
FALL 2021

COVID-19 IMPACT STUDY

DECEMBER 2021

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 ALLIANCE

LETTER FROM PECO

PECO is pleased to have partnered with the Greater Philadelphia Cultural Alliance for more than a decade. This year we're honored to support the *Fall 2021 COVID-19 Impact Study*. We know that the region's arts and culture community uses this research to benchmark for critical planning and forecasting strategies. We also know that funders, as well as our civic leaders, use this data to make informed decisions about funding priorities and other forms of support for the sector. We are proud to make this resource available during this critical time for the arts and culture sector and our region.

The Fall 2021 COVID-19 Impact Study is the third in a series of research reports created by the Greater Philadelphia Cultural Alliance to monitor the effects of the pandemic on the Philadelphia region's arts and culture sector (January 2021 and March 2021). Data for the current report was collected in September 2021, and 138 organizations participated in the survey.

We were pleased to see that organizations have been resilient throughout the pandemic. However, in the report, the Cultural Alliance raises concerns about the role of government funding in the sector's survival and the sustainability of the arts and culture business model. I encourage my fellow funders, key stakeholders and arts and culture leaders to utilize this research. It will enable us to make strategic and informed decisions for the long-term sustainability and vibrancy of this indispensable sector.

PECO's legacy of supporting the arts and cultural sector will continue through partnerships like the one we have with the Greater Philadelphia Cultural Alliance. At PECO, we believe that partnerships are essential to supporting arts and culture through this critical time and beyond. We look forward to better days ahead.



Romona Riscoe Benson
Director of Corporate and
Community Relations
PECO



INTRODUCTION

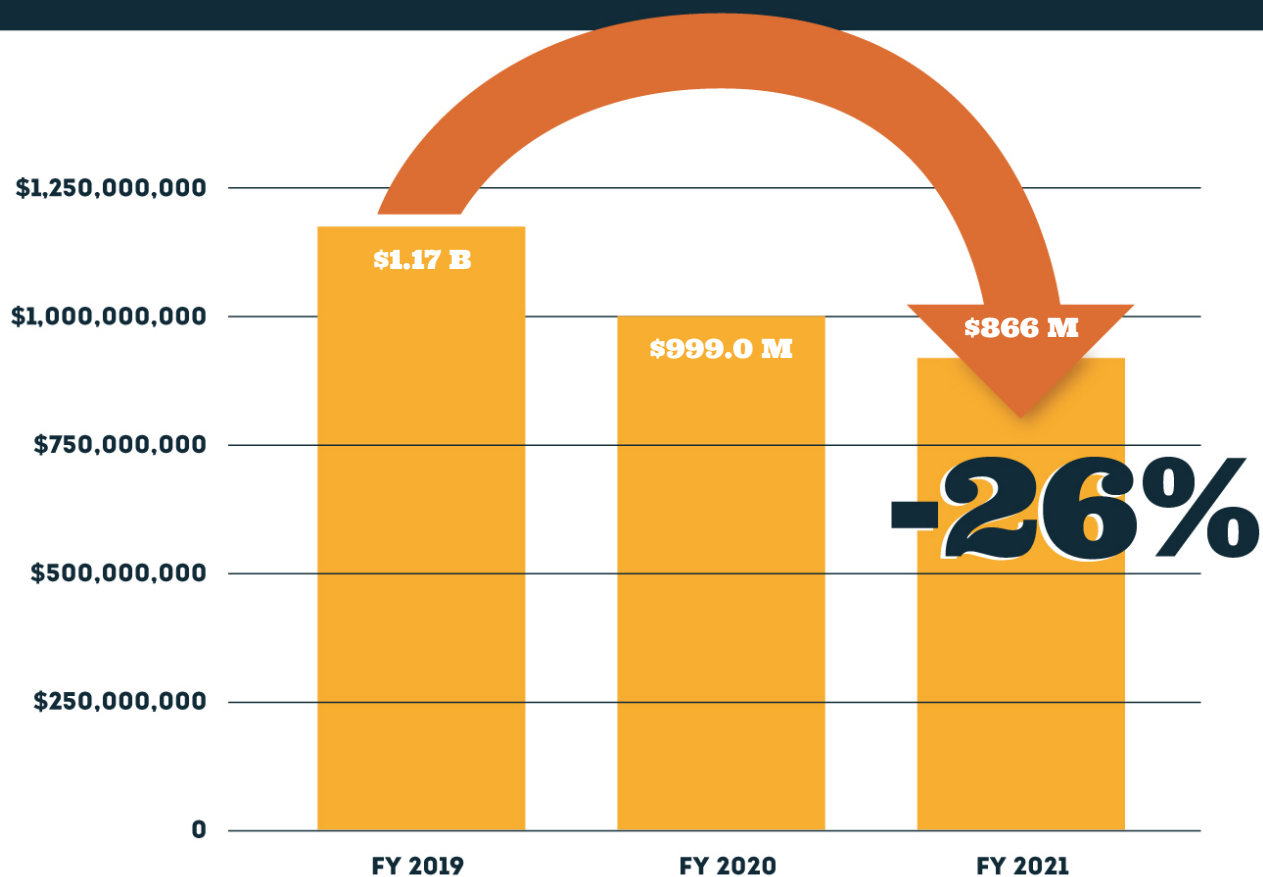
Recovery for Greater Philadelphia’s arts and culture community seemed hopeful in summer 2021 – vaccine distribution had kicked into high gear, and many organizations began to re-open. Numerous organizations also received additional relief funding – in the form of Shuttered Venue Operators Grants (SVOG), Illuminate the Arts Grants from the City of Philadelphia as well as federal and state funding from CARES and the American Rescue Plan (ARP).

However, in late summer and fall, the Delta Variant created more uncertainty and it became clear that recovery for arts and culture would be prolonged even further.

The Greater Philadelphia Cultural Alliance (“Cultural Alliance”) is committed to tracking the ongoing effects of the COVID-19 pandemic on the arts and culture sector in our region. The *Fall 2021 COVID-19 Impact Study* is the third in a series of research reports created by the Cultural Alliance to monitor the effects of the pandemic on the Philadelphia region’s arts and culture sector. Data was collected in September and October 2021, and 138 organizations participated in the survey. Overall, more than 300 organizations have participated in the Cultural Alliance’s pandemic impact surveys since Fall 2020. The Cultural Alliance will continue to monitor how the pandemic is affecting arts and culture organizations in our region in the months and years to come.

COVID-19 IMPACT ON ARTS & CULTURE ORGANIZATIONS' BUDGETS

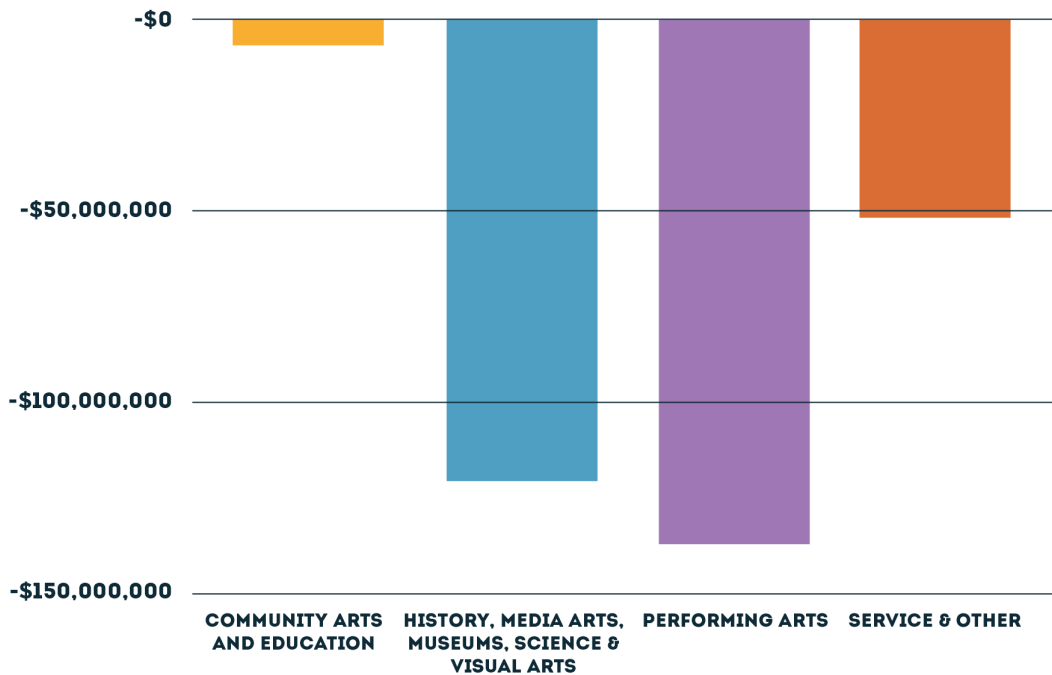
The Total Budgets* of arts and culture organizations are currently down by 26 percent from fiscal year 2019 to 2021. During the Great Recession (2008), Cultural Alliance research showed that budgets only dropped by 12 percent. Overall, the budgets of arts organizations were equal to \$1.17 billion in FY19 compared to just \$866 million in FY21.



*Total budgets = total expenses of organizations

EFFECT OF COVID-19 ON BUDGETS OF ARTS & CULTURAL ORGANIZATIONS

See methodology for a breakdown of these disciplines



In FY21, Performing Arts organizations and Service/Other organizations saw the greatest decline in budget sizes — performing arts organizations were down by 47 percent (\$128 million) while service organizations were down by 58 percent (\$53 million). Service organizations include those hit hardest by travel and tourism declines, such as those promoting conventions and visitors. Community arts and education organizations saw just a 3 percent decline in budget size, while History, Media Arts, Museum, Science, and Visual Arts organizations saw a 21 percent decline.

THESE BUDGET CUTS HAVE DEEPLY AFFECTED ORGANIZATIONS AND MANY HAVE MADE CUTS IN KEY AREAS:

Sixty percent reduced marketing budgets and 60 percent reduced programming budgets — **the core elements and work** of arts and culture organizations.

Many of these declines are not likely to recover soon — 35 percent of organizations planned on reducing marketing budgets in the next six months and 26 percent of organizations are reducing programming budgets in the immediate future.

More than one-third (36 percent) of survey respondents were expecting to experience an operating deficit in their current fiscal year, even with these budget cuts.

The survey also asked organizations about how much cash they had available, including unrestricted reserves, that is immediately accessible to them. **Twenty-nine** percent of participating organizations had three months or less of expenses in cash available to them.

COVID-19 IMPACT ON EARNED AND CONTRIBUTED REVENUE

As we established in our prior research on the COVID-19 pandemic, earned revenue is where arts and culture organizations have been hit the hardest over the past 20 months. For the first time in the Cultural Alliance's COVID-19 research, the fall 2021 survey asked organizations to provide revenue details, and the results were startling.*

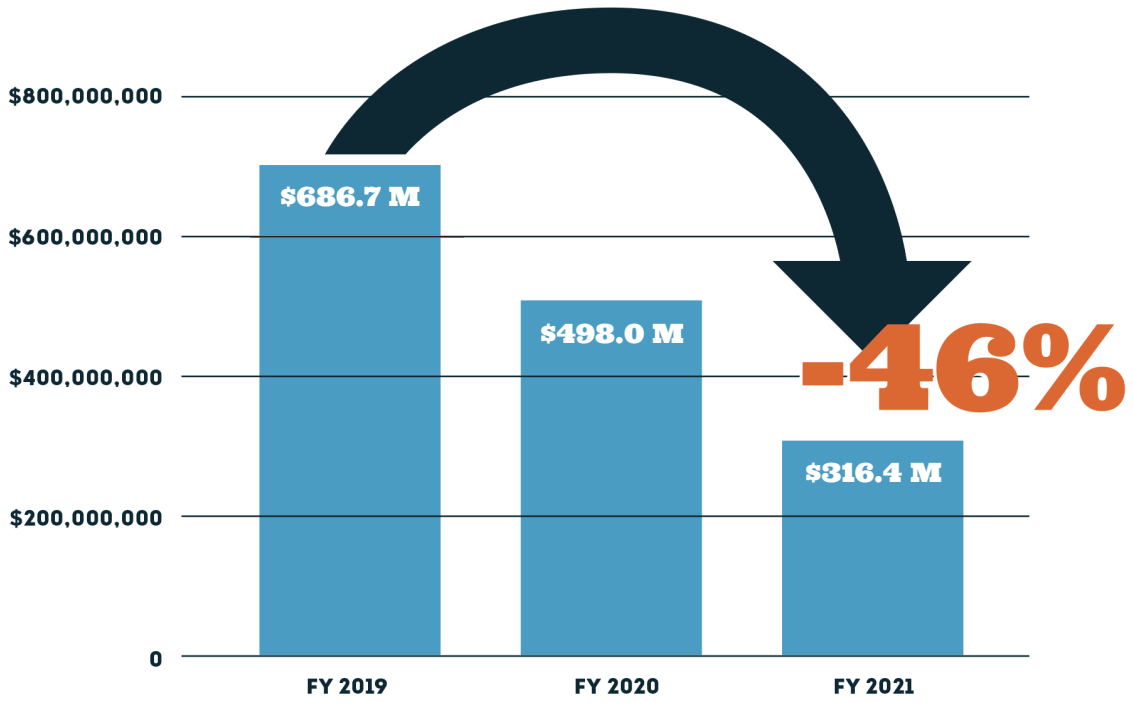
Across all responding organizations, earned revenue dropped by 46 percent.

While Contributed Revenue was down in fiscal year 2020, it was up by nine percent in fiscal year 2021. Emergency and relief funding might be why contributed revenue has increased in fiscal year 2021 as many organizations classified this as "contributed." Several organizations said this funding is the reason they were able to sustain themselves in fiscal year 2021.

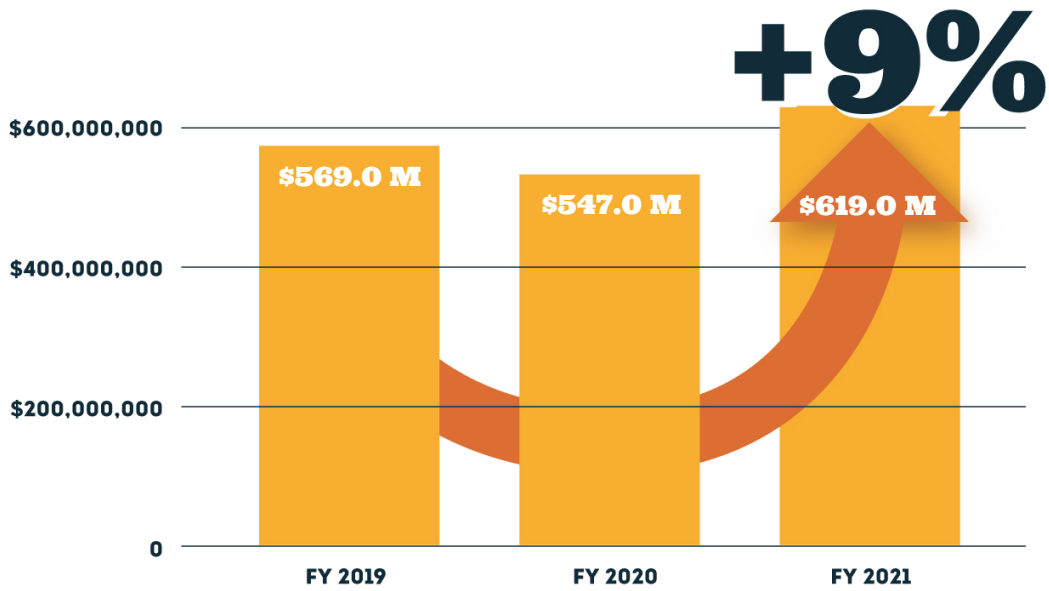
Emergency funding is non-recurring so it is likely that the full impact of the pandemic on contributed revenue to the sector is yet to be determined as 2022 approaches.

*The pandemic has significantly affected the revenue mix for the arts and cultural sector in Greater Philadelphia, PA. In FY2019, the breakdown of revenue for all organizations was approximately \$686.7 million in earned revenue and \$569.0 million in contributed revenue, for a mix of 55% Earned and 45% Contributed. In FY2021, after two years of COVID impacts on revenue as described in this report, the totals were approximately \$316.4 million in earned revenue and \$619.0 million in contributed revenue, for a mix of 66% Earned and 34% Contributed.

COVID-19 EFFECT ON ARTS & CULTURE ORGANIZATIONS' EARNED REVENUE



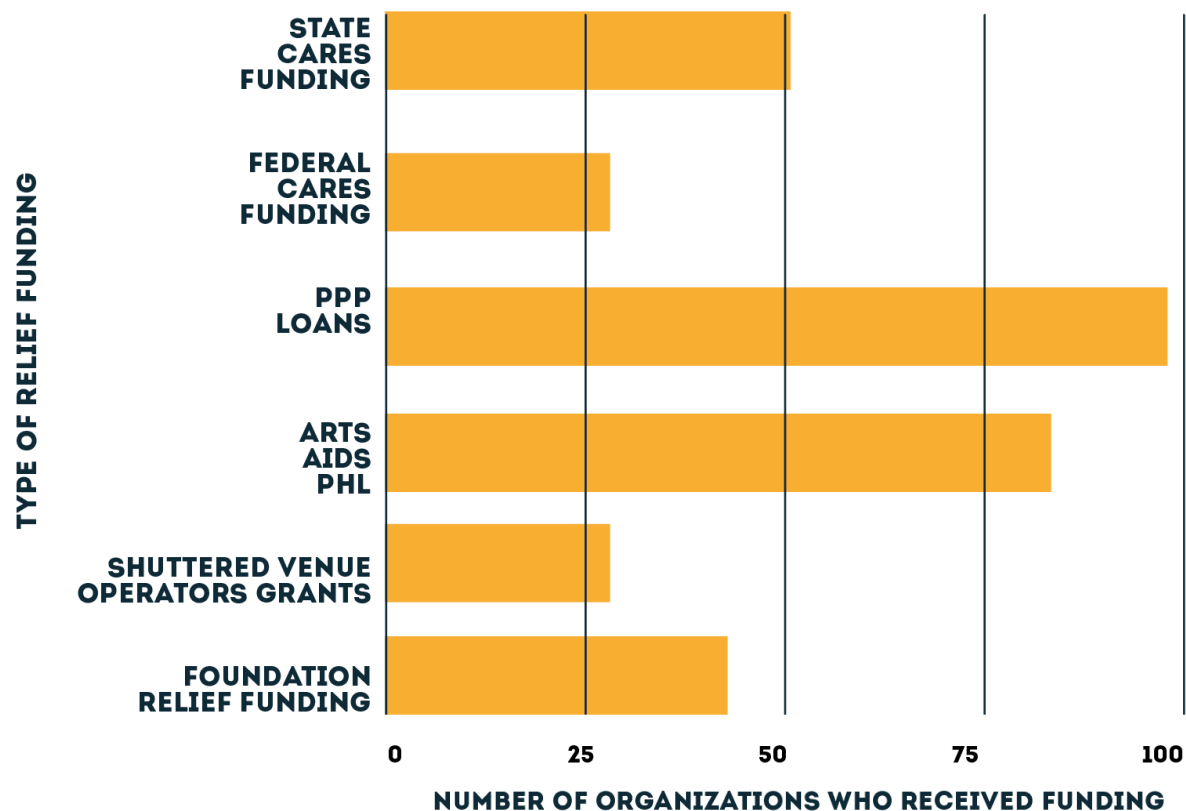
COVID-19 EFFECT ON ARTS & CULTURE ORGANIZATIONS' CONTRIBUTED REVENUE



RELIEF FUNDING RECEIVED BY ARTS AND CULTURE ORGANIZATIONS

Almost every organization that participated in the survey received some sort of relief funding since March 2020 — including PPP loans, CARES Funding, ARP Funding, and funding from foundations.

The majority of participating organizations — more than 70 percent — received PPP loans. However, a much smaller number than was anticipated — only 21 percent — of participating organizations received funding from SVOG, funding which was limited to performing arts venues and other venues that had fixed seating.



“We are surviving because of the two PPP loans and the SVOG. 2022 may be a different story.”

— PHILADELPHIA'S MAGIC GARDENS

“Without the continuation of such forms of support ... and without funding from such organizations as the Philadelphia Cultural Fund, our condition as an organization and our ability to serve our very vulnerable constituents are likely to deteriorate through 2022.”

— ARTZ PHILADELPHIA

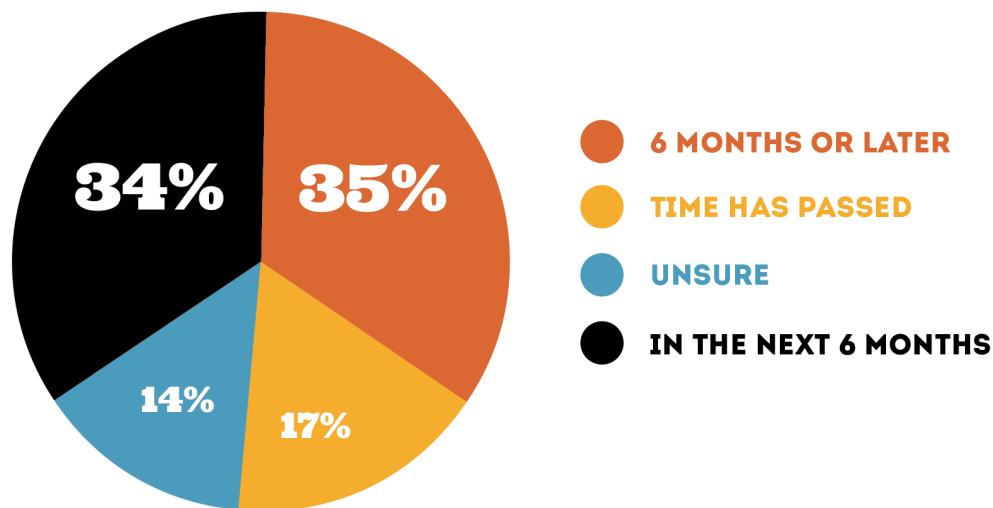
TOP FINANCIAL CONCERNS OF ARTS ORGANIZATIONS

Throughout the pandemic the Cultural Alliance has continued to track the financial issues that organizations are most concerned about. Here's what was top of mind in fall 2021:

- Earned revenue remains a top financial concern — 75 percent of organizations indicated as such.
- More than half of responding organizations are concerned about a potential reduction in individual giving contributions and just about half are concerned about a reduction in foundation contributions.
- More than two-thirds are concerned about the possibility of COVID-19 impacts on operations and attendance.

Only 2 percent of organizations were concerned about their PPP loans not being forgiven.

MOST URGENT TIME OF NEED OF FINANCIAL ASSISTANCE



When organizations were asked to anticipate the time they will most urgently need financial assistance, the responses reflect a moving target. In the most recent survey 34% of organizations said in the next six months (between now and March 2022) and 35% of organizations said March 2022 or later.

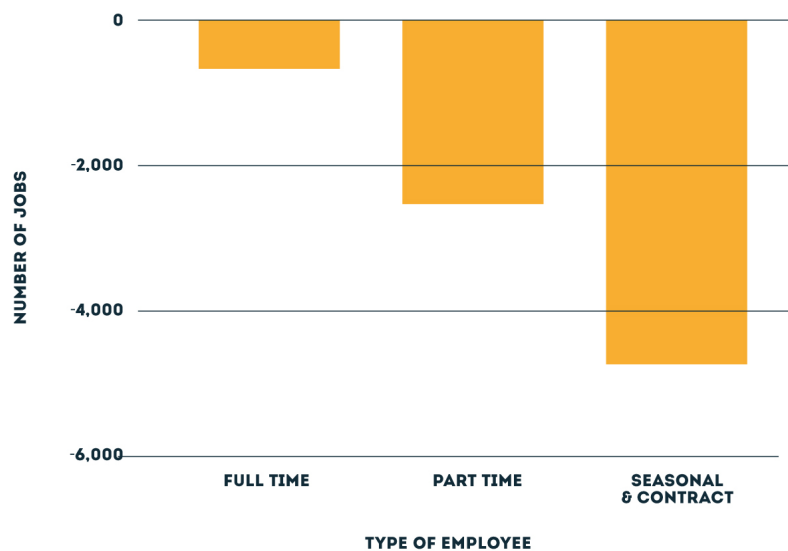
COVID-19 EFFECT ON ARTS & CULTURE ORGANIZATIONS WORKFORCE

This survey took a snapshot look at how employment was doing at arts organizations in the region, comparing September 2021 to pre-pandemic numbers in March 2020. The arts and culture sector is down by about 8,400 jobs, or a 35 percent decline in the size of the workforce. Seasonal and contract workers have been the most affected by COVID-19 job cuts, disproportionately affecting Black, Indigenous and People of Color.

Performing arts organizations lost more employees than other disciplines — losing 39 percent of their workforce. Both performing arts and community arts/education disciplines lost more than 1,000 seasonal or contract jobs. However, Museums, Literary, Media and Visual Arts disciplines saw the highest number of full-time employees lost — with 321 positions no longer existing in September 2021.

However, as organizations are reopening, many organizations who participated in the surveys have begun to rehire and rebuild their staff — nearly three-quarters (71 percent) of organizations who had laid off staff had said they had begun to rehire.

35%
DECLINE
IN THE SIZE
OF THE
WORKFORCE



“Small arts & culture organizations are still struggling to survive and meet vital audience demand for cultural experiences. The jazz & blues musicians we serve are more economically challenged and subject to all kinds of life hardships. With the pandemic continuing, these critical needs remain.”

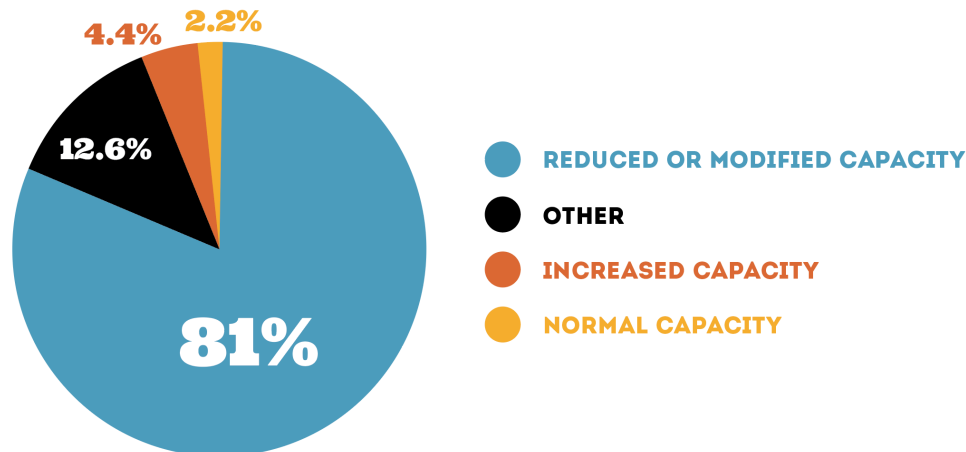
— JAZZ BRIDGE

ORGANIZATIONS' CURRENT OPERATING STATUS

The Fall 2021 survey asked organizations to share their current operational status with several options provided:

- Increased capacity (more programs, staff than pre-pandemic)
- Normal capacity
- Modified capacity (differently than pre-pandemic, changes in services or operations, staffing)
- Reduced capacity (less staff, programming)
- Merged with another organization as a result of the pandemic
- Hibernation (suspended operations and programming during pandemic)
- Permanently closed or defunct

No one indicated in the Fall 2021 survey that they were hibernating or had shut down. However, the majority of respondents aren't operating like they were in 2019.



Eighty-one percent of organizations reported that they were working at either a reduced or modified capacity. Thirty-two percent were operating at a reduced capacity with less staff and/or programming than before the pandemic. Just 17 percent were operating at a normal or increased capacity.

Organizations have adapted a variety of in-office and remote models — about half of organizations are operating with a hybrid model. Just 12 percent of organizations are continuing to work completely remotely, while 21 percent are working fully in-person.

At the time of this survey, more than half of organizations (65 percent) have held events in person between March 2020 and September 2021 — however, more (75 percent) are planning to do so between October and December 2021.

COVID-19 VACCINES AND TESTING

More than half, or about 60 percent, of organizations are requiring their employees and/or volunteers to be vaccinated. Some of those who were not requiring it, however, noted that it was for various reasons: they were strongly encouraging staff to get vaccinated or in the process of creating a policy to require it; operating entirely remotely; or their staff were all vaccinated voluntarily, eliminating the need to create a policy.

The majority of organizations are not requiring staff or volunteers to be regularly tested for COVID-19, with just 15 percent requiring regular COVID-19 testing.

About one third of organizations were requiring audiences and/or visitors to be vaccinated — some of those who were not currently requiring it indicated that they were relying on venues or performing artists to require vaccines (or not), or requiring vaccinations on certain days or for certain performances, or were in the process of determining their policies.

Just 12 percent of participating organizations are requiring proof of a negative COVID-19 test for audiences and/or visitors.



CONCLUSIONS

Arts organizations are persevering, but their diminished capacity is impeding the work that makes the arts and culture community what it truly is and affecting its impact on the region, city and neighborhoods.

Based on these responses and our analysis so far, here are the Cultural Alliance's takeaways:

ARTS ORGANIZATIONS ARE SURVIVING

But there is a real concern about the future, especially as one-time relief funding dries up, and the future of earned income is uncertain as patrons decide whether and when they will return. There is also real concern about whether individual and foundation contributions can be sustained at pre-pandemic levels.

RELIEF FUNDING HAS BEEN KEY IN HELPING ARTS AND CULTURE ORGANIZATIONS SURVIVE

Relief funding, including government funding in the form of PPP loans, CARES funding, ARP funding and more has been key in helping arts and culture organizations survive. This contributed income won't continue into 2022, and the impact of that on the sector has yet to be determined.

THE COVID-19 PANDEMIC HAS EXACERBATED VULNERABILITY IN THE CURRENT BUSINESS MODEL FOR THE ARTS AND CULTURE SECTOR

While earned revenue and contributions from individuals and foundations are critical both during a pandemic and as the sector recovers, it is becoming clearer that government funding may play a much more critical role in the long-term health and sustainability of the sector.

NEXT STEPS

The arts and culture community is incredibly resilient. Despite seemingly insurmountable challenges over the past 20 months, organizations continue to advance their creative missions and serve their communities. This is not the first crisis the sector has survived.

The Cultural Alliance will continue to respond to the needs of the region's cultural sector and amplify the voices of this vital community.

The Cultural Alliance will continue to analyze this data and will work to dive deeper into it in the weeks ahead. Our COVID-19 research will continue:

In winter 2021/2022, the Cultural Alliance will host a series of focus groups to continue to monitor the impact of the COVID-19 pandemic on their operations. **Participants will be compensated for their time.**

Later next year, we expect to do additional analysis and surveying to provide an update on the state of the sector — including looking at different types of Earned and Contributed Revenue in detail. In addition, in March 2022, the Cultural Alliance will begin the process of data collection for Arts and Economic Prosperity 6 in partnership with Americans for the Arts. That report will be released in 2023 and will provide a comprehensive look at how the sector in our region has recovered from the COVID-19 pandemic and a look at how the economic impact of the sector has changed.

“Facing the unknown parts of this 'recovery' this year is the most excruciating part. Without a clear idea of how many people will return to live events, we have very real fears that at the end of this year many organizations will simply not have enough resources to justify staying open. I also fear that leaders in the community and boards are losing their enthusiasm for this uncertain and vulnerable field. Donations are down.”

— PHILADELPHIA THEATRE COMPANY

THANK YOU

Thank you to everyone who completed the Fall 2021 COVID-19 Impact Survey. We know how much time and work goes into responding to these surveys, and we appreciate everyone who was able to respond — we'll be working on discipline-specific reports for all the organizations who participated.

The Cultural Alliance thanks PECO for supporting this research.



The Cultural Alliance would also like to thank PA Humanities Council and its executive director, Laurier Zierer, for their assistance in analyzing this data. Without their help, this report would not have been possible.



METHODOLOGY

This analysis was conducted in October 2021 using the results from our three COVID-19 surveys, which were conducted in November 2020, February 2021, and September/October 2021. These surveys provided current data, which has now been compared against baseline figures and models built from the Cultural Alliance's previously published studies on economic impact (*Agenda: Prosperity* in 2017 and previous *Prosperity* reports) and organizational health (*Portfolio* 2015 and previous versions). In addition to the data collected by the Cultural Alliance on organizations in the three COVID-19 surveys, we modelled data for non-respondents based on budget size, discipline, and previous findings in our reports. We also collected data on attendance from published reports in 2020.

Occasionally, data from a single organization (or small number of organizations) is removed from calculations in this report. This occurs only in circumstances for which that information changes the results in such a way that they no longer accurately represent the combined experiences of the group of organizations represented in this report. Additionally, not every organization answered every question, and therefore, their responses were omitted from those questions.

The following definitions were used in the analysis breaking down the effects of the pandemic on different disciplines.

Community Arts and Education

Organizations providing arts and cultural programs to a specific community (geographic, ethnic, linguistic, religious, or other) or organizations providing arts instruction, including schools, colleges, and universities.

Museums, Visual Arts, Historic and Scientific

Organizations presenting or preserving images, items, or collections or organizations working primarily in print, sound, or visual media, including museums, libraries, historical sites, and broadcast organizations. Also, organizations working for the advancement or presentation of science and the natural world, including arboretum, zoos, and parks.

Performing Arts

Organizations performing dance, plays and other theater productions, or vocal or instrumental music, including opera companies, orchestras, symphonies, bands, and ensembles. Also, organizations performing or presenting multi-disciplinary performing work, as well as nonprofit performance venues and festivals.

Support and Other

Providing support services to the sector as a whole, to organizations in a specific discipline category, or to individual artists. Organizations in this category generally do not engage directly in the production of artistic or cultural presentations.

Analysis for this report was conducted by Greater Philadelphia Cultural Alliance staff with the assistance of the PA Humanities Council.