

Department of Culture, Recreation, and Tourism

Report of the Louisiana Rebirth Accountability Panel

January 8, 2008

This report is submitted to the Governor, President of the Senate, Speaker of the House, and the public at-large, pursuant to Executive Orders KBB 2006-8 and KBB 2007-13, Section 3 in each Executive Order.

The Accountability Panel was created on February 16, 2006 to support the achievement of Lt. Governor Mitch Landrieu and the Department of Culture, Recreation, and Tourism's (CRT) ambitious rebuilding plan: *Louisiana Rebirth: Restoring the Soul of America*. The Panel served as a third-party performance and audit function to promote the achievement of the plan's results and safeguard the use of funds. The Panel also reviewed results and recommended changes to advance post-storm recovery.

Members of the Panel:

Jim Brandt, Public Affairs Research Council
Cynthia Eisenhauer, Director, Iowa Department of Management and then Chief of Staff to Iowa Governor Tom Vilsack
Barry Irwin, Council for a Better Louisiana
John Kamensky, Senior Fellow, IBM Center for Government
Anne Kinney, Government Finance Officers Association
Sylvester Murray, Professor of Public Administration, Cleveland State University
Sean Reilly, Chair, Louisiana Recovery Authority
Bill Strickland, Pittsburgh Social Entrepreneur
Richard Tracy, former Portland OR City Auditor

CRT provided information and administrative support to the Panel and CRT staff made themselves available to the Panel for questions and concerns. The Public Strategies Group provided information to Panel members and facilitated Panel meetings.

The Panel convened for day-long sessions on three occasions:

May 26, 2006
November 15, 2006
August 23, 2007

Highlights of the first meeting, May 26, 2006:

CRT Secretary Angele Davis provided background and context for the Panel's work and helped orient them. Immediately following the storms, the Office of the Lt. Governor (OLG) and CRT, with the assistance of Louisiana's tourism stakeholders, created the Louisiana Rebirth Plan, which identified four important objectives:

1. Rebuild Tourism – Rebuild Louisiana to worldwide preeminence as a top tourism destination
2. Cultural Economy – Make Louisiana's Cultural Economy the engine of economic and social rebirth
3. Lives and Livelihoods – Build better lives and livelihoods than before for all of Louisiana's people
4. High Performance and Ethical Behavior – Make Louisiana's recovery the standard of high performance, accountability, and ethical behavior

The Panel's work supports the achievement of the Louisiana Rebirth Plan.

Panel Chair Sean Reilly then provided fellow Panel members with an overview of Louisiana's recovery status, including funding streams and amounts for various components of federal and other support. Reilly also described the major organizational and individual participants and their relationships with CRT. With Reilly, Secretary Davis described the roles of tourism, recreation, and culture in the state's economy and the critical role this industry's recovery will play in restoring economic health and attracting residents back to Louisiana. Davis also described how the Rebirth plan had been developed collaboratively with tourism stakeholders.

David Greer, Assistant Legislative Auditor, Office of the Louisiana Legislative Auditor (LLA), described the LLA's role in monitoring recovery funds and activities. The discussion helped Panel members better understand the funding flows and how the various state, federal, and local units of government are interacting to ensure appropriate use of the funds, documentation, and accountability.

Secretary Davis and staff described for the Panel how CRT has successfully used a new budgeting for outcomes (BFO) process to allocate funds for greatest impact. They provided an overview of the process, the indicators used to measure results, and discussed the results so far. Several of the CRT Assistant Secretaries provided examples. CRT's success with BFO can be a model for others in Louisiana state government.

Panel members shared reactions to the indicators and the discussion to that point, including:

- Consider graphic representations to show affected areas,
- Conventions attracted might be a good measure,
- Emphasize why we're doing what we're doing: the economy, and
- Remember that quality is also important, not just quantity.

Panel members and Secretary Davis then discussed the potential applicability of the “Charter Agency” idea for CRT and Louisiana, agreeing that it was worth pursuing.

The final discussion addressed Rebirth objectives, that CRT set the standard for recovery efforts and accountability in Louisiana.

Highlights of the second meeting, November 15, 2006:

Secretary Davis began the meeting by announcing to the Accountability Panel a number of successes accomplished by the Office of Lt Governor (OLG) and the Department (CRT) since the May meeting. First, she announced that CRT had been awarded a \$28.5 million CDBG grant for tourism recovery by the U.S. Department of Housing and Urban Development. She expressed her appreciation on behalf of the Lt. Governor and CRT for the many industry and government leaders who supported CRT in its efforts to secure this funding.

Another success story was CRT securing \$12.5 million for historic preservation grants, which will be provided directly to homeowners and historic property owners to help rebuild the homes and historic properties in the most devastated areas.

Davis also discussed the success OLG and CRT have had with the LA Cultural Economy Foundation (LCEF), which Lt. Governor Landrieu established immediately after the storms and which has raised over \$1 million in private contributions and donations. LCEF has disbursed over \$600,000, and it is unprecedented how everyone has worked together to get the funds into the hands of those musicians and artists and members of the cultural economy at a time when their lives have been turned upside down by the storms. Davis credited the leadership of Pam Breaux and Scott Hutchenson in helping make this program so successful so quickly.

Another success story she announced to the panel was CRT’s ability to greatly increase the amount of direct funds provided for grants in devastated communities as a result of the OLG’s LA Serve program. LA Serve was able to increase those grant dollars by 75 percent—those are federal funds that flow through the department—and help shift those investments from the health-education investments that were being made prior to the storms to recovery investments to those impacted areas after the storms.

Secretary Davis then asked for the Panel’s assistance to help CRT have the best accountability program in state government to ensure that CRT gets the best return on investment for these recovery dollars. CRT wants to ensure that it has a transparent system, that it’s accountable for every dollar spent, and that CRT gets the results that we anticipate achieving from these investments.

Following a summary of the agenda for the day, Secretary Davis presented a brief overview of the CDBG process, including how allocations were made to the 17 sub-

recipient programs. CRT used the model that it had used for the prior year's budget development, which is a Budgeting for Outcomes (BFO) process.

CRT allocated the CDBG dollars prior to receiving the grant award based on the BFO Request for Results, which was sent out to the major tourism entities in the 13 most severely impacted parishes. Those tourism entities submitted their proposals back to CRT for their plans, and CRT pulled together an evaluation team made up of state tourism industry leaders, including the LA Restaurant Association, the LA Travel Promotion Association, LA Hotel and Lodging Association, the LA Association of CVBs, and the LRA observed as well. This leadership team ranked those proposals based on the best ability to achieve the overall goal, and they allocated those dollars based on the proposals received as well as based on the pre-storm economic impact of those individual parishes.

The Panel and CRT leaders engaged in productive and lengthy discussions on particular recovery programs, strategies, and performance measurement, with particular reference to the tourism industry and CRT's role in helping it recover as quickly as possible.

Conversation then shifted to historic preservation recovery grant programs conducted with money channeled through the Department of Interior's National Parks Service. Particular issues here included exacting NPS requirements to document the quality of the work, exceptions needed to make the program work in this context, and the relationships between these funds and other funds. CRT successfully navigated these challenges.

Pam Breaux then updated the Panel on the Cultural Economy Foundation, created by Lt. Governor Landrieu. Almost \$1 million has been received. Part of the money will go to relief grants for a wide variety of individual artists, arts and cultural organizations, and cultural economy small businesses. 300 recipients have benefited already. This effort represents a good example of government leveraging its resources to create greater results.

Undersecretary Dawn Watson provided the Panel with an update on the current BFO budgeting process. One of CRT's challenges is maintaining accountability for funds that are strictly pass-through to other entities. Various investments and other budget-related topics were discussed, e.g. Black Bear Golf Course, sporting events, Hodges Garden, LA Endowment for Communities, CODIFIL, City Park, and others. BFO works well in this environment as it allows CRT to respond flexibly to varying degrees of funding. Potential uses for funds are already prioritized.

Chuck Morse followed with a presentation on tourism recovery. This is an area where all CRT units pulled together in the storms' aftermath to improve results. Panel members' comments suggested ways they thought could enhance CRT's tourism efforts.

Parks head Stuart Johnson reported on the reopening of parks and other recreational facilities.

Pam Breaux described the Office of Cultural Development's tracking of cultural institutions, about 25 in highly storm-impacted areas and about 25 in unaffected areas for comparison. They are seeing increasing numbers of more local visitors instead of the pre-storm pattern of most of the visitors coming from a greater distance. They are tracking visitors, culture-related jobs, and volunteers. The vast majority of the cultural attractions that had been closed are now reopened and there is no longer such a need to follow this data. Ongoing resource needs is likely to be the next major issue.

State Librarian Rebecca Hamilton reported that all but 22 of the 121 libraries that were closed by the storms are now open and those 22 were destroyed and cannot reopen. CRT is working with others to extend library services to those now without a library. Gates funds have helped. Following the storms, we found that our libraries' internet services were often invaluable to displaced people and the libraries proved to be a critical resource in the areas where folks were temporarily resettled. Panel members engaged in an interesting discussion about the options to deliver services in the digital age and the ways in which Louisiana still takes good advantage of more traditional library services because of the state's characteristics.

A good discussion with OCD's Tom Brennan ensued around expectations and accountability for CDBG grants. The major issues are getting the money out quickly and ensuring compliance with the rules. Great scrutiny plus myriad rules makes it harder in this context to keep the focus on achieving maximum results for the money. Linda McNeil, CRT's internal auditor followed with similar points from CRT's point of view.

After a quick lunch break, the Panel reviewed the Rebirth accountability web-site and related CRT web resources with Sue Israel and Greg Wirth. Different formatting and structural approaches were discussed as were alternate conceptual approaches to several measurement challenges. Panel members also made suggestions regarding specific measures. A separate discussion was held regarding accountability and showing results for the CDBG grant program. Panel members offered their suggestions as much of this effort is still "under construction." Panel members praised CRT staff for their work to date on measures and data.

More detail on the first two meetings can found in the attached Minutes for each meeting.

Highlights of the third meeting, August 23, 2007:

During the final meeting on August 23, 2007, the Panel began its day with a tour of sites in New Orleans that demonstrated how CRT-funded projects had made major contributions to the city's recovery:

- New Orleans City Park
- Historic Preservation Grant – Holy-Cross Neighborhood
- LA Serve Volunteer Work in progress rehabilitating homes (Hands On New Orleans)

- Newly re-opened Library – Mid-City Branch
- State Museum – Old U.S. Mint (work in progress)

The Panel then conducted a working luncheon at the Old Mint where they discussed current DCRT Grantees' experiences with those grantees. Panel members heard how the grantees' experiences with CRT contrasted with what they often encountered as they dealt with other post-Katrina funders. CRT staff were complimented on their speed, efforts to make requirements understandable, and customer service.

In the afternoon, Lt. Governor Landrieu and senior CRT leaders met with the Panel for several hours. The meeting opened with Lt. Governor Landrieu sharing his vision as the Department continues storm recovery where needed and moves beyond storm recovery in other areas. All then engaged in a dialogue between Panel Members and CRT Leadership focused on progress, learning, and applying our learning going forward.

Panel members took advantage of this opportunity to praise CRT on many issues:

- You earned an “A” on the four things we looked at: measuring your work and productivity, measurable results, customer service, and finances.
- You made your customers feel part of the process.
- Exceptional turnaround times, personal attention, and technical assistance.
- Impressed by the shared, enthusiastic, and articulate commitment that all CRT staff have for the Department's mission.
- Loved the reactions of the grantees, especially compared to the usual stories we hear from Louisiana folks working on grants from other units of government.
- You have successful programs. Your process and effectiveness are good and that's often more important than your products and efficiency.
- Your accomplishments are inspirational. I'll tell people about them wherever I go.

Panel members also suggested that CRT's success in the 2007 legislative session stemmed at least in part from enhanced credibility gained through the department's transformation initiatives. A summary of that success:

- HB 270 (Alario) lifted the cap on tourism funding. Signed into law on June 26, 2007, Act 30 increases the dollars available to market Louisiana as a premier tourism destination by \$6.8 million in fiscal year 2007-08.

- HB 359 allows local governments to designate cultural product districts, where one-of-a-kind works of art can be sold without sales tax and the rehabilitation of historic properties is encouraged with tax incentives.
- The Arts-in-Education bill, SB 299 (Broome), puts music and the arts in every Louisiana public school.
- HB 936 (Townsend) provides for changes and modifications to the motion picture investor tax credits, especially with regard to state-certified infrastructure tax credits. It continues the tax incentive program that has made Louisiana the 3rd largest film production hub in the United States and the leading state in the buildup of infrastructure.
- SB 218 (Murray) is designed to make Louisiana “Broadway South.” Spearheaded by Roger Wilson, this legislation grants refundable income tax credits related to musical or theatrical productions and musical or theatrical facility infrastructure projects.
- State Aid to Public Libraries was doubled from \$1.5 million to \$3 million. The funds will be distributed to public libraries to strengthen the libraries in the areas of technology and collections.
- Significant investments were made in reforestation efforts and the recovery of New Orleans City Park (\$1 million).
- Investments were increased in successful cultural economy initiatives including, Louisiana Main Street (additional \$489k), Arts Division Grants (additional \$424k) and Decentralized Arts Funding (additional \$150k).
- Funding was allocated to attract key sporting and entertainment events including the 2008 NBA All Star Game (\$2.5 million), the 2008 Sugar Bowl (\$3 million), the 2008 Independence Bowl (\$358,000), and the Essence Music Festival (\$1.3 million).
- Investments were made in key tourism and cultural economy infrastructure, including the Sci-Port Discovery Center (\$300k), the Alexandria Zoo (\$175k), the Strand Theatre (\$200k), the Ernest N. Morial Convention Center (\$8 million), and Louisiana Arts and Science Museum (\$650k).
- The New Orleans Metropolitan Convention Center received funding for operations shortfalls (\$4 million).

Specific suggestions by Panel members on August 23 for CRT as it moves forward included:

- Be careful about sacrificing accountability for speed in getting the money out. Watch out for vulnerabilities in the system that could be created when the system is accelerated.
- Share your successes, lessons learned, and other experiences with other governments. Also, you could even incorporate sharing by grantees with future grant recipients in the grant program.
- Emphasize data as you communicate out.
- Continue to improve the Scorecard, including more rigor in content. Display could be clearer. Use more neutral language; don't oversell. Let the data speak for itself. Measures in the High Performance area could be stronger. Can we get at how satisfied are the grantees? The funders? Show how much of the funds have been delivered and how quickly instead of just counting the dollars. Use "clean audits" as a measure?
- Look for ways to replicate what you've done among other units of government. Impressed with what you've done and would like to see others emulate you.
- Be careful about programs emphasizing responsibility over need. Did you give the money to people who are responsible, who will succeed, or to those with the greatest need?
- Think about working as a team across agencies to create an umbrella grant program for communities. Blend the funding streams and programs to help communities achieve community goals. Enable them to create a "great place" through combined CRT opportunities.
- Be able to succinctly – at a cocktail party, for example – answer the question: "What have you accomplished with the money entrusted to you?"
- Questions on how to measure effectiveness in the blurry areas. Something we struggle with. Ask how you know you've been the factor that made the difference. Also remember that not everything that's important can be put into a chart.
- Communicate more. Brag about yourselves. Create a communications strategy and implement it. Frequently tell people what you're doing.
- Think about charging franchise fees, at a significant level: 15%, not 2%. Consider contracting with private sector providers for golf courses, state park

cottages, boats, and other activities. Take a percentage as an alternative to more tax dollars.

- Think about how you'll sustain the transformation beyond the terms of this leadership team.

As the August 23 meeting concluded the Panel's duties, Lt. Governor Landrieu thanked the members for their service and presented each of them with a framed certificate of recognition and appreciation.

During their existence the Accountability Panel had several accomplishments:

- Independent Oversight-Since the entire country was watching how Louisiana would spend federal recovery dollars, it was important for there to be an independent outside review. Besides two members from CABL and PAR, the panel was mostly composed of members outside of Louisiana. All the members were experts in grants review, auditing, budgeting or public administration. The panel's oversight provided an extra level of assurance that DCRT would be a good steward of the nation's money.
- Accountability Website- A website was developed specifically to track the status of the Rebirth Plan and provided public access. The panel stressed the importance of having a strong electronic communication presence.
- Strengthened Performance Indicators- DCRT is a performance driven department. To assist in this focus on results, several indicators were refined based on the comments of the panel to make them more relevant to DCRT's mission.
- On-Site Review of Hurricane Recovery Projects- In addition to the presentation given by staff, the panel took a "hands-on" approach and visited examples of several of DCRT recovery projects. They also heard testimony from Louisiana citizens that dealt with DCRT's grant programs.
- Internal Audit on Hurricane Recovery Work (on-going)-The panel reviewed the work of DCRT's internal auditor. The panel had several suggestions that improved effectiveness of the department's auditing plan.