

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 10/20)

Fiscal Year 2022-23	Business Unit 8260	Department California Arts Council	Priority No.
Budget Request Name 8260-006-BCP-2022-GB		Program 6540-Arts Council	Subprogram

Budget Request Description
 Support for Cultural Districts

Budget Request Summary


The California Arts Council requests \$30 million one-time General Fund, to be spent over three years, to support the existing 14 cultural districts and to expand the cultural districts program to serve traditionally underserved communities, represent a cohort that reflects the geographic and racial diversity of the state, and enable the California Arts Council sufficient capacity to provide technical assistance.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), and the approval date.

Project No. _____ **Project Approval Document:** _____
Approval Date: _____

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Ayanna Kiburi	Date 1/6/2022	Reviewed By	Date
Department Director  Anne Bown-Crawford	Date 1/6/2022	Agency Secretary	Date

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE Dept. of Technology

PPBA Tim Weber	Date submitted to the Legislature 1/10/2022
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Analysis of Problem

A. Budget Request Summary

The California Arts Council requests \$30 million one-time General Fund, to be spent over three years, to support the existing 14 cultural districts and to expand the cultural districts program to serve traditionally underserved communities, represent a cohort that reflects the geographic and racial diversity of the state, and enable the Arts Council sufficient capacity to provide technical assistance.

B. Background/History

Chapter 396, Statutes of 2015 (AB 189) required the Arts Council to develop a state designated Cultural Districts Program that serves as an important tool for the development, support, and preservation of California's extensive and diverse cultural assets. A cultural district is generally understood as a well-defined geographic area with a high concentration of cultural resources and activities. The California program seeks to identify, support, and connect centers of arts and cultural activity through the designation process. The purpose of the Cultural Districts Program is to honor and celebrate California's considerable cultural and creative assets and to help leverage these assets for community benefit.

To tailor a program to adequately support the full range of types of cultural centers throughout the state, the Arts Council initiated a two-year long pilot in 2017. Through a multi-step public process, the Arts Council designated a small group of 14 districts representing various cultural groups, cultural centers urban, suburban and rural locations, as well as districts with an emphasis on cultural consumption, cultural production and cultural heritage and districts that are at varied points in the life-cycle, from emerging to established.

The Arts Council allocated a portion of its support budget to each district with an initial stipend of \$5,000 per district for each of three pilot years, totaling \$10,000 per district. This stipend cannot be sustained without an increase in Arts Council's General Fund, Local Assistance appropriation.

Pilot evaluation data indicated that with increased investment, the Cultural Districts Program has the potential to significantly advance the Arts Council towards fulfillment of its mission and expand the geographic and demographic reach of the Arts Council, serving people and places in the state that are otherwise more difficult to engage. Evaluation data also reveals that cultural districts will advance with the following activities that are currently unfunded and understaffed: technical assistance and peer-to-peer networking; development of a comprehensive technical assistance resource center to support capacity building for cultural districts; conducting annual evaluation; documenting economic impact of the districts and the program; prioritizing designation of African American/Black, Native American, and Chinese American cultural districts in the expansion; prioritizing designation of districts in areas of the state that are underfunded or not directly funded by the Arts Council; supporting the development of applications that promote equity; building inter-agency partnerships to identify and support diverse districts; providing technical assistance to communities considering an application and to applicants; and revisiting and refining the selection criteria for the program with an race and geographic equity lens.

Resource History (Dollars in thousands)

Program Budget	PY – 4	PY – 3	PY – 2	PY-1	PY	CY
Authorized Expenditures	0	70,000	70,000	70,000	0	0
Actual Expenditures	0	70,000	70,000	70,000	0	0

Analysis of Problem

Workload History

Workload Measure	PY – 4	PY – 3	PY – 2	PY-1	PY	CY
e.g., Applications Received, Applications Processed, Call Volume, etc.	0	14	14	14	0	0

C. State Level Consideration

Increasing the Arts Council capacity to grow the Cultural Districts Program and thereby support thriving and vibrant local government and communities throughout California aligns with the Administration's priorities. Among the goals of Arts Council's current Strategic Plan is to guarantee that Arts Council's work is reflective of California's diverse populations and accessible to all and to ensure strong support for the arts statewide among the public, elected officials, and decision makers. This proposal to increase funding to the cultural districts helps the Arts Council meet those aims as a State agency. This proposal to augment the funding for cultural districts is also intended to increase the Arts Council's capacity to build on initiated partnerships with the California Department of Transportation and Visit California in support of the cultural districts, reflecting cross-departmental collaboration and shared goals and benefits from an adequately funded program. Additional investment in a strong and diversified Cultural Districts Program has been echoed to the Arts Council by a strong and vocal contingent of stakeholders and advocates since the roll-out of the pilot, with recorded public comment at nearly every Council Meeting over the past three years. The Arts Council will prioritize the gaps in the existing Cultural Districts with these funds. Specifically, the Arts Council will focus on the establishment of the following:

- African American districts, or Black "umbrella" districts that encompass several culturally specific communities within it, who are absent from the current cultural district cohort.
- Districts that represent Chinese American and Native American communities, who are also absent from the current cohort.
- Districts that represent Latinx and Asian American communities, who are underrepresented in the current cultural district cohort.
- Districts in lower-income and rural counties.

Additional public support for Cultural Districts allows local governments to sustain the Cultural Districts and allows the unique character of the community to be highlighted and preserved through the district while not requiring resources for other vital services to be diverted.

D. Justification

Statewide interest in the Cultural Districts Program has grown significantly since the inception of the pilot. In addition, program evaluation findings recommend not only an increase in diversification of designees, but also counsel to double the funding amount and provide resources to designees with the full implementation of the program. This \$30 million one-time investment will make it possible for the Arts Council to effectively establish criteria and guidelines for state-designated Cultural Districts by establishing a competitive application system by which a community may apply for certification, while providing a greater level of technical assistance and promotional support to artists and others via staff support that was not feasible during the pilot phase. With increased capacity and investment, the state can ensure that the expansion of the Cultural Districts program: serves traditionally underserved communities of California; represents a cohort that reflects the geographic and racial diversity of the state; requires program that controls against local artist from being displaced; and increases the Arts Council's capacity to support new and diverse applicants for designation and comprehensive technical assistance.

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E. Outcomes and Accountability

The expected outcomes are:

- The increased funding will allow the Arts Council to meet the full mandate of the Cultural Districts Program at the level that has been identified by the Governor, Legislature, arts advocates, program evaluators, and cultural districts.
- The increased funding for the cultural districts ensures that the expansion of the program will serve the geographic and racial diversity of the state and provide a cultural district in areas traditionally under-resourced, including but not limited to African American, Chinese American, Native American, Latinx, and Asian American communities and lower income counties.

Projected Outcomes

Workload Measure	CY	BY	BY+1	BY+2	BY+3	BY+4
e.g., Applications Received, Applications Processed, Call Volume, etc.	0	300	400	500	500	500

F. Analysis of All Feasible Alternatives

Alternative 1: Approve \$30 million one-time General Fund, to be spent over three years, to support the existing 14 cultural districts and to expand the cultural districts program.

Pros:

- Allows the Arts Council to honor the legislative mandates for expansion of the cultural districts and allow for a percentage of this funding to be used for staff resources to expand the Cultural District program and provide the appropriate level of vital administrative support needed to monitor, provide technical assistance for implementation, and conduct evaluation of statewide networks to support the outcomes of Cultural Districts as recommended by the evaluation

Cons:

- Increased General Fund costs.

Alternative 2: Approve \$15 million one-time General Fund, over three years, to support the cultural districts program.

Pros:

- Allows the Arts Council to honor our legislative mandates for some expansion of the cultural districts.

Cons:

- Increased General Fund costs.
- May not allow for adequate funding and staff resources to expand the Cultural District program equitably, provide appropriate geographic reach, and ensure less than statewide impact.

G. Implementation Plan

The Arts Council has begun the revisions to the cultural district's guidelines in anticipation for a vote by the Council if the proposed increase is approved. With the potential for an increase to support the cultural districts, guidelines will need to be developed to highlight the eligibility criteria

Analysis of Problem

to ensure a larger pool of applicants and designated districts. To be fully prepared for implementation of the program if the proposed increases are approved, the Arts Council will take the following steps:

1. Develop and allocation timeline per Council approval.
2. Review of staff capacity to provide edits to the current program guidelines.
3. Approval of the guidelines by the Council.
4. Marketing strategy that is geographically focused.
5. Assessment of staff panel resources to screen and adjudicate applications and complete site visits for approximately 30 districts.
6. Final vote of Cultural District grantees.
7. Develop a timeline for program evaluation.

H. Supplemental Information

Final Report: Cultural Districts Program Development:

<https://static1.squarespace.com/static/585c0d428419c265aad3ee58/t/6021749142387134a6b86618/1612805275488/CAC+-+Cultural+Dist+Report+-+FINAL+12.14.16.pdf>

I. Recommendation

Approve Alternative 1: Approve \$30 million one-time General Fund, to be spent over three years, to support the existing 14 cultural districts and to expand the cultural districts program.

BCP Fiscal Detail Sheet

BCP Title: Support for Cultural Districts

BR Name: 8260-006-BCP-2022-GB

Budget Request Summary

Operating Expenses and Equipment

Operating Expenses and Equipment	FY22 Current Year	FY22 Budget Year	FY22 BY+1	FY22 BY+2	FY22 BY+3	FY22 BY+4
54XX - Special Items of Expense	0	30,000	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$30,000	\$0	\$0	\$0	\$0

Total Budget Request

Total Budget Request	FY22 Current Year	FY22 Budget Year	FY22 BY+1	FY22 BY+2	FY22 BY+3	FY22 BY+4
Total Budget Request	\$0	\$30,000	\$0	\$0	\$0	\$0

Fund Summary

Fund Source

Fund Source	FY22 Current Year	FY22 Budget Year	FY22 BY+1	FY22 BY+2	FY22 BY+3	FY22 BY+4
Total State Operations Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Local Assistance - 0001 - General Fund	0	30,000	0	0	0	0
Total Local Assistance Expenditures	\$0	\$30,000	\$0	\$0	\$0	\$0
Total All Funds	\$0	\$30,000	\$0	\$0	\$0	\$0

Program Summary

Program Funding

Program Funding	FY22 Current Year	FY22 Budget Year	FY22 BY+1	FY22 BY+2	FY22 BY+3	FY22 BY+4
6540 - Arts Council	0	30,000	0	0	0	0
Total All Programs	\$0	\$30,000	\$0	\$0	\$0	\$0