



# Memorandum

**TO:** ARTS COMMISSION

**FROM:** Kerry Adams Hapner

**SUBJECT: FY 2021-2022 GRANTS PROGRAMS FUNDING STRATEGY**     **DATE:** May 10, 2021

---

Approved	/s/	Date
	Nanci Klein	5/10/21

---

## **RECOMMENDATION**

It is recommended that the Commission take action to:

1. Approve the recommended strategy for a phased release of FY 2021-2022 grant recommendations, (with priority going to the Operating Grants Program with \$1.2 M available in projected TOT); and
2. Approve the recommendation to use potential COVID-19 federal relief funding from the American Rescue Plan to release FY 2021-2022 grant recommendations for the Operating Grant Program, Take pART Grant Program, and Festival, Parade and Celebration Grant Program recipients.

## **BACKGROUND**

The largest and most long-standing annual grant programs offered by the Office of Cultural Affairs (OCA) are:

- **Operating Grants:** provide unrestricted general operating support for professionally-managed organizations that provide year-round programming;
- **Take pART Grants:** provide project-based support to publicly-accessible arts activities produced by San Jose organizations; and
- **Festival, Parade and Celebration (FPC) Grants:** provide project-based support for San Jose community festivals, parades and celebrations by nonprofit organizations.

Traditionally, grant applications for these programs are accepted in January/February with public grant review panels held in March/April, leading to grant recommendations to the Arts Commission in May that are voted on by the City Council as part of the City's Operating Budget in June as part of the Proposed Operating Budget.

## ARTS COMMISSION

May 17, 2021

Subject: FY 2021-2022 Grants Programs Funding Strategy

Page 2 of 3

In May 2020, in response to the precipitous and unforeseeable drop in funding projections for FY 2020-2021, the OCA announced a phased release of FY 2020-2021 grant recommendations, with priority going to the Operating Grants Program as these unrestricted grants collectively serve a broad and diverse constituency throughout the City, producing public programming and outreach/arts education initiatives that impact residents year-round and support the consistent employment of thousands of artists and arts workers as well as the operation of multiple cultural facilities that will play a large role in the economic engine that will drive post-pandemic recovery.

In Summer 2020, FY 2020-2021 Operating Grants awards were released at 30% of FY 2019-2020 levels. FY 2020-2021 take pART and FPC grant recommendations were held back for a future date until the impacts of the COVID-19 restrictions on the factors guiding FY 2020-2021 TOT projections become more known.

In November 2020, as it became clear that the pandemic-forced venue closures and restrictions on large gatherings caused a majority of proposed take pART and FPC projects to be cancelled or significantly modified, the Arts Commission supported a strategy that cancelled the release of the FY 2020-2021 take pART and FPC grant recommendations, opting instead to carry forward the current take pART and FPC grant recommendations to the FY 2021-2022 funding cycle. Under this plan, no new applications were accepted, and organizations that applied for FY 2020-2021 take pART and FPC grants had their grant panel recommendations roll forward to be considered for funding in FY 2021-2022 without the burden of completing new grant applications. In March 2021, the Arts Commission supported the strategy to carry forward the Operating Grants recommendations (i.e. rankings with reference grant multipliers) from FY 2020-2021 to the FY 2021-2022 funding cycle as well.

**Coronavirus Relief Funding:** Although the take pART and FPC grant recommendations were not released, the majority of applicants who are arts and cultural organizations were able to receive funding through the City's Coronavirus Relief Fund (CRF) which set aside over \$2.3 million to support arts and cultural organizations negatively impacted by COVID-19. Some organizations received grant awards that were higher than their previous City arts grants because the CRF grant provided higher grants, relative to their operating budgets, to organizations that serve communities of color negatively impacted by COVID-19.

## ANALYSIS

The City continues to face significant reductions in the projected TOT arts grant funding allocations for FY 2021-2022 due to the impacts of COVID-19. The available TOT grant funding for the current year was reduced significantly, falling approximately 70% from FY 2019-2020 levels. The projected TOT grant funding available for FY 2021-2022 has been projected to be \$1.2 M, a 70% reduction from FY 2019-2020 (pre-pandemic) funding levels.

ARTS COMMISSION

May 17, 2021

Subject: FY 2021-2022 Grants Programs Funding Strategy

Page 3 of 3

While the upcoming 2021-2022 funding year remains uncertain in terms of what will be allowed and what funds will be available, OCA has proposed that American Relief Plan funding received by the City of San Jose be allocated to fund OCA grants programs for FY 2021-2022. However, the proposed amount of American Rescue Plan is still subject to confirmation and will be better known as the City Budget Office holds a City Council Budget Study Session on this topic on Monday, May 17, 2021.

By repeating the phased release of grant recommendations approved by the Arts Commission for FY 2020-2021, the City will continue with a prudent approach to avoid the potential of awarding project grants which may need to be rescinded because the TOT projections have again fallen short and the OCA's reserves are no longer in a position to absorb significant shortfalls.

Finally, as the majority of organizations have been closed to the public continuously since March 2020, the OCA recognizes the significant loss of earned income from programming, admissions and fundraising events. The availability of the vaccine has provided hope for the "light at the end of the tunnel," but it will take time for the arts sector to recover. Despite significant financial reductions, OCA grantees have shown tremendous resilience, pivoting to virtual programming formats and maintaining connections with audiences through creative online programming. OCA staff will continue to provide technical assistance and resources to support the arts ecosystem during the pandemic and into the recovery phase.

/s/

KERRY ADAMS HAPNER  
Director of Cultural Affairs