



Date: February 2, 2015

To: San Francisco Arts Commissioners

Cc: Sharon Page Ritchie, Commission Secretary

From: Tom DeCaigny, Director of Cultural Affairs
Rebekah Krell, Deputy Director & CFO

Re: FY16 & FY17 Budget Proposal

Overview

- As in prior years, our departmental budget submission is due to the Controller's Office and Mayor's Office of Policy and Finance on February 23. The Mayor will present a balanced City budget to the Board of Supervisors on June 1. The Board's Budget Analyst will review the budget and recommend cost savings, which will be presented and discussed at hearings throughout the month of June. The final budget will be passed by the full Board in July, and signed by the Mayor in August.
- The attachment includes our final approved budget for FY15, as well as our base budget for FY16 and FY17. Capital requests are included, but all enhancements will be listed separately, per the Mayor's budget instructions.
- The Mayor's budget instructions include a request for a reduction of General Fund support by 1% in FY17, for ongoing savings.
- We will revisit the overhead allocation methodology, in order to solve for the structural problem in our Street Artists program budget as well as the Public Art program.
- We are in discussion with Program Directors regarding staffing needs and will evaluate requests for additional positions as part of our enhancement.
- We are solidifying the costs associated with our move into the Veterans War Memorial building and will likely need additional funding for furniture, fixtures and equipment, given that our request for FY15 was not fully funded.
- Funding to restore Arts Education positions (1.5fte) and funding a website redesign remain top priorities.
- We are working with our colleagues at Grants for the Arts to coordinate our proposals and engage in conversations about an arts affordability response with the Mayor's Office together.

The Mayor's Budget Policy Goals

- **Affordability, Equity, and Shared Prosperity:** Proposals for new or enhanced programs or services that enable all San Franciscans to prosper and thrive.
- **Fiscal Sustainability and Government Efficiency:** These proposals should support the efficient operations of government or promote the long-term fiscal health of the department and the City.

- **Government Responsiveness:** Improving government responsiveness to the public and the customer service experience for residents, businesses, and other key clients.
- **Addressing Population Growth:** Making smart investments to plan for future population growth.
- **Cross-Departmental Collaboration:** Requests that achieve the above goals through multi-departmental alignment and collaboration will be given special consideration.

Proposed Arts Affordability and Equity Initiatives

- **Cultural Equity Endowment (ongoing):** New funding would support a new “Legacy Artist” individual artist grant program as well as an ongoing increase to the Creative Space grant program.
- **Capital (one-time):** Funding would be invested in ensuring nonprofit arts and culture organizations have affordable space in which to work and perform, and would be jointly administered by Grants for the Arts, the Arts Commission, and the Office of Economic and Workforce Development.
- **Affordable Housing Alignment (one-time):** Funding would provide technical assistance to artists seeking residential space, as well as explore pilot programs to integrate artist housing into existing developments or provide an incentive to create new artist housing, in partnership with the Mayor’s Office of Housing and Community Development.
- **Shared Capacity Building (one-time):** Funding would provide the opportunity to invest in capacity building programs in partnership with our peers in private philanthropy.

Context

A thriving arts and culture sector is integral to the continued success of San Francisco as a city. Arts and culture attracts visitors, generates hotel tax revenue growth, creates jobs, improves the quality of life for residents and workers, and plays an important role in community development and neighborhood revitalization. The national 2012 Americans for the Arts, Arts & Economic Prosperity study found that “arts tourists stay longer, and spend more, than the average traveler.” According to SF Travel, arts and culture-inspired tourism contribute to \$1.7 billion in revenue to the local economy. Our own Department of Public Health published findings from its San Francisco Indicator project which stated “Access to art and cultural facilities, public funding for the arts, and access to public art works are indicators of the well-being of the City.”¹

Together, the Arts Commission and Grants for the Arts support hundreds of nonprofit arts organizations and dozens of individual artists annually. Arts activity generates new revenue to the City by driving tourism and hospitality spending. However, grant funding has stagnated and in some cases declined over the past two decades, even as the cost of living and doing business had increased exponentially. We are seeing artists being evicted, and arts organizations being displaced. In contrast, revenue growth to the City’s general fund has never been stronger. We can, and should, do more and do better to invest in our arts and culture sector to ensure the City continues to benefit and to thrive.

¹ To date, the measurement methods in the SF Indicator Project have been used and adapted by a number of other cities across the country and around the world.