need to keep track of when a previous grantee might become eligible again to apply for a Grant or Scholarship added a layer of administrative complexity within OCA that appeared to serve no useful purpose.

There remains some concern that simply eliminating the 12-month wait period could inadvertently encourage wholesale reliance by individual organizations on ODG support to underwrite capacity building. Therefore, staff recommends that the wait period be replaced with a maximum of one Grant per City fiscal year for any one organization. For Scholarship support, staff recommends that the current ceiling of \$1,500 in Scholarship support to an organization at any one time also be applied as an annual ceiling, so that an organization will not be able to receive more than \$1,500 per City fiscal year in Scholarship support.

Recommendation: Change the Basic Terms of Professional Development Scholarships

Scholarship awards are presently limited to a maximum of \$1,500 per organization, at a rate of up to \$500 per person being supported through each award. In addition, award recipients are required to have at least two persons participate in the program for which the Scholarship support was requested.

In response to stakeholder feedback, staff recommends the following:

- Align the maximum award amount to the City's fiscal year. In other words, organizations will be able to apply for support of up to \$1,500 in a single City fiscal year.
- Eliminate the two-participant requirement, but keep the \$500 per person limitation. This change will allow an organization to apply for support even if it intends to send only one person to a program, thereby addressing organizations' expressed concern that it is usually prohibitively expensive to send more than one person to a professional conference.

- Clarify that overnight accommodations are not an appropriate expense for Scholarship-supported programs that fall within a 60-mile radius of downtown San Jose.

Recommendation: Revise the Evaluation Criteria for Technical Assistance Grants

Eligible applications are measured by two evaluation criteria: Appropriateness and Quality. Applications are required to pass an undefined threshold in the review for Appropriateness in order to be considered for funding, regardless of their strengths in relation to the Quality criteria. As currently described, these criteria have proven vague at times in their application in the review process, and the Appropriateness threshold has had no practical impact.

Furthermore, the review process takes no account of prior accomplishment and, consistent with its recommendation that OCA recognize that capacity-building is frequently a process involving a sequence of steps rather than a single event, the assessment recommends that the review process considers what an applicant might have accomplished with earlier ODG grants.

Staff, therefore, recommends that **Appropriateness** be described as follows:

- Given the applicant's organizational state and its developmental needs with respect to governance, management and operations, revenues, and program development and delivery, whether the proposed project will allow the applicant to acquire or enhance specific capabilities, expertise or practical knowledge aimed at improving its capacity for an extended period.
- Whether the character, strength and accessibility of the arts opportunities the applicant provides the community are consistent with its size and age.

Staff recommends that Quality be renamed **Project Quality** and described as follows:

- The strength of the project's design and the project budget in relation to the project goals, and of the individuals (consultants, staff and volunteers) involved in relation to project needs; and the organization's ability to implement the project successfully and have its goals met.
- When the applicant is a previous ODG grantee, whether the proposed project builds on a previously supported project and, if so, how effectively it does so.

Staff also recommends that a specific score be stipulated as the minimum threshold that applications must attain for Appropriateness in order to be considered for funding. (At present, no minimum threshold score is stipulated.)

Recommendation: Review Process for Professional Development Scholarships

As part of putting Grants and Scholarships on separate application and review tracks, staff recommends the following criteria for evaluating Scholarship applications:

- The individual(s) for whom an organization requests scholarship support is a board member or a paid or volunteer staff person.

- The program that the individual(s) is to attend is a professional conference, course of study, seminar, workshop or other educational or professional networking activity that is clearly related to the mission and stated capacity development needs of the applicant organization.
- The organization has clearly stated how it will meet the financial needs of the professional development activity over and above ODG Scholarship support, if appropriate.

Staff will apply the above criteria on a Pass/Fail basis. In the event that the number of Scholarship applications that Pass exceeds the amount of funds available for Scholarship support, awards will be made on a first-come/first-served basis, based on the order in which applications are received, with additional preference given to first applications that involve the participation of more than one individual from an organization.

Recommendation: Clarify Project Start Dates

Staff recommends that Grant applications must be for projects that start no sooner than 120 days after the application deadline, and Scholarship applications must be for activities that take place no sooner than 90 days after the application deadline. This should minimize the occasions when an applicant seeks support for a project that begins before application review and contract administration can be completed, which has been the case from time to time.

Implementation

OCA staff will revise the ODG information booklet, application forms and instructions, and pre-application workshops, as well as its administrative procedures, to reflect the changes recommended above. Staff will consult with arts groups during the drafting of new booklets, forms and instructions to ensure that materials are clear, accurate and user-friendly.

PUBLIC OUTREACH

OCA staff presented a draft of these recommendations at a community meeting attended by 15 individuals representing 12 organizations. Input from that meeting led to several revisions to the draft recommendations. Subsequently, the Programs Committee, at its publicly noticed regular meeting July 18, clarified and recommended acceptance of the changes.

PAUL KRUTKO
Chief Development Officer

Attachment: Most recent Organization Development Grants information booklet (2006-07)

Arts Grants Program 2006–07

ORGANIZATION DEVELOPMENT GRANTS

TECHNICAL ASSISTANCE GRANTS

PROFESSIONAL DEVELOPMENT SCHOLARSHIPS

Application Deadlines

- ⇒ **FRIDAY, SEPTEMBER 1, 2006, 5 PM**
- ⇒ **FRIDAY, DECEMBER 1, 2006, 5 PM**
- ⇒ **FRIDAY, MARCH 2, 2007, 5 PM**

Workshop information on p. 6.

Note: Dates are contingent on the availability of funds. Please confirm them with program staff.

CONTACT INFORMATION

Joe Rodriguez
Arts Program Officer
(408) 277-5144 ext. 29
joe.rodriguez@sanjoseca.gov

Arlene Biala
Arts Program Coordinator
(408) 277-5144 ext. 25
arlene.biala@sanjoseca.gov

Lawrence Thoo
Arts Program Director
(408) 277-5144 ext.28
lawrence.thoo@sanjose.ca.gov

San José Office of Cultural Affairs
365 S. Market St.
San José CA 95113

Main: (408) 277-5144
Facsimile: (408) 277-3160

Web site: www.sanjosearts.org
Application forms: www.sanjosearts.org/grants/arts_grants.html#org.dev

ORGANIZATION DEVELOPMENT GRANTS

Introduction

The City of San José recognizes that a rich and varied arts tapestry, woven into the fabric of a community and serving all its members, is essential to the good quality of life in that community.

In order to ensure that the people of San José have access to an increasing array of arts opportunities of which they may partake, the City has created the Organization Development Grants Program to support the development of self-reliant arts organizations and artist ensembles.

Program Overview

The Organization Development Grants Program is a pilot program of Technical Assistance Grants and Professional Development Scholarships. Grants and scholarships are offered several times a year, contingent on funding. Evaluation of the program's effectiveness will be ongoing, and a subsequent determination will be made regarding the program's form and continuation.

Grants are intended to support projects that will allow arts organizations and artist ensembles to acquire or enhance specific capabilities, expertise or practical knowledge that will be embedded within an organization in order to improve governance, management, revenues, program development and delivery, etc.

Scholarships are intended to support attendance by members of an organization's board and staff at professional conferences, workshops and seminars that are directly related to organizational governance, management, revenue development, operations, programming, etc.

Grant Size

Technical Assistance Grants: Grant size will be governed in part by an organization's financial history. Organizations that have most recent three-year average operating expenditures of \$150,000 or less (**small organizations**) can apply for a grant of **up to \$5,000**.

Organizations that have most recent three-year average operating expenditures above \$150,000 can apply for a grant of **up to \$7,000**.

Professional Development Scholarships: Organizations can apply for scholarship support of **up to \$1,500** at a rate of no more than **\$500 per person**. At least two people from the organization must participate in the program for which the scholarship support is sought.

Limits of Support

Small Organizations (Budgets \$150,000 and under)

Technical assistance grants to small organizations cannot exceed 10 percent of an organization's most recent annual operating expenditures. The grant can be used to cover all of the direct costs of the technical assistance project.

Professional development scholarships can be applied only to the direct costs of attendance at a conference, seminar, etc. They can be used to cover the full cost of registration, materials, travel and accommodations required for participation.

Other Organizations (Budgets over \$150,000)

Most recent annual operating expenditures up to one million dollars: Technical assistance grants can be used to cover **up to 70 percent** of the direct costs of technical assistance projects. Similarly, scholarships can be used to cover up to 70 percent of the direct cost of participation.

Most recent annual operating expenditures over one million dollars: Technical assistance grants can be used to cover **up to 50 percent** of the direct costs of technical assistance projects. Similarly, scholarships can be used to cover up to 50 percent of the direct cost of participation.

Eligibility Requirements

Organizations must **meet all of the following** criteria to be eligible to apply to this program:

- Mission is clearly focused on the development, production or presentation of the arts, e.g., dance, literary and media arts, music, theater and visual arts, etc., for public participation, or on the enhancement and integration of the arts into K–12 education. Although the arts need not be the organization’s only pursuit, it must be its principal one.
- Organization is a tax-exempt, California Non-Profit Public Benefit Corporation or is an unincorporated organization that meets the mission test above and applies through a tax-exempt fiscal sponsor. In addition, an artist ensemble or collective, for example, a jazz trio, string quartet or painters collective, that is not incorporated, can be eligible to apply without a fiscal sponsor. Such a group has to have consistent membership and be self-managing and collectively self-employed, i.e., it returns earnings only to its members.
- Organization is at least one year old at the date of application.
- Organization provides more than half of its publicly accessible (or K–12, as appropriate) arts programs or services in San José.
- Organization is in good standing with respect to any dealings with the City of San José.
- When applicable, at least twelve months must have passed since the organization *completed* a project for which it previously received a grant or scholarship from this program.

Application Evaluation

All applications are subject to a screening for **eligibility**, using the criteria above. Only eligible applications that have been received by the appropriate application deadline and are complete will be considered for funding in that cycle.

Applications that can be considered for funding will be evaluated for their **appropriateness** and their **quality**. Applications that are determined to be sufficiently appropriate will compete for funding on the strength of their perceived quality, as well as their appropriateness.

Appropriateness

Applications will be reviewed for their alignment with the purposes of this program as described in the Program Overview above. In doing so, principal consideration will be given to each organization's existing condition, its development needs, and the relationship of the proposed project to the organization's condition and needs.

Quality

In evaluating the strengths of each application, reviewers will consider the project design, the relevant strengths of the people who will be involved and the organization's ability to implement the project successfully and have its goals met. They will also take into consideration the organization's arts work and its impact in the community.

Applications

Organizations wishing to apply for a technical assistance grant or professional development scholarship should study this booklet carefully beforehand. They are also strongly encouraged to take advantage of available pre-application assistance. They must then send in the following:

1. Completed Application Form

Independent not-for-profit organizations must complete the **Application Form**. Fiscally sponsored organizations must complete the **Application Form** and have their fiscal sponsors complete the **Fiscal Sponsor Form**. Unincorporated artist ensembles must first consult with this program's administrators before beginning an application.

All applicants must also provide the required supplemental information described in the Application Form.

2. Grant Proposal

The grant proposal is an essay that can be **up to four double-spaced pages** in length. The essay should begin with a clear description of the project for which financial support is being sought, including when the project will take place (a moment in time or a span of time). **Organizations should not schedule any significant part of the project to take place sooner than three months after the application deadline.**

In addition to describing the project itself (in the case of scholarship applications, this would be the conference, seminar, workshop, etc.), organizations should take care to describe what needs the project is intended to address and what both the short-term and long-term goals (or benefits) of the project are envisioned to be.

Organizations should describe who within the organization will be responsible for the project and who will take part in it. In doing so they should provide some background information on the key individuals. In the case of scholarships, organizations should indicate why the particular individuals were selected to participate in the conference, seminar, etc.

If an organization plans to utilize outside expertise (e.g., consultants) for the project, it should describe the recruitment process and timeframe, desired qualifications, likely candidates, etc. If it has already recruited outside expertise, the organization should attach appropriate resumes (see below).

If an organization plans to raise additional funds to support the project, it should include in the essay a description of its fund-raising plans.

As they prepare their essays, organizations are urged to bear in mind the purpose of the Organization Development Grants Program and the evaluation criteria described above.

Organizations must be sure to put their names in the header of each page of the proposal.

3. **Project Budget**

Complete the Project Budget Form provided and attach a set of budget notes, if necessary. (Hint: Budget notes are often invaluable in conveying intentions and meaning.)

Organizations may use their own format for presenting project budgets. However, take care to show both direct expenses and support for the project. Organizations may also show indirect costs and support, but must distinguish between direct and indirect items.

4. **Financial Statement**

The organization must send the **Year-End Financial Statement** for its most recently completed Fiscal Year. If the Year-End Financial Statement is **more than six months old**, please add a Year-to-Date Financial Statement that is no more than two months old.

Financial Statements should include both an Income/Expense summary as well as a Balance Sheet (Statement of Assets & Liabilities). The latter may be omitted for organizations that use a Cash Method of financial management.

In addition to the above, organizations must attach one-page resumes of the key project manager and of key consultants, if any. Scholarship applicants must also attach a description published by

the organizers of the conference, workshop, etc., e.g., course catalogues. Organizations should also attach up to two published press reviews or articles about the work they do, if available.

Assembling the Application

Please collate the various parts of the application in the following order:

1. Signed Application Form, plus any required attachments
2. Grant Proposal (Project Narrative Essay)
3. Project Budget and notes, if any.
4. Financial Statement(s).
5. Resume of key project manager, followed by resume(s) of key consultant(s), if any.
6. Published description of conference, course, workshop, etc., if applicable
7. Press reviews or articles, if available.

Please make single-sided copies and submit **four collated sets** of the application, **plus the signed originals**. If preprinted materials such as conference catalogues are included, attach multiple originals instead of making copies, if that's possible. If not, then make clean, easy-to-read copies. Hard-to-read copies will not be very useful.

Three-hole punch each application set along the left edge. Use large paper clips or binder clips to keep each set separate. Please **do not staple** any pages together.

Make sure that the application packet is complete and as specific as possible. NOTE: The Office of Cultural Affairs may request additional information if needed for review.

Application Deadline

Deadlines dates are listed on the front cover. Applications are accepted if funds are available.

Applications must be delivered to the Office of Cultural Affairs by **5 PM of the applicable deadline**. They can also be sent via U.S. Mail, in which case applications must be **postmarked** by the applicable deadline.

Please address completed grant application packets to:

**Organization Development Grants
San José Office of Cultural Affairs
365 S. Market St.
San José CA 95113**

On-line Forms

Users of Microsoft Word 97 (Windows), 98 (Macintosh) and later versions: You can obtain digital versions of the Application Form and Project Budget Form that can be filled in on your computer. Download the correct forms from

www.sanjosearts.org/grants/arts_grants.html#orgdev

or specify a Windows or Macintosh form if you request it by e-mail or telephone.

Application Reviews and Grant Awards

Applications will first be reviewed by Arts Program staff for eligibility and completeness. Questionable eligibility will be resolved by the Arts Program Director.

A three-member Review Panel will evaluate the appropriateness and quality of applications. The panel will be comprised of knowledgeable and experienced individuals in the arts, technical assistance and/or related fields, and a member of the Arts Commission.

The panel will develop funding proposals based on its evaluations of the applications. These proposals will be submitted to the Arts Program Director, who will ensure that the funding proposals are consistent with the guidelines of this program.

The Arts Program Director will recommend grant awards to the Director of the Office of Economic Development or his designee, who will also consider any appeals before approving grant awards.

Pre-Application Assistance

Interested organizations are strongly encouraged to take advantage of the various forms of pre-application assistance that are available.

A pre-application question-and-answer workshop will be held at the Office of Cultural Affairs prior to each application deadline. Staff will be on hand to answer questions about the program and preparing and submitting applications. During the ~~2005-06~~ cycle, workshops are scheduled as follows:

2006-07

Thurs., Aug. 3, 5:30 pm Thurs., Nov. 2, 5:30 pm Thursday, Feb. 1, 5:30 pm

Organizations interested in applying to this program can also contact the Arts Program staff directly with questions. Contact information is located on the inside front cover of this booklet.

Organizations can request a preliminary review of their application materials by Arts Program staff. While not definitive, a preliminary review can point out potential problems in the areas of eligibility, clarity, general appropriateness and completeness. Requests for preliminary review must be made and materials submitted **at least ten business days** before the application deadline.

Appeals

Grounds for Appeal

Appeals can be considered only if they assert that one of the following circumstances occurred and is believed to have affected funding considerations for the organization filing the appeal:

- ◆ The Review Panel and/or program administrators committed a material breach of published grant review policies and procedures;
- ◆ Required application materials that were submitted by the deadline were omitted from the materials the Review Panel considered during the review process; or
- ◆ A member of the Review Panel had a conflict of interest as defined under state law in relation to an applicant, which should have resulted in that member recusing him/herself from evaluating the applicant's grant proposal or participating in a discussion of it.

There will be **no consideration of appeals** that are based on:

- ◆ Correcting applicant errors and omissions in the application or review process;
- ◆ The merits of the application relative to others the panel considered; or
- ◆ Events and/or organizational development that occurred subsequent to the panel meeting.

Appeals Process

Organizations wishing to appeal must file a Notice of Appeal within two weeks of notification of funding recommendations. The burden of proof in appeals is on the organization making the appeal. Contact the Arts Program staff for more information.

Grant Disbursements

Grantees will receive their grants in two installments.

- The first installment will follow the execution of a grant agreement with the City.
- The remainder of the grant will be disbursed when the project has been completed and a Final Report has been submitted and accepted.

In order to facilitate the evaluation of this pilot program, grantees should expect that they will have to meet rigorous reporting requirements.

Acknowledging City Support

Grant recipients must acknowledge City of San José support in all appropriate materials/media.

Questions

Contact any one of the individuals listed on the inside of the front cover.

NOTES
