

Economic Impact Survey: Executive Summary

The Greater Philadelphia Cultural Alliance presents the COVID-19 Economic Impact Report, providing the most complete view thus far of the economic, social and programmatic damage inflicted on the region's arts and culture sector by the pandemic. This report represents the combined results of two surveys conducted by the Greater Philadelphia Cultural Alliance, the first survey conducted from October - November 2020 and the second survey conducted from January - February 2021.

The goals for this report are two-fold. The survey and analysis were designed to provide concrete data on the impact of the COVID-19 pandemic on the arts and culture sector in the 5-county Philadelphia region. From the resulting data, recommendations were developed to inform elected officials, funders and other stakeholders in creating solutions to these pressing challenges.

DATA AND RECOMMENDATIONS

From March 2020 through March 2021, the Greater Philadelphia Cultural Alliance estimates a total revenue loss of \$371.7 million for the arts and culture sector in the Philadelphia region. This represents approximately a \$1 million loss each day for the year-over-year period. Without immediate action, the data points to a potential loss of up to 41% of the region's entire arts and culture sector by the fall of 2021. These losses represent every budget category, county and nearly every artistic discipline. It must be stated explicitly: We expect the situation to escalate if immediate action is not taken.

The pandemic continues to have drastic effects on the individuals who work in the arts and culture sector and those who benefit from their programming. More than 6,500 individuals' jobs have been affected, including layoffs, furloughs, reduced hours and elimination of contractors. This accounts only for the job losses reported by survey respondents and is likely significantly higher sector-wide.

In addition, those benefiting from the sector's programming have also been deeply affected. Most often, those most affected are populations in congregate settings such as schools, senior living residences, criminal justice systems, group homes and medical facilities. 38% of arts and cultural programs serving these communities have been cancelled or significantly reduced since the pandemic began. This is understandable given the limitations on in-person activities and technological constraints within these environments. However, it is unclear whether these programs will be restored in a post-COVID environment due to financial constraints and reduced staff capacity.

Long-term impacts are also anticipated if the sector experiences contraction, which is quite possible given that 41% of organizations reported that they are not likely to survive for more than 9 months on current contributed and earned income streams. Arts and culture programs that address racial justice, serve the LGBTQ+ community, provide access to people with disabilities and create workforce development opportunities would be decimated by organizational closures. And once gone, it will take years—if not decades—to rebuild these programs and services elsewhere.

For years there have been calls for arts and culture organizations to collaborate and merge. While this is likely to happen in the coming months and years, we must be sure that such contraction does not cause unintended collateral damage. Our reputation as an international destination is rooted in Philadelphia being a world-class arts and culture city. The loss of organizations—small, medium and large—could negatively impact our reputation, creating a ripple effect in the tourism, hospitality and restaurant industries. Moreover, such losses may affect Philadelphia’s ability to attract and retain top talent who want to live and work in a culturally vibrant city.

Informed by the data, the Cultural Alliance has developed four key recommendations to be addressed by the philanthropic, corporate and civic sectors, which aims to preserve and sustain as many of our region’s arts and culture organizations as possible into 2022 and beyond.

1. Arts and culture organizations need immediate financial relief through federal stimulus, as well as a long-term plan, in collaboration with the philanthropic community, to first ensure survival and then, achieve sustainability.
2. Earned income opportunities must be restored, by gradually lifting COVID-19 occupancy limits, restoring organizations to full capacity as soon as it is safely possible. We also ask officials to ease the burden of obtaining permits for outdoor summer performances.
3. A collaborative, sector-wide marketing campaign must be launched to address audience readiness concerns, alongside collaborations with Visit Philadelphia and the Philadelphia Convention and Visitors Bureau to ensure that arts and culture are integrated into forthcoming tourism efforts.
4. Standards for fair pay and benefits within the arts and culture sector, equitable with other industries, must be established. Funding for arts projects and jobs for artists need to be included in plans for community development initiatives.

We urge philanthropy, the business community and the public sector to respond to these recommendations and support an industry in crisis. In whatever way possible, the Cultural Alliance will be a champion, an ally and a resource for these crucial efforts.

METHODOLOGY

289 organizations participated in the two surveys collectively, including almost all organizations classified as “very large” (budgets of \$10 million and above) from the sector. Another 263 organizations for which the Cultural Alliance had previously collected basic data (annual budgets, etc.) did not participate. As a result, the Alliance knew that the missing organizations represented approximately 34.5% of the total revenue of the cultural sector, and knew the discipline, location and other important information about the non-responsive organizations.

The Cultural Alliance has a long history of substantial research on the cultural sector in the region. Through our *Portfolio* and *Prosperity* reports, we have been collecting and analyzing data since 2004. Our reports have been reviewed by journalists, subject-matter experts and specialists in various fields (e.g. data scientists) and are acknowledged to be of the highest quality work. All of this past work enables us to confidently model the losses for the missing 263 organizations with 34% of the sector’s budgets.

Other calculations include our definition of “at-risk” organizations. Organizations responding to the question, *“If your organization does not receive any additional funding, how long will you be able to continue to survive on current contributed and earned income streams?”* the Alliance identified those indicating 0-9 months as fitting that definition. “Jobs affected” was determined by asking organizations to provide estimates for each of the following categories: laid off, furloughed and reduced hours, as well as the number of independent contractors whose contracts have been cancelled, postponed or significantly reduced. Our “total jobs affected” figure includes the sum of all full-time, part-time, seasonal and contractor positions.

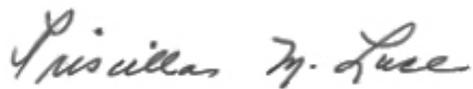
A full methodology is included at the end of the full report.

OUR THANKS

On behalf of the Greater Philadelphia Cultural Alliance, I would like to thank everyone who participated in the survey. I would also like to thank Cultural Alliance staff members, Kristen Vinh, Allie Vanyur and Kelli Paul for their incredible work collecting and analyzing this important data; Nick Crosson for his expertise and analysis of sector-wide data and implications; Meg Kane and Holly Kinser for their input and guidance; and the COVID-19 Arts Aid PHL Advisory Committee for its thoughtful insights. The COVID-19 Economic Impact Survey was made possible with support by the Dolfinger-McMahon Foundation.

The Cultural Alliance continues to work tirelessly to ensure that the arts and culture sector emerges from this crisis stronger and more sustainable. We look forward to working with the civic, corporate and philanthropic communities to support these efforts.

Sincerely,

A handwritten signature in cursive script that reads "Priscilla M. Luce".

Priscilla M. Luce
Interim President & CEO