

Letter of Transmittal

December 12, 2003

Donald K. Bain, Chairman
Colorado Council on the Arts
c/o Holme Roberts & Owen LLP
1700 Lincoln Street, Suite 4100
Denver, CO 80203-4541

Dear Mr. Chairman:

In the spring of this year, you announced the formation of a task force that would take a look at the cultural life of Colorado and what the role of the Colorado Council on the Arts should be in that cultural life. The need for a task force was precipitated by a number of factors, not the least of which was a very difficult financial year in which state funding for the council was almost eliminated.

Faced with a bare-bones budget, CCA had to take some difficult steps, including reducing staff to only one full-time person, suspending its grants to artists and organizations, and reducing or eliminating many of its programs and services. Although the consequences of a drastically reduced budget were painful, it is an ill wind that blows no good. We believe that as a result of the process you set in motion, the State of Colorado will benefit from a revitalized state arts agency that is well positioned to serve all the people of Colorado.

It has been our privilege to facilitate the Colorado Council on the Arts task force, and we are pleased to tell you that the task force has completed its work. With this letter, we transmit to you our report, *A New Day, A New Way: A Blueprint for Arts and Culture in Colorado*, which summarizes our recommendations. The report reflects the consensus of the task force members, and describes a new vision, a new purpose, a new structure and, even a new name for the Colorado Council on the Arts. If you and the Board of Directors of CCA accept these recommendations, the state arts agency will be known as the Colorado Arts and Culture Development Authority (CACDA), and it will provide the pivotal role in leading the arts to a new level in the state.

The task force has been reminded more than once that the nation is watching as Colorado “reinvents” its state arts council. Members of the task force knew that their work was enormously important, not only for Colorado but for the signals it sends to other states that are grappling with similar challenges. We are confident that these recommendations are right for Colorado; we also believe that they may be helpful to other states, as well.

The members of the task force are to be commended for their dedication to this process, and on their behalf, we thank you for your leadership in bringing us together in a common

purpose. Because the work of the task force was open to interested observers as well as the general public, we have heard from a number of people who are familiar with the work of the task force. We are pleased that overall, the comments have been exceedingly favorable: it seems that we have struck the right chord.

The arts are too important to leave their future to chance. With your support of this plan, we believe that the Colorado Arts and Culture Development Authority can strengthen arts, establish new ties with other cultural institutions in Colorado, and make art and culture a part of the lives of all Coloradoans.

Thank you for giving all of us the opportunity to further art and culture and to serve the State of Colorado.

Sincerely,

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Background

The Colorado Council on the Arts was created in 1967 by an act of the Colorado General Assembly to stimulate arts development in the state, to assist and encourage artists and arts organizations, and to help make the arts more accessible to the people of our state. CCA also was established to be the recipient of grants from the National Endowment for the Arts. Historically, the council has been supported by public funds derived primarily from an annual appropriation from the Colorado General Assembly and federal funds from the NEA.

Fiscal Context – During the past two years, the council’s budget has plummeted from \$2.6 million in FY02 to \$813,600 in FY04, as Colorado faced its worst fiscal crisis since the Great Depression. In addition to a national economic downturn that has affected all states, Colorado has had the additional challenges of a decline in tourism and a trio of constitutional amendments (the Gallagher Amendment, the Taxpayers Bill of Rights, and Amendment 23) that limit state spending. The confluence of these forces caused the state’s appropriated funds for the council to drop from more than \$1.9 million in FY02 to only \$100,000 from the general fund and \$100,000 from the tobacco settlement fund in FY04.

Strategy for Change – It was clear that the Colorado Council on the Arts could no longer follow a “business as usual” strategy. Recognizing the need for redirection, members of the council convened a task force with Don Bain as Chair and Former U.S. Senator Hank Brown as Honorary Chair. The task force was asked to examine the role of the Colorado Council on the Arts in light of current economic and political conditions, envision ways that the council could provide maximum public value, and make recommendations as to its future. The task force was asked to complete its work by the end of the year. In keeping with its charter, the council would then make appropriate recommendations to the Governor and the General Assembly for future operations of the council.

To prepare for the task force and to receive as much public input as possible in the limited time available for the process, a planning session was held in May 2003 to solicit the advice of arts leaders from across Colorado regarding agenda items for the task force. Participants were appointed by council Chair Don Bain, and the meeting was organized, staffed and documented by the Western States Arts Federation (WESTAF).

In addition, two statewide meetings were held in August 2003 by Arts for Colorado, the arts advocacy organization. These meetings provided a forum for citizens throughout the state to share their ideas, concerns and suggestions for the future of the council.

Task Force Convened – Members of the task force were carefully selected to represent a cross-section of various interest groups throughout the state. The 18 members (listed in the appendix) were artists, arts administrators, educators, government officials, and foundation and business executives from all regions of Colorado.

The task force as a whole met five times in open forums, and two smaller work sessions also took place from August through December 2003. In addition to its own expertise, the task

force had available as resources members of the council and leaders of statewide institutional arts organizations, as well as national and regional arts agency input. WESTAF provided task force members with background reading and research material and also brought in several outside speakers to make presentations throughout the process. Advisors and speakers are listed in the appendix.

Approach – The task force began its work by recognizing and honoring the rich and diverse tapestry that is Colorado’s cultural life, made possible by the state’s artists and the citizens who are their patrons. The group also honored the 37-year history of the Colorado Council on the Arts and the tremendous contribution that it has made towards developing the arts in Colorado.

In its readings, dialogues with arts agency leaders in other states and its own discussions, the task force looked for successful models that could have application in Colorado. The task force sought new models, new approaches and new thinking.

The task force tackled some “sacred cows,” questioning whether they had validity within a newly defined state arts agency. For example, the task force questioned the long-standing practice of accepting annual applications from arts organizations and making grants through a peer-review process. The thinking was that in some cases, the current granting structure encourages an “entitlement” mindset and the task force members preferred a granting process that would lead organizations towards financial stability and sustainable organizational capacity, thereby enabling them to further their own creative endeavors. Ultimately the task force decided that it made more sense to fund on a direct-placement basis projects and services that would further the agency’s strategic mission and/or to selectively fund capacity-building needs.

Resulting Report – This report of the task force expresses a new vision for advancing and managing Colorado’s cultural development. It is centered on the arts but also incorporates important strategic alliances. It does not view the arts in isolation, but as an integral part of the future economic vitality of the state. It is concerned not only with cultural advancement, but also with the role that arts and culture play in strengthening communities.

The recommendations contained in this report recognize prevailing attitudes in Colorado that make this state special. For example, Coloradoans generally prefer local control but understand the value of centralized coordination. We are independent people who do not want or expect the government to take care of us. And we embrace a “can do” attitude that leads us to find creative solutions. *A New Day, A New Way* reflects these values.

The charge of the task force and its deliberations were focused on the long term. The task force was not asked to address the near-term need to help organize, plan and support a funding request of the state’s General Assembly for the council’s next budget. However, if the resulting report and set of recommendations are in any way helpful in the near term for telegraphing a new vision for the arts in Colorado that is welcomed by the Governor and the General Assembly, then the task force will consider its work to have provided a bonus.

Executive Summary

The task force agreed on some very specific recommendations for the Colorado Council on the Arts, which, if implemented, will position the agency to provide much-needed leadership and to play a proactive role in the cultural development of the state. The task force was concerned not only with identifying the roles that the council could play, but also with how the council itself could be structured for optimal support and stability.

Members of the task force agreed upon a vision for the future in which the arts are a part of everyday life in Colorado. In order to move towards that vision, the task force agreed that the “new” council should focus on developing mutually beneficial strategic alliances, specifically those that capitalize on the natural role that the arts play in creating a desirable quality of life, thereby attracting new businesses and tourism to the state.

Leadership – While a number of groups address themselves to the arts, none is better positioned to take the lead in bringing the arts community together than the state arts agency. Through the agency, the various organizations that contribute to Colorado’s culture can be integrated and strengthened; the arts and culture community can speak with one voice; and the stature, awareness and visibility of the arts can be elevated.

Strategic Alliances – The task force placed a high priority on cultivating mutually beneficial relationships with agencies and organizations that are engaged in furthering priority agendas throughout the state. Such groups include, but are not limited to, the Office of Economic Development, the Colorado Tourism Office, the business community, the education system, historic preservationists, and the Department of Local Affairs. By interacting with these groups, the arts council can become an integral part of the fabric of the state, and the agendas of its strategic partners can be strengthened as the arts agency’s own agenda is strengthened.

Programs and Services – The task force identified a number of programs and services that will strengthen and support artists, arts organizations and communities throughout the state. Among them are:

- Providing a forum for policy discussions
- Identifying issues and opportunities
- Convening and coordinating stakeholder efforts
- Coordinating marketing and promotion efforts
- Setting (through consensus) and supporting the agenda for arts advocacy
- Providing funding for capacity-building, strategic projects and recognition awards
- Providing technical assistance
- Operating a resource center
- Administering Colorado’s Art in Public Places program

Structure of the Agency – The task force considered one of its primary challenges to be recommending a new structure for the Colorado Council on the Arts that would allow it to

broaden its sources of revenue beyond appropriated state funds. After examining numerous models throughout the country, the task force recommended that the agency adopt a public-private structure that would enable it to receive funding from new sources outside of government. Specifically, the task force recommended that the current council research the idea of becoming a statutorily created authority within state government, a public-private entity combining public stewardship with the ability and agility of the private sector. The authority would continue to receive state appropriations and NEA funding and would also pursue other forms of revenue, such as private donations, dedicated revenue streams, fee-based consulting, and membership fees. The task force suggested that the new entity be called the *Colorado Arts and Culture Development Authority (CACDA)*.

The task force also recommended that the agency be moved from its current home under the Department of Higher Education to the Office of Economic Development. This move would reflect the authority's new emphasis on creating mutually beneficial strategic alliances with tourism, economic development and other state priorities.

The task force further recommended that the new authority be a membership organization. Artists, arts organizations, allied organizations, businesses, individuals and governments would pay a nominal fee to belong to the authority, thereby creating an ownership stake in the organization. Membership also would help CACDA to become more of a participatory organization and would provide a proving ground for future leaders (as members of the board) of the authority.

A New Funding Model – To protect the authority from the devastating consequences of a debilitating cutback like it experienced in 2003, the task force recommended a balanced mix of revenues sources that includes government funding, private support, and one or more dedicated revenue streams, in addition to membership fees and earned income. Among the dedicated revenue streams that the task force considered were an incremental portion of annual corporate filing fees, collection of entertainers' income tax, and a "seat fee" or other fee that would be paid by attendees at cultural and entertainment venues. Other ideas considered by the task force were fee-based consulting and a specialized license plate program. The task force acknowledged that these ideas will need to be further explored.

The task force also very much liked the idea of establishing a cultural trust in Colorado, much like the one in Oregon. The Colorado Cultural Trust would function as an endowment that would provide funding for the work of the authority over a long period of time. Like the Oregon model, the Colorado Cultural Trust would be funded through tax credits given when individuals and businesses contribute first to a cultural organization in the state and then make a matching gift to the trust. The donation to the trust, up to a specified limit, would be eligible for a 100 percent state tax credit. While the task force acknowledged that it may be difficult to get approval for an income tax credit in today's economic climate, its members felt the idea had merit as a longer-term strategy and should be developed. Some pointed out that the timing may actually be advantageous, due to an expected TABOR surplus.

Decentralization – The task force recommended that the authority carry out its work through five or more “Cultural Development Regions” throughout the state. These Cultural Development Regions will help infuse the arts into everyday life in Colorado.

Implementation of most authority programs and services will be through these regional operations, which could be formal or informal and whose work on behalf of the authority could be supported through a stipend. Persons identified with the authority at the regional level, including authority board members from the regions, will be the linkage to assist with executing programs. The cultural development regional network also will identify and recommend arts or other supporting organizations that deserve authority support.

The Cultural Development Regions will be engaged in the development of partnerships with local governments, community-based organizations (including community foundations), the business community and the Colorado Department of Local Affairs. They also can be instrumental in generating local revenues for support of CACDA through these relationships. After all, the Cultural Development Regions are where economic vitality and growth can be realized from strategic investment in the arts.

Agency Leadership – The task force felt strongly that there should be strong leadership on the authority, both board and management. The task force recommended that the board of the authority should be expanded to include not only Governor’s appointees (approved by the Senate), but also designees from the Cultural Development Regions and from among the membership, as well a number of at-large members. Task force members also highly suggested that filling the executive director’s position on a full-time basis should receive priority attention.

A New Day, A New Way

In Colorado, we know that forest fires are nature’s way of clearing out the old wood and rejuvenating the forests, sometimes even stimulating growth of plants that have been on the endangered species list. Though forest fires have long been perceived as destructive, we now know they play a useful role in the health of the planet.

So it is, in a twisted sort of way, with budget cuts. Though initially destructive, a severe budget cut can lead to a rejuvenation that spawns new ideas, new energy, and a new way of doing things.

Although the task force was convened in response to current economic and political conditions, its members viewed the process as a way to “reinvent” the council to be a collaborative partner in creating economic vitality in the state. They saw their work as an opportunity to position the council to help create diverse communities where the creative class can thrive and work to enhance the quality of life for all Coloradoans.

Old paradigms gave way to new. For example, while there are numerous reasons why public funding of the arts is desirable (e.g., increasing access), it is no longer a given that CCA will be able to subsist solely on public funding. It is no longer enough that the agency be principally a funding mechanism to funnel money to the field. And it is no longer valid to think that the arts can go it alone.

It is, indeed, a New Day in Colorado, and the task force was committed to finding a New Way for the Colorado Council on the Arts to direct its future.

(Note: As mentioned in the Executive Summary and explained again later in this report, the task force recommended that the Colorado Council on the Arts be renamed the Colorado Arts and Culture Development Authority. From this point on, this report will refer to the state arts agency as “the authority” or “CACDA.”)

Vision – The task force recognized that “art” means different things to different people, and ranges from the fine arts to using art as a means to an end to accomplish specific social impacts. The task force believes that the work of the authority should span the spectrum but should focus on making the arts a part of everyday life in Colorado.

Mission – The mission of the Colorado Council on the Arts, as prescribed in its enabling legislation, is “to stimulate arts development in the state, assist and encourage artists and arts organizations, and make the arts more accessible to the people of Colorado.” The task force reaffirmed each of the planks in the mission statement as being important and relevant, but

recommended that the mission statement be recast in light of other recommendations being made by the task force. A revised mission statement should take into account the broader goal of cultural development, of which the arts is a primary component, and the connection with, and contribution to, the state’s economic development.

The task force recommended that the authority’s leadership identify a set of values and/or guiding principles to guide its work. Among those suggested by the task force are:

- To assist and encourage artists and arts organizations
- To make the arts more accessible to all Coloradoans
- To respect and support freedom of expression
- To embrace diversity and inclusiveness
- To enhance cultural development in the state
- To strengthen the financial capacity of the arts industry
- To contribute to the state’s economic vitality
- To participate in local and regional development

Roles and Priorities – Early in the work of the task force, the group identified what it thought the role of the authority should be, and then revisited the list several times throughout the process. As it evaluated possible roles, the task force applied the two “filters” of *public value* and *essential services* to each, asking (1) does this activity provide a return on investment, and (2) is this service provided by anyone else? The result is a list of seven priorities, as follows:

1.) Provide Leadership – The task force was quite clear that the major function of the authority should be to provide leadership for the arts in the state. While that may sound nebulous at first, participants were unambiguous about what that means. They saw the arts as being somewhat unorganized and fragmented at the present time, and they also felt that the arts do not receive attention commensurate with their importance. They identified the need for an organization to bring cohesion and unity to the arts, to speak with a common voice on behalf of the arts, and to increase visibility of the arts within the state. They felt that policy issues needed to be examined at the state level and that the authority should be the forum for that dialogue. Out of that dialogue would come a direction for the arts that could be furthered by the authority through its role as a convener and coordinator of stakeholder efforts. Finally and importantly, the authority could interact with other agencies and organizations to further the arts agenda within other sectors and to enable the arts to further the agendas of its allied partners. Under the category of leadership, then, are the following activities:

- Be active, engaged spokespersons, providing visibility and presence
- Set the agenda for arts advocacy
- Promote dialogue, identify issues, and articulate arts and culture goals
- Convene, coordinate and empower stakeholders
- Facilitate alliances and build relationships for public-private partnerships

2.) Build Alliances – The task force members recognized that the arts do not exist in a vacuum, but rather intersect in many ways with other priorities in the state. For example, the arts contribute to a quality of life that attracts new businesses to the state, so the arts have a vital role to play in economic development. Similarly, the arts play a key role in attracting tourists to Colorado, in film development, in community development, local affairs, environment, recreation and so on. The task force agreed that the authority would be the ideal vehicle for creating synergy through strategic alliances between the arts and various organizations with shared interests, on both a state and local level. Building alliances includes the following activities:

- Participate in Colorado’s economic development (including job creation)
- Support/align arts interests with tourism, historic preservation, recreation, etc.
- Create ties to small business resources for the arts
- Develop legislative and public-policy linkages

3.) Build Capacity for the Arts – The task force felt that making grants could be an effective tool to help artists and arts organizations achieve financial stability and build sustainable organizational capacity, thereby enabling them to further their creative endeavors. The task force envisioned a “Stabilization Fund” within the authority that could be used to make grants for the following purposes:

- Financial stabilization
- Working capital reserves
- Facility and equipment improvements
- Operational systems
- Long-range planning
- Strengthen board and staff

These grants would be limited in some way – perhaps by limiting the number of times an organization could apply within a certain number of years, or by giving one-time, multi-year grants that would be phased out. In addition to making grants, the authority could build capacity by incubating new ideas and innovative approaches, providing technical assistance, and sharing “best practices.”

4.) Provide Recognition – The task force received input from the field that a grant given by CCA often was viewed by others as a “seal of approval” that could be leveraged to attract additional support. Grants brought with them stature and recognition that often was more valuable to the organization than the grant itself. The task force felt it was important to have a mechanism for recognizing excellence that organizations could leverage to their benefit. The task force suggested that recognition be given in several ways:

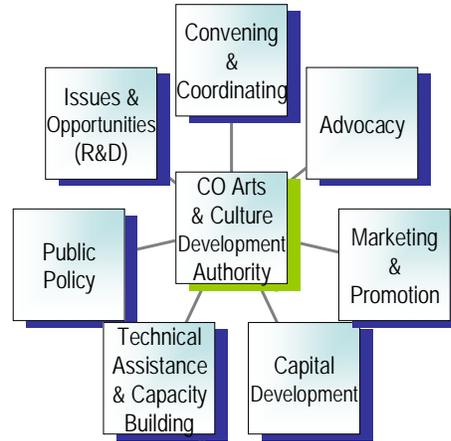
- Through awards
- Through grants
- By publicizing and promoting awardees
- By creating a statewide identity for the arts and culture community

- 5.) Operate a Resource Center** – The authority would be the logical place to house information and coordinate its dissemination to the field. In this capacity, the authority would:
- Be the repository of Colorado arts information serving as the “knowledge base”
 - Share information, including “best practices” and economic-impact studies
 - Coordinate activities within the arts community to avoid duplication
 - Foster collaborations among arts organizations and disciplines
 - Serve as liaison with regional and national arts organizations
 - Provide contract services for research, analysis and assessment
- 6.) Support Arts Education and Arts in Education** – The authority would provide a supporting role to further *arts education* (formal curriculum/training in the arts) and *arts in education* (infusing arts into other academic studies), using its reach and leadership to help communicate and promote a consistent message.
- *) Administer Colorado’s Art in Public Places Program** – By state statute, the state arts agency is responsible for administering the art in public places program, which sets aside one-percent of construction costs of most state buildings for the acquisition of artwork. This responsibility is not assigned a priority ranking, because it is triggered whenever state construction is authorized.

Need for Focus – While each of the priorities listed above is critical to the success of an effective, vibrant and creative statewide arts agency, the task force agreed that when the budget of the authority does not allow for all of the initiatives to be fully funded, then resources generally should be applied on a top-down basis. This approach is contrasted with one where limited resources are spread across all priorities.

Functional Areas – After identifying the seven priorities, the task force applied them to functional areas for the authority as shown in this chart:

Roles/Functions of the Colorado Arts and Culture Development Authority



From an operational or functional perspective, the roles of the authority begin with providing leadership in assessing, formulating and setting arts and culture policy.

- 1.) Public Policy** – The purpose of engaging in public policy development is to encourage, influence and/or set a course of action that delivers public benefits in Colorado that otherwise would not occur. It is not the role of the authority to set public policy; rather, it is the role of the authority to provide the leadership to bring the arts and culture community together to agree on public policy.

By “policy,” the task force refers to the articulation of desired objectives and outcomes. Examples of policy would be: protecting, enhancing and encouraging artistic expression; valuing artists and the contributions that they make to the state’s achievements; articulating the need for arts education; and embracing and valuing the state’s cultural diversity.

The task force recommends turning cultural policy – the articulated, coordinated vision of what Colorado can accomplish through cultural programs linked together for common purpose – into an instrumental policy. By this, it is envisioned that the CACDA can lend its leadership, expertise, synergies and relationships to create strategic alliances that achieve and advance the policy goals of other governmental agencies.

For example, Colorado’s goals for advancing economic development can be enhanced through cultural tourism policies that engage and use arts and cultural organizations as instruments in the process. An illustration is using CACDA’s capabilities toward up-grading existing community and fine-art festivals and

organizing and locating new festivals strategically throughout the state. Authority investments could be made in folk artists and arts organizations, for example, to help accomplish the programmatic objectives and the instrumental policy goals of advancing cultural tourism and realizing greater economic gains in Colorado. Similar examples can easily be applied in the state’s priority interests in education, the environment, and recreation, among others.

- 2.) **Issues and Opportunities (R&D)** – Through its leadership role, CACDA can help to identify issues and opportunities that exist in the arts and culture community, as well as potential vehicles for addressing them. For example, an issue might be that many arts organizations operate on an extremely thin margin and need a source of money to stabilize their operations. A resulting opportunity might be the creation of an arts stabilization fund to strengthen qualifying organizations.
- 3.) **Convening and Coordinating** – Examples have been given already as to how the CACDA can convene and coordinate the arts and cultural community for common benefit. Additional constituencies that could benefit from this function are: Chambers of Commerce, Department of Local Affairs, Colorado Arts Consortium, Film, Parks, Libraries, Humanities, the Colorado Business Committee for the Arts, and City/County Leagues.
- 4.) **Advocacy** – Through its convening and coordinating function, CACDA would set the advocacy agenda for arts and culture in the state. While CACDA would not take the lead in advocating, it would play a supporting role by working through Arts for Colorado, the Colorado Association of Foundations, the Colorado Alliance for Arts Education, the Colorado Business Committee for the Arts and others. In addition, CACDA would support the advocacy agenda by speaking out on agreed-upon agenda items through its other activities.
- 5.) **Marketing and Promotion** – The task force heard repeatedly that no one is taking the lead in promoting the arts and culture in the state. As the central “voice” for arts and culture in Colorado, CACDA can work through the Office of Economic Development, the Colorado Tourism Office, Colorado Business Committee for the Arts and others to spearhead marketing and promotional activities that raise awareness and visibility for arts and culture.
- 6.) **Capital Development** – A new role for the CACDA would be to raise money from the private sector – local, state and national – to support its activities and to strengthen arts and culture throughout the state. A key function for the agency would be to establish, grow and promote the Colorado Cultural Trust and to cultivate the donor community. Funds raised through these activities would further agency’s services to the field such as technical assistance, capacity building and recognition awards.

7.) Technical Assistance and Capacity Building – Making annual grants for program support was viewed by the task force as “giving a person a fish.” A better role for the agency would be to “teach a person how to fish,” by providing technical assistance and advisory services, and by giving targeted grants that build capacity. The goal of these activities would be to help artists and arts organizations achieve financial stability and build sustainable organizational capacity, weaning them away from entitlement grants or “handouts,” just as the agency itself is moving away from dependence on annual appropriations and closer to sustainability.

For all of its roles, CADCA should have in place a systematic assessment and evaluation process to measure its effectiveness and success. Such metrics and indicators should meet the needs of the authority per se, the Office of Economic Development, the General Assembly and the NEA.

Place in Government – Currently the Colorado Council on the Arts is a state agency within the Colorado Department of Higher Education. With the new Colorado Arts and Culture Development Authority’s emphasis on supporting economic development within the state, the task force agreed that it would be more appropriate for it to be a part of the Colorado Office of Economic Development. This repositioning would:

- Recognize the arts – large and small – as an industry
- Align arts with tourism, recreation and business
- Provide the opportunity to participate in and support Colorado’s economic development

Name of New Entity – The task force recommended naming the new entity the Colorado Arts and Culture Development Authority. Not only would this name signal the fact that it is a changed organization, but it also would convey that its activities will be developmental in nature. In addition, the CACDA will continue to focus on the arts, but within broader cultural context.

Structure – The task force looked at numerous models of state arts agencies, from the traditional state agency model, on which the Colorado Council on the Arts is currently patterned, to an independent non-profit agency, which is the status of the Vermont Arts Council. The task force felt that there were numerous benefits to moving away from a strictly governmental structure towards a public-private entity or even an independent status, including:

- Ability to raise money in the private sector, making the agency less dependent on appropriated funds that can fluctuate wildly from year to year
- Ability to adhere to a strategic direction without having to change priorities to accommodate changing administrations
- Ability to protect endowments trusts or other long-term funds
- Ability to have a Board of Trustees seated according to its own by-laws
- Ability to have executive management be subject only to board’s policy guidelines

While the task force recognized the advantages of becoming an independent non-profit agency, it also acknowledged that it would take a significant dedicated funding source for

the authority to be able to afford a total break from state government. The task force also felt that being associated with state government offered an advantage in that it would facilitate the authority's new role of developing strategic alliances with other government entities.

The task force felt that organizing as a statutorily created authority with an associated cultural trust would offer the best combination of advantages. An authority would:

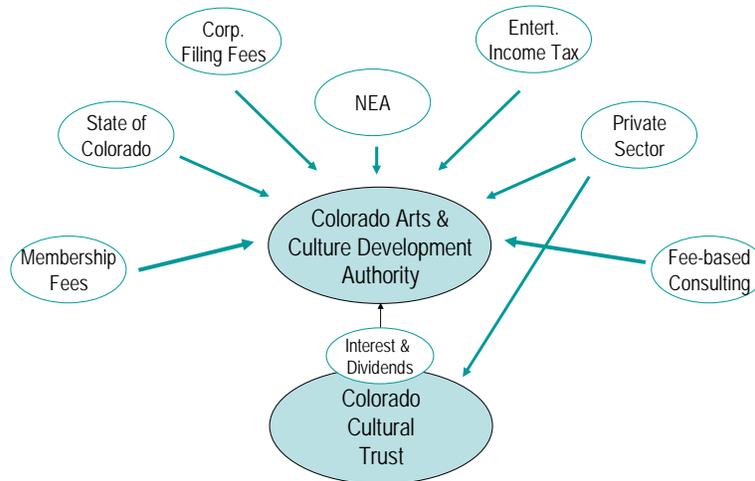
- Combine public stewardship with the ability and agility of the private sector
- Enhance the ability to raise money from the private sector
- Provide a framework for broad cultural development
- Be designated the state arts agency, allowing it to receive federal funds

Funding – The task force devoted a lot of its time to exploring various possible funding sources to support the work of the authority. Given the dramatic cutbacks that CCA experienced the last two years, the task force was interested in finding ways to stabilize the authority's budget. While a wide range of options were considered, the task force decided to recommend a combination of funding sources to support the work of the authority and provide the most stability.

The centerpiece of the new revenue structure would be the Colorado Cultural Trust, to be patterned after the cultural trust established in Oregon. A protected 501(c)(3) endowment, the trust would be funded through a state tax credit to individuals and corporations that make a contribution both to a Colorado cultural organization and a matching donation to the trust. The entire amount contributed to the trust, up to a specified maximum, would be eligible for the state tax credit. All monies distributed by the trust would go to support the programs and services of the Colorado Arts and Culture Development Authority, which in turn would benefit arts and culture throughout the state.

In addition to the Colorado Cultural Trust, revenue sources would include continuing support from the State of Colorado with matching federal funds from the National Endowment for the Arts, and donations from foundations. The task force recommended exploring dedicated revenues streams, such as corporate filing fees, an entertainers' state income tax, and/or "seat fees," as well as a fee-for-service for consulting to businesses and other organizations. The total revenue mix is shown in the following chart:

Sources of Revenue



In this model:

- State support would continue through an annual appropriation
- The authority would be eligible for federal funds matched by the state appropriation, fees and tax credits
- Private sector support from fundraising would be included
- Dedicated income sources would provide stability
- The authority would have access to earned and raised revenues

Uses of Funds – A significant difference between the CACDA model and the traditional operation of the Colorado Council on the Arts is the allocation of resources. In the CACDA model envisioned by the task force, support to the field is accomplished primarily through *direct services*, as well as *strategic grants* and *targeted capacity building*. The task force rejected the notion of formula-driven processes or pass-through mechanisms that push money into the state and do not yield a return on investment or connectivity with the authority’s goals and objectives.

Direct services include activities previously described, such as convening the arts and culture community to determine policy, setting the agenda for arts advocacy, promoting dialogue, identifying issues, establishing strategic alliances, conducting marketing and promotional activities on behalf of arts and culture, operating a Resource Center and administering the art in public places program.

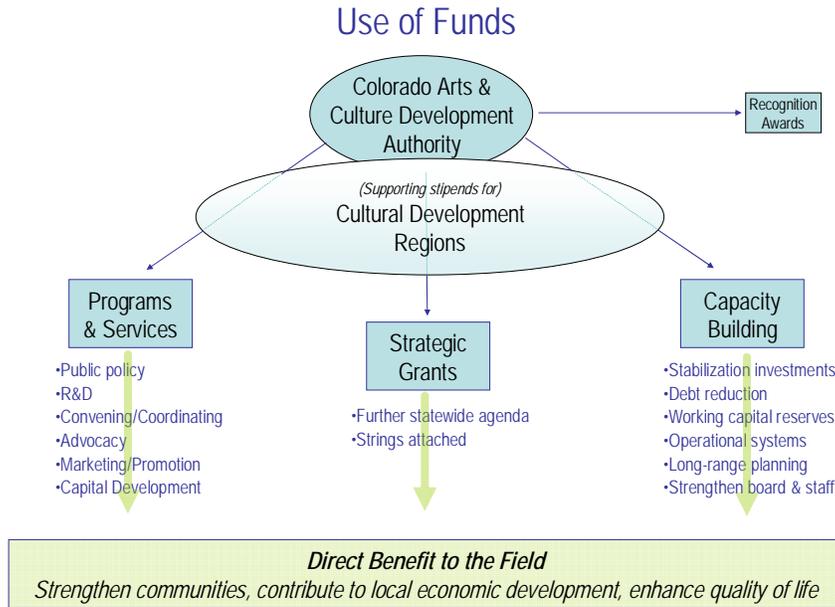
Strategic grants favored by the task force would be for specific projects that further the authority’s initiatives and come “with strings attached.” To use a previous example, the authority could fund the creation of arts festivals in certain parts of the state that would drive economic development, thereby furthering the authority’s shared objectives with tourism

and economic development. The strings that might be attached could include timing and location of the festival that would need to be coordinated with other economic development objectives, or partnering with other organizations at the local level. The authority might fund such a project for a limited time – three years, for example – but the return on investment would be the establishment of a festival that would bring dollars into a community for years to come.

Targeted capacity building would allow the authority to be engaged in limited, but critical support for small- and medium-sized organizations, as opposed to open-ended support. The authority would provide assistance for a specific capacity-building purpose (such as those listed on page 11) that would be phased out after a specified period of time. The task force recommended that the authority’s leadership define guidelines for these special-purpose grants that would encourage organizations to apply only when a special stabilization need or propelling capacity-building opportunity is identified and substantiated for which there is no other apparent financial resource.

Most funding would be directed through the Cultural Development Regions and would contribute directly to local economic development. The task force recommended that the authority look at several options for organizing the Cultural Development Regions to determine the most appropriate and rational way of carrying out the authority’s work locally. These yet-to-be-defined Cultural Development Regions would be established not only along geographic lines, but also according to “life issues,” such as economic drivers, stakeholder interests or cultural heritage. The authority may look to the Cultural Development Regions to assist with the distribution of funds, or to leverage the funds locally, but in all instances, to identify and recommend arts or other supporting organizations that deserve authority support. An example for the authority to consider is the metro Denver Science and Cultural Facilities District and its network of county cultural councils.

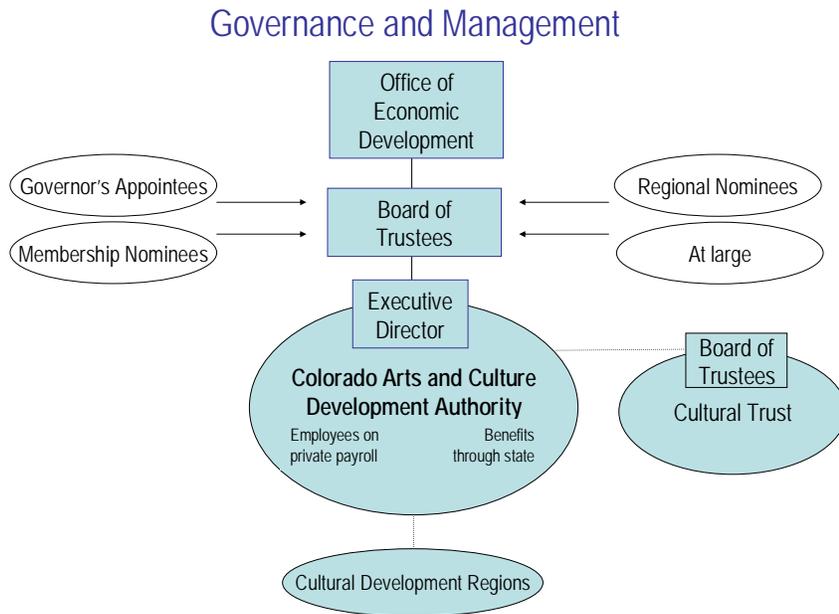
The model for the use of funds by the CACDA is as follows:



Governance and Management – As already described, the new Colorado Arts and Culture Development Authority would be a statutorily created authority, housed under the Office of Economic Development.

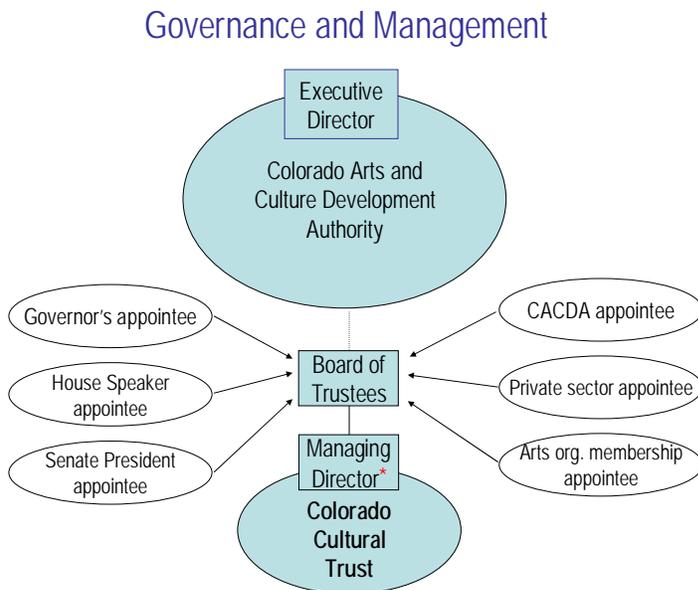
The task force felt that this new structure and organization would, among other benefits, provide an opportunity to broaden the leadership of the authority. While the current Colorado Council on the Arts is led by a board appointed by the Governor, the new Colorado Arts and Culture Development Authority would have a Board of Trustees made up of Governor’s appointees approved by the Senate, as well as regional designees from the various Cultural Development Regions, a number of “at large” members and designees from the organization’s membership.

The organizational structure would be as follows:



As shown, employees of the CACDA would be on a private payroll, while their benefits would continue to be provided through the state.

The governance and management of the Colorado Cultural Trust, which has a dotted-line relationship to the CACDA, would be as follows:



* Elected by board members to represent trust

As shown, the Board of Trustees of the Colorado Cultural Trust would be composed of appointees by the Governor, the House Speaker, the Senate President, CACDA, the private sector, and arts organization members.

Overall operational management of the CACDA would reside with the executive director, who would be the chief executive of the authority and its primary spokesperson.

Next Steps

The task force acknowledges that a number of its recommendations will need further study to determine their practicality for the new Colorado Arts and Culture Development Authority. Even the notion of creating an authority should be thoroughly analyzed in order to understand the ramifications, political and practical.

While the task force recommends prudent research and study, it also recommends that the Colorado Council on the Arts move quickly to advance the plan and to accomplish the action steps described herein. The task force believes that its work has generated considerable enthusiasm and energy that can be harnessed to advantage, but only if continuing activity signals a genuine commitment to change. The task force is aware that previous attempts to accomplish change have failed to materialize; it is imperative that this effort not become just another report to be filed away and forgotten.

The arts community in Colorado is hungry for a revitalized arts agency that can galvanize the arts and promise a better future. The recommendations of the task force takes into account today's changing political and economic environment and offers a solid, workable plan for making the arts an active player in Colorado's future.

A New Day, A New Way: A Blueprint for Arts and Culture in Colorado is just the beginning, but it is a good beginning. Next steps include the following, not necessarily in order:

- Present *A New Day, A New Way* to the Colorado Council on the Arts and ask for the members to accept the plan in concept. This acceptance will enable the chairman and management to move forward with the action steps.
- Identify a “quarterback” to move the process forward. This point person could be the CCA Chairman, a consultant, or a working group from the task force. This is a critical role that will ensure that the momentum created by the task force is not lost.
- Appoint an Advisory Board (allowed in CCA's enabling legislation) to provide additional leadership to assist with the transition. These advisors would focus on helping to implement “next steps” suggested by the task force, as well as recommending others.
- Establish a timeline for advancing the plan and taking other action steps.
- Develop key message points for communicating the plan with various stakeholders.
- Form a search committee to identify candidates for the Executive Director position and make recommendations to CCA for a strong leader with exceptional skills in marketing, alliance-building and communication, as well as public affairs experience.

- Meet with Sean Duffy, the Governor’s Deputy Chief of Staff for Communication, and Chris Castilian, the Governor’s Deputy Chief of Staff for Policy & Initiatives, to bring them up to date on the work of the task force, solicit their input, and seek their support.
- Meet with Tim Foster, Director of the Colorado Department of Higher Education, and Jim Jacobs, Director of Policy and Research, to brief them on the plan, solicit their input, and seek their support.
- Meet with Bob Lee, Director of the Office of Economic Development, to brief him on the plan, solicit his input, and seek his support, particularly as it relates to relocating the agency into OED.
- Prepare a report and recommendations for the Governor, and arrange a discussion with the Governor, including key arts friends and supporters.
- Meet with the Arts Caucus of the General Assembly and other key legislators to brief them on the plan, solicit their input, and seek their support.
- Brief the NEA Chairman and staff on *A New Day, A New Way* in Colorado.
- Leverage town meetings required by the NEA to get input on the recommendations of the task force.
- Solicit public input through the state arts agency website.
- Meet with artists and arts leaders from across the state – including Tier I and Tier II arts groups in the SCFD – to brief them on the draft report, solicit their input, and seek their support.
- Arrange for a public relations firm to advise on a roll-out plan to announce the new plan to the public. Ideally these services would be provided pro bono or on a token-cost basis.
- Meet with key members of the media for a background briefing of the plan and to provide input for eventual coverage of the contemplated changes.
- Meet with leaders of organizations with whom CACDA will form strategic alliances, such as business organizations, historical organizations, and the Office of Tourism.
- Study the viability of potential revenue streams in Colorado. Establishing a dedicated revenue stream is critical for the CACDA, and the task force has recommended several that could work: corporate filing fees, an entertainers’ income tax, and/or a “seat” fee for certain types of events. These three possibilities need to be explored to determine how much revenue each would generate, what would be the process for instituting them, and what obstacles might keep them from becoming a reality. If none of the suggestions proves viable, alternate sources need to be identified and examined.

- Research the projected cost to the state of having a tax credit in place to fund the Colorado Cultural Trust.
- Update the foundation community as to the work of the task force, letting leaders know the direction that has been recommended, as well as the challenges and opportunities that are still ahead. Ask for their input and suggestions. Let them know what the needs will be to accomplish the new vision and let them know that their support will be key.
- Identify possible sources of funding for various transitional projects, such as those above. In addition to private foundations, possible sources might include Americans for the Arts, the National Endowment for the Arts, the Colorado General Assembly (for special project grants) and support from businesses and individuals. Contact each to begin cultivation efforts.

Acknowledgements

The work of the task force has been generously supported by the Bonfils-Stanton Foundation, the El Pomar Foundation, the National Assembly of State Arts Agencies, the Colorado Commission on Higher Education, the Western States Arts Federation, and Holme Roberts & Owen LLP.

In addition to the appendix listing of resource people who provided invaluable assistance to the task force, the group wishes to thank Anthony Radich, executive director of the Western States Arts Federation, for his advice and counsel throughout the task force proceedings.

The task force also extends appreciation to Jonathan Katz, executive director of the National Assembly of State Arts Agencies, Ed Dickey, director of state and regional programs at the National Endowment for the Arts, and Jack Shultz, Tandem Consulting.

As noted in the introduction, Arts for Colorado provided important “town hall” meetings, which enabled the task force to have input from interested persons throughout the state. And, the task force benefited greatly from the participation of knowledgeable, experienced observers, who are identified in the appendix.

Although listed in the appendix, task force member Steve Seifert, executive director, Newman Center for the Performing Arts, and two observers – Gully Stanford, director of public affairs for the Denver Center for the Performing Arts, and Mary Ellen Williams, district administrator for the Science and Cultural Facilities District – deserve special thanks for their leadership during work group sessions.

The task force also wishes to thank the current and former executive directors and staff of the Colorado Council on the Arts for the historical contexts provided as background readings and for their contributions to the work of the council over the years.

Finally, the task force wishes to thank staff members of the Western States Arts Federation for their support throughout the process.

Appendix

Colorado Council on the Arts - Task Force

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