



Evaluation of the Impact of Increases to Cultural Grants 2012 to 2016

Date: November 3, 2017

To: Economic Development Committee

From: General Manager, Economic Development and Culture

Wards: All

SUMMARY

The purpose of this report is to respond to City Council's directions to report back on the impact of the increased investment in cultural grant programs from 2012 to 2016. In 2017, Economic Development and Culture Division commissioned Nordicity to conduct an independent review of the data provided by the Toronto Arts Council and the recipients of funding from the Major Cultural Organizations program, the Local Arts Service Organizations program and the Culture Build Investment program. Nordicity assessed the outputs and outcomes achieved with increased grants funding.

The evidence presented in the attached report is clear that the aggregate impact of the new funding met City objectives: to promote arts activity across the city and outside the downtown core; to increase opportunities for young and emerging artists; to develop and leverage partnerships; to support community arts activities; to increase the capacity of small and medium-sized arts organizations; and to improve cultural spaces. Overall findings noted that despite a significant decline in revenues from other public sources between 2012 -2016, the City's increased investment contributed to a substantial increase of earned revenues and revenue from private sources by recipient organizations. Aggregated data revealed that each incremental dollar of municipal support was matched by over eight dollars in new earned revenues and private support for funded organizations over the period of the study. In summarizing the impact of the increase to cultural grants, Nordicity states in the report: "This increase had significant positive impacts on recipients and supported notable progress toward achieving the City's overall strategic and policy objectives."

Among the key conclusions of the Nordicity report are:

- there was a marked expansion of grants funding beyond the downtown core, although there remains a high density of support in the core;
- efforts at collaboration between arts organizations are increasing;
- arts opportunities for young and emerging artists, especially in the area of community arts, are increasing;

- there is an increase in the administrative capacity for small and medium-sized arts organizations; and,
- there is a growing effectiveness of incentives to improve access to suitable cultural spaces through both space sharing incentives and direct capital funding, although the overall size of the challenge is increasing.

Nordicity recommended that to maximize the impact of the City's investment in cultural grants moving forward, the City should consider new directions in funding, including:

- more targeted investments in key sustainability risks for the arts sector, including addressing diversity, supporting collaboration and knowledge-sharing across the sector, addressing the space challenge, and promoting international exchange and engagement; and,
- improve the City's measurement and evaluation of its investments in the cultural sector so as to continue to articulate and track the impacts of its investments in culture, primarily addressing the data limitations faced during the process of this study.

RECOMMENDATIONS

The General Manager, Economic Development and Culture recommends that the Economic Development Committee direct the General Manager of Economic Development and Culture to report back to the Economic Development Committee in 2018 on future priorities for cultural funding and on the implementation of improved measurement and evaluation processes.

FINANCIAL IMPACT

There is no financial impact to this report beyond what has already been approved in the 2017 Economic Development and Culture Division's operating budget.

Any request for additional funds for Culture Grants after approval of the 2018 Budget must be submitted for consideration by June 2018 for consideration as part of the City's 2019 Operating Budget process.

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

DECISION HISTORY

At its meeting of May 17, 2011, City Council endorsed ***Creative Capital Gains*** which recommended that the City keep pace with domestic and international competitors by making a firm commitment to sustain Toronto's cultural sector and position Toronto as a leading, globally competitive Creative Capital.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.ED3.3>

At its meeting of June 11, 2013, Council approved the principles and priorities for new funding to reach the \$25 per capita benchmark, and the performance measures and outcomes anticipated with the investment in cultural programs.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.ED22.3>

At its meeting of October 8, 2013, City Council adopted Strategic Actions for 2013 to 2018 which included Strategic Action #2 - Invest in Culture. This Strategic Action advances plans to ensure affordable, sustainable and diverse cultural spaces and support all citizens to have access to and the opportunity for cultural participation.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX34.5>

At its meeting of August 19, 2014, Economic Development Committee requested the General Manager of Economic Development and Culture to work with Toronto Arts Council and report to the Economic Development Committee early in 2015 on the impact of increased culture funding in 2013 and 2014.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.ED33.13>

At its meeting of March 10, 2015, City Council requested that the General Manager, Economic Development and Culture report to the July 7 and 8, 2015 City Council meeting on how to better measure the impact of grant funding, and on tracking spending in order to ensure transparency.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX3.4>

At its meeting of September 30, 2015, an initial report on the impact of culture grants was accepted by City Council:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.ED6.7>

At its meeting of May 17, 2016, approving the allocations to several cultural grant programs, Economic Development Committee requested the General Manager, Economic Development and Culture to report back to the Economic Development Committee in 2017 on the economic and cultural impacts of the 2013-2016 Local Arts Service Organizations Grant allocations; the economic and cultural impacts of the 2013-2016 increases to the Major Cultural Organizations Grant allocations; and to review and document the operational impacts and benefits of the reinstated Culture Build program and report back to EDC in 2017 on the 2013 – 2016 allocations.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.ED12.5>

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.ED12.6>

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.ED12.7>

COMMENTS

City of Toronto's Increase to Culture Grant Programs

Since 2003, five different City administrations committed to increasing investments in arts and culture to \$25 per capita. In May 2011, ***Creative Capital Gains*** was unanimously endorsed by City Council, and in September 2013, the City's Strategic Action Plan was adopted with a plan to "*Invest in Culture*" listed as Strategic Action 2. These Strategic Actions are designed to advance Council's vision, mission and goals for Toronto.

The increases to the City's cultural grant programs were part of an overall increase in investment to the City's cultural services program expenditures. Overall, the objectives of these investments are to increase access and participation, sustain cultural spaces, support the development of creative clusters, promote the visibility of culture to the community and help sustain Toronto's reputation as a cultural destination. As endorsed by City Council, May 17, 2011, the authors of ***Creative Capital Gains*** stated:

"We recommend that the City keep pace with international competitors by making a firm commitment to sustain Toronto's cultural sector and position Toronto as a leading, globally competitive Creative Capital."

The increase of cultural grants was a key City action in pursuit of this objective.

In 2012, the City's total culture grant budget was \$19.398M. In 2016, the total culture grant budget was \$31.209M. This represents a 61% increase to the cultural grants budgets. For the purposes of the Nordicity study, 2012 was used as the baseline against which increases were measured. Significant increases to City cultural grant programs began in 2013, and were made again in 2014 and 2016. (In 2015, increases to cultural spending by the City were allocated to the cultural celebrations for the Toronto Pan-Am Games, at a total of approximately \$8 million).

It must be noted that overall attribution for the impact of the City of Toronto's funding varies depending on the program and the recipient. For example, Local Arts Services Organizations (LASOs) are majority funded by the City of Toronto, whereas for some of the larger institutions, City funding accounts for between 3 – 5% of annual revenues.

The priorities identified by City Council for the increased grant investments were to fund arts activity outside the downtown core, increase opportunities for young and emerging artists, develop partnerships to increase the impact of the funding, increase opportunities for youth and community arts activities, increase the capacity for small and medium-sized professional arts organizations, improve cultural facilities, and foster greater collaboration between the cultural sector and other organizations with social and economic development mandates.

An initial report on the impact of culture grants was accepted by City Council on September 30, 2015, but there was not enough data available to examine the outputs

and outcomes of the new investments. However, by 2017, there was enough data available and Nordicity was selected through a competitive procurement process to conduct an independent study to evaluate the impact of the new funding.

Nordicity's findings

Nordicity's report (see Attachment 1) outlines the changing context of the city from 2012 to 2016. For example, the population of the City of Toronto grew by 4.5% from 2011 – 2016 but approximately half of the growth was concentrated south of Bloor, between Victoria Park to the east and the Humber River to the west. The population aged, and grew more diverse in terms of demographics. Residential real estate prices increased 58% between 2012 and 2016. These conditions all create challenges for the City in terms of equitable distribution of cultural services.

Revenue Growth

Support for the arts in Toronto grew substantially from 2012 to 2016. Overall revenues of the not-for-profit arts sector from all sources (earned, public, and private) grew over \$50 million dollars from an aggregate total of \$369.0 million in 2012 to \$420.4 million in 2016. Surprisingly, this growth occurred despite substantially decreased support from other public funding sources. Overall revenues from other orders of government actually declined by 5% with the greatest drop from provincial agencies.

However, per one dollar of new municipal funding, recipient arts organizations increased their earned revenues and revenues from private sources by \$8.10.

The fact that the capacity of the sector was not damaged by the stagnant level or decrease in funding from other orders of government speaks to the resiliency of the sector. Arts organizations are now prepared and in a position to take advantage of new investments to be made by provincial and federal agencies (\$20 million over 5 years by the Ontario Arts Council; and \$487 million over five years by the Canada Council for the Arts). Without the City of Toronto's investment, the organizations may have had reduced operating capacity which would, in turn, limit their ability to generate other revenues.

Total Activities and Audiences

From 2013 to 2016, recipient organizations delivered nearly 140,000 public activities. The overall number of activities delivered by recipient organizations increased by an average of 6.1% year over year; and total attendance grew by an average of 5.5% year over year. Notably, the distribution of funding was much greater outside the core from 2012 to 2016, in keeping with Council's direction.

Major Cultural Organizations (MCO)

Funding to the MCOs increased by 28% from 2012 to 2016. The MCOs' overall aggregate revenues increased from \$222 million in 2012 to \$250 million in 2016, an increase of \$28 million. The MCOs delivered a combined total of 54,000 public activities and accounted for roughly 40% of activities and attendance reported by all Toronto arts

organizations. This is in part due to the funding provided to the Pride Festival, the Caribbean Carnival, the Toronto International Film Festival and Luminato, all of whom produce a great deal of free programming and whose audience estimates are very difficult to accurately gauge. Nevertheless, the MCOs reported an increase of 4.7% in the number of activities delivered. Furthermore, they reported through interviews a commitment to partner with organizations outside the core and to work with neighbourhood organizations to deliver suitable programs.

Local Arts Service Organizations

Of particular note was the impact of the new funding to the Local Arts Service Organizations. From 2012 to 2016, funding to LASOs increased by over 200% from \$533,000 to \$1,705,000. With those funds, two new LASOs were established, North York Arts and East End Arts. Aggregate full-time equivalent positions in the LASOs grew from 22 staff to 33 staff, and these organizations delivered a combined total of 1,400 public activities with attendance of nearly 533,000 over four years. Most importantly, LASOs engage with communities that have limited access to cultural programming and work directly in a number of neighbourhood improvement areas.

Culture Build Investment Program

The Culture Build program is one tool in a suite of programs and policy initiatives that are aimed at ensuring a supply of affordable, sustainable cultural space. Eligible applicants to the Culture Build program are operating non-City-owned facilities and require support to maintain them in a state of good repair. Affordable space for artists and organizations continues to be one of the greatest challenges to address in a rapidly growing city where real estate values are driven by private development. Culture Build funded 39 organizations between 2013 and 2016 and distributed 26% of total funds of \$1.190 million to projects outside the downtown core.

Toronto Arts Council

Annual funding to the Toronto Arts Council accounts for the largest share of the grants allocated, approximately 60% of the City's total culture grant amounts. In 2012, the TAC's grant program was \$10.279 million. In 2016, the grant program was \$18.079 million resulting in numerous new programs and strategic initiatives. Not all of the data is captured for project grant recipients and individual grants as they are not annually reported, but the overall impact of the funds shows that it met the City's objectives.

Data revealed that TAC has done an increasingly good job bringing newer organizations into its operating grant programs. More specifically, 30% of new entrants into the TAC's operating grant streams were established in the last ten years, demonstrating a shift to include newer organizations in operating funding. In addition, newly funded organizations were more likely than those funded over a longer period to be operating outside the core, with 23% of the new recipients were located outside the downtown core. The largest proportional increase in operating grants was allocated to the

community arts program which had the greatest impact in participation and attendance figures.

The evaluators identified TAC's successes as a result of increased arts and cultural investment by the City as including the following:

- growth and sustainability of organizations receiving operating grants;
- stronger community connections, achieved through strategic initiatives, engaged Torontonians, especially youth, living outside of the downtown core;
- new partnerships were established to bring the arts to non-traditional venues to reach more Torontonians, such as the delivery arts programs in schools, libraries, parks and historic sites; and,
- supporting innovation and emerging issues in the local arts sector through strategic funding streams of funding.

Nordicity concluded that the increase in cultural grants resulted in significant benefits for the arts and culture sector and Torontonians overall. It has ensured a robust cultural offer to Toronto's residents and visitors, better geographic distribution, increased accessibility and opportunities and more facilities in a state of good repair.

Going forward, Nordicity recommends that the City is not complacent in determining priorities for investment and suggests improved data collection and evaluation measures to continue to build on and track the overall impacts of the new and existing investments in cultural grants, including the longer term outcomes for the sector and the public they serve.

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SIGNATURE

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ATTACHMENTS

Attachment 1: Nordicity Report on the Evaluation of the Impact of Increases to City of Toronto Cultural Grants from 2012 – 2016