



# Review of Eligibility and Assessment Criteria of the Major Cultural Organizations Program For the City of Toronto

November 2014



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## INTRODUCTION

This report was prepared by Ginder Consulting in response to a Request for Proposals (RFP) issued by the City of Toronto in July 2014. The scope of work entailed a review of the eligibility criteria and the assessment criteria for the City's Major Cultural Organizations (MCO) program.

This review was undertaken in response to pressure from cultural organizations in the city that wished to be considered for inclusion in this closed program.

## SCOPE OF WORK AND METHODOLOGY

The following deliverables were identified in the RFP and have been adopted as the organizational structure for this report.

### Eligibility Criteria Recommendations:

- Evaluation and analysis of existing criteria being used
- Summary of eligibility criteria used in comparable public funding programs
- List of key considerations in determining eligibility criteria
- Rationale for an open or closed program
- Rationale for eligibility criteria thresholds
- Recommendations for eligibility criteria
- Risk associated with proposed changes to eligibility criteria
- Impact of any proposed changes to eligibility criteria

### Assessment Criteria Recommendations:

- Evaluation and analysis of existing criteria being used including a review of the quality and reliability of statistical data currently being collected for assessment purposes
- Summary of assessment criteria used in comparable public funding programs
- List of key considerations in determining assessment criteria
- Recommendations for assessment criteria, particularly with reference to economic impact
- Recommendations for submission materials and/or data for assessment
- Analysis of criteria and evidence used to assess economic impact
- Risk associated with proposed changes to assessment criteria
- Impact of any proposed changes to assessment criteria

A comprehensive methodology was employed to ensure a far-reaching understanding of the issues to be considered and to enable thorough analysis and thoughtful recommendations.

The first phase of work was an extensive review of all relevant background material, including the City's Grants Policy, MCO staff reports since 2008, the current program criteria and application package, completed applications, the current assessment process and matrices, and funding levels.

This was followed by a comparative study of granting programs that support major cultural organizations in other cities. Preliminary research indicated that no other relevant North American city provides grants to cultural organizations both directly and through an arm's-

length agency, as is the case in Toronto. Consequently the comparative study examined funding models at Vancouver, Chicago and New York which all fund large cultural institutions. A summary report of this comparative research was shared with City staff and is attached as Appendix A. It should be noted that a review or comparison between the MCO program and the TAC's Large Institutions Program was not included in the mandate for this study.

Interviews with current grant recipients, peer advisors and potential clients formed the third phase of work. These eleven in-depth interviews elicited responses to a range of questions related to eligibility and assessment criteria, as well as topics such as cultural and economic impact measurement tools and issues around open and closed programs. A comprehensive report on the interview findings was prepared for City staff and is presented in Appendix B.

Throughout these three phases of work, in-person and telephone meetings were held with City staff to discuss the findings and obtain preliminary staff response to the early discoveries, and the directions that were emerging.

The final phase of work involved detailed analysis of all the information collected in the context of the City's objectives and the project deliverables. The analysis culminated in this report, which includes the program background, analysis and recommendations.

## MCO PROGRAM

### PROGRAM HISTORY

The MCO program was conceived as a mechanism to provide financial support to major institutions that generated a significant cultural and economic impact to the City. The program originated in pre-amalgamation Toronto when five of the City's largest cultural institutions were funded directly by Metropolitan Toronto. These five were:

- Art Gallery of Ontario
- Canadian Opera Company
- National Ballet of Canada
- National Ballet School
- Toronto Symphony Orchestra

All other eligible cultural organizations applied for funding through the arm's-length Toronto Arts Council or their local municipality.

In 1998, in preparation for amalgamation, a report accepted by Toronto City Council noted that these five organizations “... are national institutions, large employers and contribute significantly to the tourism infrastructure of the City. The criteria used to evaluate these organizations go well beyond the artistic merit of the organizations, and include economic and tourism dimensions.”<sup>1</sup> This report concluded that funding for these organizations should not be transferred to the Toronto Arts Council but continue to be managed directly by the municipality.

Since amalgamation in 1998, six other organizations have been brought into the MCO funding envelope for a variety of reasons. In all cases, City Council approved the inclusion of these organizations. Of the six, five were already receiving financial support either from the City directly or through the Toronto Arts Council and consequently their funding envelope accompanied the organization into the program. One new client had no history of municipal funding, however funds were secured to enable the organization to enter the program without compromising the funding level of existing clients.

**Table 1: History of MCO Support**

<b>Client</b>	<b>Year Entered MCO</b>	<b>Type of Organization</b>
<b>Art Gallery of Ontario</b>	Pre-1998	Curator
<b>Canadian Opera Company</b>	Pre-1998	Producer
<b>National Ballet of Canada</b>	Pre-1998	Producer
<b>National Ballet School</b>	Pre-1998	Training/Cultural Support
<b>Toronto Symphony Orchestra</b>	Pre-1998	Producer
<b>Festival Management Committee (Caribbean Carnival)</b>	2001	Festival
<b>Gardiner Museum</b>	2003	Curator
<b>Pride Toronto</b>	2004	Festival
<b>Toronto International Film</b>	2009	Festival/Curator

<sup>1</sup> Report 24 of the Strategic Policies and Priorities Committee, City of Toronto, November 1998, Clause 3. <http://www.toronto.ca/legdocs/minutes/council/appa/cc981125/sp24rpt.htm>

Festival		
Luminato	2011	Festival
Toronto Artscape	2013	Infrastructure/Cultural Support

It should be noted that two other cultural organizations currently receive financial support directly from the City through other financial mechanisms. At the time of writing this report, discussions are underway about bringing the Museum of Contemporary Canadian Art (MOCCA) and the Design Exchange into the MCO program.

### ELIGIBILITY CRITERIA HISTORY

The program's eligibility criteria have been adapted over time to accommodate and reflect the diverse clients who have entered the program since 1998. As one observer noted, the criteria have been "backward engineered" to accommodate these clients. Modifications to the program criteria have been presented to and approved by City Council at all times.

The current eligibility criteria were approved by City Council in 2008. The September 4, 2008 Staff Report states that:

*The following criteria are used to determine which cultural organizations are considered major cultural organizations for the purposes of city funding:*

- a) Major cultural 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) Toronto-based major cultural organizations with operating budgets in excess \$2,500,000 annually and/or audiences of 250,000;*
- c) Cultural organizations that are non-profit and have demonstrated:*
  - a consistent level of professional standards*
  - artistic excellence*
  - international achievement*
  - a sound financial management system*
  - diverse funding base*
  - board accountability and*
  - are not fully self-supporting through private donations and self-generating income.*

These criteria were re-stated again in a May 21 2014 Staff Report to Council.

## ELIGIBILITY CRITERIA

### EVALUATION AND ANALYSIS OF EXISTING CRITERIA

#### GENERAL COMMENTS ON THE 2014 PROGRAM GUIDELINES

The eligibility criteria approved by Council in 2008 and again in 2014 are not included in the MCO 2014 Program Guidelines (attached as Appendix C). However, some of the key elements of the 2008 eligibility criteria are captured within the introductory section of the Program Guidelines in a section entitled “Program Overview”. This section states that major cultural organizations:

- Are essential cultural ambassadors and infrastructure for Toronto;
- Deliver unique artistic programming that strengthens the richness and diversity of Toronto’s cultural sector;
- Demonstrate leadership in encouraging community participation through education and outreach, volunteer opportunities, audience development and support to other community arts and cultural organizations;
- Have a significant economic and cultural impact;
- Play an important role in developing Toronto as a worldwide cultural destination;
- Lead Toronto’s culture sector in creating jobs and wealth, attracting visitors, contributing to the City’s economic prosperity;
- Making Toronto an internationally recognized vital creative capital.

The Program Guidelines do list the following mandatory and regulatory requirements, stating that applicants must:

- Be an incorporated not-for-profit organization;
- Have been in continuous operation for at least two years prior to the application deadline;
- Be accountable to the community through an elected board of directors;
- Be in good standing with the City of Toronto;
- Provide audited financial statements for the most recent completed fiscal year;
- Comply with the City of Toronto Anti-discrimination Policy; or in the case of cultural festivals, registered participants must comply with the Anti-discrimination Policy

**RECOMMENDATION 1:** The City-approved eligibility criteria should be included in the Program Guidelines.

#### ALIGNMENT WITH CITY OF TORONTO GRANTS POLICY

The 2014 Program Guidelines could be brought into line with the core values articulated in the City of Toronto Grants Policy (dated March 2013).

- Openness and transparency: *The City of Toronto will make information about its evaluation processes and criteria publicly accessible* (Section (1) 1.3). The MCO Program Guidelines are not currently available to the public.

- Accessibility: The Grants Policy states: The City of Toronto will ensure that all qualified applicants will have the opportunity to access and make applications to City of Toronto Grant Programs; (Section (1) 1.2.) As a “closed” program, there are a number of potential applicants who argue that they meet the stated criteria but yet have not been allowed to apply to the program.

It should be noted, however, that the Grants Policy stipulates that the City has the right to reject any request for a grant from an organization where *the demand for grants is greater than the funding available for allocation* (Section (5) 5.4.1). Thus the argument can be made that applicants are free to submit a proposal, though with a limited program budget the City could reject the application. It could be argued, however, that this denies a fair and equitable assessment process.

RECOMMENDATION 2: Program staff review the MCO Program Guidelines in the context of the March 2013 City Grants Policy.

#### STAKEHOLDER COMMENTS

Stakeholders interviewed for this review commented that the 2014 program guidelines do not clearly identify who is eligible and who is not. They note that the guidelines as written are vague, open to interpretation and that many other major cultural organizations would meet the current criteria and should be eligible to apply. They also suggested, conversely, that some organizations that are already “in” might not meet all the implied eligibility criteria.

Some interviewees commented that vague eligibility guidelines, combined with the closed nature of the program, reinforce the perception that the program is not transparent and that entry is the result of political pressure.

RECOMMENDATION 3: New Program Guidelines that respond to the recommendations in this report are prepared and made available to interested parties.

#### PROGRAM GUIDELINES: OTHER CONSIDERATIONS

While reviewing the program guidelines, the consultants have noted two other topics that, while outside the scope of this review, are drawn to the City’s attention.

First, the current program guidelines provide no evidence of the City’s corporate objectives with respect to its investment in MCO. Why does the City fund these organizations? And why does the City do this directly, rather than through the Toronto Arts Council or other mechanism? In re-drafting the guidelines, it would be a useful exercise for the City, and ultimately helpful for the clients, to know the answer to these questions.



It would also be helpful to have some further clarification about or definitions for some of the core eligibility criteria. What does the City mean by the term “cultural ambassador”? What is the City’s definition of “unique cultural programming” in an environment when every arts organization believes it offers unique programming?

RECOMMENDATION 4: New Program Guidelines should include the City’s corporate objectives.

RECOMMENDATION 5: New Program Guidelines should provide greater clarity and/or definitions related to eligibility criteria.

### **SUMMARY OF ELIGIBILITY CRITERIA USED IN COMPARABLE PUBLIC FUNDING PROGRAMS**

Research has indicated that there are no other North American municipalities of comparable size that fund the cultural sector both directly (grants approved by municipal council) and indirectly (grants approved by an arm’s-length agency) as is the case in Toronto.

In order to obtain comparable information on how other North American cities fund their major cultural organizations, research was undertaken into three cities selected based on:

- Size relative to Toronto (one smaller, one equivalent, one larger);
- Presence of cultural institutions the municipality considered ‘large’ or ‘major’;
- Evidence of funding from the municipal or local level.

Three cities were selected: Vancouver (smaller); Chicago (equivalent); and New York (larger).

In examining data from these cities, it is notable that, similar to Toronto:

- None of the comparator cities publish eligibility criteria specific to ‘majors’;
- All comparator cities describe the program, in one way or another, as being ‘closed’;
- All comparator cities describe the evolution of the program criteria as being subject to a variety of historical and political influences over an extended period of time.

However, unlike Toronto:

- Eligible ‘majors’ in all comparator cities have administrative relationships to their municipalities that are different from ‘non-majors’. Specifically, they are located in or on municipally-owned property (or park property in the case of Chicago);
- Eligible ‘majors’ in American comparator cities (New York, Chicago) are all art galleries or museums (located in or on municipally or park-owned property). In Vancouver, ‘majors’ includes ‘exhibiting institutions’ located in municipally-owned buildings as well as large performing arts organizations that are long-term tenants of municipally-owned theatres.

Thus Toronto’s relationship to its major cultural organizations, and its eligibility criteria, when compared with the three chosen cities, may be described as unique in several ways:

- There is no single organizational relationship between the city and the organizations funded e.g. city-owned, or resident in a city-owned facility;
- There is no discipline or mandate focus;
- Only Toronto focuses eligibility primarily on size of budget, the resulting sense of economic impact and/or public attendance;
- Only Toronto supports annual short-term cultural festivals (e.g. Toronto Pride, Luminato) and ‘cultural support’ institutions (e.g. NBS and Artscape) through their majors program.

While the three other North American cities more clearly define what constitutes a major organization in their jurisdiction, these definitions are not necessarily relevant to Toronto’s situation.

### **RATIONALE FOR AN OPEN OR CLOSED PROGRAM**

The MCO program is currently referred to as “closed” and there are no publicly available program guidelines or application forms. Arts organizations that want access to MCO are referred to the Toronto Arts Council as the appropriate agency to consider applications from arts organizations of any size (TAC programs are highly competitive and budgets are stretched).

Historically the rationale for being a closed program was that there was no additional funding for the program and thus no money available by which to fund any new clients (other than those that brought a funding envelope with them). That rationale was somewhat undermined with the infusion of additional resources from the Billboard Tax in 2013 and 2014. These new funds were used to address historic inequities and increase funding to organizations already within the program.

It should be noted that the City’s Community Service Partnership program (for social service providers) provides multi-year funding to major service partners. The program is only open to new applicants in years where there is an increase to the program budget or when a significant number of organizations are no longer eligible. In 2014, for example, no new applicants were accepted, and the current clients were not required to submit an application as their funding was held at the previous year’s level.

When considering whether MCO should be open or closed, the benefits of a closed program can be summarized as:

- There is a defined list of clients who can literally “meet around a table” to explore opportunities to advance their common interests and those of the City. The group’s collaboration around events related to World Pride is one example of the benefit of such cooperation;
- The City has a well-established relationship with organizations with powerful Boards. These advocates can be mobilized as necessary;
- The clients provide useful input into arts policy development that helps advance the City’s cultural agenda;
- There is no expectation from the community that they might gain entry to the program - potential conflict and confusion with TAC programs is contained;
- The assessment and adjudication process is simplified as all clients are known entities;

- and
- There is no pressure to find funding for new applicants within the existing budget envelope.

The benefits of an open program are that:

- MCO will be aligned with the transparency and accessibility intent of the City's Grants Policy;
- Other major cultural institutions who meet the eligibility criteria can be accommodated and add to the breadth of unique organizations around the MCO table;
- Discussions with the TAC could lead to an adjustment in how some majors are funded;
- The elimination of the perception of the program as only being accessible to those with political influence;
- The program can accommodate major organizations with cultural and economic impact that do not have any other source of municipal funding; and
- Likewise, the City could reconsider support to those that have access to other funding sources.

In considering these two options, it appears that from an operational perspective there is an advantage to the City by staying with a closed program. However, the closed program lacks accessibility and transparency which is of concern.

The research and stakeholder interviews undertaken for this study suggest that there is a middle ground. An open program can have clearly articulated criteria that explicitly indicate the nature of organizations that are eligible and those that are not eligible. Program criteria that clearly define eligible and ineligible organizations are standard across municipal arts funding programs. For example, the MCO program guidelines could indicate that the following organizations are ineligible:

- Those currently funded by the Toronto Arts Council;
- Those currently funded by another department or program at the City;
- Events with a fundraising mandate (eg Buskerfest in support of Epilepsy Toronto);
- Organizations that do not pay their artists;
- Those with eligible producing costs under \$3 million annually.

Such clearly stated ineligibility criteria would allow the program to be open and transparent, while at the same time meeting the City's current desire to limit the number of program applicants.

**RECOMMENDATION 6:** Program Guidelines should be available to the sector and clearly state eligibility criteria and ineligibility criteria.

There are several categories of applicants who arguably meet the current eligibility criteria and have in the past, or might in the future, express an interest in admittance to the program. While not an exhaustive list, it includes:

**Table 2: Potential Clients Eligible with Current Criteria**

<b>Organization</b>	<b>Unique Contribution</b>	<b>Comment</b>
<b>Canadian Stage</b>	Theatre	No theatre represented in MCO; tried hard to gain entry into the program for many years
<b>Soulpepper</b>	Theatre	No theatre represented in MCO; interest in MCO has diminished as TAC funding has increased
<b>Bata Shoe Museum</b>	Shoes	Currently examining governance; might result in eligibility
<b>Design Exchange</b>	Design	Inclusion into the program is currently being studied
<b>Textile Museum</b>	Textiles	Smaller however ambition for its own space will align it with Gardiner
<b>MOCCA</b>	Contemporary art	Currently funded through Economic Development and Culture operating budget
<b>Manifesto</b>	Contemporary festival	Growing rapidly and addresses a unique demographic unlike other majors
<b>Taste of the Danforth</b>	Street Festival	City's definition of culture does not include culinary arts
<b>Corporation of Roy Thomson Hall and Massey Hall</b>	Producer and curator	Moving into the producing/curating model with focus on national/international acts
<b>Koerner Hall</b>	Producer and curator	Producing/curating is a small but growing percentage of their programming; now receives modest funding through TAC

### **LIST OF KEY CONSIDERATIONS IN DETERMINING ELIGIBILITY CRITERIA**

The key considerations for the City when determining eligibility criteria include:

- Whether it should be an **open or closed program**
- The likelihood of **additional funds** being made available for the program, and whether such funds would be used for existing clients or to admit new ones
- The **political implications** if the eligibility criteria are changed, and current client(s) are no longer eligible, unless alternative funding sources are identified.
- MCO criteria should complement, but not replicate, **Toronto Arts Council's** program for Large Institutions to minimize conflict and confusion. The latter should be the first point of entry for organizations.

As well, any new MCO eligibility criteria should reflect best granting practices by:

- **Aligning with City policies:** Criteria should align with all relevant City policies
- **Meeting Corporate objectives:** The eligibility criteria should align with the City's corporate objectives
- **Being transparent and equitable:** Regardless of whether the program is open or closed, the Program Guidelines and eligibility criteria should be publicly available with staff prepared to defend decisions on inclusion into and exclusion from the program
- **Being clear, comprehensive and rational:** Guidelines and criteria should be complete, easy to understand and make sense. Terms should be defined.

## RECOMMENDATIONS FOR ELIGIBILITY CRITERIA

As noted throughout this report, the current eligibility criteria have evolved over time as a result of historic, political and administrative factors. Research of comparable North American cities indicates that Toronto is not unique in this evolution. The current published eligibility criteria are vague and do not provide City staff or cultural organizations with a clear and transparent method of understanding and evaluating eligibility. Stakeholder interviewees suggest a clear list of eligibility criteria is required rather than the general and somewhat generic understanding of what constitutes a major cultural organization as found in the current program materials.

The organizations currently within the program, and those with an interest in accessing the program, are extremely diverse in their mandates, budgets, operational structures, facilities and audiences. Unlike programs in Chicago, New York and Vancouver, there is no clearly defined organizational principle (e.g. being on or in municipally-owned property) that can be adopted to determine who is eligible and who is not, without a major upheaval to the existing program.

Thus a core recommendation of this report is the establishment of “streams” within the MCO program with specific eligibility criteria for each stream. This would bring a greater sense of logic to the program and allow for tailored criteria that are clear and rational. The recommended streams are:

**Table 3: Proposed Eligibility Streams**

<b>Stream</b>	<b>Clients</b>
<b>Producers/Curators</b>	Art Gallery of Ontario Canadian Opera Company Gardiner Museum National Ballet of Canada Toronto International Film Festival Toronto Symphony Orchestra
<b>Festivals</b>	Caribbean Carnival Luminato Toronto Pride
<b>Cultural Support/Infrastructure</b>	National Ballet School Toronto Artscape

**RECOMMENDATION 7:** MCO Program is structured around three streams: Producers/curators; Festivals; and Cultural Support /Infrastructure.

A revised set of eligibility criteria would be developed and adopted. The new criteria would respond to the underlying intent of the current criteria and the City’s interest in preserving a closed program for the majors, while providing greater clarity to the sector. This will eliminate much of the current ambiguity in the published program guidelines.

It is recommended that some eligibility criteria be consistent across all program streams. Other criteria would be specific to each stream as outlined in the Table 4. The most significant change to the criteria will be to establish operating budget thresholds specific to each stream, rather than the \$2.5 million that currently exists for all applicants. The threshold for producers/curators would be \$20 million, for festivals \$2 million, and \$6 million for cultural support organizations. With one exception these thresholds are in keeping with the lowest operating budget of any organization in the stream.

**Table 4: Proposed Eligibility Criteria by Stream**

<b>Criteria</b>	<b>All streams</b>	<b>Producers &amp; Curators</b>	<b>Festivals</b>	<b>Cultural Support</b>
<b>Toronto-based</b>	<input type="checkbox"/>			
<b>National and international profile</b>	<input type="checkbox"/>			
<b>City-wide activity and impact</b>	<input type="checkbox"/>			
<b>In existence for at least 7 years</b>	<input type="checkbox"/>			
<b>Not for profit corporation</b>	<input type="checkbox"/>			
<b>All artists are paid</b>	<input type="checkbox"/>			
<b>Primary focus is culture</b>	<input type="checkbox"/>			
<b>Tourism attraction</b>		<input type="checkbox"/>	<input type="checkbox"/>	
<b>Economic impact</b>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Eligible expenses in excess of \$20 million</b>		<input type="checkbox"/>		
<b>Eligible expenses in excess of \$6 million</b>				<input type="checkbox"/>
<b>Eligible expenses in excess of \$2 million</b>			<input type="checkbox"/>	
<b>Audience in excess of 250,000</b>			<input type="checkbox"/>	
<b>Unique service that supports the cultural sector</b>				<input type="checkbox"/>

**RECOMMENDATION 8:** New eligibility criteria are established, including general eligibility criteria and that specific to each stream.

**RECOMMENDATION 9:** The operating budget threshold is raised to \$20 million for producers/curators; \$2 million for festivals; and \$6 million for cultural support organizations.

The only current client who does not fit within the proposed eligible expense threshold is the Gardiner Museum. With an annual operating budget of approximately \$3.5 million (2013), it is a noticeably smaller business than the other producer/curator organizations, such as the Toronto Symphony Orchestra that has the next smallest operating budget at approximately \$24 million (2013).

**Table 5: Budget Levels of Majors by Stream**

<b>Stream</b>	<b>Clients</b>	<b>2013 Budget (approx.)</b>
<b>Producers/Curators</b>	Art Gallery of Ontario	\$57m
	Canadian Opera Company	\$32m
	Gardiner Museum	\$3m
	National Ballet of Canada	\$28m
	Toronto International Film Fest	\$41m
	Toronto Symphony Orchestra	\$24m
<b>Festivals</b>	Caribbean Carnival	\$2m
	Luminato	\$11m
	Toronto Pride	\$3m
<b>Cultural Support/Infrastructure</b>	National Ballet School	\$20m
	Toronto Artscape	\$6m

If the City’s objective is to support the majors, and to minimize the request for admittance by other organizations, a \$20 million operating budget threshold for producing/curating organizations will achieve that objective. A \$3 million threshold for producers/curators leaves the City open to requests from other producers/curators with budgets in that range.

The discussion therefore is whether the new eligibility criteria should accommodate the Gardiner Museum, or whether the Gardiner Museum and its funding should be transferred to the Toronto Arts Council.

Alternatively, the City could grandfather existing clients and in future only accept clients who meet the revised eligibility criteria. The latter is not the most desirable approach as the question will always linger as to why the Gardiner Museum, for example, is the exception.

Other components of the current eligibility criteria, such as professional standards, artistic excellence, and sound financial management, are inherent in any major cultural organization. Thus it is recommended that these be considered as part of the assessment criteria, rather than eligibility criteria.

**RECOMMENDATION 10:** Staff closely examines current eligibility criteria to determine which are more appropriate as assessment criteria.

The City might also give further thought to the use of language in the current eligibility criteria. What is meant by “unique” in the context of cultural development? By whom should an organization be “recognized” as cultural ambassadors? And what benchmarks should be established to determine if an organization has a “significant impact for the benefit of Torontonians” (Staff Report 2009) or “lead Toronto’s cultural sector in creating jobs and wealth” (Staff report 2013). While these are all important outcomes of the work of a major cultural organization, they could, and probably should, be defined as the general outcomes of a work of a major cultural organization, rather than eligibility criteria.

Complementing the eligibility criteria would be criteria defining ineligible organizations. This would support an open MCO program, while managing expectations. The following are recommended criteria for ineligible organizations:

- Those currently eligible for or funded by the Toronto Arts Council;
- Those currently eligible for or funded by another department or program at the City (unless the organization and its funding envelope are transferred to MCO);
- Events with a fundraising mandate (e.g. Buskerfest);
- Culinary festivals.

**RECOMMENDATION 11:** Staff prepares and makes public a list of what constitutes an ineligible organization.

## RATIONALE FOR ELIGIBILITY CRITERIA THRESHOLDS

**Table 6: Revised Eligibility Criteria Thresholds**

<b>Criteria</b>	<b>Rationale</b>
<b>Toronto-based</b>	City policy
<b>National and international profile</b>	Directly related to program objectives
<b>City-wide activity and impact</b>	City policy
<b>In existence for at least 7 years</b>	Reasonable expectation of the number of years it takes to achieve “major” status
<b>Not for profit corporation</b>	City policy
<b>All artists are paid</b>	Supports professionalism in artistic practice
<b>Primary focus is culture</b>	Requirement for cultural program
<b>Tourism attraction</b>	Directly related to program objectives
<b>Economic impact</b>	Directly related to program objectives
<b>Eligible expenses in excess of \$20 million</b>	Reasonable for a major producing/curating organization
<b>Eligible expenses in excess of \$6 million</b>	Reasonable for infrastructure/cultural support organizations; reflects existing clients’ expense levels
<b>Eligible expenses in excess of \$2 million</b>	Reasonable for major cultural festival; reflects existing clients’ expense levels
<b>Audience in excess of 250,000</b>	Minimum for a major cultural festival; aligns with current criteria
<b>Unique service that supports the cultural sector</b>	No other comparable sector service provider



## RISK ASSOCIATED WITH PROPOSED CHANGES TO ELIGIBILITY CRITERIA

Stakeholder interviews suggest that clients, potential clients and assessors will all welcome a more clearly defined set of eligibility criteria. The only organization that may be affected is the Gardiner Museum if their funding envelope is transferred to the Toronto Arts Council. If the Gardiner Museum is opposed to the move there is a risk that their Board and staff will engage Council in this discussion. This risk can be mitigated by advance briefings with relevant Councillors.

Organizations that may have anticipated future inclusion in the program but are now clearly excluded may express disappointment (e.g. a culinary festival), but that may be mitigated somewhat by the fact that, at least, the City has undertaken a thoughtful policy-based analysis to bring clarity to eligibility criteria and definitions. This should make it easier for staff and Council to defend such exclusions.

## IMPACT OF ANY PROPOSED CHANGES TO ELIGIBILITY CRITERIA

Creating application streams, establishing clear eligibility criteria and publishing a list of criteria for ineligible organizations will provide clarity for both the cultural community and City staff.

The proposed changes will have no immediate impact upon the program budget or on the funding being received by existing clients. In the short term, it will have no impact on the number of clients eligible for the program. When reviewing the list of potential clients in the context of the recommended eligibility criteria, it appears unlikely that any would be eligible for MCO.

**Table 7: Implications of Revised Eligibility Criteria on Potential Clients**

Organization	Unique Contribution	Impact of changes to criteria
<b>CanStage</b>	Theatre	Ineligible: TAC client
<b>Soulpepper</b>	Theatre	Ineligible: TAC client
<b>Bata Shoe Museum</b>	Shoes	Ineligible: Would not meet \$20m producer/curator budget threshold
<b>Design Exchange</b>	Design	Currently funded by City; inclusion into MCO would come with funding; or transfer to TAC
<b>Textile Museum</b>	Textiles	Ineligible: Would not meet \$20m producer/curator budget threshold
<b>MOCCA</b>	Contemporary art	Currently funded by City; inclusion into MCO would come with funding; or transfer to TAC
<b>Manifesto</b>	Contemporary festival	Ineligible: TAC client
<b>Taste of the Danforth</b>	Street Festival	Ineligible: Culinary festival
<b>Roy Thomson Hall and Massey Hall</b>	Producer and curator	Ineligible: Would not meet \$20m threshold for producing/curating activity
<b>Koerner Hall</b>	Producer and curator	Ineligible: TAC client and would not meet \$20m threshold for producing/curating activity

If the Gardiner Museum is transferred to the Toronto Arts Council, the City could transfer MOCCA and the Design Exchange and their funding to the Toronto Arts Council at the same time, as these three galleries will fall below the threshold for the producer/curator stream.

## ASSESSMENT CRITERIA

### EVALUATION AND ANALYSIS OF EXISTING CRITERIA

The MCO 2014 Program Guidelines clearly lay out the assessment criteria that will be applied to each application (see Appendix C). The three core elements of the current assessment criteria and their weighting are:

- Cultural merit (35%);
- Community service and impact of organization (35%); and
- Financial management and governance (30%)

In analyzing the existing criteria, the Consultants have considered:

- The relative weighting; and
- The content of each of these three core criteria.

### RELATIVE WEIGHTING OF THE ASSESSMENT CRITERIA

Interviews with five current clients revealed that all think that these are the appropriate core criteria. When contemplating the weighting, two clients suggested that the financial and governance weighting was too high. They observe that strong governance, diverse revenue sources and financial management should be a given in a major organization, and that this criteria should account for only 20% of the weighting with the balance going to cultural merit and possibly community service.

The peer advisors interviewed for this study agreed that these are acceptable as standard assessment criteria, however they counseled that the diverse nature of the applicant organizations made it extremely difficult for them to truly assess according to the criteria and the weighting. Not only were some applications better written than others, but the weighting that should be applied to a festival application is very different than that which should be applied to that of a producing or curating organization. In the former, community service and impact should have a higher weighting and in the latter, cultural merit (including artistic excellence) should be pre-eminent. And the criteria for a training school or a space provider would be different yet again. They commented that the only criteria that can be fairly and consistently assessed across all applicant types is financial management and governance.

These observations suggest a new weighting for the assessment of applications that complements the eligibility streams proposed in this report.

### CRITERIA CONTENT

Several interviewees noted that “artistic merit” or “artistic excellence” is absent from the criteria. These interviewees believe this is a primary expectation of a major cultural organization and that applicants should be asked to demonstrate artistic excellence in their applications. The Consultants recognize that this is difficult territory for the City staff and the assessors as:

- The assessors are not experts in any or all of the disciplines represented in the MCO program (unlike a discipline-specific peer jury at an arts council) and are therefore not in a position to judge artistic merit; and

- Not all clients are producing/curating companies, and thus artistic merit is not a relevant assessment criteria for some applicants.

The interviewees and Consultants have noted some duplication between eligibility criteria and assessment criteria, especially in the Cultural Merit section. For example, the statement that the organization “has a mandate that is primarily cultural in nature and does not duplicate that of other organizations in Toronto” is more appropriate as eligibility than assessment. Other assessment criteria similarly mirror eligibility criteria. These observations lead to a series of recommendations from interviewees that the application form be reworked to include a set of specific questions that applicants would be asked to answer. Further discussion of a revised application package can be found later in this report.

The Consultants also question the current weighting of economic and tourism impact in the assessment process. If the City is interested in obtaining economic impact data, both for assessment and, equally importantly, for advocacy purposes, then each applicant should be asked to present economic and tourism impact data in a consistent fashion to enable the peer advisors to compare applications, and for the City staff to gain comprehensive data that can be aggregated. Further discussion of economic impact can be found later in this report.

#### QUALITY AND RELIABILITY OF STATISTICAL DATA CURRENTLY BEING COLLECTED FOR ASSESSMENT PURPOSES

CADAC, the Canadian Arts Database, has become the centralized point for the collection and analysis of the financial and statistical data of Canada’s arts sector. All MCO applicants must enter their financial and statistical data into the CADAC database.

The financial data entered into CADAC is checked against audited financial statements to ensure historically accurate records. However, the CADAC system has no mechanism to track the accuracy of statistical information submitted by applicants. Thus an applicant to any government program might over or under estimate projected and actual attendance figures, number of outreach programs etc. without any checks and balances. However, this is the reality faced by all arts funding bodies utilizing CADAC and it is probably appropriate, given the mature status of the organizations involved, to trust the data provided as the result of ‘best efforts’.

It is especially challenging for the organizers of any outdoor free event to accurately predict, and report on, attendance, although with indoor or ticketed events projections are relatively easily cross-checked against earned revenue from ticket sales. For the largest festivals, police may be able to provide an estimate of the number of attendees. This number can be compared to estimates provided by the organization.

#### SUMMARY OF ASSESSMENT CRITERIA USED IN COMPARABLE PUBLIC FUNDING PROGRAMS

The research into comparable funding programs focused on support to major cultural organizations in Vancouver, Chicago and New York City. These three cities were selected based on:

- Size relative to Toronto (one smaller, one equivalent, one larger);

- Presence of cultural institutions the municipality considered 'large' or 'major';
- Evidence of funding from the municipal or local level.

As noted in the eligibility criteria section of this report, in all cases these programs were deemed "closed" and all the clients regarded as major have a defined relationship with their respective municipality, such as being located on or in municipal property.

A key finding is that none of the comparator municipalities publish assessment criteria specific to their funding of the majors. The American comparator cities (New York and Chicago) indicate that assessment and analysis occurs internally, but no specifics were made available. Publicly available information for these two cities suggest that the assessment focuses on community impact data, such as numbers and types of outreach/education programs, free admissions to school children and veterans, etc.

Vancouver's majors currently complete the standard operating grant application form used by all City of Vancouver arts grant applicants. This form includes assessment criteria associated with each component of the application. The assessment is based on responses to questions related to the six core criteria:

- History and Purpose
- Artistic Program and Services
- Participation and Impact
- Organizational Structure
- Board and Governance
- Financial Management

These criteria appear to be comprehensive and serve as an excellent guide to the applicant. They likely encourage a better quality application and facilitate the process of assessment. The full criteria are embedded in the electronic application form which can be found at <http://vancouver.ca/people-programs/cultural-grants-program.aspx>

None of the comparator cities either undertake or require regular, consistent economic impact analysis as part of the assessment process. Individual organizations may undertake such impact analysis from time to time, either for the organization as a whole or for specific programs, either on their own initiative or at the request of the municipality.

While not included as part of the comparable study, the Toronto Arts Council program for Large Institutions (see Appendix D) has five core assessment criteria:

- Artistic quality
- Development of the artform
- Roles and relevance in the artistic community
- Public impact
- Financial and administrative viability

In addition, the program guidelines state that "*In addition, the Large Institutions Committee will consider the impact of the organization on the City (e.g. employment, tourism, etc.) and beyond the City.*" However, no indication is given as to the weighting of this additional component of the assessment criteria.

## LIST OF KEY CONSIDERATIONS IN DETERMINING ASSESSMENT CRITERIA

The key considerations for the City when determining assessment criteria include:

- Alignment with the City’s corporate objectives and cultural plan;
- Alignment with all published materials describing or interpreting the program;
- Assessment criteria should complement, but not duplicate, the eligibility criteria;
- The appropriate, relative weighting of the three core assessment criteria in the context of the proposed program streams;
- The information that the City wants to obtain from the applicant that will enhance the City’s and the public’s understanding of the economic and cultural impact of these organizations;
- Foundational elements of an organization’s operations (e.g. expectation of every organization) as well as those which are specific to the organization;
- The assessment criteria should directly relate to a series of questions asked of applicants, rather than the open ended nature of the current application;
- The criteria should be clear and comprehensive, and only relevant questions should be asked;
- The questions must allow the applicants to clearly articulate their responses, thus enabling the assessment panel to make meaningful comparisons between applicants and to provide the City with their best advice;
- Terms that are open to interpretation (such as “cultural impact”) should be defined or examples given.

## RECOMMENDATIONS FOR ASSESSMENT CRITERIA

There is general agreement amongst interviewees, shared by the Consultants, that the three core elements of the current assessment criteria (cultural merit, community service and impact of organization, and financial management and governance) are correct and best serve the program.

RECOMMENDATION 12: The three core elements of the current assessment criteria are retained.

What has been suggested, however is that the weighting of these criteria should not be the same for all MCO applicants. The community service objectives and impact of a festival, for example, would be different from that of an organization providing infrastructure to the sector. With the proposed restructuring of the program into three streams, the weighting of these criteria can be reconsidered.

**Table 8: Proposed Assessment Criteria Weighting by Program Stream**

Stream	Weighting	Clients
Producers/Curators	Cultural Merit (40%)	AGO

	Community service/impact (35%)	COC
	Financial management/governance (25%)	Gardiner NBC TIFF TSO
<b>Festivals</b>	Cultural Merit (35%)	Caribbean Carnival
	Community service/impact (40%)	Luminato
	Financial management/governance (25%)	Pride
<b>Cultural Support/ Infrastructure</b>	Cultural Merit (30%)	Artscape
	Community service/impact (45%)	NBS
	Financial management/governance (25%)	

**RECOMMENDATION 13:** The weighting of the three core criteria is rebalanced by stream, to more accurately assess each organization in the context of its core purpose.

There has been much discussion about the need for clarity around what constitutes eligibility criteria and what should be considered assessment criteria, and the value of definitions. The following proposed changes would remove some assessment criteria, add others, and reposition the criteria as questions that provide applicants with a clear and consistent way to prepare their submissions rather than the “open ended essay” that they struggle with currently.

When reviewing the following proposed assessment criteria chart, please note that:

- These are not exhaustive nor final, but are representative of the proposed approach. A full redrafting of the program guidelines will be required;
- The written application is supported by statistical data in CADAC that provides numeric data on the number of outreach activities, number of volunteers, number of new commissions, frequency of Board meetings etc. Thus this data is not required in the text portion of the application.

**Table 9: Revising the Assessment Criteria and Application**

<b>Cultural Merit Currently</b>	<b>Cultural Merit Proposed</b>
Delivers consistent unique cultural programming that enhances the richness and diversity of Toronto’s cultural sector	Restate: Please explain your artistic vision. How does this inform programming that enhances the richness and diversity of the cultural sector?
Is recognized regionally, nationally, and internationally for its innovation and work	Restate: How are you recognized regionally, nationally and internationally for your work? How does this recognition relate to your role/work in Toronto?
Has a mandate that is primarily cultural in nature and does not duplicate that of other organizations in Toronto	Remove. This is eligibility criteria

Add: How do you measure your cultural impact? Please describe impacts such as new work development; development of new talent; social media presence; media impressions; etc.

<b>Community Service etc. Current</b>	<b>Community Service etc. Proposed</b>
Demonstrates significant economic impact to the culture and tourism sectors	Remove. Request they complete TREIM model and submit (see later in report)
Demonstrates leadership in city building enhancing the city's quality of life and strengthening neighbourhoods	Restate: How do the activities you undertake contribute to enhancing the city's quality of life and strengthening neighbourhoods?
Encourages community participation through education and outreach, volunteer opportunities, audience development, partnership and support to other community arts and cultural organizations	Restate: How do your community engagement activities (education, outreach, audience development, partnerships, volunteer opportunities etc) increase community participation? Or: How are you engaging youth, meeting changing demographics and programming in underserved communities?
Delivers programming that is accessible and of benefit to all Torontonians and to Toronto's reputation as a worldwide cultural destination	Restate: What strategies are you employing to provide programs/services that are accessible to and of benefit to all Torontonians. Note: International reputation is covered in the Cultural Merit question
<b>Financial Management (etc.) Currently</b>	<b>Financial Management (etc.) Proposed</b>
Leverages funding sources from a diverse base, including all levels of government, the private sector and self-generated revenues	Remove. Data is available in CADAC forms Note: If the applicant has a significant accumulated deficit, they should be asked to describe their deficit reduction strategy
Has consistently demonstrated through past performance the ability to obtain the financial and staff resources necessary to carry out its mandate and respond to changes in its environment	Restate: What revenue generating challenges are you currently experiencing? How has the earned and contributed revenue-generating environment changed and how are you responding to these changes? What new revenue-generating opportunities do you see emerging and how will you embrace these opportunities?
Demonstrates that it has sufficient, qualified human resources (staff and board) and an appropriate administrative and governance structure to execute its mission and manage public funds	Restate: What staff turnover have you experienced in the past year? What strategies do you adopt to attract and retain staff? How would you describe the engagement between your Board and staff, and the Board and your stakeholders (and/or the community you serve)?
	Add: Do you have a current strategic plan?



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Describe how your strategic plan is used to inform ongoing operations and future planning.

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**RECOMMENDATION 14:** A series of questions are included in the application package that directly relate to the revised assessment criteria.

Some of these questions will be more relevant to one stream than another. The application package could contain general questions for all applicants to answer plus questions specific to a stream. Alternatively the applicants can be asked to respond to all questions, and the weighting assigned to each assessment element will ensure a fair assessment process.

### **ANALYSIS OF CRITERIA AND EVIDENCE USED TO ASSESS ECONOMIC IMPACT**

Historically one of the key characteristics of a “major” cultural organization in Toronto has been its economic impact, which has been a specified eligibility and assessment criteria since at least 1998. Most recently, the 2014 Program Guidelines states that “these cultural attractions have a significant economic and cultural impact....”. The 2014 assessment criteria also note that the organization “demonstrates significant economic impact to the culture and tourism sector”.

To date the City has not required applicants to provide measures of their economic impact. The five clients interviewed for this study are reflective of the diverse ways in which all MCO clients approach measuring impact. The approach responds, in part, to the organization’s mandate. For example:

- One producing company undertakes no economic impact studies.
- One festival uses the Government of Ontario’s TREIM model. The model is populated with organizational data (such as FTE’s and budget) coupled with data they collect from on-site and telephone surveys.
- Another festival undertakes a full, professionally developed economic impact study approximately every three years, raising funds specifically for the study, which can cost in the region of \$250,000.
- Another festival undertakes an in-depth economic impact study every year.
- One gallery occasionally undertakes an economic impact study that is related to a blockbuster show.

Some of the other stakeholders interviewed measure impact through the TREIM model and use the results for a range of provincial grant programs. They also reported undertaking surveys to learn where their audiences originate from, which can be useful as a measurement of tourist attendance as well as a means to demonstrate that their audience is drawn from wards all across the City.

The Consultants examined the economic impact reports recently submitted by applicants. The most sophisticated and costly arguably produced the most accurate results, assuming that the core inputs (e.g. number of attendees at a free open event) were accurate. The

Consultants also undertook research into free on-line tools. Surprisingly, there are very few of these. The Arts and Economic Prosperity Calculator, an online tool from Americans for the Arts is extremely simple, relying solely on three inputs:

- Community population
- Total expenses
- Total attendance

The calculator produces an estimate of the impact of the organization on local and state revenue.

A more useful and comprehensive tool is based here in Ontario and it is TREIM.

The Government of Ontario's TREIM (Tourism Regional Economic Impact Model) has three modules that are free, easy to use and generally somewhat relevant to the cultural sector.

They measure:

- The economic impact of visitors' spending
- The economic impact of the operations of a business
- The economic impact of an investment in a tourism facility

The model can:

- Estimate the direct, indirect and induced impacts of tourism-related activities on gross domestic product (GDP), labour income and employment; and
- Estimate the direct and total impacts of tourism-related activities on Federal, Provincial and Municipal tax revenues.

TREIM holds promise as a generic tool that all MCO applicants can complete. It is especially relevant for festivals and special events where the user has a set number of full time employees and budget lines that align with those of the TREIM online tool. Producing organizations, which employ a large number of contract or part time workers, and have budget lines that are creation-based rather than event-based, will find it harder to align their numbers with the current model. Infrastructure organizations such as Artscape could adapt the "facility" model.

While the model might not be perfect for all organizations, with some adaptation and/or explanation to organizations of how to work with it, the model can provide useful economic and tourism impact data for festivals, producers/curators and infrastructure-based organizations. For the applicant, the end result is an economic impact measure that can be used with other funders, donors and sponsors. For the City, aggregated data culled from a measurement tool used by all clients can be used to report on accumulated impact to Council and to gauge changes year over year.

**RECOMMENDATION 15:** Staff examine the TREIM modules and determine how they are best adapted or suited to MCO for assessment and advocacy purposes.

## RECOMMENDATIONS FOR SUBMISSION MATERIALS AND/OR DATA FOR ASSESSMENT

The recommendations contained in this report, if adopted, will necessitate the development of a new set of program guidelines. The revised program information package would include:

- City's corporate objectives
- MCO program objectives
- Eligibility criteria (including ineligibility) according to stream
- Assessment criteria and weighting according to stream
- Application checklist including mandatory eligibility requirements

The application form itself would request:

- Core applicant information including CADAC identification number
- References and suggestions for advisors
- Answers to a series of questions that align with the assessment criteria (some of which might be specific to a stream)
- A description of the City's in-kind contributions, such as policing, transit, road closures etc.
- A report on past year's activity
- A written response to any concerns or questions raised by the advisory panel the previous year

Attachments to be submitted with the application form would include:

- CADAC financial and statistical data (unless the City prefers to download this directly)
- TREIM economic impact data
- Any independent economic and/or tourism impact studies
- Examples of applicant material (season program, fundraising materials, marketing materials) as relevant to the assessment criteria
- Other standard attachments, such as board and staff list, non-discrimination policy form etc.

RECOMMENDATION 16: New Program Guidelines and Application Package are prepared.

## RISK ASSOCIATED WITH PROPOSED CHANGES TO ASSESSMENT CRITERIA

The proposed changes to the assessment criteria are modest. The criteria will complement the eligibility criteria and the criteria weighting will be more reflective of the diverse mandates of the applicant organizations.

The stakeholder interviews suggest that the current clients will welcome a revised application package that clearly states how the application should be structured (for example, questions that the City wants clients to respond to) and that contains different assessment criteria for different categories of applicants.

A 'learning curve' may be necessary for those organizations that have not used TREIM in the past, or where there is some agreed adaptation necessary to make it work effectively. Staff of the Ontario Ministry of Tourism, Culture and Sport, which developed the tool, may be available to discuss best methods to ensure useful results.

**RECOMMENDATION 17:** Staff holds information session for clients unfamiliar with TREIM once staff have agreed on how best to incorporate into the application process.

### **IMPACT OF ANY PROPOSED CHANGES TO ASSESSMENT CRITERIA**

The impact of these proposed changes to the assessment criteria should be fully positive:

- Applications which are more focused, comprehensive and consistent between organizations;
- A less challenging, more efficient application process for applicants;
- A clearer assessment process for advisory panel members;
- Better quality information and consistent data which staff can use to describe the impact of the program and the applicant organizations on an annual basis and over time.

## ADDITIONAL COMMENTS

During the stakeholder interviews and the Consultants research, there have been observations made that are not directly related to the eligibility and assessment criteria. Although outside the terms of reference for this study, the following comments are worth noting.

### ASSESSMENT PROCESS

During interviews, the advisory panel members raised the subject of their role in the assessment process. In general they felt that their input made little or no difference to the outcome of the grant request and that "...you have to really mess up to have your money taken away". They felt that everyone is already "in" the program and that funding decisions are pre-decided and political.

They commented that the application process year-over-year was repetitive and ritualistic and that if the objective is to continue with the same funding levels, an advisory panel is not required. One advisor recommended a major application review every three to five years, possibly with advisors drawn from outside the City who could provide different perspectives on the applications.

Another interviewee was thinking along the same lines and suggested the City reconsider the role and selection of peer advisors as there are many professional connections and conflicts within the advisory panel (including those who want access to the program). The interviewee suggests that if these are major internationally recognized organizations, the jury should not be from Toronto but from further afield.

City staff note that the advisory panel did have a role to play in ranking applicants in 2013 and 2014 when additional funding was available from the Billboard Tax. They argue that an annual assessment by a panel is essential for public accountability and to provide external, cultural sector advice to staff.

This report makes no recommendations on the selection and use of an advisory panel, however does suggest that City staff take these comments under advisement and convene a meeting of former and current advisors to hear suggestions for improvement directly.

### PROGRAM REVIEW

City objectives, funding priorities and budget envelopes change over time. The cultural sector is constantly evolving – Luminato's first festival was only eight years ago for example. The proposed eligibility and assessment criteria are relevant for the City in 2014 and have sufficient flexibility to respond to the immediate needs of the City and the clients. However, these should not be cast in stone and a review of the program guidelines should be undertaken when there is a major change that affects the program, or at least every 5 years. A regular review and update of the eligibility criteria would respond to best practices and provide City staff with the flexibility to propose change.

## SUMMARY LIST OF RECOMMENDATIONS

### ELIGIBILITY CRITERIA

1. The City-approved eligibility criteria be included in the Program Guidelines.
2. Program staff reviews 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 is structured around three streams: Producers/curators; Festivals; and Cultural Support /Infrastructure.
8. New eligibility criteria are established, including general eligibility criteria and that specific to each stream (see Table 4).
9. The operating budget threshold is raised to \$20 million for producers/curators; \$2 million for festivals, and \$6 million for cultural support organizations.
10. Staff closely examines current eligibility criteria to determine which are more appropriate as assessment criteria.
11. Staff prepares and makes public a list of what constitutes an ineligible organization.

### ASSESSMENT CRITERIA

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

## APPENDIX A: COMPARATIVE STUDY OF GRANTING PROGRAMS

### Methodology

After consultation with the client and preliminary research of municipal funding models in North America, it was determined that there were no relevant cities that funded the culture sector both directly (grants approved by city council) and indirectly (grants approved by an arm's-length agency) as is the case in Toronto.

Alternatively, three North American cities were selected based on the following:

- The size of the municipality relative to Toronto (one smaller, one equivalent, one larger);
- The presence of cultural institutions which the municipality would consider 'major';
- Evidence of funding from the local or municipal level.

The cities identified were Vancouver (smaller), Chicago (equivalent) and New York (larger).

The following questions were developed to guide research into each city's support of their 'major' cultural institutions:

1. Does the city provide operating support to NFP arts and culture organizations?
2. If so, is funding approved directly by city council or an arm's-length body (independent arts council) or a combination of the two?
3. Does the city have a specific program or stream that deals only with operating support to 'large' or 'major' organizations?
4. If so,
  - a. How many organizations are within this envelope?
  - b. What is the rationale for dealing with them separately?
  - c. What are the eligibility criteria?
  - d. What are the assessment criteria?
5. Does the city request economic/tourism impact data from the organizations or undertake in-house economic/tourism impact studies?

In addition, attempts would be made to secure copies of any relevant documents e.g. eligibility criteria, application forms, assessment criteria.

Extensive online research of each municipal cultural funding model was undertaken, and, where possible telephone interviews were conducted with appropriate staff members in each city.

### Brief Overview/Highlights of Each Comparable City

#### Vancouver

- All municipal grants in support of the cultural sector are approved directly by city council. There is no arm's-length arts funding body.

- The city recognizes five major exhibiting institutions (museums and galleries) which receive approximately \$3.8M or 58% of all City operating support grants to cultural organizations. All but one ('an anomaly') is located in city-owned facilities. These five institutions currently apply through the same program and using the same application as all other cultural organizations and they are assessed by the same multi-disciplinary peer review panel. In the past, they were administered through a separate program. There is some indication that this practice may be revived in the future, reflecting some uncertainty about the most transparent, equitable approach and the unique role of large institutions in the context of the broader cultural community.
- In addition, the city recognizes large performance-based organizations (7-8 'prime players') which are resident companies in City-owned theatres through rental subsidy grants. Although this program (total budget \$2.6M) was recently opened to periodic users of city-owned facilities as well, the great majority of funds flow to the resident companies.
- The city does not require that major organizations address economic/tourism impact, although CADAC information forms part of their submissions. Nor does the city undertake economic/tourism impact assessment.

### Chicago

- All municipal grants in support of the cultural sector are approved directly by city council (with the exception of large institutions noted below). There is no arm's-length arts funding body.
- Total municipal funding of the culture sector is extremely modest (approximately \$1.2M), with grants in the range of \$2K to \$15K, although the city runs several performance festivals or programs directly (e.g. Chicago Jazz Festival, small theatre/dance programs in a variety of venues).
- However, the Chicago Parks District, a 'sister' agency not reporting directly to the City, has municipal property taxation powers and invests approximately \$36M per year in 11 'Museums in Parks' which includes the large exhibiting institutions (e.g. Art Institute of Chicago, Museum of Contemporary Art, Field Museum).
- Chicago Parks District does not request economic/tourism impact data, although there is a significant focus on audience and program data, particularly free services to the community.

### New York

- All municipal grants in support of the culture sector are approved directly by city council. There is no arm's-length arts funding body.
- New York is the largest single public supporter of the arts in the U.S. (\$148M in program/operating and \$822M in capital)
- The only recipients of operating grants are the 33 members of the Cultural Institutions Group, museums/galleries described as 'city-owned' or located on city property, which receive approximately \$108M or 73% of total municipal support. Galleries/museums not located on city property (e.g. MOMA) and performance-based organizations do not receive operating support. The Cultural Institutions Group are also eligible for significant capital support.
- The remainder of the municipal cultural budget is directed to modest project grants for a wide variety of other NFP cultural organization. The city does not request economic/tourism impact data although a number of the institutions undertake such studies on a periodic basis and city staff may undertake such analysis from time to time.



## Summary of Findings

- All comparator cities fund the NFP arts/cultural sector directly – none of them have an arm’s-length arts funding agency.
- All comparator cities define “majors” as being city-owned or located in or on city-owned property (or park property in the case of Chicago).
- All comparator cities provide operating support for these “majors”
- In the U.S. cities, the majors are all museums/galleries. No operating support is provided to organizations other than these majors.
- In Vancouver, the majors include large performing organizations in addition to museums/galleries. Operating support is provided to non-major organizations as well.
- In all cases, the evolution of the programs is described as being subject to a variety of historical and political influences.
- In all cases, access to the program or stream supporting majors is considered ‘closed’.
- In no case does the city request economic/tourism data from the major organizations as part of the assessment process.

## Analysis/Conclusions

Toronto is the only city in the group (and likely the only city of comparable size in North America) to fund the NFP arts and culture sector through a combination of arm’s-length agency and direct support. This provides an additional challenge when describing or rationalizing the difference between the two methods.

For all cities, including Toronto, there are unique sets of historic and political circumstances that have resulted in the status quo. While it is interesting to observe similarities and differences, it is not particularly useful when considering the best path forward.

Toronto’s relationship to its ‘major’ cultural organizations, when compared with the three chosen cities, may be described as unique in several ways:

- There is no single organizational relationship between the city and the organizations funded e.g. city-owned or resident in a city-owned facility;
- There is no discipline or mandate focus e.g. only museums or galleries;
- Only Toronto focuses eligibility primarily on size of budget, the resulting sense of economic impact and/or public attendance, although it does not calculate or quantify economic impact;
- Only Toronto supports annual short-term cultural festivals and ‘cultural support’ institutions (i.e. NBS and Artscape).

This suggests that the other cities more clearly define what constitutes a ‘major’ organization, although those definitions may not necessarily appear to be fair, comprehensive or necessarily relevant to Toronto’s situation.