



## **HB 3048 - Arts Commission and Cultural Trust Merger and Semi-Independence**

The Oregon Arts Commission (Commission) and Oregon Trust for Cultural Development (Trust), currently housed in the Oregon Business Development Department (Department), have jointly determined that they would be better situated to fulfill their respective goals if they were to combine boards and become a semi-independent state agency with a unified mission and the autonomy to pursue that mission. Becoming a semi-independent state agency and merging the two boards would enable greater autonomy and efficiency in providing grants and services that reach almost all Oregon communities.

The Department has been working with the Governor's office and a workgroup composed of Commission and Trust leadership. The goal of the group has been to reach agreement on what a combined semi-independent organization would look like, with the goal of introducing an early session amendment to HB 3048 that would not become operative until the 2027-29 biennium. The Department would then work with Commission, Trust, and the Chief Financial Office over the 2025-27 biennium on setting the new organization's budget and operational structure and effecting the change to semi-independence on July 1, 2027.

The workgroup has been very productive and has focused on a proven model that looks very similar to the Oregon Film and Video Office (Oregon Film). The group created a framework document (see attachment) that was approved unanimously by the full memberships of the Commission and Trust Board in December 2024. A “gut and stuff” amendment to HB 3048 that rewrites large portions of ORS 359 in alignment with the framework is currently being drafted by Legislative Counsel.

The creation of a new semi-independent agency will be able to prioritize arts and culture in a way that is not possible within a larger agency:

- A combined board will enhance efforts to raise the profile of arts and culture and will eliminate confusion between grant makers,
- A semi-independent organization will strengthen the ability of the community to direct resources, including staffing, and will enhance budgetary flexibility to be nimble and make best uses of resources,
- The new model will provide a streamlined, focused, direction with one strategic plan, a unified work plan, and increase efficiency with fewer board meetings, and
- It will provide the ability to seek cost effective solutions for operations and services (e.g. bookkeeping; financial reporting; accounts payable; billing; human resources; payroll/benefits; IT systems and services; and purchasing and contracting).

**Attachment:** Merger and Semi-Independence Framework approved by Commission and Trust

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# Oregon Arts Commission and Cultural Trust Merger and Semi-Independence

Below is a framework for combining the Oregon Arts Commission (Commission) and Trust for Cultural Development Board (Trust) into a new single board, and for the establishment of a new semi-independent state agency.

This framework is the consensus product of a workgroup made up of members of both organizations. If the framework is approved by the full Commission and Trust, it will be the basis of legislation to be proposed during the 2025 legislative session.

## Timing

The plan as discussed retains the current Commission, Trust, and relationship with Business Oregon through the end of the 2025-27 biennium. The bill will put the described changes into statute at the point that the bill becomes effective (likely early October 2025), but the organizational changes are not operative until July 1, 2027.

The Commission, Trust, and Arts Program of Business Oregon (Arts Program) will be directed to report back to the Legislature by a set date with any recommendations for legislative changes to assist in the transition, improve operations, streamline program administration, and so on.

The Commission and Trust will also work with Business Oregon Arts Program staff, the Governor's Office, the DAS Chief Financial Office, and the Legislative Fiscal Office to develop the necessary budgetary changes for the 2027-29 biennium to make the move out of Business Oregon and into a new semi-independent entity.

## The New Board

Beginning on July 1, 2027, both the Oregon Arts Commission and Trust for Cultural Development Board are dissolved. The Oregon Arts and Cultural Development Board (Board) is established with responsibility for oversight and fiscal accountability of the Oregon Arts and Cultural Development Office (Office).

- The new Board consists of 11 members appointed by the Governor, Senate confirmation is *not* required.
- Current members of the Commission and Trust will be eligible for membership on the Board.
- The membership of the Board must reflect the geographical and cultural diversity of the state.
- Membership shall include at least one member with expertise in each of the following areas: heritage, historic preservation, humanities, arts, and museums.

- The House Speaker and Senate President shall each appoint a legislator to be a nonvoting advisory member.
- Terms are 4-years, staggered, and members may serve two full terms. Members serve at the pleasure of the appointing authority. Members shall serve until a successor is appointed and qualifies.
- The Board shall elect a Chair and Vice Chair for such term and with duties and powers necessary to perform the functions of the office as the Board determines.
- Duties of the Board include any applicable duties currently in statute for the Commission and Trust, including policy development and the review and approval of certain grants and disbursements.
- New duties of the Board are modeled after the Oregon Film and Video Office (Oregon Film), and include responsibility for appointment, compensation, and administrative control of the Director of the Oregon Arts and Cultural Development Office; approval of the Office budget; and approval of certain financial transactions, including any expenditures over \$25,000.

### **The New Semi-Independent Agency**

Beginning on July 1, 2027, the Arts Program of Business Oregon is dissolved. The Oregon Arts and Cultural Development Office is created as a semi-independent state agency with responsibility for administration of the work previously managed by the Arts Program.

The Office is a semi-independent agency in the model of Oregon Film and the proposed bill language will borrow heavily from ORS 284.300 to 375 for powers of the agency, division of authorities with the Board, budgetary procedures, required reports, and so on. The Office will *not* generally be subject to the semi-independent state agency statutes found in ORS 182.454 to 182.472.

- The Oregon Arts and Cultural Development Office is under the administrative control of a Director, who is appointed and overseen by the Oregon Arts and Cultural Development Board. The Director will have broad latitude for the day-to-day operations of the Office, including program administration and human resources, but will report to the Board.
- The Office will receive pass-through General Funds through the biennial Business Oregon budget, following the model of how Oregon Film currently receives Lottery Funds. The bill will include language acknowledging this continued obligation but cannot specify a funding amount (see ORS 284.305).
- Duties of the Office include applicable duties currently in statute for the Arts Program and Trust for Cultural Development staff.

- Powers of the Office include a mix of applicable powers currently in statute for the Arts Program and language pulled in from the Oregon Film statutes. This includes the authority to adopt administrative rules.
- Budgeting for the Office follows the Oregon Film model (see ORS 284.365) and is subject to approval of the Board after a public notice period and public hearing.
- The Office shall file with the Governor, the Legislative Assembly and the Legislative Fiscal Officer a biennial report of the activities and operations of the Office. The report shall include a full and complete reporting of the financial activities and transactions of the Office during the biennium.
- The bill will borrow heavily from Oregon Film statutes in determining what other parts of statute apply to the new agency, including statutes for affirmative action, surplus property, debt collection, accounting, Oregon Secretary of State oversight, and so on.

### **Existing Funding Sources, Accounts, Programs, and Staff**

The intent is that all existing funding sources, accounts, staff, and programs of the Arts Program of Business Oregon are retained and moved to the Oregon Arts and Cultural Development Office.

- As discussed above, the Office will receive pass-through General Funds through the biennial Business Oregon budget, following the model of how Oregon Film currently receives Lottery Funds. This state support will allow the Office to continue to receive Federal Funds from the National Endowment for the Arts. The bill will include language acknowledging this continued obligation but cannot specify a funding amount (see ORS 284.305).
- The Cultural Tax Credit and Celebrate Oregon! license plate programs will continue, but with administration through the Office. Visibility and brand of the Oregon Cultural Trust for fundraising and license plate promotion will be retained.
- The existing Arts Trust Account and Trust for Cultural Development Account (including any interest earnings and Trust Permanent Fund monies currently residing in the Oregon Intermediate Term Pool) are appropriated to the Office for the respective purposes currently described in statute for each account.
- All grantmaking programs and services of the Commission shall continue and be administered by the Office, including the following: Art in the Governor's Office, Arts Access Reimbursement (AAR) Grants, Arts Build Communities (ABC) Grants, Arts Career Opportunity Grants, Arts Operating Support Grants & Small Operating Support Grants, Arts Learning Grants, Governor's Arts Awards, Individual Artist Fellowship, Percent for Art, and Poetry Out Loud. The Board shall have responsibility for grant approval on programs where current statute requires approval by the Commission. Not

all programs appear in statute, and changes to administrative rule will be necessary for those programs to continue.

- All programs of the Trust shall continue and be administered by the Office, including the following: Cultural Coalition/Participation Grant, Cultural Development Grant, Cultural Partner Grants, and Oregon Poet Laureate. The Board shall have responsibility for grant approval on programs where current statute requires approval by the Trust. The “waterfall” distribution of funds to partners continues as currently described in statute, but the portion of funds currently dedicated to the Commission is directed to the new Office to fund arts programs. Not all programs appear in statute, and changes to administrative rule will be necessary for those programs to continue.
- The intent is that all Arts Program staff, including staff supporting the Trust, will transfer to the new semi-independent agency. Staff will continue to be PERS eligible and will have access to benefits comparable to what they currently enjoy. Staffing levels and compensation are a budgetary matter and will not be addressed in the bill, these issues will be managed going forward by the Director of the Office with oversight by the Board.