

Economic Impact Findings & Recommendations

FINDINGS

- The region could lose more than 40% of arts and culture organizations in the next nine months.
- Earned income is the top concern for arts and culture leaders.
- Arts and culture is essential to the region's recovery from the pandemic.
- The sector's workforce has been decimated leading to talent flight and economic instability.

RECOMMENDATIONS

- Allocate federal stimulus funds to the arts and culture sector at a level comparable to the restaurant and hospitality industries.
- Restore the Philadelphia Cultural Fund to its pre-pandemic level and increase its budget allocation in FY2022 and beyond.
- Adjust eligibility requirements for small business relief, allowing non-profits to apply for financial assistance.
- Collaborate with the philanthropic community to develop a long-term funding plan to ensure short-term survival and long-term sustainability for the sector.
- Gradually lift COVID-19 occupancy restrictions, restoring organizations to full capacity as soon as it is safely possible.
- Ease administrative burdens in obtaining outdoor permits for performances and other arts activations.
- Launch a public awareness campaign to address audience readiness concerns.
- Ensure that arts and culture are integrated into forthcoming tourism efforts.
- Establish standards for fair pay and benefits within the arts and culture sector, equitable with other industries.
- Include funding for arts projects and jobs for artists in plans for community development initiatives.

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Arts and culture in the Philadelphia region will NOT fully recover from the COVID-19 pandemic without a significant, concerted public/private effort. While the sector has proven itself to be essential in meeting community needs during this past year—despite slashed budgets and reduced staff capacity—the data is clear. Organizations and arts programs addressing racial justice, serving LGBTQ communities and developing the workforce pipeline are poised to disappear. And with them countless more jobs—and the economic security that comes with them.

Such a loss will change the cultural fabric of the Philadelphia region irrevocably—and that change will reverberate for a generation. Arts and culture is central to Philadelphia’s identity as a world-class city and international destination. If the sector is allowed to further erode, this will have dire consequences not just in driving tourism and hospitality for the region but in our ability to attract and retain top talent who want to live and work in a culturally vibrant city.

To prevent such a loss, below are recommendations in four key areas that require immediate action by the philanthropic, civic and corporate sectors to ensure that as many as possible of our region’s arts and culture organizations survive into 2022 and beyond.

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Immediate, Unrestricted Financial Relief

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Arts and culture play an important dual role in the Philadelphia region. It is a vital business sector and drives economic activity supporting tourism, hospitality and restaurants. At the same time, arts and culture is irreplaceable in our communities, highlighting our shared humanity while supporting mental and physical well-being. We embrace these roles and the responsibilities inherent in them.

However, the sector cannot sustain these critical roles without financial relief. No part of the sector has been unaffected by the COVID-19 crisis. All cultural organizations, regardless of size, need support, not only to remain afloat in the short-term but also, to establish a robust, long-term solution, which transitions the sector from recovery to sustainability. This crisis will not be solved by one group (philanthropy, corporations, local government) acting alone. There must be a unified effort to support this sector in its entirety.

- We call on city and state elected officials to allocate federal stimulus funds to the arts and culture sector at a level that matches relief funds for other, similarly challenged industries.
 - In Philadelphia, restaurants and gyms received \$12 million in pandemic assistance while arts and culture received \$1 million.
 - In the Commonwealth of Pennsylvania, the restaurant/hospitality industry received \$145 million while arts and culture received \$20 million.
- In Philadelphia, we request a full restoration of the Philadelphia Cultural Fund to its pre-pandemic level of \$3 million. Moreover, we call on the City to develop plans to further increase the Philadelphia Cultural Fund's budget allocation in the FY2022 process and beyond.
- At all levels of government, we urge officials to recognize that nonprofit arts organizations are businesses and expand the eligibility for small business relief programs so that nonprofit organizations, which encompasses the majority of the cultural sector, can apply for financial assistance.
- We ask the philanthropic community to collaborate with the Cultural Alliance to develop a multi-year, long-term funding plan to ensure that the arts and culture sector not only survives, but emerges stronger and more financially sustainable in the years to come.

Restore Earned Income Opportunities

The top financial concern for nearly all arts and culture organizations is earned revenue. While the ratio varies, in pre-pandemic years, the sector on average received 55% of its revenue through earned channels (tickets, admissions, rentals, etc.) and 45% as contributed revenue (donations, grants, etc.). As earned revenue has been slashed during the pandemic, organizations have turned to donors and foundations for survival, but depending on increased contributed revenue is not sustainable.

The data shows that arts and culture organizations have met or exceeded all COVID safety measures required by the City. Very few, if any, have reported COVID-19 cases among audiences, and organizations have and will continue to use available resources for PPE and physical alterations to their spaces. These organizations have clearly demonstrated they can safely bring guests into their museums, theaters and galleries.

- To address the deep concerns around earned income, state and local governments must progressively lift COVID-19 occupancy restrictions to return arts organizations to full capacity as soon as it is safely possible.
 - Summer and the holiday season are two of the most profitable times for arts organizations; arts and culture organizations cannot continue to sustain themselves with capacity or operational restrictions, as they did in 2020.
- It is imperative that local governments ease the administrative burdens associated with obtaining permits to perform and exhibit outdoors. This opens up new and creative opportunities for replenishing some earned revenue during warmer months.

Collaborative, Sector-Wide Marketing Campaign

From the first survey conducted in October 2020 to the second conducted in February 2021, marketing emerged as one of the top non-financial concerns. While not explicitly indicated in the data, this is likely a sign that the sector is beginning to plan for reopening on a much larger scale. As we look to the future, it will be absolutely critical to the sector—and to the health and vitality of our region—that audiences feel safe in cultural institutions.

- A collaborative, sector-wide marketing campaign, consisting of discounted advertising and public service announcements is needed to address audience readiness concerns and welcome the public back into arts and culture spaces, similar to the “You’re Going to Love the Arts” campaign in 2001.
- Recognizing the integral role that arts and culture play in the region’s tourism and hospitality industries, we want to collaborate with the City, Visit Philadelphia and Philadelphia Conventions & Visitors Bureau (PHLCVB) to ensure that arts and culture are integrated into forthcoming efforts to promote Philadelphia as a destination ready to welcome visitors.

Plan to Support + Rebuild the Workforce

Arts and culture in the Philadelphia region have always struggled to retain skilled, innovative workers due to low pay and lack of benefits. Now, with more than 6,500 jobs affected, including reduced hours and gutted benefits packages, the challenge of talent retention is further exacerbated. And like all business sectors, reduced staff capacity paired with the stresses of working in and/or leading arts organizations through this crisis, is resulting in burnout and fatigue. This undermines the sector’s ability to recover and serve communities in the way we know they need us to as we emerge from this pandemic.

As we look ahead to the sector’s—and the region’s—recovery from this moment, we recommend long-term targeted programs to recruit and retain talented, diverse staff at every level of organizations.

- We must recognize the long-term structural issues within the nonprofit industry, and particularly within arts and culture, that result in pay and benefits that significantly lag behind other industries.
 - We must establish standards for fair pay and benefits within the arts and culture sector, equitable with other industries.
 - In the meantime, we call on funders to support and encourage fair pay and benefits within their grantees. And, we call on organizations to develop plans to pay fair and livable wages to their employees.
- In the spirit of the Works Progress Administration (WPA), public and private entities should explore how artists and cultural organizations can aid in the economic recovery of the region. We ask that funding for arts projects and jobs for artists be included in plans for commercial corridors, public transit and other community development initiatives.