CA Arts Advocates Policy Priorities: 2024-25 Budget Items

Problem: California is At Risk of Losing Its Creative Edge

While California boasts one of the world's largest and most celebrated subnational creative economies, the state's creative workers are struggling to access capital for their practices, grow their businesses and even maintain a foothold in their communities as they swim against the currents of housing affordability, the continuing impacts of COVID and the effects of decades of inadequate public investment in the sector.

Top 4 Challenges for California Arts Workers

- Insufficient public funding for arts & culture
- Challenges in engaging or increasing patrons
- Lack of access to affordable housing
- Lack of support systems for self-employed

-- CA for the Arts 2024 Field Survey

California Investment Fails to Match Impact

Impact of Arts & Culture Industries on State Economy			Investment in State Arts Agencies	
State	Arts&Culture Value Add	Share of Economy	Arts Spending Per Capita	National Ranking
California	**$290.3B**	**8.0%**	**$0.67**	**#36**
New York	**$151.1B**	**7.4%**	**$5.21**	**#4**
Florida	$45.4B	3.2%	$1.91	#12
Minnesota	**$13.8B**	**3.1%**	**$9.62**	**#1**
Mississippi	$2.6B	1.8%	$3.57	#7
↘ US Bureau of Economic Analysis 2024			↘ National Assembly of State Arts Agencies, 2024	

Arts & culture production drives 8% of California's economy, producing over $290 billion in direct impact, supporting 847,688 jobs and driving 7.3% of state tax revenues (1). However, the state ranks 36th in the nation in per capita funding for its state arts agency, the California Arts Council, to distribute statewide through local assistance grants.

Solution: Creating a Just and Innovative Future for California

From 2021 to 2023, the Governor and the California Legislature responded to the multiple crises facing the sector with unprecedented relief funding and cross-agency programs that provided a lifeline for thousands of art workers. These programs are also lighting the way towards a future for California that integrates arts and culture into solving civic issues, fostering social cohesion, revitalizing neighborhoods and ensuring access to the tools of creative expression and innovation for all.

We urge our leaders to continue on that path, in this year of budget deficit, by **protecting existing funding**, finding ways to **sustain investments in the creative workforce** and **supporting legislation that builds our creative future**. CA Arts Advocates and its partners across the state recommend the following opportunities for legislative leaders to protect, invest and build California's vital creative sector.

> *"You can import all the tech you want, you can't import regional creative viability.*
>
> *You can import programmists and mathematicians and from all over the world and lay fiber optics -* ***but you cannot import creative viability and creative competitiveness."***
>
> \- Alexey Steele, CA Artist

(1) US Bureau of Economic Analysis, National Endowment for the Arts, 2024

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$1 for the Arts

Build Baseline Funding For The California Arts Council

The problem.

While arts and culture industries drive 8% of California's economy, too many of our residents have limited access to engage in Arts & Culture or to participate in the Creative Economy. Increasing funding to the California Arts Council (CAC) would address systemic inequities by providing access to arts-related programming for underserved communities while supporting the livelihoods of the state's arts workers. Currently, the agency is underresourced to play this vital role.

California underfunds its state arts agency.

Current funding levels, which continue to be lower than they were two decades ago, are simply not sufficient to meet the needs of California's diverse population. The high point of general fund support for the California Arts Council's programming was in the 2000-2001 budget cycle, at $30.7 million. In the 2003-2004 budget cycle, that funding dropped to just over $1 million – the minimum level allowed to be eligible for federal matching funds – and stayed at this minimum level for over 10 years. In the twenty years since that crisis, state investment has still not returned to the 2000-2001 funding level, which adjusting for inflation would be at $54.7 million. Since 2018-19, general fund support has plateaued at $26 million, just .67 cents per California resident.

There is demand.

There is demand across California for support from the California Arts Council, but unfortunately there is not enough supply. In the 2023 grant cycle, roughly 54% of applicants were denied due to a lack of available funding. There is also an untapped "market" of organizations and artists that don't even try to access funds but could. According to CAC report, three quarters of all arts nonprofits in California have annual budgets under $50,000 and of those, 92% have no record of receiving any grants.(2)

> *"Funding scarcity forces us to choose between quality programming and providing sustainable wages and healthcare to our employees"*
>
> **- CA for the Arts 2024 Field Survey**

The solution.

Increase general fund support for the California Arts Council, from $26 million to $40 million – which amounts to approximately $1 per capita – at an increased investment cost of only $14 million annually. California ranks 36th in the nation for per capita State Arts and Cultural funding. For perspective, raising the investment to $1/capita would bring this ranking up to 24th, putting California on par with North Carolina and South Dakota.

There is support.

Legislators across the state understand the importance of investing in arts and culture in their districts, as they allocated almost $88 million through legislative priorities to just forty-three selected arts and culture organizations in the 2023-24 budget (3). And in our recent Field Survey, 82% of survey participants representing 55 counties are ready to advocate for increased funding to the CAC.

The CAC drives funding where it is needed most.

Public funding is critical to ensuring equitable access to the arts. Research shows that the vast majority of private funding for arts and culture is focused in urban and affluent areas, reaching fewer people of color and fewer rural residents. However, CAC grants are more equitably distributed. For example, while BIPOC-centered organizations represent 18% of the arts nonprofits in California, they receive 30% of CAC grant funding. Rural nonprofits receive 11% of CAC funds while comprising 9% of all arts nonprofits (2). The California Arts Council can continue to drive change in this area, supporting smaller-budget organizations that have a big impact in their communities.

Recommendation: **Agree to protect existing funding and to support $1 for the Arts in the next budget cycle.**

(2) Equity Challenges in California's Arts Ecosystem, California Arts Council; Aug 2022 (3) SB 104-Budget Acts of 2022 and 2023

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The Equitable Payroll Fund (SB 1116) Will Stabilize The Performing Arts Workforce

California's first performing arts jobs program.

The Performing Arts Equitable Payroll Fund (SB 1116 - Portantino) is a grant program designed to support California arts workers by providing reimbursements of payroll expenses to Small Nonprofit Performing Arts Organizations (SNPAOs) with budgets under $2 million. The Equitable Payroll Fund is currently being implemented by CAL-OSBA with only one year of dedicated funding.

"When accounting for direct, indirect and induced impacts, the sector is 168,000 jobs below the pre-COVID baseline resulting in more than $11 billion in lost economic value."

Source: CVL Economics Report

The problem.

CA Arts Advocates and our partners believe this investment requires multi-year funding to deliver the workforce and community development returns the program is intended to deliver. The impacts of the pandemic on the live arts and the rising operational and employment costs follow years of chronic underfunding of the sector. SNPAOs have been left without the financial or administrative resources to support thriving wages and are facing an uncertain future. The Equitable Payroll Fund (EPF) will begin to stabilize SNPAOs immediately, preventing more closures and helping these organizations quickly grow to self-sustainability.

For every **100 Performing Arts jobs in 2021,** an **additional 156 jobs** were supported in other sectors through downstream impacts.

Source: CVL Economics Report

Secondly, the EPF will help restore and then transform many of California's underserved communities. Over and over again, the economic impact created by vibrant performing arts centers has helped communities prosper. Most SNPAO's are located in historically underserved neighborhoods; these communities suffered more loss during the pandemic and have not rebounded like more affluent neighborhoods. The EPF's investment in jobs in these community-based SNPAO's will help circulate more capital in these neighborhoods.

The solution.

We thank the Legislature and Governor's Office for supporting the Performing Arts Equitable Payroll Fund. This long awaited policy innovation will need multi-year funding to truly stabilize the hard-hit live arts sector and will direct critical investments to communities that California's small performing arts organizations serve.

Recommendation: **Agree to protect existing funding and create ongoing funding in future budget years.**

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Invest in Unfunded Creative Workforce & Community Development Mandates
Cultural Districts - Creative Corps - Creative Youth Development

After a decades-long practice of deferring investment in arts and culture, the Legislature and Administration has funded innovative and targeted programs that leverage artists, cultural assets and creative activities as strategic elements to addressing civic goals. Exemplary models such as the **California Cultural Districts** program, the **California Creative Corps** and **Creative Youth Development** grant program received pilot funding in 2021-22 and initial reports on their outcomes indicate that these investments are exceeding their intended goals.

Arts and civic leaders urge the Governor and Legislature to continue investing in these mandates in the next budget cycle, as the ROI on these programs have the potential to create more jobs, stimulate regional economic growth and advance state priorities through people-centered social change.

California Cultural Districts — A smART investment in California People and Places

The problem.

Enacted in 2015 (4) and implemented by the California Arts Council in 2017, the California Cultural District program designated its first 14 districts for a five-year unfunded pilot period. With that state designation, each district has been attracting or growing cultural enterprise, galvanizing cross-sector collaboration, stimulating investments and tax revenues for their local economies or providing a focal point for celebrating and strengthening the unique cultural identity of their communities.

In the 2021-22 California budget, the 14 pilot Cultural Districts were slated to receive first-time funding: $30 million over three years to permanently establish the districts and to expand the program to include more communities reflecting the state's geographic and racial diversity. The Governor's January 23-24 budget cut that amount to $10 million for just one year, effectively disallowing the expansion of the program. There is zero funding allocated to the districts in the Governor's current budget.

The solution.

Cultural Districts are a proven method to increase economic vitality, while strengthening the cultural fabric of communities. In the US, 16 statewide programs have established more than 343 unique cultural districts, which promote cultural equity, boost tourism dollars, increase property values and generate more money for the region and their State, enhancing regional development and creating a multiplier effect with other industries.

State funding of the districts is essential to their ability to produce the outcomes mandated by the authorizing legislation. For BIPOC-centered and rural districts, this is especially true as research shows cultural funding is inequitably distributed in the state with private funding and assets being significantly concentrated in urban and white-centered organizations.

We believe strongly that this modest investment must be sustained and expanded to deepen the positive economic and social impacts of the existing districts and to ensure that BIPOC-centered and rural communities have equitable access to this local, economic development opportunity.

Recommendation: Agree to fund California Cultural Districts in the next budget cycle.

(4) AB 189 (Bloom). (5) Equity Challenges in California's Arts Ecosystem; California Arts Council; Aug 2022

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California Creative Corps

Groundbreaking regions-based investment in arts jobs that are in service to public good.

The problem.

In 2021, the California Legislature made its single largest allocation to the state arts agency with a $60 million line item to fund the groundbreaking jobs program, the California Creative Corps. Modeled on the Works Progress Administration (WPA) and the Comprehensive Employment and Training Act (CETA), the Creative Corps is an economic and workforce recovery pilot program that employs artists to create public awareness and engagement campaigns to meet locally-determined civic goals related to public health, energy and water conservation, climate change mitigation, social justice and civic engagement.

Mirrored on the Governor's "regions-up" approach to community development, Creative Corps is implemented by 14 administering organizations who have developed locally-based regranting programs that touch all 58 counties while prioritizing the most underserved communities – those census tracts in the lowest quartiles in the Healthy Places Index (HPI). The program has only been funded as a one-year pilot program.

Sample data from CA Creative Corps Interim Reports

Upstate Creative Corps

- $3.38m to Upstate communities
- 19 rural counties; 104 zip codes
- 184 jobs, 80 grantees
- 88% of grantees are first time recipients of state funds
- 340 partners engaged
- 360 Community Listening Sessions with 8,027 participants

Bay Area Creative Corps

- 67 zip codes
- 8 counties
- 95+ changemakers employed
- 29 grantees include arts & culture organizations, health and human services, community organizing, leadership development, powerbuilding and faith-based nonprofit

Central Valley Creative Corps

- 14 counties, 110 zip codes
- $4.2m to Central Valley and Eastern Sierra creative economy
- Employed 652 workers
- 70% of grantees are first time recipients of state funds
- Serving: incarcerated youth, elderly, unhoused, people with disabilities, indigenous tribes, LGBTQI+, students

The solution.

Currently in its implementation phase, the Creative Corps pilot is exceeding its goals based on interim reporting. The program has built new regions-based infrastructure for identifying local needs, facilitating collaboration across sectors, distributing resources and providing jobs, while injecting funding in California's most vulnerable communities.

By deploying artists as solution partners to civic issues in service to public good, Creative Corps is activating two other state mandates: enlisting artists as the state's "second responders'' (SCR 40, Allen) and providing living wage jobs to a diversified pool of arts workers in alignment with the CA Creative Workforce Act (SB 628, Allen). For all that this innovative program has built and accomplished, and for its alignment with the state's creative workforce, equity and civic priorities, the CA Creative Corps must move from pilot to program with sustained investment.

Recommendation: Agree to support permanent funding in the next budget cycle.

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Creative Youth Development

Whole-Person Community-Rooted Arts and Empowerment Training for California Youth

California recognizes the value of Creative Youth Development.

California's 2021-22 budget included $40 million in one-time funding for Creative Youth Development (CYD) grant programs to be administered by the California Arts Council. Creative Youth Development (CYD) is a field distinct from arts education. CYD programs provide deep arts learning and social/emotional learning centered in long-term multi-generational relationships with artist mentors. It is based in the community, rather than schools, primarily happens during after school hours and on weekends, tends to be culturally reflective of the young people involved, and serves them through the age of 24.

In addition to arts learning, CYD organizations provide young people with holistic services such as mental health counseling, academic support, college and career readiness, civic engagement, and workforce development. Youth Voice, Cultural Equity and Social Justice, and Collective Action are core principles of CYD work. Outcomes are anchored in Positive Youth Development, not just artistic development. These organizations are using the arts as a platform for personal, community, and social change to create a more just society.

"Creative Youth Development is a commitment to supporting young people's stories, ideas, and dreams through creative expression and honoring their lived experience. Racial Equity and Social Justice, Youth Voices speaking for themselves and Collective Action."
- CreativeYouthDevelopment.org

The problem

With the $40M allocation, the Governor and Legislature recognized that Creative Youth Development (CYD) reaches, trains and empowers youth in ways that skills-focused Euro-Centric arts education doesn't and is increasingly recognized for filling gaps created by inequitable school, social services, and healthcare systems. The Governor's current budget does not include continued funding for Creative Youth Development programs.

The solution

California is considered one of the national centers of the field, with CYD organizations and formal networks in San Diego, Los Angeles, the Bay Area and Inland Empire serving as national models. CYD leaders from California hold key positions in the field at the national level to ensure the work in California is being lifted up and resources and opportunities are brought back to the State. CA Arts Advocates and our partners urge the Governor and legislature to lverage these state assets and continue this vital investment in California youth.

Recommendation: Agree to support permanent funding in the next budget cycle.

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