

EXECUTIVE OFFICES 2021-22 BUDGET PRESENTATION

Page # of Governor's Executive Budget: Pp. C1-33,E3-1, E3-3, E3-4, E3-6, E3-14, I2, I4	PA Council on the Arts 10619, 10621, 70366,87647				
I. SUMMARY FINANCIAL DATA					
(\$ Amounts in Thousands)	2019-20	2020-21	2021-22		
	Actual	Available	Budgeted		
State Funds	\$10,474	\$10,457	\$10,457		
Grants to the Arts (10619)	\$9,590	\$9,590	\$9,590		
PA Council on the Arts (10621)	\$884	\$867	\$867		
Federal Funds					
NEA-Grants to the Arts-Admin (70366)	\$980	\$980	\$1,031		
COVID-NEA-Grants(87647)	\$527	\$0	\$0		
Other Funds					
Creative Aging (A)	\$0	\$0	\$60		
Total	\$11,981	\$11,437	\$11,548		
II. DETAIL BY MAJOR OBJECT					
(\$ Amounts in Thousands)				Change	
	2019-20	2020-21	2021-22	Budgeted vs.	Percent
	Actual	Available	Budgeted	Available	Change
PERSONNEL					
State Funds					
PA Council on the Arts (10621)	\$788	\$712	\$666	(\$46)	-6.46%
Federal Funds					
NEA-Grants to the Arts-Admin (70366)	\$596	\$712	\$665	(\$47)	-6.60%
Total Personnel	\$1,384	\$1,424	\$1,331	(\$93)	-6.53%
OPERATING					
State Funds					
PA Council on the Arts (10621)	\$0	\$155	\$201	\$46	29.68%
Federal Funds					
NEA-Grants to the Arts-Admin (70366)	\$337	\$155	\$202	\$47	30.32%
Total Operating	\$337	\$310	\$403	\$93	30.00%
BUDGETARY RESERVE					
State Funds					
PA Council on the Arts (10621)	\$96	\$0	\$0	\$0	0.00%
Federal Funds					
NEA-Grants to the Arts (70366)	\$47	\$113	\$164	\$51	45.13%
Total Budgetary Reserve	\$143	\$113	\$164	\$51	45.13%
GRANT & SUBSIDY					
State Funds					
Grants to the Arts (10619)	\$9,590	\$9,590	\$9,590	\$0	0.00%
Federal Funds					
COVID-NEA-Grants(87647)	\$527	\$0	\$0	\$0	0.00%
Total Grant & Subsidy	\$10,117	\$9,590	\$9,590	\$0	0.00%
OTHER					
Other Funds- Creative Aging			\$60	\$60	N/A
Total Other	\$0	\$0	\$60	\$60	N/A

TOTAL FUNDS

State Funds	\$10,474	\$10,457	\$10,457	\$0	0.00%
Federal Funds	\$1,507	\$980	\$1,031	\$51	5.20%
Other Funds	\$0	\$0	\$60	\$60	N/A
Total Funds	\$11,981	\$11,437	\$11,548	\$111	0.97%

III. HISTORY OF LAPSES

(\$ Amounts in Thousands)	<u>2018-19</u>	<u>2019-20</u>	<u>Estimated 2020-21</u>
State Funds			
Grants to the Arts (10619)	\$4	\$0	\$0
Federal Funds			
NEA-Grants to the Arts Admin (70366)	\$78	\$218	\$0

IV. COMPLEMENT INFORMATION

	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>2020-2021 Budgeted</u>
Benefit Factor	66.64%	68.12%	69.30%
State Funded			
- Authorized	11	11	11
- Filled	11	10	N/A

**V. DERIVATION OF REQUEST/
LEGISLATIVE CITATIONS**

Derivation of Request

(A) Personnel

All personnel costs were prepared on the complement planning layouts in the BPC system using instructions and factors provided by the Office of the Budget.

(B) Operating Expenses

Operating Funds will be used for continuing activities.

Legislative Citations: Act 538 (1/25/66)

Additional Information

(1) 2019-20 Obligations rolled forward to 2020-21

(\$ Amounts in Thousands)

Total	\$0
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(2) 2020-21 Supplemental appropriation needs

(\$ Amounts in Thousands)	\$0
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Date current appropriation will be exhausted: N/A

(3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2020-21 appropriation.

(\$ Amounts in Thousands)

Waiver is currently held in budgetary reserve and will be released for (personnel, unanticipated expenditures, etc.)

State Funds 1062100000 (BP2019)	\$96
Total	\$96

VI. EXPLANATION OF CHANGES

(\$ Amounts in Thousands)

	<u>State \$</u>	<u>Federal \$</u>	<u>Other \$</u>	<u>Total \$</u>
PERSONNEL				
A. Change budget allocation methodology to reflect 50/50 split between state and federal	(\$46)	(\$47)	\$0	(\$93)
Subtotal Personnel	(\$46)	(\$47)	\$0	(\$93)
OPERATING				
A. Change budget allocation methodology to reflect 50/50 split between state and federal	\$46	\$47	\$0	\$93
Subtotal Operating	\$46	\$47	\$0	\$93
OTHER				
A. Received new funding for Creative Aging			\$60	\$60
Subtotal Other	\$0	\$0	\$60	\$60
BUDGETARY RESERVE				
A. 70366- Increase due to receiving additional grant funding	\$0	\$51	\$0	\$51
Subtotal Budgetary Reserve	\$0	\$51	\$0	\$51
TOTAL	\$0	\$51	\$60	\$111

PROGRAM STATEMENT

1. MISSION STATEMENT & STRATEGIC PLAN

In March 2019, the Pennsylvania Council on the Arts (PCA) adopted a dynamic new strategic plan, informed by expert data collection and analysis and engaging the agency's broadest-based public input to date. The PCA's resulting investments in innovation, the new economy, and communities across the commonwealth are based on and inspired by this planning process. The agency's way forward builds upon our first new agency mission in decades: *to strengthen the cultural, educational, and economic vitality of Pennsylvania's communities through the arts.*

2. CREATIVE SECTOR WORKFORCE AND ECONOMIC IMPACT

The Bureau of Economic Analysis (BEA) at the U.S. Department of Commerce now collects and tracks the annual economic impact of arts and cultural production from 35 industries, both commercial and nonprofit. Pre-pandemic, BEA reports that Pennsylvania's arts and culture industries contributed over \$25 billion to the state's economy, employed over 176,000 workers who earned \$11.7 billion.

3. CREATIVE SECTOR CRISIS

Significant economic setbacks across the spectrum of artistic and creative endeavors and severe unemployment have taken a devastating toll on the sector, according to FEMA's Recovery Support Function Leadership Group's recently released Analysis of COVID-19's Impacts on Arts and Culture. FEMA's analysis warns of resulting impacts on the economy. The sector's acute vulnerability during the pandemic resulted from early closures, changes in consumer behavior, and extreme losses in revenue.

The effects of COVID-19 on the artist labor force have been profound, with the losses of employment in the fine and performing arts down 36.6% between February and December 2020. A Brookings study estimated cumulative losses of \$150 billion and 2.3 million jobs in the creative economy between April and July 2020. More than 97,000 of these jobs were in Pennsylvania.

By the time the pandemic began its devastating impact on Pennsylvania and the state's creative sector, the Council had adopted new community-focused goals and undertaken a year-long, in-depth study of its grantmaking practices and their effects. A review committee of the Council had made recommendations based on that year-long study, which were adopted at a public meeting of the full Council.

4. SUPPORT FOR PENNSYLVANIA'S CREATIVE SECTOR IN UNPRECEDENTED TIMES

• **Creative Communities:** The PCA launched a new Creative Communities Initiative and recently announced six communities from across the commonwealth (Allentown, Indiana, Lancaster, Meadville, Philadelphia, and Sharon) for the pilot phase. Four-year PCA investments will support diverse, arts-based projects that will benefit the priorities and identities of our cities and towns, fostering livability, supporting inclusive community partnerships. While fostering state and local investment in Pennsylvania's creative industries, the selected pilot projects will nurture and celebrate local artists and artisans and highlight their invaluable contributions to healthy, vibrant, livable communities.

• **Cross Sector Partnership to Build Capacity for Creative Businesses:** In partnership with community development financial institutions Bridgeway Capital and Community First Fund, the Council made available the Creative Business Loan Fund, leveraging a total of \$2.2 million in the form of affordable, flexible financing for small, creative businesses across the commonwealth. The Fund is designed to prioritize creative businesses located in low-income communities, that are Black, Indigenous, and People of Color (BIPOC)-owned or serve a diverse market, and those located in small towns and rural communities.

• **Fostering Sector Resilience Through Equitable Distribution:** Over the past two decades, the Council had expanded funding opportunities across the commonwealth, especially through its decentralized funding programs and regional regranting partners. While Council achieved greater geographic distribution of its grants and services, the level of general operating support provided to rural and BIPOC communities did not closely relate to the population demographics of these communities in Pennsylvania.

The Council deployed a new funding strategy that aligns with its strategic goal to promote equitable access for all Pennsylvanians to participate fully in a creative life and in the diverse forms of arts and culture in the commonwealth. It further provides liquidity and capacity for vulnerable arts organizations across the commonwealth to enable them to stabilize and participate in community recovery.

The Council shifted away from its entrenched funding formula in order to foster resilience across the commonwealth through equitable distribution. Outcomes from adoption of the new strategy included increases for 73 percent of more than 300 organizations in the general operating support funding track and addressed long-standing historical inequities for a majority of these grantees.

• **Employability Skills and Life-Long Learning:** The PCA's goals and objectives further support study of the arts to encourage educational excellence and provide key skills that lead to success in school and the workplace, building Pennsylvania's future pool of innovators and creative thinkers. Creativity is reported to be among the top five skills sought by corporate leaders.

Experienced teaching artists bring their knowledge of the arts and creative practices to work with educators to benefit students of all abilities and learning styles. In 2019, the PCA's Arts in Education partners facilitated nearly 300 residencies across the commonwealth, serving nearly 100,000 learners of all ages. During the pandemic, teaching artists continued to serve learners by providing web-based programming.

The PCA also successfully leverages its Arts in Education infrastructure and teaching artists through inter-agency collaborations. Art Sparks, a collaboration with the Pennsylvania Turnpike Commission, installs student-created works of public art in service plazas across the 550+-mile roadway. And, a PCA partnership with the PA Department of Military and Veterans Affairs, modeled on previous work with the PA Department of Aging, developed Creative Communities of Care at all six Pennsylvania Veterans' Homes, which trains activities staff to conduct arts activities tailored to residents with dementia.