



MEMORANDUM

TO: Mayor and Council Members

FROM: Sylnovia Holt-Rabb, Interim Director, Economic Development *SH*

DATE: Department June 17, 2020

SUBJECT: Cultural Funding FY21 Update

Purpose/Background

The purpose of this memo is to provide information regarding an anticipated reduction of available Hotel Occupancy Tax (HOT) funding to be utilized by the Economic Development Department's Cultural Arts Division in administering Cultural Funding programs for Fiscal Year 2021. The Cultural Funding programs effected through Cultural Services Agreements ("Cultural Contracts") with various community artists and arts organizations. The Cultural Contracts support various types and scopes of artistic work, including operating and project support. Currently 600+ contracts are administered by the Cultural Arts Division through these programs and utilize the full 15% of the City's HOT allocation allowed by State law for the arts.

The Economic Development Department (EDD) has forecasted a 43% reduction in the overall Cultural Funding allocation of HOT funds (from \$12,786,747 to \$7,234,262), resulting in a 46% reduction in direct contract funding for cultural programs and initiatives (from \$12,094,248 to \$6,561,696). The Cultural Arts Division will notify cultural contractors, community members, and stakeholders about the anticipated reduction. This reduction is due to an overall decrease in the City's estimate of HOT funds to be received next fiscal year, related to the decreased travel associated with COVID-19.

Arts Commission Funding Matrix Working Group

In May, the Arts Commission appointed five of its members to a Funding Matrix Working Group which then reviewed funding matrix award amounts for the Fiscal Year 2021 Core and Cultural Heritage Festivals Programs. The working group focused their efforts on the following funding priorities:

- Lead with a racial equity lens, especially while the Cultural Funding Review Process is still underway.
- Respond to COVID-19.

The working group held five meetings and reviewed over 100 possible funding scenarios to determine funding priorities. As always, all scenarios were reviewed without any identifiable applicant information. The CAD staff and EDD leadership provided budget estimates and data for the working group's use.

The working group considered the following:

- Total dollars available to award: \$6,561,696 (a 46% reduction from FY20 award levels)
- Total number of applications submitted: 370 Core & 22 Cultural Heritage Festivals
- Consideration of equity (minimizing cuts to historically marginalized groups, led by racial equity)
- Consideration of maintaining consistent funding program guidelines, especially while the Cultural Funding Review Process is still underway.

The working group's current proposal will be presented to the full Arts Commission on Wednesday, June 17th and includes a recommendation to take the Cultural Arts Fund Reserve down to a 5% level.

Process/Next Steps

In an effort to release this information as soon as it is available, EDD staff intend to notify stakeholders at the June 17th Arts Commission meeting as well as through other regular staff-community communication channels, such as email to contractors, posting on the Cultural Funding website, and shared in follow up one-on-one meetings with City Council.

In addition to the June 17th Arts Commission meeting, the working group has requested that the Arts Commission hold two additional meetings during the month of June to receive public input before finalizing Commission recommendations to City Council.

Questions may be directed to Sylnovia Holt-Rabb, Interim Director, Economic Development Department, at 512.974.3131 or Sylnovia.Holt-Rabb@austintexas.gov or to Meghan Wells, Cultural Arts Division Manager, Economic Development Department, at 512.974.9314 or Meghan.wells@austintexas.gov.