

The 2020-21 Budget: California Arts Council

Summary

Department Overview. The Arts Council conducts a range of activities in order to support arts in California. The Arts Council's enabling legislation directs it to (1) encourage artistic awareness and expression, (2) assist local groups in the development of arts programs, (3) promote the employment of artists in both the public and private sectors, (4) provide for the exhibition of artworks in public buildings, and (5) ensure the fullest expression of artistic potential. In carrying out this mandate, the Arts Council focuses its efforts on the development of various grant programs to support artists and organizations. In addition, the state budget has recently included funds for the Arts Council to distribute to specific museums and other cultural institutions.

Governor's Proposed Budget for the Department. The Governor's budget proposes \$49 million, mostly from the General Fund, for support of the Arts Council in 2020-21. This amount represents a net decrease of \$26 million (35 percent) from estimated current-year expenditures. This decrease is primarily due to the expiration of \$27.5 million in one-time grants to museums and cultural institutions provided in the *2019-20 Budget Act*. As we discuss in this brief, the Governor's budget proposes \$10.5 million from the General Fund on a one-time basis to expand and extend two existing Arts Council pilot programs— one focused on state-designated cultural districts and one focused on disaster preparedness.

LAO Recommendations. In order to facilitate the Legislature's evaluation of these extended pilots when they are complete, we recommend that the Legislature (1) establish clear goals for the pilots and (2) direct the Arts Council to develop and evaluate measureable outcomes related to the goals prior to requesting additional funding for these programs.

ARTS COUNCIL PROPOSAL

BACKGROUND

Cultural District Pilot Program

Statute Required Arts Council to Develop Cultural District Program. Chapter 396 of 2015 (AB 189, Bloom) directed the Arts Council to create a cultural district program. It defined a state-designated cultural district as a certified geographical area with a concentration of cultural facilities, creative enterprises, or arts venues that does any of the following:

- Attracts artists, creative entrepreneurs, and cultural enterprises.
- Encourages economic development and supports entrepreneurship in the creative community.
- Encourages the preservation and reuse of historic buildings and other artistic and culturally significant structures.
- Fosters local cultural development.
- Provides a focal point for celebrating and strengthening the unique cultural identity of the community.
- Promotes opportunity without generating displacement or expanding inequality.

Additionally, Chapter 396 directed the Arts Council to create a competitive application system for certifying state-designated cultural districts, provide technical and promotional support for these districts, and collaborate with public agencies and private entities to maximize the benefits of these districts. Notably, the legislative committee analysis of Chapter 396 estimated that the measure would only have minor and absorbable costs associated with the council's administrative activities. The legislation did not appear to envision the state providing direct financial support to cultural districts.

Arts Council Established Cultural District Pilot Program. In response to Chapter 396, starting in 2015-16, the Arts Council began dedicating some of its operating funds to create a cultural

district pilot program. In July 2017, the Arts Council designated 14 areas across the state as cultural districts. Starting in 2017-18, the Arts Council awarded each of these districts \$5,000 stipends per year for two years as an incentive to participate in the pilot. To date, the Arts Council has spent roughly \$300,000 to fund these stipends and has incurred costs related to program support, development, and evaluation.

Evaluation of Cultural District Pilot Provided Recommendations. In September 2019, a consultant retained by the Arts Council issued a report evaluating the cultural district program. The evaluation found that while the design of the pilot was sound, it did not fully reflect California's racial and ethnic heritage, lacked sufficient financial support, and lacked clear goals and expectations. Accordingly, the report provided several recommendations, including increasing the diversity of districts, adding more financial support for the districts, and providing clearer statutory guidance on the goals of the program.

Disaster Preparedness Pilot Program

Arts Council Established Disaster Preparedness Pilot Program. In 2019-20, as a response to recent disasters, the Arts Council began a disaster preparedness pilot aimed at building the ability of arts and cultural organizations, artists, and communities at large to respond effectively to emergencies and disasters that may affect their communities. As part of this pilot, the Arts Council provided \$5,000 stipends to each of 19 participating counties and also paid for various costs associated with providing training workshops for participants. These training workshops provided information on disaster preparedness and sought to develop networks of individuals and organizations to preserve arts-related resources and artifacts during disasters. To date, the Arts Council has spent roughly \$180,000 on this disaster preparedness pilot. In November 2019, Arts Council staff conducted an assessment of the pilot focusing on

surveys of grantees that participated in workshops. For example, the assessment found that 63 percent believed the workshop they attended will benefit their work.

GOVERNOR'S PROPOSAL

Budget Includes \$10.5 Million General Fund for Expansion of Two Pilot Programs. The Governor proposes additional funding to extend the cultural district and disaster preparedness pilot programs for a few years. The funding also supports the expansion of these pilots to more participants and increases the amount of financial support provided to each participant. Specifically, the Governor's proposal includes increased funding for:

- ***Cultural Districts (\$9 Million).*** Funding would support stipends of about \$100,000 annually for three years for 30 cultural districts (14 existing districts and 16 new districts). Funding would also support technical assistance and evaluation, as well as additional districts.
- ***Disaster Preparedness (\$1 Million).*** Funding would support stipends of roughly \$10,000 annually for two years for each participating county (up to all 58 counties).
- ***Administrative Support (\$500,000).*** Funding would support administrative costs for the two pilots described above.

ASSESSMENT

Request Generally Appears Reasonable, If Consistent With Legislative Priorities. We find that it is reasonable for the Legislature to extend the Arts Council's pilots if supporting state-designated cultural districts and facilitating disaster preparedness within the arts community are legislative priorities for General Fund resources. We also find that it is reasonable to expand these pilots if such an expansion is a legislative priority, particularly given the findings of the September 2019 evaluation of the cultural district pilot, which found that if additional funding is not provided,

the program risks not achieving the goals of Chapter 396.

Pilots Need Clear Goals and Measurable Outcomes. One of the main purposes of extending these pilots as proposed should be to gather sufficient information to enable the Legislature to determine whether—and at what level—to continue funding the proposed activities on an ongoing basis. However, it is unclear whether simply extending these pilots as proposed without further statutory direction to the Arts Council would provide the Legislature with adequate information to make these assessments.

One reason for this is that the pilot programs lack clear, specific programmatic goals. Accordingly, there would be benefit in refining and prioritizing these goals if the Legislature decides to spend millions of dollars on the programs, as this would help ensure that funds are used to achieve the Legislature's priorities for the programs.

A second reason is that—absent statutory direction to the Arts Council—the evaluation of these pilots may not include the type of measurable programmatic outcomes that would be valuable for the Legislature as it assesses whether to provide ongoing support for these pilots. Specifically, the Arts Council indicates that it expects that the evaluations of the extended pilots would be similar to those conducted for the initial pilots. However, these evaluations generally failed to include measurable programmatic outcomes, instead focusing on qualitative assessments and the results of participant surveys.

RECOMMENDATIONS

Establish Clear Goals for Pilots. Given the significant funding increase proposed by the Governor for these pilots, it will be important for the Arts Council to have clear direction on the Legislature's expectations for the pilot programs. For example, Chapter 396 references the goal of encouraging economic development and supporting entrepreneurship in the creative community. However, the pilot could benefit from clear legislative direction regarding whether all districts are expected to encourage economic development and entrepreneurship and, if so, in

what specific ways (for example, through increasing the number of artists or art-related businesses in the district). Accordingly, we recommend that the Legislature adopt budget trailer legislation that would provide this direction. We note that this recommendation is consistent with the consultant evaluation of the cultural districts, which found that all program stakeholders would benefit from greater clarity about goals and expectations and that districts' efforts can be better served by well-articulated requirements for fulfilling their state designation.

Direct Arts Council to Develop and Evaluate Measurable Outcomes Related to Goals. Once the program's goals are clarified, we recommend that the Legislature direct the Arts Council—through budget trailer legislation—to develop, track, and report measurable programmatic outcomes related to these goals prior to requesting additional funding for these programs. For example, if encouraging entrepreneurship in the creative community by increasing the number of artists or art-related businesses in the district is a key goal for the Legislature, the Arts Council should establish a methodology for quantitatively measuring the number of artists and businesses (compared to similar areas that were not designated as districts), along with clear expectations for awardees about the size of the increase in the number of artists and art-related businesses that is expected in order to show success at the completion of the pilot.

LAO PUBLICATIONS

This report was prepared by Helen Kerstein, and reviewed by Drew Soderborg and Anthony Simbol. The Legislative Analyst's Office (LAO) is a nonpartisan office that provides fiscal and policy information and advice to the Legislature.

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