

Metro Human Relations Commission

January 13, 2025

Conciliation Agreement Update
&
Overview of FY25 Metro Arts Grant Policies



Conciliation Agreement

See handout for details

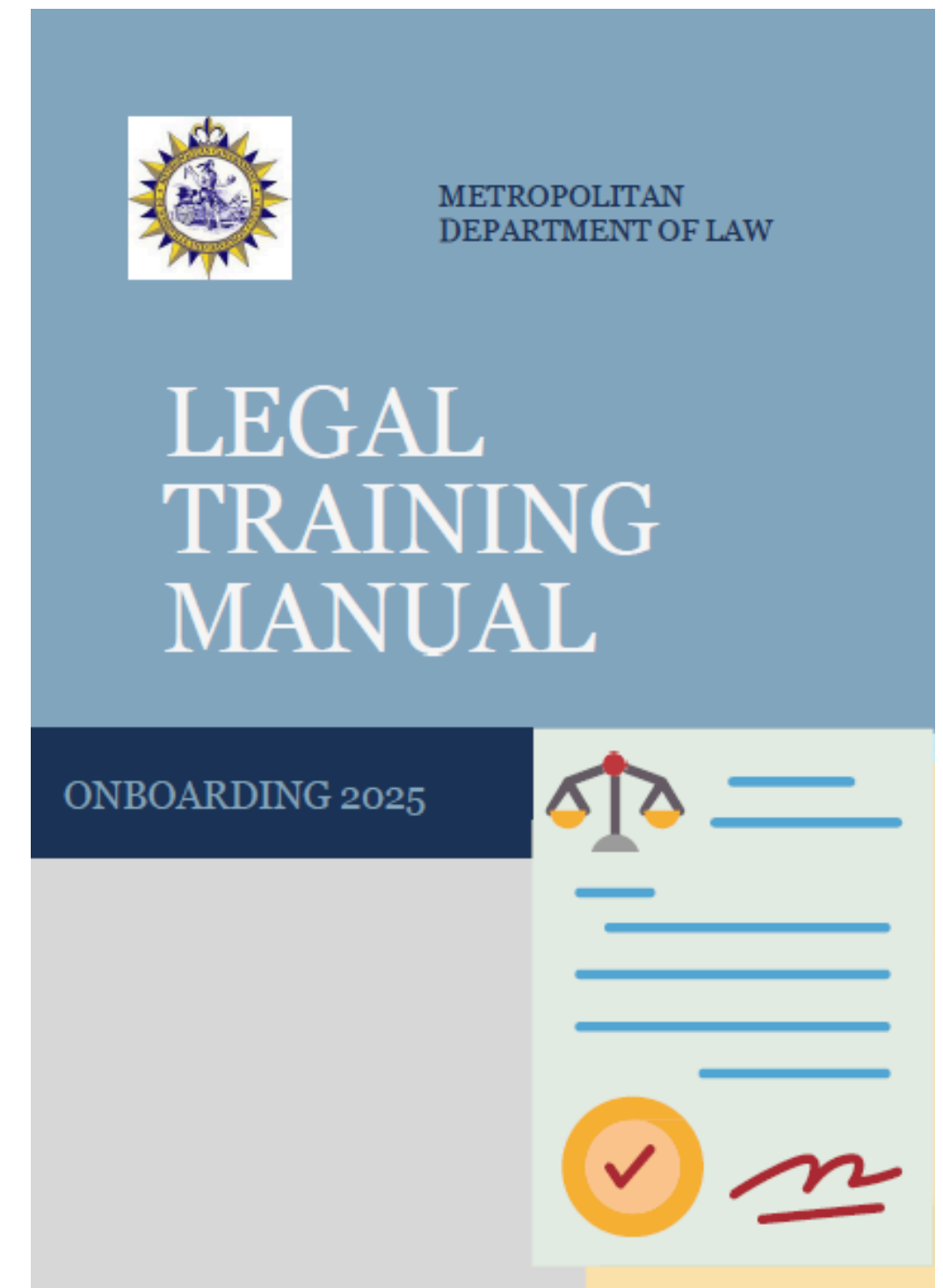
Status updates including:

- #5: Working Group to identify new Thrive funding mechanism
- #6: Metro Legal to produce a manual
- #7: Metro Arts to finalize and publish new grant guidelines

Conciliation Agreement #6

Metro Legal commits to create clearer guidance, including a user-friendly manual for Boards, Commissions, and department heads.

- Manual was completed before January 6, 2025 deadline.
- Distribution to client-advice attorneys and department heads.
- Available to anyone by request.





Conciliation Agreement #7b

Metro Arts shall finalize and publish new grant policies on or before January 6, 2025.

FY24 Thrive and Operating grants submitted in January 2024, which are still pending.

- **Late November:** reinterpretation of this deadline.
- **December 2:** Arts, MHRC, Legal met to discuss status and necessary steps to ensure compliance.
- **December 5:** Arts Commission approved policies.
- **January 3 (Friday):** MHRC received updated guidelines with errors and significant necessary revisions.
- **January 6 (Monday):** Metro Arts filed by the deadline.
- **January 15-16:** Arts Commission will meet to discuss amendments.

FY25 Grant Policies

As authorized by the Arts
Commission on December 5, 2024

Including:

- Allocation between Thrive and Operating
- Operating grant guidelines
- Thrive grant guidelines
 - Working Group recommendation
- Next steps

**Information in these slides created by MHRC and not reviewed by any other departments*



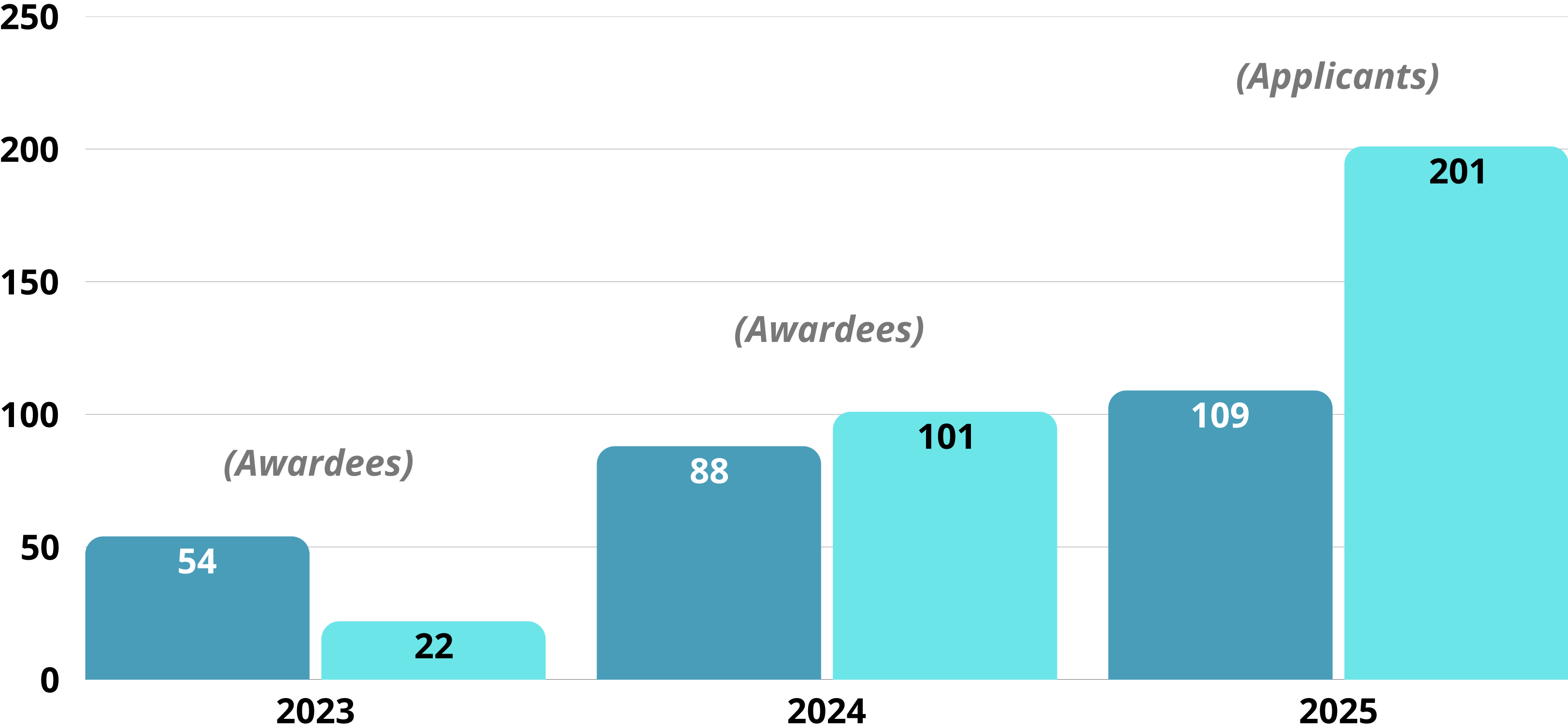
FY25 Grant Budget & Allocation

*BL2024-373 appropriated **\$3,263,200** to Metro Arts*

Pending applications (submitted January 2024)

- 201 Thrive applications totalling \$3,676,148.66
- 109 General Operating applications totalling \$6,136,531.00

Awardees/Applicant trend



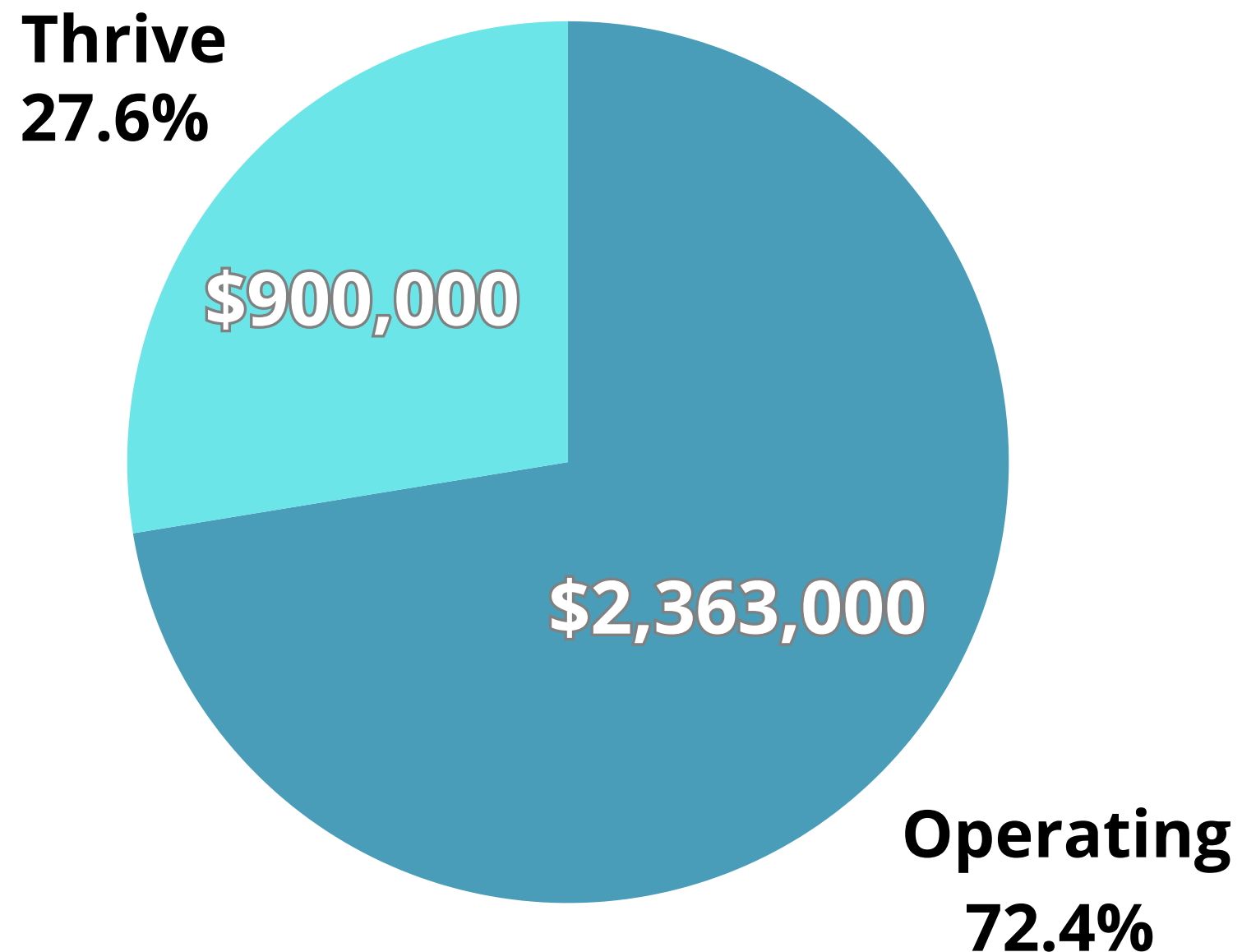
Allocation between Thrive and Operating Grants



FY25 Grant Budget & Allocation

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Staff Recommendation

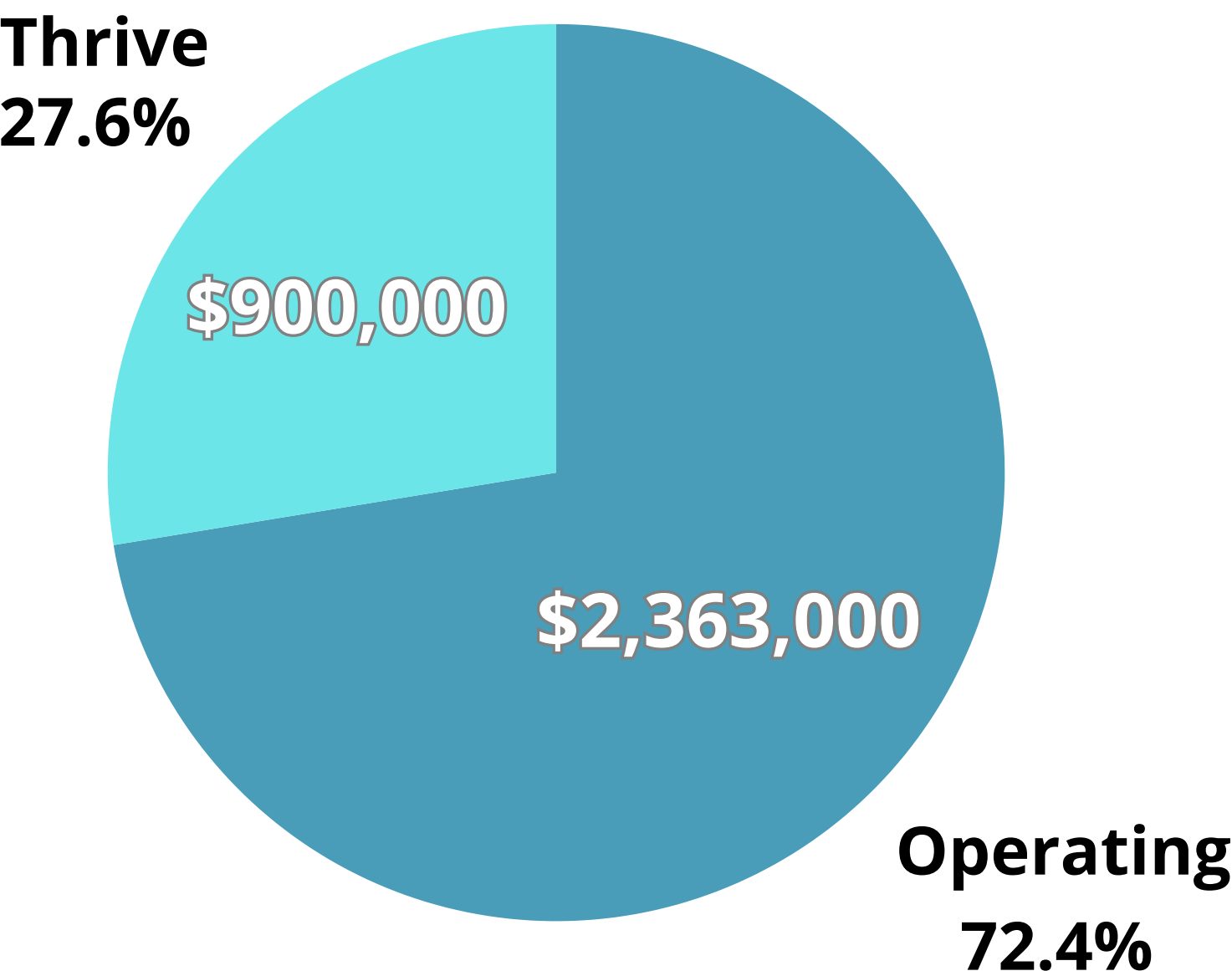




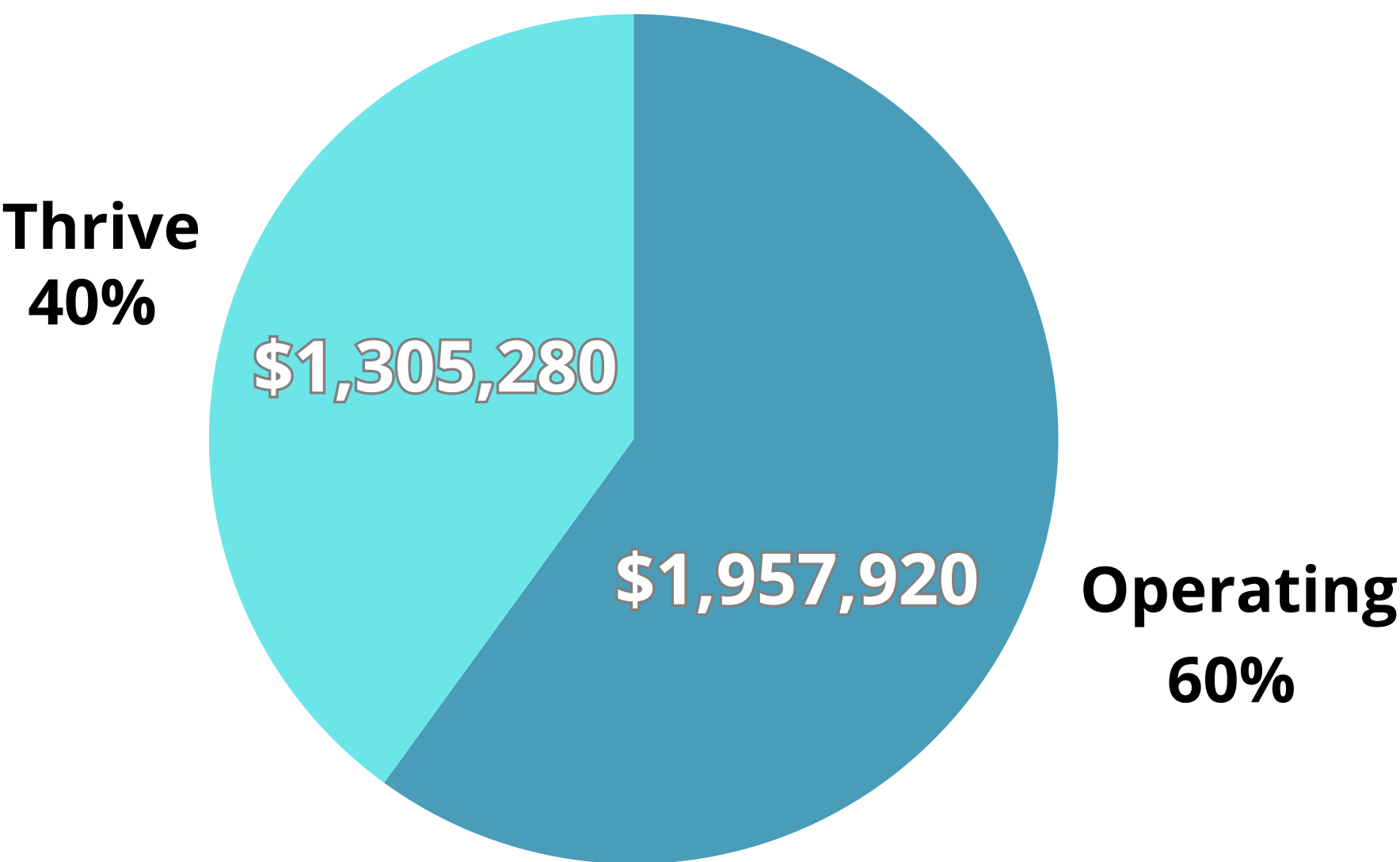
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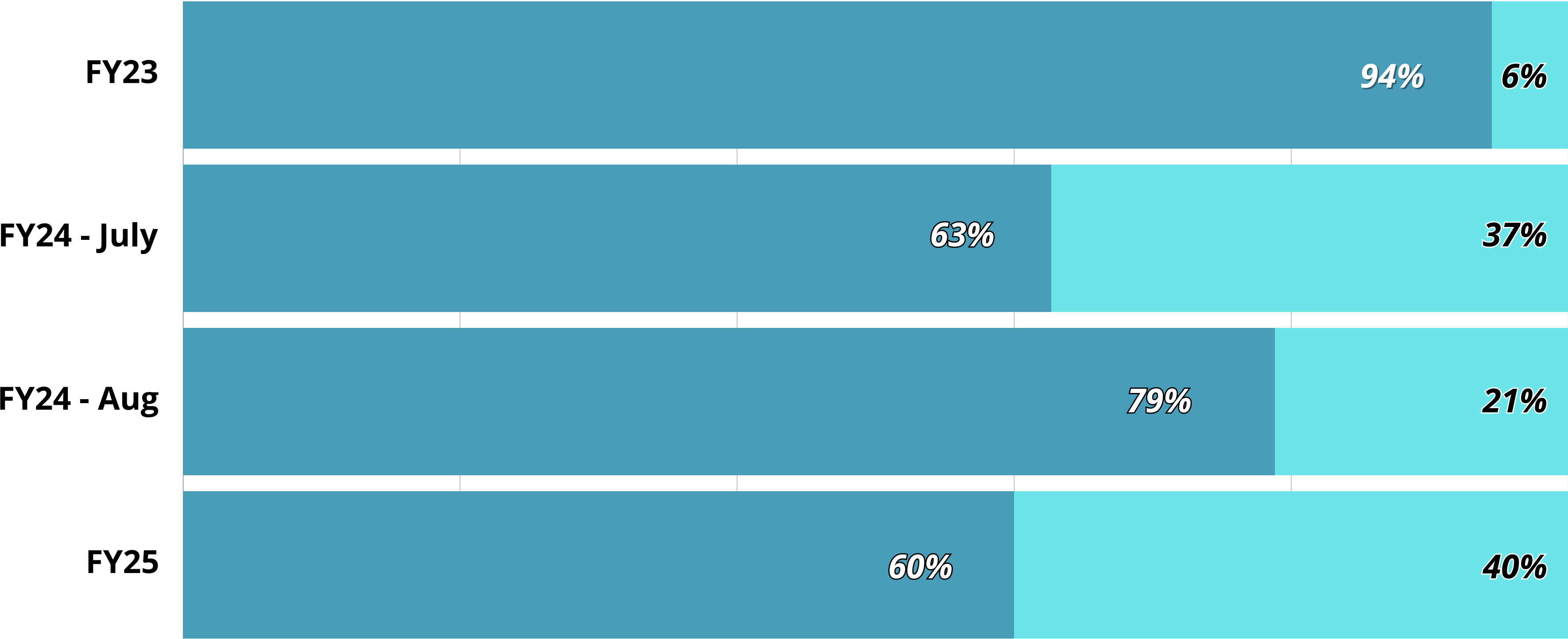
Staff Recommendation



Commission Decision

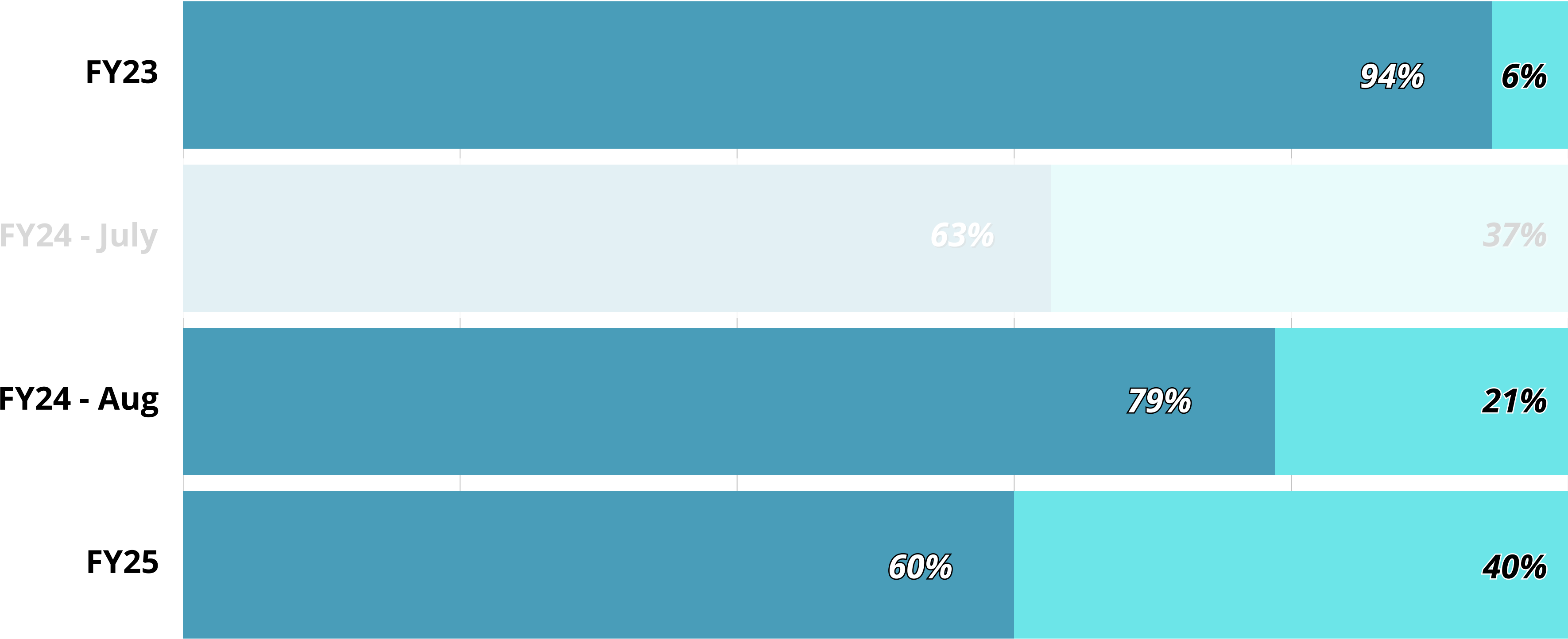


3-year allocation trend



% Allocation of Grant Budget

3-year allocation trend



% Allocation of Grant Budget

FY25 General Operating Grants

Including:

- Criteria & Guidelines
- Funding Formula



FY25 Operating Criteria & Guidelines

Criteria - Same as FY24

- *General operations of arts-focused nonprofit organizations based in Metro Nashville-Davidson County. An arts-focused organization is one whose primary mission is to directly support the performance, exhibition, or instruction of art. The word 'art' here refers to a number of artistic genres including dance, folk + traditional arts, literary arts, media arts, music, performance art, theater, and visual arts.*

Guidelines

- Grant spending period: Anticipated March/April 2025 -- June 1, 2025
 - Reports due June 15, 2025
- Midpoint check-in
- Auditing up to 10%



FY25 Operating Funding Formula

- “Access to resources and funding is a privilege. By honoring budget size in the formula, there is acknowledgement that smaller organizations have less access to resources and funding and require greater support of their total operating budget.”
- Rightsizing awards

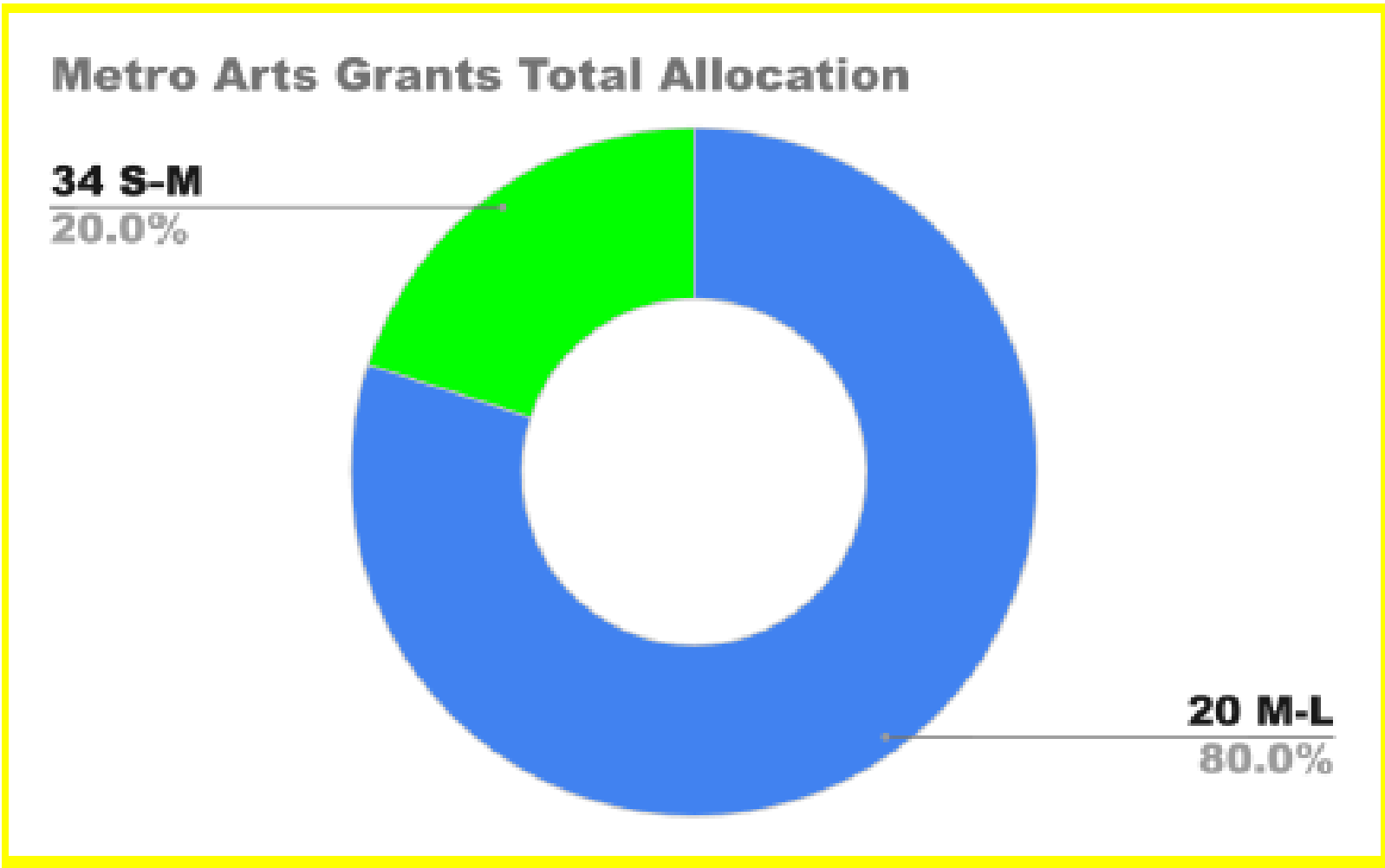
Micro (Budget <\$25,000)	75% of budget or \$3,000 minimum
Small (Budget \$25k-\$100k)	50% of budget or \$3,000 minimum
Medium (Budget \$100k-\$500k)	25% of budget or \$125,000 maximum
Midsized (Budget \$500k-\$3M)	17% of budget or \$120,000 maximum
Large (Budget >\$3M)	1.8% of budget of \$200,000 maximum

Where did this come from?

From Arts Commission December 2022 Board Packet:

Metro Arts Grant Allocations FY23

In FY23, 20 large and mid-sized organizations operating over 500K received ~80% of the funding, while the 34 medium and small organizations received ~20%.

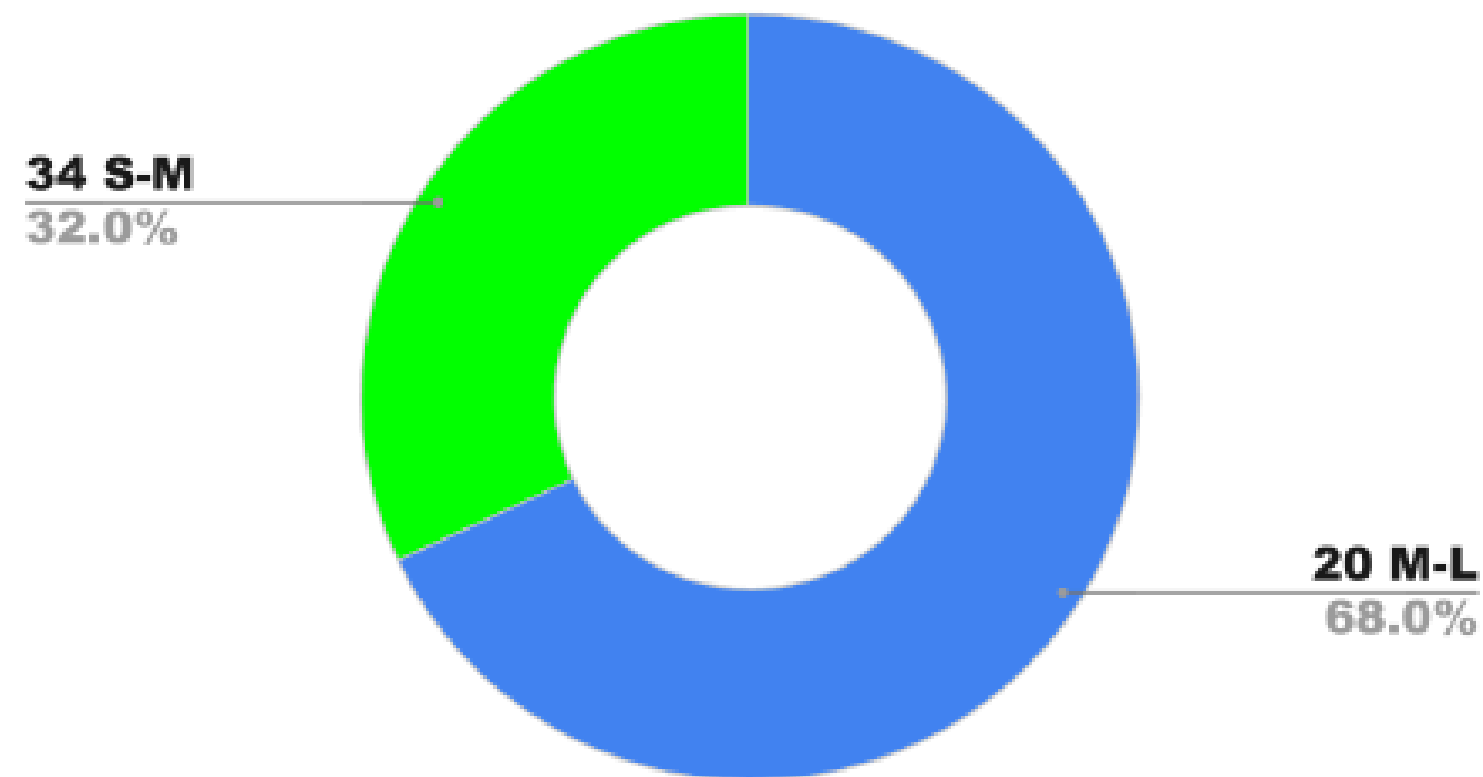


From Arts Commission December 2022 Board Packet (con't):

Impact of Proposed Model

If grants were allocated using the equitable model proposed that honors budget size, the total allocation would shift by 12%, with 20 large and mid-sized organizations operating over 500K receiving ~68% of the funding, while the 34 medium and small organizations receive ~32%, with intentions to increase the total allocation, and, as a result, all grants.

Metro Arts Grants Total Allocation





FY25 Operating Funding Formula

Awards funds in alignment with the budget base/percentage for funding categories, scaled to the budget allocated to Operating.grants.

Difference between now and the July 2023 vote is that this uses a uniform scale, versus preferential scale based on size category.

Micro (Budget <\$25,000)	75% of budget or \$3,000 minimum
Small (Budget \$25k-\$100k)	50% of budget or \$3,000 minimum
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Large (Budget >\$3M)	1.8% of budget of \$200,000 maximum

Applicant Size	Funding Formula	Current Fiscal Year Revenues	Percentage	Base percentage calculated	Max or min as alternate	Full Funding	Scaled to 50% operating allocation	Scaled to 60% operating allocation	Scaled to 70% operating allocation
Micro	Micro (Budget <\$25K) - Awards up to 75% of revenue; minimum award \$3,000	\$15,500	0.75	\$11,625	\$3,000	\$11,625	\$3,091	\$3,709	\$4,327
Small	Small (Budget \$25K-\$100K) - Awards up to 50% revenue; minimum award \$3,000	\$72,442	0.5	\$36,221	\$3,000	\$36,221	\$9,631	\$11,557	\$13,483
Medium	Medium (Budget \$100K-\$500K) - Awards up to 25% revenue; max award \$125,000	\$496,851	0.25	\$124,213	\$125,000	\$124,213	\$33,026	\$39,631	\$46,237
Mid-Sized	Mid-Sized (Budget \$500K-3M) -Awards up to 17% revenue; max award \$120,000	\$1,249,483	0.17	\$212,412	\$120,000	\$120,000	\$31,906	\$38,287	\$44,668
Large	Large (Budget >\$3M) - Awards up to 1.8% of revenue; max awards \$200,000	\$11,109,849	0.018	\$199,977	\$200,000	\$199,977	\$53,171	\$63,805	\$74,439

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Scaled to budget:

60% of total budget allocated to Operating grants = \$1,957,920

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Scaled to budget:

60% of total budget allocated to Operating grants = \$1,957,920

Sum of all applicants Full Funding = \$6,136,531

= 31.91%

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Mid-Sized	Mid-Sized (Budget \$500K-3M) -Awards up to 1.7% revenue; max award \$120,000	\$1,249,483	0.17	\$212,412	\$120,000	\$120,000	\$31,906	\$38,287	\$44,668
Large	Large (Budget >\$3M) - Awards up to 1.8% of revenue; max awards \$200,000	\$11,109,849	0.018	\$199,977	\$200,000	\$199,977	\$53,171	\$63,805	\$74,439

Estimates are subject to change

Scaled to budget:

60% of total budget allocated to Operating grants = \$1,957,920

Sum of all applicants “full funding” = \$6,136,531

= 31.91%



FY25 Operating Funding Formula

Why this works

- The model works no matter the grants budget or operating allocation
 - Designed to grow toward Full Funding
- Flexible to account for any number of applicants in any size category
- Every organization that receives an eligible score is funded
 - Broadens access based on an equity framework
- For organizations, allows for relatively consistent planning year to year



FY25 Operating Funding Formula

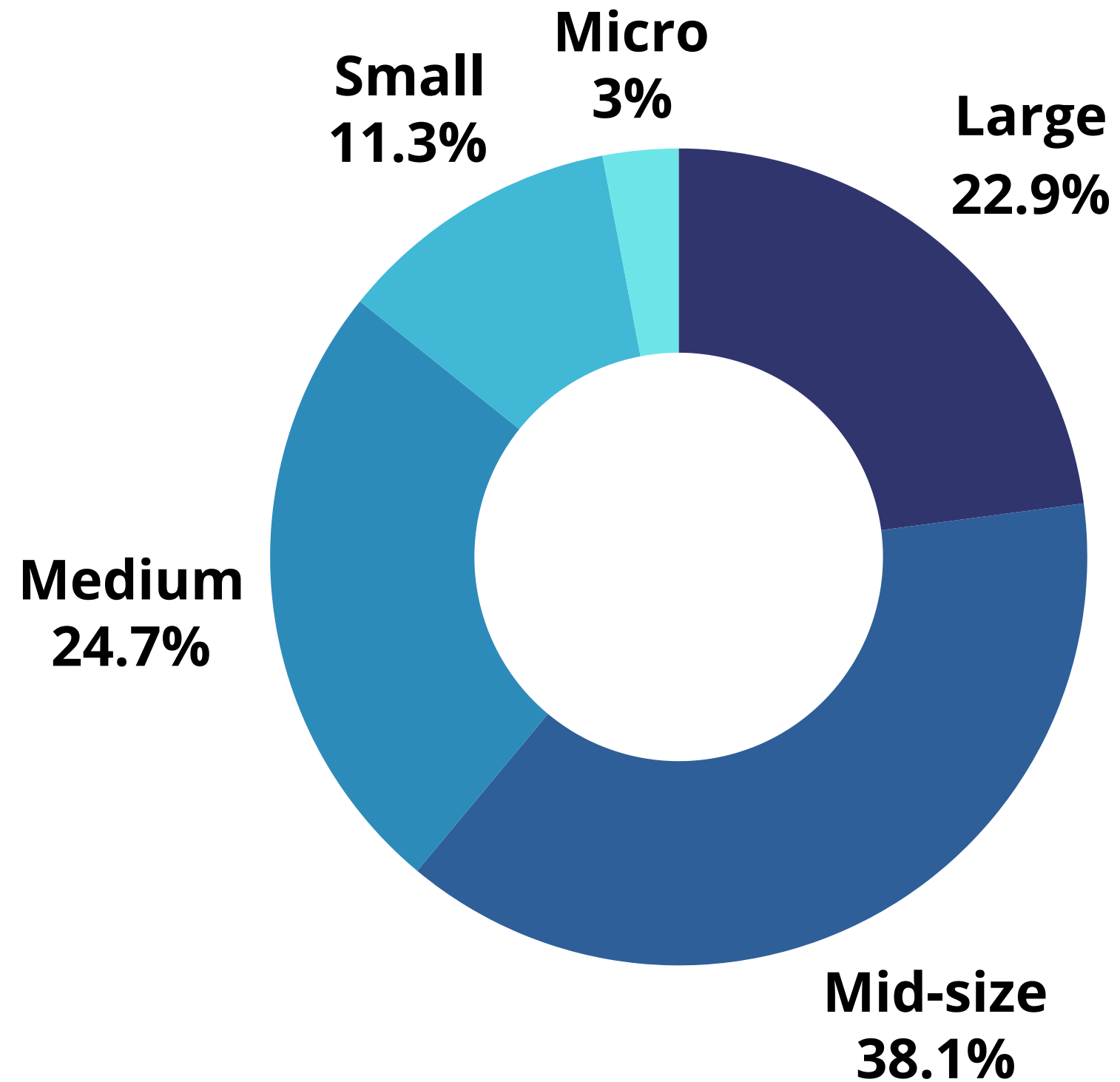
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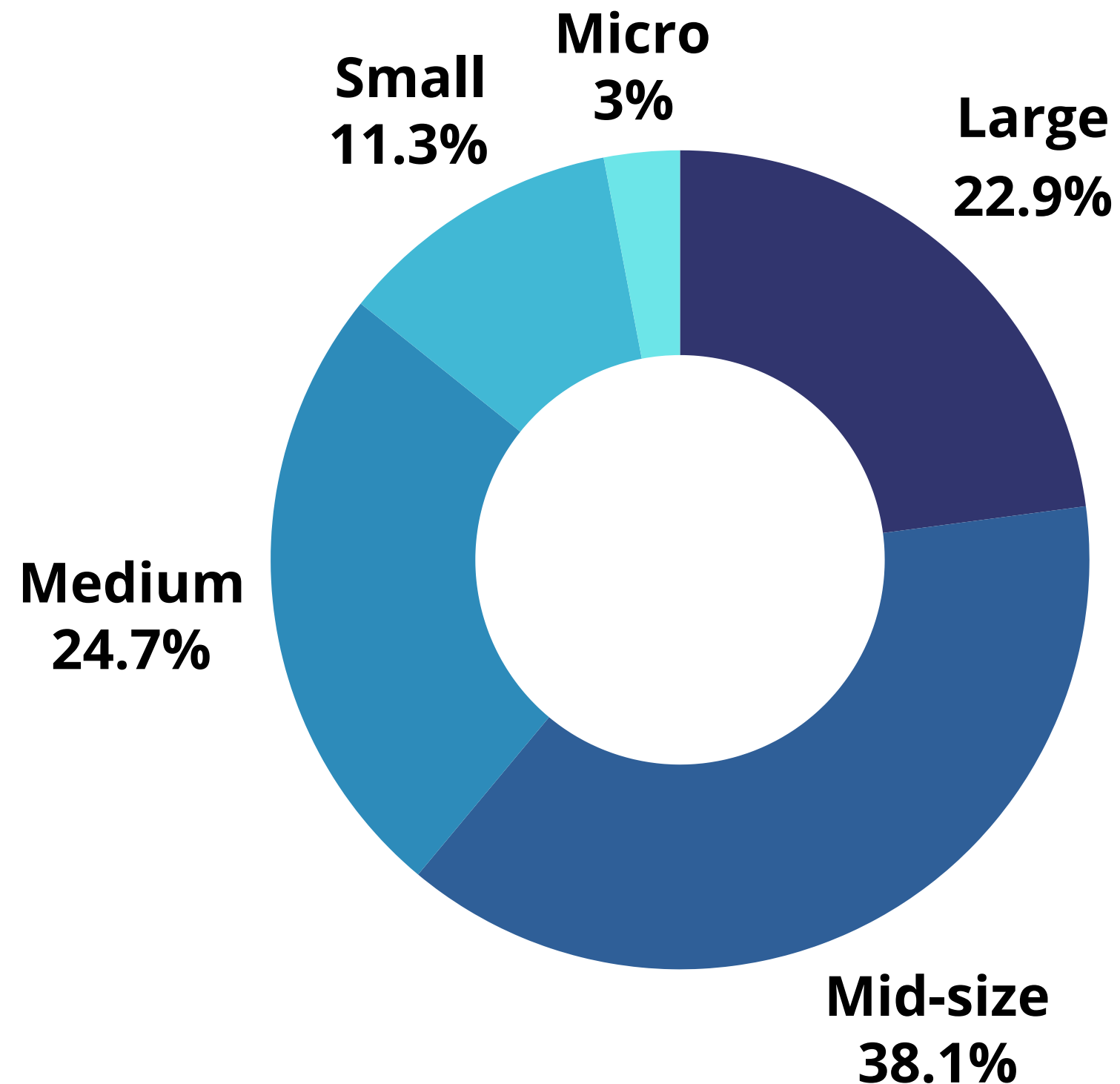
Key difference from FY24

- Largest FY24 award = \$187,900
- Largest (estimated) FY25 award = \$63,805

FY25 Operating Allocations (estimates)

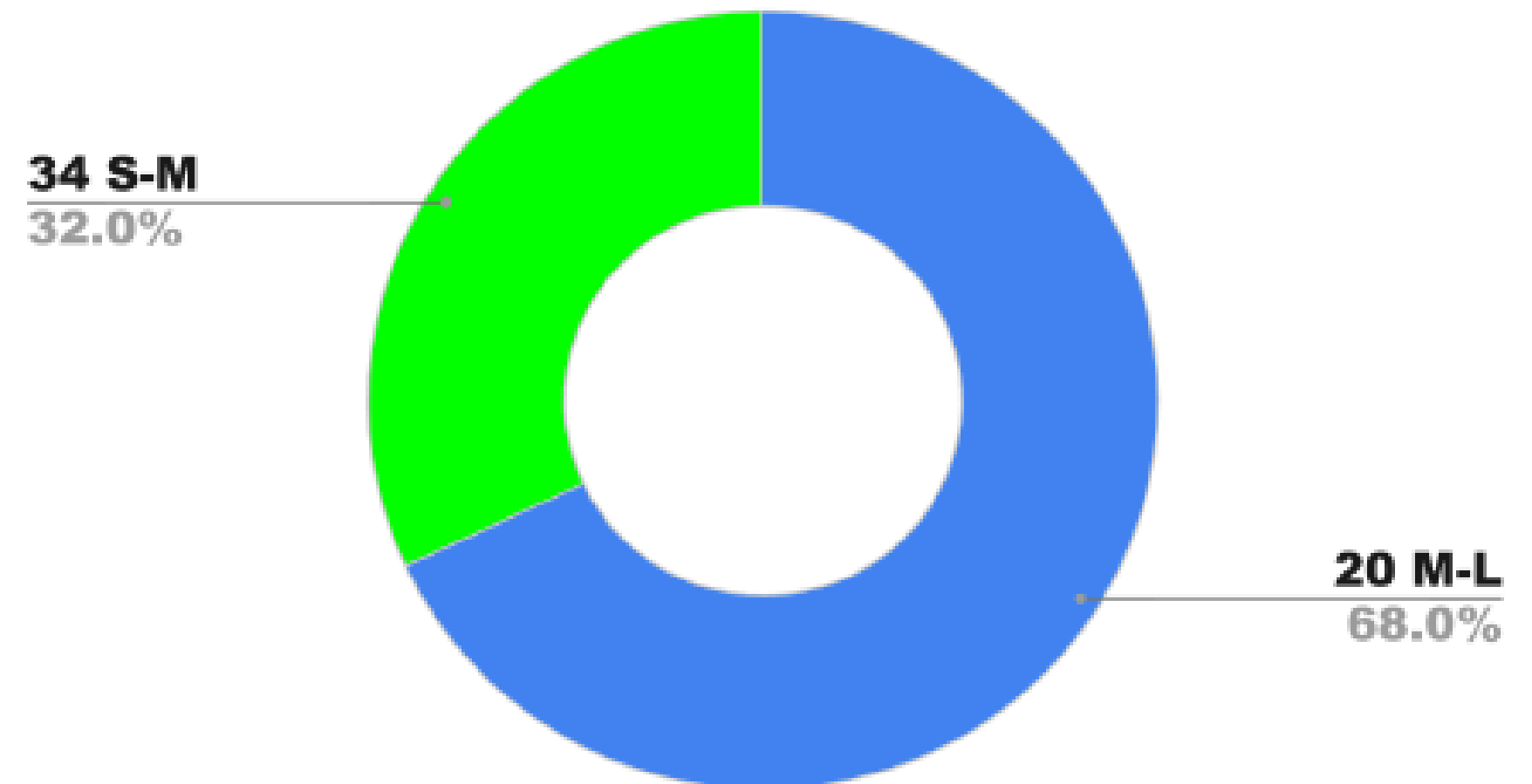


FY25 Operating Allocations (estimates)



Desired Impact of December 2022 Model

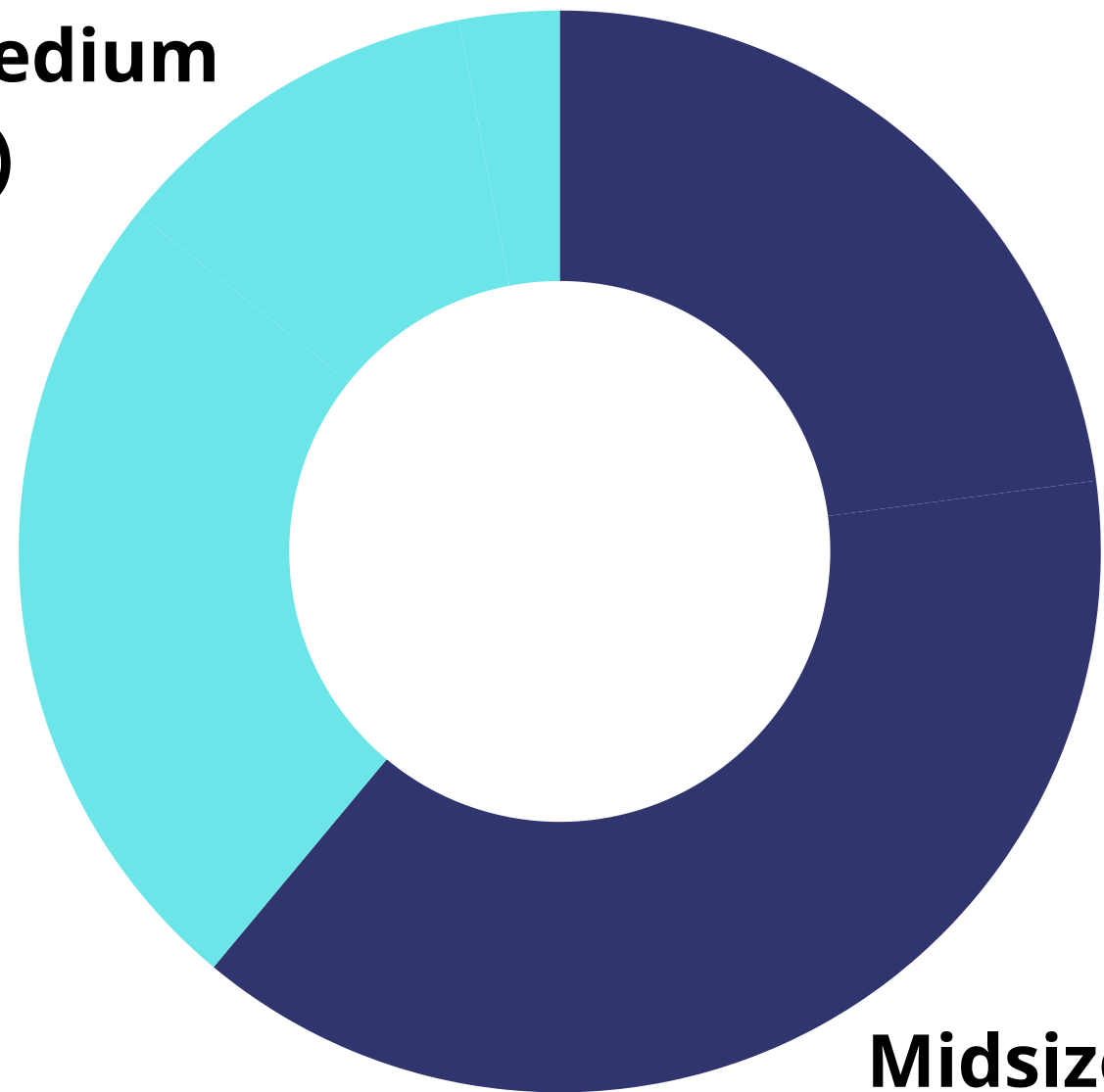
Metro Arts Grants Total Allocation



FY25 Operating Allocations (estimates)



**Micro-Medium
(80 apps)
39%**

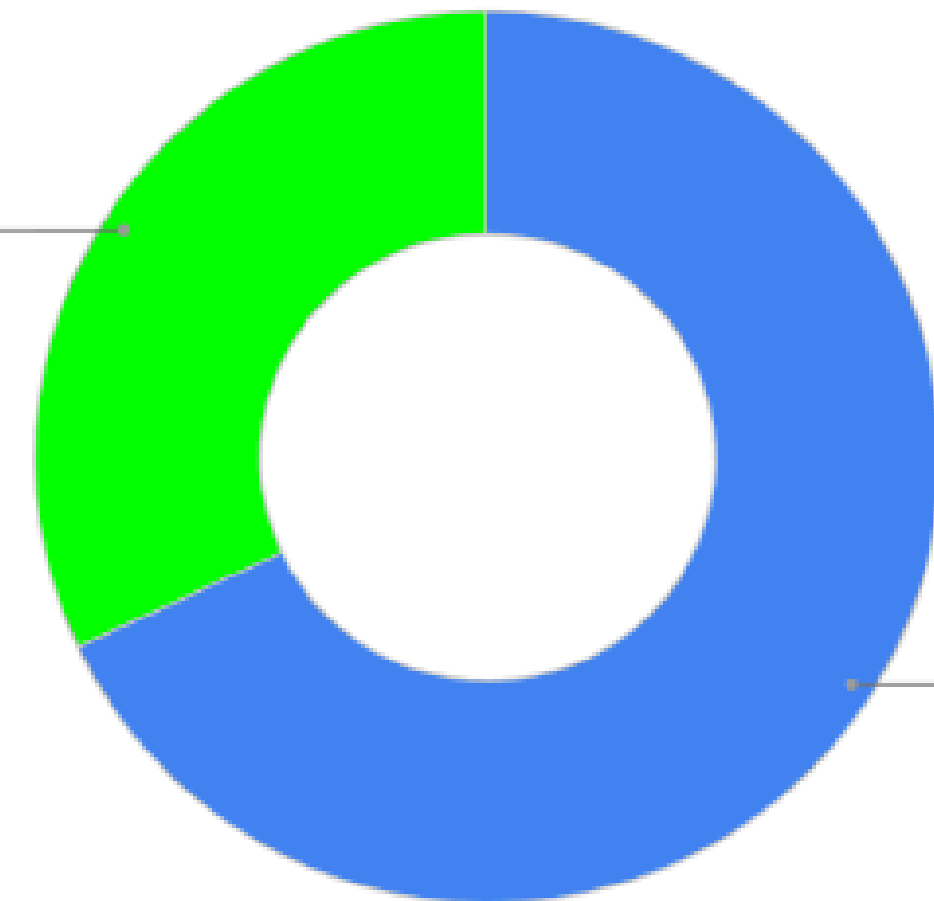


**Midsize-Large
(29 apps)
61%**

Desired Impact of December 2022 Model

Metro Arts Grants Total Allocation

**34 S-M
32.0%**



**20 M-L
68.0%**

FY25 Thrive Grants

Including:

- Criteria & Guidelines
- Fiscal Agent requirement
- Funding Formula



FY25 Thrive Criteria & Guidelines

Eligible project types

- Community-Based Art Projects
- Community Public Art Projects (mural, sculptures, landscape architectural work, etc.)

Eligible applicants

- Individuals
- Artist collectives that do not hold 501c3 status
- Non-profit organizations that are not eligible for Operating grants

No more dual eligibility for Thrive and micro/small Operating grants



FY25 Thrive Criteria & Guidelines

Eligible project types

- Community-Based Art Projects
- Community Public Art Projects (mural, sculptures, landscape architectural work, etc.)

Eligible applicants

- Individuals
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No more dual eligibility for Thrive and micro/small Operating grants



FY25 Thrive Criteria & Guidelines

Guidelines -- new for FY25

- Grant spending period: Anticipated March/April 2025 -- June 1, 2025
 - Reports due June 15, 2025
- Midpoint check-in
- Auditing up to 10% (same % as Operating grants)
- Fiscal agent for applicants that are not 501c3

FY25 Thrive - Fiscal Agent Requirement



Fiscal Agent requirement

- State and local policies require grants be made to nonprofit organizations
- Delegated purchasing authority differs from grants in goals, scope, bids/quotes, authority over funds; is not allowable for awarding funds through a grant process

Fiscal Agent logistics

- Nonprofit of the applicant's choice or from a list provided by Metro Arts
- 10% maximum administrative fee (no fee is required)
- Applications will reopen after Council approval for resubmissions
 - Project adjustments
 - Grant spending plan (same as Operating Grants spend plan)
 - Letter of Fiscal Agency
 - Letter of Agreement

Fiscal Agency Agreement

Metro & Nonprofit Organization

[Recipient's Name]
[Recipient's Title]
[Recipient's Organization]
[Recipient's Address]
[City, State, Zip Code]

Dear [Recipient's Name],

Subject: Fiscal Agency Agreement

I am writing to formally request your organization to serve as a fiscal agent for my Metro Arts Thrive grant application for [briefly describe the project or purpose, e.g., "our community outreach program"]. This partnership will enable us to leverage your financial expertise and resources to effectively manage and distribute funds for the project.

Scope of Services

As a fiscal agent, we would like your organization to provide the following services:

1. **Fund Disbursement:** Disburse funds to project-related expenses as outlined in the disbursement schedule.
2. **Reporting:** Provide reports to Metro that are required under my Metro Arts Thrive contract.
3. **Audit Support:** Assist with any audits or financial reviews as required by funding sources.

Duration

We anticipate this agreement will commence on [start date] and continue until [end date].

Compensation

[Outline any fees or compensation for the fiscal agency services, if applicable.]

Please let us know if you are willing to enter into this fiscal agency agreement. We are happy to discuss any terms or conditions and look forward to the possibility of collaborating with your organization.

Thank you for considering this request. We believe that with your support, we can significantly impact our community through this initiative and that this project will also contribute to the mission of your organization.

Sincerely,

[Your Name]
[Your Title]
[Your Organization, if applicable]
[Your Phone Number]
[Your Email Address]

Letter of Agreement

Nonprofit Organization & Applicant

Letter of Agreement

This agreement is made this _____ day of _____ between _____ ("Fiscal Agent") and _____ ("Artist").

1. Fiscal Agent is an established 501C3 non-profit organization located in and serves the Metropolitan Nashville and Davidson County area.
2. Fiscal Agent shall receive and is responsible for the grant funds on behalf of grant recipient (Artist).
3. Fiscal Agent and Artist have reviewed and discussed the grant proposal and associated project ("Project"). Both parties understand the proposal, the project deliverables, project timeline and fiscal obligations. The project proposal shall be incorporated by reference as Appendix A.
4. Fiscal Agent agrees to distribute funds directly to the Artist in accordance with the grant proposal and on disbursement schedule (Appendix B) upon mutual agreement between Artist and Fiscal Agent; and is responsible for required tax forms with grant recipient.
5. On behalf of the Artist, the Fiscal Agent will establish and operate for the use of the Project, a designated account ("account") segregated on the fiscal Agents books.
6. All amounts deposited into a Project's Account will be used in its support, less administrative charges, if any, and subject to the conditions set forth below:
 - A. Administrative fee agreed upon by Fiscal Agent and Artist: _____
 - B. Disbursements shall be mutually agreed upon by both parties and should support implementation and completion of the Project only.
 - C. The Artists designates _____ (name or title) to act as authorizing official. The authorizing official shall act as principal coordinator of the Project's daily business with the Fiscal Agent, and shall have authority to sign disbursement requests.
 - D. The Fiscal Agent designates _____ (name or title) as the authorized official to serve as the primary contact with both Metro Arts and the Authorizing Official of the Artist.
 - E. The Fiscal Agent will disburse funds from the Account in the manner described in Appendix B (Disbursement Schedule) or other mutually agreed upon schedule. Any material changes or alternations to Appendix A must be in writing and agreed upon by Fiscal Agent and Artist.

Other Working Group Considerations

- 1** Partnering with one nonprofit to manage all awards
 - Extensive administrative oversight and/or authority over Thrive

- 2** Convert Thrive to a Fellowship
 - Would likely shift program goals away from support for broad ranging project proposals

- 3** Legislative changes to Metro or state procurement and grant laws
 - Ruled out due to extended timeline required



FY25 Thrive - Funding Formula

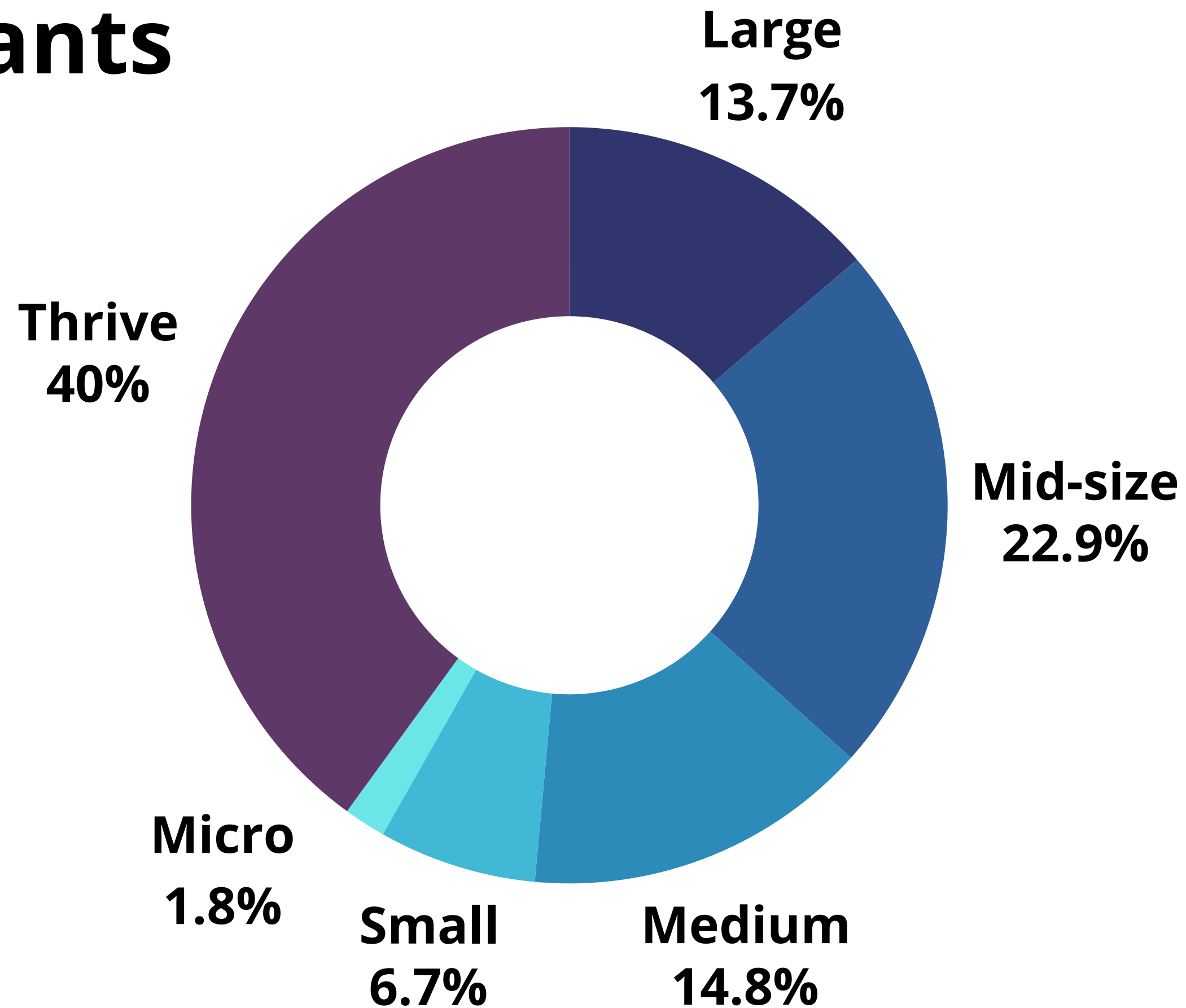
Award amounts

- Original application maximum request amount = \$20,000
- Commission authorized \$10,000 maximum award amount

Limitations

- Possibility of a Thrive surplus
 - Redistribute surplus to all or some Thrive applicants
 - Rescind and pass new funding formula
 - Percent and rank scoring (i.e., fund eligible projects at 75% of request and rank order until funding is depleted)

FY25 Grants



Next Steps

Metro Arts Commission

- Grants Committee: Wednesday, January 15
- Full Commission: Thursday, January 16

Arts, Parks, Library and Entertainment (APLE) Committee meeting

- Date: TBD

Metro Council

- Tuesday, January 21