

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: November 28, 2022

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Assignment No: 22-09-0555

SUBJECT: Department of Cultural Affairs (DCA) Legislative Proposals

CLA RECOMMENDATION: Adopt the attached Resolutions to SPONSOR and/or SUPPORT legislation in the 2023-2024 State and Federal Legislative Programs, as recommended by the Department of Cultural Affairs.

SUMMARY

As requested by the Rules, Elections, and Intergovernmental Relations Committee, the Department of Cultural Affairs has prepared four proposals for inclusion in the City's 2023-2024 State and Federal Legislative Programs. The proposals are as follows:

1. Sponsorship and/or support of legislation and administrative action that would increase funding for art agencies including the National Endowment for the Arts (NEA), the National Endowment for the Humanities (NEH), the Institute of Museum and Library Services (IMLS), and the California Arts Council.
2. Sponsorship and/or support of legislation and administrative action that would provide funding for the California Creative Workforce Act and the Performing Arts Equitable Payroll Fund to support creative workers and performing arts organizations.
3. Sponsorship and/or support of legislation and administrative action that would include the arts and cultural sector in the implementation of improvements in transportation and soft and hard infrastructure projects as part of the Infrastructure Investment and Jobs Act (IIJA).
4. Support for legislation similar to S. 3521 (Schatz), the Comprehensive Resources for Entrepreneurs in the Arts to Transform the Economy (CREATE) Act of 2022, which would expand financial assistance for and establish measures to support the creative economy and art entrepreneurs.

BACKGROUND

Funding for Art Agencies

In 1965, President Johnson signed the National Foundation on the Arts and the Humanities Act into law. The act called for the creation of the National Endowment for the Humanities (NEH) and the National Endowment for the Arts (NEA) as separate independent federal agencies. The NEA is the largest funder of the arts and arts education in communities nationwide. NEA's primary

activities include grantmaking to nonprofit arts organizations, public art agencies and organizations, colleges and universities, federally recognized tribal communities or tribes, and individual writers and translators. The NEH is one of the largest funders of humanities programs in the United States. NEH grants are typically awarded to cultural institutions, such as museums, archives, libraries, colleges, universities, public television, and radio stations, and to individual scholars. Since their establishment in 1965, the NEA and NEH have awarded more than \$5.5B each in grant monies.

The Museum and Library Services Act of 1996 established the Institute of Museum and Library Services (IMLS). The mission of IMLS is to advance, support, and empower America's museums, libraries, and related organizations through grantmaking, research, and policy development.

On the State level, the California Arts Council (CAC) is a state agency that supports local arts infrastructure and programming statewide through grants, programs, and services. In December 2021, a budget proposal letter was sent to the Governor requesting an increase to the CAC's budget from \$26M to \$40M annually. As the philanthropic sector has continued to decrease funding available to arts organizations, grant funding from art agencies such as the NEA, NEH, IMLS, and CAC continue to grow in importance for DCA and the nonprofit art sector.

California Creative Workforce Act and Performing Arts Equitable Payroll Fund

In 2019, California's \$650B creative economy was the largest in the world but much of it was brought to a standstill due to COVID-19. According to a report by the Public Policy Institute of California, of 11,000 creative workers surveyed, over 96 percent had lost revenue or employment because of the pandemic. In 2021, as a solution to help build back the arts and creative industries, the Governor signed SB 628 (Allen). The measure, also known as the California Creative Workforce Act of 2021, directed the California Workforce Development Board and California Arts Council to establish an earn and learn program in consultation with local governments and community nonprofits to employ creative workers in their communities for a period of 12 to 24 months; and to provide training to new creative workers with an emphasis on individuals and communities who have faced barriers to participation and employment in creative work. SB 1116 (Portantino) established the Performing Arts Equitable Payroll Fund, a grant program designed to support performing arts workers by providing substantial reimbursements of payroll expenses to small nonprofit performing arts organizations (SNPAOs) with annual operating budgets under \$2M. Though the signing of these bills established these grant programs, funding was not provided. It is anticipated that funding for these programs will be pursued in the next legislative session.

Infrastructure Investment and Jobs Act (IIJA)

In November 2021, President Biden signed the Infrastructure Investment and Jobs Act (IIJA) into law. The IIJA seeks to rebuild the Country's roads, bridges and rails, expand access to clean drinking water, access to high-speed internet, tackle the climate crisis, advance environmental justice, and invest in communities. The DCA is requesting that the arts and cultural sector be included in the implementation of improvements in transportation and soft and hard infrastructure projects as part of the IIJA. According to the DCA, since the 1800s, art has been incorporated into transportation and infrastructure projects in the United States with targeted federal support to embellish public facilities that began in the mid-1930s under the Works Progress Administration (WPA), where the talents of professional artists were aligned with the values of the American people. Artists have been an integral part of the design of public transit and infrastructure. Arts and culture contribute to infrastructure projects by generating creative solutions for entrenched

transportation problems, making streets safe for all users, organizing transportation advocates, engaging multiple stakeholders for inclusive processes, fostering local ownership, and alleviating disruptive effects of construction.

Comprehensive Resources for Entrepreneurs in the Arts to Transform the Economy (CREATE) Act of 2022

Several economic studies have identified the importance and impact of the creative economy on the nation's overall economy. A pre-pandemic annual Bureau of Economic Analysis study showed that arts and culture production contributed \$878B to the U.S economy, a 3.6 percent increase over the prior year. In January 2022, S. 3521 (Schatz), the Comprehensive Resources for Entrepreneurs in the Arts to Transform the Economy (CREATE) Act of 2022, was introduced. The bill seeks to expand financial assistance and establish measures to support the creative economy and art entrepreneurs. The CREATE Act would expand the microloan program qualifications to include artists and arts entrepreneurs, or small businesses, that support the creative economy. The Act would also direct the Small Business Administration (SBA) to develop procedures on evaluating the business proposals and plans of non-employer business and small business concerns that focus on the creative economy. Additionally, the Act would task the SBA with partnering with relevant stakeholders to develop a technical assistance program that targets the specific needs of artist and arts entrepreneurs.



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Analyst

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Attachments: 1. Resolution to sponsor/support funding increases for the NEA, NEH, IMLS, and CAC
2. Resolution to sponsor/support funding for programs established by SB 628 and SB 1116
3. Resolution to sponsor/support the inclusion of the arts and cultural sector in the IJJA
4. Resolution to support legislation similar to S. 3521 (Schatz)

RESOLUTION

WHEREAS, any official position of the City of Los Angeles, with respect to legislation, rules, regulations or policies proposed to or pending before a local, state, or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, in 1965, President Johnson signed the National Foundation on the Arts and the Humanities Act into law which called for the creation of the National Endowment for the Humanities (NEH) and the National Endowment for the Arts (NEA); and

WHEREAS, NEA is the largest funder of the arts and arts education in communities nationwide while the NEH is one of the largest funders of humanities programs in the United States; and

WHEREAS, since their establishment, the NEA and NEH have awarded more than \$5.5B each in grant monies; and

WHEREAS, the Institute of Museum and Library Services (IMLS) was established in 1996 to advance, support, and empower America's museums, libraries, and related organizations through grantmaking, research, and policy development; and

WHEREAS, on the State level, the California Arts Council (CAC) is a state agency that supports local arts infrastructure and programming statewide through grants, programs, and services; and

WHEREAS, in December 2021, a budget proposal letter was sent to the Governor requesting an increase to the CAC's budget from \$26M to \$40M annually; and

WHEREAS, as the philanthropic sector has continued to decrease funding available to arts organizations, grant funding from art agencies such as the NEA, NEH, IMLS, and CAC continue to grow in importance for the City's Department of Cultural Affairs and the nonprofit art sector;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by adoption of this Resolution, the City of Los Angeles hereby includes in its 2023-2024 Federal and State Legislative Programs Sponsorship and/or Support of legislation and administrative action that would increase funding for art agencies including the National Endowment for the Arts (NEA), the National Endowment for the Humanities (NEH), the Institute of Museum and Library Services (IMLS), and the California Arts Council.

RESOLUTION

WHEREAS, any official position of the City of Los Angeles, with respect to legislation, rules, regulations or policies proposed to or pending before a local, state, or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, in 2019, California's \$650B creative economy was the largest in the world; and

WHEREAS, according to a report by the Public Policy Institute of California, of 11,000 creative workers surveyed, over 96 percent had lost revenue or employment because of the pandemic; and

WHEREAS, in 2021, as a solution to help build back the arts and creative industries, the Governor signed SB 628 (Allen) and SB 1116 (Portantino) into law; and

WHEREAS, SB 628 (Allen) also known as the California Creative Workforce Act of 2021, directed the California Workforce Development Board and California Arts Council to establish an earn and learn program in consultation with local governments and community nonprofits to employ creative workers in their communities for a period of 12 to 24 months, as well as to provide training to new creative workers with an emphasis on individuals and communities who have faced barriers to participation and employment in creative work; and

WHEREAS, SB 1116 (Portantino) established the Performing Arts Equitable Payroll Fund, a grant program designed to support California performing arts workers by providing substantial reimbursements of payroll expenses to small nonprofit performing arts organizations (SNPAOs) with annual operating budgets under \$2M; and

WHEREAS, though the signing of these bills established these grant programs, the funding needs for these programs must be secured in the next legislative session;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by adoption of this Resolution, the City of Los Angeles hereby includes in its 2023-2024 State Legislative Program Sponsorship and/or Support of legislation and administrative action that would provide funding for the California Creative Workforce Act and the Performing Arts Equitable Payroll Fund.

RESOLUTION

WHEREAS, any official position of the City of Los Angeles, with respect to legislation, rules, regulations or policies proposed to or pending before a local, state, or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, in November 2021, President Biden signed the Infrastructure Investment and Jobs Act (IIJA) into law; and

WHEREAS, the IIJA seeks to rebuild the Country's roads, bridges and rails, expand access to clean drinking water, access to high-speed internet, tackle the climate crisis, advance environmental justice, and invest in communities; and

WHEREAS, since the 1800s, art has been incorporated into transportation and infrastructure projects in the United States with targeted federal support to embellish public facilities that began in the mid-1930s under the Works Progress Administration (WPA), where the talents of professional artists were aligned with the values of the American People; and

WHEREAS, arts and culture contribute to infrastructure projects by generating creative solutions for entrenched transportation problems, making streets safe for all users, organizing transportation advocates, engaging multiple stakeholders for inclusive processes, fostering local ownership, and alleviating disruptive effects of construction;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by adoption of this Resolution, the City of Los Angeles hereby includes in its 2023-2024 Federal Legislative Program Sponsorship and/or Support of legislation and administrative action that would include the arts and cultural sector in the implementation of improvements in transportation and soft and hard infrastructure projects as part of the Infrastructure Investment and Jobs Act (IIJA).

RESOLUTION

WHEREAS, any official position of the City of Los Angeles, with respect to legislation, rules, regulations or policies proposed to or pending before a local, state, or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, several economic studies have identified the importance and impact of the creative economy on the nation's overall economy; and

WHEREAS, a pre-pandemic annual Bureau of Economic Analysis study showed that arts and culture production contributed \$878B to the U.S. economy, a 3.6 percent increase over the prior year; and

WHEREAS, the creative economy encompasses multiple business structures, often challenging the creation of federal policy that supports and stimulates its contributions to the national economy; and

WHEREAS, pending in the 117th Congress is S. 3521 (Schatz), the Comprehensive Resources for Entrepreneurs in the Arts to Transform the Economy (CREATE) Act of 2022, which would expand financial assistance and establish measures to support the creative economy and art entrepreneurs; and

WHEREAS, that measure would expand the microloan program qualifications to include artists and arts entrepreneurs, or small businesses, that support the creative economy; and

WHEREAS, the measure would improve support for the creative economy and promote economic inclusion of artists, entrepreneurs, and non-profit arts organizations;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by adoption of this Resolution, the City of Los Angeles hereby includes in its 2023-2024 Federal Legislative Program SUPPORT for legislation similar to S. 3521 (Schatz), the Comprehensive Resources for Entrepreneurs in the Arts to Transform the Economy (CREATE) Act of 2022, which would expand financial assistance and establish measures to support the creative economy and art entrepreneurs.