



POLITICS

San Diego leaders propose sharp increase in arts funding that would fulfill decade-old promise



Caterina Brown, 17, center, and other members of the San Diego Civic Youth Ballet perform a dance from “Midsummer Night’s Dream” during the Students Shakespeare Festival at Balboa Park in San Diego in 2018. (Hayne Palmour IV / The San Diego Union-Tribune)

A council committee OKed a policy change that would give arts money greater priority in the city budget process

BY DAVID GARRICK

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SAN DIEGO — A new proposal from San Diego city leaders would sharply increase arts funding and make it more predictable from year to year by fulfilling a promise the City Council made to local arts organizations more than a decade ago.

The proposal would give greater priority in the city's annual budget process to the council's unfulfilled 2012 "penny for the arts" pledge — a commitment to spend nearly 10 percent of annual hotel tax revenue on grants to local arts and culture groups.

Councilmembers say much more funding is needed for San Diego's arts community to flourish. They stressed that grants to arts organizations have a multiplier effect, because state and federal arts funding often requires a local match.

"As a city, we should make an intentional investment to make sure we are retaining our creative workforce and not losing them to other places that are offering better opportunities," Councilmember Raul Campillo said. "We've got to do our part as the city of San Diego to show we're serious about establishing a career path in the arts for creative workers."

Annual arts funding would have been more than twice what it is now — \$31.1 million rather than \$15.3 million — had the 11-year-old pledge been fulfilled in the budget the council adopted last month.

That's partly because hotel tax revenue has surged in San Diego since the pandemic and is expected to continue surging in the new fiscal year, which began July 1.

City revenue from taxes at hotels and vacation rentals climbed from \$181 million to \$257 million during the fiscal year that ended June 30. And city officials project it to rise to \$328 million in the new fiscal year.

Despite widespread support for more arts funding from councilmembers during budget negotiations each year, arts funding hasn't kept up with surging hotel tax revenue even

with the 2012 pledge tying hotel taxes and arts funding together.

Campillo and Councilmember Vivian Moreno say it's time to reverse that trend and move quickly toward fulfilling the pledge.

Their proposal to give the pledge a stronger role in the city budgeting process was approved unanimously Wednesday by the council's economic development committee.

The pledge would be included for the first time in a list of budget priorities council members submit to the mayor, and the mayor would be required to provide council members more detail about how he proposes to spend hotel tax money.

The pledge is called "penny for the arts" because the council voted in 2012 to commit to spend 1 percent of all hotel room revenue on arts grants. Because the city's hotel tax rate is 10.5 percent, the pledge amounts to 9.52 percent of collected hotel taxes.

The council has never come close to fulfilling the pledge. It was only \$5.5 million short in fiscal 2017, but that gap widened to \$10.4 million in fiscal 2020 and is slated to grow to the largest gap ever in fiscal 2024 — \$15.8 million.

"The penny goal is not by any means arbitrary, unrealistic or merely aspirational," Campillo said.

Councilmember Monica Montgomery Steppe said arts funding should be viewed differently than many other budget priorities.

"When we invest more, we do get a greater return," she said. "We do see an actual return that we can quantify, and I think that's important."

A 2019 analysis showed local arts and culture organizations generate \$1.1 billion in annual economic activity, support 36,000 full-time jobs and generate \$894 million in

household income.

Councilmember Kent Lee said forcing arts organizations to lobby for funding every year wastes their time.

Local arts organizations expressed strong support Wednesday for the new proposal.

“We help fuel our region’s economic engine while adding to the overall quality of life for people in all neighborhoods,” said Bob Lehman of the San Diego Museum Council, an umbrella organization for 70 local museums. “We’re a major component of San Diego’s growing tourism industry.”

Kim Thomas, executive director of the San Diego Civic Youth Ballet, said more money would make a huge difference.

“It would provide a vital lifeline enabling us to invest in our infrastructure and build for the future,” she said. “It would also create stability, allowing us to plan for the future, attract and retain talented artists and provide essential educational initiatives.”

The proposed policy changes come two years after San Diego adjusted its eligibility for arts funding to address disparities that had favored Balboa Park, downtown and La Jolla over other city neighborhoods.



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