

**CITY OF SAN DIEGO
COMMISSION FOR ARTS AND CULTURE**

**ORGANIZATIONAL SUPPORT PROGRAM
FREQUENTLY ASKED QUESTIONS and FUNDING METHODOLOGY**

FREQUENTLY ASKED QUESTIONS

- 1) **How do I know what the Recommended Funding is for a particular organization?**
- FY03 Recommended Funding is listed in the “Recommended Funding” column at the far right of the page.
 - Organizations are listed first by Level (I, II, or III) and second in descending order of FY01 Annual Operating Income (AOI).

- 2) **Why does an organization’s funding change from one year to the next?**
Changes can occur when there are differences in an organization’s AOI, changes in its rank, and/or changes in the total available funds, combined with changes in other organization’s AOI and ranks.

- 3) **How is the Recommended Funding determined?**
Information in the Recommended Funding column is derived from the Computed Allocation (found in the column to the immediate left of the Recommended Funding column). The Computed Allocation uses a formula that incorporates curve parameters, the organization’s rank and the total available funds.

In most cases, the Recommended Funding will be the same as the Computed Allocation. Differences between these two figures result when:

- **The organization is in its first three to four years of funding.** This is how long it takes to “get on the curve.” New organizations are slowly incorporated into the funding pool. In their first year with OSP, they receive 50% of the computed allocation and in the second year, they receive 70% of the Computed Allocation. In subsequent years, they move closer to 100% of the Computed Allocation at a rate that is equal to the “Minimum Increase” (shown in the upper left section of the spreadsheet) or 20%.
 - **When an organization requests less than the Computed Allocation,** it receives what it requests.
 - **When an organization’s Recommended Funding is augmented by City Council** in a prior year or they are returning from the Special Projects category, they may receive more or less than the Computed Allocation in order to get their funding back on the curve. Note: The formula has a righting mechanism that gets an organization’s funding to conform to the curve whether it is bringing it down or moving it up.
- 4) **Why is the Computed Allocation different from the Requested Funding 2003?**
The computed allocation will be different from the “Funding Request” because the formula organizations use to determine their “ask” uses a general range of AOI’s and does not provide the more exact information that the spreadsheet formula can. Also an organization might also intentionally or mistakenly ask for more or less than what is appropriate.

5) What does the CAC Curve and Museum Curve have to do with funding?

One of the premises of the OSP allocation process is that organizations receive funding relative to the size of their budget. In order to ensure that organizations are funded equally with respect to their budget size, the curve was established. As an organization's budget grows, the overall percentage of its funding decreases. Thus an organization with an AOI of \$25,000, receives an allocation of roughly 25% of its AOI and an organization with a \$1,000,000 budget receives an allocation of roughly 12% of its AOI.

The Museum Curve is only used by large budget museums that are accredited by the American Association of Museums. The organizations that use this curve are noted with the word "Museum" in the second column to the right of the Recommended Funding.

The CAC Curve applies to all other organizations and is based on the curve used by the California Arts Council's Organizational Support Program.

FUNDING METHODOLOGY

To arrive at the Computed Allocation:

- 1) Apply the funding curve to Actual Operating Income (AOI).
- 2) Apply a different funding curve to museums that are accredited by the American Association of Museums.
- 3) Apply a maximum funding level for a single organization of 10% of the distributable funds.
- 4) Apply a maximum funding level of 25% of a qualifying Level III organization's AOI.
- 5) Use the following review criteria in evaluating funding proposals and applicant organizations':
 - Program quality;
 - Operations: Governance, Staff and Financial Management;
 - Inter-organizational cooperation;
 - Cultural Tourism and Marketing; and
 - Education and Access

For museums only:

- Professional standards and care of the museum's collection.

For Level III organizations only:

- Innovation/Creativity in the use of resources

6) Apply the following rank factors to all funding levels

4:	100%	3+:	88%	2+:	70%
4-:	94%	3:	82%		
		3-:	76%		

NOTE: In FY03 Applicants with ranks of "2" and below are not recommended for funding.

Adjustments to Computed Allocation

- 7) New organizations in their first year of OSP funding shall be funded at 50% of their computed allocation.
- 8) An organization in its second year of OSP funding shall receive a minimum increase of 70%, adjusted proportionately, as it comes on to the curve. The allocation shall not exceed the requested amount.
- 9) The following adjustments are made to 1st and 2nd year organizations and those others still coming onto the curve.
 - A. Underfunded organizations coming on to the curve (either as a first or second year applicant or returning from Special Projects) receive a maximum increase of 20% (adjusted proportionately to an increase in AOI). They do not receive an adjustment for a decrease in AOI.
 - B. The maximum decrease for an organization coming on to the curve from the Special Projects category is 5% (This did not occur for any organizations in FY03).
- 10) Calculate allocations according to the two curves and rank factors, and then adjust all allocations to the distributable funds (\$8,639,379). In FY03, adjusting all allocations to the available funds required a .3¢ change from last year on the “cents on the dollar.” That is, in effect, the buying power of the available funds towards the organizations funding needs. In FY02, the distributable funds were able to meet .96¢ of every dollar allocated. In FY03, the distributable funds were only able to meet .93¢ of every dollar allocated. Thus a loss in the funding power of the available funds.
- 11) It is our practice not to fund organizations with an allocation of less than \$1500.
- 12) No organization is funded more than its requested amount.