

Realignment of Two Cultural Grants Programs

Date: October 2, 2019

To: Economic and Community Development Committee

From: General Manager, Economic Development and Culture

Wards: All

SUMMARY

This report responds to directions from City Council to review the Major Cultural Organizations program and the Grants to Specialized Collections Museums program, specifically the programs' design, eligibility criteria, assessment process and intended outcomes, and report back to the Economic and Community Development Committee by October 2019 on any recommended changes.

Following the directions set out in the [Economic Development and Culture Divisional Strategy \(2018-22\)](#), this report proposes that the Division's cultural grants be realigned to respond better to current priorities for equitable access to funding, including:

- Potential for increased distribution of resources outside the core
- The development of talent and innovation in programming and partnerships
- An emphasis on open, fair, competitive and transparent funding programs

To achieve those objectives, this report recommends that the Major Cultural Organizations and Grants to Specialized Collections Museums programs be dismantled, and be replaced with new funding approaches. Clients currently being served through the existing funding programs have the opportunity to apply for municipal support in the new funding programs proposed in this report. The proposed changes include:

- Establishing a new competitive "Cultural Festivals" funding program in Toronto
- Transferring the administration of municipal grants for the Canadian Opera Company, the National Ballet of Canada, and the Toronto Symphony Orchestra to the Toronto Arts Council
- Establishing a new competitive "Cultural Access and Development" funding program for cultural institutions that deliver on City goals of supporting access to culture through year-round cultural programming, by providing accessible creative space or by supporting diverse talent development

The Economic Development and Culture Division will work with organizations currently funded through the Major Cultural Organizations and Grants to Specialized Collections Museums programs to advise them of their eligibility to apply for funding through the new programs or through the Toronto Arts Council in 2020.

No new funding is being requested at this time to establish these new granting programs. The program realignments will initially be funded through a reallocation of the current Major Cultural Organizations and Grants to Specialized Collections Museum program budgets. The new programs could be enhanced and expanded in future years to support a greater number of cultural organizations, pending approval of additional funding as part of the annual budget process.

RECOMMENDATIONS

The General Manager, Economic Development and Culture recommends that:

1. City Council direct the General Manager, Economic Development and Culture, to discontinue the cultural grant program currently operating as the Major Cultural Organizations program as of January 1, 2020,
2. City Council direct the General Manager, Economic Development and Culture, to discontinue the cultural grant program currently operating as the Grants to Specialized Collections Museums program as of January 1, 2020.
3. City Council direct the General Manager, Economic Development and Culture, to ensure all recipients of grants from the Major Cultural Organizations and the Grants to Specialized Collections Museums programs' obligations are met for their 2019 allocations.
4. City Council direct the General Manager, Economic Development and Culture, to establish a new cultural grant program called the Cultural Festivals program, with the program design, eligibility criteria, assessment process and intended outcomes to be established with community input in 2020.
5. City Council direct the General Manager, Economic Development and Culture, to transfer the assessment and administration of annual operating grants currently disbursed under the Major Cultural Organizations program to the Canadian Opera Company, the National Ballet of Canada, and the Toronto Symphony Orchestra to the Toronto Arts Council.
6. City Council direct the General Manager, Economic Development and Culture, to establish a new cultural grant program called the Cultural Access and Development program, with the program design, eligibility criteria, assessment process and intended outcomes to be established with community input in 2020.

7. City Council direct the General Manager, Economic Development and Culture, to work with organizations currently funded through the Major Cultural Organizations and Grants to Specialized Collections Museums programs to advise them of their eligibility to apply for funding through the new Economic Development and Culture Division programs or the Toronto Arts Council in 2020.

FINANCIAL IMPACT

There is no overall financial impact at this time. The realignment of cultural grants recommended in this report will require a reallocation of existing funds.

The 2019 Approved Operating Budget for Economic Development and Culture includes \$9,913,083 in funding for the Major Cultural Organizations and Grants to Specialized Collections Museums programs, to be reallocated as follows:

- The annual grants funding for the client organizations currently funded under the festivals component of the Major Cultural Organizations program totalling \$1,285,000 (Luminato, Pride Toronto, and Toronto Caribbean Carnival) will form the basis of a dedicated cultural festivals funding program that could be enhanced in the future.
- \$4,110,000 representing the total current annual grants under the Major Cultural Organizations program to the Canadian Opera Company, the National Ballet of Canada, and the Toronto Symphony Orchestra would be transferred from the Economic Development and Culture's Major Cultural Organizations' cost centre, to the cost centre for the Toronto Arts Council.
- Program funding for the Grants to Specialized Collections Museums of \$682,848, would be combined with the remainder of the Major Cultural Organizations funding envelope (\$3,835,235), to support a new Cultural Access and Development program that funds cultural institutions that deliver on City goals in supporting access to culture through year-round cultural programming, by providing accessible creative space or by supporting talent development, totalling \$4,518,083.

Base funding of \$9,913,083 to continue supporting these programs is included in the Economic Development and Culture's 2020 Operating Budget submission for consideration as part of the 2020 Budget process. Future funding envelopes for each of these programs, including any requests for new funding, will continue to be subject to City Council approval as part of the annual budget process.

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

DECISION HISTORY

At its meeting of July 16, 17, 18, 2019, City Council adopted the Toronto Grants Policy to provide a transparent process for the issuance of community grants by the City.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EC6.19>

At its meeting of June 18, 19, 2019, City Council adopted the 2019 grant allocations to the Major Cultural Organizations and directed the General Manager, Economic Development and Culture to review the Major Cultural Organizations program, specifically the programs' design, eligibility criteria, assessment process and intended outcomes, and report back to the Economic and Community Development Committee by October 2019 on any recommended changes.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EC5.9>

At its meeting of June 18, 19, 2019 City Council adopted the 2019 grant allocations to the Specialized Collections Museums, and directed the General Manager, Economic Development and Culture to review the Grants to Specialized Collections Museums program, specifically the programs' design, eligibility criteria, assessment process and intended outcomes, and report back to the Economic and Community Development Committee by October 2019 on any recommended changes.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EC5.8>

At its meeting of November 7, 2017, City Council approved the establishment of the Grants to Specialized Collections Museums program:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.ED24.7>

At its meeting of November 3, 2015, City Council adopted the recommended revisions to the Major Cultural Organizations program:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.ED7.2>

COMMENTS

Toronto has a vibrant arts and culture sector, developed over decades through the dedication of its artists and cultural leaders, and the support of its audiences, philanthropists, volunteers, sponsors and donors. This success has been realized, in part, through the significant investments made in the arts and culture sector by the City of Toronto. The multiple benefits of a vibrant cultural sector, including Toronto's global reputation, its liveability and its diversified economy, indicate that it is in the interest of Toronto's residents, businesses and visitors to continue to support a sustainable and resilient cultural sector through support for artists and organizations. It is also important that municipal funding programs are both responsive to the needs of recipients while being coherent and accountable to City Council and Toronto taxpayers.

In 1998, at amalgamation, the underlying cultural policy objectives of the City's cultural grants programs was to support the development of a creative city. This included the pursuit of international recognition of the city's world-class culture status, promoting Toronto and tourism through culture, and attracting and retaining the talent necessary to compete globally in the 21st century knowledge economy. Today, following a period of sustained new municipal investments in culture, Toronto is recognized globally as an international creative capital by the World Cities Culture Forum and UNESCO Creative City Network.

While the city's cultural scene has grown and changed, so has Toronto. Toronto's growth has meant that the number of residents and jobs in the city continues to rise and unemployment is low. However, the city's growth is accompanied by underlying problems that is exacerbated by rapid development in global cities: widening income disparity, service gaps accentuated by issues of race, equity and inclusion, the inequitable distribution of resources across geography and generations, and the affordability of housing and space. Lack of affordable space continues to be an issue for many cultural organizations.

Municipal cultural grants programs cannot ignore these realities. It is necessary to review some of the underlying policies for the City's cultural funding to check for relevancy and coherence. To achieve the best possible cultural, social, and economic impact, public sector grant programs must be responsive to changes in the communities that they have been established to serve. In 2017, the City of Toronto, Economic Development and Culture Division undertook a robust consultation process that engaged over 400 people. The result is a new [Economic Development and Culture Divisional Strategy \(2018-22\)](#) and Equity Plan. Recognizing the significant new opportunities and challenges facing Toronto's cultural sector, this report proposes a number of grant program realignments to further Economic Development and Culture Division's strategic priorities to combat economic and cultural disparity across Toronto and improve industry competitiveness.

The Economic Development and Culture Division currently administers four cultural grant programs, including the Major Cultural Organizations program, Grants to Specialized Collections Museums, Grants to Local Arts Service Organizations, and the Indigenous Arts and Culture Partnerships Fund. The Local Arts Service Organizations and Indigenous Arts and Culture Partnerships Fund programs are both already recognized for supporting access to arts and cultural opportunities city-wide, championing cultural projects by and for equity-seeking communities, and are delivered based on clear, defined eligibility and evaluation criteria. As such, no changes to either program is recommended at this time. The Major Cultural Organizations and Grants to Specialized Collections Museums programs have been included within the scope of this review, based on City Council direction and on the potential for increased public benefit in line with the objectives of Economic Development and Culture's Divisional Strategy and Equity Plan.

Current Structure of the two Cultural Grants Programs: Major Cultural Organizations and Grants to Specialized Collection Museums Programs

The Major Cultural Organizations (MCO) program originated in 1957 with five clients as part of the funding provided by the Municipality of Metropolitan Toronto. Upon amalgamation in 1998, the program remained with the City, while most other cultural funding responsibilities were given to the Toronto Arts Council. The MCO program has since operated on a closed basis, with funding applications accessed by invitation only and new applicants requiring approval by City Council. Eleven organizations are now funded through the MCO program. A list of funded organizations is included below.

Table 1: Organizations Funded through the MCO Program (2019)

Organization	2019 Grant Amount
Art Gallery of Ontario	\$ 684,000
Canada's National Ballet School	\$ 225,000
Canadian Opera Company	\$ 1,500,000
Festival Management Committee (Toronto Caribbean Carnival)	\$ 625,000
Harbourfront Centre	\$ 1,315,500
National Ballet of Canada	\$ 1,390,000
Pride Toronto	\$ 260,000
Toronto Artscape Inc.	\$ 415,000
Toronto Festival of Arts, Culture and Creativity (Luminato)	\$ 400,000
Toronto International Film Festival Inc.	\$ 1,195,735
Toronto Symphony Orchestra	\$ 1,220,000
TOTAL	\$ 9,230,235

In 2015, a third party review of the MCO program was conducted by Ginder Consulting to improve the program's transparency. The program was divided into three funding streams: (1) Producers and Curators, (2) Festivals, and (3) Cultural Support/Infrastructure. Each funding stream had distinct and clear eligibility and assessment criteria. A summary of the review may be found here: <https://www.toronto.ca/legdocs/mmis/2015/ed/bgrd/backgroundfile-84243.pdf>

Even with these changes, a key issue raised by consecutive peer advisory panels about the MCO program was that the applicants did not have enough in common to be

assessed together. As a group of 11 cultural organizations, the applicants represented different artistic disciplines and advanced different mandates.

In 2017, the Economic Development and Culture Division established the Grants to Specialized Collections Museums (GSCM) program, in part to create a transparent funding program that could respond to the Gardiner Museum who no longer met the eligibility criteria of the MCO program, based on changes to budget requirements, as well as to support collections-based institutions. Similar to the MCO program, peer advisory panels have remarked that it is challenging to assess the applicants of this program together given their broader range of mandates and program offerings. A list of organizations funded through GSCM program is included below.

Table 2: Organizations Funded through the GSCM Program (2019)

Organization	2019 Grant Amount
Aga Khan Museum	\$200,000
Gardiner Museum	\$161,535
Museum of Contemporary Art Toronto (MOCA Toronto)	\$321,313
TOTAL	\$682,848

Since 2011, the City of Toronto, through the Economic Development and Culture Division, began increasing investment in culture, guided by the strategic objectives of Creative Capital Gains, the City's culture plan, and by a number of cultural policy reports adopted by City Council. In 2017, the Economic Development and Culture Division commissioned a third party, Nordicity, to evaluate the impact of the City's increases in cultural grants from 2012 to 2016, when the total grants investments increased by over 60 percent. The Nordicity report found that the increases to grants had largely met the priorities set out by City Council.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.ED25.2>

Setting Scope for Grant Program Realignment

In developing options for program realignment, staff considered the following objectives:

- Achieving the objectives of the [Economic Development and Culture Divisional Strategy \(2018-22\)](#), including equity and inclusion, talent and innovation, space and access, and operational excellence
- Prioritizing equitable access to City funding, in line with the vision of Economic Development and Culture's Equity Plan, which seeks to combat disparities across Toronto through impactful cultural programs and services for equity-seeking communities and underserved areas of the city

- Improving administrative processes and program criteria to maintain open, fair, competitive and transparent funding programs
- Following standards and best practices in cultural granting employed by regional, provincial and national arts councils, and other orders of government

The City aims to ensure organizational resilience of funded cultural festivals and institutions while at the same time increasing its own efficiency in program delivery and impact measurement. The realignment of two cultural grants programs allows the City to ensure municipal grant applications and assessment processes are more efficient and transparent for the public, clients, staff, and City Council.

As well, the Economic Development and Culture Division has submitted a report recommending three new strategic priorities for cultural investment to the Economic and Community Development Committee for consideration at its October 16, 2019, meeting. These priorities include: (1) Culture for all, (2) Space for culture, and (3) Developing creative talent. The program realignments recommended as part of this report support these new strategic directions which, if adopted by City Council, will be reflected in the criteria and outcomes of the new granting programs.

Proposed New Cultural Festivals Program

Toronto's range of diverse cultural festivals have significant social, economic and cultural impacts. Many of those festivals also celebrate community pride and take place in the public realm - streets, parks, and civic squares.

As Toronto grows more and more dense and diverse, street festivals create an opportunity for building social capital, animating public space, and celebrating diverse cultures. A healthy network of cultural festivals help address the economic barriers to cultural participation that many families in Toronto face. Cultural festivals also take place across the city in multiple locations making them more accessible to attend.

However, festival producers in a large city like Toronto face increasing costs. Security costs in particular have increased due to the costs of mitigating terrorism threats, as well as costs related to paid duty officers, transportation permits, emergency services, solid waste management, and use of parks. City Council has directed City staff multiple times, in multiple divisions, to find ways to support festivals by waiving fees and providing services free of charge, noting in such motions that facilitated access to City services is not equitably distributed across festivals in the city.

Yet, cultural festivals have difficulty accessing funds from peer-adjudicated arts councils, as their activities frequently combine professional and amateur culture and include costs not typically incurred by other cultural organizations such as public safety measures. In addition, most cultural festivals are reliant on access to City services, such as permits and policing. As a result, most Canadian municipalities support cultural festivals through dedicated festival programs, which has not historically been the case in Toronto. The City has typically provided funding for cultural festivals on a case-by-case basis. The three clients who comprise the festivals component of the MCO

program - including Toronto Caribbean Carnival, Pride Toronto and Luminato had been receiving one-off City funding prior to their becoming part of the MCO program, and they were added, in part, to formalize their funding arrangements. They were also added to the MCO program in recognition of their major economic impact, and as drivers of tourism and the city's global brand.

Equity considerations and City priorities to fund cultural activity outside the core support this report's recommendation to establish a new granting program called the "Cultural Festivals" program. In order to establish a new Cultural Festivals program, this report recommends a phased approach. In 2020, EDC would continue to fund the three festivals which currently comprise the festivals stream of the MCO program; namely, Luminato, Pride Toronto, and Toronto Caribbean Carnival. At the same time, EDC will consult with festival producers on the design, objectives and criteria for a new festivals program, with the intention of launching the program in late 2020. Informing the consultations will be City Council's direction to date regarding increasing City efforts to support the vitality of festivals. Issues identified have included: inequitable access to funding and City services for festivals; little support for new and emerging festivals, which has led to a difficulty for new festivals to grow; and rising requirements for public safety measures and insurance in addition to City permits and services. The new Cultural Festivals program will form part of an overall strategy for how the city supports its cultural festivals, with a view to improving equitable access to funding and City services for cultural festivals from all Toronto's diverse communities.

There is a considerable need for increased municipal support for festivals in Toronto. To meet this growing demand, the new Cultural Festivals Program could be expanded and enhanced to support more festivals in future years, pending approval of new funding by City Council as part of the annual budget process.

Proposed Transfer of Clients to the Toronto Arts Council

With the transfer out of festival clients from the MCO program, the Economic Development and Culture Division recommends the dismantling of the MCO program in 2020, with three of the clients being moved to the Toronto Arts Council's Large Institutions program. The Canadian Opera Company, the National Ballet of Canada, and the Toronto Symphony Orchestra were all part of the original five institutions funded by the former regional Metropolitan Toronto government since 1957. Of the MCO program, these organizations are first and foremost creators and producers of discipline-specific arts programming that are served best by arts councils. The work and impact of these organizations is best assessed by a peer advisory with expertise in arts programming and management. Enabling partnerships with these organizations and smaller Toronto Arts Council clients will be facilitated more easily if grants officers serving both clients are able to see potential opportunities for collaboration.

All three legacy organizations are currently funded by arts councils at the provincial (Ontario Arts Council) and federal (Canada Council for the Arts) levels. Having the Toronto Arts Council fund them aligns reporting requirements and measurement of impact along consistent metrics. Assessment processes and impact measures that emphasize artistic outputs are more suited to the intrinsic values and activities of these

organizations. The Toronto Arts Council has agreed to assume funding responsibilities, including reporting on their impact, for these three organizations, should City Council approve the recommendation. To ensure stability as part of this transition, the Toronto Arts Council has agreed that each of the three organizations will enter into a multiyear grant stream to be able to anticipate the same level of core funding for at least two years: 2020 and 2021.

Proposed New Cultural Access and Development Program

A second new grant program is being proposed as part of this report, tentatively titled the "Cultural Access and Development Program". This program will support access to culture through year-round programming, by providing accessible creative space, or by supporting talent development - all key objectives of EDC's Divisional Strategy and Equity Plan. The program design, eligibility criteria, assessment process and intended outcomes would be established with community input in early 2020.

Existing clients of the MCO and GSCM programs will be eligible to apply for support through this program, including the Aga Khan Museum, Art Gallery of Ontario, Artscape Toronto, Canada's National Ballet School, Gardiner Museum, Harbourfront Centre, Museum of Contemporary Art (MOCA) Toronto and Toronto International Film Festival, Inc. (TIFF). Both the Ginder report and the Nordicity report emphasize that City funding is important for organizations such as these, which are essential to sustaining the cultural sector. While the City's grants generally comprise a small portion of their overall operating budgets, the actual amounts of the grants are very significant in the context of the City's support to culture and enable these institutions to respond to City priorities, such as increasing diversity and animating areas outside the city core. As an example, the City's grant of \$684,000 to the Art Gallery of Ontario is less than 1 percent of the institution's annual operating budget of \$75 million, but such funding enables collaboration on such City priorities as the Year of Public Art in 2021.

In the Nordicity report on cultural grants funding, the report recommended that future funding consideration be given to promoting and supporting diversity in cultural expression, collaboration and knowledge sharing across the sector, international exchange and engagement, and initiatives to address the severe cultural space challenges in this city. The new Cultural Access and Development Program will enable the City to better support these priorities and goals more broadly.

Conclusion

Continuous improvement and regular program evaluation is recognized as a best practice in public sector granting. The program realignments proposed as part of this report respond to Toronto's changing economic, social and cultural contexts. It also furthers the goals and objectives of the [Economic Development and Culture Divisional Strategy \(2018-22\)](#) and Equity Plan, and the proposed priorities for cultural investment outlined in an accompanying report to Economic and Community Development Committee, *Establishing Strategies Priorities for Cultural Investment (2020-2024)*. These will inform the development of both the Cultural Festivals and the Cultural Access and Development funding programs.

As the City moves towards a "for public benefit" model for funding, the Economic Development and Culture Division believes it will be better able to pursue cultural policy objectives by dismantling the Major Cultural Organization (MCO) and Grants to Specialized Collections Museums (GSCM) programs and realigning them. The realignment will allow for more consistent and coherent application of program guidelines, assessment criteria, and reporting of cumulative impacts. Further, the realignment of programs will result in the City being better able to track the impact of its investments on a cumulative basis, better using common indicators across each program. To this end, these proposed changes will help ensure that funding programs are both responsive to the needs of recipients while being coherent and accountable to City Council and Toronto taxpayers.

Finally, Economic Development and Culture programs will continue to be open and transparent, in keeping with the Toronto Community Grants Policy that governs all City of Toronto grant programs.

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