

**The City of San Diego
Commission for Arts and Culture**

Award Algorithm Explained

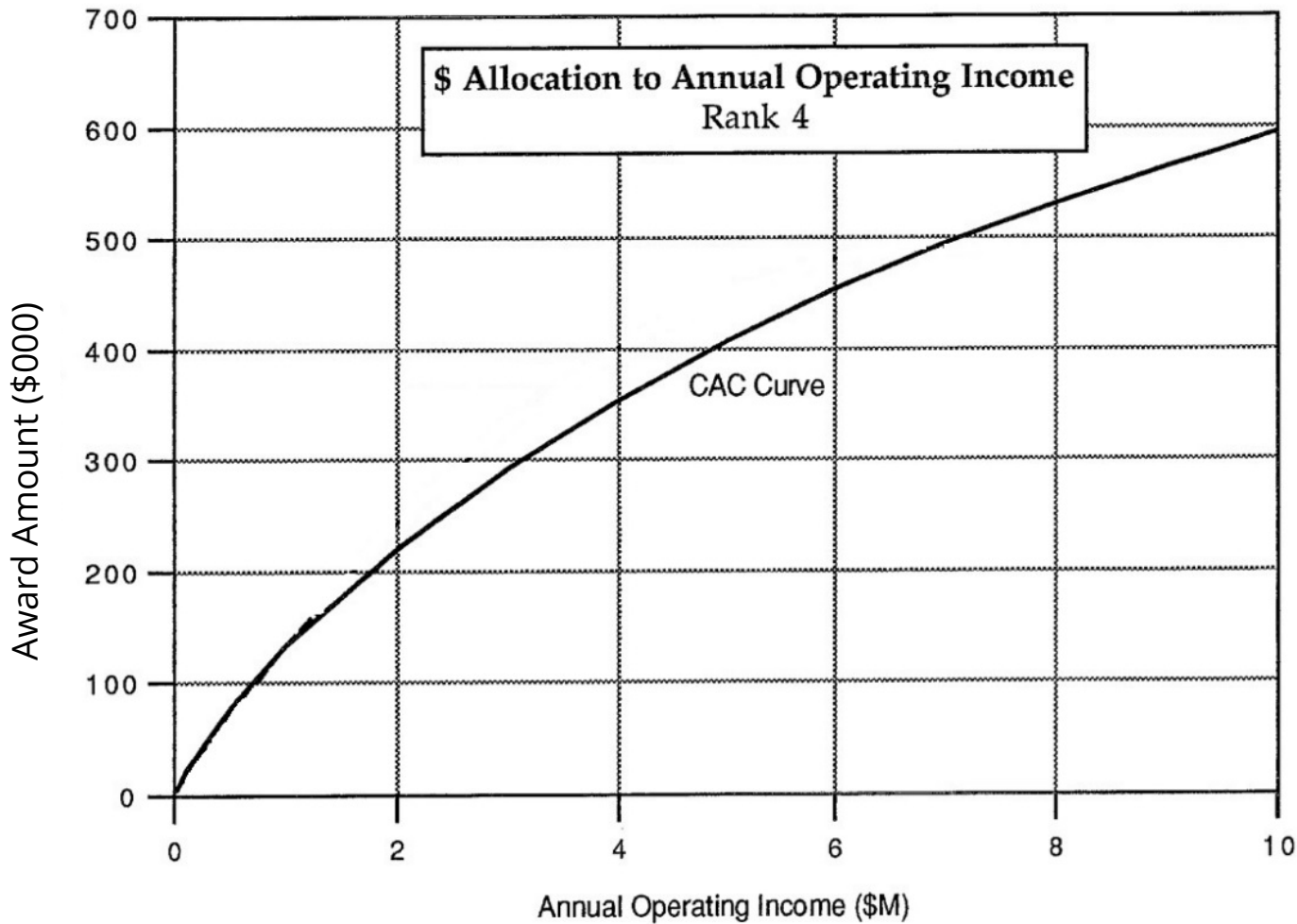
July 21, 2017





The Current Award Algorithm

In 1994 the Commission employed UCSD to create a two-curve mathematical algorithm, modeled after the California Arts Council's.



- The algorithm produces a specific award amount, which is a specified percentage of the applicant's Annual Operating Income (AOI).
- The rank given to the applicant, then determines the percentage of that award amount an applicant can receive.
- The value of the award amount changes based on the total funds available.
- The award amount also changes based on policy limitations such as minimum and maximum award amounts allowed.

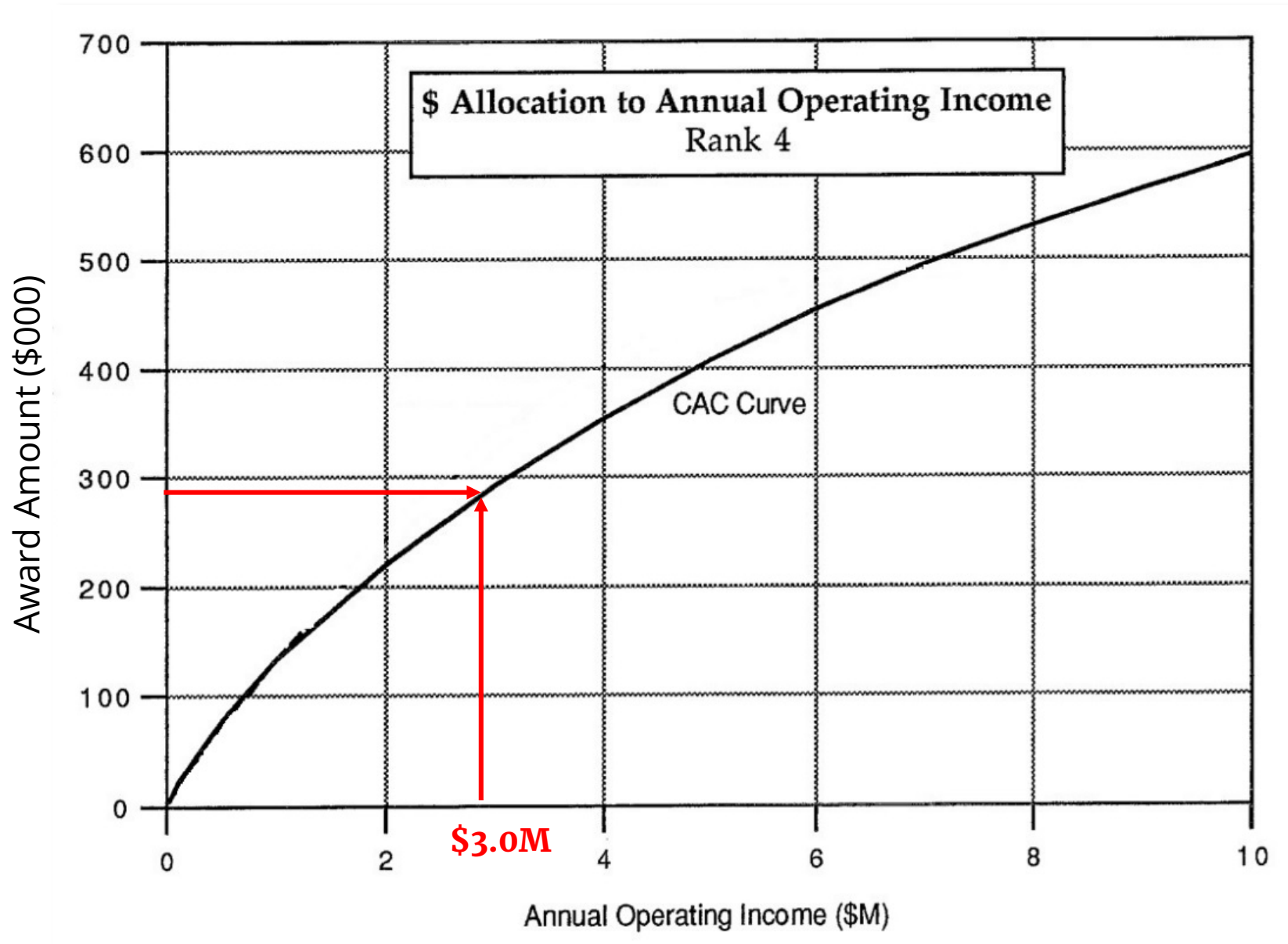


Algorithm Components

- Award amount
- Annual Operating Income
- Rank
- Amount of funds available



Understanding the Algorithm





Understanding the Algorithm: AOI



The algorithm produces a specific award amount, which is a specified percentage of the applicant's Annual Operating Income (AOI).

Example:

AOI = \$25,000

AOI Percentage = 25%

AOI = \$30,000

AOI Percentage = 24.42%

AOI = \$36,000

AOI Percentage = 23.84%

n	CAC Schedule		
	AOI	Allocation	% Alloc
0	25,000	6,250	25.000%
1	30,000	7,326	24.420%
2	36,000	8,582	23.840%
3	43,200	10,048	23.260%
4	51,840	11,757	22.680%
5	62,208	13,748	22.100%
6	74,650	16,065	21.520%
7	89,580	18,758	20.940%
8	107,495	21,886	20.360%
9	128,995	25,515	19.780%
10	154,793	29,720	19.200%
11	185,752	34,587	18.620%
12	222,903	40,212	18.040%
13	267,483	46,703	17.460%
14	320,980	54,181	16.880%
15	385,176	62,784	16.300%
16	462,211	72,660	15.720%
17	554,653	83,974	15.140%
18	665,583	96,909	14.560%
19	798,700	111,658	13.980%
20	958,440	128,431	13.400%
21	1,150,128	147,446	12.820%
22	1,380,154	168,931	12.240%
23	1,656,184	193,111	11.660%
24	1,987,421	220,206	11.080%
25	2,384,905	250,415	10.500%
26	2,861,886	283,899	9.920%
27	3,434,264	320,760	9.340%
28	4,121,117	361,010	8.760%
29	4,945,340	404,529	8.180%
30	5,934,408	451,015	7.600%
31	7,121,289	499,915	7.020%
32	8,545,547	550,333	6.440%
33	10,254,657	600,923	5.860%
34	12,305,588	649,735	5.280%



Understanding the Algorithm: Rank



The rank given to the applicant, then determines the percentage of that award amount an applicant can receive.

Example 1

Museum of Folk Dancing

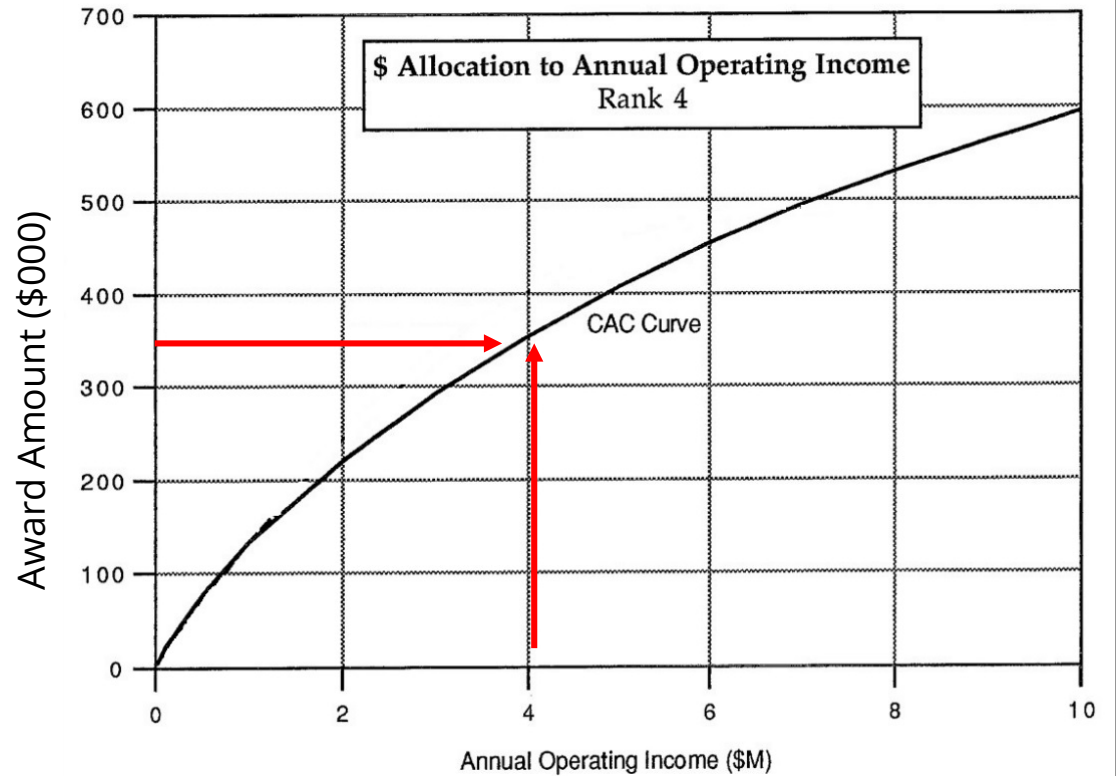
AOI = \$4,000,000

Rank: 4

They receive \$350,000, that is 100% of the award stipulated.

With the rank of 3:

They receive \$297,500, that is 85% of the award stipulated.





Understanding the Algorithm: Funds Available

The value of the award amount changes based on the total funds available.

Example 2

Museum of Folk Dancing

AOI = \$4,000,000

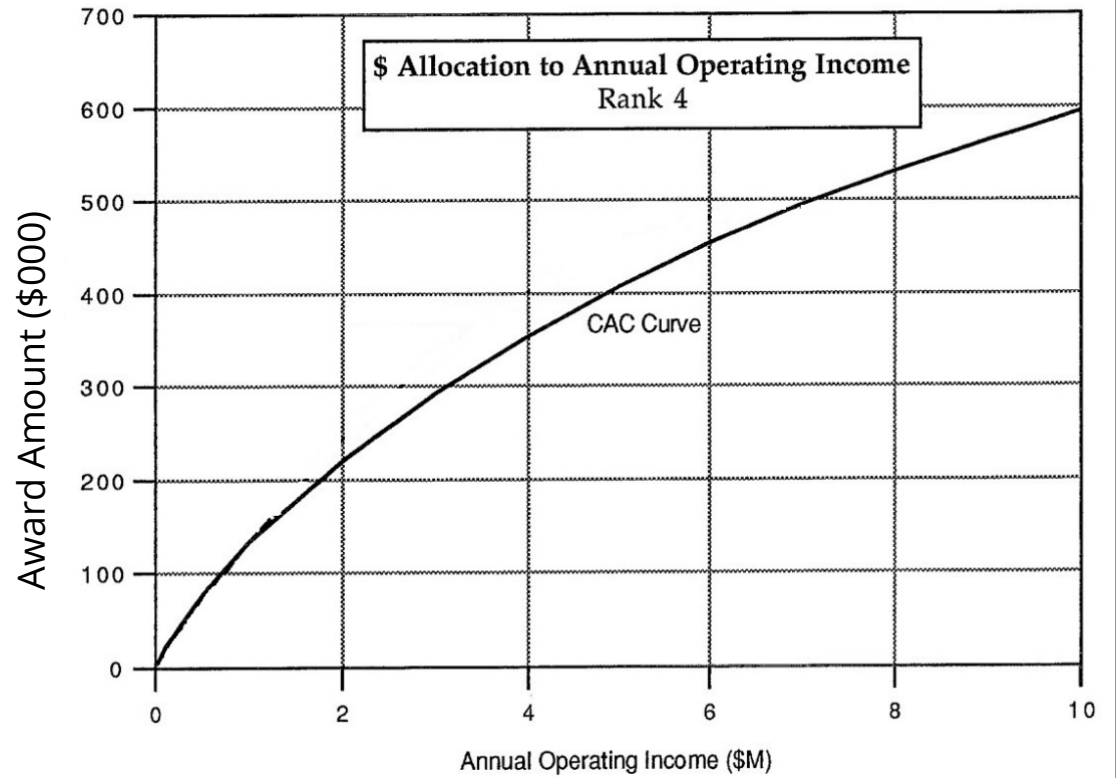
Rank: 4

Based on **\$.89 Curve**

Applicant is stipulated to receive \$361,000.

Then the curve is adjusted to be \$0.89 cents on the dollar to fund all the applicants with the amount of funds available.

Applicant will actually receive \$331,298.





Understanding the Algorithm: Policy Limitations



The award amount also changes based on policy limitations such as minimum and maximum award amounts allowed.

Minimum Award: Based on policy passed by the Commission, the minimum award amount an applicant can receive is \$5000.

Maximum Award: Based on Council Policy 100-03, no applicant can receive more than 10% of the total funds available.





Algorithm Summary

- What is the applicant's Annual Operating Income?
 - ❑ Determines the position on the curve's x-axis.
- Where do the applicant fall on the curve?
 - ❑ Determines the award amount the applicant can receive.
- What is the applicant's rank?
 - ❑ Determines what percentage of that award they are can receive.
- What is the total amount of funds available?
 - ❑ Determines cents on the dollar adjustment to curve based to fit available funds.
- Is the applicant's award Or less than \$5000? Or greater than 10% of available funds??
 - ❑ The award is adjusted based on the policy limitations.



Award Allocation: Other Models

A different model, used by California Arts Council and other funders, uses rank and a request amount to determine award amounts for all applicants.

How it works:

The funder sets specific request amount parameters such as minimum and maximum requests. These parameters can be based on organization's budget size, type of organization or location, etc.

The applicant submits a specific request amount with the application.

The applicant receives a percentage of the request amount based on rank given to the application. Such as all 4s receive 100%, 4- receive 95%, 3+ receive 90%, etc.

Applicants are funded starting from the top ranked and awards are allocated until all the available funds have been expended.



Comparing Two Models

Applicant	Rank	Commission's Algorithm	Quality Model
Balboa Park Cultural Partnershi	4	\$279,058	\$315,000
Finest City Performing Arts	4	\$55,198	\$93,141
La Jolla Music Society	4	\$523,488	\$315,000
Media Arts Center San Diego	4	\$112,987	\$205,200
SACRA/PROFANA	4	\$13,122	\$27,000
Playwrights Project	4	\$49,129	\$72,000
City Ballet, Inc	4-	\$83,268	\$144,000
Classics for Kids, Inc	4-	\$37,717	\$57,312
Cygnnet Theatre Company	4-	\$175,287	\$152,000
Art of Elan	3+	\$20,393	\$24,500
California Ballet Association	3+	\$124,895	\$119,000
CAMARADA	3+	\$13,330	\$14,000
SD Automotive Museum	3	\$50,620	\$54,000
San Diego Writers, Ink	3	\$21,883	\$16,200
Scripps Ranch Theatre	3	\$23,203	\$21,000
Resounding Joy Inc	3-	\$17,665	\$17,500
SD Model Railroad Museum	3-	\$59,254	\$75,648
The PGK Project, Inc.	3-	\$15,482	\$12,500
Womens Museum of CA	3-	\$32,699	\$20,000

Parameters:

Request Amount :

Min: \$5000
Max: \$350,0004= 90%,
4-= 80%,
3+=70%,
3=60%,
3-=50%