

Recommendation Summary (CB Detail)

Agency: 387 Washington State Arts Commission
Version: S6 2015-17 Supp 16 Agency Budget Request

10:19:48AM
 10/2/2015

Dollars in Thousands

Annual Average FTEs	General Fund State	Other Funds	Total Funds
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2015-17 Current Biennium Total

Total Carry Forward Level
 Percent Change from Current Biennium

Carry Forward plus Workload Changes
 Percent Change from Current Biennium

M2 8L Lease Rate Adjustments	13	13
M2 8R Retirement Buyout Costs	10	10

Total Maintenance Level	23	23
Percent Change from Current Biennium		

Subtotal - Performance Level Changes	0.0	
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2015-17 Total Proposed Budget	23	23
Percent Change from Current Biennium		

M2 8L Lease Rate Adjustments

The Washington State Arts Commission (ArtsWA) requests funding for the contracted lease rate increase starting in FY17. The five year lease was negotiated in 2014 and expires July 31, 2019. Starting August, 2016 the rate increases by \$1,136 per month. The agency has been in its present location for several years. The office space, available parking, bus routes, and close proximity to I-5 continues to work well for employees and clients. This decision package requests funding for the lease increase, for an additional \$12,500 for rent (11 months).

M2 8R Retirement Buyout Costs

The Washington State Arts Commission (ArtsWA) is a small agency with limited resources for administrative costs. Additional funding to pay for leave buyout is needed for the outgoing Grants Program Manager, who will retire in December 2015. Without this increase in funding, the agency must redirect funds by either canceling or delaying existing services, or by reducing other employees' hours to offset the buyout costs.

Agency: 387 Washington State Arts Commission
Decision Package Code/Title: 8L Lease Rate Adjustments
Budget Period: 2015-17
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

The Washington State Arts Commission (ArtsWA) requests funding for the contracted lease rate increase starting in FY17. The five year lease was negotiated in 2014 and expires July 31, 2019. Starting August, 2016 the rate increases by \$1,136 per month. The agency has been in its present location for several years. The office space, available parking, bus routes, and close proximity to I-5 continues to work well for employees and clients. This decision package requests funding for the lease increase, for an additional \$12,500 for rent (11 months).

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State		12,500	12,500
Total Cost		12,500	12,500

Package Description:

The Washington State Arts Commission (ArtsWA) requests a maintenance level rent adjustment of \$12,500 beginning in 2017. The lease increase is justified as part of a favorable, long term lease re-negotiation that substantially reduced lease costs in the beginning, at a time when the agency was facing reduced support. The overall lease value is still favorable in comparison with the possibility of moving to another space, which our research has shown, would be considerably more costly. The agency requests the additional funding for the lease agreement as a maintenance level item. Full funding of this package request will allow the Arts Commission to honor its contractual requirements while minimizing impact on the agency's capacity to be a catalyst for the arts, advancing the role of the arts in the lives of individuals and communities throughout the state.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

ArtsWA is a small agency with limited resources for administrative costs. Additional funding to pay for an increase in our lease cost is needed. Without this small increase in state funding, the agency must redirect funds to the detriment of other core programs. In larger organizations, costs such as a lease increase can be more easily absorbed. In a small agency like the State Arts Commission, that is not so. Full funding of this decision package will allow the agency to successfully meet its mission and goals for the State of Washington.

Performance Measure Detail

Activity: A001 **Build Participation in the Arts**

Incremental Changes

No measures submitted for package

Activity: A002 **Local Arts Organizations**

Incremental Changes

No measures submitted for package

Activity: A003 **Public Art**

Incremental Changes

No measures submitted for package

Activity: A004 **Support the Arts as Basic Education**

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes. Funding this decision package for administrative costs avoids reductions to grants, projects and staffing that support ArtsWA's capacity to implement all of the strategies in its current strategic plan.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. This proposal supports ArtsWA's capacity to continue to provide services and fulfill our mission to deliver quality cultural and recreational opportunities. It also support the Governor's priority for the Arts Commission to track the State's Creative Economy indicators as part of Goal 2 (Economic Prosperity), as well as supporting the Governor's priority of supporting healthy communities, 21st century learning and good government.

What are the other important connections or impacts related to this proposal?

In order for the Arts Commission to provide uninterrupted services to our state - such as hundreds of grant investments in organizations and communities large and small, professional and technical support to artists and organizations statewide, partnerships that strategically expand our capacity, management of the State's Poet Laureate program, management and oversight of the State's enormous Public Art Collection, production each year of the prestigious Governor's Arts and Heritage Awards and much more . We believe that stakeholders would fully support this program.

What alternatives were explored by the agency, and why was this alternative chosen?

The agency considered absorbing these costs, but is unable to do so without negatively impacting programs as described above . Our location works well for employees as well as our customers, and the lease costs are reasonable even while being a financial stretch for this small but important agency. Full support to cover the additional costs is crucial.

What are the consequences of adopting or not adopting this package?

The lease obligation will require the agency to pay the new monthly rental rate for the remaining term of the lease, starting in August 2016. If the additional funding is not provided, the agency will have to divert existing resources, potentially compromising agency activity.

What is the relationship, if any, to the state's capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None

Expenditure and revenue calculations and assumptions

The five year lease was negotiated in 2014 and expires July 31 , 2019. Starting August, 2016 the rate increases by \$1,136 per month. This fund request is for 11 months of the increase, \$12,500 (12 months would be \$13,600).

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Increased cost is ongoing, beginning in FY17, with \$13,600 per FY18 and FY19 (Biennium 2017-19).

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
E Goods\Other Services		12,500	12,500

Agency: 387 Washington State Arts Commission
Decision Package Code/Title: 8R Retirement Buyout Costs
Budget Period: 2015-17
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

The Washington State Arts Commission (ArtsWA) is a small agency with limited resources for administrative costs. Additional funding to pay for leave buyout is needed for the outgoing Grants Program Manager, who will retire in December 2015. Without this increase in funding, the agency must redirect funds by either canceling or delaying existing services, or by reducing other employees' hours to offset the buyout costs.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	10,300	0	10,300
Total Cost	10,300		10,300

Package Description:

This request funds the leave buyout costs for the outgoing Grants Program Manager, who will step down in December 2015 after 14 years in this position.

Upon separation from state service, an employee is eligible for compensation of accrued annual leave, this is a mandatory expense. In December 2015, the Grants Program Manager will request compensation costs for separation purposes. The estimated cost is \$10,300 to the state General Fund, and the agency has no available resources to absorb these costs within its current budget.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

ArtsWA needs this additional funding so as to not negatively affect the agency's ability to continue to provide existing services and programs.

Grant dollars are obligated early in the fiscal year through contracts, leaving little discretionary budget for other key programs and agency administration. Reductions in recent years have left the agency little financial flexibility (25-28 percent reduction in grants budgets for FY 2014) and a possible further reductions anticipated.

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes. Funding this decision package for administrative costs avoids reductions to grants, projects and staffing that support ArtsWA's capacity to implement all of the strategies in its current strategic plan.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. This proposal supports ArtsWA's capacity to continue to provide services and fulfill our mission to deliver quality cultural and recreational opportunities, and to the Governor's commitment to the arts as part of healthy communities, 21st century learning and good government.

What are the other important connections or impacts related to this proposal?

This is a small request but necessary to provide steady agency management and avoid the repercussions of late changes to contracts, staffing and services.

What alternatives were explored by the agency, and why was this alternative chosen?

The agency considered absorbing these costs, but is unable to do so without impacting programs as described above . This leadership transition will have additional costs in FY 2016 for recruitment of the next Grants Program Manager that have to be absorbed or avoided. There is minimal budget for related meeting costs and interviewees will pay their own travel for participating in interviews . The salary mid range as posted for the new grants manager is 11 percent below the maximum range for this position .

We chose this alternative because annual leave buyout is a non-discretionary cost .

What are the consequences of adopting or not adopting this package?

Should state funds not be provided, it would negatively impact ArtsWA's program services and agency stability . Funding for these costs would come either from currently obligated contracts or from staffing, resulting in contract cancellations or temporary layoff of staff.

What is the relationship, if any, to the state's capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None

Expenditure and revenue calculations and assumptions

\$6,400 Annual leave (206 hours)

\$3,100 Sick leave (440 hours)

\$ 800 Employer Costs

\$10,300 Outgoing Grants Program Manager's leave buyout costs

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Cost is one-time only.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	9,500		9,500
B Employee Benefits	800		800
Total Objects	10,300		10,300

