



## ARTS COMMISSION RECOMMENDATION 20210816.5.b.i-ii

Date: August 19, 2021

Subject: Arts Commission Recommendations regarding FY 22 Budget Items relating to funding for the Arts and expenditure of American Rescue Plan Funds (ARPA) for relief programs for the arts community

### Recommendations

The Arts Commission recommends the following:

1. The use of a one-time \$500,000 infusion from reserves (transfer in from Development Services Department) to increase the funding for the Austin Arts and Culture Non-profit Relief Grant in order to serve an additional 25 grant applicants.
2. The use of \$420,000 of the \$6 Million in ARPA funds allocated by Council to the Arts in order to fund an additional 21 eligible applications in the Austin Arts and Culture Non-Profit Relief Grant
3. Support of the Economic Development Department staff recommendation to adopt the proposed FY22 budget as presented in the City Manager's budget proposal, specifically to maintain the hybrid option reflected in Staff's proposal to allocate a portion of projected HOT revenue for Cultural Contracts, continue the process of transitioning to using actuals versus projections, monitor HOT revenue, and come back in October to present a mid-year budget amendment if FY21 CYE comes in higher than projected.
4. Prioritize ARPA funds allocated to the Arts for emergency relief to the arts community, get emergency funding out the door as fast as possible, and not use ARPA to back fill cultural contract funding.

### Description of Recommendation to Council

This recommendation is in response to a request from Council, made as part of Council budget deliberation and action session on Thursday, August 12, for input on matters regarding funding for the arts through both the 2022 City Budget and the American Rescue Plan Funds.

The Arts Commission took the following actions at its August 16, 2021 Commission meeting:

**Motion to accept the \$500,000 from reserve funds from the Development Services Department to be used for the Austin Arts and Culture Non-Profit Relief Grant.**

By: Commissioner Flores

Seconded By: Commissioner Zisman

Vote:

9-0-1

For:

Commissioner Michelle Polgar (Chair)  
Commissioner Barnes  
Commissioner Flores  
Commissioner Schmalbach  
Commissioner Mok

Commissioner Celina Zisman (Vice Chair)  
Commissioner kYmberly Keeton  
Commissioner Van Dyke  
Commissioner Gray

Against: none

Recused:  
Commissioner Castillo

Absent:  
Commissioner Garza

**Motion to use \$420,000 of the \$6 million ARPA arts money to fund the next 21 eligible applications after the first 100 top scoring applications in the Austin Arts and Culture Non-Profit Relief Grant**

By: Commissioner Barnes    Seconded: Commissioner Flores

Vote:  
10-0

For:	
Commissioner Michelle Polgar (Chair)	Commissioner Celina Zisman (Vice Chair)
Commissioner Barnes	Commissioner kYmberly Keeton
Commissioner Flores	Commissioner Van Dyke
Commissioner Schmalbach	Commissioner Gray
Commissioner Mok	Commissioner Castillo

Against: none

Recused: none

Absent:  
Commissioner Garza

**Motion to support the Economic Development Department staff recommendation to adopt the proposed FY22 budget as presented in the City Manager's budget proposal, continue transition to using actuals versus projections, and come back in October to present a mid-year budget amendment if FY21 CYE comes in higher than projected.**

By: Commissioner Castillo    Seconded: Commissioner Mok

Vote:  
10-0

For:	
Commissioner Michelle Polgar (Chair)	Commissioner Celina Zisman (Vice Chair)
Commissioner Barnes	Commissioner kYmberly Keeton
Commissioner Flores	Commissioner Van Dyke
Commissioner Schmalbach	Commissioner Gray
Commissioner Mok	Commissioner Castillo

Against: none

Recused: none

Absent:  
Commissioner Garza

**Motion to prioritize ARPA funds as emergency relief funds for the community, and get it out as fast as possible, and not use it to back fill cultural contracts.**

Motioned: Flores      Seconded: Schmalbach

Vote: 9-0

For:

Commissioner Michelle Polgar (Chair)  
Commissioner Flores  
Commissioner Schmalbach  
Commissioner Mok  
Commissioner Castillo

Commissioner Celina Zisman (Vice Chair)  
Commissioner kYmberly Keeton  
Commissioner Van Dyke  
Commissioner Gray

Against: none

Recused: none

Absent:

Commissioner Garza, Commissioner Barnes (off the dais)

**Rationale:**

The Austin Arts and Culture Relief Grant was initially funded at \$2 million in July 2021. The program, anticipated to serve 100 organizations, was oversubscribed. Of the 219 applications, 196 applicants met eligibility requirements. This oversubscription indicates significant need in the sector.

During the budget process, Council approved a proposal from Council Member Alter for an additional \$1 million allocation to the program. This will fund an additional 50 eligible applications; that money can be distributed with the new fiscal year beginning October 1. In order to fund all eligible applicants, the fund requires an additional \$920,000.

The Arts Commission, noting the immense community need, recommends additional funding to support this program as a top priority. Our recommendation to apply \$500,000 from city reserves and pull \$420,000 from the Arts ARPA fund will provide additional arts and culture nonprofits critical relief as they are still reeling from the continued pandemic. Together with monies previously allocated by Council, these additional dollars will make it possible to fund *all* eligible Austin Arts and Culture Nonprofit Relief Grant program applicants.

The grant guidelines prioritized equity. To honor that commitment, the Commission requests that the \$420,000 in ARPA dollars (which are available for immediate distribution) be allocated to the next eligible 21 applications ensuring that the funding distribution takes place immediately. The remaining eligible applications will receive funding in the new fiscal year.

The support for staff budget recommendation to start transitioning HOT funding to actuals from projected revenue stems from the Arts Commission's concerns about the COVID uptick and its potential impact on projected revenue targets. While we deeply desire that as much money be put into the hands of artists as possible, we are concerned that the projections for HOT may fall short. This concern is based on past experience with COVID projection shortfalls and the impact we already see on travel and public events from the Delta variant.

The Arts Commission is concerned that the City will find the cultural funding program oversubscribed and not able to meet cultural arts contract commitments. We are additionally concerned that if we face another end-of-year deficit, the city may not be able to shore up funds through general revenue sources. This would leave us to make up any deficit using future HOT revenues, leaving us in more challenging

circumstance next year, at a time when there will be no emergency funding available. That would further impact our road to recovery, and increase the possibility of critical damage to our fragile cultural ecosystem.

We also support staff's proposal to monitor HOT receipts over the next several months. We will present a mid-year budget amendment if FY21 CYE comes in higher than projected and there are additional funds available for distribution.

Finally, our recommendation to use all remaining ARPA Arts funds for emergency relief grants instead of backfilling HOT funds for cultural contracts is based on the critical need to provide immediate relief to artists and arts organizations. We point you to the oversubscription of both the Austin Arts & Culture Nonprofit Relief Grant and the Creative Worker Relief Grant programs as evidence. Use of ARPA funding is less restrictive than HOT, and artists and organizations require flexibility to negotiate the continuing COVID impact. We have echoed the urgency articulated by Council to do all that is possible to get those funds out the door as swiftly as possible.

We are still in the review and community engagement stage of the cultural funding review process. We anticipate it will take time to revise and launch those programs, thus the cultural arts money will take longer to get into the hands of those who need immediate relief. COVID is continuing to impact artists and arts organizations' ability to create and present work, which is a central component of HOT. The commission has referred this to our Emergency Funding Working Group to assist staff with getting the ARPA relief funds out as soon as possible.

Attest:

Anne-Marie McKaskle-Davis,  
Arts Commission Staff Liaison

A handwritten signature in black ink, appearing to read 'Anne-Marie', written over a light blue horizontal line.