

**PENNSYLVANIA COUNCIL ON THE ARTS**  
**FISCAL YEAR 2016-2017 BUDGET**  
**AGENCY STATEMENT**

**INTRODUCTION**

The agency accomplishes its mission through a combination of grants to the arts, partnerships and initiatives that address specific issues and challenges; and information and technical assistance. By leveraging access to a vibrant arts environment, the PCA helps to: strengthen the economy, support jobs, improve academic performance, promote the Commonwealth nationally and internationally, and spark creativity and innovation.

The PCA's responsive funding further provides critical leverage for private and community financial support. The PCA's requirements for matching support as well as the endorsement provided by its citizen-driven funding process, assists arts organizations and arts programs in developing sustainability with local support.

The commonwealth's commitment to support for the arts is part of a proud cultural heritage that includes the first museum in the nation (the Pennsylvania Academy of Fine Arts) and not just one but two theaters that can claim the title for longest continuous professional production (Philadelphia's Walnut Street Theatre and Lancaster's Fulton Opera House). The PCA delivers services to commonwealth residents by supporting organizations and programs that provide access to visual arts, theatre, dance, music, art museums, festivals, literature, media arts, and the full range of creative expression. Our services extend into all 67 counties, in turn helping to enhance the quality of life of the region, attracting businesses and supporting local economic and revitalization efforts.

Pennsylvania's nonprofit arts and culture industry represents:

- \$2.5 billion – in combined economic impact of total direct and indirect expenditures (organizations and audiences)
- \$1.25 billion – in resident household income supported by industry jobs
- 50,000 – in full-time equivalent (FTE) jobs supported by PA nonprofit arts and cultural organizations
- 30,000 – In full-time equivalent (FTE) jobs supported by arts and culture audiences, spending that pumps revenue into local restaurants, hotels, retail stores, parking garages, as well as other businesses.

These figures from the national study *Arts & Economic Prosperity IV* undertaken every 6 years by Americans for the Arts demonstrates that investing in arts and culture yields measurable economic benefits. The data shows that when communities support arts and culture, they not only enhance quality of life, but also support local development and invest in their economic well-being.

The U.S. Bureau of Economic Analysis reports that the national arts and culture sector is a \$699 billion industry, which represents 4.3 percent of the nation's GDP – a larger share of the economy than transportation and agriculture. The new Arts and Cultural Production Satellite Account (ACPSA) identifies and calculates the arts and culture sector's contributions to the nation's GDP which

includes 2 million workers and \$289.5 billion in employee compensation. The arts are an export industry – with a \$47 billion arts trade surplus.

## REQUEST

Pursuant to the strategies and objectives of the PCA's 2012-2017 Long-Range Strategic Plan, the PCA submits the following budget request to support the goals and priorities set forth by the Governor. Said request continues the Council's advances in fiscally responsible administration of the agency and helps improve program management and operations, reduce costs and optimize direct services.

## GRANTS

The PCA requests an appropriation of \$12,590,000 for Grants to the Arts for fiscal year 2016-2017. This budget request supports both the Administration's and PCA's goals through strategies that maximize the impact of available resources by:

- Increasing the capacity of community-based arts and cultural organizations
- Establishing new and cultivating existing public-private partnerships
- Leveraging private funds
- Enfranchising local agencies

Our request for 2016–2017 is a \$2 million increase over the amount proposed by Governor Wolf for 2015-2016, from \$10,590,000 to \$12,590,000. This would be the first step toward the goal of \$25 million for grants to the arts for the Wolf Administration.

The PCA will continue to build upon its successful collaborations, outsourcing and leveraging targeted functions of the PCA. **The agency is nationally-recognized for its fair, reliable, and clear distribution of funds to a wide range of arts organizations and arts projects.** The PCA has demonstrated significant success in increasing the geographic availability and distribution of state arts funding. It sustains an annual commitment to make at least one grant to every county, every year. Numerous organizations, arts programs and projects, and artists receive support and utilize information provided by the PCA.

## STRATEGIC PLAN AND IMPLEMENTATION

The PCA's goals and priorities are developed through a broadly inclusive planning process and approved at a public meeting of the Council. Strategies and objectives of the *2012-2017 Pennsylvania Council on the Arts Strategic Plan* were developed using public meetings and testimony as well as local and regional partner input to identify community needs and assess the efficacy of PCA programs. More than a dozen public meetings were held across the commonwealth to ensure statewide participation and to identify and develop an understanding of the issues of importance in each region. Information from these facilitated sessions, PCA Council and staff retreats and data from PCA applicants and grantees were analyzed by an outside evaluator and used by Council in formulating key issues and identifying goals and priorities. The Council's annual fall meeting is devoted to evaluation of the prior

year's work and planning for the next year. The Council reviews progress on the Strategic Plan and adjusts or revises strategies and objectives accordingly.

The PCA strategy with far reaching impact on the delivery of artistic products and services to the people of Pennsylvania is the strategic decentralization of grants and the enfranchising of regional partners to deliver those grants. The agency more than doubled the number of grantees. In 1993, the agency funded a total of 551 arts organizations, project and programs. In 2014, this number was nearly 1,400 grants and residencies with far greater service to formerly underserved regions across the Commonwealth. While maintaining accountability and oversight, the PCA ensures a uniform quality grants process.

Outcomes of other PCA long-term strategies include:

- A more efficient and user-friendly agency and national recognition for its transformational approach
- More citizens included in its processes
- More Pennsylvanians can participate in the state's many quality arts activities
- More communities benefit from state investment in increased quality of life and related economic development
- PCA-developed efficiencies reduced the workload for other commonwealth agencies that process PCA grants, and the PCA identified additional efficiencies for other agencies that have resulted in cost savings
- Managing resources to reach every Pennsylvania county.

### **PROGRAM DESCRIPTION**

The PCA utilizes decentralization and outsourcing of some functions and programs for optimal delivery of its information and grants services. This community-based network of funding and service providers improves the delivery of public service and fosters statewide professional development. Guided by absolute necessity, the PCA utilizes outsourcing or decentralization efforts to improve and expand what is presently offered by the agency.

### **PCA OPERATIONS REQUEST**

The Pennsylvania Council on the Arts requests a state appropriation of **\$1,303,000** for its Administrative Budget. Administrative requirements for support, capacity building, and oversight of the agency's partners are spread throughout the PCA staff in addition to current duties.

The PCA receives federal funding through a Partnership Agreement (i.e. a grant) from the National Endowment for the Arts (NEA). **\$7 17,700** of this grant has been transferred to the Administrative budget (Indirect Cost Transfer) to continue effective operations of the agency. The requested increase will allow the PCA to reduce its reliance on federal funds and use those funds to support programs and initiatives.

**Travel:** As a public agency with both state and federal mandates and an increasingly regional and national reach, it is vital that the PCA Council and staff travel throughout PA and beyond. Additionally, required oversight of partner panels and processes necessitates and has increased demands on staff and travel costs. In-person interactions:

- Help ensure accountable, citizen-focused programs
- Enable actionable information gathering
- Foster sharing of information resources and referrals
- Help initiate and maintain partnerships
- Provide quality assistance to users

### **LONG-TERM REQUEST AND VISION**

In 2016 the Pennsylvania Council on the Arts (PCA) celebrates its fiftieth anniversary. With that milestone in mind, the PCA proposes a long range goal for the Wolf Administration of increasing funding for arts grants to \$25 million. (Our request for 2016-2017 is a \$2 million increase in grants). The aim is to distribute adequate support to enable access to the arts across the state. To achieve this, PCA proposes to make state support a reliable source of significant funding to arts organizations and programs across the state. Our objective is to establish state funding for the arts at a level that is both stabilizing and provides the means to expand and improve the opportunities and measurable benefits offered to our fellow Pennsylvanians and to Pennsylvania's cities and communities. To do this, state funding will be based on a percentage of the budget of organizations and programs, as reviewed and recommended by the PCA's nationally recognized review process and criteria with respect to quality of service, access to the arts, and management by the organization.

The range of funding will be from 1% of the largest organization's average fiscal size (4-year rolling average) to as much as 25% of the smallest organizations and programs. The median percentage is projected to be 10% of the budgets of the organization or program at the median of budget sizes. (The median grant size is about \$200,000 which would mean a maximum grant of \$20,000). To achieve this maximum the grantee must score very highly in the PCA grants review process).

Grants would range from less than \$500 for small, all volunteer organizations whose work is nevertheless important, to as much as \$800,000 for the largest arts organization in Pennsylvania. This amount is still considerably less than what smaller organizations receive in Maryland, New Jersey and Minnesota, for example, where organizations smaller in size receive over \$1,000,000 in annual state support. If provided on a consistent and on-going basis, this will, for the first time ever, place Pennsylvania where it belongs in the arts, as an equal among its neighboring states, as a leader in serving its fellow Pennsylvanians, and as a leader in the arts in the nation.

A number of other state's arts agencies with fewer institutions of the caliber and breadth of Pennsylvania's world class arts organization give \$1 million or more to each of their largest organizations (more than five times what the single largest arts organization in Pennsylvania receives from the PCA!). Recognizing that these institutions serve a very large number of their fellow citizens with a variety of opportunities to participate in the arts, these states have made an investment in the future of its citizens and the well-being of the cultural sector in their states. Two of these states border Pennsylvania: Maryland and New Jersey. Other states with meaningful support for their infrastructure include Minnesota and Ohio.

To stabilize then expand the services offered to Pennsylvanians in music, modern dance, ballet, hip-hop tap dance, painting, media arts, theatre, sculpture, design, jazz, orchestral music, choirs and vocal music of all kind, folk and traditional arts and classic art forms from other countries around the world, both ancient and contemporary. In fact, all manner of art created and performed for Pennsylvanians, by master artists and as do-it-yourself artists and makers. Learning to master the tools of the artist and express their own imagination, their thoughts, ideas and emotion through the arts. Our mission is to truly make available opportunities for all Pennsylvanians to enjoy the benefits of the rich and diverse arts of Pennsylvania, regardless of their circumstances. We see that this will help transform Pennsylvania's communities into vibrant, beautiful, and resilient places with arts at the center.

The PCA's nationally-recognized Preserving Diverse Cultures (PDC) Division, which supports the development of organizations whose mission is deeply rooted in and reflective of the African American, Asian American, Latino, Native American, and Hispanic (ALNAH) perspectives. The Division fosters organizational stability, expands arts and cultural programming in ALNAH communities, and supports the training of capable administrators of ALNAH organizations. Assessment of its benchmark Strategies for Success Program over 20 years determined that survival, not organizational development was the new priority. As a result, PCA launched a new PDC pilot program to fund Community-Based Engagement Projects. This initiative, in combination with significant funding for graduate organizations of the Strategies for Success Program could provide the much needed leverage to stabilize and advance Pennsylvania's ALNAH organizations as leaders in the nation. (Just recently, Raices Culturales Latinoamericanos closed its doors in Philadelphia, a blow to the Latino community of Southeast Pennsylvania. This did not need to happen). Instead of receiving just \$4,340 on a budget of about \$250,000 under this plan they would receive about \$20,000. The smaller the organization the larger will be the grant from the PCA, as a percentage of the grantees average fiscal size.

The agency supports lifelong learning in the arts. After a successful pilot with the Department of Aging in which the PCA placed artists, a local arts coordinator at 14 senior centers by working with senior center staff, we see once again the opportunity provided to Pennsylvanians to improve the quality of their lives, to tell their stories, to engage with others in group projects and to produce work of the own that is meaningful, powerful and worthy of being widely shared. We believe that everyone can participate in the arts, regardless of their circumstances. Often, those most challenged, isolated or marginalized can gain the most from participation in the arts, especially when they are engaged in creating and telling their own stories.

Arts organizations, arts programs embedded in larger institutions and singular arts projects are supported by the PCA each year. Especially the on-going organizations and programs that have the capacity to do more, to reach more people and to deepen the experience and enhance the value of these experiences for their constituents. There is significant opportunity to first stabilize the services provided by PCA grantees, then expand the breadth and depth and the reach of these grantees that can be found across Pennsylvania. First, to enable them to create more programs for the people of Pennsylvania and for their communities, to advance the growth of the cultural sector with new work by artists. Second, to empower them to reach the isolated Pennsylvanians who have yet to enjoy the experience of the arts. This includes our diverse and immigrant populations, our large senior population, people with disabilities, those confined to their homes or institutionalized, incarcerated youth, people in isolated rural communities or those isolated by their circumstances, and those generations who have not yet experienced what is available to them through the PCA's grantees.

We see our grantees as essential partners in delivering services to our fellow Pennsylvanians. We see our work, not as philanthropy or charity, not as something worth supporting only when times are good but as a vitally important part of the Pennsylvania experience and economy. The cultural sector is increasingly recognized for its contributions and value, not only to the welfare of our citizens in a deeply personal way, but a major contributor to the economic and social health of the Commonwealth.

Elsewhere in the budget, we also propose an increase in state funding for administration of the PCA, "Council on the Arts." The proposed increase of \$400,000 will be offset by about \$200,000 in federal funds used for administration that can be transferred from administration to grants. This will address the dangerous dependency on federal funds for essential operations of the PCA. This further increases the amount available for grants by about \$200,000. The increase of \$400,000 in the PCA 2016-2017 administrative budget "Council on the Arts" is the first step toward a goal of \$2,100,000 in state funding for PCA operations. This will enable the PCA to move some federal funds from administration to grants. This would significantly lessen the PCA's dangerously high dependence on federal funds for essential operations. This would mean an increase from the current proposed amount of \$903,000 to \$1,303,000. We project the overall administrative budget to be about \$2.1 million in 2016-2017.