



INDIANA CULTURAL TRUST 2014

REPORT TO THE GENERAL ASSEMBLY



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To:

The Honorable Speaker of the House; the Honorable Senate President Pro-tem; and Honorable Members of the Indiana General Assembly,

The Indiana Arts Commission Cultural Trust Administrative Board, created in 1997 by legislation (IC 4-23-2.5) through House Enrolled Act 1358, was charged with submitting an annual report to the Indiana General Assembly.

By legislation approved in 2012, the Indiana Cultural Trust Fund Administrative Board was among several boards and commissions identified to be phased out of operation. In 2013, the duties of the Cultural Trust Administrative Board were absorbed into the legislative authority of the Indiana Arts Commission, with management and oversight provided by the IAC's Committee on the Future. More detail on this restructuring follows in this report.

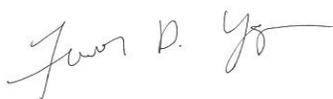
The Indiana Arts Commission and its Committee on the Future agree to the importance of keeping the Legislature informed about the activities of the Trust, the success of the Celebrate the Arts special issue license plate, and the plate revenues which comprise the sole revenue source to fund the arts education grants awarded to Indiana schools and teaching artists.

We remain committed to the trust our plate customers have, and continue to place in us through their annual purchase and renewal of the Celebrate the Arts license plate. We also remain committed to the original intent of the authors of the enabling legislation: to maintain stable funding of the arts for future generations.

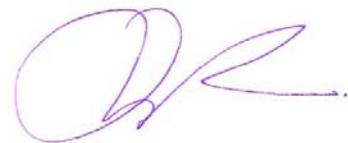
What better place to invest these resources than with the very young people who will become the next generation of Hoosier artists, art teachers, arts consumers, and creative problem solvers?

We thank you for your interest in the Indiana Cultural Trust and its impact on arts education and youth in our state.

Sincerely,



Trevor Yager, IAC Chair



Lewis C. Ricci, IAC Executive Director

CULTURAL TRUST DETAILS

Purpose

The Indiana Arts Commission Cultural Trust Fund was established Administrative Board by House Enrolled Act 1358 and with it the Cultural Trust Administrative Board. The purpose of the Trust was to establish and maintain stable funding for the arts for future generations. Board's purpose was to provide oversight and guidance in the development and administration of the IAC's Cultural Trust Fund, including the development and implementation of investment strategies for the Cultural Trust Fund. The Board also determined the best means of investing in stable funding of the arts for future generations was to strategically support arts-related, in-classroom programs in Indiana schools.

Trust Management & Oversight Responsibilities

As stipulated in House Enrolled Act 1358, the Cultural Trust Fund Administrative Board was charged with managing and developing the fund and the assets of the fund. Following legislation in 2012 designed to reduce the size of state government through the elimination of various boards and commissions, beginning in 2013, these duties were assumed by the Indiana Arts Commission's Committee on the Future. Primary responsibilities:

- Establish a policy for the investment of assets of the fund
- Acquire money for the fund through the solicitation of private or public donations and other revenue producing activities including revenues generated from the Celebrate the Arts (Arts Trust) special group license plate
- Perform other tasks consistent with prudent management and development of the fund
- Each year, the IAC shall prepare a report concerning the fund for distribution to the public and the General Assembly

Auditing and Fiscal Responsibilities

The Treasurer of the State administers the fund and invests the money in the fund. Current investment details may be found on page 5 of this report.

The State Auditor's Office provides annual review of the financial activities of the Trust. The Indiana Arts Commission provides all Trust Fund disbursement and grant information to the Office of Management and Budget and State Auditor as part of the agency's budget metrics.

Through a 2013 Memorandum of Understanding with the State Budget Agency (SBA) accounting services are provided for all financial activities of the IAC, including the Cultural Trust Fund and revenue allocated annually from the Trust to the IAC for the Arts In Education program.

The Commission has the sole authority to allocate money from the fund to arts education providers in Indiana. The Commission may not use the money from the fund to purchase land or structures.

BACKGROUND OF THE CULTURAL TRUST & ITS PURPOSE

The concept for Indiana's Cultural Trust Fund resulted from federal budget cuts in 1995 that resulted in significant reduction in annual appropriations to the IAC from the National Endowment for the Arts (NEA). The Commission looked at examples of cultural trust funds in other states as a guide in development of a way to provide more stable cultural funding source less influenced by federal budget changes.

The concept was to provide a dedicated fund that could accept direct contributions from individuals, corporations, foundations, trusts, and other sources both private and public. Contributions made to the fund would be invested by the Treasurer of State and interest income earned from those investments would come back to the IAC to be used to augment state and federal appropriations for arts programming and services with an emphasis on sustaining the arts for future generations.

The initial funding mechanism for the Trust would be a special issue license plate. Plans also called for a one-time line item budget appropriation to be used as a leverage tool for seeking private and foundation donations.

BACKGROUND OF THE CULTURAL TRUST FUNDING & ARTS TRUST LICENSE PLATE DEVELOPMENT

Through the efforts of IAC Commissioner Hurley Goodall, Muncie, a former state legislator, a draft bill was prepared in 1996 and introduced for the 1997 legislative session. Authored by Reps. Sue Scholer (R-West Lafayette), Sheila Klinker (D-Lafayette), and Tiny Adams (D-Muncie), HB1548 outlined the Cultural Trust Fund, how it would be developed, and the method for management of the Trust by the Administrative Board. The initial funding mechanism would be a special issue license plate. Other unspecified funding sources were permitted through the legislation. The bill passed the House by a vote of 98-1.

In 1998, the initial funding mechanism for the Cultural Trust was established when House Bill 1145 was passed. The bill established 11 new special issue/group license plates to be produced by the Bureau of Motor Vehicles (BMV), including one identified as the Arts Trust plate. The sale of each plate would result in a \$25 contribution to the Indiana Cultural Trust Fund.

The Indiana Arts Commission conducted a statewide call for design proposals with nearly 70 entries submitted. The final design, created by graphic artist Pat Starzynski, Indianapolis, was selected for the plate. Originally the design was titled "Celebrate," which led to the plate tag line "Celebrate the Arts."



In 1999, Governor Frank O'Bannon and First Lady Judy O'Bannon unveiled Celebrate the Arts License Plate during the 30th Anniversary Celebration of the Indiana Arts Commission.

The plate went on sale in March 2000, with first calendar year sales totaling just over 740 plates. By the second year of availability, the Arts Trust plate (as BMV named it) had total sales of 1,898 plates and plate sales reported in 90 of Indiana's 92 counties.

By 2002, the Arts Trust license plate was the 13th top selling special issue plate in the state. From Fiscal Year 2004 onward, "Celebrate the Arts" plate sales have enjoyed steady growth. Fiscal Year 2007 saw the highest volume of plate sales with 9,867 purchases/renewals recorded.

Since that time, economics and dramatic increases in the number of special issue plates on the market have resulted in a leveling off of sales to annual sales of just under 8,500 plates.

The license plate fees for the Arts Trust plate are collected from the Bureau of Motor Vehicles and directed to the Auditor of State's Office for the Cultural Trust Fund. The revenue from the plate sales is then invested by the Treasurer of State's Office into short-term certificates of deposit. Once the principal of the fund reached \$1 million, the IAC could request disbursement of interest income for distribution to arts providers.

INVESTING ARTS TRUST LICENSE PLATE REVENUE

The Indiana Cultural Trust revenue, generated from license plate sales, is invested by the Indiana Treasurer of State into three short-term certificates of deposit (right).

As certificates mature, the Treasurer of State's Office determines reinvestment policy based upon the best available interest rate at the time of maturity.

The Treasurer of State's Office provides quarterly reports to the Indiana Arts Commission's Committee on the Future. These reports detail: current assets in

the Cultural Trust; current income from license plate purchase / renewal, and other donations; revenue allocations to the Indiana Arts Commission for Arts In Education program grants; investment details (above table); revenue details showing Fiscal Year income / donations, earned interest, and running total Trust revenue balance; and lastly revenue income by quarter.

This information is also available to the Indiana State Budget Agency which provides various accounting services to the Indiana Arts Commission. These services include: maintaining accounting records, accounts payable, accounts receivable, asset management, general ledger, project costing, purchasing, and budget and financial reporting responsibilities. All IAC financial records are subject to periodic audit by the Indiana State Board of Accounts.

CULTURAL TRUST BALANCE STATEMENT

The Indiana Arts Commission is pleased to report that as of January 31, 2014 the Cultural Trust Fund balance was \$2,570,290.04. Virtually all of this money is revenue generated by sales of the Celebrate the Arts special group license plate, interest income earned by the investment of that revenue, and other public donations.

| Arts Trust Revenue Investment | | (as of Dec. 31, 2013) | |
|--------------------------------------|-----------------------|------------------------------|-----------------|
| <u>Bank</u> | <u>Amount</u> | <u>Yield</u> | <u>Maturity</u> |
| Lake City Bank | \$500,000.00 | 0.48% | 2/6/2014 |
| Huntington Bank | \$1,175,000.00 | 0.37% | 3/27/2014 |
| Providence Bank | \$765,000.00 | 0.30% | 8/21/2014 |
| Total Investment: | \$2,440,000.00 | | |

CULTURAL TRUST IMPACT



Students at Batesville Middle School learn math elements of percussion and dance during this 2010 Arts In Education funded project.

summit, and the IAC scaled back the draw from the Trust to \$50,000 and revised the program to cap the maximum grant amount at \$5,000.

In 2010, \$44,630 was drawn from the Trust interest income for arts education grants. This matching grant program partners teachers with artists for in-classroom arts programs. Eleven such grants were awarded to public and private elementary and secondary schools.

The FY2011 interest withdrawn totaled \$31,581 funding and again funding approximately 11 in-classroom arts related projects.

On average, Arts IN Education grants for 2010 and 2011 totaled approximately \$3,000. The reduction in grant amount stemmed from declining interest rates and resulting drop in Cultural Trust interest income. In expectation of a slow economic recovery, the Administrative Board agreed to retain as much interest income for the long-term. The result was a scaling back on the number of grants awarded and the size of those grants, but the impact of the program extended from students learning the connects between math and rhythm, to the humor and poetry of Shakespeare.

In 2012, the Commission announced it would expand FY 2013 eligible applicants to the Arts In Education program to include Indiana teaching artists as well as public, private, and parochial schools. Either could apply for grants up to \$3,000 for arts-related learning projects.

In 2007, the Cultural Trust Administrative Board actively engaged in discussions regarding the utilization of Trust Fund revenue for arts-related projects. The Board agreed any such projects should have meaningful impact and, wherever possible, address the needs of youth and underserved areas of the state.

In early 2008, the Board approved a recommendation to draw an initial \$100,000 from the interest income to invest in programs for 2009 including Arts IN Education, Presenter Touring Program, and a one-day arts education summit partnership with Young Audiences. Due to budget constraints, the Indiana Arts Commission in 2010 discontinued the Presenter Touring Program. No plans were made to continue the arts education



A puppeteer helps Greater Clark County Elementary students learn about Shakespeare in an Arts In Education project.

One such example is the Fort Wayne Dance Collective working with Bunche Montessori Early Childhood Center in Fort Wayne where a 2012 Arts In Education grant was used to enhance the students' study of the culture of Australia. The project culminated in a spring performance for the students' families in which they portrayed animals native to Australia.



Bunche Montessori students portray Australian wildlife during public performance.

"Not only did the children learn a lot through the connections the instructors helped them make, they also have a fabulous time doing it," said Bunche Montessori Principal Marilyn Horan, "Providing communities with the vehicle to connect exceptional resources with children who otherwise would not have opportunities to participate in these activities will enrich their lives and their families for years to come."

Greater Clark County Schools in Jeffersonville, Indiana used their 2011 Arts In Education grant to provide learning opportunities for students to experience Shakespeare's legendary plays. An artist in residence worked with students to help them produce their own plays, complete with original costumes.

"When elementary students ask their teachers to bring them more Shakespeare plays to take home and read on their own, then a love of literature has been born," said Susan Stewart of the Advanced Program at Greater Clark County. "Thank you IAC."

Students at Good Shepherd Montessori School in South Bend completed a series of art projects surrounding the study of nature, the science of flight, and principles of sculpture in the creation and dedication of an 800 pound bird of peace sculpture



Greater Clark County Elementary students try out their personally designed and made costumes for their study of Shakespeare.



Good Shepherd students, family and friends enjoyed Bird of Peace sculpture dedication in South Bend

in their community. Students made models of birds, created drawings and poems, and worked with a local sculptor to create the final work. Students delivered invitations to 250 neighbors and businesses in the area for the dedication of the bird of peace. The community sang peace songs, played games and picnicked near the sculpture, which students and adults alike inaugurated by blowing thousands of bubbles.

“We are so grateful for the gift of this grant in making this sculpture come true,” said Felicia Driscoll, director of community relations at the school. “It means so much to our school community, and now to our town.”

Norwell Middle School in Ossian, Indiana completed its first Art and Music Festival as a result of their 2012 Arts In Education grant. The school partnered with Wells County Master Gardeners to create two sculpture gardens including murals of paintings by T.C. Steele, metal sculptures of native Indiana plants and animals, and Indiana-themed mosaic stepping stones. The school also was able to hire a string quartet from the Fort Wayne Philharmonic, and dancers from Wells County Creative Arts Council’s School of Ballet to perform at the sculpture garden unveiling.



A ceramic artist helps students create plant pots for sculpture garden at Norwell Middle School

“It was a huge success, and a great way to promote the arts in Indiana,” said Norwell teacher Hallie Koenig.

Since the IAC began awarding Arts In Education grants funded by the Indiana Cultural Trust via the Arts Trust license plate, nearly 70 grants totaling more than \$240,000 have been awarded to schools and teaching artists throughout the state of Indiana.

2013 Special Issue Plate Sales (through July 2013)

| | |
|------------------------------------|--------------|
| 1 Indiana University Trust | 34,669 |
| 2 Purdue University Trust | 28,066 |
| 3 Heritage Trust | 27,266 |
| 4 Colts Capitol Trust Fund | 22,566 |
| 5 Yellow Ribbon Trust | 13,005 |
| 6 Breast Cancer Awareness | 12,902 |
| 7 Children’s Trust | 12,652 |
| 8 Riley Hospital Trust | 10,020 |
| 9 Pet Friendly | 8,551 |
| 10 Nurses Trust | 7,363 |
| 11 Prof. Firefighters Trust | 7,072 |
| 12 Notre Dame Trust | 6,974 |
| 13 Arts Trust | 4,775 |
| 14 Safety First | 4,715 |
| 15 Education Trust | 4,688 |
| 16 Ball State University Trust | 4,683 |
| 17 Fraternal Order of Police Trust | 4,525 |
| 18 Freemasons | 4,516 |
| 19 Sheriff’s Assoc. Trust | 4,516 |
| 20 Butler University Trust | 4,198 |

Statistics For 2013

With more than 90 special issue license plates on the market, the IAC is pleased to report continued strong support for the Arts Trust license plate. Throughout 2013, the Arts Trust license plate consistently ranked among the top 15 special issue plates in total sales volume.

While the strongest sales figures for the plate have been reported in cities and counties with the greatest population and generally larger number of cultural venues, Arts Trust license plates have been purchased in each of Indiana’s 92 counties.

In mid-2013, BMV discontinued the reporting of sales rankings for special issue plates. At that time, the Arts Trust plate ranked 13th in total sales for the first seven months of the year.

According to donation statistics from the Treasurer of State’s Office, total 2013 sales of the Arts Trust plate were 7,900 which compares with total 2012 sales of 7,783 plates.

Arts Trust License Plate Promotion

The Indiana Arts Commission had been part of the Bureau of Motor Vehicles (BMV) special plate marketing program (UBU) since its inception.

This low cost project allowed for:

- Priority point of purchase placement of promotional rack cards/brochures
- Unique plate promotional banner featured on BMV website and in video displays at BMV branches
- Promotional customized plates for display and other marketing purposes
- Public service announcements by BMV on their pre-recorded messaging system
- Monthly plate sales reports and customer opt-in contact information



IAC website banner for the Arts Trust plate links to BMV website for online plate purchase or renewal.

Display ad created for Evansville Philharmonic Orchestra's season program.

At least temporarily, BMV will end this promotional program in 2014 as it further studies the impact of special issue license plate legislation passed during the 2012-2013 legislative session. The Indiana Arts Commission continues to market the plate through a variety of channels including our Regional Arts Partner organizations, display ad placement (free as a condition of grant awards) in season programs of our largest arts organizations, our website, e-newsletters, and direct e-blasts to plate customers.

The IAC also utilizes the customer contact information to send annual e-postcards thanking customers for their support, and we send monthly greeting cards to customers who have purchased multiple plates.

We strategically time these mailings approximately one month prior to their scheduled plate renewal deadline. This serves a multiple purpose of not only thanking them, but giving them a gentle reminder that their plates are just about due.

ANTICIPATED 2014 CULTURAL TRUST PROGRAM ACTIVITY

Based on our past sales records and customer loyalty, we are optimistic our 2014 Arts Trust plate sales will remain steady or grow with an improving economy.

In spite of a drop in plate sales in 2012 from 2011, we are encouraged that total plate sales in 2013 rebounded to near record sales levels prior to the economic downturn. As the economy and employment continues to improve, we are optimistic about future sales continuing to improve as well.

With increased awareness of the Arts In Education program by teaching artists and impact of previously funded projects, we also anticipate increasing numbers of program grant applications.

IN SUMMARY

The Indiana Arts Commission is excited by the realization of reinvesting revenue from the Trust into Arts In Education projects, and eagerly looks forward to continuation of this much needed program.

These projects provide a good first step in creating public interest in the Trust, increased sales of the Arts Trust license plate, but most importantly bringing creative opportunities to young people who will be the Indiana artists and arts consumers of the future.

Many of our schools have been forced to make tough choices to scale back or eliminate arts opportunities for students. The dynamic workforce of the future will require more than the basic core subjects of math, science and English. It will require students with creative thinking skills to take these core subjects to a higher level. Study after study has proven a direct link between academic achievement and exposure to art, music, and cultural studies.

The Indiana Arts Commission remains appreciative of the continued support of the Indiana General Assembly in the mission it has entrusted to it in overseeing the investment in, and nurturing of Indiana's cultural future.

For further information about the Cultural Trust, the Arts Trust special group license plate, or the Arts In Education program, please visit the IAC website: <http://www.in.gov/arts/artstrustplate.htm> or contact:

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