

As arts groups take cuts, Austin reckons with giant, tax policies

An influx of new applicants will spread the city's 2019 grants across a wider pool



Acia Gray, executive artistic director of Tapestry Dance, performs during the company's jazzed-up version of "The Nutcracker" in 2017. The dance company has learned that in 2019, it will receive about \$20,000 less through an arts grant from the city of Austin. In each of the past two years, the city awarded Tapestry Dance \$187,500 annually.

[COURTESY PHOTO]

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Local arts organizations will be taking hits to their funding from the city of Austin for the next two years, but various groups expressed some relief this week that the cuts won't be as deep as they were told last month.

In total, \$8.8 million will provide grants to applicants representing hundreds of local arts programs, ranging from theater, dance and musical groups to museums and writers' groups.

Proceeds from the city hotel tax, which funds the arts grants, were flatter this year than in the past and administrative costs were higher, developments that impacted the overall funding pool. Moreover, about 100 new arts organizations applied for grants for the first time this year, spreading the money across a much wider pool.

The combination of factors meant painful funding cuts for some of the city's longest-serving arts organizations, which often depend heavily on the annual grants.

"I was shell-shocked," said Acia Gray, executive artistic director of Tapestry Dance, a multiform nonprofit dance company with seven resident dancers that performs seasonal concerts, teaches master classes and provides outreach programs.

Tapestry Dance has received city funding since 1990 and has come to rely on it more and more after losing other funding sources — and its preferred performance space — within the past few years, Gray said. During the last round of grants, the organization received \$187,500 annually from the city, which made up more than half of its budget.

The dance company learned weeks ago that its funding would likely drop \$49,000 per year, a 26 percent cut. As arts organizations reacted with shock and panic to the announcement of the funding levels, however, arts advocates and city staffers rallied to cull an extra \$1 million from other sources. That means organizations are now looking at no more than an 11 percent reduction in funding — for Tapestry Dance, a little more than \$20,000 less than last year. The grants will be for the next two years.

Gray doesn't yet know what she'll cut to reduce operations. "The dancers are hired," she said. "You have to pay rent.... There is nowhere to cut."

Still, she expressed relief and gratitude to city staff for reducing the 26 percent hit to 11 percent, noting that "the money's not there and we all know that." Tapestry Dance, she added, wouldn't be what it is without the city's support over the past few decades.

On Thursday, Mayor Steve Adler apologized to arts organizations for not giving more notice of the funding reductions, saying the city was at fault for the issues that came up, but he also thanked staff members for working to find a better resolution. He and other City Council members said they needed to figure out whether city funding should be structured so that arts organizations can depend on it annually or whether it should be considered only a slight bonus for groups.

"Do we want to be using these funds to substantially fund a few organizations or to

provide supportive funds for many organizations?” Council Member Jimmy Flannigan said. “(A committee) is not going to answer that question for us.”

The city has traditionally given funding to 98 percent of the arts programs that requested it, according to a staff memo.

Council Member Alison Alter asked about the status of the city’s efforts to collect hotel tax automatically from short-term rental hosting platforms, as Airbnb does for the state of Texas. Airbnb said in 2016 that doing the same for Austin would bring in some \$7 million annually from its site alone.

“I need to understand why we cannot access this funding,” Alter said. “The state is collecting their portion. ...That could help a lot of things that people care about.”

Austin city staffers have so far rebuffed offers from Airbnb and Homeaway to collect that funding because much of it is likely to come from illegal rentals. Adler called that a policy debate for another time.

“There’s the question of taxing something that’s illegal in the city,” he said.

The city has said it wants that tax money only if the hosting platforms agree to turn over data about their property hosts and take on the responsibility of verifying whether rentals are properly registered. Airbnb and Homeaway have said they won’t do that as part of a tax-collection agreement.

“People keep asking me why we aren’t accessing that money,” Council Member Kathie Tovo said. “It’s very complicated.”