

GREATER PHILADELPHIA CULTURAL ALLIANCE

2008 pōrtfō'liō



greater
philadelphia cultural
ALLIANCE

The Greater Philadelphia Cultural Alliance is proud to present, with the support of 281 participating organizations, the **2008 Portfolio**.



2008 pôrtfō'liō



The arts and cultural sector is one of Southeastern Pennsylvania's strongest assets. The **2008 Portfolio** examines the vibrancy, value, and vulnerability of the cultural community for civic leaders, policymakers, cultural organizations, and the general public.

Two years ago, the first edition of **Portfolio** was lauded as a landmark study that documented the breadth, diversity, and well-being of Southeastern Pennsylvania's nonprofit cultural resources.

Building on the first report, the **2008 Portfolio** offers:

More Participating Organizations

Thirty-three percent more organizations are included in the **2008 Portfolio**, raising the total number to 281. Several new Very Large and Large organizations are included, ensuring that the analysis offered in the **2008 Portfolio** is drawn from even more complete programmatic and financial information.

New Topics and Analyses

Children and school groups, health care costs, and internet fundraising are among the new topics presented in the **2008 Portfolio**.

Ten-year Trend Analysis

How has the landscape changed for cultural organizations over the last decade? Using data collected for the 1998 report *Greater Philadelphia's Competitive Edge*, we are able, in the **2008 Portfolio**, to track changes over time for a subset of 108 organizations in this report.

Key Findings

Trends: 1995–2005

FROM 1995 TO 2005, ORGANIZATIONS GREW IN A CHANGING FUNDING ENVIRONMENT.

Cultural organizations grew at twice the rate of inflation over the past decade.

Suburban organizations grew the fastest, at three times the rate of inflation.

Operating margins remained thin. Income exceeded expenses by 3% in FY1995 and 5% in FY2005.

In 1995, the ratio of part-time to full-time employees was 1:1. In 2005, the ratio was almost 2:1. Part-time employment rose 98% and full-time employment rose 9%.

The ratio of state to federal support for cultural organizations went from 1:1 in 1995 to 9:1 in 2005, the result of a 144% increase in state support and a 72% decline in federal support.



In 1995,
Federal and Pennsylvania
contributions were equal



In 2005,
the Pennsylvania contribution was
nine times the Federal contribution

All figures above are adjusted for inflation. Trend analysis is for the 108 organizations for which data are available for 1995 and 2005.

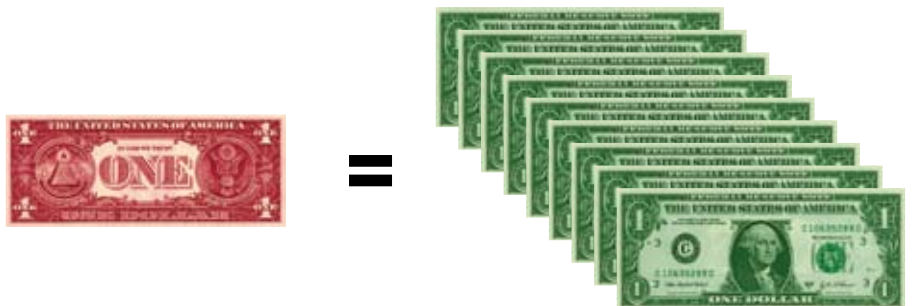
Arts as Industry

THE BUSINESS MODEL FOR CULTURAL ORGANIZATIONS VARIES BY SIZE AND DISCIPLINE.

Forty percent of cultural organizations operate with a deficit. Twenty-two percent operate with deficits greater than 10% of total revenues.



Eight percent of expenses go toward fundraising costs. **Every dollar spent on fundraising yields \$9.**



Very Large organizations are the only size group for which earned income exceeds contributed income.

Four Very Large organizations and one Large organization generate 78% of the total investment income for the sector.

Small and Medium organizations are twice as reliant on foundation support as Large and Very Large organizations.

Organizations spent \$2.76 in marketing costs per visitor.

Performing Arts organizations spend more than twice what Museums, Visual Arts, Historic and Scientific organizations spend on marketing as a portion of their overall budgets.

Health care benefits at larger organizations are competitive with the commercial sector's contribution of 84%. Benefits are dramatically lower at Small organizations, which only pay an average of 14% of health care benefits.

Different disciplines use different staffing models. Forty-three percent of positions at Museums, Visual Arts, Historic and Scientific organizations are full-time, while only 9% of positions at Performing Arts organizations are full-time.

Community Engagement: Building Social Capital

ARTS AND CULTURE IS VALUABLE TO SOUTHEASTERN PENNSYLVANIA COMMUNITIES.

Visits to cultural organizations total over 15 million, not including parks. This represents **four visits per year** for every resident of Southeastern Pennsylvania.



School children account for 1.8 million visits to cultural organizations each year. This is approximately **2 visits for every child** under age 18 in Southeastern Pennsylvania.¹ Twenty-nine percent of those visits are to Science & Nature organizations.



43,000 people make the arts happen. Arts and culture provides over 19,000 jobs and involves over 24,000 volunteers, of which 4,000 are board members.



Cost of production \$46.45

Admissions price \$14.22

The arts are a bargain. For paid events, the median ticket price is \$14, but the actual cost to produce the events is much higher, at a median cost of \$46.

Forty-three percent of all visits are free of charge.

More than one-third of all free admissions are to History organizations—the most of any discipline.



2008 Portfolio's Implications

Vibrant, Valuable, Vulnerable

The arts and cultural sector of Southeastern Pennsylvania is a vibrant industry. The 281 organizations participating in the **2008 Portfolio** provide great value to the region, involving a large number of residents and visitors in an abundance of activities. The 108 organizations profiled in this report and in *Greater Philadelphia's Competitive Edge* (1998) have grown considerably over the last decade. Southeastern Pennsylvania's range and diversity of arts and culture is one of its strongest community assets. Citizens, elected officials, and civic leaders increasingly recognize the role that cultural organizations and artists can play in economic and community development.

The cultural community is vibrant and valuable, yet it is also vulnerable.

Though overall the community is currently healthy, operating margins have remained consistently thin over time, and many organizations are presently in deficit. In future years, any number of forces could shift the delicate balance of support upon which the cultural community relies.

Market Forces

Many organizations are skilled at raising money through earnings and contributions, but the vast majority operate on very slim margins which can be greatly affected by a reduction from any one source. Changes in funding models from 1995 to 2005 suggest that organizations have been impacted by, and adapted to, such swings over the last decade.

Government support, for example, has been a mixed bag for arts and cultural organizations. State support has grown substantially since 1995, but federal support is down. Outside of Philadelphia, there is little support from county or municipal governments. If a future drop in federal or state support occurs, a large number of organizations would be adversely affected.

One of the largest sources of revenue for the 281 organizations in this study is investment and interest income. However, 78% of this income is realized by just five larger organizations with sizeable endowments. These revenues, and those of other cultural organizations with endowments, are sensitive to swings in investment markets. While the data reported in the **2008 Portfolio** are robust, they came at a time of healthy market returns. Changes in the market will have an impact on those same cultural organizations. Market forces could also impact the endowments of foundations, thus potentially having an adverse effect on many Small and Medium organizations, as well.

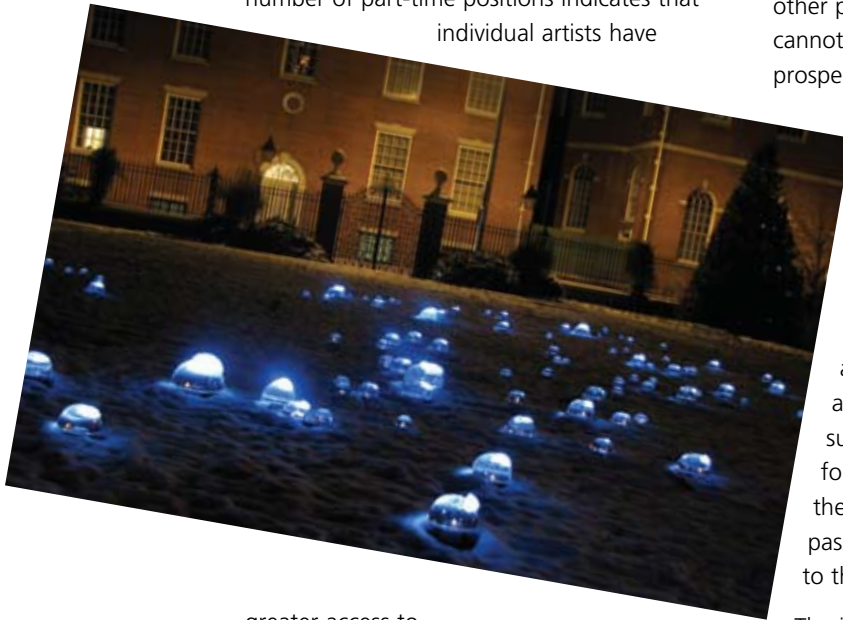
As changes in organizational revenue patterns from 1995 to 2005 demonstrate, cultural organizations are adept at diversifying their sources of income. Yet, they remain vulnerable to larger economic forces. Current conditions underscore the need for the arts and culture community to develop additional sources of financial support to weather future changes in the economic climate.



Workforce Development

Between 1995 and 2005, organizations proved quite proficient in efforts to streamline operations. In addition to achieving high levels of growth and diversifying sources of income at cultural organizations, the percentage of part-time employment increased considerably over the decade. This change in workforce structure creates some positive effects, but also presents some potential challenges for the sector going forward.

On the plus side, the availability of a large number of part-time positions indicates that individual artists have



greater access to working with a wide range of cultural organizations. Some artists may be able to build a portfolio of work through a series of jobs across the sector. Southeastern Pennsylvania's low cost of living relative to other large cities is also an attractive factor to a part-time workforce.

However, part-time workers are far less likely to receive access or employer contributions to health insurance, as well as retirement and other benefits that accumulate over the long term. This leaves them vulnerable to shifts in the marketplace, as well as catastrophic personal health issues. Further, as the very nature of part-time employment is often short-term, cultural organizations stand to lose valuable institutional memory from former employees who can no longer afford to work without benefits or full-time employment, or who choose to move on to other part-time opportunities. If the sector cannot provide enough long-term career prospects and employee benefits for experienced workers, regardless of their part-time or full-time status, those workers may leave the sector or the region.

Many recent studies also indicate the approach of a large generational shift throughout the nonprofit sector, as baby boomers approach retirement and leave leadership positions.¹³ With a substantial portion of the cultural workforce employed in part-time positions, is the community adequately positioned to pass on the legacy of its current leaders to the next generation?

The impact of the cultural community's current employment structure deserves added investigation, particularly regarding systems of support available to part-time employees. Some may receive health care and other benefits via spousal support or additional jobs, but others may be solely reliant on one or more part-time cultural positions. These issues cannot be fully investigated through these data alone, but the rise in part-time employment and the lack of health care coverage at Small organizations (the most numerous of the sector) bears further scrutiny going forward.

Building Maintenance

The decade of 1995 to 2005 saw significant rises in utilities costs for cultural organizations. For those that typically own facilities, such as Museums, Visual Arts, Historic and Scientific organizations, physical plant costs necessarily consume a large percentage of expenses. Given that these trends emerged even before the most recent spikes in energy costs, these organizations may be particularly vulnerable to rising fuel and other utility prices.

A 2007 study by the RAND Corporation, *Arts & Culture in the Metropolis: Strategies for Sustainability*, also highlights this issue as particularly acute for the region's History organizations, noting that "[a]lthough the historical sector's problems are not unique to Philadelphia, the large number of historical sites in the region makes this problem more significant there."¹⁴

Consumer Patterns

In recent years, many cultural organizations have become concerned that consumer buying patterns may be shifting away from memberships and subscriptions in favor of single-ticket purchases. Subscription and membership packages frequently reduce the price of admission as an incentive for advance buyers. A shift toward single-ticket purchases could, then, actually increase revenue for some cultural organizations, but this is a double-edged sword. While organizations may earn more revenue per ticket from single-ticket sales, the cost of acquiring single-ticket buyers is greater than acquiring members and subscribers.

Tracked over time, this trend will continue to be an important factor for the cultural community to consider. A shift in buying patterns will considerably alter the standard business model of the nonprofit cultural sector.

Conclusion

The cultural sector is essential to Greater Philadelphia's economic and social fabric. Recognizing its vibrancy, value, and vulnerability, this report demonstrates the need to continuously assess the health of the field. Only then can the cultural community adapt to challenges and new opportunities, ensuring the continued success of one of the region's distinguishing competitive advantages.



About the Pennsylvania Cultural Data Project

The data used for this report were provided by the Pennsylvania Cultural Data Project, a statewide data collection project for Pennsylvania's cultural organizations. The data are self-reported by the organizations using the PACDP and neither the PACDP nor its Governing Group make any representations or warranties concerning the accuracy, reliability or completeness of the self-reported data. Any interpretation of the data is solely the view of the Greater Philadelphia Cultural Alliance and does not reflect the views of the PACDP or its Governing Group.

All figures contained in this report are ultimately the responsibility of those organizations submitting data to the Pennsylvania Cultural Data Project. The Greater Philadelphia Cultural Alliance, the Pennsylvania Economy League, and the PACDP are not responsible for errors in data submitted by individual cultural organizations whose information is used here.

The figures presented in this report, with the exception of Trends: 1995–2005, are for the most recent fiscal year available for each organization, in most cases FY2006 or FY2007.

Information on all 281 organizations included in this report is taken from the Pennsylvania Cultural Data Project.

The Pennsylvania Cultural Data Project (PACDP) is a collaborative project of the Greater Philadelphia Cultural Alliance, the Greater Pittsburgh Arts Council, The Heinz Endowments, the Pennsylvania Council on the Arts, The Pew Charitable Trusts, The Pittsburgh Foundation, and William Penn Foundation. The PACDP is a standardized online system created for collecting financial and organizational data of nonprofit cultural organizations. Participating organizations complete an online Data Profile once each fiscal year. Financial data are drawn from each organization's audit, insuring accurate and reliable information. Participating organizations are also able to use this system to track their own data over time and benchmark themselves against others.

In addition to creating a streamlined data collection process for hundreds of arts and culture organizations throughout Pennsylvania, this project provides a source of consistent and reliable information on the state's cultural sector. After three years of development and testing, the PACDP was launched in September 2004. During the past four years, 2,600 data profiles have been submitted by 875 organizations located throughout the state.

The project is expanding beyond Pennsylvania and is now also available for cultural groups in California and Maryland, through the California Cultural Data Project and Maryland Cultural Data Project. More states are in the process of bringing the data project to their regions.

All data submitted by individual organizations is checked for errors in a rigorous process conducted by staff of the PACDP. In addition, data are periodically checked for reliability with organizations' audit records. In the event that data submission errors are found, organizations are notified by the PACDP. Organizations then have the ability to change or correct their submissions.

Methodology

Due to the careful checks and balances incorporated into the process of submitting data to the PACDP, we believe that this report delivers the most reliable, consistent set of data available regarding nonprofit cultural organizations in Southeastern Pennsylvania. All data on individual organizations are strictly confidential, and no information is presented except in aggregated form. To compile the **2008 Portfolio**, the Cultural Alliance contracted the Economy League of Greater Philadelphia to analyze PACDP data collected before December 2007. In preparing this report, particular emphasis was placed on obtaining data from a representative group of cultural organizations, including the very largest, to ensure that overall totals for financial information include the major economic engines of the sector. As a result, only a handful of Large or Very Large organizations are missing from the data set. Given that the larger organizations make up so much of the financial activity of the sector, we are confident that the **2008 Portfolio** reflects a significant majority of the nonprofit cultural sector's overall economic activity in Southeastern Pennsylvania.²

From the Economy League of Greater Philadelphia

This report marks an exciting milestone for cultural reporting for our region. Ten years ago the Economy League conducted an analysis of the region's nonprofit cultural industry, *Greater Philadelphia's Competitive Edge*. Using data collected for that report, the **2008 Portfolio** provides an accurate measurement of the current health and vibrancy of the cultural environment, and a valuable analysis of the growth and changes in the sector over the last decade. With the findings in this report, cultural organizations, civic leaders, and arts supporters have a valuable resource for continued success.

Throughout the 2008 Portfolio, organizations are classified according to four budget categories based on their annual expenses:

Small Organizations have budgets of up to \$250,000 per year.

Medium Organizations have budgets from \$250,000 up to \$1,000,000 per year.

Large Organizations have budgets from \$1,000,000 up to \$10,000,000 per year.

Very Large Organizations have budgets of \$10,000,000 per year, or greater.

1 Financial characteristics of 2008 Portfolio organizations*

Organization size	Median expenses	
Small	\$84,000	◀
Medium	499,000	
Large	2,493,000	
Very Large	20,826,000	
	Median total revenue	
Small	83,000	▶
Medium	530,000	
Large	3,123,000	
Very Large	30,310,000	
	Median total assets	
Small	45,000	▶
Medium	554,000	
Large	5,829,000	
Very Large	\$115,413,000	

* Includes non-arts university financial information reported for arts activities.
 ▶ Amount is too small to show proportionally.

Throughout the **2008 Portfolio**, there are sets of data that cannot be compiled as a series of unique items. These most often include instances where organizations are reporting on numbers of individuals involved in or contributing to their work in some way. As the organizations are not required to provide the names of those individuals, it is impossible to calculate aggregate numbers of unique persons in certain categories, such as attendance, members, subscribers, school children, volunteers, artists, board members, individual contributors, and employees. In these cases, we refer to the aggregate totals in terms of the number of happenings, rather than the number of unique individuals involved in those happenings. For example, the term "volunteer positions," as opposed to "volunteers," is used.

The **2008 Portfolio** aims to illuminate the most broadly relevant aggregate findings of the data submitted. This report is not inclusive of all data available from the PACDP, just those highlights that provide the greatest understanding of and insight into the sector.

In the 2008 Portfolio,

**PERCENTAGES ARE
 ROUNDED TO THE
 NEAREST WHOLE
 NUMBER, AND
 WHOLE NUMBERS
 ARE ROUNDED TO THE
 NEAREST THOUSAND.**



Steven T. Wray
 Executive Director
 Economy League of
 Greater Philadelphia

Organizations in this report are classified into the following types and disciplines:

Community Arts and Education

Community Arts & Culture—providing arts and cultural programs to a specific community, including geographic, ethnic, linguistic, or religious

Education & Instruction—providing music, visual, and performing arts instruction, including schools, colleges, and universities

Museums, Visual Arts, Historic and Scientific

Media Arts—working primarily in print, sound, or visual media, including nonprofit radio and television broadcasters, publishers, literary societies, film and video producers, and film theaters

Museums, Galleries & Visual Arts—creating or displaying visual media, including painting and drawing. This category does not include science and history museums or film and video organizations

Science & Nature—working for the advancement or presentation of science and the natural world, including science museums, horticultural organizations, zoos, planetariums, and parks

History—preserving and presenting history, historical collections, or artifacts, including history museums, historical sites, archives, and libraries

Performing Arts

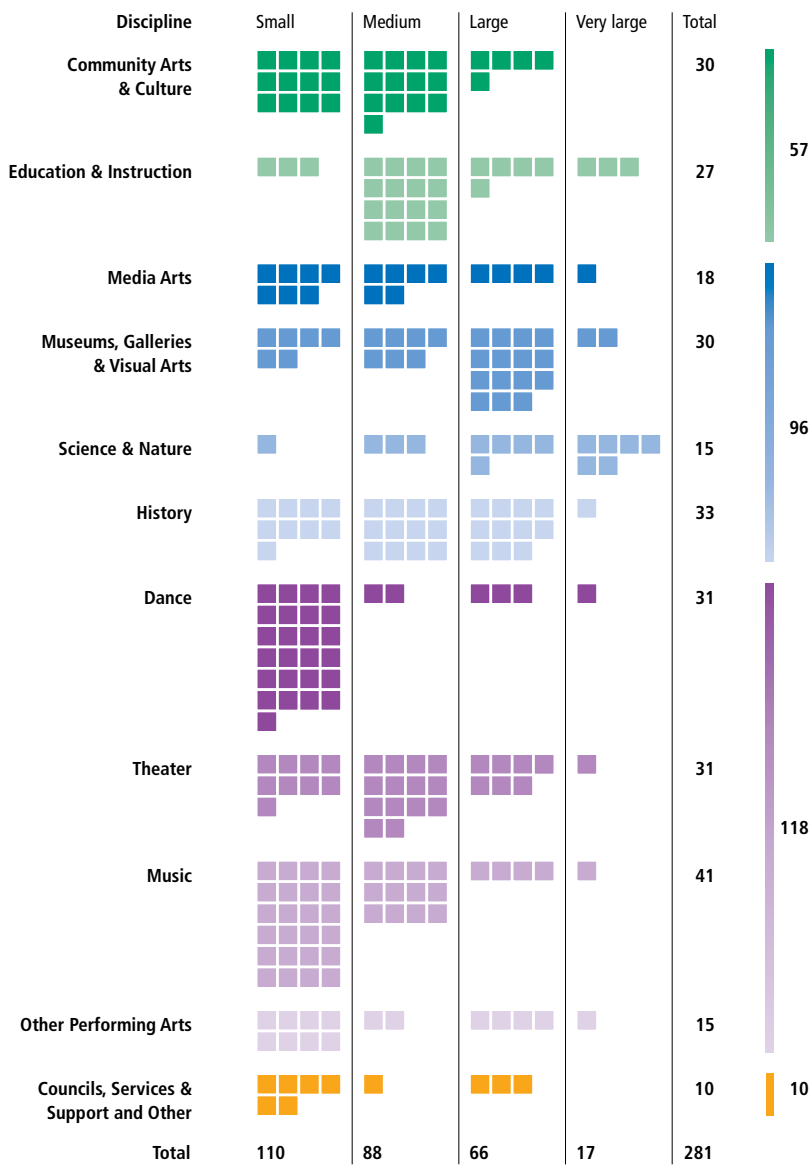
Dance—performing all types of dance, including ballet and other dance companies

Theater—performing plays and other theater productions, including theater companies and related organizations

Music—performing vocal or instrumental music, including opera companies, orchestras, symphonies, bands, and ensembles

Other Performing Arts—performing or presenting multi-disciplinary work not described by the above three categories, including nonprofit performance venues and festivals

2 Number of organizations by size and discipline



The primary activities of the organizations in this report cover a broad range of endeavors. The 12 disciplines used in this report include organizations working in nearly 50 distinct areas. For a list of the 281 organizations in this report, organized by discipline, see pages 68–69. Decisions to place organizations within the appropriate type and discipline were made by reviewing each organization’s mission, its self-selected type, and its primary activities.

Support and Other

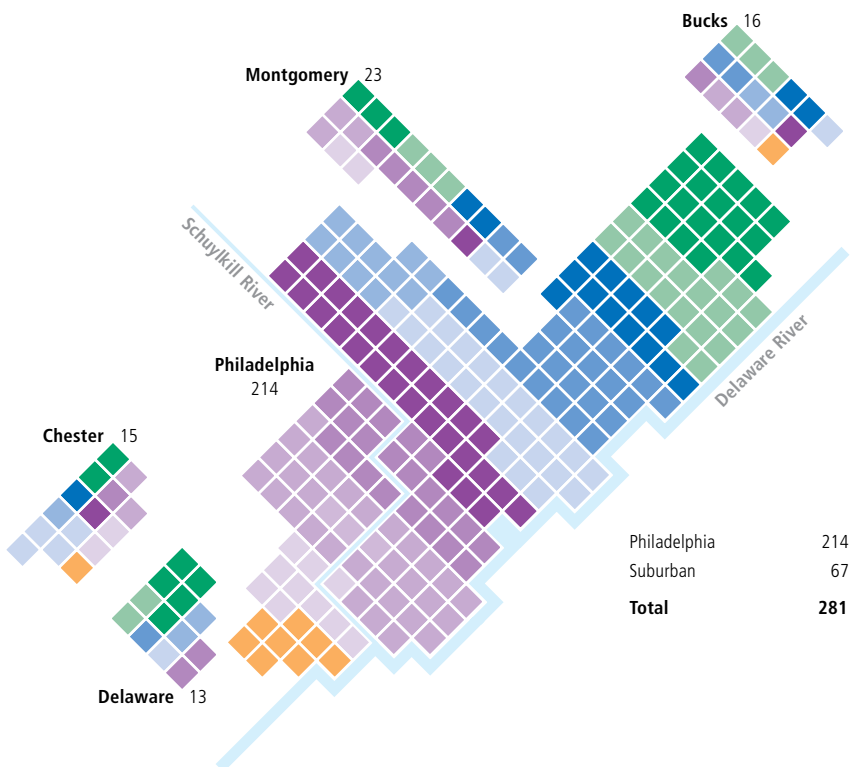
Councils, Services & Support—providing support services to the sector as a whole, to organizations in a specific discipline category, or to individual artists. Organizations in this category generally do not engage directly in the production of artistic or cultural presentations

Other—organizations that do not fit in any of the above categories

For the purposes of this report, Other is always combined with Councils, Services & Support in order to meet reporting requirements designed to ensure data of individual organizations is kept confidential.

WE DISCOURAGE DRAWING CONCLUSIONS FROM DIRECT COMPARISONS BETWEEN DATA IN THIS REPORT AND THE 2006 Portfolio. A THOROUGH TREND ANALYSIS BETWEEN THE TWO SETS OF DATA HAS NOT BEEN UNDERTAKEN. MANY OF THE DIFFERENCES REFLECT CHANGES IN WHICH ORGANIZATIONS PARTICIPATED IN THE TWO REPORTS.

3 Number of organizations by county and discipline



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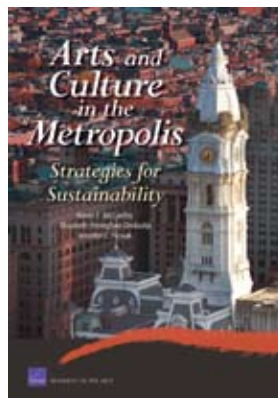
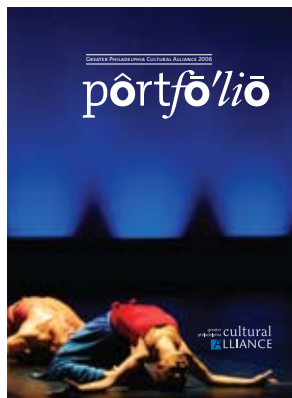
We also offer special thanks to the project partners of the 1998 report Greater Philadelphia's Competitive Edge: The Nonprofit Cultural Industry and its Economic Value to the Region: The Arts & Business Council of Greater Philadelphia; AT&T; Bell Atlantic—Pennsylvania, Inc.; Greater Philadelphia Chamber of Commerce; Greater Philadelphia Cultural Alliance; Greater Philadelphia First; Pennsylvania Convention Center Authority; Pennsylvania Economy League—Eastern Division; William Penn Foundation.

About the Greater Philadelphia Cultural Alliance

The Cultural Alliance is the region's premier leadership, advocacy, and collaborative marketing organization for arts and culture. Our mission is to lead the effort to expand awareness of, participation in and support for arts and culture in the region.

The Cultural Alliance's services fall into three areas: policy, marketing, and membership.

Recent publications by the Greater Philadelphia Cultural Alliance:



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Arts and Culture is a sound investment.

PNC leads the way in supporting the arts. We are proud to partner with the Greater Philadelphia Cultural Alliance on *2008 Portfolio*.

