



# Memorandum

**TO:** MAYOR LICCARDO

**FROM:** Councilmember M. Carrasco

**SUBJECT:** BUDGET DOCUMENT

**DATE:** May 27, 2021

Approved

Date

## **RECOMMENDATION**

It is recommended that the Mayor include additional supplemental funding for the arts and cultural programs and services in the amount of \$3.7 million.

## **Proposal**

Program/Project Title: Relief Funds for Arts and Culture

Amount of City Funding Required: \$3,700,000

This change is:

One-time       Ongoing

Cost Estimate Number (if applicable):

Proposal Description, including the reason for the need and anticipated outcomes (Please describe how the proposal will affect services for San José residents, community groups, businesses, etc.):

As the City Council liaison to the Arts Commission since coming into office, I see the extensive personal, community and economic benefits of the arts and culture sector citywide. Not only do the arts provide intrinsic benefits and collective social benefits – which are even more critical as part of the City of San Jose’s community and economic recovery from the COVID-19 pandemic. We are in need of community healing, social cohesion and economic activity.

According to Americans for the Arts’ most recent [economic impact study of the San Jose arts sector](#), the arts sector directly contributes \$191,209,479 in economic impact to the local community and supports 4,255 jobs. This translates into \$91,719,000 in resident household income and \$5,866,00 in local government revenues. Supporting the local arts sector means business in

additional to our well-being and lifting up all people in San José. However, the arts sector was the first to close and will be one of the last parts of our economy to fully come back online, with organizations suffering from lost earned and contribute income.

The Office of Cultural Affairs (OCA) a division of the Office of Economic Development is predominantly funding through the Transient Occupancy Tax (TOT), which has precipitously declined during shelter-in-place. The TOT funds staff, overhead, critical programs and services, including arts grants, public art maintenance, technical assistance, capacity building, special events, placemaking and public art. The OCA’s pre-pandemic programmatic budget was typically in the range of \$7 - 8.3 M. An additional \$3.7 M request in addition to the will only stabilize the budget in this FY to avoid cuts. These additional relief funds will be very impactful to our cultural arts partners and creative entrepreneurs that drive activation, economic impact, and job across the City and promote healing. The OCA budget must remain at consistent levels to support recovery efforts.

While the City Manager’s recommendation of \$2.2 M outlined in MBA 16 is a promising commitment to the value of the arts, in reality this amount will result in additional cuts to the Office of Cultural Affairs budget given the ongoing downward adjustments in the TOT.

The Arts Commission, in its role in advising Mayor and Council on all matters pertaining to the arts has consistently communicated to the us that it is seeking the use of federal or other one time funds to backfill the loss of TOT so that cuts were not made to services, of which so many arts organizations and artists are reliant on.

When the full Council received an Information Memo on the results on the allocation of Coronavirus Relief Funds, the range of groups and creative entrepreneurs of and for our racially diverse communities was striking. Given the pandemic’s impact on District 5 and other hard hit districts, the ongoing provision of these services are crucial. If these services and programs are cut, which support low cost or free programs, it hurts our most vulnerable communities that may not have access to commercial art programs. Furthermore, the arts and culture sector support a range of jobs, including those in the hospitality industry which has been horribly impact like the arts sector.

Along with other City leaders, I have heard about the importance of stabilizing City funding to maintain arts and cultural programs from the Arts Commission and members of the arts community.

**Funding Source**

Essential Services Reserve:

Other (Please specify program/project/fund): American Relief Program Funds

**Department or Organization Contact**

Please list the contact information for the individual that certified cost estimates contained within your recommendation:

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