



STAFF REPORT ACTION REQUIRED

Revisions to the Major Cultural Organizations Grant Program

Date:	September 22, 2015
To:	Economic Development Committee
From:	General Manager, Economic Development and Culture
Wards:	All
Reference Number:	AFS – 21130

SUMMARY

The purpose of this report is to recommend revisions to the Major Cultural Organizations (MCO) grant program in order to update eligibility and assessment criteria, increase the clarity and transparency of the program guidelines, and ensure the continued relevancy of the program. City Council currently provides annual operating support to eleven not-for-profit cultural organizations that are recognized as essential cultural ambassadors for the City and whose activities have a significant impact on the regional economy. They are recognized for their unique programming and activities, and they play a major role in Toronto's artistic life, have significant impact on the tourism sector, and attract attention to the city as a global cultural destination.

The key changes proposed are the establishment of three program streams, renewed eligibility thresholds and assessment criteria that are clearer and better aligned with intergovernmental funding partners. In the short term, the proposed changes will not have significant impact on the existing clients. However, these changes allow the City to anticipate increased demand and ensure transparency. Program changes will be implemented in 2016 if approved by City Council.

RECOMMENDATIONS

The General Manager of Economic Development and Culture recommends that:

1. City Council approve changes to the eligibility and assessment criteria of the Major Cultural Organizations grant program as detailed in Appendix A of this report for implementation in 2016.

Financial Impact

There is no financial impact resulting from this report in 2015. The total budget of the Major Cultural Organizations program in the current year is \$7,394,960.

There will be no financial impact to existing MCO program clients in 2016. Pending City Council's adoption of these recommendations, and approval of the 2016 Budget, allocations for operating support to the George R. Gardiner Museum of Ceramic Art (Gardiner) will be included in the 2016 MCO program, but will be requested as a separate line item for the 2017 Budget.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

Through Clause No. 3, Report No. 24 of the Strategic Policies and Priorities Committee, adopted by City Council at its meeting held on November 25, 26 and 27, 1998, the City established the role of Toronto's Cultural Services in the delivery of funding in the Arts and Culture category for Major Cultural Organizations:

<http://www.toronto.ca/legdocs/minutes/council/appa/cc981125/sp24rpt.htm>

At its meeting June 23, 2008, City Council approved program eligibility criteria and at its meeting of September 24 and 25, 2008, City Council approved the eligibility of the Toronto International Film Festival Group for funding under the MCO program:

<http://www.toronto.ca/legdocs/mmis/2008/ed/bgrd/backgroundfile-15474.pdf>

At its meeting of June 11, 12, 13, 2013, City Council approved the addition of Toronto Artscape for funding under the MCO program:

<http://www.toronto.ca/legdocs/mmis/2013/ed/bgrd/backgroundfile-58204.pdf>

ISSUE BACKGROUND

In 1957, the regional government, the Municipality of Metropolitan Toronto (Metro), gave out its first cultural grants to 10 organizations. Among them were some organizations that remain flagship cultural institutions to this day: the Toronto Symphony Orchestra, the National Ballet of Canada, the National Ballet School, the Art Gallery of Ontario and the Canadian Opera Company. These large organizations were understood to serve the whole region rather than the six separate municipal governments which, prior to amalgamation in 1998, made up Metro Toronto. As recipients of Metro funding, they were not eligible to receive funding from any of the six local governments. After

amalgamation, these organizations continued to receive funding from the "new" City of Toronto through the Major Cultural Organizations (MCO) program.

Since 1998, six other organizations have been added to the list of recipients: Festival Management Committee (organizers of the Toronto Caribbean Carnival formerly known as Caribana); Pride Toronto; the Gardiner Museum, the Toronto International Film Festival, Luminato, and Toronto Artscape Incorporated. City Council approved the addition of each recipient and used the following criteria to determine which cultural organizations could be considered for program funding:

- a) eligible organizations are recognized as essential cultural ambassadors for the City and their programs have a significant impact on the regional economy by playing a major role in tourism attraction through the development of Toronto as a world-wide cultural destination;
- b) they must be Toronto-based with operating budgets in excess of \$2,500,000 annually and/or audiences of 250,000;
- c) they are incorporated not-for-profit organizations with a unique cultural mandate and have demonstrated: a consistent level of professional standards; artistic excellence; international achievement; a sound financial management system; a diverse funding base; board accountability; and
- d) are not fully self-supporting through private donations and self-generating income.

The MCO program eligibility criteria have been adapted over time to accommodate and reflect the diverse clients who have entered the program since 1998. An update of the program would enhance the effectiveness of funding for organizations that support the vision and goals of the City of Toronto and contribute to the cultural, social and economic quality life of the city. With increased investment by the City in the not-for-profit arts sector, there has been increased pressure to allow more clients into the program from organizations who have not been funded previously as well as from organizations who have received funding from the Toronto Arts Council, but at a level lower than their peers due to historical reasons.

For both practical reasons of efficiency, as well as policy reasons that protect both the freedom of expression of artists and the accountability for funding decisions by politicians, it is best that the Toronto Arts Council remain the primary funder of professional not-for-profit arts organizations and individual artists. In recognition of that, the Toronto Arts Council and its clients has been the greatest beneficiary of new cultural investment by the City of Toronto. It is the intention of EDC staff to have the vast majority of new requests for municipal funding to be made to the Toronto Arts Council, and for peer advisors to assess those requests and make grant recommendations. Recipients of Toronto Arts Council grants are not eligible for funding through the MCO program. Likewise, recipients of MCO grants are not eligible for funding through Toronto Arts Council programs. The two cultural grant programs are meant to be complementary but exclusive and clients can only receive operating support through one grant program.

The few organizations which are funded by the MCO program should have significant economic impact due to the scope and scale of their activities and operations, and their alignment with overall City strategic objectives. Peer organizations of these major organizations are regional, national or international and therefore challenging to assess through local discipline-specific peer advisory panels (i.e. theatre, dance, or opera committee, etc.). The challenge of peer assessment at the level of the major cultural organizations is recognized at the provincial level through the Ontario Arts Council's Major Organizations program, a separate, non-discipline specific operating support program for major arts organizations. There is significant overlap of the client base, but the Ontario Arts Council also funds major arts organizations such as the Stratford Festival and the Shaw Festival outside Toronto. The proposed changes to the City's program criteria will align more closely with the Major Organizations program of the OAC. With more specific criteria and eligibility thresholds that are closer to other levels of government, the City will be better able to respond to requests for funding through the Major Cultural Organizations program in a consistent and transparent manner.

COMMENTS

In response to increased funding requests from a variety of organizations, a decision was made to have an impartial, third-party review of the program criteria of the Major Cultural Organizations grant program. In July 2014, the City of Toronto issued a Request for Proposals (RFP) and Ginder Consulting was retained to review the eligibility and assessment criteria of the program. The full report of *Review of Eligibility and Assessment Criteria of the Major Cultural Organizations Program* is attached as Appendix B of this report.

Staff recommends adopting the recommendations of the Ginder report. The summaries of recommendations are (p.30):

Revised Guidelines and Eligibility

1. The City-approved eligibility criteria be included in the Program Guidelines.
2. Program staff review the MCO Program Guidelines in the context of the March 2013 City Grants Policy.
3. New Program Guidelines that respond to the recommendations in this report are prepared and made available to interested parties.
4. New Program Guidelines should include the City's corporate objectives.
5. New Program Guidelines should provide greater clarity and/or definitions related to eligibility criteria.
6. Program Guidelines should be available to the sector and clearly state eligibility criteria and ineligibility criteria.
7. MCO Program should be structured around three streams: Producers/curators; Festivals; and Cultural Support /Infrastructure.
8. New eligibility criteria should be established, including general eligibility criteria and that specific to each stream.

9. The operating budget threshold should be raised to \$20 million for producers/curators; \$2 million for festivals, and \$6 million for cultural support organizations.
10. Staff should closely examine current eligibility criteria to determine which are more appropriate as assessment criteria.
11. Staff should prepare and makes public a list of what constitutes an ineligible organization.

Revised Assessment

12. The three core elements of the current assessment criteria be retained.
13. The weighting of the three core criteria be rebalanced by stream, to more accurately assess each organization in the context of its core purpose.
14. A series of questions be included in the application package that directly relate to the revised assessment criteria.
15. Staff examine the TREIM modules and determine how they can be best adapted or suited to MCO for assessment and advocacy purposes.
16. New Program Guidelines and Application Package are prepared.
17. Staff hold information session for clients unfamiliar with TREIM once staff have agreed on how best to incorporate into the application process.

The most significant change resulting from the proposed revisions is the establishment of three program streams grouped by activity.

- a) The **Producers/Curators** stream includes year-round public programming organizations whose operations are tied significantly to a capital facility and therefore, fixed costs. Organizations would include the Art Gallery of Ontario, Canadian Opera Company, National Ballet of Canada, Toronto International Film Festival, and Toronto Symphony Orchestra.
- b) The **Festivals** stream includes the Festival Management Committee (Toronto Caribbean Carnival), Pride Toronto, and Luminato. These organizations produce programming during a short period each year and do not operate major institutional facilities.
- c) The **Cultural Support/Infrastructure** stream includes the National Ballet School and Toronto Artscape Inc. These institutions provide unique services to the City's arts sector.

The establishment of the three program streams allows for different eligibility thresholds according to activity and recognizes the different contributions of these major cultural organizations. Further, peer assessment may be done more effectively by grouping these very different organizations by their missions, mandates and activities.

Criteria	Producers & Curators	Festivals	Cultural Support & Infrastructure
Toronto-based, not-for-profit corporation in good standing, comply with City of Toronto Anti-discrimination Policy	✓	✓	✓
National and international profile	✓	✓	✓
City-wide activity and impact	✓	✓	✓
In existence for at least 7 years	✓	✓	✓
All artists are paid	✓	✓	✓
Primary focus is culture	✓	✓	✓
Tourism attraction	✓	✓	
Economic impact	✓	✓	✓
Eligible expenses in excess of \$20 million	✓		
Eligible expenses in excess of \$6 million			✓
Eligible expenses in excess of \$2 million		✓	
Audience in excess of 250,000		✓	
Unique service that supports the cultural sector			✓

The proposed changes to the Majors are aligned with the provincial funder partner, (Ontario Arts Council - Major Organizations) and the criteria of other public funders of professional cultural activity such as the federal Department of Canadian Heritage whose program guidelines for the *Canada Arts Presentation Fund* state explicitly:

"All eligible organizations must:

- have a clear arts presentation focus in their vision or mandate that is reflected in their by-laws and/or other governance documents;
- have as their mission the presentation of works of professional artists;
- pay a guaranteed fee to professional artists for presentations offered within a festival or series and provide professional presentation conditions."

Also, the Department of Canadian Heritage's eligibility criteria for the *Canada Cultural Spaces Fund* state: "The applicant's mission, letters patent, by-laws or other governance documents must clearly demonstrate a professional artistic or heritage mandate."

Clarifying the City's eligibility criteria for the MCO program ensures that it remains focussed on supporting professional arts and cultural activities; and provides clear rationales for assessing those applications based on the contributions of the organizations to the cultural vitality and global reputation of the City.

The Ginder report also recommends investigation into using the Province of Ontario's Tourism Regional Economic Impact Model (TRIEM) to see if it could be used as a simple, user-friendly, effective tool to estimate direct, indirect and induced economic impact. Finding a consistent tool to benchmark the economic impact of the major cultural organizations funded through the program would provide useful data with which to assess

the organizations against each other, and also provide longitudinal data with which to assess overall trend lines. However, as a tool primarily designed for tourism activity, it requires some adjustments to work with the range of arts and cultural organizations funded by the MCO program. Other employment and statistical data about the organizations is captured annually through CADAC (Canadian Arts Data/Données sur les arts au Canada), the City's main collection tool for financial and performance data of arts organizations.

Overall, clearer and better defined eligibility and assessment criteria will ensure the program remains fully compliant with the overall City Grants Policy, remains transparent and accountable to the public, and provides consistent rationale for responses to parties interested in accessing the program.

Implementing and Managing the impact of program changes

Following the adoption of the recommendations of this report, changes to program guidelines can be implemented in 2016 and 2017.

The Gardiner Museum of Ceramic Art is the only current MCO client who will no longer meet eligibility criteria for the program. Pending Council's adoption of these recommendations and approval of 2016 Budget, allocations for operating support to the George R. Gardiner Museum of Ceramic Arts (Gardiner) will be included in the 2016 MCO program, but will be requested separately in future budget submissions.

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SIGNATURE

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Attachments:

Appendix A – Summary of Proposed Changes to program criteria for the Major Cultural Organizations program.

Appendix B – Full report by Ginder Consulting: *Review of Eligibility and Assessment Criteria of the Major Cultural Organizations Program*

Staff Action Report: Revisions to Major Cultural Organizations Grant Program