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# Audit of the State Foundation on Culture and the Arts

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A Report to the  
Governor  
and the  
Legislature of  
the State of  
Hawaii

Report No. 99-3  
January 1999



**THE AUDITOR**  
STATE OF HAWAII

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## The Office of the Auditor

The missions of the Office of the Auditor are assigned by the Hawaii State Constitution (Article VII, Section 10). The primary mission is to conduct post audits of the transactions, accounts, programs, and performance of public agencies. A supplemental mission is to conduct such other investigations and prepare such additional reports as may be directed by the Legislature.

Under its assigned missions, the office conducts the following types of examinations:

1. *Financial audits* attest to the fairness of the financial statements of agencies. They examine the adequacy of the financial records and accounting and internal controls, and they determine the legality and propriety of expenditures.
2. *Management audits*, which are also referred to as *performance audits*, examine the effectiveness of programs or the efficiency of agencies or both. These audits are also called *program audits*, when they focus on whether programs are attaining the objectives and results expected of them, and *operations audits*, when they examine how well agencies are organized and managed and how efficiently they acquire and utilize resources.
3. *Sunset evaluations* evaluate new professional and occupational licensing programs to determine whether the programs should be terminated, continued, or modified. These evaluations are conducted in accordance with criteria established by statute.
4. *Sunrise analyses* are similar to sunset evaluations, but they apply to proposed rather than existing regulatory programs. Before a new professional and occupational licensing program can be enacted, the statutes require that the measure be analyzed by the Office of the Auditor as to its probable effects.
5. *Health insurance analyses* examine bills that propose to mandate certain health insurance benefits. Such bills cannot be enacted unless they are referred to the Office of the Auditor for an assessment of the social and financial impact of the proposed measure.
6. *Analyses of proposed special funds* and existing *trust and revolving funds* determine if proposals to establish these funds and existing funds meet legislative criteria.
7. *Procurement compliance audits* and other *procurement-related monitoring* assist the Legislature in overseeing government procurement practices.
8. *Fiscal accountability reports* analyze expenditures by the state Department of Education in various areas.
9. *Special studies* respond to requests from both houses of the Legislature. The studies usually address specific problems for which the Legislature is seeking solutions.

Hawaii's laws provide the Auditor with broad powers to examine all books, records, files, papers, and documents and all financial affairs of every agency. The Auditor also has the authority to summon persons to produce records and to question persons under oath. However, the Office of the Auditor exercises no control function, and its authority is limited to reviewing, evaluating, and reporting on its findings and recommendations to the Legislature and the Governor.



## THE AUDITOR STATE OF HAWAII

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# OVERVIEW

## *Audit of the State Foundation on Culture and the Arts*

Report No. 99-3, January 1999

### Summary

This audit of the State Foundation on Culture and the Arts was initiated pursuant to Section 23-4, Hawaii Revised Statutes (HRS), which requires the Auditor to conduct postaudits of the transactions, accounts, programs, and performance of all departments, offices, and agencies of the State and its political subdivisions.

Chapter 9, HRS, requires the State Foundation on Culture and the Arts to stimulate, guide, and promote culture and the arts and history and the humanities throughout Hawaii. The foundation is administratively attached to the Department of Accounting and General Services. A nine-member commission establishes the foundation's policies and programs. The foundation has 20 staff including an executive director. In FY1996-97, the foundation expended over \$5.6 million for administration, foundation grants, the Art in Public Places Program, and other programs.

We found that clearer direction would enable the foundation to meet its challenges. The foundation needs to focus on ensuring that its programs address its mission and meet their objectives. Programs have not been reviewed and their purposes have not been clearly defined. The commission failed to adopt a useful master plan and does not have policies and guidelines for its own operations. The executive director needs to plan for improvements by conducting program evaluations and needs assessments.

In addition, the executive director needs to establish certain basic management tools to direct the foundation's operations. Policies and procedures are scattered and some are outdated. Position descriptions and administrative rules are also outdated. Inventories have not been conducted, and grants need monitoring.

We also found that the foundation's relocatable works of art—now totaling more than 4,900 works of art by almost 1,300 artists—should be more accessible and placed in public and private facilities. The foundation has not ensured that these works are sufficiently rotated to educate the public and stimulate interest in the arts.

Finally, we found that Section 103-8.5, HRS, which established the Works of Art Special Fund, needs to be revisited. The law calls for 1 percent of all state fund appropriations for capital improvements designated for the construction cost element for the construction or renovation of state buildings to be transferred into this fund. Since 1989, this law has generated about \$18 million to purchase art for state buildings. However, commission members do not agree on how the fund should be used. Also, responsibilities for calculating the amount to be transferred, initiating the transfer, and monitoring compliance are not clearly specified. Some state agencies do not transfer money to the fund and the foundation does not know how much agencies owe.



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## Recommendations and Response

We recommended that the Legislature consider amending Section 9-2, HRS, to clarify the roles of the foundation commission, executive director, and other staff. We also recommended that the commission provide clearer direction and that the executive director improve on the use of basic management tools.

We also recommended that the executive director improve the accessibility of relocatable works of art through such measures as exploring the use of gallery spaces in existing state buildings and establishing policies and procedures for periodically rotating and displaying works of art. The executive director should also improve protection of the works of art by revising policies on loans to state and non-state agencies.

We recommended that the governor require all executive agencies to transfer the appropriate and correct amount of money into the Works of Art Special Fund, and require all departments currently owing money to the fund to pay the balance owed. In addition, the Legislature should consider reviewing Section 103-8.5, HRS to specify who is responsible for calculating the 1 percent due to the special fund and specify remedies for noncompliance with the statute.

Finally, we recommended that the executive director of the foundation develop a tracking system to identify which capital improvement projects should be assessed, which projects have transferred the 1 percent into the special fund, whether the amount of the transfer is correctly calculated, which departments are delinquent, and how much is due to the special fund. The executive director should also conduct a formal review of past capital improvement projects to determine how much is due to the special fund.

The foundation's commission concurred with almost all of our recommendations.

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Submitted by

**THE AUDITOR**  
STATE OF HAWAII

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## Foreword

This audit of the State Foundation on Culture and the Arts was initiated pursuant to Section 23-4, Hawaii Revised Statutes, which requires the Auditor to conduct postaudits of the transactions, accounts, programs, and performance of all departments, offices, and agencies of the State and its political subdivisions.

We wish to express our appreciation for the cooperation and assistance extended to us by the commission, executive director, and staff of the State Foundation on Culture and the Arts and by the Department of Accounting and General Services during the course of this audit.

Marion M. Higa  
State Auditor

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# Chapter 1

## Introduction

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This is a report on our audit of the State Foundation on Culture and the Arts. The audit was conducted pursuant to Section 23-4, Hawaii Revised Statutes (HRS), which requires the Auditor to conduct postaudits of the transactions, accounts, programs, and performance of all departments, offices, and agencies of the State and its political subdivisions.

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## Background

The State Foundation on Culture and the Arts was established in 1965 and is administratively attached to the Department of Accounting and General Services. A nine-member commission establishes the policies and programs of the foundation. Commission members are appointed by the governor and serve without compensation.

The commission selects an executive director who employs civil service staff. Currently, the foundation has 20 staff including the executive director. Staff positions are funded through general, special, and federal funds.

In this report, “commission” refers to the nine appointed members of the foundation. “Foundation” refers to the entire organization, both commission and staff.

Chapter 9, HRS, requires the foundation to stimulate, guide, and promote culture and the arts and history and the humanities throughout Hawaii. Other duties include but are not limited to:

- Assisting in the coordination of plans, programs, and activities of individuals, associations, corporations, and agencies concerned with the preservation and furtherance of culture and the arts and history and the humanities;
- Appraising the availability, adequacy, and accessibility of culture and the arts and history and the humanities to all persons throughout the state and devising programs whereby culture and the arts and history and the humanities can be brought to those who would otherwise not have the opportunity to participate;
- Establishing a program for the recognition and display of student art work; and
- Establishing an individual artist fellowship program to encourage artists to remain and work in Hawaii.



***Foundation mission,  
programs, and activities***

The foundation's mission is to "promote, perpetuate, preserve, and encourage culture and the arts, history, and the humanities as central to the quality of life of the people of Hawaii."<sup>1</sup> It carries out this mission through the following programs and activities.

**Art in public places**

The Art in Public Places Program was established in 1967. It seeks to enhance the environmental quality of state public buildings; cultivate an understanding and appreciation of visual arts; contribute toward the development of a professional artistic community; and acquire, interpret, preserve, and display works of art that are expressive of the character of Hawaii.

The program has in its collection slightly more than 4,900 works of art created by almost 1,300 artists. Some works of art are commissioned for permanent installation at a specific state facility, such as a public school, community college, library, or airport. Other "relocatable" works of art are temporarily installed in state public places and rotated among state buildings.

Appendix A shows recent expenditures for the Art in Public Places Program.

**Foundation grants**

The Foundation Grants Program dates back to 1965. The program is a primary means of supporting culture, arts, history, and humanities projects in the state. The foundation awarded a total of \$1.7 million to 144 projects in FY1996-97. Organizations receiving grants included the Honolulu Theatre for Youth (for basic program operations), the Lanai Arts and Culture Center (for a basic community art program), Hawaii's Plantation Village (for a plantation heritage program), the Honolulu Symphony Society (for basic symphony orchestra program support and chamber concerts), and Maui Community Theatre (for basic program support).

Appendix B lists the foundation grants for FY1996-97.

**Individual artist fellowships**

The Individual Artist Fellowship Program, established in 1993, encourages artists to remain and work in Hawaii. The program makes awards to professional artists in recognition of their achievements and their future promise. Each artist who receives a fellowship is required to hold an exhibition or give a performance. Seven professional artists each received \$5,000 fellowships in FY1996-97. Since its inception, the program has awarded a total of 22 fellowships.

Appendix C includes fellowships awarded in FY1996-97.

### **Folk arts**

The Folk Arts Program, created in 1983, assists in perpetuating folk traditions in the state and promotes public awareness of folk arts. To accomplish this, the program conducts festivals, hosts exhibits, and prints publications about the folk arts.

The program also gives Folk Arts Apprenticeship Awards to master-apprentice teams—16 awards in FY1996-97—to encourage folk art masters to pass on their knowledge and skills to less experienced individuals. Traditional arts funded in FY1996-97 included Hawaiian steel guitar playing, lauhala weaving, Hawaiian woodcarving, Cantonese opera singing, and Okinawan koto playing. The foundation held a Folk Arts Apprenticeship Gathering in 1997 for folk art masters and apprentices who had received folk arts apprenticeship awards between 1985 and 1997.

The Folk Arts Program also produced a 33-minute videotape and a series of educational programs on the musics of Hawaii.

Appendix C includes Folk Arts Apprenticeship Awards made in FY1996-97.

### **Arts in education**

The Arts in Education Program, established in 1966, encourages and promotes the integration of the arts into a student's basic education. The program collaborates with the Department of Education and community arts organizations such as the Hawaii Alliance for Arts Education.

Since 1996, the Arts in Education Program and the foundation's Art in Public Places Program have been collaborating with the Department of Education in a five-year project to support the creation of commissioned works of art in public schools. With the participation of students, school staff, and community members, the project integrates visual arts into the basic educational program of the schools. In FY1996-97, the foundation spent \$450,000 on this project. Currently, seven artists are receiving \$50,000 each to create a commissioned work of art and interact with students and faculty. The foundation also cosponsored an Arts in Education conference in 1998.

Appendix A lists the artists commissioned in the Art in Public Places Program/Artists in Residence Project in FY1996-97.

### **History and humanities**

The History and Humanities Program was created in 1980 when the Hawaii Foundation for History and Humanities was dissolved and key responsibilities transferred to the foundation. The program assists historical and cultural museums and organizations to preserve and manage historical and cultural resources. Activities have included museum and collections management workshops, meetings with historical societies, an archives administration and processing workshop, interpretive planning workshops, and the production of historical resource guides such as *Pineapple in Hawaii: A Guide to Historical Resources*.

### **Other activities and programs**

Since 1974, the foundation and the Hawaii Literary Arts Council have annually presented the Hawaii Award for Literature to give public recognition to outstanding writers in the state. Appendix C includes the award made in FY1996-97. The foundation also sponsors the Governor's Award for Distinguished Achievement in the Arts. This award recognizes an individual whose achievements have enriched the arts or cultural heritage of the state. An individual artists registry maintained by the foundation helps to identify and promote Hawaii's artists.

The foundation also receives a National Endowment for the Arts grant to initiate arts programming in rural and underserved areas of the state.

### ***Revenues and expenditures***

In FY1994-95, the foundation had revenues of almost \$11 million. Revenues dipped to slightly less than \$7 million in FY1995-96 and FY1996-97.

Exhibit 1.1 shows the foundation's revenues and expenditures for FY1996-97.

### **Works of Art Special Fund**

The Works of Art Special Fund, operating under Section 103-8.5, HRS, was established in 1989 when the Legislature repealed the Art in State Buildings Law of 1967. The 1967 law required that 1 percent of all appropriations for the construction costs of state buildings be set aside for the acquisition of works of art. Hawaii was the first state in the nation to establish a percent-for-art law.

The Works of Art Special Fund is the only source of revenue for the Art in Public Places Program. Under current law, the fund receives 1 percent of all state fund appropriations for the construction cost element of state capital improvement projects involving the construction or renovation of state buildings. Some construction costs—such as those associated with

roads, waterworks, airfields, walls, and piers—are excluded from the assessment. The construction costs of facilities not owned by the State are also excluded. The fund must be used for costs related to acquiring, exhibiting, maintaining, repairing, restoring, storing, and transporting works of art.

### Exhibit 1.1

#### State Foundation on Culture and the Arts

#### FY1996-97 Revenues and Expenditures

##### REVENUES

State General Fund	\$2,099,112
Works of Art Special Fund	\$4,002,029
Works of Art Capital Improvement Project Special Fund	\$31,799
<i>Artists of Hawaii</i> book project	\$14,776
<i>Musics of Hawaii</i> cassette and book project	\$1,150
National Endowment for the Arts Funds	\$682,405
Private Contributions	\$146,578
<b>TOTAL REVENUES</b>	<b>\$6,977,849</b>

##### EXPENDITURES

Administration	\$551,926
Foundation Grants	\$1,653,277
Art in Public Places Program	\$2,894,320
Other Programs	\$391,766
Endowment for Honolulu Symphony	\$115,377
<b>TOTAL EXPENDITURES</b>	<b>\$5,606,666</b>

Source: State Foundation on Culture and the Arts, *Annual Report 1996-97*.

## Previous Audits

Our 1976 *Management Audit of the State Foundation on Culture and the Arts*, Report No. 76-3, found that the foundation had not been able to adequately develop plans, programs, policies, and criteria that would assist it in achieving its basic mission. We also found inadequacies in the foundation's management of its works of art collection. There were no guidelines or policies for selecting relocatable works of art. Management of the art collection was unsystematic and haphazard, and there was no one complete and accurate inventory of the State's collection of relocatable works of art. In addition, we found statutory violations of the Art in State Buildings Law. Because the foundation lacked policies, criteria, and procedures for its grants-in-aid program, grants were awarded arbitrarily, inconsistently, and in a discriminatory fashion. Also, the foundation did not evaluate the effectiveness of the activities that it funded.

In our 1976 report, we recommended that the foundation establish policies and procedures for selecting works of art and develop and implement systematic procedures for the proper care, maintenance, and display of the State's art collection. We also recommended that the state comptroller and the foundation develop a consistent method for computing the amount to be set aside from each capital improvement appropriation. We recommended that the foundation develop and implement systematic procedures for the inventory and registration of works of art and for recording all information needed for proper management and control of the State's collection of art.

Our 1991 *Review of Special and Revolving Funds of the Departments of Accounting and General Services, Agriculture, and Budget and Finance*, Report No. 91-10, reviewed the Works of Art Special Fund and found no linkage between the benefits sought and the charges made upon users. The program benefited the community-at-large rather than a specific group of users. We recommended that the fund be repealed.

Our 1993 *Examination of Selected Aspects of Capital Projects Funds*, Report No. 93-20, found serious deficiencies in the monitoring of funds for the works of art projects. Encumbrances remained outstanding for extended periods because the Department of Accounting and General Services and the foundation did not require artists to abide by contractual time commitments. We found no adequate explanation or justification for encumbrances on appropriations dating back to 1980. We again recommended that the special fund be repealed and noted that works of art for capital improvement projects should be subject to the same laws that govern the expenditure of capital improvement project funds.

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## Objectives of the Audit

1. Assess whether the programs established by the State Foundation on Culture and the Arts appropriately reflect the foundation's mission, function, and responsibilities.
2. Assess the foundation's management of its programs.
3. Assess the financing of the Art in Public Places Program.
4. Make recommendations as appropriate.

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## Scope and Methodology

The principal period of review for the audit was FY1995-96, FY1996-97, and FY1997-98. Prior years were reviewed as necessary to allow sufficient analysis of programs, management practices, and finances.

We reviewed the foundation's mission, functions, responsibilities, program structure, program accomplishments, and management practices. We also reviewed the duties and responsibilities of the foundation under Chapter 9, HRS, and Section 103-8.5, HRS. In addition, we reviewed the Works of Art Special Fund as a funding mechanism for the Art in Public Places Program.

We interviewed commission members and foundation staff. We also interviewed personnel in the Department of Accounting and General Services and the Department of Education, administrators of organizations receiving foundation grants, and artists receiving fellowships or grants.

We reviewed legislative testimony, relevant statutes, program missions, goals, strategies, organizational charts, and functional statements. We also reviewed Requests for Proposals, contracts with foundations and artists, planning and budget documents, policies and procedures, and reports and publications.

We also reviewed the foundation's inventory cards, lists, and procedures and the computer program that maintains the inventory. We conducted a physical inspection of works of art on Kauai, Oahu, Maui, and Hawaii.

Our work was performed from January 1998 to November 1998 in accordance with generally accepted government auditing standards.

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# Chapter 2

## Clearer Direction Would Enable the Foundation to Meet Its Challenges

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The Legislature has charged the State Foundation on Culture and the Arts with the task of stimulating, guiding, and promoting culture, arts, history, and the humanities throughout the state. Accomplishing this requires strong leadership by the foundation's nine-member commission and executive director.

Since our 1976 audit of the foundation, some progress has been made. Notable improvements include:

- The development of policies and guidelines for project advisory committees whose responsibilities are to make recommendations regarding the location, medium, and character of commissioned works of art and the selection of artists;
- The establishment of a mechanism for keeping track of the location of works of art;
- The development of a system for storing and repairing the works of art collection; and
- The establishment of policies and criteria for evaluating grant applications.

However, improvements are still needed in other areas. Clear direction by the commission and the executive director is needed to help the foundation ensure that its programs are appropriate and effectively administered by staff. A key challenge is ensuring that the works of art collection is accessible. Systematically rotating works of art from less trafficked areas of state buildings into more accessible locations or in galleries would help the foundation meet its objectives.

While the Works of Art Special Fund is almost ten years old, state funds have been dedicated to placing works of art in state buildings since 1967. It is time for the Legislature to revisit the statute that authorizes the fund to clarify its purpose and financing as well as the responsibilities of state agencies.



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## Summary of Findings

1. The foundation needs to focus on ensuring that its programs address its mission and meet their objectives. This is a responsibility shared by the foundation's commission and executive director.
2. The executive director still needs to establish certain basic management tools to direct the foundation's operations.
3. Relocatable works of art should be more accessible and should be placed in public and private facilities.
4. Section 103-8.5, HRS, which established the Works of Art Special Fund, needs to be revisited to clarify the purpose of the fund, how the financing formula is calculated, and agency responsibilities.

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## The Foundation Needs to Focus Its Efforts

In our 1976 management audit of the State Foundation on Culture and the Arts, our strongest criticisms were directed at the commission. We noted that the Legislature intended the commission to be more than an advisory body and that the commission should play an active role in planning, directing, and managing the State's culture and arts program. However, we found that because the commission had not adequately discharged its responsibilities, foundation activities lacked purpose and direction.

At that time, the commission had not taken an active role in directing the foundation. The commission operated unsystematically and had no procedures for governing its activities. In addition, it had not assessed the state of culture and the arts in Hawaii and of public accessibility to them. In short, it was an operational board rather than a planning and policy-making body.

Problems with the commission's role persist more than 20 years later. Although the commissioners tend to recognize the importance of policy making, most of the commission's time and attention continue to be spent on routine operational matters.

The executive director also has a critical responsibility for guiding the work of the foundation. While the fundamental role of the foundation has not been significantly altered over the years, its programs, personnel, and funding have expanded. These changes heighten the need for the executive director to ensure that programs are systematically evaluated, program and operational plans are formulated and reviewed, and needs assessments are conducted. These activities are currently quite limited.

Consequently, the foundation has had difficulty organizing its human and material resources, working towards the accomplishment of a common objective, and fully justifying its programs. The commission and the executive director have separate challenges: the commission must become more than an operational body, and the executive director must reexamine programs and reorganize the work.

Finally, ambiguities in Chapter 9, Hawaii Revised Statutes (HRS), contribute to a lack of clarity regarding the roles of the commission, executive director, and staff. The Legislature should consider amending Chapter 9.

***The commission has not provided sufficient direction***

Within the framework established by the Legislature, the commission's fundamental role is to direct the work of the foundation and to set its priorities. This role is best accomplished by adopting and approving clear mission statements, systematic long-range plans, cogent policies, and comprehensive guidelines. Other necessary steps include ensuring that foundation programs address the foundation's mission, that programs are reviewed for effectiveness and need, and that the foundation's performance is continuously evaluated.

In our 1976 management audit, we recommended that the foundation organize itself to focus on the missions of its programs and formulate program policies and plans. A governing board should keep the overall mission of the program in focus and satisfy itself that the objectives of the organization are in harmony with that mission. A board should also approve and periodically revise long-range plans and assure itself that program objectives are being achieved using the best methods possible.<sup>1</sup>

The commission has taken steps to direct the foundation's work by adopting and approving a mission statement, a long-range plan, and guidelines for some programs. However, the commission needs to take additional steps to effectively channel foundation activities and programs, inspire staff, and guide its own operations.

**Some guidance has been provided**

Foundation staff are fortunate to be guided by a clear mission statement and a long-range plan that takes the agency to the year 2003. This mission statement helps justify the foundation's existence, identify the social needs that the foundation should fill, and focus discussion and activity. It broadly reflects the mandates of Chapter 9, HRS, and is similar in scope and purpose to mission statements established by other state art councils.

A long-range plan was developed following staff and community review and discussion by the commission. The plan outlines basic goals,

objectives, and strategies or lines of action for foundation staff to follow. The plan includes strategies for promoting access to culture and the arts, history, and humanities; increasing the visibility of the foundation and its programs; promoting lifelong learning in the arts by providing funding support and leadership in arts in education; and nurturing the multicultural heritage of the people of Hawaii. Having a long-range plan enables the foundation to receive money from the National Endowment for the Arts.

The commission has also provided guidance by reviewing and approving guidelines for awarding grants and fellowships. Guidelines help to ensure that the grants and fellowships are given fairly and that legislative intent is followed.

In February 1998, the commission established three task forces of commission members and foundation staff to discuss and review issues affecting the foundation. The Grants Task Force reviews foundation grant guidelines, the Art in Public Places Task Force reviews policies and procedures and current and future directions to the Art in Public Places Program, and the Policy Task Force reviews policies applicable to the entire foundation. It is too early to determine the effectiveness of these task forces.

However, the foundation needs more than mission statements and long-range plans to guide its work. For example, programs need to be reviewed and their purposes need to be clarified.

### **Programs have not been reviewed**

Despite the commission's progress, there are other areas in which it can provide stronger and clearer direction. Each month the commission holds regularly scheduled meetings that last approximately three hours. These meetings have been devoted largely to operational matters, such as approving foundation grants, individual artist fellowships, the purchase of commissioned and relocatable works of art, fund allocations, and budgets. The commission spends relatively little time reviewing programs or discussing the foundation's strengths and weaknesses. Several foundation staff report that discussions about programs are rare.

A critical task of the commission is to determine the needs and priorities of specific programs. However, the commission failed to sufficiently identify what it expects each program to achieve, regularly review programs and their achievements, and help staff focus on program priorities. We found little evidence that the commission is monitoring and evaluating the progress of the foundation in achieving its long-range goals and objectives.

One foundation official says that there is little time during the commission's regularly scheduled monthly meetings to review and analyze specific programs. However, some commissioners believe that there is a need to do so. Reorganizing the commission meetings may be necessary to ensure sufficient time for reviewing programs and defining their purposes.

### **Program purposes have not been clearly defined**

Some foundation staff report a need for more direction and for clarification of program objectives. The commission is responsible for ensuring that the purpose of each program offered by the foundation is clearly defined. This function can be achieved by requiring foundation staff to develop long-range plans and objectives for each program. Such plans and objectives should be presented to the commission for review and approval. We found that the commission has not sufficiently identified what it wants each program to achieve and has not required foundation staff to clearly identify the purpose of their major activities.

Two examples show what can happen when the commission neglects to clearly define program purposes. The first example is from the Art in Public Places Program. The program has about 3,800 relocatable works of art, 340 commissioned works of art, and 780 gifts in its collection. These art pieces represent the work of about 1,300 artists. In almost every regularly scheduled meeting the commission approves the purchase of relocatable works of art. The commission purchased a total of 140 relocatable works of art at a cost of almost \$270,000 in FY1996-97.

Although the commission has criteria for selecting specific pieces of art—including quality, significance, style, and price—we found no evidence that the commission considers how these purchases address the purpose of the works of art collection. In addition, the commission has not yet determined when, if ever, the foundation has “enough” works of art, or whether the commission should continue to purchase works of art. Consequently, although the commission may limit the number of purchases that it approves at each meeting, purchases are not tied to the purpose of the collection and related to needs of the foundation.

Although the commission recently reviewed and approved the criteria for allocating foundation grant funds for FY1997-98, it failed to discuss the fundamental purpose of the foundation grants program or the possibility of modifying the purpose in light of the State's fiscal crisis. The commission did not discuss the number or types of programs that should be funded, or whether it would be wiser to fund fewer programs with larger grants or more programs with smaller grants. It also did not address the link between the funding pattern and program objectives or how the funding pattern addresses the mission of the agency.

Consequently, the commission cannot be assured that its criteria for awarding grants advance the interests of the program or help the program meet its objectives.

The foundation is operating in a period of fiscal constraint. State appropriations for the Foundation Grants Program dropped from approximately \$5.3 million in FY1994-95 to \$1.4 million in FY1996-97. In FY1994-95, the foundation awarded grants for 239 projects to 112 agencies statewide. In FY1996-97, a total of 144 projects in 98 agencies received awards.

### **The commission failed to adopt a useful master plan**

The commission failed to make good use of a draft master plan of action for the Art in Public Places Program. In July 1993, the commission hired a consultant to develop the plan, which was presented in final draft form to the commission in October 1995. The plan, titled *Statewide Public Art Master Plan*, is a useful document and addresses some of the concerns that we raise later in this report, including the need to ensure the accessibility of the commission's works of art collection and the need to maintain an annual inventory of that collection.

The plan proposed refocusing the direction and priorities of the Art in Public Places Program and identified specific steps to correct program deficiencies. These steps included:

- Making accessible the works of art currently displayed in private offices;
- Focusing on quality rather than quantity in the acquisition of works of art;
- Exhibiting the works of art in venues such as airports, the convention center, university campuses, and civic centers; and
- Preserving and conserving the works of art collection.

However, the commission failed to approve and adopt the draft *Statewide Public Art Master Plan*. Although the plan was developed when the State did not face financial deficits, it is still useful as a planning framework. The plan's recommendations for shifting the focus of the program to ensuring the relevance and accessibility of works of art are still applicable. While the commission had some legitimate concerns about adopting the plan in the context of the State's fiscal climate, it also missed an opportunity to guide the program by fully and clearly articulating why the plan was not approved, how it could be improved, and providing a reasonable alternate course of action.

### **The commission's own parameters have not been set**

In 1976, we noted that the commission's organization had been largely informal and its mode of operations unsystematic. It had no bylaws or procedures to govern its internal operations. Although operating more formally now than it did in 1976, the commission still needs such tools to guide its own deliberations.

The commission does not have policies and guidelines for its own deliberations. In response to our request for written standards that guide the work of the commission, the foundation simply referred to Chapter 9, HRS. Commissioners also pointed to Chapter 9 and the mission statement as their guide. Although the statute is an important source document for the commission, it is not a substitute for more specific guidelines.

Without specific policies to guide its work, the commission lacks the criteria for determining how to link programs to the mission, for determining the need for its programs, and determining how efficiently the programs are operated.

### ***The executive director has not sufficiently planned for improvements***

While the commission is a policy-making body, it should have a limited role in directing the day-to-day operations of the foundation. That task falls on the executive director. We found that the executive director has provided some leadership in program management but needs to take additional steps to guide the work.

Although the foundation has a long-range plan for the agency as a whole, the executive director could more effectively direct the work of the foundation by ensuring that each program is well planned, meets the needs of the community, and is reviewed and evaluated for effectiveness. The executive director should develop a system that requires each program coordinator to identify program objectives, review progress toward those objectives, and regularly report program accomplishments.

Program coordinators are responsible for developing long-range plans for their respective programs. However, few program plans have been developed. Some programs have plans, others do not. Although the foundation does have a plan for arts education for the 1998-2000 biennium, there is no specific long-range plan for the History and Humanities Program and the Individual Artist Fellowship Program.

### **The foundation may need to be reorganized**

A reorganization of the foundation may be necessary to address other fundamental issues affecting program operations. These issues include ensuring the equitable distribution of the workload among foundation

staff; ensuring that essential planning, organizing, coordinating, and directing functions are accomplished; reviewing programs to ensure relevance to community needs and compliance with Chapter 9, HRS; and improving the coordination of programs with other state agencies. Any reorganization should include a review of the workload and task assignments to ensure that workload is fairly distributed and tasks are related to the foundation's mission and goals.

The foundation's administrative services assistant (ASA) position has been vacant since July 1997. The person in this position organizes, coordinates, and directs the planning and budgeting functions of the agency. The foundation requested the governor's approval to fill the vacant position, but the request was denied.

In response, the executive director delegated duties of the administrative services assistant to other foundation staff. However, staff complain that they are unable to complete their duties because they have assumed responsibilities of the vacant position. They also note that essential planning, organizing, coordinating, and directing functions have been left undone because the staff are unprepared to take them on. One commission member noted that a reorganization of the foundation should include how these planning functions can be most effectively assigned if the position cannot be filled.

Some of the programs offered by the foundation, such as the Individual Artist Fellowship Program, are required by Chapter 9, HRS. The reorganization should include a review of these programs. If they are no longer necessary, the foundation could recommend that the Legislature modify the law to accommodate changing needs in the community.

In addition, the executive director should pursue ways to increase coordination with other agencies in order to improve the use of the foundation's resources. For example, the director could review how functions in history and the humanities could be coordinated with or transferred to the Hawaii Committee for the Humanities, a nonprofit group that provides grant support to promote an understanding and appreciation of the humanities. There also may be opportunities to transfer Arts in Education Program functions to the Department of Education.

### **Programs have not been evaluated**

A key responsibility of the executive director is to ensure that programs operate efficiently and effectively. Program evaluations help provide evidence that the foundation offers programs that are consistent with its mission and are in the public's interest. However, the foundation has not conducted a formal and systematic evaluation of its programs. Program staff have not been required to formally evaluate their programs or to



conduct needs assessments to determine the relevancy of the programs to community needs. Without such evaluations, the ability to build confidence in the foundation and its programs is hindered and the foundation may be unable to compete successfully for state and federal funds.

### **Needs assessments have not been conducted**

The executive director is responsible for ensuring that each program addresses identified needs in the community. Needs assessments help to ensure that the foundation's programs and services address particular needs, opportunities, or issues in the community. The foundation's previous long-range plan for the period 1993-1997 called for the foundation to conduct needs assessments in each discipline area. However, the foundation has not conducted regular and systematic needs assessments.

### ***Insufficient direction and planning can have significant consequences***

Insufficient direction and guidance may have significant consequences. Programs that lack adequate plans and objectives may not be well integrated and may operate inefficiently. Staff may fail to see themselves as members of one team working for a common objective and feel frustrated and overworked. Simple tasks such as ensuring the submittal of key reports to state and federal granting agencies may be overlooked and encumbrances may not be made on a timely basis. As of February 28, 1998, the foundation faced \$3.6 million in outstanding encumbrances for projects dating back to the 1980s.

Finally, the foundation cannot be assured that programs fulfill the mission of the foundation, meet applicable program objectives, and operate efficiently. It also cannot be assured that programs are accessible and meet the needs of the community.

### ***Roles are unclear***

Lines of authority and responsibility within organizations should be clearly fixed, nonduplicative, and logically and consistently established. However, position descriptions for the executive director and other staff, as well as foundation functional statements, provide limited guidance. Policy making, planning, program development, and program evaluation roles are not clearly delineated. This hampers the ability of the commission and the executive director to effectively guide and direct the work of the foundation.

### **Chapter 9, HRS, could provide clarification**

The absence of clear definitions in Chapter 9, HRS, contributes to the lack of clarity on roles and responsibilities. The roles and responsibilities of the boards and chief executives of other state agencies are specified in

statute. For example, the duties of the Board of Education and the superintendent of education are defined in Section 26-12, Section 302A-1101, and Section 302A-1111, HRS.

Revising Chapter 9 to define the role of the commission as a policy-making body and to distinguish the work of the commission from that of the executive director and other foundation staff would assist the commission in directing the work of the foundation. In addition, the chapter could distinguish the commission as an entity apart from, yet responsible for, directing foundation staff. It could also specify the responsibility of foundation staff to develop programs contingent upon the final approval of the commission.

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## **Tighter Control of Operations Is Needed**

Proper management controls enable administrators to ensure that program goals are met, that personnel know and complete their assigned tasks in a timely manner, and that the work of an organization is efficiently and fairly distributed. Controls should include clear and complete contracts to protect the interests of the State and complete, objective, and fair procedures to review proposals. Clearly defined and easily accessible policies should explain the purpose of the foundation, outline its business practices, and define program and operational standards. Controls also should include position descriptions that outline and prioritize the essential work of the organization, establish commission and staff member roles and responsibilities, and minimize duplication of services.

Another important management control is monitoring and evaluating contracts. Section 9-3(2), HRS, requires the foundation to establish written standards and criteria by which grant contracts are evaluated. Section 9-16 requires that each foundation grant be monitored and evaluated annually by the foundation to determine whether the grant attained the intended results in the manner outlined.

We found some controls in place, but the foundation needs to establish additional controls to ensure the effective use of resources and personnel.

## ***Some tools are in place***

The foundation has some management controls in place to direct its work. These controls include policies and procedures for contracting with organizations receiving foundation grants; procedures and criteria for reviewing applications for apprenticeships, fellowships, and grants; clear and complete application forms; complete contract files; and complete contracts with organizations and artists.

### **Standards and criteria have been developed**

The foundation's policies and procedures for contracting with organizations receiving foundation grants comply with Chapter 9, HRS and are clear, reasonable, and appropriate. In addition, the procedures and criteria for reviewing applications for folk art apprenticeships, individual artist fellowships, and foundation grants are clear and complete. Application forms are clear, and the criteria for review are objective.

### **Contract procedures are complete and appropriate**

The foundation's contract procedures protect the interests of the State without unduly burdening the recipient. The organized and complete contract files enable the foundation to properly manage the contracts. Contracts with the master and apprentice teams in the Folk Arts Program are appropriate, specific, and meet the needs of the foundation. The scope of work is sufficiently detailed and the budget and payment schedule are identified.

### **Some policies are clear and specific**

Clear and specific guidelines have been developed in some areas. They include the guidelines covering the loan of works of art to non-state agencies or organizations, functions of the art advisory committees, acceptance of gifts, identification and cataloging of acquired works of art, and installation of works of art.

Staff of the Art in Public Places Program indicate that they are currently reviewing museum practices in an effort to update and improve the program's current policies. We reviewed some of the documents that the program is reviewing and found them to be potentially useful guides. For example, a book on collections management states: "A collection management policy is a detailed written statement that explains why a museum is in operation and how it goes about its business, and it articulates the museum's professional standards regarding objects left in its care. The policy serves as a guide for the staff and as a source of information for the public."<sup>2</sup>

### ***Some work lacks direction***

Some of the foundation's work lacks direction because other management controls are not in place. Some policies and procedures are outdated and no central repository for policies and procedures exists.

### **Policies and procedures are scattered and some are outdated**

The foundation lacks a central and accessible location for its policies and procedures. Consequently, the staff may have difficulty locating relevant policies and procedures efficiently.

In addition, the policies and procedures are outdated. Last year the foundation hired a contractor to develop a format for the policies and create new forms. The contractor's work was completed and given to the foundation. The commission has formed a task force to look at the policies and foundation staff have continued to review the proposed policies.

The procedures and guidelines for the Art in Public Places Program were approved by the commission in October 1981 and are out of date and inadequate to guide the program. Although some of these procedures and guidelines are current, useful, and clear, others are no longer applicable or are inconsistent with current laws. For example, there is no reference to the current statute governing the Works of Art Special Fund.

In addition, procedures and guidelines do not discuss the rights of artists to photograph their works or to obtain their own works when the works are no longer appropriate to the state collection. Furthermore, although the guidelines require that agencies notify the foundation of any loss or damage to works of art on loan to the agency, the guidelines do not assign responsibility for paying for the loss or damage. Also, the guidelines do not enable the foundation to determine whether the purchase of specific relocatable works of art helps achieve the purpose of the collection, how many works should be purchased in a given year, or when the foundation has sufficient works for its purpose.

### **Position descriptions are outdated**

Clear, accurate, and current position descriptions are important management tools for directing the work of the agency. Although the foundation has recently reviewed and updated position descriptions in the Art in Public Places Program, other position descriptions are outdated and do not accurately reflect the work assigned. Several position descriptions have not been updated since 1989.

Foundation staff report that position descriptions do not reflect what staff actually do at the foundation. As a result, the foundation cannot be assured that foundation staff are clearly directed in their work.

### **Administrative rules are outdated**

Section 91-5, HRS, requires each agency to compile, index, and publish the rules adopted by the agency and presently in effect. These compilations must be revised at least once every ten years.

The foundation's administrative rules, last revised in 1987, are outdated. They do not reflect the current requirements of the foundation mandated in Chapter 9, HRS, such as displaying student art work and offering individual artist fellowships. In addition, the administrative rules do not

address the Art in Public Places Program, the Folk Arts Program, or the Arts in Education Program. Administrative rules need to clearly indicate where works of art shall be located, how folk arts fellowships are awarded, and how grants for artists to promote art in public schools are determined. Also, the rules require applicants for grants, subsidies, and purchases of services to comply with Chapter 42, HRS, which was repealed in 1991.

Consequently the foundation's programs are not sufficiently linked to statutory intent. Programs may not be consistently guided and the public may not understand program operations.

### **Inventories have not been conducted**

Section 103D-1206, HRS, requires state agencies to prepare an annual inventory of all state property in their possession, custody, or control. However, the foundation itself has not conducted a formal and systematic inventory of its relocatable works of art collection. The last formal and complete inventory of the collection was conducted by the Audit Division of the Department of Accounting and General Services in 1981. In 1991 the department found that the foundation still had not conducted a physical inventory of the collection.

Current museum standards emphasize the importance of inventories:

- “Basic to collections care is proper documentation of each object’s current status, condition, and location. The essential inventory allows the museum to track, examine, evaluate, and subsequently provide appropriate treatment for every object in its custody.”<sup>3</sup>
- “An inventory not only ensures accountability, but contributes to the care and conservation of objects. . . . An inventory serves as a rudimentary, but clearly important, conservation survey.”<sup>4</sup>
- “An accurate inventory is integral to the physical security of objects and permits staff to undertake location reviews, identify losses, and initiate the search for missing objects.”<sup>5</sup>

Without an inventory, the Art in Public Places Program cannot be assured that all works of art in the collection exist, are properly placed, and are in adequate condition. Thus, the foundation has not sufficiently safeguarded the value of the collection.

### **Grants should be monitored**

Section 9-16, HRS, requires the foundation to monitor every foundation grant for compliance with Chapter 9, HRS. Every foundation grant

contract must be evaluated annually to determine whether the grant attained the intended results in the manner contemplated. In 1976, we noted that the foundation had no real means of monitoring and evaluating the grants it awarded. Some effort has been made to monitor foundation grants but improvements are still necessary.

The executive director reports that the foundation evaluates grant recipients through its review of grant applications by a peer review panel. A peer review panel consists of knowledgeable community volunteers who review applications and recommend whether an award should be made. However, these panels do not review the effectiveness of the organizations applying for the grants. The contracts officer reportedly reviews the final report submitted by a grant recipient to determine whether the recipient achieved the grant objectives. In addition, site visits of grant recipients are inconsistent. Although a field coordinator conducts site visits on the neighbor islands, recipients on Oahu may not be visited at all.

The foundation provides grant awards to almost 100 organizations. An inconsistent monitoring system does not assure that grant objectives are achieved and that state funds are spent appropriately.

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## **Works of Art Should Be More Accessible**

The purpose of the relocatable works of art program is to enable people of all communities on all islands to obtain aesthetic and educational experiences from works of art in public places; to stimulate broader interest in, and purchases of, works of art created by local artists; and to recognize deserving artists by calling public attention to works selected for the state collection. Works of art are loaned to legislative and departmental offices. Priority is given to lobbies and reception areas with significant public access and traffic, but works are also displayed in more enclosed areas such as the offices of legislators and department heads.

Our 1976 audit recommended that the foundation establish a system for periodically rotating works of art from one state building to another and among the islands and provide for the display of works of art in publicly accessible areas in public buildings. We also recommended that the foundation consider and formulate legislation allowing the exhibition of works of art at publicly accessible areas other than state buildings. The foundation's 1993-1997 long-range plan contained a goal of making arts and humanities accessible. One objective was to "increase the visibility and accessibility of the Art in Public Places Collection."<sup>6</sup>

We found that these works are not sufficiently visible and accessible. Currently, the collection has slightly more than 4,900 works of art created by almost 1,300 artists. Despite the stated purposes of the program, the foundation has not been able to sufficiently expose the public to its art

collection. Art works are not rotated often enough among state offices, and are placed in locations where they are seldom seen by the public.

***Works of art are not rotated***

The foundation has not ensured that the relocatable works of art are sufficiently rotated to educate the public about those works and to stimulate interest in the arts. Although the foundation's sponsorship of traveling exhibitions of the relocatable works of art serves to broaden the public's exposure to the collection, these exhibitions are not sufficient to meet the objectives of the program. Works of art on display in public facilities sometimes stay in the same location for years.

**Art works stay in the same locations**

In 1976, we noted that the foundation lacked a rotation program. A total of 45 percent of the works of art we reviewed at that time had been in the same location since their purchase.

Achieving an adequate rotation of the works of art is still an issue. We reviewed the foundation's inventory file cards on 109 relocatable works of art to determine how often and where works of art have been relocated. We found that:

- On average, each work of art had been placed in three locations. A total of 40 percent had been in just one or two locations since they had been purchased by the foundation. A total of 21 works of art had been in only one location (19 percent).
- 33 percent (36 out of 109) of the works of art had been in the same location for ten or more years. A total of 14 percent had been in the same location for more than 15 years.
- Only 25 percent of the works of art had been rotated from one island to another.

Efforts to ensure that the works are sufficiently rotated are inadequate because the foundation lacks a rotation policy.

**The foundation lacks a rotation policy**

Although staff members in the Art in Public Places Program are considering new policies regarding the works of art collection, the foundation does not yet have a policy on rotating the works of art, including how often the works should be rotated, whether they should be rotated from island to island, and how many agencies should participate in the program. With no policy in place, the foundation cannot ensure that the works are sufficiently rotated, that all state agencies and offices are subject to the same rotation policies, and that the public will have sufficient access to the collection.



***The public has limited access***

In 1976, almost one-half of the works of art were in generally inaccessible areas of state buildings.

The current procedures and guidelines of the Art in Public Places Program call for relocatable works of art to be distributed “among all communities of all islands, among the various departments of the state, and ultimately among all suitable facilities of all state agencies.”<sup>77</sup> In addition, these procedures and guidelines contain installation criteria, including that “works of art are to be displayed in spaces that allow free public access and usage.”<sup>78</sup>

We conducted site visits to view relocatable works of art across the state and assess their accessibility. Of the 333 relocatable works of art that were available for us to review statewide:

- 15.6 percent (52 out of 333) had no plaque, and
- 17.7 percent (59 out of 333) were in locations that did not allow free public access.

Without a plaque next to the work of art, the public has no information about the title of the work, the artist, the medium, and other pertinent data. One purpose for displaying the works of art is to foster appreciation for art. Without this information, the public can gain only limited appreciation for the work.

The foundation’s public art master plan acknowledges the need to make works of art more accessible. The consultant found in statewide interviews with artists and state agency personnel that Hawaii residents see only a few of the works of art. Residents need better access to the art than is provided by limited circulation of the collection.

In 1976, we noted that the foundation could expand the areas in which works of art can be shown and that the collection should be displayed in heavily trafficked areas such as banks and other financial institutions. Another way to make the works more accessible is to develop a gallery where works from the collection can be displayed. Some commissioners recognize the need for such a venue.

***Some works of art are at risk for damage***

Foundation guidelines require that only foundation personnel handle, install, and relocate works of art. The borrowing agency accepts responsibility for the works of art and must agree to notify the foundation in writing of any damage or loss of works of art. If the artwork is to be moved, the agency is supposed to notify the foundation in advance to enable the foundation to handle the work.

Despite these stipulations, some works of art are at risk for damage or loss. Our site visits revealed that works of art were missing after agencies moved them without the assistance of the foundation during facility renovations. In some instances, agencies moved the works into storage areas or other locations where the works could be damaged or misplaced.

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## **The Works of Art Special Fund Should Be Revisited**

Section 103-8.5, HRS, established the Works of Art Special Fund in 1989. This law calls for 1 percent of all state fund appropriations for capital improvements designated for the construction cost element for the construction or renovation of state buildings to be transferred into the Works of Art Special Fund. When the appropriation bill is signed into law, the amount to be transferred must be calculated and the transfer must be made when the appropriated funds are available. Section 103-8.5, HRS, requires that the fund be used solely for works of art.

This law has generated significant moneys to purchase art for state buildings in Hawaii. However, we found that commission members do not agree as to how the fund should be used. Also, responsibilities for calculating the amount to be transferred, initiating the transfer, and monitoring compliance with the law are not clearly specified. Action by the foundation and the Legislature is needed to correct these problems.

### ***The size of the fund is significant***

Approximately \$18 million has been transferred into the Works of Art Special Fund since the fund was established in 1989. The fund balance as of November 30, 1997 was \$4,542,476.

Each year the Legislature establishes an annual expenditure ceiling for the Works of Art Special Fund. The ceilings for FY1996-97 and FY1997-98 were approximately \$4 million for each year. However, the foundation spent only \$2.9 million and reverted approximately \$1.1 million of the FY1996-97 allotment back to the special fund. Over \$750,000 of the \$1.1 million reverted had been budgeted for commissioned works of art. In addition, the program spent only \$30,745 out of \$258,750 budgeted for the conservation of works of art. In the first half of FY1997-98, the foundation spent only \$630,000 of the \$4 million ceiling, leaving 84 percent of the allotment to be spent in the last half of the year.

### ***The purpose of the fund needs more clarity***

Despite its ten-year history and the amount of money generated by the fund, its purpose may not be completely clear to the foundation or the public. Foundation commissioners hold different opinions on how the fund should be used and whether restrictions should be placed on its use. Some commissioners feel the fund should cover only the costs of the Art in Public Places Program. Other commissioners believe that the fund can

cover the personnel and operating costs of other programs in the agency. This issue has been discussed at commission meetings.

The construction projects that finance the fund are paid for primarily with proceeds from the sale of bonds. It is unclear to some whether bond moneys can cover the costs of anything not related to state buildings. The Legislature has considered an amendment to the statute to allow the fund to cover other personnel and operating costs.

The commission has consulted with its attorney concerning the acceptable uses of the fund. It should continue to do so and, if necessary, should propose amendments to Section 103-8.5, HRS, and other relevant state statutes to resolve any remaining questions.

***Responsibilities and calculations are not fully defined***

The Department of Accounting and General Services has attempted to clarify use of the fund by providing a list of what should be included and excluded in the 1 percent of state fund appropriations for the construction cost element of state capital improvement projects. However, other issues and responsibilities are less clear and could be clarified in the statute. Section 103-8.5, HRS, does not provide guidance to agencies that miscalculate the 1 percent appropriation. We found at least one instance in which the special fund received more than 1 percent of the construction cost element. In addition, some agencies failed to transfer the 1 percent of the construction cost element to the special fund as required by law.

The Legislature should consider revising Section 103-8.5 to clarify the responsibilities of the Department of Accounting and General Services, the State Foundation on Culture and the Arts, and other expending agencies in relationship to the fund. Ambiguities in the statute may allow state agencies to ignore their responsibility to transfer 1 percent of their construction costs into the fund.

***Some state agencies do not transfer money to the special fund***

According to criteria and procedures established by the Department of Accounting and General Services, departments request the transfer into the special fund at the time that they submit a request to the governor to release the construction funds. Later, the Department of Budget and Finance will release the works of art assessment from the user agency's capital improvement project appropriation and transfer the money to the Works of Art Special Fund.

Our 1976 audit found that some state agencies did not consistently set aside 1 percent of the construction cost element appropriation. This is still an issue; additional money could have been generated for the special fund had the 1 percent been consistently set aside.

Some state agencies do not transfer the required 1 percent into the special fund. We reviewed the budget acts for the past four fiscal years and found that state agencies were remiss in transferring a total of \$60,576 into the fund. In addition, the Department of Transportation has determined that it owes the foundation \$1.1 million for construction projects from which it had failed to transfer funds under Section 103-8.5. Foundation staff believe that the Department of Transportation owes more than \$1.1 million.

The statute is silent on who is responsible for calculating the 1 percent and on the penalties for noncompliance. Currently, departments receiving the appropriations for the construction cost element perform the calculations. Agencies that do not transfer the appropriate funds are not penalized. State agencies continue to be delinquent in their payments to the fund.

***The foundation does not know how much is due***

The state foundation does not know how much is owed to the foundation by other state agencies. The foundation reports that the following departments may be behind in their transfers but the foundation does not know by how much: Transportation; Land and Natural Resources; Business, Economic Development, and Tourism; and Hawaiian Home Lands.

**The foundation does not have a tracking system**

The foundation does not have a tracking system to identify which capital improvement projects should be assessed, which projects have transferred the 1 percent into the special fund, whether the amount of the transfer is correctly calculated, which departments are delinquent, and how much is due to the special fund. In addition, its list of assessments is incomplete. Our review of the capital improvement projects that were appropriated construction funds during the 1995 legislative session (Act 218, SLH, 1995) found nine instances in which the foundation was unaware of allotments to the special fund. These allotments totaled over \$300,000.

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**Conclusions**

State art agencies such as the State Foundation on Culture and the Arts have easily identifiable criteria for effective operations. Strong art agencies have clear visions, purposes, goals, and core services. In addition, their roles and resources are consistent with the themes of government, their commissions are influential and committed, and everyone in the organization is clear about their respective roles. The agency must be prepared for change by instituting a planning and evaluation process, ensuring the link between public benefits and resource levels, and working toward measurable and tangible objectives.

New challenges confront the State Foundation on Culture and the Arts. Primary among these challenges is the condition of the economy and its impact on state government. While all state programs are being asked to do more with less, some programs such as those offered by the foundation face particular scrutiny as educational and human services funds are being cut. Thus, the need is compelling for the commission to address the role of culture and the arts in the state, the role of the foundation in state government, and how the foundation can effectively address its mission within the State's fiscal constraints.

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## Recommendations

1. The Legislature should consider amending Section 9-2, HRS, to clarify the respective roles of the commission, executive director, and other staff of the State Foundation on Culture and the Arts.
2. The commission should provide clearer direction to the foundation by:
  - a. reexamining the *Statewide Public Art Master Plan*, clearly articulating how the plan should be modified, clearly identifying the priorities of the program, and formally identifying the action steps that the program should pursue;
  - b. initiating formal reviews of the programs of the foundation, with staff participation;
  - c. continuing to develop mechanisms, such as task forces composed of commission members and foundation staff, to more systematically review and discuss program policies and operations;
  - d. restructuring its meetings to allow for program reviews or scheduling additional meetings in which such reviews can be conducted;
  - e. requiring the executive director and foundation staff to conduct regular evaluations of all programs operated by the foundation;
  - f. establishing a committee or task force to monitor and evaluate the progress of the foundation's long-range plan and to periodically report findings to the commission;
  - g. requiring the executive director and foundation staff to initiate regular needs assessments for all programs; and
  - h. establishing policies and guidelines that affect its own operations.

3. The executive director should improve the use of basic management tools by:
  - a. requiring a formal and complete inventory of the relocatable works of art collection;
  - b. adopting procedures for conducting future inventories on a regularly scheduled basis;
  - c. updating and revising as necessary all position descriptions, foundation administrative rules, and policies and procedures; and
  - d. requiring all program staff to provide technical support to and formally monitor organizations receiving foundation grants and document the assistance provided.
4. The executive director should improve the accessibility of relocatable works of art by:
  - a. exploring every available option of using gallery spaces in existing state buildings to exhibit its relocatable works of art collection;
  - b. exploring all available options for the exhibition of works of art in publicly accessible areas other than in state buildings; and
  - c. establishing policies and procedures that provide for periodically rotating works of art from one state building to another and among the islands and for displaying works of art in publicly accessible areas in public buildings. These policies should include a definitive statement on how often the works should be rotated, whether they should be rotated from island to island, and the number of agencies through which they should be rotated. In addition, the policies should ensure that all state branches, agencies, or offices have access to relocatable works of art.
5. The executive director should also improve the protection of the works of art by revising policies on loans to state and non-state agencies. Revisions should clarify that the recipient is responsible for paying for the damage or loss of works of art resulting from the recipient's gross negligence.
6. The commission should continue to consult with its attorney concerning acceptable uses of the Works of Art Special Fund and propose clarifying legislation if appropriate.

7. The governor should require all executive agencies to transfer the appropriate and correct amount of money into the Works of Art Special Fund. The governor should also require all departments currently owing money to the fund to pay the balance owed.
8. The Legislature should consider reviewing Section 103-8.5, HRS, to specify who is responsible for calculating the 1 percent due to the Works of Art Special Fund and specify remedies for noncompliance with the statute.
9. The executive director should develop a tracking system to identify which capital improvement projects should be assessed, which projects have transferred the 1 percent into the special fund, whether the amount of the transfer is correctly calculated, which departments are delinquent, and how much is due the special fund.
10. The executive director should also conduct a formal review of past capital improvement projects to determine how much is due to the special fund.



**Appendix A**  
**Expenditures in the Art in Public Places Program**

Commissioned Works of Art Completed in FY1996-97

Master	Work of Art	Award
Ralph Kouchi	Sculpture at Kauai State Office Building	\$195,000
Shigeru Miyamoto	Sculpture at King Kaumualii School	\$94,000
Mamoru Sato	Sculpture at Pearl City Cultural Center	\$100,000
John Thomas	Oil Painting at Washington Place	\$5,000

Artists Commissioned in FY1996-97

Master	Work of Art	Award
Satoru Abe	Bronze Sculpture at Convention Center	\$150,000
Ka'ili Chun	Wood Sculpture at University of Hawaii	\$10,000
Herman Pi'ikea Clark	Mural at University of Hawaii	\$25,000
Kauka de Silva	Ceramic Sculpture at University of Hawaii	\$25,000
Jun Kaneko	Ceramic Sculpture at Waikiki Aquarium	\$250,000
Ron Kowalke	Mural at Convention Center	\$150,000
Ipo Nihipali	Mural at University of Hawaii	\$40,000
Tadashi Sato	Mural at Convention Center	\$130,000
Chuck Souza	Coordination of Various Artists at UH	\$50,000
Masami Teraoka	Mural at Convention Center	\$180,000
Michael Tom	Mural at Convention Center	\$75,000

Art in Public Places Program/Artists in Residence Project FY1996-97

Master	Work of Art	Award
Kazu Fukuda	Sculpture at Kuhio Elementary School	\$50,000
Joel Nakila	Sculpture at Pahoa High & Intermediate School	\$50,000
Bruce Turnbull	Sculpture at Haiku Elementary School	\$50,000

Works of Art Purchased by the State Foundation on Culture and the Arts in FY1996-97

Master	Work of Art	Award
Satoru Abe	Wood Sculpture	\$500
Yasuko Abeshima	Watercolor on Paper	\$1,200
Lisa Louise Adams	Hand-colored Lithograph	\$480
Tom Adolph	Oil on Canvas (eight sections)	\$12,500
Shinko Araki	Etching on Paper Print	\$677
Shinko Araki	Etching on Paper Print	\$729
Shinko Araki	Etching on Paper Print	\$729
Shinko Araki	Etching on Paper Print	\$625
Michael Ashford	Hand Blown Glass Vessel	\$200
Louise Barr	Intaglio	\$175
Louise Barr	Monoprint, Relief, and Woodcut	\$150
Phyl Barr	Ceramic Vessel	\$200
Jan Beckett	Black and White Photograph	\$500
Jan Beckett	Black and White Photograph	\$500
Jan Beckett	Black and White Photograph	\$500
Jan Beckett	Black and White Photograph	\$500
Jan Beckett	Black and White Photograph	\$500
Jan Beckett	Black and White Photograph	\$500
Derek Bencomo	Ivory Wood Vessel	\$4,300
Chris Bird-Jones	Glass and Wood Sculpture	\$840
A. Kimberlin Blackburn	Mixed Media	\$4,500
Martin Brief	Sculpture	\$400
Allyn Bromley	Mixed Media Print	\$2,572
Allyn Bromley	Screenprint, Intaglio	\$2,000

Appendix A

Works of Art Purchased by the State Foundation on Culture and the Arts in FY1996-97 (continued)

Master	Work of Art	Award
Allyn Bromley	Screenprint	\$800
Ramon Camarillo	Ceramic Sculpture	\$625
Kimberly M. Chai	Mixed Media Print	\$784
Chonchanok Chaiyatap	Steel and Wood Sculpture	\$500
Janet Davis	Monotype Print	\$1,800
Dexter Doi	Oil on Canvas	\$750
Mark Donham	Carved Vessel	\$825
Diana Dorenzo	Monotype	\$728
Satoko Dung	Watercolor on Paper	\$781
Dorothy Faison	Mixed Media on Plywood	\$4,750
Eddie Flotte	Watercolor on Paper	\$2,912
Betty Hay	Oil on Canvas	\$1,092
Sally French	Photograph	\$1,100
Karen Gally	Fiber Quilt	\$1,600
Rebecca Goodale	Screen Print	\$150
David Graves	Acrylic, Graphite, and Varathane	\$650
Garry Greenwood	Leather Sculpture	\$850
Christine Harris-Amos	Photogravure	\$100
Shirley Hasenyager	Etching with Acrylic	\$400
Keiko Hatano	Acrylic on Paper	\$833
Charles Higa	Watercolor on Paper	\$1,562
Arius Hopman	Watercolor on Paper	\$360
Jules Houck	Oil Pastel Drawing	\$884
Adella Islas	(not specified)	\$100
Kathleen Johnson	Color Photograph	\$215
Lorena Jones	Ceramic Vessel	\$35
Aiko Kameya	Oil on Canvas	\$4,500
James J. Knoeppel	Pastel, Oil Stick, and Oil Paint	\$1,200
Sepp Koch	Wood Turned Bowl	\$750
Seiji Kunishima	Sculpture	\$2,100
Jae Won Lee	Ceramic	\$700
Alan Leitner	Mixed Media on Canvas	\$2,392
Masafumi Maita	Iron Sculpture	\$1,000
Shizuko Mansho	Watercolor on Paper	\$1,042
Emily Martin	Printed Text with Pop-ups	\$500
A.J. Metzgar	Acrylic on Paper	\$600
Robert Miller	Blown Glass Vessel	\$350
Hanae Uechi Mills	Mixed Media on Canvas	\$750
Hanae Uechi Mills	Monotype	\$1,350
Hanae Uechi Mills	Mixed Media on Paper	\$4,750
Hanae Uechi Mills	Oil on Canvas	\$2,250
Shigeru Miyamoto	Stoneware Sculpture	\$2,300
Shigeru Miyamoto	Stoneware Sculpture	\$1,700
Hiroki Morinoue	Acrylic on Wood	\$6,770
Marcia Morse	Lithographs	\$937
Marcia Morse	Paper and Hair Fern	\$1,042
Kay Sayoko Mura	Stoneware Sculpture	\$1,250
Timothy P. Ojile	Acrylic, Latex, Crayon, and Pencil on Paper	\$3,333
Timothy P. Ojile	Liquid Polymer Medium with Collage	\$1,800
Tom Okimoto	Acrylic	\$4,010
Koi Ozu	Ceramic Vessel	\$200
Garry Palm	Watercolor on Paper	\$1,562
Raphael Xavier Reichert	Mixed Media Sculpture	\$2,500
Sam Rosen	Ceramic and Bronze Vessel	\$450
Fred Roster	Wood and Bronze Sculpture	\$2,000
Fred Roster	Mixed Media Sculpture	\$1,400
James Rumford	Photogravure with Colored Pencil	\$100
Mari Sakamoto	Oil on Canvas	\$2,000
Franco Salmoiraghi	Black and White Print with Charcoal, Graphite, and Conte	\$2,083
Barbara Sanders	Photogravure	\$100

## Works of Art Purchased by the State Foundation on Culture and the Arts in FY1996-97 (continued)

Master	Work of Art	Award
George Sasada	Black and White Photography	\$400
George Sasada	Black and White Photography	\$400
Gordon Sasaki	Oil, Wood, Gold on Paper	\$1,500
Gordon Sasaki	Oil, Resin, and Grass on Canvas	\$7,500
Mamoru Sato	Mixed Media Sculpture	\$400
Tadashi Sato	Oil on Linen Canvas	\$12,500
Tadashi Sato	Oil on Linen	\$7,292
Terri Scarborough	Colored Paper Collage	\$550
Carol Schwartzott	Print with Pop-up Letters	\$600
Millard Sheets	Watercolor over Pencil on Paper	\$15,000
Frank Sheriff	Bronze, Glass, and Mirrors	\$1,458
Esther Shimazu	Stoneware Sculpture	\$2,200
W. Chris Silva-Lowry	Glass Sculpture	\$1,000
Joseph Singer	Black and White Photograph	\$500
Joseph Singer	Black and White Photograph	\$500
Joseph Singer	Black and White Photograph	\$500
Joseph Singer	Photogravure	\$100
Joseph Singer	Black and White Photograph	\$500
David B. Smith	Lithograph	\$920
David B. Smith	Lithograph	\$920
Hoppy Smith	Photogravure	\$100
Laura Smith	Woodcut Print and Monoprint	\$200
Laura Smith	Woodcut on Paper	\$521
Laura Smith	Woodcut and Monoprint	\$200
Laura Smith	Woodcut with Stencils	\$312
Laura Smith	Woodcut and Monoprint	\$200
Linda A. Smith	Engravings, Print, and Card	\$240
Nelly Sorokko	Mixed Media Painting	\$676
Helene Sroat	Photogravure	\$100
Patricia Lyons Stroud	Wood Sculpture	\$600
Robert Sunday	Ceramic Vessel	\$600
Reuben Tam	Acrylic on Paper	\$2,344
Reuben Tam	Acrylic on Paper	\$2,344
Reuben Tam	Acrylic on Paper	\$2,344
Reuben Tam	Acrylic on Paper	\$2,344
Reuben Tam	Acrylic on Paper	\$2,344
Reuben Tam	Acrylic on Paper	\$2,344
Masami Teraoka	Watercolor on Paper	\$37,500
Michael G.B. Tom	Wood, Leather, Copper Sculpture	\$1,000
Michael G.B. Tom	Mixed Media on Paper	\$1,600
Michael G.B. Tom	Mixed Media on Paper	\$1,200
Michael G.B. Tom	Mixed Media on Paper	\$380
Michael G.B. Tom	Mixed Media on Paper	\$1,200
Vicky Vierra	Pastel on Paper	\$400
Sandy Vitarelli	Stoneware Vessel	\$400
Dodie Warren	Photogravure	\$100
Steve Weinberg	Cast Crystal and Granite Sculpture	\$4,500
Suzanne Wolfe	Stoneware Sculpture	\$4,688
George Woollard	Etching	\$250
Shigeharu Yamada	Watercolor on Paper	\$6,250
Nora Yamanoha	Monotype	\$300
Sidney Yee	Newspaper, Paste, Joss, and Acrylic	\$3,952
Sidney Yee	Mixed Media on Canvas	\$3,120
Byoung Yong Lee	Mixed Media on Korean Paper	\$9,000
Doug Young	Print with Hand Coloring	\$385
Doug Young	Print with Hand Coloring	\$385

Source: State Foundation on Culture and the Arts

**Appendix B**  
**Foundation Grants Awarded in FY1996-97**

Organization	Project	Amount Granted
Alliance for Culture and Arts	Talking Island Festival and Talk Story	\$2,700
Alliance for Culture and Arts	Summer Fun Showz N Classz	\$3,100
Alliance for Drama Education	T-Shirt Theatre	\$12,300
Alliance for Drama Education	NO ACT, EH?	\$26,400
Bamboo Ridge Press	Bamboo Ridge Writers Workshops	\$4,500
Bamboo Ridge Press	Bamboo Ridge Press Audiotape Project	\$1,200
Bamboo Ridge Press	Bamboo Ridge, Hawaii Writers Quarterly	\$8,100
Big Island Dance Council	Big Island Dance Enrichment Workshops	\$5,400
Big Island Dance Council	Creative Movement In the Schools	\$4,600
Bishop Museum	Amy B.H. Greenwell Ethnobotanical Garden	\$6,700
Chamber Music Hawaii	Public Concerts and Broadcasts	\$9,000
Chamber Music Hawaii	Student Ensembles and Workshops	\$2,700
College Art, Inc.	Basic College Art Exhibition	\$1,000
Community Development Pacific, Inc.	Kaho'olawe: An Exhibition	\$4,500
Council of Samoan Chiefs & Orators	Flag Day Celebration & Workshop & Cultural	\$2,300
Dances We Dance, Inc.	East Meets West Contemporary Dance Company and Workshops	\$5,400
Dances We Dance, Inc.	East Meets West Contemporary Dance Festival	\$13,600
Department of Education	Artists-in-the-Schools Programs	\$50,500
Diamond Head Theatre	Supreme Excellence In Theatre	\$6,700
Diamond Head Theatre	Supreme Excellence In Musicals	\$6,700
Diamond Head Theatre	Supreme Excellence in Community Outreach	\$3,100
East Hawaii Cultural Council	Slack Key Guitar, Hawaii's Own	\$8,100
East Hawaii Cultural Council	Basic East Hawaii Community Arts Program Support	\$15,800
Filipino Community Center, Inc.	Filipino Fiesta	\$2,700
First Night Honolulu	Basic First Night Honolulu 1996	\$4,600
Friends of R.W. Meyer Sugar Mill	Annual Molokai Music Festival	\$1,800
Friends of the Ballet/Ballet Hawaii	Ballet Performances-Basic	\$27,200
Friends of the Maui Symphony	Basic Program	\$22,500
Friends of the Royal Hawaiian Band	Without Missing A Beat	\$10,000
Friends of Waipahu Cultural Garden Park	Basic Plantation Heritage Program	\$33,700
Garden Island Arts Council	Basic Kauai Community Arts	\$22,500
Hana Cultural Center	Hana Culture for Youth	\$2,200
Hawaii Alliance for Arts Education	Basic Program Operations	\$43,500
Hawaii Association of Music Societies	Touring Ensembles	\$6,600
Hawaii Chamber Orchestra Society	Basic Performances	\$4,500
Hawaii Community Television	Jean Charlot-Painting Beneath the Surface	\$9,000
Hawaii Concert Society	Hawaii Concert Society Season	\$1,000
Hawaii Council on Portuguese Heritage	Basic Portuguese Ethnic Heritage Project	\$13,500
Hawaii Craftsmen	Basic Programs	\$9,000
Hawaii Handweavers Hui	Understanding the Structure	\$2,100
Hawaii International Film Festival	Basic Hawaii International Film Festival	\$18,000
Hawaii Literary Arts Council	Poets in the Schools	\$4,400
Hawaii Literary Arts Council	Resident Writers, Visiting Writers	\$7,900
Hawaii Museums Association	Annual Conference and Museum Training	\$4,500
Hawaii Opera Theatre	Hawaii Opera Theatre Educational Program	\$13,900
Hawaii Opera Theatre	Basic Grand Opera Productions	\$11,400
Hawaii Opera Theatre	Hawaii Opera Theatre Outreach Programs	\$10,500
Hawaii Performing Arts Company	Manoa Valley Theatre Production	\$18,000
Hawaii Public Broadcasting Authority	Spectrum Hawaii	\$22,500
Hawaii State Dance Council	Choreographic Competition & Award Concert	\$6,800
Hawaii State Dance Council	Creative Movement in the Schools Program	\$11,000
Hawaii Stitchery & Fibre Arts Guild	Fiber Arts Workshops/Lectures	\$2,200
Hawaii Vocal Arts Ensemble	Oahu Choral Society	\$7,600
Hawaii Youth Opera Chorus	Hawai'i Youth Opera Chorus Programs	\$6,700
Hawaii Youth Symphony Association	Basic Program Activities	\$67,500
Hawaii's Volcano Circus	Na Keiki O Kana	\$2,200

## Appendix B (continued)

Organization	Project	Amount Granted
Hawaii's Volcano Circus	Summer Fun Children's Touring Show	\$2,700
Hilo Community Players	Theater Season 1996-97	\$16,700
Honolulu Academy of Arts	Museum Experience/Art Enrichment Special Education	\$2,700
Honolulu Academy of Arts	Contemporary Music In Performances	\$6,700
Honolulu Academy of Arts	Artists of Hawaii 1996	\$3,100
Honolulu Academy of Arts	Exhibitions	\$40,000
Honolulu Academy of Arts	Artists Workshops and Exhibitions	\$4,000
Honolulu Chamber Music Series	Chamber Music Education and Performance	\$1,800
Honolulu Dance Theatre	Honolulu Dance Theatre's Educational Season 96-97	\$3,100
Honolulu Dance Theatre	Dance Theatre Performance Season 96-97	\$6,700
Honolulu Printmakers	Visiting Artist Program	\$1,300
Honolulu Printmakers	Turning the Page, Book Arts Hawaii	\$5,400
Honolulu Symphony Society	Basic Symphony Orchestra	\$143,300
Honolulu Symphony Society	Chamber Concerts	\$8,100
Honolulu Symphony Society	Symphony Orchestra Educational Concerts	\$58,600
Honolulu Theatre for Youth	Basic Statewide Theatre for Youth	\$126,100
Hui Noeau, Inc.	Children's Art Education Program	\$13,500
Hui Noeau, Inc.	Exhibition Program	\$18,400
Hui Noeau, Inc.	Adult Education Program	\$41,800
The Image Foundation	Basic Photographic Exhibitions, Lectures	\$3,600
Immigrant Center	Pacific Island Master Weavers Guild Project	\$9,000
International Folk Dancers of Hawaii	Celebration of Folk Dance and Music	\$1,800
Japanese Cultural Center of Hawaii	Reflections: Japanese American Contemporary Artists in Hawaii	\$9,600
Ka'u Concert Society	Basic Music Performances	\$4,500
Kahilu Theatre Foundation	Basic Programming Series	\$13,500
Kalani Honua, Inc.	Education Intensives for Teachers & Students of Dance	\$6,800
Kalani Honua, Inc.	Educational Intensives for Teachers & Students of Music	\$5,800
Kalihi-Palama Culture & Arts Society	Kalihi-Palama Culture & Arts Basic Program Support	\$29,500
Kauai Academy of Creative Arts	Young People's Summer Arts Program	\$7,200
Kauai Chorale	Basic Annual Concert Series	\$1,800
Kauai Community Players	Kauai Kids at Play (KKAP)	\$6,800
Kauai Historical Society	Basic Kauai Historical Society History	\$15,800
Kauai Senior Centers, Inc.	Extravaganza XX	\$3,100
Kauai Society of Artists	Kauai Society of Artists Visual Exhibit	\$3,600
Kona Community Chorus	Kona Children's Chorus	\$1,000
Kona Community Chorus	Kona Community Chorus	\$2,000
Kona Historical Society	Ha'aheo Hawai'i na Kona	\$4,000
Kona Historical Society	Basic Community History Program 96/97	\$22,700
Kualoa-Heeia Ecumenical Youth Project	Hui Laulima Program	\$9,000
Kumu Kahua Theatre, Inc.	Basic Kumu Kahua: Locally Oriented Theatre Program Support	\$18,100
Lahaina Arts Society	Outreach Art Program for At Risk Children	\$6,700
Lanai Arts and Culture Center	Basic Community Art Program	\$11,200
Laotian Community Center of Hawaii	Laotian Cultural Festival	\$3,600
Maui Academy of Performing Arts	Theatre in the Schools	\$18,000
Maui Academy of Performing Arts	Community Arts	\$6,800
Maui Academy of Performing Arts	Development Through Drama	\$9,000
Maui Arts & Cultural Center	The Tales of Maui	\$6,700
Maui Arts & Cultural Center	Partnering for Arts and Education	\$15,700
Maui Arts & Cultural Center	The Kapalua Music Festival	\$9,000
Maui Community Theatre	Basic Maui Community Theater Program	\$25,000
Maui Dance Council	Creative Movement in the Schools	\$6,700
Maui Dance Council	Studio H'Poko	\$2,700
Maui Dance Council	Middle School Dance Project	\$2,700
Maui Dance Council	Concert & Workshop Series	\$1,500
Maui Philharmonic Society	Basic Youth & Public Events Performing Arts Program Support	\$13,500
Moanalua Gardens Foundation	Prince Lot Hula Festival XIV	\$4,500
Nova Arts Foundation, Inc.	Basic Iona Pear Dance Theatre Annual Program Support	\$22,477

## Appendix B (continued)

Organization	Project	Amount Granted
Pamana Singers of Hawaii	Pamana Singers Development & Performance	\$1,500
Performing Arts Society of Kona	Aloha Community Players	\$11,200
South Kona Education Association	The Art of Learning	\$5,400
South Kona Education Association	Community Arts	\$4,000
The Storybook Theatre of Hawaii	Basic Earthwise '96 Season Support	\$3,600
TEMARI Center for Asian & Pacific Arts	Asian and Pacific Arts: Traditions	\$7,600
The Contemporary Museum	1996-97 Contemporary Art Exhibition Series	\$36,000
The Contemporary Museum	1996-97 Museum School Curriculum Project	\$3,100
UH-Manoa (UH-M), Art Gallery	The 6th International Shoebox Sculpture Exhibition	\$11,400
UH-M, Continuing Education College	Hawaii Dance on Tour	\$15,000
UH-M, Continuing Education College	Statewide Cultural Extension Program	\$11,200
UH-M, Continuing Education College	Arts in Hawaii's Underserved Communities	\$45,000
UH-M, English Department	Manoa: A Pacific Journal of International Literature	\$6,800
UH-M, School of Hawaiian Asian & Pacific Studies	Conducting Research Through Use of the Hawaiian Language	\$4,500
UH-M, Summer Session	Special Music Series	\$6,700
UH-M, Summer Session	Hawaii Guitar Festival '97	\$6,700
UH-M, Summer Session	Film and Video Summer Institute	\$9,000
UH-M, Summer Session	Artists-Schools Project	\$2,200
Very Special Arts Hawaii	Arts for Individuals with Disabilities	\$13,500
Very Special Arts Hawaii	Arts By For With Disabled/Non-Disabled	\$15,700
Volcano Art Center	Writing at the Volcano Conference & Literary	\$2,200
Volcano Art Center	Hoomau Program	\$8,100
Volcano Art Center	Volcano Music on the Mountain	\$4,900
Volcano Art Center	Volcano Community Arts Program	\$2,900
Volcano Art Center	Visual Arts Program	\$4,500
Waianae Coast Culture & Arts Society	Basic Waianae Coast Culture & Arts Program Support	\$20,200
Waimea Community Theatre	Waimea Community Chorus Project	\$1,300
West Hawaii Dance Theatre	Basic West Hawaii Dance Theatre Program Support	\$4,500
Windward Community Arts Council	Music Education in the Community: Chamber Music	\$2,200
Windward Community Arts Council	Music Education in the Community: Concert Music	\$2,700
<b>TOTAL</b>		<b>\$1,758,477</b>

Source: State Foundation on Culture and the Arts

**Appendix C**  
**Apprenticeships, Fellowships, and Awards in FY1996-97**

**Folk Arts Apprenticeships**

Master	Apprentice	Folk Art	Award
Kalani Akana	Jeffrey Takamine	Hawaiian chant ( <i>oli</i> )	\$2,740
William Ka'awaloa	Kalea Elia	Hawaiian fishnet making	\$3,281
Moana Eisele	Robyn Smith	Hawaiian kapa making	\$3,510
Margaret Lovett	Jeanne Corbett	Hawaiian lauhala weaving ( <i>ulana lauhala</i> )	\$4,000
Gladys Grace	Katherine Domingo	Hawaiian lauhala weaving ( <i>ulana lauhala</i> )	\$3,475
Lily Sugahara	Kikue Correa	Hawaiian lauhala weaving ( <i>ulana lauhala</i> )	\$2,848
John Auna	Wayne Shishido	Hawaiian steel guitar	\$4,000
Alan Akaka	Al Green Jr.	Hawaiian steel guitar	\$3,105
Patrick Pine	Shae Ganaeu	Hawaiian woodcarving	\$2,711
Ho Hung Wong	Susan Arkoff	Cantonese opera music	\$4,000
Ji ai Quan	Mi Wan Wong	Cantonese opera singing	\$3,956
Kenny Endo	Joy Moriwake	Japanese drumming ( <i>taiko</i> )	\$3,320
Kauka de Silva	Randall Ho	Japanese folk pottery ( <i>mingei</i> )	\$4,000
Cheryl Nakasone	Earl Ikeda	Okinawan dance	\$4,000
Mitsuko Toguchi	Satomi Kurazumi	Okinawan dance	\$3,898
Katsuko Teruya	Jolene Nakama	Okinawan koto and singing	\$3,417

**Individual Artist Fellowships (\$5,000 each)**

Bryon Yasui	Band
Allen Trubitt	Chamber music
J. Mark Scearce	Orchestral music
Donald Womack	Orchestral music
Neil McKay	Orchestral music
Jerre Tanner	Orchestral music
Jay Matahiapo Kauka	Contemporary Hawaiian/ethnic music

**The Hawai'i Award for Literature (\$1,000)**

Darrell H. Y. Lum and Eric Chock (shared award)

Source: State Foundation on Culture and the Arts

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## Notes

### Chapter 1

1. Hawaii, Department of Accounting and General Services, State Foundation on Culture and the Arts, *Hawaii State Foundation on Culture and the Arts 1998-2003 Long Range Plan*, Honolulu, January 23, 1998, p. 1.

### Chapter 2

1. Cyril O. Houle, *Governing Boards—Their Nature and Nurture*, San Francisco, Jossey-Bass, and Washington, D.C., National Center for Nonprofit Boards, 1989, p. 90.
2. Anne Fahy (ed.), *Collections Management*, New York, Routledge, 1995, p. 11.
3. Mary Case (ed.), *Registrars on Record: Essays in Museum Collections Management*, Washington, D.C., American Association of Museums, 1988, p. 146.
4. *Ibid.*, pp. 149-150.
5. *Ibid.*, p. 150.
6. Hawaii, Department of Accounting and General Services, State Foundation on Culture and the Arts, *State Foundation on Culture and the Arts Long-range Plan 1993-1997*, Honolulu, p. 2.
7. Hawaii, State Foundation on Culture and the Arts, Art in Public Places Program, *Procedures and Guidelines*, Honolulu, 1981, p. 32.
8. *Ibid.*



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## Responses of the Affected Agencies

### Comments on Agency Responses

We transmitted drafts of this report to the commission and executive director of the State Foundation on Culture and the Arts, the governor, and the Department of Accounting and General Services on December 23, 1998. A copy of the transmittal letter to the commission is included as Attachment 1. Similar letters were sent to the executive director and the Department of Accounting and General Services. The letter to the governor invited him to comment on the report's seventh recommendation only. The commission's response on behalf of the foundation is included as Attachment 2. The governor and the Department of Accounting and General Services did not submit responses.

The commission responded that the executive director, her staff, and the commissioners welcomed the report as a concrete source and guideline for the steps they are about to undertake. The commission thanked the Auditor for a fair and objective report and commended the Auditor's staff.

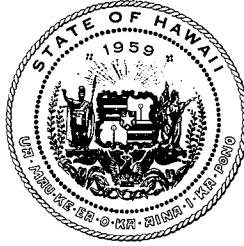
The commission concurred with almost all of the recommendations in the report and "concurred with reservations" with two recommendations, one of which we had addressed to the Legislature.

The commission disagreed with our recommendation that the executive director should improve the accessibility of relocatable works of art by formulating or recommending legislation allowing the exhibition of works of art in publicly accessible areas other than in state buildings. In disagreeing, the commission noted that the foundation already has policies and procedures for exhibiting works of art in non-state buildings to ensure that a significant public purpose is served and the needs of state agencies are met first. After considering the commission's viewpoint, we revised the recommendation.

Finally, the commission offered some factual clarifications and additional information. We revised a few elements of the report to address some of the commission's concerns.

ATTACHMENT 1

STATE OF HAWAII  
OFFICE OF THE AUDITOR  
465 S. King Street, Room 500  
Honolulu, Hawaii 96813-2917



MARION M. HIGA  
State Auditor  
(808) 587-0800  
FAX: (808) 587-0830

December 23, 1998

*COPY*

Ms. Eunice M. DeMello, Chairperson  
State Foundation on Culture and the Arts Commission  
335 Merchant Street, Room 202  
Honolulu, Hawaii 96813

Dear Ms. DeMello:

Enclosed for your information are 9 copies, numbered 6 to 14 of our draft report, *Audit of the State Foundation on Culture and the Arts*. We ask that you telephone us by Monday, December 28, 1998, on whether or not you intend to comment on our recommendations. Please distribute the copies to the members of the commission. If you wish your comments to be included in the report, please submit them no later than Monday, January 4, 1999.

The Executive Director of the State Foundation on Culture and the Arts, Department of Accounting and General Services, Governor, and presiding officers of the two houses of the Legislature have also been provided copies of this draft report.

Since this report is not in final form and changes may be made to it, access to the report should be restricted to those assisting you in preparing your response. Public release of the report will be made solely by our office and only after the report is published in its final form.

Sincerely,

A handwritten signature in cursive script, appearing to read "Marion M. Higa".

Marion M. Higa  
State Auditor

Enclosures

THE  
STATE  
FOUNDATION  
ON  
CULTURE  
AND  
THE ARTS

January 11, 1999

RECEIVED

JAN 11 3 50 PM '99

OFF. OF THE AUDITOR  
STATE OF HAWAII



Ms. Marion Higa, State Auditor  
State of Hawaii  
Office of the Auditor  
465 S. King Street, Room 500  
Honolulu, HI 96813-2917

BENJAMIN J. CAYETANO  
Governor

Dear Ms. Higa:

RAYMOND H. SATO  
Comptroller

The 1998 Draft Report of the State Foundation on Culture and the Arts has been perused with great interest by the executive director, her staff, and the commissioners.

EUNICE M. DEMELLO  
Chairperson

It is important to note that the two top positions have undergone recent changes: (1) the executive director in June 1997 and (2) the chairperson in October 1998.

Commissioners:  
JUDY BISGARD  
RONALD E. BRIGHT  
MOMI W. CAZIMERO  
DIANE N. DODS  
CHARLES M. FREEDMAN  
PAULA Z. HELFRICH  
ALFRED LAURETA  
ETHEL A. WARD

The executive director, her staff, and the commissioners welcome the Report as a concrete source and guideline for the steps we are about to undertake. Some of the suggestions have already been discussed prior to the Report.

HOLLY RICHARDS  
Executive Director

We are a team committed to our mission and assure you that we are enthusiastic about meeting the many challenges that face us.

The following pages include our responses that you asked for submission.

We thank you for the fair and objective Report. Your staff is to be commended, and most of all, you run an efficient and thoughtful organization.

Sincerely,

Eunice M. DeMello, Chairperson  
The State Foundation on Culture and the Arts

Enclosure

44 Merchant Street  
Honolulu, Hawaii 96813  
Administration: (808) 586-0300  
Art in Public Places: (808) 586-0304  
Contracts: (808) 586-0302  
FAX: (808) 586-0308  
TDD: (808) 586-0740  
E-mail: sfca@sfca.state.hi.us  
Web site: www.state.hi.us/sfca

**RESPONSE TO THE LEGISLATIVE AUDITOR'S DRAFT REPORT OF 1998**

**The State Foundation on Culture and the Arts (SFCA)**

**January 11, 1999**

If any of the following recommendations impacts or affects another state department, division, or agency or branch of government in order to be carried out, the SFCA will first consult and work with that appropriate entity regarding policies and procedures prior to taking action on the recommendation.

**I. SFCA's Responses to the Recommendations:**

1. The Legislature should consider amending Section 9-2, HRS, to clarify the respective roles of the commission, executive director, and other staff of the State Foundation on Culture and the Arts (SFCA).

**Comments: Concur with reservations.** The SFCA would like to first research other state boards and their legislation for models to determine how roles and responsibilities are written.

2. The commission should provide clearer direction to the foundation by:

- a. reexamining the *Statewide Public Art Master Plan*, clearly articulating how the plan should be modified, clearly identifying the priorities of the program, and formally identifying the action steps that the program should pursue;

**Comments: Concur.**

- b. initiating formal reviews of the programs of the foundation, with staff participation;

**Comments: Concur.**

- c. continuing to develop mechanisms, such as task forces composed of commission members and foundation staff, to more systematically review and discuss program policies and operations;

**Comments: Concur.**

- d. restructuring its meetings to allow for program reviews or scheduling additional meetings in which such reviews can be conducted;

**Comments: Concur.**

- e. requiring the executive director and foundation staff to conduct regular evaluations of all programs operated by the foundation;

**Comments: Concur.**

- f. establishing a committee or task force to monitor and evaluate the progress of the foundation's long-range plan and to periodically report findings to the commission;

**Comments: Concur.**

- g. requiring the executive director and foundation staff to initiate regular needs assessments for all programs; and

**Comments: Concur.**

- h. establishing policies and guidelines that affect its own operations.

**Comments: Concur.**

- 3. The executive director should improve the use of basic management tools by:

- a. requiring a formal and complete inventory of the relocatable works of art collection;

**Comments: Concur.** Recommend requesting the assistance of the Department of Accounting and General Services to conduct a formal and complete inventory of the relocatable works of art collection.

- b. adopting procedures for conducting future inventories on a regularly scheduled basis;

**Comments: Concur.**

- c. updating and revising as necessary all position descriptions, foundation administrative rules, and policies and procedures; and

**Comments: Concur.**

- d. requiring all program staff to provide technical support to and formally monitor organizations receiving foundation grants and document the assistance provided.

**Comments: Concur with reservations.** The SFCA agrees that this recommendation should be carried out but also notes that there are statutory and resource limitations. Currently, there are no designated program coordinators for both the visual and performing arts disciplines who can provide technical support and formally monitor the grants in these discipline areas.

- 4. The executive director should improve the accessibility of relocatable works of art by:

- a. exploring every available option of using gallery spaces in existing state buildings to exhibit its relocatable works of art collection;

**Comments: Concur.** The SFCA has already embarked on a plan to create a network of gallery spaces for all major islands and for a state art gallery on Oahu.

- b. formulating or recommending legislation allowing the exhibition of works of art in publicly accessible areas other than in state buildings; and

**Comments: Disagree.** SFCA already has policies and procedures for exhibiting works of art in non-state buildings to ensure that a significant public purpose is served and the needs of State agencies are met first.

- c. establishing policies and procedures that provide for periodically rotating works of art from one state building to another and among the islands and for displaying works of art in publicly accessible areas in public buildings. These policies should include a definitive statement on how often the works should be rotated, whether they should be rotated from island to island, and the number of agencies through which they should be rotated. In addition, the policies should ensure that all state branches, agencies, or offices have access to relocatable works of art.

**Comments: Concur.**

5. The executive director should also improve the protection of the works of art by revising policies on loans to state and non-state agencies. Revisions should clarify that the recipient is responsible for paying for the damage or loss of works of art resulting from the recipient's gross negligence.

**Comments: Concur.**

6. The commission should continue to consult with its attorney concerning acceptable uses of the Works of Art Special Fund and propose clarifying legislation if appropriate.

**Comments: Concur.**

7. The governor should require all executive agencies to transfer the appropriate and correct amount of money into the Works of Art Special Fund. The governor should also require all departments currently owing money to the fund to pay the balance owed.

**Comments: Concur.**

8. The Legislature should consider reviewing Section 103-8.5, HRS, to specify who is responsible for calculating the 1 percent due to the Works of Art Special Fund and specify remedies for noncompliance with the statute.

**Comments: Concur.**

9. The executive director should develop a tracking system to identify which capital improvement projects should be assessed, which projects have transferred the 1 percent into the special fund, whether the amount of the transfer is correctly calculated, which departments are delinquent, and how much is due the special fund.

**Comments: Concur.**

10. The executive director should also conduct a formal review of past capital improvement projects to determine how much is due to the special fund.

Comments: Concur.

## II. Factual Clarifications:

There are some statements in the audit with which the SFCA wishes to clarify for accuracy. The page numbers refer to the Draft Report.

### 1998 Draft Report

### SFCA Clarification

Page 1. "Other duties include but are not limited to:..."

There is no mention of the Foundation's duty to accept, administer, distribute and allocate funds. Please see Part III.

Page 2. "The Legislature established provisions for the Foundation Grants Program in 1992,..."

The Foundation Grants Program is the oldest program in the agency, dating from 1965, and precedes the Art in Public Places Program.

The Foundation Grants program operated under other legislative provisions from 1965/66 on, among them Chapter 42, and General Fund support for grants was appropriated for all that time as well.

The SFCA currently awards grants to organizations in nine discipline areas: Arts In Education, Community Arts, Dance, Ethnic Heritage and Folk Arts, History and Humanities, Literary Arts, Media Arts, Music and Opera, Presenting and Touring Arts, Theater, and Visual Arts.

Page 3. "The Arts In Education Program, established in 1992..."

The Arts in Education (AIE) Program, established in 1966,..."

The Arts in Education Coordinator position was established in 1992. The AIE program had been previously conducted by other SFCA staff and former executive directors.

Page 3. "Currently seven public schools are receiving \$50,000 each to have an artist create a commissioned work of art and interact with students and faculty."

Selected by a committee of representatives of the selected school, the community and visual arts consultants, the artist receives \$50,000, not the school. The artist is paid directly for the design, materials, labor and supplies to create the art work and to provide hands-on art experiences for students in the classroom as well as in-service training in the arts for the teachers of the school.

Page 3. "Appendix A includes Artists in the School Program awards made in FY 1996-97."

Appendix A includes Art in Public Places - Artists-in-Residence Project (Artists & Schools) in FY 1996-97." Notice that the word "awards" is not used. The schools are selected by a competitive application process. Selection in this case does not mean an award.

Page 4. "The History and Humanities Program was created in 1980 when the History and Humanities Agency was abolished and its responsibilities were transferred to the agency."

The History and Humanities program was created in 1980 when the Hawaii Foundation for History and Humanities, an agency comparable to SFCA, was dissolved, not abolished, by Act 293 and its functional responsibilities of guiding and coordinating history and humanities activities in Hawaii were transferred to the foundation.

Page 4. "Other activities and programs"

There are no mentions of the Field Coordinator's or the Information Specialist's programs and activities. Please see Part III.

Page 13. "The commission did not discuss the number or types of programs that should be funded, or whether it would be wiser to fund fewer programs with larger grants or more programs with smaller grants."

The commission did discuss a variety of scenarios in view of the significantly reduced grants funding allocation and decided to fund as many organizations as possible and evenly throughout the state to ensure access to a wide range of culture arts, history, and humanities activities in all counties and especially rural areas.

Page 16. "The foundation requested the governor's approval to fill the vacant (ASA) position, but the request was denied."

The foundation requested the governor's approval to fill the vacant position, but the request was denied by the Department of Budget and Finance.



Page 16. "In response, the executive director delegated duties of the administrative services assistance to other foundation staff."

If SFCA was permitted to fill the administrative services position, the duties would be performed by that person instead of being assumed by the executive director and delegated to key staff persons.

The vacancy of the administrative services assistant position is an on-going concern for the commission and the executive director. Essential planning, budgeting, and directing functions are being overseen by the executive director.

Page 16. "There also may be opportunities to transfer Arts in Education Program functions to the Department of Education."

The SFCA's Arts in Education program is funded entirely by the Arts in Education Grant and Basic State Grant from the National Endowment for the Arts. The NEA grant money is not available to any entity other than a state arts agency, such as the SFCA. As to any other consideration of transfer or elimination of any SFCA programming, the executive director and commissioners must first have the opportunity to assess needs, set priorities, and review the work of the programs.

Page 17. "Simple tasks such as ensuring the submittal of key reports to state and federal granting agencies may be overlooked...."

Preparation of reports especially for the National Endowment of the Arts grants is a function assigned to the administrative services assistant position which is currently vacant. Since this vacancy, key staff persons and the executive director have endeavored to submit all reports on a timely basis. They are also addressing any backlogs that may exist.

Page 31. Appendix A: "Artists in the Schools Programs Awards in FY 1996-97"

The title of this table should be changed to "Art in Public Places Program/Artists in Residence Project FY 1996-97" and not the Artists in the Schools Program.

### **III. Additional Information:**

The State Foundation on Culture and the Arts appreciates the work that the legislative audit team has undertaken to review this agency soon approaching its 35th anniversary and the many programs which it offers to the people of Hawai'i.

To complete this report, SFCA respectfully submits the following information which may be inadvertently omitted. The bold face titles and page numbers refer to the Draft Report sections being addressed.

Page 1:

**Background:**

“Other Duties include but are not limited to:”

There is no mention in the Draft Report’s “Background” section that the foundation shall “...accept, hold, disburse, and allocate public funds that are made available to the foundation by the legislature for disbursement or allocation, pursuant to the standards and procedures established in part II, for the promotion and furtherance of culture and the arts and history and the humanities.” [HRS, Chapter 9-7 (B)].

The State Foundation on Culture and the Arts was first designated as the official state arts agency for Hawai‘i in 1965 and, “as such, it is (*sic*) authorized to receive and to administer federal grants from the National Endowment for the Arts. These federal grants have been combined with state funds and private funds to support projects in the various art media...” (Legislative Audit, 1976, Forward)

“In 1967, the State’s role as patron of the arts was further augmented by Act 298, the Art in State Buildings Law (HRS, section 103-8).” (Legislative Audit, 1976, page 4) This state legislation pioneered what is now the SFCA’s Art in Public Places (APP) program.

The SFCA wishes to point out that its first program, the Foundation Grants program, now impacts approximately 100 cultural and arts organizations in Hawaii that in turn reach a potential audience of 1 million residents, school children and tourists. The SFCA is proud that its Art in Public Places Program is one of the nation’s most successful public art programs as well as being the first of its kind in the country. These two programs along with the SFCA’s Arts in Education Program, Folk Arts Program, History and Humanities Program, Individual Artists Program, and the work performed by the Field Coordinator, the Information Specialist, the Support Section, and Administration together make up the entirety of the State Foundation on Culture and the Arts. The SFCA is an aggregate of many programs and services designed to ultimately promote, preserve, stimulate, and perpetuate culture, the arts, the history and the humanities for the people of Hawai‘i.

The SFCA also wishes to note that the federal funding received from the National Endowment for the Arts (NEA) enables the agency to perform necessary functions and programming. The Basic State Partnership Grant supplements in part operating funds for most of SFCA’s designated programs and the administration. The SFCA uses these federal funds to pay in part for long-range planning, community surveys, festivals, conferences, workshops, folk arts apprenticeships, individual artists fellowships, printing and publications. No NEA funds are used by the Arts in Public Places Program which has its own source of funding.

As noted earlier, the SFCA receives a NEA competitive grant awarded specifically for Arts in Education (AIE) programs and services which is administered by the Arts in Education Coordinator. The AIE budget is supplemented by the NEA Basic State grant.

**“Other activities and programs”**

The State Foundation on Culture and the Arts receives a third National Endowment for the Arts grant - the Arts in Underserved Communities Grant. These federal funds are used nationally to initiate arts programming in rural and underserved areas in each state. This is an important mandate for the NEA and is represented in Hawai'i by the work conducted by the SFCA Field Coordinator. Unfortunately, there was no mention of this important work under the “other programs and activities” section.

The Field Coordinator's program includes work providing technical assistance for rural Oahu and neighbor island arts organizations and monitoring their Foundation Grants, the publication of “*A Hawai'i Anthology*”, a collection of work by the past recipients of the Hawaii Award of Literature from 1974 to 1996 released in October 1997 and a reading tour, *Poetry and Drama in the Prison* initiatives, youth at risk arts programming initiatives and other initiatives which include organizing the annual Community Arts Administrators' Forums to instruct administrators of small arts organizations in subjects such as marketing, applying for corporate grants, and arts programming for youth at risk, and the SFCA's partnership with the Statewide Cultural Extension Program, University of Hawaii at Manoa. The Field Coordinator's initiatives are funded largely by the NEA's Arts in Underserved Communities Grant which is competitively awarded to Hawaii for this specific program and the NEA's Basic State Partnership Grant.

Another note to be added in this section is to include a mention about the SFCA's Web Site which can be accessed through the State of Hawaii's site. The agency's web site provides current information about the SFCA staff, programs, board members and actions, and offers a section to inform artists about opportunities for exhibitions, residences, and professional development in Hawaii, on the mainland and elsewhere.

This concludes the State Foundation on Culture and the Arts' response to the 1998 Draft Report.