

# NATIONAL ENDOWMENT FOR THE ARTS

## FY 2004 Final Performance Plan (Including FY 2003 Adjustments)



Submitted to the Congress  
February 2003

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## *NATIONAL ENDOWMENT FOR THE ARTS*

### ***Vision***

A Nation in which artistic excellence is celebrated, supported, and available to all.

### ***Mission***

The National Endowment for the Arts enriches our Nation and its diverse cultural heritage by supporting works of artistic excellence, advancing learning in the arts, and strengthening the arts in communities throughout the country.

### ***Goals***

#### **Artistic Creativity and Preservation**

To encourage and support artistic creativity and preserve our diverse cultural heritage.

#### **Learning in the Arts**

To advance learning in the arts.

#### **Access to the Arts**

To make the arts more widely available in communities throughout the country.

#### **Partnerships for the Arts**

To develop and maintain partnerships that advance the mission of the National Endowment for the Arts.

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**National Endowment for the Arts**  
**FY 2004 PERFORMANCE PLAN**  
**February 2003**

**I. Planning and Budget Integration**

The National Endowment for the Arts' FY 2004 Performance Plan and FY 2004 Budget of \$117.48 million are integrally linked with one another; the Agency's general goals from our recently revised Strategic Plan were used to build the FY 2004 budget request. Our commitment to being guided by the Strategic Plan in our ongoing operations is particularly evident in:

- C The Budget, where our funding categories mirror the general goals from our Strategic Plan, and
- C The Performance Plan, where the performance goals and indicators build on the general goals.

It should be noted that we have applied the new framework from our Strategic Plan to activities beginning with FY 2003. Thus, we are revising the presentation of our estimated FY 2003 performance to align with this new framework.

**II. Performance Goals, Measures, and Highlights**

When examined as a whole, the breadth of accomplishments that we expect to achieve – both directly and indirectly – under our FY 2004 request is impressive. With a budget of \$117.48 million, the Arts Endowment will enable citizens across the Nation to have access to the arts through concerts, performances, readings, tours, and exhibitions; creation and preservation of work; workshops, seminars, demonstrations and presentations; and residencies in and out of school. The number of communities reached throughout the Nation is expected to exceed 4,000; the number of individuals benefiting – exclusive of television and radio broadcast audiences – should number well over 50 million. Hundreds of grants will be awarded to reach boundaries beyond the State in which the grant recipient resides.

The programmatic framework contained in the FY 2004 request highlights four broad funding areas, which reflect our recently-revised Agency goals: Artistic Creativity & Preservation; Learning in the Arts; Access to the Arts; and Partnerships for the Arts. Our core activity remains similar to that of recent years; however, we have more clearly focused the intent of each of our funding areas and we have identified certain initiatives that will complement and enhance our core activity.

The table that follows the narrative presents FY 2003 estimates and FY 2004 projections side by side, which build upon prior year – especially FY 2002 – data, and it includes all performance goals (outcomes) and associated performance measures (indicators). It also shows the allocation of programmatic resources to goals, and highlights target levels of performance for selected indicators that we believe represent our most significant activity. A later portion of the narrative discusses our plans for qualitative performance measures to complement the quantitative measures found in the table.

Our performance goals for FY 2003 and FY 2004, organized by our recently revised Strategic Plan general goals, are found in the table on the next page:

# Summary of Strategic Plan Goals and Outcomes

## Goals

Artistic Creativity and Preservation	Learning in the Arts	Access to the Arts	Partnerships for the Arts
To encourage and support artistic creativity and preserve our diverse cultural heritage.	To advance learning in the arts.	To make the arts more widely available in communities throughout the country.	To develop and maintain partnerships that advance the mission of the National Endowment for the Arts.

## Outcomes \*

1. Artists and arts organizations have opportunities to create, interpret, present, and perform artistic work.	1. Children and youth demonstrate skills, knowledge, and/or understanding of the arts.	1. Audiences throughout the Nation have opportunities to experience a wide range of art forms and activities.	1. State arts agencies and regional arts organizations enable the Arts Endowment to make the arts available in more communities than it could directly.
2. Artistic works and cultural traditions are preserved.	2. Teachers, artists, and others demonstrate knowledge and skills necessary to engage children and youth in arts learning.	2. Artists and arts organizations expand and diversify their audiences.	2. State arts agencies, regional arts organizations, and the Arts Endowment work together to achieve common or complementary goals.
3. Organizations enhance their ability to realize their artistic and public service goals.	3. National, State, and local entities demonstrate a commitment to arts learning for children and youth.	3. The arts contribute to the strengthening of communities.	3. Other public and private sector organizations support arts activities that advance the mission of the Arts Endowment.

\* NOTE: These outcomes refer to the intended results of Agency funded grant projects and activities with arts organizations, arts service organizations, educational institutions, units of government, individuals, and other public and private sector organizations involved in arts activities.

### III. Meeting the Performance Goals: Required Resources and Operational Processes

#### A. Grantmaking

Historically, the primary means for attaining our performance goals has been the awarding of grants and cooperative agreements for specific arts projects. In recent years we have greatly improved our ability to accomplish our goals by also undertaking or strengthening our leadership, convening, research, communication and dissemination, and partnership activities. The principal resource required is the programmatic funding necessary to support these efforts.

#### B. Operations

Programmatic funding alone, though, is insufficient to accomplish our goals. Adequate and highly skilled staff, reliance upon merit review of grant applications, implementation of efficient and effective processes, and sufficient resources to acquire the tools to support the staff, merit review, and operations are essential to achieving our performance goals.

C *Highly Skilled Staff.* Whether overseeing finance, budget, or personnel; providing professional expert advice on theater, dance, music, or literature; assessing efficiency or effectiveness of processes and procedures; or ensuring availability of technological support and services, highly skilled staff are necessary. Following a reduction-in-force (RIF) in 1995, necessitated by a 40 percent reduction in funding, we reassessed the positions essential to accomplishing our mission while recognizing the necessary balance between professional and clerical skills. Today, we operate with approximately 150 positions – some 125 positions **below** the pre-RIF staffing level. With the availability of improved technology and the need for considerable professional experience, fewer clerical positions exist today.

C *Reliance Upon Merit Review.* One particular process stands out as critical to our work: our **national merit review system**. Through this system, we are able to draw upon the services of hundreds of arts practitioners and knowledgeable laypersons from across the country who review grant applications submitted to the Arts Endowment; their judgments weigh heavily in our funding decisions. In turn, the active participation of these advisory panelists plays a significant role in enhancing the credibility and fairness of the primary tool for achieving our goals, the awarding of grants.

C *Improved Processes, Procedures, and Resources.* Even before the advent of the current e-Gov initiatives, we recognized the need to greatly improve our technological capabilities. To date, we have implemented a Local Area Network (LAN), converted our core mission-critical grants, financial management, and panel database systems from a Wang Laboratories mainframe to the networked platform, and unveiled an electronic grant application system for use by our State and Regional partners. These accomplishments contribute greatly to the attainment of our performance goals.

Finally, to maintain highly skilled staff and to fully utilize improvements in technology, adequate resources must exist to support the following:

- C **Training** - skills-based, supervisory, and technology-based; and
- C **Physical Office Environment** - adequate and properly equipped space essential

to productive work. It should be noted that we have been advised that we must relocate from our present space; the Budget Request contains detail on this matter.

#### IV. Verifying and Validating Performance Measures

##### A. Data Quality and Improvement

With the implementation of the GPRA, we began to consider the type of information we would collect to convey accomplishments. Initially, our capacity to collect and report on that data was limited. Over the past few years, we have made considerable progress in improving the information collected and its reliability. Today, we are able to collect information about the reach of the Agency that was not possible a few years ago. Equally important, we have developed tools that enable us to aggregate, report and assess this information. Critical to this effort was feedback received from grant recipients.

Grantees were contacted to elicit their perspective on the data requested, clarity of request, format for requesting, and intended use. More than 70 percent of those contacted provided responses. The results have been incorporated into the current data collection instruments that are being used for all grant projects beginning with FY 2003 grants.

The information now collected includes audiences served; numbers of artists participating; and numbers of communities reached through Arts Endowment-supported projects. The process we have developed over the past several years for monitoring – and revising as necessary – our data collection tools and methodology will ensure that we have accurate and reliable data in the years ahead.

##### B. Data Availability and Projections

When we submitted our Performance Plan for FY 1999, we identified indicators but did not provide estimates. We noted then that we did not have baseline or historical information sufficient to judge the level of activity or accomplishments that would result from our grant making. We significantly modified our programming in FY 1996 following a Congressionally mandated reduction in funding. Nonetheless, the Office of Management and Budget insisted at that time that we make such projections.

During the past few years, we have attempted to make these projections. We noted that they were difficult to make and influenced by a number of factors including:

- C the **significant time-lag** between the end of the fiscal year in which the grant was awarded and the submission of final reports C which contain information on actual accomplishments (Note: we currently collect performance data at various times prior to the receipt of the final report; however, actual accomplishments are not known until final project reports are submitted), and
- C **applicant discretion.** Eligible applicants have full discretion about selecting a category of support and the nature of their projects. The Arts Endowment issues guidelines for organizations submitting applications that identify areas of funding and the types of eligible projects. Based on historical data, we estimate numbers of applications and types of projects or activities to be funded; however, it is not until the applications are actually received and reviewed that a clearer picture emerges. From year to year, applicant interests may change from one area to another or from one type of project to another, thus adding to the challenge of



making reliable estimates.

We had initially anticipated that a minimum of 21 to 24 months would have to pass following the close of a fiscal year before sufficient information would be received to fully assess that year's accomplishments. In fact, we have since determined that at least 24 months may pass before 90 percent or more of the final reports for a given fiscal year are received. With the improvement of our data collection processes, we may conclude that we are able to make reliable projections with a lower percentage of final reports in hand.

With the above points in mind, we offer the following observations:

1. In FY 2002, improved data collection tools went into use, with full implementation scheduled to occur in FY 2003.
2. FY 2003 marks the start of a new programmatic framework.
3. Estimates for FY 2003 and projections for FY 2004 are influenced by FY 2002 results to date.
4. Preliminary results of FY 2003 accomplishments will be available during the course of FY 2003, but actual results will not be known until final reports are received.

## V. Evaluation of Program Effectiveness

Historically, the Arts Endowment has employed a variety of approaches to evaluate or assess program accomplishments. For example, we have relied upon:

- **Advisory Panels** to assess the merits of grant applications and to participate in policy discussions that help assess Agency effectiveness and guide future strategies. These citizen panels are composed of artists, arts professionals, and lay people who are knowledgeable about the arts.
- **Review of Grant Final Reports** to assess the impact and reach of each grant, and to determine whether projects have been carried out consistent with the stated grant purpose and original project description.
- **Targeted Research** to develop information necessary to inform policy. These efforts include examining demographic information on public participation in the arts or studying the effects of cultural activity on the economy.
- **Issue-oriented Convening** to inform program and policy development. Issues addressed may focus, for example, on a specific discipline or opportunities for public-private partnerships.

During our recent Strategic Plan revision process we decided to establish a routine assessment process intended to determine how effective Agency grant programs are in achieving Arts Endowment programmatic goals and outcomes. Elements of the planned assessments include:

1. Relying on appropriate sampling;
2. Using government and private sector expert reviewers;

3. Considering various types of projects, as well as arts disciplines supported;
4. Undertaking assessments annually;
5. Reporting results in Agency Performance Plan and budget submissions.

Specifics are still under development and will be reflected in updated Performance Plans. We expect that evaluations will be aided considerably by grantees' identification of project outcomes in their final reports beginning with FY 2004 grants.

## **VI. Management Issues**

In conjunction with the development of our revised Strategic Plan, we devoted considerable attention to management issues and concluded that:

1. We needed a new management goal that recognized the relationship between management activities and achievement of our mission.
2. We needed to identify actions we could take to improve our services to the public.
3. We needed to review our internal operations to ensure efficiency and effectiveness of operations.
4. Direct attention to human capital is essential in all management initiatives.
5. The relationship between budget and performance should be improved.
6. We needed to review our organizational structure to ensure that it is aligned with our goals, facilitates communication with the public, provides for effective and efficient operations, and is cost-effective.
7. We needed to adjust our workload in light of available resources.

Each of these conclusions is discussed briefly below.

1. **Management Goal.** The Arts Endowment is committed to serving the American people through the fair and responsible awarding of grants, contracts, and leadership initiatives. Through sound business practices, effective and responsible use of resources, and innovative and dynamic leadership, the Agency achieves high performance and accountability. As such, our management goal is:

*To enable the Arts Endowment to achieve its mission through effective, efficient, and responsible management of resources.*

2. **Improving Service to the Public.** There are many ways in which the Arts Endowment continually interacts with the public. To improve service in key areas, we decided that we will:
  - Explore modifications to our application guidelines that remove unnecessary requirements and confusing restrictions.

- Continue to ensure broad representation on our application review panels.
  - Pursue the use of technology as a vehicle to improve application and grant processing including application submission, notification to applicants of Agency decisions, and grant administration such as submission of final reports. To this end, we actively participate in government-wide efforts to streamline grantmaking and to implement e-grants.
  - Improve our Web site to ensure ease of use and increased access to information.
- 3. Improving Overall Operations.** We continually evaluate our business practices, which regularly produces efficiencies. However, with the desire to infuse technology more fully into our operations, and given the available resources, we have undertaken a formal Business Process Review (BPR). Relying upon private sector expertise, we are developing detailed documentation of our operations, including recommendations for operational and system improvements. Subsequently, we will implement directly those improvements determined to be appropriate and feasible. Implementation of those improvements that necessitate use of technology will require private sector assistance. We expect to complete the first phase of our business process review early in FY 2003 (receipt of the contractor's report is expected soon), with the subsequent phase extending into FY 2004. During Fiscal Years 2003 and 2004, we also plan to identify and implement opportunities to automate more fully our financial management operations. This, we believe, is an important element of operational improvement.
- 4. Attention to Human Capital.** We have always focused on human capital; however, at a time when resources are limited, a new examination of human capital is warranted. We intend to implement a Human Capital Plan in FY 2003 that, among other things, will focus on the need to ensure that:
- Employee skills align with position requirements.
  - Staff receive desired and relevant training.
  - Critical vacancies are filled as quickly as possible.
  - Employees have opportunities to participate in work and family-friendly programs.
  - Incentive programs are appropriately used to recognize and motivate performance.
- 5. Budget/Performance Integration.** The American people demand and deserve clarity of purpose and evidence of achievement. Fulfilling these demands requires a well-established approach to assessing programs and using that assessment to determine priorities. We are taking two important actions to integrate budget and performance:
- Outcomes have been developed for all program areas – outcomes that we believe are appropriate for the specialized work of the Arts Endowment. Beginning in FY 2004, applicants will be required to identify the relevant outcomes on their

application forms. However, in FY 2003, since the application forms were developed before we made this change, Arts Endowment staff will identify the outcomes and enter that information into our grants management database.

- As discussed previously, we will establish a routine evaluation function that will annually assess Agency program activity, document accomplishments, and identify opportunities for improvement, as appropriate.

**6. Organizational Structure.** The integration of planning, process, and budget necessitate a review of the availability and allocation of resources necessary to achieve desired goals. We have initiated such a review and have made some preliminary findings. These findings will be further examined over the coming year and adjustments made as appropriate. Some of these preliminary findings are outlined below. Note that some of the findings can be acted on in a relatively short time frame; others will take longer.

- Organizational structure should be clearly aligned with the Agency's Strategic Plan and goals.
- Organizational reporting and working relationships should be reviewed to improve Agency effectiveness and increase flexibility in the management of work.
- Given existing resources, reduction in the number of established positions is necessary.
- Allocation of resources should be examined to determine the most efficient use of human and financial resources.
- It is desirable to establish entry-level positions with improved career development opportunities.

**7. Agency Workload.** Subsequent to an approximately 40% reduction in Agency funds and staffing in FY 1996, we recognized that available staff and resources could not handle previous application and grant workloads. Estimates of a manageable workload based on previous patterns and staffing ratios were 2,000 – 3,000 applications and 700 – 900 grants annually. In FY 1997, the Agency received almost 3,300 applications and awarded more than 1,100 grants. The staff totaled approximately 150. By FY 2002, the number of applications increased by nearly 70% to more than 5,600, and the number of grants increased by 100% to 2,200 – all while staffing remained level. We currently project that the grant application workload will continue to increase unless something is done to control those increases.

Efficiencies in process and realignment alone cannot address the growing imbalance between workload and staffing. To address this imbalance, we intend to examine our grantmaking programs and activities and identify opportunities to adjust eligibility requirements – with the intent of reducing the numbers of applications received and grants awarded commensurate with the available financial and human resources. Concurrent with this effort, we will be mindful of our commitment to ensure broad geographic reach in our grantmaking.

Addressing the management issues identified above will improve our interaction with the public, our operational effectiveness and efficiency, and our ability to achieve the performance goals included in this FY 2004 Performance Plan.

**National Endowment for the Arts  
FY 2004 PERFORMANCE PLAN  
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GENERAL GOALS AND PERFORMANCE GOALS (OUTCOMES)	FUNDING AREA	SELECTED PERFORMANCE MEASURES (INDICATORS)	FY 2003 Estimated Performance			FY 2004 Projected Performance		
			# of Awards	\$	Target Levels	# of Awards	\$	Target Levels
The Arts Endowment is committed to implementing both quantitative and qualitative performance measures. This table includes representative quantitative measures; the accompanying narrative portion of this report discusses qualitative measures.								
1. ARTISTIC CREATIVITY AND PRESERVATION: Encourage and support artistic creativity and preserve our diverse cultural heritage.	Artistic Creativity and Preservation		1,125	\$ 30,710		1,120	\$ 30,200	
a. Artists & arts organizations have opportunities to create, interpret, present, & perform artistic work.		<i>The number of projects whose primary purpose is to create or present art.</i>			800-850			800-850
		<i>The number of artists participating in projects whose primary purpose is to create art.</i>			60,000-80,000			60,000-80,000
b. Artistic works & cultural traditions are preserved.		<i>The number of projects whose primary purpose is the presentation of diverse cultural traditions.</i>			20-25			20-25
		<i>The number of projects whose primary purpose is to repair, restore, or conserve artistic works.</i>			30-40			30-40
c. Organizations enhance their ability to achieve their artistic & public service goals.		<i>The number of projects whose primary purpose is professional development for staff of organizations that provide arts activities.</i>			20-25			20-25
2. LEARNING IN THE ARTS: Advance learning in the arts.	Learning in the Arts		449	\$ 11,350		449	\$ 11,350	
a. Children & youth demonstrate skills, knowledge, and/or understanding of the arts.		<i>The number of projects whose primary purpose is to impart to children &amp; youth newly acquired skills, knowledge, and/or understanding of at least one art form.</i>			135-150			135-150
		<i>The number of children &amp; youth directly participating in projects whose primary purpose is to impart newly acquired skills, knowledge, and/or understanding of at least one art form.</i>			2.3 m			2.3m
b. Teachers, artists, & others demonstrate knowledge & skills necessary to engage children & youth in arts learning.		<i>The number of projects whose primary purpose is to provide professional development opportunities for teachers, artists, &amp; other arts instruction providers.</i>			25-30			25-30
c. National, State, and local entities demonstrate a commitment to arts learning for children & youth.		<i>The number of national initiatives in which the Arts Endowment directly participates that recognize and support the arts as essential to the development of children &amp; youth.</i>			3-5			3-5

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GENERAL GOALS AND PERFORMANCE GOALS (OUTCOMES)	FUNDING AREA	SELECTED PERFORMANCE MEASURES (INDICATORS)	FY 2003 Estimated Performance			FY 2004 Projected Performance		
			# of Awards	\$	Target Levels	# of Awards	\$	Target Levels
The Arts Endowment is committed to implementing both quantitative and qualitative performance measures. This table includes representative quantitative measures; the accompanying narrative portion of this report discusses qualitative measures.								
3. ACCESS TO THE ARTS: Make the arts more widely available in communities throughout the country.	Access to the Arts		435	\$ 14,700		440	\$ 14,700	
a. Audiences nationwide have opportunities to experience a wide range of art forms & activities.		<i>The number of individuals directly benefiting from projects whose primary purpose is to make the arts widely available to the public (excluding broadcast audiences).</i>	40-50 m			40-50 m		
b. Artists & arts organizations expand & diversify their audiences.		<i>The number of projects whose primary purpose is to expand or diversify audiences.</i>	Criteria for collecting this data currently under development.					
c. Communities are strengthened through access to the arts.		<i>The number of projects whose primary purpose is to strengthen communities through access to the arts.</i>	30-40			30-40		
4. PARTNERSHIPS FOR THE ARTS: Develop and maintain partnerships that advance the mission of the National Endowment for the Arts.	Partnerships for the Arts							
<i>State Partnerships</i>								
State & Regional				\$ 24,802			\$ 24,723	
Underserved Set-Aside				\$ 6,712			\$ 6,691	
Challenge America				\$ 6,800			\$ 6,800	
Subtotal State Partnerships			65	\$ 38,314		65	\$ 38,214	
<i>Other Public &amp; Private Partnerships</i>			20	\$ 711		23	\$ 1,071	
Total Partnerships for the Arts			85	\$ 39,025		88	\$ 39,285	
a. State arts agencies & regional arts organizations enable the Arts Endowment to make the arts available in more communities than it could directly.		<i>The number of communities reached through State arts agency and regional arts organization partnership agreements with the Arts Endowment.</i>	2,300-2,500			2,300-2,500		
b. State arts agencies, regional arts organizations, & the Arts Endowment work together to achieve common or complementary goals.		<i>The number of initiatives between the Arts Endowment, the State arts agencies, &amp; the regional arts organizations.</i>	10-15			10-15		
c. Other public & private sector organizations support arts activities that advance the mission of the Arts Endowment.		<i>The number of other government agencies participating in interagency arrangements with the Arts Endowment that support the Arts Endowment's mission.</i>	10-15			10-15		
<b>GRAND TOTAL GRANTMAKING FUNDS 1/</b>			<b>2,094</b>	<b>\$ 95,785</b>		<b>2,097</b>	<b>\$ 95,535</b>	
Cross-Cutting Indicators		<i>The amount of matching funds reported by Arts Endowment grantees.</i>	450-500m			450-500m		
		<i>The number of communities directly benefiting from Arts Endowment-funded projects.</i>	4,000-4,600			4,000-4,600		
1\ See Tables 1 & 2 in Budget for details on sources of funds.								