

# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Nanci Klein

**SUBJECT: CORONAVIRUS RELIEF FUNDS  
FOR THE ARTS**

**DATE:** September 18, 2020

Approved



Date

9/18/2020

## INFORMATION

### BACKGROUND

As part of the Mayor's June Budget Message for FY 2020-2021, the City Council adopted the following:

***Arts and Cultural Grants:** The City of San Jose is one of the largest arts grantmakers in the Silicon Valley. Plummeting hotel tax revenues depleted 70% of our grant funding for arts and cultural grants programs, or nearly \$5 million, compared to the prior year. Even in the tough times, we must continue to support the arts and our cultural organizations, which must become catalysts for San Jose's revival. "Artists are natural community builders," as several cultural leaders articulated in a recent letter to the Council, unifying diverse audiences, supporting local businesses, and providing a common narrative for our aspirations. Based on those amounts outlined in the City Manager's Budget Addendum #20 from the Coronavirus Relief Fund, I direct the City Manager to allocate \$1.5 million for grants to arts and cultural organizations from the Small Business Assistance allocation, and \$500,000 from the Nonprofit Assistance Allocation, for a total of \$2 million. The City Manager is directed to report the criteria for that allocation to the Council, and it shall employ an equity screen to prioritize arts organizations serving high-need communities. I further direct the City Manager to identify partnership and other opportunity to sustain the arts community, including earmarking federal funds from future relief packages for art organizations supporting our economic recovery.*

The adoption of the Mayor's June Budget Message and the Operating Budget for FY 2020-2021 allocated CARES Act Coronavirus Relief Funds to support grants and technical assistance to the nonprofit arts and artist community. As directed, the purpose of this memorandum is to inform the Council on the planned distribution of those funds, incorporating an equity screen to prioritize those serving vulnerable populations impacted by COVID-19, as well as other partnership and opportunities to sustain the arts.

## **ANALYSIS**

The arts sector has been particularly hard hit as arts and cultural facilities, like theaters, have been among the first to close and the last designated for re-opening in the wake of the COVID-19 pandemic. Arts organizations and artists play a vital role in the City's unique cultural identity and economic vibrancy. As part of its designated CARES Act Coronavirus Relief Funds (CRF), the City will provide \$2,420,000 in financial support to the individuals and organizations that anchor our vitally important art communities.

CRF allocations will be offered to the arts sector through three distinct programs:

- ***City of San Jose Coronavirus Relief Fund: Nonprofit Arts Organizations***, grants supporting arts and cultural nonprofits with funds totaling \$2,120,000;
- ***City of San Jose Coronavirus Relief Fund: Artists***, grants supporting individual creative entrepreneurs and sole proprietors with funds totaling \$235,000; and
- ***Technical Assistance Program for the Arts***, comprised of timely workshops and facilitated cohorts with coaching in the amount of \$65,000.

The Office of Cultural Affairs (OCA) will oversee grants to arts organizations, with contracting and disbursement administered through the Silicon Valley Community Foundation who can disburse funds quickly and efficiently. Grants to artists will be administered and adjudicated by the Center for Cultural Innovation (CCI), a trusted intermediary focused on the economic security of people in the arts. Technical assistance programs will be managed by the OCA's long-time partner SVCreates.

### ***City of San Jose Coronavirus Relief Fund: Nonprofit Arts Organizations***

This program is designed to provide economic relief to nonprofit art organizations during the pandemic, and is guided by the Federal CARES Act CRF requirements. This program will center equity, giving greater consideration to the financial needs of organizations who are of and serving communities of color that have been disproportionately negatively impacted by COVID-19. It is important that the City retain their partnership and participation in shaping the City's unique and diverse cultural landscape.

Awards to organizations will range from \$5,000 up to \$60,000 and will be scaled based on budget size, with smaller organizations eligible for a larger percentage of their budget. These grants may be used to reimburse specific expenses such as rent/mortgage, utilities, personal protective equipment (PPE), digital technology equipment required to transition existing programs online, and to recompense for lost income due to facility closures and cancelled performances, classes and programs.

Prior to finalization of the grant guidelines for arts organizations, the OCA sought input from nonprofit art organizations, Arts Commission, and arts philanthropy colleagues on the general guiding principles for the arts organization grants through an on-line survey.

An overwhelming majority of the 56 respondents expressed support for the general guiding principles which included:

- Prioritize arts organizations that applied for annual arts funding for FY2020-2021.
- Utilize an equity lens for organizations centered in Coronavirus-vulnerable communities.
- Automate funding decisions as much as possible.
- Establish tiered funding categories that recognize differing financial capacities.
- Expedite processing within required Federal expenditure rules.

Unlike standard competitive grant programs where applicants are asked to complete extensive applications to “make the best case” for funding relative to a range of criteria including merit, governance, and impact, this program recognizes that the pandemic has significantly impacted the entire arts sector and utilizes a streamlined approach with an objective and automated review process to provide timely economic relief based on documentable financial expenses and losses due to COVID-19.

The automated review process considers funding to all eligible applicants, starting with those in priority groups, until funding is depleted. Arts organizations that have submitted applications in the City’s annual arts grant process for the FY2020-2021 funding cycle will have priority. Within this group, organizations that are centered in communities of color which have been disproportionately negatively impacted by COVID-19 will be eligible for larger grants. Due to on-going and extensive outreach, the OCA’s annual arts grants programs attract a large pool of qualified applicants representing various disciplines, budget sizes and diverse cultural communities that have identified funding needs.

In addition, cultural organizations that steward City-owned regional cultural facilities and/or historic assets will also be prioritized for relief funds under this program. The pandemic has significantly impacted these organizations’ operations. Supporting their sustainability will mitigate risk of loss of critical services to the community and financial loss to the City.

After funding for organizations with priority are considered, funding for all other eligible applicants will be determined by lottery, with additional weight given to organizations that predominantly serve communities of color that have been disproportionately impacted by COVID-19.

### ***City of San Jose Coronavirus Relief Fund: Artists***

Administered through CCI, the *City of San Jose Coronavirus Relief Fund: Artists* will distribute support to reflect the cultural and geographic diversity of the City of San Jose—including those who are of historically underserved communities and are especially vulnerable financially due to the COVID-19 pandemic. This fund makes available grants up to \$2,000 to individual artists and sole proprietor arts businesses who make their primary income as freelancers or sole proprietor business owners in the arts sector. This includes literary, visual, and performing artists; musicians; teaching artists; culture bearers; art-making entrepreneurs such as jewelry makers;

artist members of collective-based or cooperative creative social enterprises; and specialized artist workers (e.g., lighting or sound designers, fabricators). The fund will help creative entrepreneurs who have lost income or incurred expenses due to COVID-19 and are facing an emergency regarding the payment of necessary expenses.

Timeline for both Grant Programs:

- Guidelines and Applications available –September 15, 2020
- Application deadline – September 29, 2020
- Notification and disbursement – October/November, 2020

### ***Technical Assistance Program for the Arts***

Through a partnership between the OCA and SVCCreates, the 2020 Coronavirus Response Technical Assistance Program for the Arts will provide critical workshops and coaching for small- and mid-sized San Jose arts organizations to address needs directing stemming from COVID-19 pandemic and the resulting public health measures that have significantly impacted the arts sector. SVCCreates will offer online and peer cohort training.

### ***Other Partnerships and Opportunities to Sustain the Arts***

As directed by the Council through the June Budget Message, the OCA continues to seek opportunities that can support San Jose’s creative community and advance the City’s goals of cultural equity. To date, the OCA has secured two grants totaling \$50,000 from the corporate and private sector to support this critical work. These grants will be incorporated into the City Manager’s Annual Report that will be released at the end of September. A grant of \$30,000 from the Adobe Foundation will increase the funds available for financial relief for artists whose performances and business operations have been interrupted due to COVID-19.

In addition, working in partnership with the School of Arts and Culture at Mexican Heritage Plaza, the OCA has been awarded a \$20,000 grant from the Government Alliance of Racial Equity (GARE) Innovation and Implementation Fund. This grant will support contracts with Multicultural Arts Leadership Institute (MALI) alumni to provide professional development trainings on racial equity to the San Jose art sector, with the goal of seeding and sustaining racial equity within the programs and services of the participating organizations.

The OCA continues to coordinate with the City Manager’s Intergovernmental Relations team and other local, state, and national art agencies to identify and advocate for economic opportunities for creative industries. This includes active participation in the “Putting Creative Workers Back to Work” national advisory committee facilitated by Americans for the Arts, which will develop recommendations for federal programs that can support the important work of San Jose’s creative industries that serve all of our residents.

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## **COORDINATION**

This memorandum has been coordinated with the Emergency Operation Center's Community and Economic Recovery Liaison Branch.

/s/  
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Director, Office of Economic Development

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