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**REPORT TO ARTS COMMITTEE  
MEETING OF WEDNESDAY, NOVEMBER 14, 2012**

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**SUBJECT**     **Arts Service - Funding Structure**

**ISSUE**

Next steps towards reaching a consensus on the group 1/non-group 1 funding structure

**BACKGROUND**

The establishing bylaw for the Arts Development Service contains a two-track funding structure. Group 1 participants contribute based on a formula based on assessments and population. Non-group 1 participants contribute based on a self-specified cash amount with the current minimum set at \$500.

The funding structure has been an ongoing topic of discussion for the Committee. A non-comprehensive list of the issues includes:

- the significant discrepancy in the dollar value of the contributions between the two funding categories
- the nominal amount required to participate in the non-group 1 category
- the possibility that non-group 1 participants could form a majority vote
- new or increased support in the non-group 1 category could be a source of increased funding

A strategic priority in 2010 resulted in a proposed change to the bylaw which would have required non-group 1 participants to achieve group 1 contribution levels within set time frames. The bylaw proposed that new non-group 1 participants would be required to reach full group 1 funding levels within five years of joining the Arts Service, and that existing non-group 1 participants would reach full group 1 funding levels within 10 years.

The proposed bylaw was considered by the CRD board and returned to the Arts Committee for further consideration. Since then discussions have been on hiatus.

**ALTERNATIVES**

1. Maintain the existing structure without changes
2. Initiate discussions on changes to the funding structure that would make it more equitable. Possibilities include:
  - other options for non-group 1 participants to reach group 1 funding
  - a higher minimum for non-group 1 participation
  - a separate formula for non-group 1 participation
  - investigating options for alternate voting structures

**CONCLUSION**

The issues around group 1 funding versus non-group 1 funding remain unresolved. The return of the proposed amended bylaw speaks to the need for the Arts Committee to reach some alternative agreement on this topic.

**RECOMMENDATION**

That the Art Committee receive this report for information.



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