



Date: January 28, 2019

To: Executive Committee Members

Cc: Sharon Page Ritchie, Commission Secretary

From: Tom DeCaigny, Director of Cultural Affairs
Rebekah Krell, Deputy Director of Cultural Affairs & Chief Financial Officer

Re: FY20 & FY21 Budget Proposal

- Our departmental budget submission is due to the Controller's Office and Mayor's Office of Policy and Finance on February 21. The Mayor is legally mandated to 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 they will present and discuss at hearings throughout the month of June. The full Board of Supervisors will pass the final budget in July, and the Mayor will sign in August.
- The Arts Commission is submitting a rolling two-year budget. The attachment includes our final approved budget for FY19, as well as our proposed budget for FY20 and FY21. Capital requests are listed separately.
- As the result of a projected Citywide deficit of \$107.4M in FY20 and \$163.4M in FY21, the Mayor's budget instructions include a request for an ongoing reduction of General Fund support of 2% in FY20, and an additional ongoing general fund reduction of 2% in FY21, which is equal to \$52,394 and \$104,788 respectively for the Arts Commission. As well, we are required to provide a 1% (growing to 2% in the second year of the budget) contingency proposal to account for revenue and labor uncertainty (\$26,197 in FY20 and \$52,394 in FY21).
- The passage of Proposition E (November 2018) significantly reduced the Arts Commission's dependence on the General Fund, because the majority of the grantmaking work is now supported with dedicated Hotel Tax Fund revenue. We are proposing to meet our savings target by allocating 0.5 FTE of the Capital Analyst position onto the Hotel Tax Fund, to support the Cultural Center work. In addition, we are proposing to substitute the Manager IV position with a Manager II (Director of Programs).
- We are requesting to make permanent a 0.5 FTE Principal Museum Preparator position to support installation and deinstallation work with the Galleries and Civic Art Collection programs. In addition, we are continuing efforts to restructure our overhead cost recovery model.
- The Mayor's policy instructions request departments to reflect accountability and equitable outcomes in their proposals, in response to the following questions:
 - What are the expected outcomes of this proposed allocation? Who will benefit and how?
 - What indicators do you currently use to measure progress on this issue? What new indicators do you need to track to better measure impact going forward?
 - On what timeline do you expect to achieve your stated outcomes?