

EQUITABLE ECONOMIC RESILIENCE FRAMEWORK FOR FY21 CULTURAL FUNDING

CULTURAL ARTS DIVISION
ECONOMIC DEVELOPMENT DEPARTMENT



*"These challenges ... require a reckoning with the racial disparities that exist in every corner of life in this city. We have to recover, but shame on us if we rebuild systems as inequitable as before. Let us embrace the remarkable gift it is to have so much undecided and up in the air. Let's celebrate the opportunity born of the necessity to rebuild. Let's commit to be guided by a search to deliver justice. Let's join in a **DISRUPTIVE RECOVERY**, seizing the moment rebuild in a just and equitable way."*

- Mayor Steve Adler, State of City, August 5, 2020



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Equitable Economic Resilience Funding Overview

A significant shortage in Hotel Occupancy Tax revenue has forced the Cultural Arts Division and Arts Commission to develop a strategic response, the Equitable Economic Resiliency Framework, in order to mitigate harm to fund recipients, referred to as "cultural contractors." This Framework provides an equitable distribution of funds that is grounded in City of Austin equity mandates and is informed by data that identifies the most economically vulnerable -- specifically, contractors from BIPOC, LGBTQ, and Disability Communities. This process included:

- Incorporating City of Austin Equity based mandates and executive direction from the Mayors Task Force Institutional Racism, The City of Austin Equity Office, City of Austin Demographer, among others.
- Incorporating city and national data gathered to identify economic vulnerability factors within various communities with special consideration of COVID-19 impact.
- Analyzing budget and related data from funded City of Austin cultural contractors identify economic vulnerability factors special consideration of COVID-19 impact

City of Austin Equity Framework

“To advance equitable outcomes, the City of Austin is leading with a lens of racial equity and healing. **Race is the primary predictor of outcomes and it is time to recognize, understand, and address racism at its various levels: personal, institutional, structural, and systemic.” SD23**

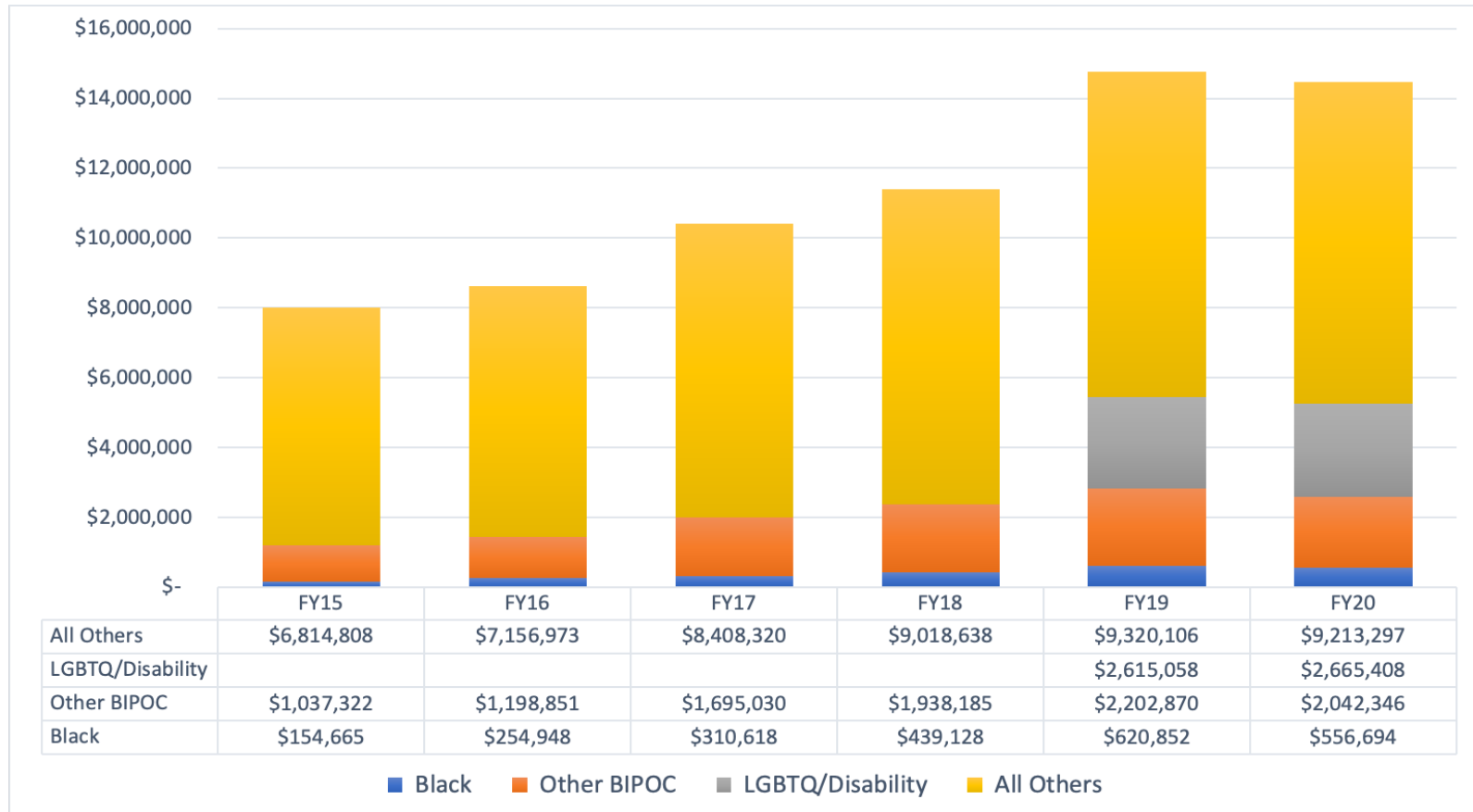
Advancing racial equity through program implementation continues to be a primary concern for the City of Austin. It is a stated priority of [City Council](#), [the Mayor](#), and a key goal of the City’s [Strategic Direction 2023](#) (SD23). In 2016 the [City’s Equity Office](#) was established to focus on advancing equity in all aspects of City operations.

Direction on Program Evaluation During COVID-19

Understanding the history of disaster recovery and the data indicating who will be most impacted by the COVID-19 pandemic both in their well-being, and economically, is imperative. Below are selected questions from assessment the ATCEOC (Austin-Travis County Emergency Operations Center) uses and [City of Austin Equity Office recommends](#) in program evaluation during this crisis.

- **Does the proposal demonstrate program design and delivery that directly addresses the top challenges/barriers you identified?**
- **What does the data tell us about who's most vulnerable and at-risk for this service or need? Is the program design intentional enough to directly get resources to those most in need? Are data disaggregated by race and geography available, and are you utilizing those data?**

Historical Distribution of Awards in Cultural Funding



Data gathered from past and current contractors shows an acute disparity in the distribution of funds. In FY20 alone Black cultural contractors account for 4% of total dollars awarded and other BIPOC contractors account for only 14%. White cultural contractors account of the majority for funds awarded at 64%.

This inequitable distribution of City funds, **if not corrected**, would further exacerbate the economic crisis facing many of the City's most vulnerable cultural contractors.

CULTURAL
FUNDING
MATRIX
WORKING
GROUP
PROCESS

Six Working Group meetings May 14 - June 12

125+ scenarios reviewed

Public notice of Working Group recommendation posted on the website on June 17.

Communications

- Social media posts - June 22 & 23
- CAD newsletter - June 24
- Email notices and opportunity for feedback sent to all Core & CHF contractors on June 16, 18, 22, & 24.

Arts commission (AC) meeting: presentation of Working Group recommendation June 17, 2020

Special call AC meeting: community feedback and discussion of funding matrix June 24, 2020

Special call AC meeting: community feedback and action taken June 26, 2020

[Meeting agendas, matrix presentations, and recordings are on the AC backup \(click here\).](#)

CULTURAL
FUNDING
MATRIX
WORKING
GROUP
PROCESS
(continued)

COVID-19 RESPONSIVENESS

Recommended matrix adjustments were made in response to City projections for Hotel Occupancy Tax funds for FY21, which were dramatically reduced due to the COVID-19 crisis. Funding reduction predictions at the time of this recommendation were:

- Total dollars available to award: **\$6,561,696** (a 46% reduction from FY20 levels)
- Total number of applications submitted: **370 Core & 22 CHFP**

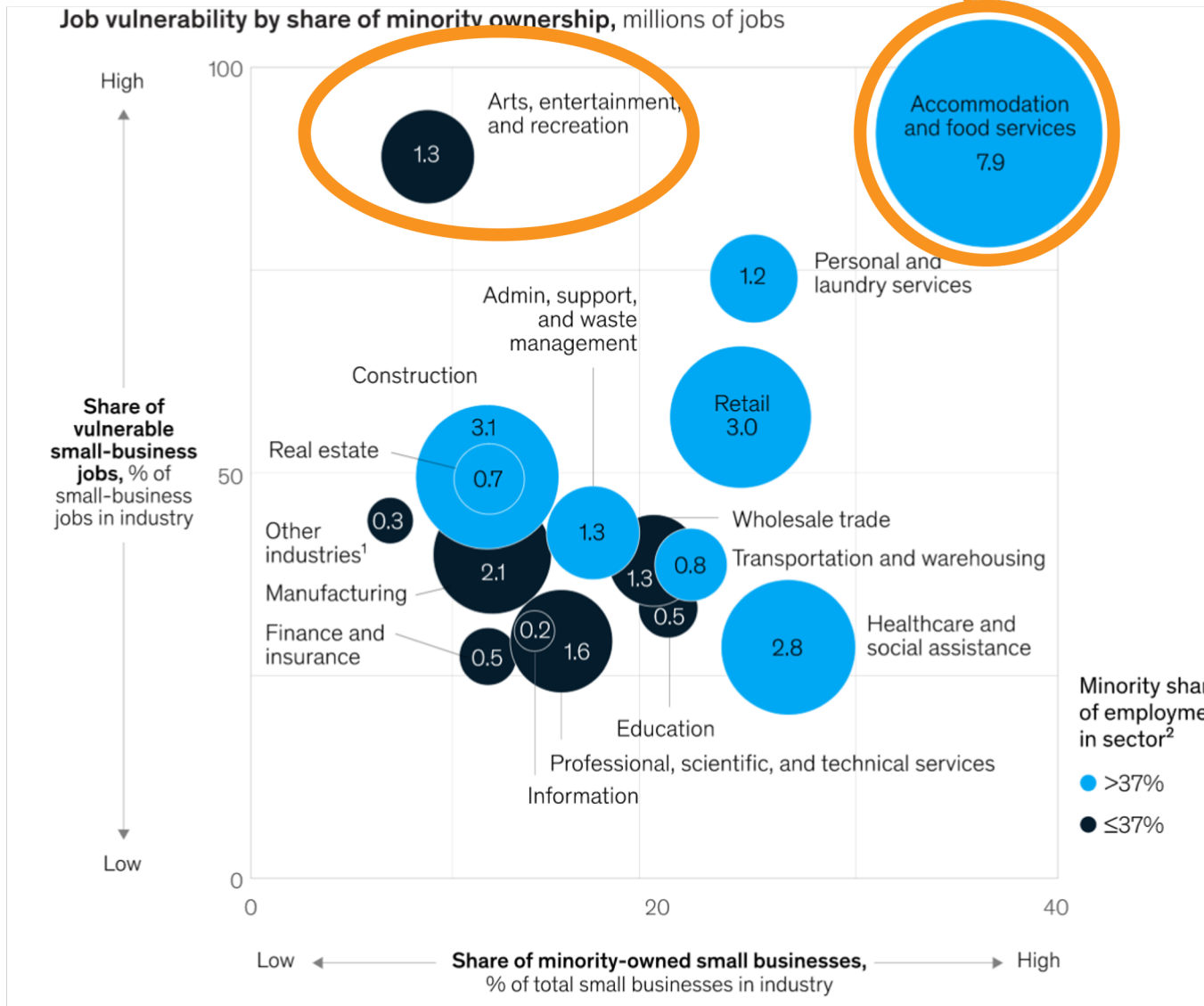
In the context of a larger economic crisis the AC and City staff prioritized economic stability for contractors who are currently the most economically vulnerable.

The Working Group presentation, AC deliberations and other information on this process can be found in the [AC backup online](#).

Economic Resilience & Equity: Industry Data and Research

- Current data (illustrated in the following [graphic](#)) shows that minority owned businesses in the arts, entertainment, and recreation sector jobs are highly vulnerable at this time.
- In addition the share of minority-owned small businesses in the arts, entertainment, and recreation industry is substantially lower than other sectors.
- This combination of low share of ownership AND increased risk of job loss shows that the current COVID crisis poses a heightened risk for the sustainability of BIPOC owned arts businesses and employees.

Hotel Occupancy Tax
funding source for
cultural contracts

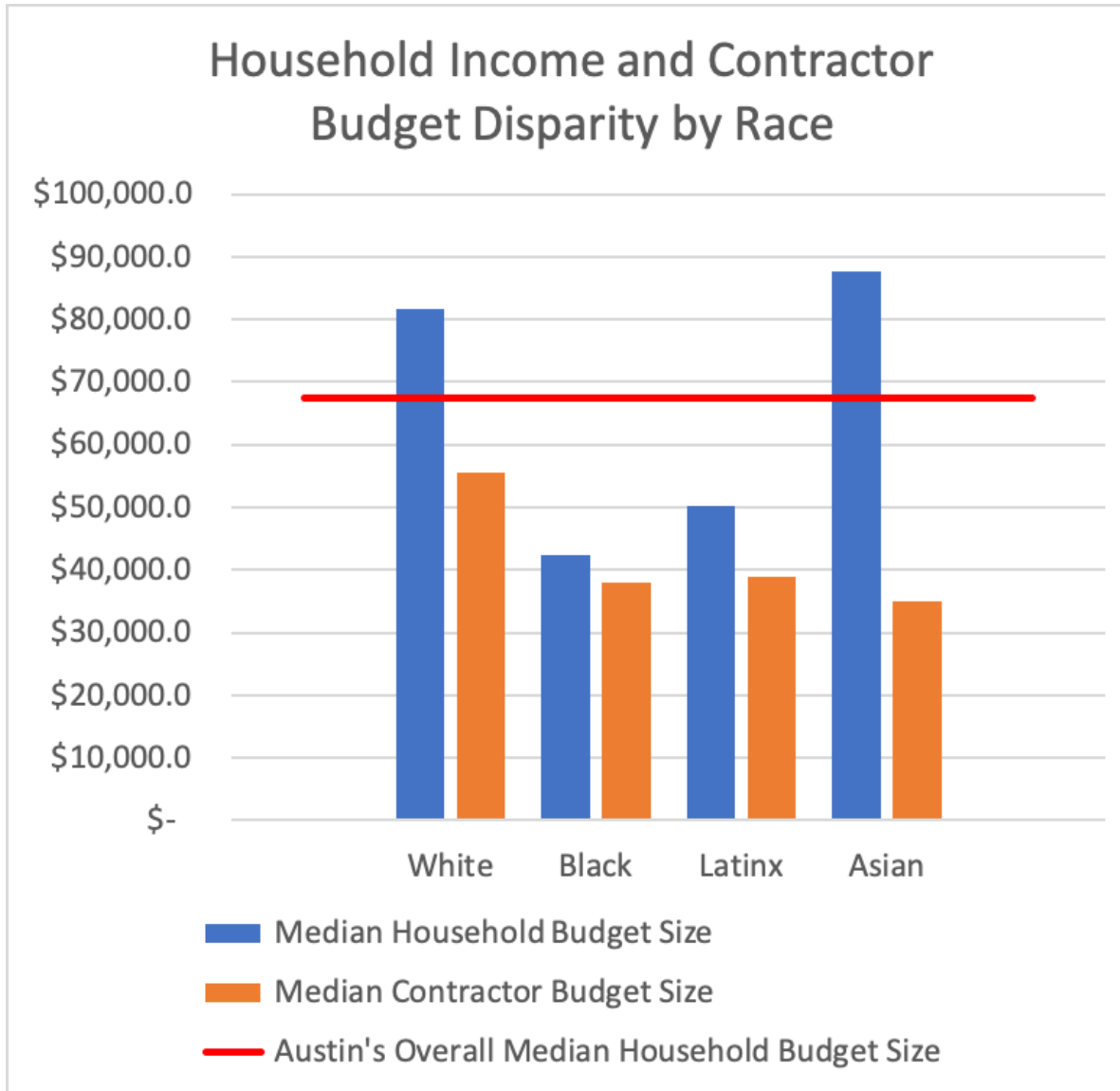


“The crisis could disproportionately affect minority-owned small businesses for two critical reasons: they tend to face underlying issues that make it harder to run and scale successfully, and they are more likely to be concentrated in the industries most immediately affected by the pandemic... Black-owned businesses, overall, also tend to start out with far less capital,” *McKinsey*

COVID 19 Impacts on Economically Vulnerable Communities

- “In the US, **economic inequality** is closely linked to a racial divide in income and wealth...Past recessions have disproportionately affected Black and Latino families, partly because they have less wealth to fall back on.” [Human Rights Watch - US: Address Impact of COVID-19 on Poor](#)
- “In many cases, **LGBTQ people are at greater exposure and risk of both economic and health complications than non-LGBTQ people** because of the types of jobs they are more likely to have, because of their experiences with poverty and lack of paid leave, and because of the health disparities they have compared to non-LGBTQ people.” [Human Rights Watch brief on LGBTQ + Covid](#)
- “Most people with disabilities are not inherently at higher risk for becoming infected with or having severe illness from COVID-19. However, **some people with disabilities might be at a higher risk of infection or severe illness because of their underlying medical conditions...**Adults with disabilities are three times more likely than adults without disabilities to have heart disease, stroke, diabetes, or cancer than adults without disabilities.” [CDC - People with Disabilities + COVID](#)

Equitable Economic Resilience Data



According to data gathered from the 2018 US Census 5-year American Community Survey, median household budget size in Austin is \$67,462. Black and Latinx households sit well below that level. Similarly, median CF contractor budget size skews lower for BIPOC contractors, with Black contractors at 32% less than the median budget for predominantly white contractors.

This contrast shows a stark economic disparity by race in Austin and more specifically within the Cultural Funding programs.

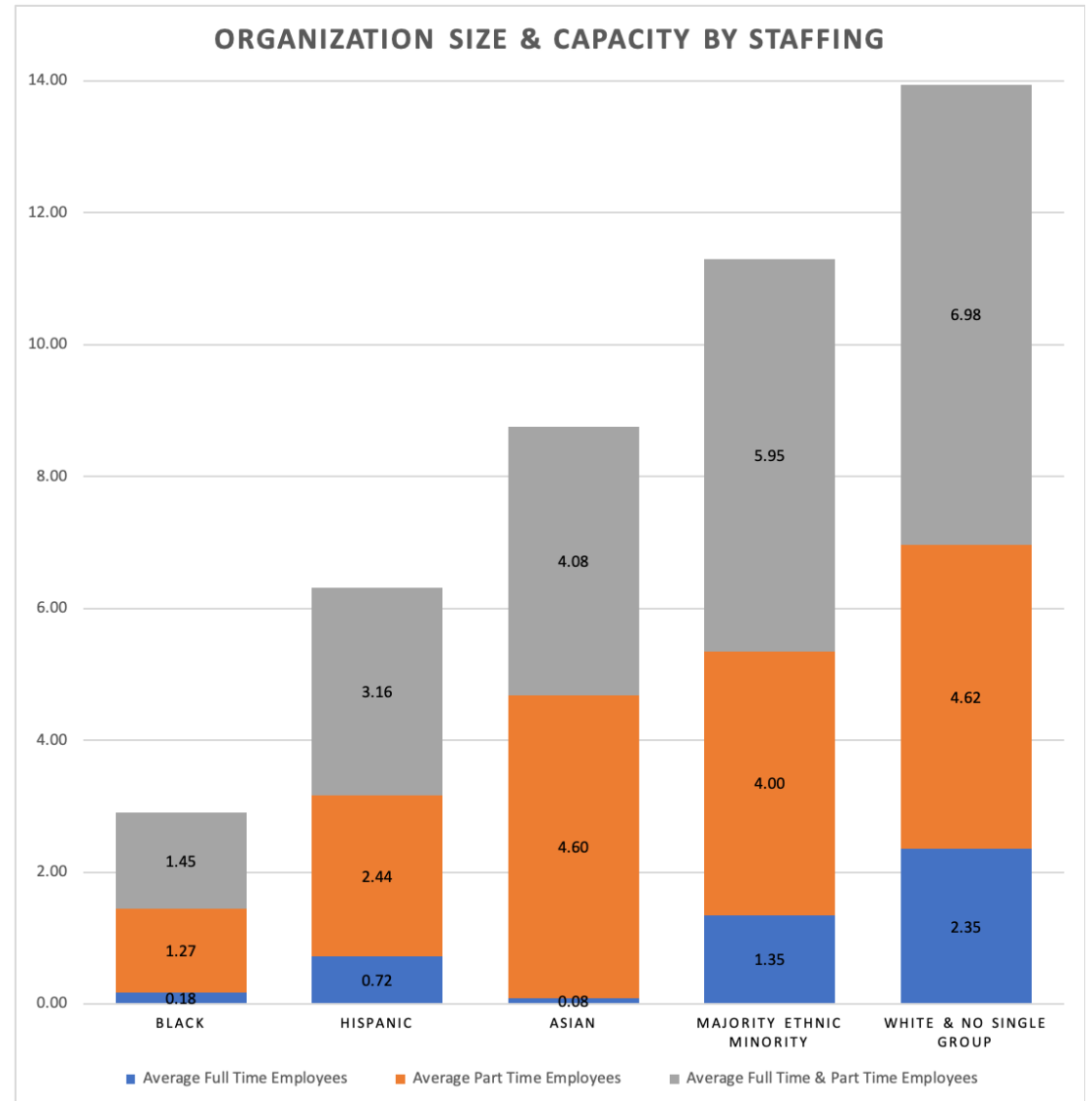
Equitable Economic Resilience Data

- **There is only 1 Native American-identifying contractor**, whose median budget is 49% less than the other PS I \$250k+ contractors (\$218,978 vs. \$431,011, 28 contractors total)
- The only BIPOC contractor in Organizational Support is the smallest in the over \$1million category. **Its budget is \$1.25 million; the median budget size of contractors over \$1million is \$4.38 million**

Organizational Capacity: Disadvantage to Deliver Contracted Services

Economic vulnerability can also be measured by organizational size and capacity. **Smaller organizations are more vulnerable to shifts in the economy and in government funding.** In addition, smaller staffing can indicate a disadvantage to deliver programming or contracted services.

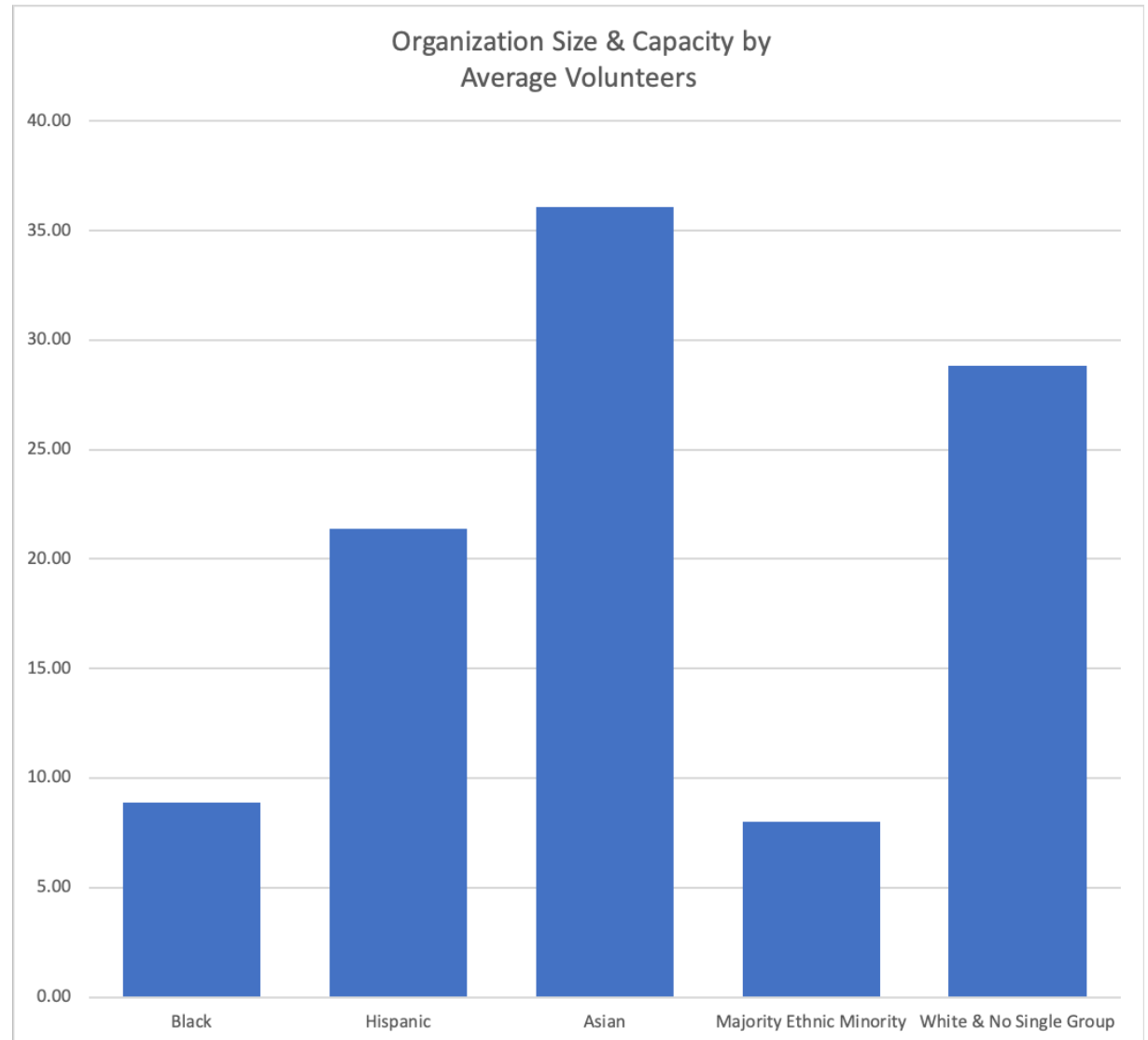
Current CF contractor data shows a clear disparity in organizational capacity between organizations of different racial makeups, based on average Full Time and Part Time staff.



Organizational Capacity: Disadvantage to Deliver Contracted Services

Not only do BIPOC contractors have smaller staffs, in general they also have less volunteers. Volunteers do a variety of tasks the contractors would normally have to pay for or don't have the staff capacity to perform on their own.

Having both less staff and less volunteers shows a clear disparity in organizational capacity between contractors of different racial makeups.



RECOMMENDED
EQUITABLE
FUNDING
FACTORS

RACE

“The City recognizes that race is the primary determinant of social equity.”

Black	Asian	Hispanic/Latino	LGBTQ
Qualify	Qualify	Qualify	N/A

HHI & MEDIAN CONTRACTOR BUDGET SIZE

The link between education and household income (HHI) is very strong and effectively illustrates inequity in Austin. Research displayed the sharp differences in income and educational attainment by race and ethnicity in Austin.

Austin Median HHI	Black	Hispanic/Latino	Asian	LGBTQ
\$63,717	\$41,433	\$47,330	\$80,684	Above Median*

RECOMMENDED
EQUITABLE
FUNDING
FACTORS
(continued)

ECONOMIC DISCRIMINATION

Economic discrimination is experienced across each of the populations that BIPOC, LGBTQ and disabled cultural contractors represent. Research shows that economic discrimination in any form is detrimental to both those that are being discriminated against, and the employers and markets that are attempting to maximize productivity.

ECONOMIC RETENTION & DISPLACEMENT PREVENTION

Based on best practices research and city of Austin mandates & guidance on preventing displacement cultural workers and BIPOC communities, it was determined economic retention was an important component to achieving more equitable outcomes especially when looking at the related data on BIPOC, LGBTQ and disabled cultural contractors. As a note the COA Demographer [Ryan Robinson states](#) "the Black Community "could [eventually] represent a mere 5% of the city's population and constitute the smallest minority group in the city"

FY21 Funding Model Priorities

Base awards are subject to HOT fund projections and FY19 panel scores for each application. Additional equity modifiers are applied according to current economic vulnerability indicators and city equity priorities.

BASE AWARD AMOUNT

The least economically vulnerable contractors will receive a base award amount that is a percentage of their funding request. The amount contractors were able to request was also subject to their FY19 panel scores.

EQUITY PRIORITY #3

Data show that members of the LGBTQ and/or Disability Communities are the third most economically vulnerable group in the COVID-19 crisis. Contractors that have indicated that they are members of either group will receive Equity Modifier #3 in addition to their base award amount.

EQUITY PRIORITY #2

Data show that non-Black BIPOC are the second most economically vulnerable group in the COVID-19 crisis. Contractors that have indicated that they are BIPOC will receive Equity Modifiers # 2 and #3 in addition to their base award amount.

EQUITY PRIORITY #1

The most economically vulnerable contractors will be awarded the full amount of their funding request. Data show that Black Americans are the most economically vulnerable group in the COVID-19 crisis, and the greatest at risk of displacement. Contractors identified as Equity Priority #1 will receive Equity Modifiers #1, #2, and #3 in addition to their base award amount.

FY21 Funding Modifiers



EQUITY MODIFIER #3

This modifier is available to those who are facing disproportionate economic hardship during the COVID-19 crisis.



EQUITY MODIFIER #2

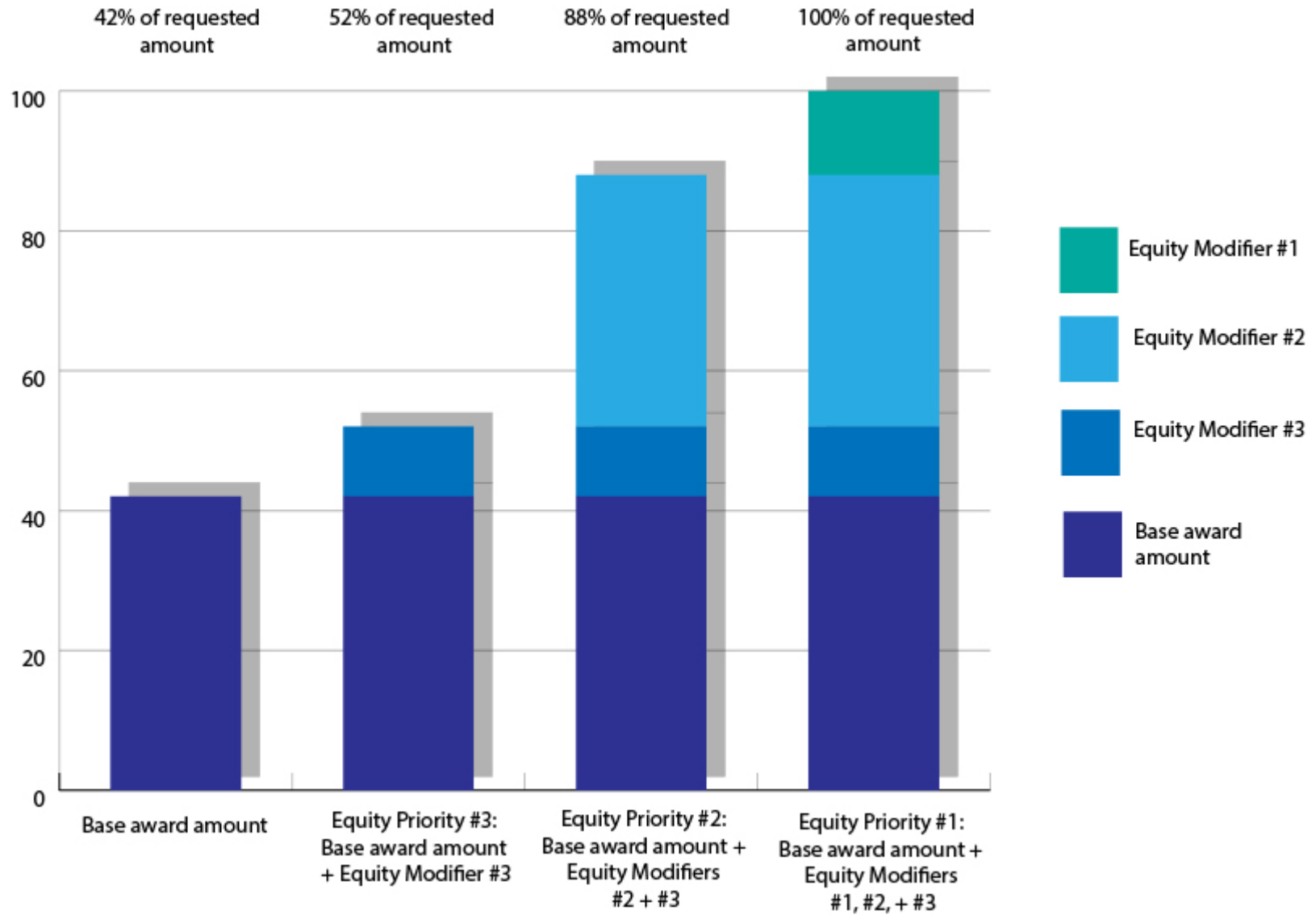
This modifier is available to those who are facing disproportionate economic hardship during the COVID-19 crisis as a result of belonging to BIPOC racial groups.



EQUITY MODIFIER #1

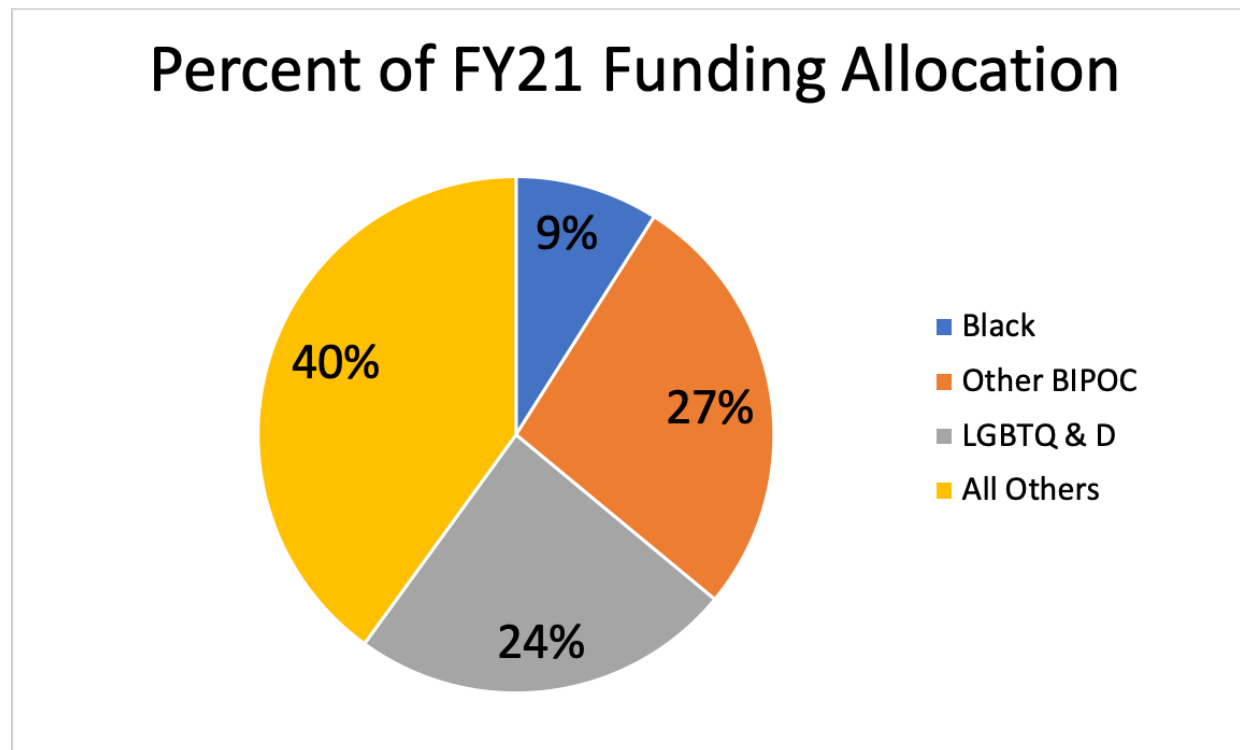
This modifier is available to the most economically vulnerable cultural contractors who are also at greatest risk of displacement. Recipients of this modifier will have their award requests funded in full.

RECOMMENDED: FY21 Funding Model



Distribution of Funds with the FY21 Funding Model

FY21 funding allocations **will result in immediate and impactful positive change** for the most economically vulnerable cultural contractors, while also considering the **economic stability of cultural contractors as a whole**. In total, BIPOC contractors will account for approximately 36% of total dollars awarded and white contractors will still account for the majority of award dollars distributed.





The proposed model achieves the outcomes articulated by the City of Austin and the will of the Arts Commission.

It is responsive to the current COVID-19 crisis, built on a foundation of data, and honors City priorities to advance anti-racist policy and operationalize racial equity.