Agency Transformation: Quasi-Governmental Entities
This learning expedition was hosted by Portland Center Stage at the Armory, a facility dramatically transformed from a neglected fire hazard (an old National Guard munitions storage site) into a vibrant, Platinum LEED-Certified performance venue.
Facilitated by NASAA, the session featured the stories of three state agencies that became "quasi-governmental" entities to gain more agility in pursuing their public service missions.
We set the stage for the three case studies by recalling a 2015 Leadership Institute dialogue on the future of state arts agencies. That discussion, captured by a graphic recorder, surfaced the need to:

- Grow public resources for the arts
- Democratize who benefits from arts funding
- Do more transformational work, especially outside of the 501c3 grantee model and around equity and inclusion
- Create a multi-generational movement to support the arts
- Work across the sectors to solve complex problems
To effect these changes, state arts agencies are interested in learning about new business models... and creating new business and policy opportunities within existing structures. That’s the impetus for this session.
Session attendees at the Armory noted that state arts agencies are unusual entities within state government... our missions and operations are unique.
State arts agencies occupy a variety of positions within the structure of state government, each of which has its advantages and limitations.
“Variation is good because there never will be one best strategy for all SAAs. States differ from one another in their ideas about how best to use their resources to support the arts. Material conditions within particular states make some purposes feasible and others not. The variation is a successful adaptation to particular political, social, and economic conditions.”

Mark H. Moore
Harvard University, Kennedy School of Government
Creating Public Value through State Arts Agencies
There are distinct authorities and advantages to being a government agency... and distinct limitations, too. Session participants discussed:

**Our Superpowers**

- Authority to set the arts agenda & priorities for the state (through planning and policy)
- Resources and authority to award grants (which incentivize good practices)
- Relationships with other government agencies
- Information and a statewide perspective
- Ability to convene the sector
- Connections to lawmakers
- Continuity – taking the long view

**Our Kryptonite**

- Bureaucracy
- Red tape
- Limited resources, both financial and human
- Barriers to staffing, contracting, procurement
- Political vicissitudes
- Lack of diversity
- Negative attitudes toward government
- Slow to change
To blend the best of government and the private sector, some state governments are experimenting with new structural models.

**Quasi-Governmental**

\[ kwā- zī- gə - vər(n) - 'men-təl \]
Quasi-government entities are usually established by statute to fulfill a government purpose. Such entities are typically:

- Granted a full or partial exemption from taxation
- Dependent on government allocations
- Under the active oversight of government
- Led by senior individuals appointed by government
- Subject to public reporting requirements
“A quasi-independent state entity means an organization that has been established by the legislature as an independent board, commission or agency to fulfill governmental purposes and that receives revenues derived, in whole or in part, from state or federal taxes or fees.”
A Guide to Utah’s Independent Entities

**Independent State Agency:** Created and owned by the State but is independent of the Governor’s direct control.

**Independent Public Corporation:** Created by the State for the administration of a public purpose.

**Independent Quasi Public Corporation:** Created by the State and has accepted from the State a franchise or contract for the performance of a public purpose.
To explore the potential of this structural model, NASAA invited three states to describe the freedoms and advantages they enjoy by virtue of their quasi-governmental status.
We also asked them to be honest about the downsides and hazards.

If the grass is greener on the other side, there's probably more manure there.
SECRET MEETINGS TO SHAPE THE WORLD
TRAVEL OREGON’S VISION
A better life for Oregonians through strong, sustainable local economies.

TRAVEL OREGON’S MISSION
We inspire travel that drives economic development. Through innovation and partnerships, we share the stories of Oregon’s people and places, ensuring the preservation of Oregon’s way of life and natural places.
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TRAVEL OREGON
Todd Davidson, Chief Executive Officer
LEGISLATIVE ACTION

2003 LEGISLATION (HB 2267)

• Implemented 1% Statewide Lodging Tax to fund Oregon Tourism Commission, dba Travel Oregon

• Established Travel Oregon as a semi-independent state agency

• Protected local lodging taxes
  o Existing local rates and allocations for tourism were “grandfathered”
  o Future increases in local lodging tax rates require at least 70% dedicated to tourism

2016 LEGISLATION (HB 4146)

• Increased state lodging tax from 1% to 1.8% effective July 1, 2016 & decreases to 1.5% effective July 2020

• Directs 20% of state lodging tax to implement a Regional Cooperative Tourism Program & 10% to a competitive grants program
OREGON TOURISM PERFORMS

<table>
<thead>
<tr>
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<th>In 2003</th>
<th>In 2016</th>
<th>Change</th>
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<tr>
<td>Direct Employment</td>
<td>84,000 jobs</td>
<td>109,500 jobs</td>
<td>+30%</td>
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<tr>
<td>Employee Earnings</td>
<td>$1.7 billion</td>
<td>$3.1 billion</td>
<td>+82%</td>
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<tr>
<td>Visitor Spending</td>
<td>$6.5 billion</td>
<td>$11.3 billion</td>
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<tr>
<td>Taxes (State/Local)</td>
<td>$246 million</td>
<td>$507 million</td>
<td>+106%</td>
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Source: Oregon Travel Impacts, Dean Runyan Associates, 2017
THANK YOU
Alaska State Council on the Arts

Becoming a quasi-governmental entity ~
what a long strange trip …
What were we looking for?
Ease of operations, less bureaucratic frustration, avenues to more funding?

*All of the above!*
Identifying the problem(s) with the status quo.
ASCA is enabled by Chapter 27 of Title 44 of the Alaska Statutes

• What did we know we wanted to change, why, and how?
• We had had recent, frustrating problems with the State Procurement Code and we knew other agencies were exempt, so a direct exemption would go into the bill.
• There were a limitless number of things we could change, but we looked at NASAA’s spreadsheet of SAA characteristics, which spells out numbers, processes and other key detail
• There were good reasons to keep some things the same, but to change others …
• We decided we didn’t want to make changes just for the sake of making changes.
State Arts Agency Council Terms, Powers and Duties

Introduction

Every state arts agency (SAA) is led by a supervisory body known as a council, commission or board. These councils, as they are commonly called, are mandated by state statutes. In addition, the National Endowment for the Arts (NEA) requires SAs to have "an independent board, council, or commission whose members serve in an advisory or policy-making capacity" for the SAA to be eligible to receive NEA Partnership Agreement funding.

Though they consist of citizens and, in some cases, political appointees sharing their expertise and service for free or for small stipends, councils are robust instruments of organizational governance as well as government oversight. Like boards of directors for nonprofit organizations, councils provide leadership through strategic planning, regularly scheduled meetings and public visibility. And as public servants, council members work to ensure state arts agencies fulfill their legal responsibilities. In these functions, SAA councils facilitate public support of the arts.

This report considers the legislated powers and duties common to many SAA councils as well as each council’s specific operating terms, such as:

- the number of council members
- how council members and chairs are selected
- how long council members serve

SAA Council Terms by the Numbers

Average number of council members: 15

How council members are selected:
- Governor appoints in 40 states (in 15, advice and consent of another state body required)
- Governor and legislature both appoint according to formula in 8 states

Do members serve term or at governor’s pleasure?
- Terms limit in 47 states (in 8, governor has discretion to remove members prior to term end)
- Combination of term and at pleasure of governor or appointing authority in 4 states

Term lengths:
- 3-year term in 21 states
- 4-year term in 12 states
- 5-year term in 8 states
- 6-year term in 2 states
- Term lengths vary in 7 states

Consecutive terms allowed:
- Consecutive terms allowed in 40 states (in 1 additional state, they are allowed only for legislative members of the council)
- Consecutive terms not allowed in 9 states

How chair is selected:
- Council elects in 21 states

You can access this information at NASAA’s website:

www.nasaa-arts.org
To fix procurement problems and make other key changes, our bill had to be drafted *very carefully*.
We got by with a little help from our friends!
Running it through the hoops of red tape

* Department of Law
* Commissioner of Education
* Governor’s Legislative Office
Then we set off to find bill sponsors …

*People, parties, or something else …*
Representative Harriett Drummond (D ~ Anchorage)
Chair,
House Education Committee
Senator Shelley Hughes (R ~ Palmer)
Chair,
Senate Education Committee
Two committee bills were introduced in February 2017, House Bill 137 and Senate Bill 66.
Friendly first committee of referral ...

*Chaired by our bill sponsor*
The pros and cons of legislation ~ once you have a bill, *anything* can happen …
Some one can always have a bright idea …
Which may not mean that it’s a good idea …

- Shrink the Council from 11 to 9 members?
- Require a report back in six months about how we can generate half of our minimum mandatory legislative appropriation by earned income?
- Eliminate the transfer of staff from the classified to the exempt service?
The answer is actually … NO
Are we in for smooth sailing?
10th April 2017 - HB 137 passes the Alaska House on reconsideration with 40 yea and zero nay votes.
16th April 2017 - HB 137 passes the Alaska Senate
19 yeas and 1 nay
30th June 2017- Governor Walker signs the bill into law.
Can we just take it easy from here on out?

Or is there some work to be done?
There’s a lot to do, so the Trustees will get to work …