Friends of Arts and Culture Equity (FACE) is circulating an online petition to alter the tax levies the SCFD Board of Directors adopted following a multi-year process to evaluate and determine statutory changes in preparation for the public vote in 2016. It mischaracterizes the process implemented by the SCFD Board and ignores important facts. We urge you to get the facts before deciding your organization’s position on SCFD’s future.

FACE #1: SCFD funding allocations for arts, sciences and cultural amenities have not significantly deviated from original funding percentages set in place 25 years ago. The proposed reauthorization formula makes an insignificant change from the existing funding distribution pattern.

FACT: The Reauthorization Task Force modeled and evaluated numerous tax allocation formulas. A foundation concept was growth in Tier I support by slightly above the average inflation rate in order to maintain collections and facilities, while providing a substantial increase in funding for Tiers II and III. The formula adopted by the board allows for a compound annual funding growth of 2.85% for Tier I, 4.88% for Tier II and 4.96% for Tier III. The formula did not raise the existing $38 million breakpoint at which the Tier II and III shares increase significantly. The 2014 revenue was $52 million. Application of the new percentages in 2018 and continuing through 2030 result in a $37 million decrease for Tier I organizations from the current formula, a $22 million increase for Tier II and a $15.3 million increase for Tier III.

FACE #2: The 5 institutions that make up Tier I, of the Scientific and Cultural Facilities District receive approximately 65% revenues collected across the district. When combined with Tier II and Tier III allocations, approximately 80% of the tax collected across the district is distributed to organizations located in the City and County of Denver.

FACT: Based on data from the Colorado Division of Local Government and the State Demographer’s office and the Colorado Department of Revenue, in 2014 the residents of Denver comprised 22.4% of the 7-county population, but generated 29% of the sales tax revenue. Denver residents have passed bond measures totaling $225 million for major capital improvements to Tier I facilities, e.g., parking lots, buildings, renovations, etc., which benefited their patrons and visitors, as well as those of the Colorado Ballet, Opera Colorado, the Colorado Symphony Orchestra and other SCFD organizations using these facilities.

FACE #3: The process to make the decisions about the new formula for SCFD funding distributions was developed using criteria that kept discussion of a new funding formula tightly limited.

FACT: The independent Task Force facilitator, in preliminary communications to participants, emphasized that they should: 1) consider options beyond those identified by the work groups; 2) support candid and open dialogue, debate, discussion and decision-making; and 3) build and maintain a culture of trust throughout the tenure of the...
task force. Task Force members included leaders among all three tiers and were encouraged to bring ideas from their constituencies.

FACE #4: The taxing district has undergone significant change and growth demographically, politically, and in the diversity and number of arts, science and cultural offerings has spread across the entire district with an increase in organizations eligible for SCFD funding. Tier III organizations are not receiving an equitable share of the funds.

FACT: The seven county cultural councils comprise the foundation for distribution of Tier III funds: they distribute 7 different pots of money, according to 7 different funding guidelines. The SCFD statute honors local decision-making and the authority of county councils to focus on the needs of their residents in their grant making philosophies and funding plans. It requires that the SCFD board adopt each county’s plan. The number of grant applicants may vary by county; however, 98% of Tier III organizations that submit grant applications receive some funding every year. Unlike many funders, SCFD does not require an organization, no matter how small or large, to take a year off from applying for funds. *Principles and Practices for Nonprofit Excellence in Colorado, 3rd Edition* (2015), endorsed by the Colorado Secretary of State and Colorado Attorney General, encourages nonprofits to diversify of revenue and cautions against over-reliance on a single funding source.

FACE #5: A successful tax initiative depends upon support from the entire district, including the significant portion of the population served only by Tier II and Tier III organizations, and in order to secure that support, the reauthorization formula needs to reflect current realities.

FACT: There is no evidence to even suggest that any segment of the population that resides within the District is served only by Tier II and III organizations. The fact that the main location of each Tier I facility is in Denver does not preclude serving residents of the other six counties. Seventy-seven percent (77%) of Tier I organizations’ combined attendance is from outside Denver County. A study of 2013 school programming indicates that every public school in the 21 school districts that lie within the SCFD was served by an SCFD organization at least once during that year, with Tier I organizations serving the most schools by far. Cultural tourism plays a significant role in attracting visitors from outside the 7-county District. Overnight leisure and business travelers spent $4.6 billion in Denver in 2014, according to the Longwoods study presented to VISIT Denver in June 2015. Longwoods survey respondents identified the Denver Art Museum, the Denver Zoo, the Denver Museum of Nature and Science, the Denver Botanic Gardens and the Denver Center for the Performing Arts among the top ten attractions they visited. The quality and uniqueness of exhibitions and collections at these facilities attracted 1.98 million people from outside the District, including 187,199 from outside the US. The 2014 Economic Activity Study published by the Colorado Business Committee for the Arts places the collective value of the SCFD’s total economic impact to the metro region at $1.85 billion.

FACE #6: An incremental change over the 12-year renewal period, resulting in a final year distribution which allocates 50% for Tier I, 30% for Tier II, and 20% For Tier III is gradual and would ensure the continued success of the flagship organizations by ensuring that funding for those five organizations is predominate and continues to grow over the life of the taxing period.
**FACT:** In November 2016 the public will vote on just three aspects of the SCFD: 1) the amount of the tax, currently one penny (1¢ on $10); 2) the amount assigned to each of the three tax levies that are aggregated to yield the one penny; and 3) the sunset date. To date, neither FACE nor any proponents of a 20/30/50 formula has provided any details as to how this plan would be reflected in a ballot measure, how the figures were derived or how it would be implemented over the time period between the current and future sunset dates. These important questions have been discussed and debated for four years and the SCFD board has now put forward a concrete proposal.

**FACE #7:** A gradual, but measurable, increase in the funding distribution at the Tier II level helps to offset the effect of anticipated growth in the number of organizations at this tier level over the taxing period; and a gradual, but measurable, increase in the funding distribution at the Tier III level brings tax dollars back to the communities in the district and helps to fortify geographic equity of benefit across the entire district.

**FACT:** The greatest growth in Tier II occurred between 1989 and 2006, when the qualifying threshold remained $700,000. A $1,250,000 threshold for new organizations in 2006, and for all organizations commencing July 2009, coupled with a five-year minimum requirement of serving the public, has greatly slowed the growth in Tier II. The SCFD board adopted the Task Force recommendations to increase the service requirement to 7 years and to add a regional service requirement, to further slow the growth. Tier III organizations will have to meet a 5-year service requirement. Even if a plan to achieve a 20/30/50 allocation in the final year before the next sunset date could be agreed upon, presented in a ballot measure and implemented, the fact is that the Tier II and III organizations would most likely realize much less funding over the period between sunset dates than the current formula adopted by the SCFD board.