



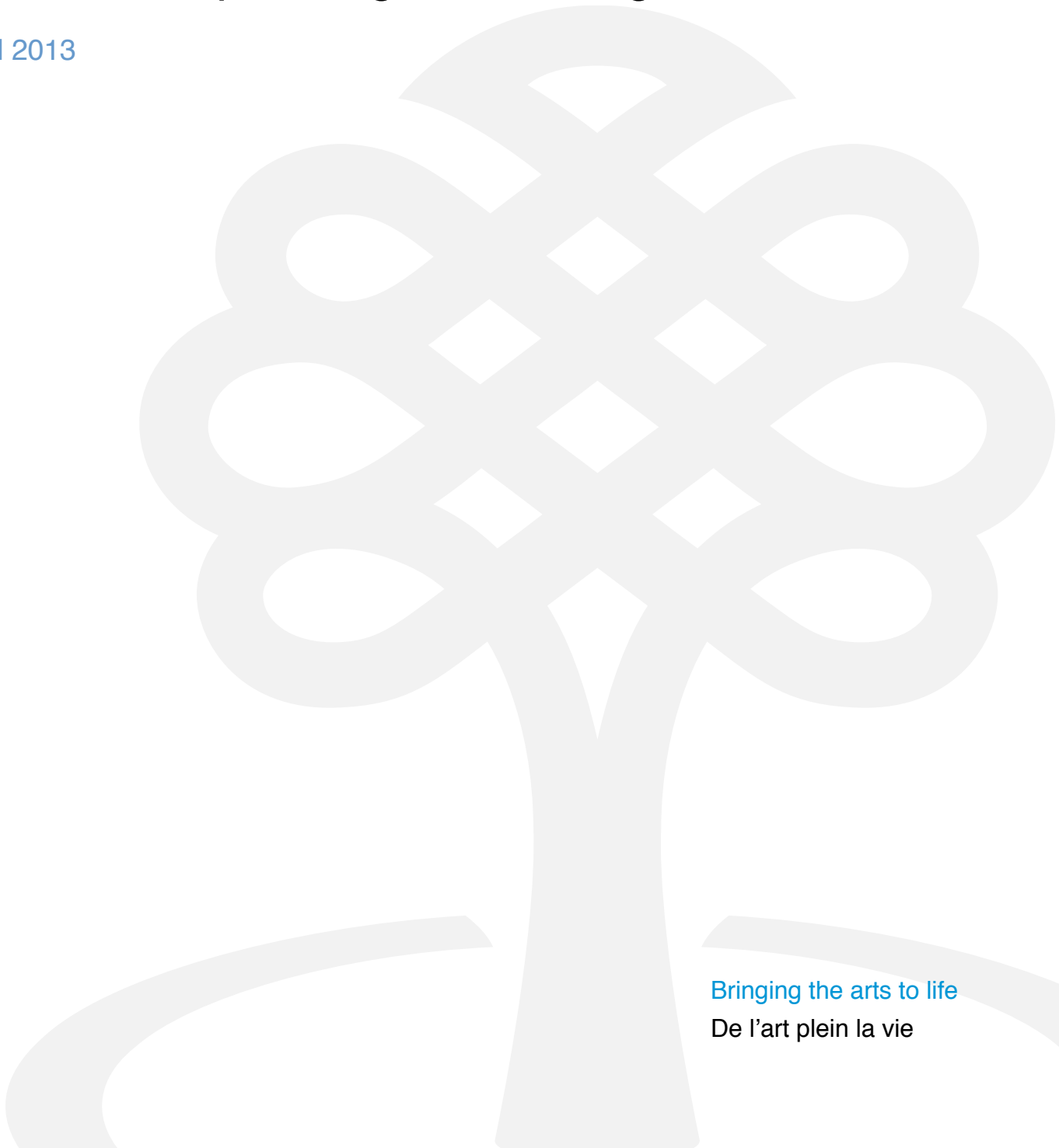
Canada Council  
for the Arts

Conseil des arts  
du Canada

# Backgrounder

## Canada Council for the Arts' Review of Operating Grant Programs

April 2013



Bringing the arts to life  
De l'art plein la vie

# Contents

<b>Why is the Council reviewing its operating funding programs?</b>	<b>3</b>
<b>What are the objectives/expected outcomes of the review?</b>	<b>4</b>
<b>What are the constants to maintain?</b>	<b>5</b>
<b>How will the Council change and adapt its current funding system to make this possible?</b>	<b>5</b>
<b>What have we done to date?</b>	<b>7</b>
<b>What are the next steps?</b>	<b>7</b>
<b>When will consultations take place?</b>	<b>7</b>



Canada Council  
for the Arts

Conseil des arts  
du Canada

350 Albert Street | rue Albert PO  
Box | CP 1047 Ottawa ON K1P  
5V8 1-800-263-5588  
canadacouncil.ca  
conseildesarts.ca

*Aussi disponible en français*

## **Why is the Council reviewing its operating funding programs?**

The bulk of the Canada Council's current grants budget is spent on operating grants to arts organizations. In 2010–11, operating grants made up approximately 64% of the Council's total grants budget of \$142.3 million. Over the past 20 years, the number of organizations on "operating status" has increased by 65%, from approximately 600 to almost 1,000 today. During that same period, the Council's per capita parliamentary appropriation, when adjusted for inflation, declined by 4%. That means that on average each operating grant recipient is receiving an ever-diminishing share of the funding pie at the same time as a growing number of organizations wait to be invited to the table.

Arts organizations play a key role in the Canadian arts ecology. They support and employ individual artists and arts professionals; present, exhibit and publish works of art; build and engage audiences; and provide numerous social, economic and cultural benefits. They constitute a critical component of the infrastructure that supports arts practice in Canada.

While its parliamentary appropriation remains stable, the Council and its programs must continue to evolve if they are to remain relevant and effective. The world is changing: economic growth has stalled, demographics are shifting, the arts field is evolving, and public funding as a whole is not increasing. This has resulted in tensions: all evidence points to the fact that the current model of operating funding to arts organizations is challenged and needs to be rethought.

The current review has significant implications for a broad diversity of stakeholders. The Council's approach is iterative, transparent and consultative. This exercise has already been underway for over a year, and it is anticipated that the results of the operating funding review will take five to seven years to be fully reflected and implemented in all disciplines supported by the Council.

## What are the objectives/expected outcomes of the review?

The Council wishes to revitalize its support to the arts through:

- *A more holistic approach by the Council in its support to the arts sector.*  
The Council will better recognize and respond to the diversity of roles that different arts organizations play in the sector and their respective relationships with their milieu and publics. The Council will be more attuned to gaps and areas of concentration in disciplines and regions, and foster a diversity of offerings within the national context.
- *A strategic, relevant and more sustainable funding system.*  
The Council will ensure that its approach to investing in the arts sector is strategic, relevant and sustainable, and advances its legislated mandate. It will acknowledge the difference between sustained support to the arts sector and sustained support to all individual arts organizations, and that in the context of limited resources the Council's primary commitment must be to the former. Achieving this objective will require a complementarity in strategies that the Council will need to develop with other public arts funders.
- *Flexibility in responding to changes in the arts milieu and within each artistic discipline that the Council supports, including cross- and multi-disciplinary work.*  
The Council will revisit/alter its interventions in the arts sector to be more responsive to changing and diverse conditions of artistic creation and engagement. It will also recognize and respond to the increasing variety of organizational types and models in the sector.
- *Flexibility in the movement of funds through transparent, competitive decision-making processes.*  
The Council will increase its capacity to reallocate resources to better respond to and support Council-wide strategic initiatives and priorities, as well as to redistribute funding to existing highly assessed arts organizations and to new and emerging voices.
- *Enhanced measurability of program outcomes.*  
The Council will improve its capacity to measure the impact of its programs by providing greater clarity in communicating expectations and results to the arts sector and the Council's many other stakeholders.

These objectives reflect concerns expressed by both the Council and the arts community.

## **What are the constants to maintain?**

Going forward, the Council will build upon the success of its existing programs and preserve the following principles and values: respect for disciplinary contexts, connection to the arts community, partnership with other arts funders, the principle of equity, and benefit to Canadians. It will also preserve the three pillars upon which the Council's work is based:

- the primacy of artistic merit in awarding grants;
- the use of peer assessment as an integral part of the competitive decision-making process concerning which artists, artistic projects, and arts organizations receive support; and
- its arm's-length status.

The Council is rethinking its modus operandi in order to ensure its support to arts organizations continues to be as impactful as possible and benefits the public through the advancement of a vital and diverse Canadian arts sector.

## **How will the Council change and adapt its current funding system to make this possible?**

Given the diverse realities of each artistic discipline, there is no single answer. Nevertheless, some overarching funding models, mechanisms and approaches have emerged as being worthy of consideration across the Council's disciplinary Sections and Offices. As such, the Council is considering:

- i. a suite of funding options with better language to describe its programs and initiatives;
  - ii. clarifying the nature and conditions of sustained funding relationships with the Council;
- and
- iii. policies and mechanisms to support the reallocation of funds.

### **i. A suite of funding options and better language**

Consideration is being given to a series of funding possibilities that could include the following components:

- **Funding categories tailored to the different roles played by arts organizations:** Adapted to the scale, scope, and type of organization.
- **Programming funding:** Support for a more targeted aspect of an organization's activities or an arc of activity as opposed to a contribution to organizational operations. Or, support for an organization that has a limited or highly specialized mandate.
- **Time-limited funding:** Short, medium and long-term options in the spirit of project funding.
- **Operating funding:** general contribution to an organization whose work and mandate significantly overlap with those of the Council.

There are several benefits to a suite of funding possibilities. It could provide arts organizations seeking funding with more choices beyond the current dichotomy of operating and project support. Additional options, such as programming and time-limited funding, might be better suited to some artistic practices and organizational models – particularly those of organizations with a lighter administrative infrastructure.

As well, the introduction of more diversity in the model of support to arts organizations has the potential to increase program flexibility, and enable a more holistic approach to supporting the arts sector.

Although the approaches under discussion still include the familiar language of “operating funding,” the Council’s use of this term requires more scrutiny and nuancing as the nature of investment already varies from one discipline and one program to the next.

These approaches will accordingly require language that better reflects the Council’s commitment to the sustainability of the arts sector. As suggested above, the language of short, medium and long-term funding is under consideration, as well as normalizing concepts such as targeted support or support for an arc of activity, and program structures adapted to the diverse roles organizations play in the arts ecosystem. Adjusting/nuancing the language will ultimately enable greater flexibility, precision and clarity in the Council’s interventions, and enhance its capacity to measure the impact of its funding.

## **ii. Clarifying sustained funding relationships**

The Council is in the process of clarifying the rationale behind ongoing or recurring funding relationships with arts organizations based on the degree to which the work and mandates of these organizations significantly overlap with those of the Council.

For some disciplinary Sections and Offices, the decision to enter into a long-term funding relationship with an organization may be based on the qualitative impact the organization has on the overall national infrastructure, as validated through peer assessment. For others, evidence of a strong regional role would be essential, at a minimum, but a demonstration of a provincial or national role would also be a factor. Advancing the research, creation and production of an arts practice, demonstrating artistic excellence and stability, or controlled growth over a number of years, a proven ability to partner with other organizations, share resources, and/or serve a larger constituency (as with service organizations) might also be considerations.

## **iii. Policies and mechanisms to support the reallocation of funds**

Two policies – one new and one revised – are already contributing in the short term to greater flexibility in adjusting program allocations as well as adaptability and competitiveness in the Council’s operating grant programs.

The new **Regular Adjustment Policy** makes clear that all grants may be adjusted by as much as 20% as part of a regular competitive process. It challenges the widely held assumption that the amount of an organization’s last operating grant is its base grant and that if overall performance is consistent and stable it should expect to maintain that grant level.

As well, the existing **Fair Notice Policy** has been clarified and the directives to apply it have been strengthened. In place for more than a decade, Fair Notice was revised in tandem with the introduction of Regular Adjustment. It continues to warn poorly performing organizations of the possibility of a phased loss of all operating funding, unless significant improvements are achieved.

For most disciplinary Sections and Offices, the Regular Adjustment and Fair Notice policies are seen as sufficient to achieve movement within existing operating programs. There is, nevertheless, a willingness to entertain additional movement mechanisms that could provide more significant change. For example, some of the additional tools that could enhance funding flexibility within a fixed program budget include:

- reallocating funds within the assessment criteria and process;
- introducing a percentage holdback, which is then made available for reinvestment within the same competition; and
- resetting an organization's grant from a base of zero after each multi-year cycle.

## **What have we done to date?**

Two disciplinary Sections have already done some restructuring of their operating grant programs. Following a series of national community consultations in 2010, the **Media Arts Section** amalgamated six previously distinct operating programs into one multi-year offering for media arts organizations. The program revisions support an ethos of shared resources, promote artistic innovation and risk-taking, and foster a more holistic approach to supporting Canadian independent media arts.

The **Theatre Section** has also redesigned its operating grant program following national consultations. The new program design focuses on supporting the arc of creation-production-dissemination of theatre works by professional artists, and the risks an organization takes within that arc. Program flexibility and competitiveness will be increased by grouping similar organizations into distinct components, and designing a set of criteria adapted to the different roles organizations have in the theatre ecosystem.

## **What are the next steps?**

Overall, the review of operating grant programs and the implementation of changes will continue in an iterative way over the next five to seven years in a transparent process that continues Council's tradition of working closely with artists and arts organizations. New funding models will be explored and adopted following consultation with the arts community and other stakeholders. Our approach will reflect discipline distinctions, the different roles played by arts organizations in their respective milieu and the impact of other public funders.

## **When will consultations take place?**

For more information on the consultation process and timeframe, please consult the Canada Council website under the appropriate office/section.