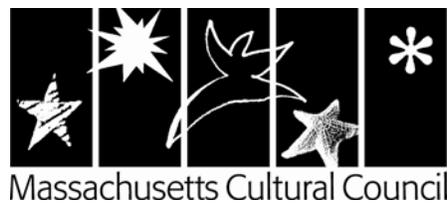


# **The Municipal Guide to Local Cultural Councils:**

## **A Primer for Local Government Officials**

A publication of the Massachusetts Cultural Council



A state agency that supports public programs in the arts, humanities and sciences

The mission of the Massachusetts Cultural Council (MCC) is to promote excellence, access, education, and diversity in the arts, humanities, and interpretive sciences in order to improve the quality of life for all Massachusetts residents and contribute to the economic vitality of our communities.

As a state agency, the MCC receives an annual appropriation from the Commonwealth, as well as support from the National Endowment for the Arts, a federal agency. In addition, the MCC seeks other public and private funding for special initiatives.

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## **About This Guide**

Through a unique partnership between the Massachusetts Cultural Council and municipalities, the Commonwealth of Massachusetts has a network of Local Cultural Councils that is unmatched anywhere in the United States. A Local Cultural Council (LCC) exists in nearly every city and town in Massachusetts....including yours.

This booklet is meant to orient municipal officials to the Local Cultural Council program (formerly called the Arts Lottery Program) and how to work most effectively with your own LCC. It provides a handy reference about responsibilities, procedures, and policies relevant to municipal government's role in helping to achieve the goals of the Local Cultural Council program.

### **Local Cultural Councils: Benefiting the Commonwealth's Communities**

#### **Did you know?**

The funds received by your Local Cultural Council can:

- Support festivals and cultural events which attract visitors to your community, and contribute to the local economy.
- Enhance arts education in local schools.
- Offer environmental education programs for families.
- Preserve historic town documents and landmarks.
- Enable artists and other creative individuals to implement unique projects for the community.
- Leverage other funding through local businesses, individual contributors, private funders and public sources.

There are 2,400 volunteer members on 329 local and regional councils representing 351 cities and towns in Massachusetts.

Local Cultural Councils represent a decentralized funding system that brought a total of more than \$2.65 million public dollars to nearly every city and town in the Commonwealth in FY08.

A majority of Local Cultural Council funds are granted to support education-related activities. Through the PASS program in particular, Local Cultural Councils provide opportunities for school children to make field trips to arts, humanities and interpretive science destinations across the state.

In 2008, there were 5,197 grants awarded totaling more than \$3 million.

As of 2008, **Massachusetts is home to 15,451 arts-related businesses that employ 77,598 people.**

Arts and arts-related businesses, including Local Cultural Council activity, annually generate approximately \$4.2 billion dollars in economic impact in Massachusetts.

In a 2004 UMass poll of voters, 95% of Massachusetts taxpayers agreed that arts education is as important as English and Math.

**It's easy for municipal government to be an effective partner with your Local Cultural Council and to share in the benefits of this successful program.**



Dear Local Official:

Here in Massachusetts, every city and town has something to offer when it comes to arts and culture. The Massachusetts Cultural Council's Local Cultural Council Program is a key resource for supporting the cultural sector, which is itself an engine for tourism, the state's third largest industry. Local Cultural Councils provide funding for public programs in the arts, humanities, and sciences through 329 local councils serving all 351 cities and towns. This unique program is the largest grassroots funding network of its kind in the nation.

As partners with us in administering the Local Cultural Council Program in your community, you are invaluable in ensuring its smooth operation. This *Municipal Guide to Local Cultural Councils* is intended to help you better understand the program and how you can work with your local council to enrich your community.

The Massachusetts Cultural Council is a state agency that promotes excellence, access, education, and diversity in the arts, humanities, and interpretive sciences in order to improve the quality of life for all Massachusetts residents and to contribute to the economic vitality of our communities. We achieve this mission through a series of programs and services, in addition to the Local Cultural Council program, that support nonprofit cultural organizations, school and youth programs, and individual artists.

We are pleased to offer you this resource and hope that you find it helpful. Please do not hesitate to contact us if you need assistance. Thank you for giving support to the local volunteers in your community who manage the local grant process.

A handwritten signature in black ink, which appears to read "Anita Walker". The signature is fluid and cursive, with a large loop at the beginning and a long horizontal stroke at the end.

Anita Walker  
Executive Director  
Massachusetts Cultural Council



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**Massachusetts  
Municipal  
Association**

Sixty Temple Place (800) 882-1498  
Boston, Massachusetts 02111 (617) 426-7272 FAX (617) 695-1314

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Dear Local Official:

Greetings!

Local Cultural Councils are a vital component of community life in Massachusetts, providing more than \$3 million per year in direct community arts, sciences and humanities programs, and serving as a priceless barometer for community cultural venues. The 329 Local Cultural Councils need a strong level of support from their host cities and towns and the Commonwealth to continue to prosper in the years ahead.

This support can best occur if local officials are appropriately informed about how the Local Cultural Councils work. This *Guide* is designed to do just that. In a format that is easy to read, it serves as a reference manual for all local officials – accountants, treasurers, appointing authorities and governing bodies – to understand the goals and mechanics of Local Cultural Council operations. This publication was prepared by local officials and public arts administrators who know how state and local government works here in Massachusetts. As a local government official, you have a vested interest in the success of your community's cultural council, and we hope this *Guide* will be helpful.

The Massachusetts Municipal Association (MMA) was founded in 1979 to serve as the collective voice of cities and towns in advocating for the needs of cities and towns, and to improve the effectiveness of local government. Almost all of local government is about delivering essential services – direct services to residents, programs that are necessary in order to offer people the basic elements of a high quality of life in a modern society. And everyone agrees that education and culture are essential building blocks to the quality of life in every community.

As the executive director of an organization devoted to serving the needs of our cities and towns, and committed to providing you with the tools to build and nurture a full range of community programs, I highly recommend *The Municipal Guide to Local Cultural Councils* and encourage you to use it to benefit the citizens of your community.

Sincerely,

Geoff Beckwith  
Executive Director  
Massachusetts Municipal Association

## **Program Overview**

### ***Local Cultural Council program***

Through the Local Cultural Council program, the Massachusetts Cultural Council (MCC) distributes funds to local and regional cultural councils (LCCs) throughout the state. LCCs, in turn, "regrant" funds to individuals and organizations in their own communities; that is, they grant funds to applicants after the MCC has made an "initial grant" or allocation to a municipality. An LCC is composed of volunteers appointed by the community's chief elected official or board. The purpose of the LCC is to support public projects that promote access, education, diversity, and excellence in the arts, humanities and interpretive sciences in communities across the Commonwealth. Local decision making is an integral element of this system. LCCs have the right and responsibility to award grants that address cultural needs specific to their communities. LCC members decide how to distribute funds in accordance with LCC regulations and guidelines.

### ***Massachusetts Cultural Council***

The Local Cultural Council program is one of several programs administered by the Massachusetts Cultural Council, a state agency. The mission of the Massachusetts Cultural Council is to promote excellence, access, education, and diversity in the arts, humanities, and interpretive sciences in order to improve the quality of life for all Massachusetts residents and to contribute to the economic vitality of our communities. The Massachusetts Cultural Council oversees the Local Cultural Council program as a whole and has final approval on LCC grant decisions.

### ***Source of funds for the LCC program***

The Local Cultural Council program is funded by the Massachusetts Cultural Council. These funds are allocated to the MCC by the state legislature through the annual state appropriation process. In addition to these funds, the MCC receives funds from the National Endowment for the Arts and seeks other limited public and private funding.

### ***How your municipality's allocation is calculated***

The amount of money allocated to each community is determined by using a local aid formula. The formula is based on population and equalized property values in order to provide low-income communities with relatively larger allocations. There is no cash match required of the municipality in order to receive its annual allocation.

### ***Regional councils***

Cities and towns may join together to establish a regional council. Smaller towns may join together to make their allocation go further or join with a larger town or city to take advantage of its services. In a regional council, there must be at least one representative appointed from each community in the consortium. One town must agree to serve as the fiscal agent for the regional body, although this function



***Lakeville Arts Council, Gold Star Award Winner 2008:***  
*The Lakeville Arts & Music Festival features local music, crafts, visual and performing arts, and demonstrations of fine art, pottery, weaving and wood carving.*

may rotate periodically among towns. By forming a regional council, no single community loses money. Regional consortia must be approved by the MCC. Generally, policies and procedures for the Local Cultural Council program apply to both single town and regional cultural councils. (Local councils may consult the provisions of M.G.L. C.10, 5.58).

### ***Key program dates and deadlines***

There is currently one funding cycle per year. While some key dates apply to all local councils, there are some differences between the timeline streamlined councils and non-streamlined councils follow.

- **Late August:** The MCC notifies each Local Cultural Council of its allocation for the coming year.
- **September:** LCC must meet with the council's municipal fiscal officer prior to September 30. The municipal fiscal officer will provide the LCC with a completed LCC Account Form. Any differences in the LCC's accounting and the municipality's accounting should be worked out at this time. Both parties sign the document and the LCC retains the signed original for their use.
- **October 15:** Statewide deadline for applications to be submitted by organizations or individual artists to Local Cultural Councils. This is also the deadline for LCCs to submit the information from their LCC Account Form through Step 2 of the online Summary to the MCC.
- **Non-streamlined council timeline:** Between October 15 and December 1, LCCs review applications. By **December 15** the LCC must complete the online Summary to the MCC and forward recommendations for funding to the MCC for approval. The MCC approves or disapproves LCC recommendations, notifies LCCs, and transfers funds to cities and towns at the end of March.
- **Streamlined council timeline:** Between October 15 and December 30, LCCs review applications, and then complete the online summary to the MCC by the **January 15 deadline**. The MCC transfers grant funds from state to local accounts two to four weeks after the LCC completes the online summary, generally between mid-November and mid-January.

See next page for a complete timeline. Key dates and deadlines may change from year to year. Consult the chair of your LCC for specific information.

### ***Streamlined and non-streamlined Local Cultural Councils***

In the fall of 1999, a new process to streamline the administration of the LCC program was implemented, to allow LCCs with strong local procedures, a history of member training and a clean approval record to receive funds earlier in the year. The MCC's streamlined process pre-approves the grant recommendations from qualified LCCs and:

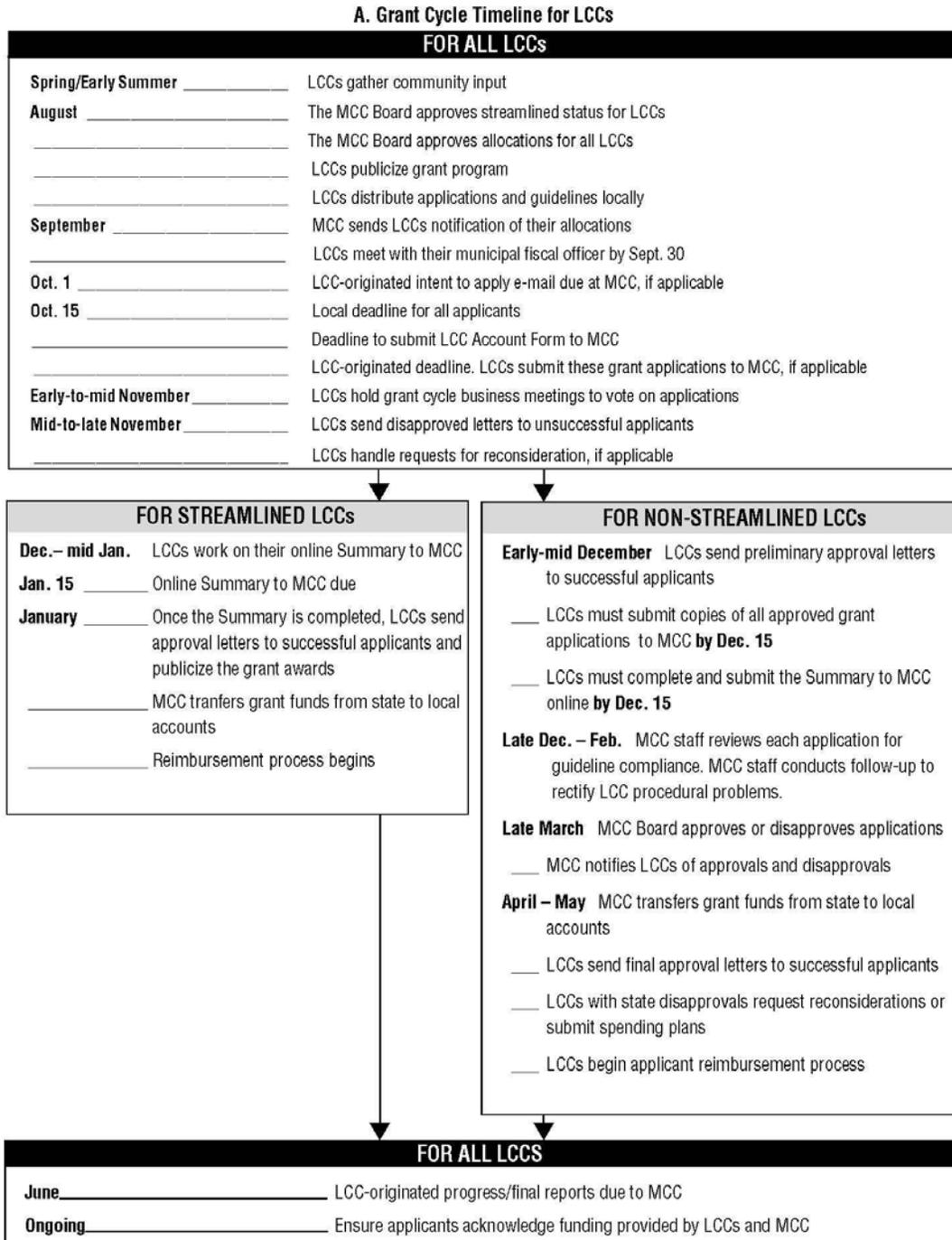
- Reduces the long delay between the time applicants request a grant from their local council and when they can be reimbursed.
- Focuses more on the big picture of how LCCs operate than on the specific details of each individual application that an LCC funds.

In order to participate in streamlining, LCCs need to demonstrate their readiness in three broad areas. The criteria include the following:

1. **Sound local administration of the grant making process.** This is based on an assessment of the LCC's practices conducted by an MCC staff person during a site visit or phone interview.
2. **Demonstrated knowledge of LCC program requirements.** An LCC satisfies this criterion by submitting a complete, successful online Summary to the MCC two years in a row.

**3. LCC Training.** All members of the council, including administrators, must take the online LCC Basics Training within three months of their appointment date.

In order to remain streamlined, an LCC will need to continue to satisfy the above criteria over time. MCC’s goal will be to keep LCCs in the streamlined group once they have qualified. Unless an LCC awards grants that do not comply with program guidelines, is found to have procedural flaws two years in a row or does not ensure new members complete their training requirements, it will remain streamlined. If an LCC has been removed from the streamlined group, it will need to meet the above stated criteria to regain its streamlined status.



## ***Mandatory duties of your Local Cultural Council***

The LCC's primary responsibility is to regrant its annual allocation of funds. Local council funds may only be used to support programs in the arts, humanities and interpretive sciences in Massachusetts. This definition includes the study, pursuit, performance, exhibition and appreciation of cultural activities in the broadest sense. A review of the professional qualifications of the individual or the organization leading the cultural activity is a critical component in determining compliance in this area.



*Salem Arts Council, Gold Star Award Winner 2008: The Writer's Group of the Salem Council on Aging produced a book, Personal Perspectives of a Changing Salem, featuring 60 short essays. The initial print run sold out and the book is now in its 5th printing.*

**Arts** refer to the creation of work in the crafts and performing, visual, media, folk, design, literary, and inter-disciplinary arts. In addition, they also include the presentation and preservation of and education about works in these disciplines.

**Humanities** are branches of learning that deal with human values and aspirations, human thought and culture, language, and creativity. Examples include, but are not limited to, history, social studies, philosophy, criticism and literature.

**Interpretive Sciences** engage people of all ages in learning about nature, science and technology in ways that explain how they relate to people's lives. Some organizations that conduct this type of activity include aquariums, botanical gardens, nature centers, natural history museums, planetariums and science centers.

These definitions are intended to encompass the study, pursuit, performance, exhibition, and enjoyment of cultural and science activities in the broadest sense.

A local council may make grants for projects, operating support, ticket subsidy programs, artist residencies, fellowships, or other activities based on local priorities and needs.

In support of its regrating function, the LCC has a number of mandatory duties:

- Solicit community input and assess local cultural needs. [962 CMR 2.07 (2)]
- Establish priorities and guidelines for the review of local grant applications. [962 CMR 2.07(3)]
- Communicate with the public about its activities. [962 CMR 2.07 (4)]
- Review and recommend action on local applications. [962 CMR 2.07 (5)]
- Report to the MCC. [962 CMR 2.07 (6)]
- Carry out other necessary administrative functions. [962 CMR 2.07 (7)]
- Comply with rules, rulings, guidelines or regulations issued from time to time by the MCC.

## ***How the MCC assures an LCC's compliance with its duties***

An LCC must comply with its duties as specified in 962 CMR 2.00 to 2.10 and elsewhere in the MCC's Local Cultural Council Regulations and Guidelines. In the partnership between state and local communities, the MCC relies on municipal officials and employees to help ensure the integrity of the

Local Cultural Council program by providing oversight and assistance to the LCC in the above areas. Sections 2.00 to 2.10 of 962 CMR are reprinted regularly in the LCC Program Guidelines. Guidelines are available from your LCC or the MCC and can be found online at [www.massculturalcouncil.org](http://www.massculturalcouncil.org).

If an LCC is found in noncompliance, the MCC may suspend all or part of MCC funding for that LCC. The MCC may also specify corrective actions that the LCC must take before the LCC can begin to receive funds again. If an LCC fails to take corrective action specified by the MCC, the MCC may redistribute any funds allocated to that LCC.

### ***Basic state grant making criteria LCCs must follow***

**Public Benefit:** The purpose of the LCC program is to support activities that contribute to the cultural vitality and well-being of the whole community. A public benefit must be demonstrated in all LCC programs. Individual artists, humanists, and interpretive scientists are eligible to apply for funding and may request funds to cover their fees; however, they must have a public benefit component in their projects, such as exhibits, demonstrations, readings, etc. LCC funds may *not* be used to the sole or exclusive benefit of an individual.

**No Substitution:** LCC funds must not substitute for or replace other public funding of programs in the arts, humanities or interpretive sciences. Specifically, this applies to proposals from public institutions, such as schools and libraries, which are already, or should be, an integral part of a community's budget. Any item or activity that is generally considered the funding responsibility of the city or town will not be approved, even if funding did not previously exist for that item or activity.

Expenses related to classroom or extra-curricular activities are not eligible for funding. The MCC will not approve local cultural council funding for standard extracurricular activities (e.g., school plays, musicals, bands, newspapers, art supplies, library books or audiovisual materials, or salaries for teachers or librarians). Schools and libraries may only request funding for cultural enrichment activities (field trips, artist-in-residency programs, lectures, performances, etc.) that are led by outside artists, humanists or interpretive scientists. The cultural professional cannot be a current employee of the school system.

**Non-Dependency:** LCC funds are not intended to be used as the sole source of funding for projects of a continuing nature. LCCs may formulate policies regarding a requirement of matching funding from other sources. In the first year of a particular program, for example, an LCC may elect to give a large grant. Over time, however, the percentage of the project budget coming from an LCC should decrease.

**Non-Discrimination:** In accordance with state law, LCCs may not discriminate against applicants on the basis of race, sex, religion, creed, color, national origin, disability, sexual orientation, or age, nor may they fund projects that discriminate on the basis of these attributes. The MCC and LCCs are committed to access not only as a matter of state and federal laws but also as a policy designed to encourage the participation of all segments of the Commonwealth's population in MCC funded programs. LCC-funded organizations and LCCs which themselves present programs must make reasonable accommodations to ensure that people with disabilities have equal physical and communications access, in accordance with state and federal laws.

**Capital Expenditures:** Grant requests for capital expenditures (to acquire, improve, or maintain facilities or equipment) must demonstrate a cultural purpose, be for a one-time or special need, and be clearly justified by some longer-term public benefit. Applicants must demonstrate a 2:1 match (the applicant must show that it has \$2 for every \$1 requested from the LCC). Schools, libraries, and religious institutions are *ineligible* for capital expenditures, even if the purpose is a cultural one.

**Scholarships:** Although individual students are not eligible to apply for scholarships, an organization may sponsor a scholarship provided it shows evidence of an open and fair review and award process. The applicant organization must also ensure a public benefit component in which the award recipient “gives back” to the community in the form of a lecture, master class, exhibit, performance, etc.

### *Eligibility to receive funds from an LCC*

In general, local cultural councils may give grants to individuals or organizations for activities in the arts, humanities or interpretive sciences. Applicants must show that they reside in Massachusetts and should have been engaged in the kind of activity for which funds are requested for at least one year. Each local council should determine its own priorities for funding, based on a community input process. In general, local councils may accept applications from:

- Individuals: they must show that a public benefit results from the project for which they are applying.
- Private nonprofit organizations that have tax-exempt status under section 501(c)(3) of the Internal Revenue Code.
- Unincorporated associations that can establish a nonprofit objective.
- Schools, libraries or other public agencies: applications must not violate No Substitution criteria.
- Religious organizations: content must be primarily cultural and cannot have the effect of advancing religion.
- The Local Cultural Council itself: An LCC may submit an application to the MCC for funds to support programs initiated by the local council itself.

### *The LCC’s accountability to local and state governments*

**Local government reporting:** LCCs are part of local government. Therefore, municipal leaders must inform the LCC of standard reporting expected of town committees. This may, for example, include the filing of an annual committee report and regular submission of meeting minutes to the appropriate municipal record keeper.

**Compliance with local ordinance or bylaws and established procedures:** The all-volunteer cultural council must count on municipal leaders to inform them of local ordinances or bylaws and established procedures relevant to the LCC's activities or to grantees' activities. Examples might include posting meetings, procurement laws, ADA transition plans, etc. The LCC should act in compliance with these.

**Open meeting requirements:** Under Massachusetts law, meetings of a local "government body," including an LCC, must be open to the public (M.G.L.c.39, ss23A-C) and held in a physically accessible, public facility. Meetings must be posted 48 hours in advance. The municipality should inform and give the LCC a copy of the Open Meeting Law for relevant detail.



*Amherst Cultural Council, Gold Star Award Winner 2008: Picture Book Theatre brought to life the Leo Lionni story Tico and the Golden Wings. The performance blended life size puppets, puppeteers and young dancers from the Amherst Ballet for audiences at the Eric Carle Museum of Picture Book Art.*

**Conflict of interest:** LCC members are considered "special municipal employees" and are subject to the provisions of the Massachusetts Conflict of Interest Law, M.G.L. 268A. (This is discussed in further detail in the section titled Local Cultural Council Membership.)

**Recordkeeping:** LCCs are required to keep records of finances and of all grants activities for potential audits and as public record. (For more information, see the section titled Financial and Administrative Recordkeeping.)

**State reporting:** Since 2003, LCCs have been required to use an online grants management tool provided by the MCC called the Online Office. Through the Online Office councils manage their list of active members, update their public contact information and public website, record meetings, and find resources to help them run their council and do the work of the grant cycle. LCCs also use the Online Office to complete the annual state reporting requirement – the online Summary to the MCC. The online Summary is a 10 step process by which each council reports their grant decisions to the MCC. An LCC's funds cannot be transferred to their municipal account until it completes the online Summary to the MCC.

## **Local Cultural Council Membership**

As its partner at the local level, the MCC relies on local officials to constitute volunteer councils who can effectively carry out the goals of the program and thereby serve the local community in the best way possible.

### ***Council appointments***

Members must be appointed by the top appointing official(s) in the community (i.e., the mayor, city manager, board of selectmen or executive officer). All appointments must be recorded by the city or town clerk. LCCs are responsible for ensuring their online member list is accurate and up to date.

### ***Guidelines for appointing members***

**Numbers:** LCCs consist of at least five but no more than twenty-two volunteer members. Appointing more than the minimum required five members is advisable in order to achieve the diversity of knowledge, interests and backgrounds that will translate to strong community representation. A larger body also helps to share the work load and ensures that councils can still function effectively in case of absences or vacancies.

**Length of term and term limits:** The term of membership for a council member is three years. Members can serve a maximum of two consecutive terms, or a total of six years. They must remain off the council for a one-year interval before serving additional terms. Each council must annually elect a chair, secretary and treasurer. In addition, the terms of individual council members should be staggered; there should never be 100 percent turnover of members in a single year unless the MCC determines otherwise, as provided in 962 CMR 2.10. Local councils may also elect to designate former officers or members as nonvoting, *ex officio* council members to ensure continuity.

### ***Qualifications to look for in LCC members***

Through the appointment of diverse, qualified and committed citizens, the local authority ensures that the community has fair access to public funds through its LCC. Council members should bring:

**Relevant knowledge and interests:** Prospective members could be artists, humanists, interpretive scientists or educators (see page 9 for definitions of the arts, humanities and interpretive sciences).

**Diversity:** Different racial, ethnic, economic perspectives and backgrounds, differing abilities, balance of men and women and age groups.

**Ability to commit time:** Prospective members should be clearly informed about the amount of time they must commit to participate fully in the grant review process and be willing to be involved in other duties particular to the LCC's work.

Some particular membership guidelines follow:

- If two or more towns wish to form a regional council, there must be at least one representative appointed from each community in the consortium.
- State guidelines do not require that LCC members live in the town on whose council they serve. Some cities and towns, however, choose to have local residency requirements.
- State guidelines do not require that members be at least 18 years of age. This allows high school students to serve on councils. Some cities and towns, however, choose to have minimum age requirements.

### ***How the LCC can help find new members***

Ultimately the authority is with the local official to make appointments; however, local officials often collaborate with the LCC to help identify and recruit prospective new members. Conferring with the LCC about individuals under consideration before making appointments ensures that new members complement the diversity and balance of current council members.

Candidates for LCCs should understand fully what their LCC is and does, and what is expected of members throughout the year. It is advisable for LCCs to meet with prospective candidates to discuss the LCC and explain the responsibilities of membership. Attending a meeting of the LCC is one good way to become familiar with the program.

### ***Conflict of interest***

Members are considered "special municipal employees" and are subject to the provisions of the Massachusetts Conflict of Interest Law, M.G.L. 268A. Members of LCCs must avoid real and apparent conflicts between their private interests and public council duties. Elected public officials cannot serve as council members according to M.G.L Chapter 10 section 58.

### **Suggestions for the Recruitment of Local Cultural Council Members:**

1. Keep a file of names – LCC recommendations, past applicants, people in the news, etc.
2. Announce in the media using press releases, notices and help wanted sections.
3. Use public service announcements and explore talk show formats for radio and local access television.
4. Hold an information meeting announced in the local media.
5. Give notice at a town meeting. Put notices in chamber of commerce and other civic and community newsletters.
6. Use speaking engagements to inform a range of community agencies and groups such as schools, PTOs, colleges, cultural organizations; ethnic, religious, conservation, tourism and senior citizen groups; and agencies representing people with disabilities.

**Grant making:** The member may not participate in the review of or decision about an application in which he or she has a personal financial stake, or in matters affecting the financial interests of others with whom s/he is closely related.

**Grant receipt:** Each LCC may make its own rules regarding funding council members. If an LCC member might derive financial gain from a grant - for example, an artist-member of the LCC applies for funds to conduct a residency at a community organization - that member is required to abstain from discussion and voting. To ensure that it is not a conflict of interest for that member to vote on competing applications, that member should disclose this conflict to the appointing authority prior to reviewing grants and request an exemption to participate in reviewing the other grant applications. If the exemption is approved that member may participate in the review of other grant requests – but still abstain in the review of their own grant application.

If there are questions about conflict of interest, the MCC's staff is a resource, as is the city or town council. If the number of members abstaining from voting on a particular application prevents the council from achieving a quorum, please contact the MCC.

### ***Removing an LCC member before his/her term expires***



*Cultural Council of Northern Berkshires, Gold Star Award Winner 2009: The North Adams Open Studios showcased more than 80 artists working in North Adams and the Northern Berkshires.*

Generally, this is a matter for local resolution. The local appointing authority may remove a member before the expiration of a term as provided in 962 CMR 2.10. Municipal policies and procedures for appointed town committees should also be consulted. Under extraordinary circumstances, when for example, a council member is violating policy or procedure, MCC staff should be called to advise. If an LCC appears unable to comply not only with its duties but also with corrective actions specified by the MCC, then the MCC may determine that a partial or complete change in the membership of the LCC may be in order. In extraordinary cases, the MCC may authorize the local appointing authority to remove a member from the LCC and appoint a new member. When the MCC finds an LCC has not adequately complied with its duties, the MCC may suspend all or a part of MCC funding for that LCC.

## **Management of Local Cultural Council Funds**

### ***How state funds are managed at the local level***

As a local partner in the Local Cultural Council program, the MCC relies on the professional expertise and oversight of municipal fiscal officers to ensure that:

- LCC money is handled in compliance with MCC guidelines.
- Grantees are paid as quickly and efficiently as possible.
- Incoming and outgoing funds, and funds carried over from previous years, are appropriately tracked and documented as to how they are used.

There are three kinds of money which LCCs use:

1. MCC distributed state funds (this includes unspent money from previously approved grants; see page 18)
2. Interest earned
3. Additional dollars raised locally

The LCC must keep *all* these funds in a single, separate, interest-bearing revolving account administered by the municipal treasurer. Separate checkbooks or nonmunicipal accounts are not allowed. Because different rules apply to each of the above three kinds of money, each type of money should be tracked separately. This can be done using subaccounts within the municipal account. If subaccounts are not used to track funds, at the very least the municipal treasurer should be able to track these moneys separately on paper. While separate municipal accounts for each type of money may be more convenient for tracking funds, M.G.L. Chapter 10 section 58 stipulates that all moneys received by the LCC, irrespective of source, shall be deposited into a single revolving fund.

Councils are entitled to interest on their accounts and to regular financial reports from the municipality. While the MCC encourages municipalities to provide account statements to LCCs monthly, quarterly, or as needed; once a year the MCC requires municipal fiscal officers to complete the MCC's LCC Account Form and provide this statement to their local council. The statement serves as a summary of one year's activity within the council's municipal account. It ensures that state funds are reported accurately to the MCC by the LCC and all funds are disbursed to the benefit of the community. The process for completing the statement is as follows:

1. The municipality will receive the LCC Account Form as an Excel document in August. The city/town treasurer/accountant/auditor will complete the form based on the council's account activity over a one year period specified on the form.
2. The council will receive instructions and technical assistance from the MCC in August to prepare their own records for a meeting with the municipality's fiscal officer. The council is responsible for scheduling this meeting.
3. The council meets with the municipality to compare account information between September 1 and September 30. This ensures that councils have the most accurate information possible as they determine how much they have available to grant that fall. During the meeting:
  - a. Council and municipality work out any discrepancies.
  - b. Both parties sign off on the LCC Account Form.
  - c. Council keeps the original, signed LCC Account Form.
4. The council must submit the information from the LCC Account Form through the online Summary to the MCC by October 15. The council will keep the signed statement in their records for future reference.

LCC funds may be spent as the local council directs and may be accessed only by the process used by the municipal treasurer and/or accountant's office for the expenditure of public funds. These officials should help the LCC to understand how the city or town's disbursement process works.

With the goal being to disburse funds as quickly and easily as possible to grantees, the town treasurer and/or accountant should meet with the LCC chair and/or LCC treasurer regularly, in addition to the September meeting to establish a working relationship and review the procedures for reimbursing grant

recipients. Periodically, the LCC should review accounting reports to verify balance and interest earned and any other important information that will help all parties carry out financial activities effectively.

Managing LCC finances is a year-round process. Certain activities happen seasonally (receipt of funds from the state and the completion of the LCC Account Form); however, municipal treasurers make payments to grantees and review financials with the LCC on a year-round basis.

### ***Procedure for paying out funds to grantees***

Once a year, state funds are transferred from the MCC to the LCC as follows:

- Municipality signs and returns State Contract for the Local Cultural Council Allocation to the MCC.
- LCC approves grant applications, gets MCC approval and then notifies grant recipients.
- MCC electronically transfers grant funds to the municipal treasurer after the state reporting requirements are met, generally between November and March depending on the council's status.
- Upon receipt, the municipal treasurer deposits funds in a separate, interest-bearing account.
- Municipal treasurer should notify the municipal accountant and LCC treasurer of receipt of funds (usually by sending a copy of the check).
- Municipal accountant posts receipt in municipal account ledger.
- LCC treasurer should post receipt in the LCC's account ledger.

Municipalities pay funds to grantees throughout the year as grantees incur expenses and request reimbursement. The procedure is as follows:

- Grant recipients send standardized Reimbursement form/invoices (available from the LCC) and receipts to the LCC treasurer for reimbursement of expenses incurred.

*If the municipality requires any additional information or documentation for reimbursement such as a W9 or 1099 they should notify the LCC of this requirement.*

- LCC reviews and approves Reimbursement forms. Two members of the council sign the form.
- LCC prepares schedule of bills and submits to the municipal accountant for payment on warrant.

*"Progress payments" (reimbursements made before the project is 100 percent complete) may be made at the discretion of the local council, but should be proportionate to the percentage of the project that has been completed.*

- Municipal accountant verifies that sufficient funds are available to pay bills and puts them on the warrant for approval by the municipal authorizing official.
- Municipal authorizing official approves the warrant and sends the signed warrant to the municipal treasurer.
- Municipal treasurer cuts checks and mails them.

*Reimbursements may be made either directly to the grantee or directly to third-party vendors who have provided goods, materials, or services to the applicant.*

- Municipal treasurer submits monthly or quarterly updates on revolving account activity to the accountant and LCC treasurer.

*As with all use of state funds, the municipal financial officers are responsible to ensure that a paper trail is created including receipts, invoices, etc. and retained in LCC records in case of future audit. LCCs should keep paper files for five years and then they should be archived with the municipality's public records.*

### ***State contract for the Local Cultural Council allocation***

Each fall, once the MCC determines LCC allocations, the MCC sends a standard contract to each municipality that outlines the maximum amount the MCC will deposit into the council's account and references the regulations that govern the spending of those funds at the local level. The contract should be signed by an authorized signatory for the city or town. The official who can sign contracts varies by municipality, but generally are Mayors, Chairs of Boards of Selectmen, Town or City Managers and Treasurers. The MCC has a database of the signee of the previous fiscal year and will send the contract package to that person. Once signed, the contract should be returned to the MCC. The council's allocation will not be transferred to the council until the MCC receives a signed copy of the contract.



*Arlington Cultural Council, Gold Star Award Winner 2009: Artist Tova Speter worked with a group of students from Dearborn Academy, to design and create Arlington's first public mural. This project was a unique collaboration between artists, students, local businesses, town officials and the MBTA.*

### ***Interest earned on state funds and on locally raised funds***

As stated in M.G.L. C.10, S.58, LCCs are entitled to interest earned on their account. Funds earned from interest on state funds or those raised locally can be spent at the discretion of the local council, but only to support the arts, humanities and interpretive sciences. Unlike funds distributed to the LCC from the MCC, prior MCC approval for expenditure through the state grant cycle is not required.

### ***Funds that are returned, unspent or carried over in a fiscal year***

Unspent funds accrue for various reasons, typically because previously approved projects were completed for less than the amount awarded or not completed at all.

An LCC may not accumulate unused state funds at the local level. Unspent state funds from prior fiscal years must be accounted for, reported to the MCC and regranted in the next available funding cycle stipulated by the timeline set forth by the MCC.

Generally, grantees have one year *after final notification* of an award to spend that award. An LCC has the flexibility to stipulate a twelve-month project period for its grantees which may begin at a different point in time than when grantees are finally notified of their award. For example, an LCC might wish to start the twelve-month period at the beginning of its fiscal year. Whatever timeline is stipulated, it should be explicitly communicated in the LCC's application guidelines and other materials to grantees.

An LCC may, at its own discretion, approve a reasonable extension of time to a grant recipient for long-range projects, such as public art. Communication is key in these cases. Both the LCC and the municipal treasurer or accountant should monitor the LCC account on a regular basis. *There should be clear accounting of how carryover funds are earmarked.*

In summary, if the original source of the funds is the MCC, the LCC must use the MCC process and timeline for redistributing these funds. Grants made from unspent state funds must go through the state grant cycle.

### ***Funds available to the LCC for administration***

Local councils may use up to five percent of their state allocation each funding cycle for council administrative expenses such as paid staff, postage, printing, publicity, phone and photocopying. Many municipalities provide administrative support and resources to their LCC, which allows the five percent to be used for regranting.

Councils may also use any interest earned on their state allocation or funds derived from sources other than the state allocation for administrative expenses without being subject to any such percentage limit.

The use of the five percent is determined by the LCC. Local council members cannot receive compensation, but can receive reimbursement for expenses. Services of the municipal accounting department are considered a way for the town or city to match state funds and cannot be paid for from the five percent.

The process for reimbursing members for administrative expenses should be determined locally and clearly communicated to the LCC members. Unspent administrative funds from previous years should be granted out during the next available grant cycle.

## **Financial and Administrative Recordkeeping**

Ultimately, it is the municipality's responsibility to maintain and make public records available. The MCC may arrange for periodic audits of a local council's records, in particular the applications received, approved, or rejected, and their accompanying documentation. The MCC may also occasionally audit the LCC's fiscal reporting to verify the accuracy of their accounting of state funds and payment requests submitted by grantees.

### ***Recordkeeping and reporting required of the town and the LCC***

**Records:** All applications (approved and disapproved), minutes of meetings, correspondence with MCC, applicants, the town, etc., and other records of local councils are considered public record and should be maintained in a public place for at least five years. If the LCC itself lacks a suitable office space, current year records are sometimes by necessity housed in the home of an LCC member. If this is the case, municipal officials should be apprised of where current records are kept. The LCC must make records available without unreasonable delay and within a maximum of 10 days, in accordance with state rules about access to public records. Permanent records that are completed should be kept in a secure spot identified by the city or town clerk and treated according to standard archival procedures.

**Reports:** The following information must be maintained in the Online Office and submitted as part of the online Summary to the MCC by the LCC each year:

- A summary report on distribution of funds.
- A summary of the community input process.
- The names, mailing and email addresses, and telephone numbers of local council members and their appointment dates.

## **Addressing Issues**

### ***Grievances about the decisions or actions of the LCC***

**Grant application reconsideration:** The MCC has established a formal reconsideration process for an LCC to follow if an applicant who is denied funding wishes to challenge the decision. If an applicant feels that his/her application was denied because the LCC did not follow published state and/or local guidelines, a request for reconsideration can be submitted. The process is described in the LCC guidelines and is administered by the LCC. The LCC is required to document its reasons for denying funds as standard procedure in the grant review process. LCCs must give 15 days for applicants to request reconsideration.

**Other issues:** If the LCC is unable to resolve problems or if a controversy arises around an LCC-funded project, members should ask the MCC for assistance. If a municipality has a problem with its LCC, it should also feel free to contact the MCC staff (617-727-3668 or 800-232-0960) or the city/town legal counsel.

## **Sharing Town Resources**

### ***Municipal support of LCC work***

Your LCC, as a part of local government, should be supported with the same access to basic resources afforded other local government bodies. Municipalities are expected to support the LCC with in-kind or reduced cost services and resources whenever possible.

**Funding:** A municipality may provide cash to support staff, program or other expenses to enable the LCC to better serve the community.

**Liaison:** Many municipalities assign an official municipal liaison to the LCC. A select board, city council member, or other official might periodically attend LCC meetings, assist by providing access to other town officials when needed, help address issues and be an advocate in helping the LCC do its work. Such a liaison can also promote the LCC as a participant in larger civic discussions.

**Administrative resources:** Along with the need for public meeting and filing space, the LCC benefits from access to a phone, computer, photocopier and other office equipment. Many municipalities assume



***Haverhill Cultural Council Gold Star Award Winner 2009:  
Inca Son residency in the Haverhill public schools***

photocopying costs at free or significantly reduced rates through in-house services; municipal privileges are extended to cover mailing costs. Basic supplies can be offered at reduced or no cost through the town's procurement officer.

**Staff support:** The town clerk's office is often a distribution and/or drop-off point for application forms. Because an LCC is an all-volunteer body whose members may be working during the day, it can be of great service to the community to have a town phone number people can call regarding basic questions (e.g., deadlines, where to get application forms, etc).

**Publicity and promotion:** In-house bulletins, newsletters, and other communication vehicles should be made available for routine and special announcements about LCC activities. Press mailing lists and contacts should be shared.

**Program support:** Some municipalities pitch in to assist councils in mounting special programs. For example, public works departments have assisted with trash removal, electrical wiring or erecting banners for festivals; town engineers have helped ensure the structural soundness of outdoor public artworks and police have helped with traffic control for an outdoor event.

In summary, the combined expertise and teamwork of the LCC and other town leaders can increase the impact of the LCC. The less administrative expenses the LCC must cover from its allocation, the more it can invest in the community's cultural programs.

## **Roles Beyond Regranting for Local Cultural Councils**

### *Other types of LCC activities in the community*

The primary responsibility of an LCC is described in the state guidelines as "regranting" state dollars allocated to its community. This is important work and for most councils it is more than enough to keep them busy. However, some councils feel that in order to meet community needs, they must do more. LCCs have broad powers under the provisions of M.G.L. C.10, 5.58. In addition to their regranting function, they may:

- Raise funds from sources other than the state. [962 CMR 2.08 (2)]
- Initiate council-originated projects. [962 CMR 2.08 (3)]

(See the section titled Management of Local Council Funds regarding appropriate management and tracking of funds raised from sources other than the state.)

For those councils that conduct activities beyond regranting, the most common activities are:

- Programming and collaborations
- Information and services, including advocacy
- Fundraising

**Programming:** Many councils manage their own cultural programs. An LCC may itself initiate a cultural program that addresses community interests not met by other groups. This is called a "council-originated project." Some LCCs seek out partner organizations to develop projects that are then funded by the council. These may include festivals, exhibits, public art and school programs. Due to conflict of interest laws, the MCC is the first formal level of review for council-originated projects that make use of

state funds. Council-originated projects that make use of interest or locally raised funds do not need prior approval from the MCC as long as the activities support arts, humanities or interpretive sciences.

**Information and services:** In some communities there is already plenty of cultural activity and the LCC receives many quality applications for programs that meet community needs. In these cases, a council could act as a resource center or clearinghouse, providing information and services that benefit cultural organizations, artists, and groups or individuals interested in learning about, sponsoring or attending cultural activities. Specific services could include:

- A published community cultural events calendar.
- Computerized mailing lists or printed directory of artists, humanists and interpretive scientists.
- Workshops on program development, marketing, etc. for local groups.
- Coordination of networking and advocacy efforts.

**Fundraising:** The LCC may engage in fundraising. Often councils receive far more applications than can be funded with state funds alone or they may need additional monies to sponsor special programs.

LCCs are encouraged to leverage funds from sources other than the state, such as private contributions, local government allocations, program revenues and interest earned from the local account. To enhance the opportunity for donors to qualify their gift as deductible for federal income, gifts and estate tax purposes, funds received by gift to an LCC are considered to be donated to a political subdivision of the Commonwealth, exclusively for public purposes as defined in Section 170(c) of the Internal Revenue Code of the United States. To verify their status to potential donors, LCCs may request a letter from their municipality which states that they are a municipal board and therefore donations to the LCC are tax exempt under that status.

### ***Distribution of locally raised funds***

Monies earned from interest on state-distributed funds or those raised from other sources can be spent at the discretion of the local council but only to support the arts, humanities, and interpretive sciences. An LCC may hire an administrator to assist with council business using locally raised funds. (For information on handling of these funds, see the section titled Management of Local Council Funds.)

## **Other Resources**

**Massachusetts Cultural Council staff:** MCC staff in Boston is available to help answer policy or procedural questions and solve problems that might arise. Contact the Communities Department staff at 617-727-3668 or 800-232-0960.

**Local Cultural Council regulations and guidelines:** Guidelines are issued to LCCs regarding the most up-to-date information on statutes, regulations and guidelines to be used in the conduct of LCC operations. Guidelines and Program Regulations can be downloaded here:

<http://www.massculturalcouncil.org/applications/lccguidelines.pdf>