

PENNSYLVANIA'S CREATIVE SECTOR

FROM IMPACT TO OPPORTUNITY



Report by Fourth Economy
On Behalf of the Pennsylvania Council on the Arts

THANK YOU

A big thank you to the Pennsylvania Partnerships for Regional Economic Performance (PREP) and Engage coordinators, who pushed the town hall invitations to their members, including the chambers, business associations, and business support organizations that serve arts entrepreneurs and creative sector businesses, also a special thanks to Citizens for the Arts in Pennsylvania, who invited their members across the state to participate and helped facilitate the productive and engaging town hall session discussions.



REPORT BY FOURTH ECONOMY

Fourth Economy is a national community and economic development consulting firm. Powered by a vision for an economy that serves the people, our approach is centered on principles of competitiveness, equity, and resilience. We partner with communities and organizations, public and private, who are ready for change to equip them with tools and innovative solutions to build better communities and stronger economies.

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PENNSYLVANIA'S CREATIVE SECTOR

FROM IMPACT TO OPPORTUNITY

DEFINING THE CREATIVE SECTOR

The creative sector in Pennsylvania is diverse. It includes nonprofit organizations (e.g., ballet companies, museums, and art schools), for-profit ventures (e.g., film companies, galleries, design firms, publishers), and independent artists and producers.

Creative Core

- + Arts & Culture
- + Design & Creative Services
- + Photography and photofinishing services
- + Arts Education

Creative Production

- + Printing and Publishing
- + Motion Picture and Television
- + Music and Sound, Radio

190,000+ JOBS

In 2019, the creative core and creative production industries contained 89,400+ primary jobs, another 91,000+ supporting jobs, and employed an estimated 10,500+ gig workers.

3,400+ FIRMS

More than 2,000 for-profit creative sector establishments and 1,400 active Creative Sector nonprofits were located throughout PA in 2019.

\$27.1 BILLION

The U.S. Bureau of Economic Analysis reports that arts and cultural production accounts for \$27.1 billion and 3.4% of the Pennsylvania economy as of 2019.

PRE-PANDEMIC CREATIVE SECTOR: BY THE NUMBERS

PANDEMIC IMPACTS ON THE CREATIVE SECTOR

16,000+ JOBS LOST

At least 16,000 primary jobs were lost from 2019 to 2020: 89,417 jobs in 2019 decreased to 73,400 jobs in 2020. There are likely more, since we cannot estimate gig worker loss to a high degree of accuracy.



\$4.4 BILLION LOST

Brookings estimated a loss of nearly \$4.4 billion in creative industry sales in PA alone and a loss of \$150 billion nationwide.

CREATIVE SECTOR PROFESSIONALS HAVE ADJUSTED, PIVOTED, AND ADAPTED.

THE FUTURE OF THE CREATIVE SECTOR

- + Creative sector professionals have adjusted to new norms by hosting virtual/digital content, moving performances outdoors, offering smaller and more customized experiences, and creating entirely new business models.
- + 3/4 of survey respondents expect that operating changes to the sector will last a year or more, or that “the sector will never return to pre-pandemic operating norms.”

COMMUNITY BENEFITS OF THE CREATIVE SECTOR



- + Creativity, innovation, and ingenuity are keys to prospering and competing as communities within a global economy.
- + The creative sector's output is essential to creating vibrant communities and places where we want to live, work, and play.
- + Arts and culture are organizing forces in our communities – they are central to who we are as individuals and bring us together as a society.

SUPPORTING THE CREATIVE SECTOR

Promote Regional Marketing

- + Engage in storytelling: put the spotlight on what makes communities special
- + Showcase unique local offerings, like downtowns, public art, and wine tours
- + Make a statewide or regional push: collaborate to increase visibility and media presence

Enable Entrepreneurship

- + Build more makerspaces, incubators, shared studios and marketplaces
- + Develop business trainings for artists and creative professionals to learn how to operate more sustainably

Provide Direct Financial Support

- + Staff rehiring and re-training
- + Enhanced safety protocols and equipment
- + Equipment to enable outdoor events
- + High quality, hybrid in-person/virtual programming

Establish Value

- + Offer STEAM programming at every education level, from K-12 to university, to expose students to the many career pathways associated with the arts and help them build career-ready soft skills
- + Provide access to the arts as a way to improve community mental health and promote healing from the trauma of the global COVID-19 pandemic



WHAT CAN STATE, REGIONAL, AND MUNICIPAL LEADERS DO?

Economic developers should look to the creative sector as an asset that can help advance long-term economic resilience goals.

- + Create spaces for the creative sector and economic developers to engage with each other consistently
- + Include the creative sector in comprehensive regional economic development planning and strategies for growth
- + Engage the creative sector in Main Street development, zoning and code change discussions, and promotion
- + Employ creative workers in areas where recovery will be focused
- + Collect data and regularly report out about impacts and benefits of the creative sector to your community

INTEGRATE THE CREATIVE SECTOR INTO ECONOMIC DEVELOPMENT, RECOVERY, AND RESILIENCE EFFORTS

INTRODUCTION



This report seeks to detail the importance of the creative sector to communities and economic development around the state, the impacts of the COVID-19 pandemic on the sector in Pennsylvania, what can be done to support the sector's short-term economic recovery efforts, and how the sector can be more broadly activated and integrated into planning work for long-term community and economic resilience.

The importance of the arts and creative sector on economic growth and vitality is often overlooked, but cannot be overstated. According to data from the [Bureau of Economic Analysis](#), the arts and cultural sector adds more to the economy than do construction and transportation/warehousing combined (by \$87 billion and \$265 billion, respectively).

COVID-19 took a toll on economies large and small across the globe. Some industries were hurt harder than others, but nearly everyone was affected by the economic downturn caused by the pandemic. To understand the impacts on the creative sector, both quantitative and qualitative information has been evaluated, combining employment and revenue numbers with the lived experiences of artists and creative workers, creative sector business owners and professionals, and the people who work to support them.

This evaluation was commissioned by the Pennsylvania Council on the Arts, which issued a Request for Proposals in December 2020 that, in addition to an impact analysis, also sought recommendations regarding public and private sector policies and interventions (short-term and long-term) that can facilitate the stabilization and recovery of the creative sector and its social and economic benefits.

METHODOLOGY

DATA ANALYSIS

This report looks at data from a variety of sources to estimate conditions and trends in Pennsylvania's creative sector.

- + The Bureau of Economic Analysis (BEA) Arts and Culture Satellite Account, 2019
- + State- and county-level data from the Quarterly Census of Employment and Wages (QCEW) from the Pennsylvania Department of Labor and Industry (L&I), specifically third-quarter data from 2011 to 2020
- + Census Nonemployer Statistics (NES) for counties in Pennsylvania, 2018 (latest available)
- + The Exempt Organization Master File from the Internal Revenue Service, downloaded August, 2020, covering activity through May 2020, which includes data on the number, types, and finances of nonprofit organizations in Pennsylvania.

TOWN HALLS & SURVEY

Five town hall meetings were held around the state in March and April 2021, to provide a venue for creative sector practitioners and their supporters to share their experiences of COVID-19 impacts over the past year, as well as brainstorm policies, investments, and interventions to help bolster the sector and its recovery.

Across the town hall meetings, about 200 creative sector professionals, arts workers, creative sector business owners, and arts & culture nonprofit leaders, as well as funders, policymakers, and creative business support organization representatives, were engaged in virtual brainstorming workshops. To further capture information and inputs for the analysis, a survey was distributed along with the town hall announcements. 70 responses were received. The output of those sessions and survey results informed the recommendations contained in this plan.

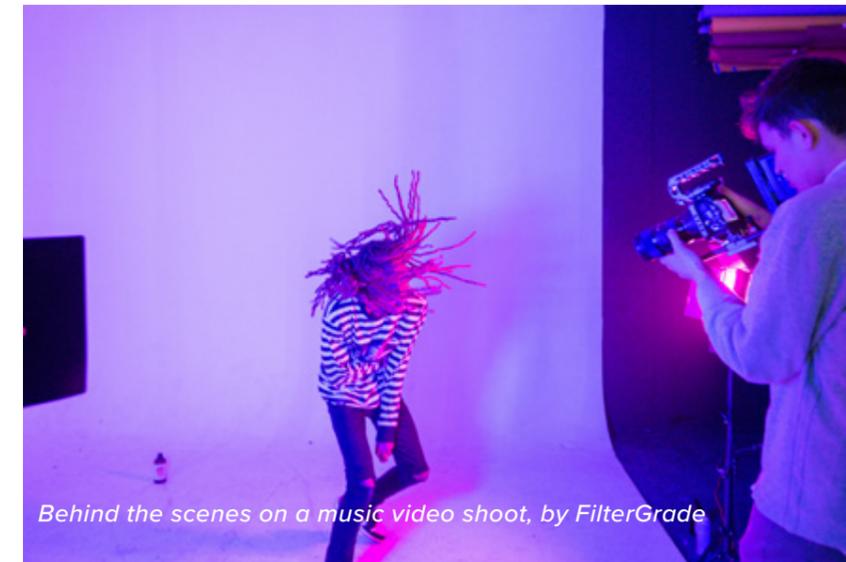


LOOKING AHEAD

Cultural amenities generate tourism visits and spending for cities and regions, while public art helps foster shared community identity and pride, and creative entrepreneurship, events, and energy create the vibrant places that drive talent attraction and retention, **arguably the most critical ingredients in today's economic development recipe book.**

There are several actions that creative sector practitioners and supporters say are critical to the recovery of the sector in the short term, in addition to fully supporting and engaging the creative sector to help build stronger communities overall. Those are outlined starting on page 23.

THE CREATIVE SECTOR IN PENNSYLVANIA



Behind the scenes on a music video shoot, by FilterGrade

THE CREATIVE SECTOR DEFINED

The creative sector in Pennsylvania is diverse. It includes nonprofit organizations (e.g., ballet companies, museums, and art schools), for-profit ventures (e.g., film companies, galleries, design firms, publishers), and independent artists and producers.

Fourth Economy includes the following industries in our analysis of the creative sector:

ARTS, CULTURE, AND DESIGN

- + Arts and Culture (e.g., performing arts, museums, and independent artists)
- + Design and Creative Services (e.g., advertising, architecture, design)
- + Photography and Photofinishing (e.g., portrait, studio, other)
- + Arts Education (e.g., fine arts, tutoring, other)

CREATIVE PRODUCTION

- + Printing and Publishing (e.g., newspaper, book, periodical)
- + Motion Picture and Television (e.g., production, distribution, broadcasting)
- + Music and Sound, Radio (e.g., recording, publishing, radio broadcasting)

Of course, it is not always easy to describe this sector, and different agencies use different definitions that include or exclude certain segments of the economy:

The Bureau of Economic Analysis (BEA)

The Bureau of Economic Analysis (BEA) [Arts and Culture Satellite Account](#) reflects the broadest definition, which, when translated into the North American Industry Classification System (NAICS), results in 34 industries. In 2019, these industries had 181,000 jobs in Pennsylvania. County or other sub-state estimates are not produced. The BEA accounts for nonprofit employment that is not included in employment data provided by the Bureau of Labor Statistics (BLS). The BEA also includes secondary artistic and cultural production, as well as some portions of government and retail employment that support arts and culture. The proportions for these supporting sectors are not consistent across counties, therefore this data can't be used to estimate employment below the state level.

The Brookings Institution

The Brookings Institution's report, [Lost art: Measuring COVID-19's devastating impact on America's creative economy](#), defined the creative sector in terms of 96 industries. These estimates do not include gig workers or the nonprofit employment estimated by the BEA, but it does include other industries such as craft contractors, bookstores, and newsstands that may or may not be in the BEA estimates. Based on the industries defined by Brookings, Fourth Economy estimated 171,000 creative sector jobs in Pennsylvania for 2019.

The Creative Economy Coalition of the National Creativity Network

[America's Creative Economy: A Study of Recent Conceptions, Definitions, and Approaches to Measurement Across the USA](#) examined definitions used in reports around the U.S. and identified 70 industries that were found in at least half of the reports. Using those 70 industries, Fourth Economy estimated 137,000 jobs in Pennsylvania for 2019. This industry data does not fully account for nonprofit employment and excludes gig worker jobs, craft contractors, and newsstands, but does include bookstores and art dealers.

Fourth Economy

Fourth Economy modeled its approach as closely as possible on the BEA definition and aligned industry-based data from the Pennsylvania Department of Labor and Industry (L&I) with the sectors in the BEA Arts and Culture Satellite Account. The BEA estimates are widely used and provide consistent and comparable accounting across states. Fourth Economy was not able to estimate the nonprofit employment, but in comparing our data with theirs, the missing nonprofit employment is relatively small. **Matching the BEA definition to the data from L&I enabled county-level estimates that would not otherwise be available.** Fourth Economy also supplemented this data with nonemployer data for the arts, entertainment, and recreation industry at the county level to account for gig workers. Recommendations for improving data collection and tracking of the sector are included in the section [Improve Data Collection and Tracking](#) on page 27.

SIZE

Using this methodology, we see that as of 2019, the creative sector in PA employed 190,000 people across 2,000 firms and 1,400 active nonprofits. This includes:

- + 89,400 core arts and cultural production jobs
- + 91,000 supporting arts and cultural production jobs
- + 10,500 gig workers

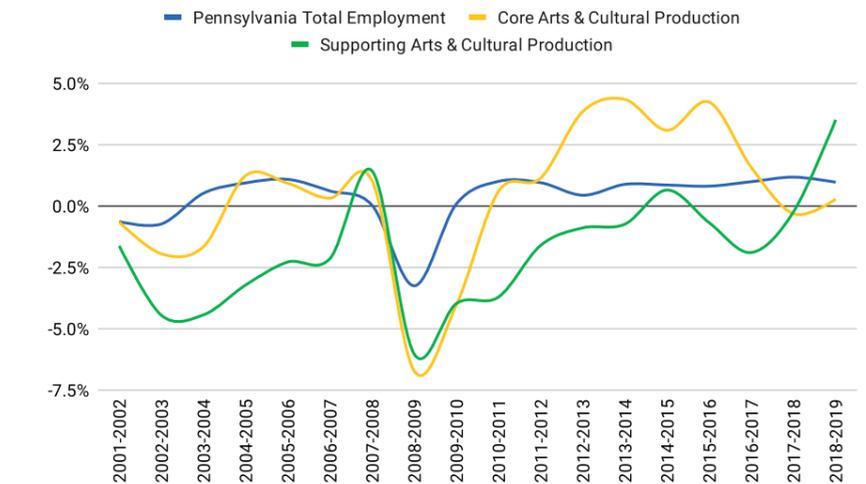
These firms and nonprofits generate \$27.1B in economic activity, or roughly 3.4% of Pennsylvania's economy each year.

The core arts & cultural production industries in Pennsylvania grew by an average of 2.1% annually between 2010-19, while the state's economy grew by only 0.9%. These core arts and cultural production industries grew steadily, even through the Great Recession, until the COVID-19 pandemic. The supporting arts and cultural production industries followed a different trend. These industries struggled in the aftermath of the Great Recession, but rebounded and were growing when the COVID-19 pandemic hit; it is too soon to tell if these industries will be buoyed by the early pandemic shifts in consumer spending.

ROLE

Beyond the tangible economic benefits, the creative sector plays a huge role in our society and communities – large, small, and in between.

- + Creativity, innovation, and ingenuity – the driving forces of the creative industries – are keys to prospering as communities and competing within a global economy.
- + The creative sector's output, from live performances to public art, to captivating visual experiences and unique architectural character, is essential to creating vibrant communities and places where people want to live, work, and play.
- + Arts and culture are organizing forces in our communities – they are central to who we are as individuals and bring us together as a society.



IMPACTS OF COVID-19

CLOSURE

****Most survey respondents cited a moderate to large negative impact due to the pandemic, including decreased revenue/sales/receipts, reduction in staff, and/or decreased operating capacity***

Measures taken to protect public health during the pandemic, such as closure of non-essential businesses, social distancing, and voluntary quarantining, wreaked havoc on the creative sector in Pennsylvania. Museum, theatre, and music venue closures, event and festival cancellations, reduced hours, and pivots to online programming reduced income for many creative businesses and necessitated layoffs/furloughs.

Furthermore, these impacts were part of a ripple effect, as many ancillary industries were forced to close in response or were otherwise affected by closure. For example, in addition to the temporary layoffs of artists and performers, some arts and culture venues had to downsize custodial, administrative, and fundraising staff. The work of lighting and sound

companies, printers, and merchandise suppliers was put on hold. And supporting businesses, like caterers, lost income as well.

According to Fourth Economy's analysis:

- + At least 16,000 primary jobs were lost from 2019 to 2020, as 89,417 jobs in 2019 decreased to 73,400 jobs in 2020. There are undoubtedly countless more, but we cannot estimate gig worker loss to a high degree of accuracy.
- + Brookings estimated a loss of nearly \$4.4 billion in sales in PA alone and a loss of \$150 billion nationwide.

DISPROPORTIONATE IMPACTS FOR MARGINALIZED CREATIVE WORKERS

These impacts are even more apparent for marginalized artists and creative workers of color, who have felt the impacts of the pandemic disproportionately. For example, in an Artists and Creative Workers survey deployed by [Americans for the Arts](#) in 2020 and 2021, 63% of all creatives reported being fully unemployed at some point during the COVID-19 pandemic, but that number was higher for Black (72%), Arab/Middle Eastern (72%), Hispanic/Latinx (70%), and Native Hawaiian/Pacific Islander (78%) respondents. In addition, while many creative workers reported making up lost income by using their savings, 55 percent of respondents reported having no savings to draw from, with a larger number of Black, Indigenous, and People of Color respondents (66%) reporting no savings available to help cover living expenses while unemployed.

LOSS

Anecdotally, ongoing uncertainty and the loss of prior momentum have made it hard for creative sector organizations to plan, budget, and fundraise, which have driven fears of greater long term loss. Compounding this, town hall participants said that marginalized and BIPOC-led entities that had fewer connections to or existing relationships with funders before the pandemic had a harder time accessing relief funding and a shorter runway with which to fund a full recovery.

Over a year into the pandemic, even with vaccinations on the rise, phased re-openings, and lifting of mask mandates, the sector is seeing less patronage of the arts for a number of reasons, including:

- + Competition from other types of socially-distant entertainment (e.g., sports, outdoor recreation) as well as other cultural offerings now available virtually from around the globe
- + Losing existing membership and interest because of significant disruptions and operating restrictions
- + Less personal disposable income due to pandemic-related changes in employment and salaries, and absence of pre-pandemic routines (happy hour get-togethers followed by a gallery crawl after work)
- + Difficulty connecting with and advertising to potential new patrons who may have moved into the community during the pandemic

In addition, stress, burnout, and lack of mental health support, compounded by job insecurity, has led some creative workers to leave the sector permanently, which has resulted in anticipated staffing concerns once demand rebounds.

Finally, many creative sector organizations are housed in less-than-optimal operating environments, such as historic or non-updated spaces, which makes it difficult to reduce overhead, further exacerbating the effects of lost revenues and the ability to make operating changes.



Carnegie International, Norton Gusky



Symphony, by cottonbro

RESILIENCE

FINANCIAL SUPPORT

**About 2/3 of survey respondents accessed federal, state, local, or other aid*

Luckily, many organizations and individuals within the creative sector were able to take advantage of relief funding, including Payroll Protection Program loans, National Endowment for the Arts CARES Act funding, and [unemployment insurance](#). However, though the CARES Act technically opened up Pandemic Unemployment Assistance (PUA) to unemployed gig workers, many were unable to benefit since much of what they do is uncontracted or not ‘on paper’ and they lack the documentation required to file for unemployment. Additionally, access to funding resources varied greatly across the state – many local agencies were good at promoting these programs, but in some communities this was not the case. At time of publication of this report, the Small Business Administration Shuttered Venues program seems to be an emerging opportunity, and better models for connecting entities to American Rescue Plan Act funding will be needed.

Individual giving, donations, and philanthropic grants also increased during this time of crisis, as many funders and patrons stepped in to support beloved organizations! However, many in the sector worry about the longevity of this support, and if this will lead to lower levels of funding in the coming months and year(s).

Funding from corporate sponsors, including banks, printing companies, and universities, has remained strong.

ADAPTATIONS

*Nearly all survey respondents have made at least some changes to their operating model

Thanks in part to the support described above, many arts and culture organizations were able to creatively pivot, adapt, and survive. This includes hosting virtual/digital content, moving events outdoors, offering smaller and more customized experiences, and creating entirely new business models. Many increased their web and social media presence, enabled e-commerce for online sales, made use of regional maker marketplaces and other plug-and-play platforms for artisans, began offering curbside pick-up and deliveries, or personalized services like classes with small groups of friends. **These adaptations, if they continue and are supported, may create more market opportunities for creative businesses going forward.**

PARTNERSHIPS

In addition, many creative sector organizations formed new partnerships with others to better weather the storm, including with digital service providers (to help make the transition online), chambers of commerce and Main Street Associations, local and regional parks (as events moved outdoors), and other cultural organizations. These collaborations often focused on pursuing funding and programming opportunities. Collaborations between the arts sector and advocacy sectors have been and should continue to be used to bring attention to issues of equity, justice, and inclusion and help heal communal trauma.



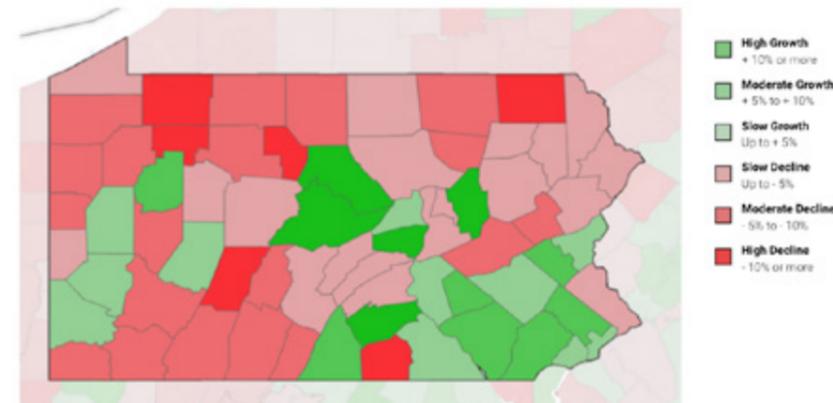
Lunar Festival in Philadelphia Chinatown, Dyana Wing So

THE FUTURE OF THE CREATIVE SECTOR AND PENNSYLVANIA'S ECONOMY

PA'S POPULATION ISSUE

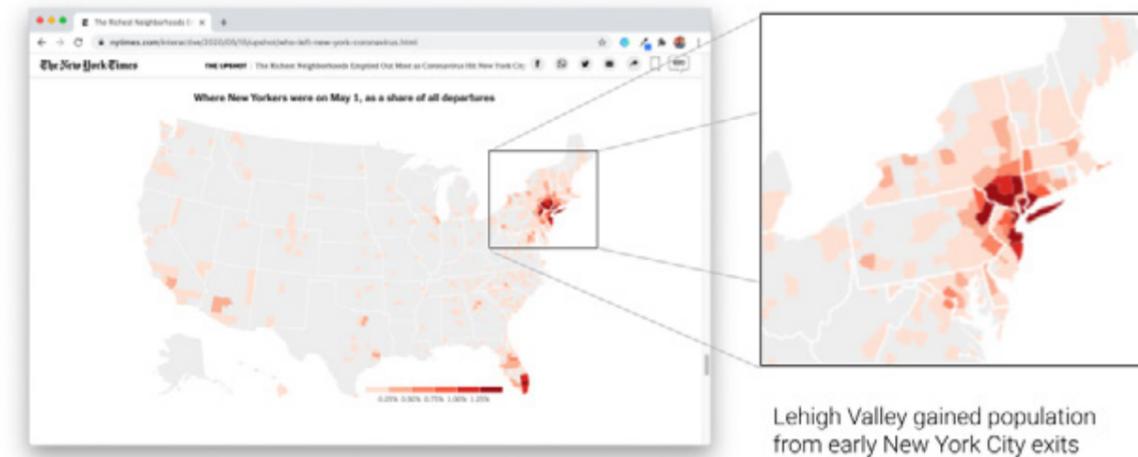
Most counties (43 of 67) in Pennsylvania are experiencing population loss as the map below illustrates. In fact twenty-five counties are projected to experience a decline of 5% or more of their population by 2030. The reality of this loss of residents and workers will take a significant toll on communities throughout the state and has ripple effects on the state budget and ability to retain employers.

PA POPULATION PROJECTIONS



The creative sector can be part of the puzzle when it comes to mitigating population loss and capturing remote workers fleeing larger markets. During the pandemic we learned that people can live and work from anywhere they chose, as long as they have access to broadband and other amenities that make it possible. Having vibrant environments that entice, attract, and retain talent is a key strategy that Pennsylvania communities can capitalize on to be competitive across the Mid-Atlantic. While the definition of vibrancy changes from urban to rural communities – and even with that distinction is not standard across communities – it is recognized that the creative sector can catalyze community vibrancy and the sector itself can support economic prosperity.

EMERGING OPPORTUNITY: CAPTURING POST-COVID MIGRATION



RURAL CREATIVE SECTOR PROFILES

The benefits of having an active and robust creative sector within communities are well documented, and that is perhaps even more true in rural areas. A 2019 publication from the National Governors Association, “[Rural Prosperity Through The Arts & Creative Sector - A Rural Action Guide for Governors and States](#),” cites dozens of benefits of arts-based rural development, including:

- + Rural arts organizations create non-local tourism opportunities at higher rates than urban arts. That is, rural arts organizations report that 31 percent of their audience travels “beyond a reasonable distance” to attend events, while the corresponding share that urban organizations report is 19 percent.
- + Rural counties that are home to performing arts organizations experienced population growth three times higher than rural counties that lack performing arts institutions.



The NUNU Arts and Culture Collective of Arnaudville, LA

This small town – with a population of just over 1,000 people – transitioned to a creative-sector-based economy by establishing cottage industry clusters to support arts-entrepreneurship (such as local beekeepers supplying wax-based painters with raw materials, and artisans extracting pigments for ink drawings from local black walnuts). They also fostered community cohesion by paying residents to share their language and culture with each other. (The community has a large base of Cajun, Louisiana Creole, and Louisiana French speakers.) These efforts receive support from beyond the community itself: regional economic development officials launched a creative placemaking task force to help Arnaudville and other nearby towns cross-promote events and share resources, like their shared director of tourism and marketing. They also received official designation as a cultural district from the state of Louisiana, with the benefit of a sales tax exemption for purchases of original art. The collective’s efforts have blossomed beyond the arts, into culture, placemaking, and quality of life: they partnered with a local university to create affordable tiny houses, and have brokered mixed-income housing initiatives to promote equitable development.



SteelStacks Art Bridge in Bethlehem, PA

This post-industrial steel town in the Lehigh Valley, of about 75,000 residents, had a vision for transforming a vacant steel plant into a center for art and culture. The SteelStacks campus is anchored by the Art Bridge sculpture, made by local artist Elena Colombo and commissioned by ArtsQuest to be a symbol of reinvestment and community pride. By creating a vibrant plaza and contributing to the overall revitalization of the surrounding district, investment in the Art Bridge sculpture at the SteelStacks campus assisted with the creation of over 100 full-time-equivalent jobs and created an economic impact of over \$29 million just in its first year of operation. Today, the campus hosts hundreds of live performances and several festivals each year, and activities guided by local community groups like the Sabor Cultural Committee bring thousands of visitors annually. A study by ProSocial Valuation Service (PSV) found that in 2019, ArtsQuest created nearly \$136 million in economic impact, as well as \$100 million in “social capital” for the Lehigh Valley.

Vollis Simpson Whirligig Park in Wilson, NC

This former tobacco town, a small city of nearly 50,000 people, has attracted more than \$25 million in private development over the years through the restoration, display, and appreciation of their signature “whirligigs” – iconic sculptures created by a late local resident and WWII veteran, now housed in a designated art park in downtown Wilson. This money has been invested within a two-block radius of the public art park, including several historic, long vacant properties that have been transformed into mixed-use developments for housing and retail business. These developments, along with additional public and private investments into the local workforce, tourism, and entrepreneurial ecosystem, have given new life to Wilson – a vibrancy that attracts businesses, residents, and visitors to the downtown area.



SteelStacks Art Bridge

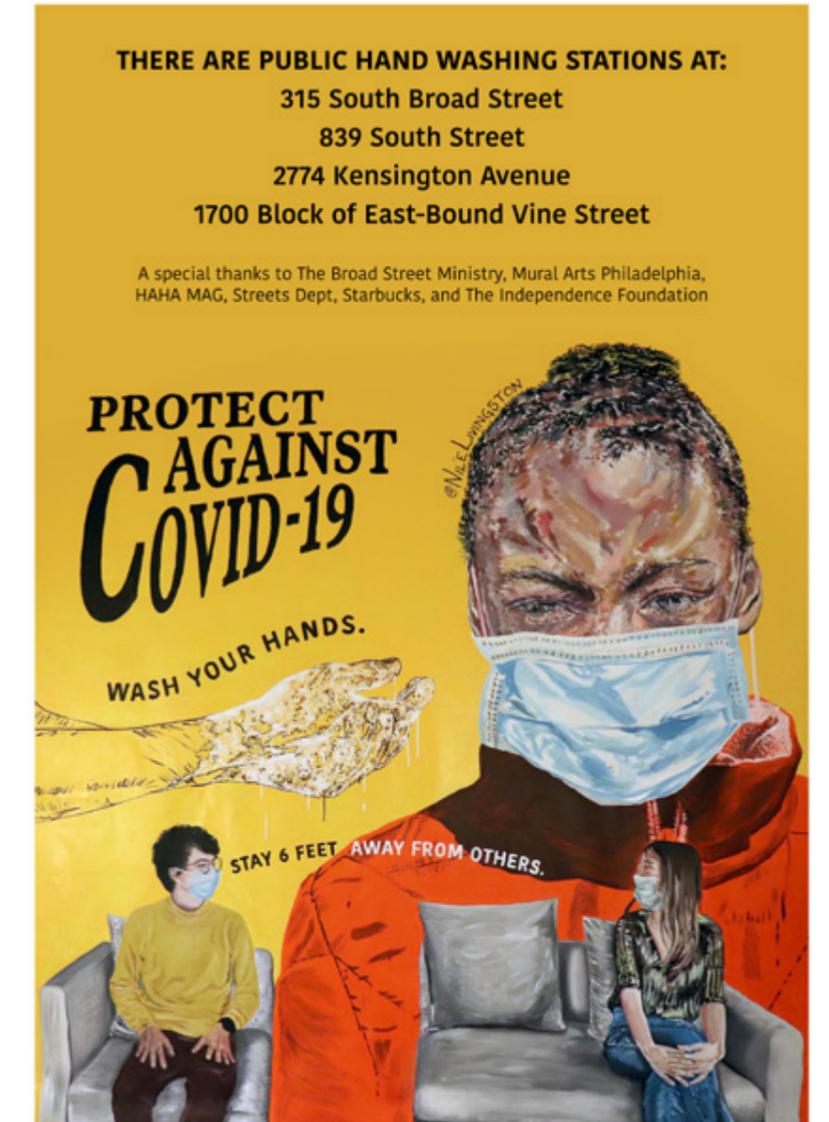
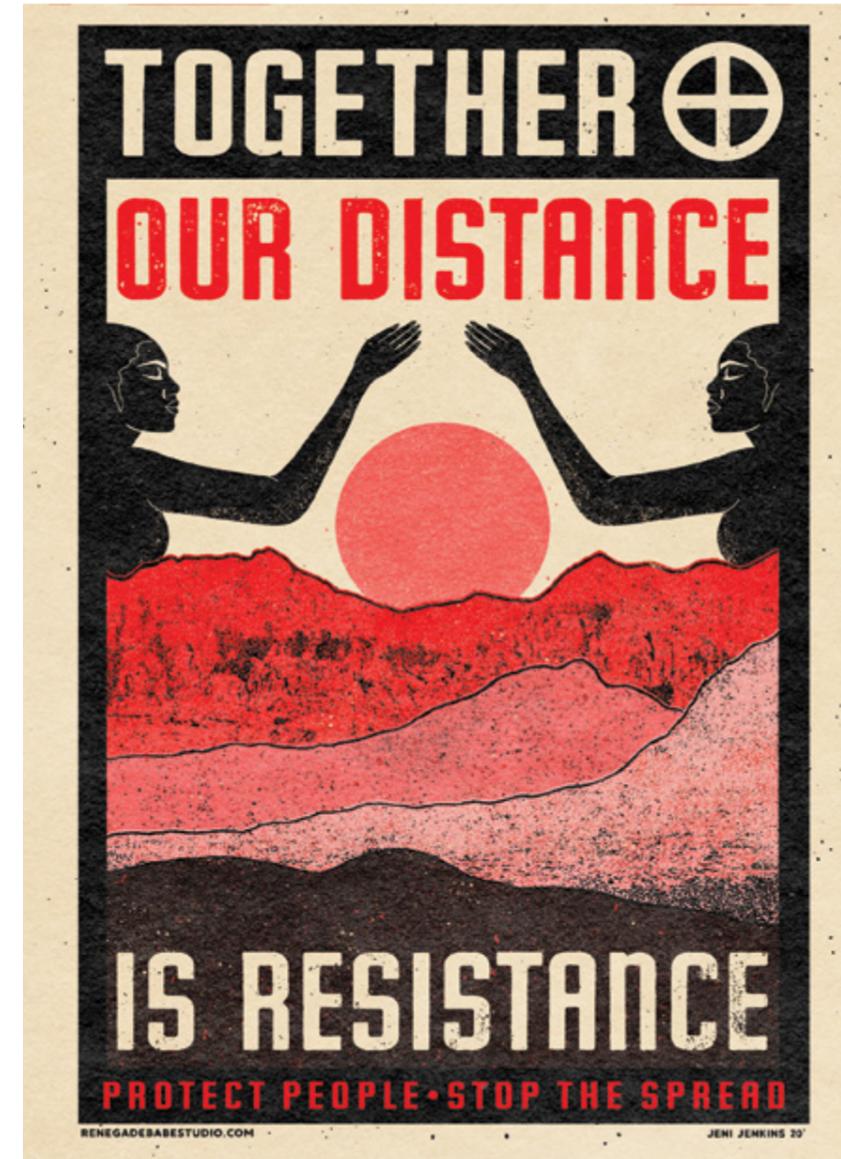
THE CREATIVE SECTOR'S BENEFITS DURING THE RECOVERY PERIOD

In addition to driving economic development and vital financial investment into communities, arts and culture are also essential components of creating healthy, equitable, and thriving places.

According to the Center for Arts in Medicine at the University of Florida, benefits of the arts on our public and individual health are vast and well-researched. In addition to providing direct health benefits like stress-reduction, increased sense of wellbeing, and greater connection with others, **the arts can be effective vehicles for communicating information, fostering empathy, and motivating people to take action in the face of societal issues**, such as collective trauma, racism, social isolation and exclusion, mental health, and chronic disease.

Creative placemaking in particular is a critical tool in building the physical, social, and economic well-being of communities. This work encompasses everything from incorporating murals, music, or sculpture into public spaces, to promoting creative work more generally through actions like supporting entrepreneurship, creatively engaging residents in planning, and using space in novel ways. Easily accessible, vibrant outdoor spaces where people can gather and socialize safely will be essential for restoring our connectivity and wellbeing this summer and fall as we emerge from the restrictions of the pandemic.

Beginning in early March, the FILL THE WALLS WITH HOPE project has installed more than 1500 posters, yard signs, banners, and vinyl decals across Philadelphia (and beyond) with images and words designed by local artists. Artist: Nicole Marie (R)



Fill the Walls with Hope - Jeni Jenkins (L), Nile Livingston (R)



Fill the Walls with Hope - Bunnie Reiss

CREATIVE SECTOR SUPPORT DURING THE PANDEMIC

Communities around the country have taken significant steps to support their creative sectors this past year. Several states and municipalities put up web pages with links to financial and technical assistance resources and set up relief programs targeted at artists, musicians, and other creative occupations. For example, Massachusetts created a \$10 million fund for cultural organizations to mitigate “the staggering economic loss” experienced in the state due to the pandemic. Meanwhile Austin, Texas, launched its Music Disaster Relief Fund, which awarded \$1,000 mini-grants to 1,600 local musicians.

In total, 22 states earmarked portions of their CARES Act funding for arts and culture organizations, creative businesses, and artist-led microenterprises, beyond what was distributed via the NEA. For example, **through the COVID-19 Cultural and Museum Preservation Grant Program, Pennsylvania awarded \$20 million to museums and performing arts spaces** that were negatively impacted by closure orders issued early in the pandemic.

Other relief efforts have been led by nonprofit entities, such as the \$6.2 million [Inclusive Creative Economy Fund](#) developed by LISC NYC and The Upstart Co-Lab, to support creative economy organizations, create jobs, and spur new community investment.

WHAT IS NEEDED IN PENNSYLVANIA

Practitioners and supporters of the creative sector cite the following interventions to help the creative sector rebound in the short term, but also to ensure that the sector is activated to help push forward successful long-term economic recovery efforts and resilience planning work.

INTEGRATION INTO ECONOMIC DEVELOPMENT EFFORTS

The approach to community and economic development planning and execution was changing even prior to the past year. There has been a growing recognition that an active creative sector in a community creates community vibrancy, quality of place, and economic opportunities. As noted above, many Pennsylvania communities are facing the stark reality of population loss and others are striving to be a destination for new residents.

State, regional, and municipal leaders have a role to play in bringing creative sector participants into economic development efforts to help address these issues. This includes building aggressive, comprehensive regional economic development strategies that are inclusive of the creative sector and identifying ways to build long-term infrastructure for growth of the sector within the context of economic recovery and resilience. An example is the recently adopted [York County Economic Action Plan](#), which featured many strategies to support the creative sector, from rural theaters and urban arts organizations, to historical sites and main street districts throughout the county. This was possible because leaders in York County championed arts and culture, made sure that creative sector stakeholders were included in the plan’s Steering Committee, and guided the community to think more broadly about the

importance of placemaking for attracting and retaining businesses and talent to the area.

Planning of this nature might result in:

- + Creative sector input into Main Street planning to learn promising practices from the past year and what local zoning code changes might be needed to reduce barriers to creating vibrancy. This might include actions like extending sidewalk use on main streets to accommodate outdoor dining and public art displays, or rethinking building and spatial use to ensure events and independent retailers capture visitors’ attention. Pennsylvania’s [Municipal Assistance Program grants](#) through DCED, as well as the PA Downtown Center, can be resources for incorporating the creative sector in Main Street planning.
- + Identification of ways to employ creative workers in areas where recovery and planning will be focused, e.g., repurposing space, historic building redevelopment, placemaking, engaging anchor institutions (colleges, hospitals, etc.), and more.
- + Broadband infrastructure development and use training to engage more patrons in arts and culture programming. As high speed internet connectivity becomes a crucial element to promoting remote work within communities, leaders are looking for ways to improve broadband infrastructure and train citizens to take advantage of that connectivity. Currently some arts and culture patrons do not have the internet bandwidth or digital savviness to fully engage with creative sector activities virtually, so partnering with the creative sector to enhance broadband networks and educate citizens on their use could be a win-win opportunity.

It is also important to make intentional steps to widen the circle of who is involved in community and economic development, as there is power in having creative sector and economic development sector leaders speaking to and learning from one another. This might look like creating spaces for economic development and creative sector leaders to meet regularly for specific, accessible, and ongoing discussion that would be integral to sustained change. Pennsylvania has made progress in building connections and relationships through inviting creative sector leaders to participate in the existing [PREP and Engage](#) regional coordination framework, but this work is just starting and must continue for long-term progress.

MARKETING OF REGIONAL ASSETS

Communities that have integrated the arts and culture into their economies have done better in responding during past recessions. Others have had less state and national support and less integration at the local level due to a general lack of recognition of the economic impact of the creative sector.

More specifically, **communities can incorporate the creative sector into their regional storytelling by embracing “local,” and putting the spotlight on downtowns, main streets, and what makes their community unique.** Identifying and leveraging existing, but perhaps unrecognized, assets can be part of an economic development and tourism strategy that has seen success in efforts like regional winery or brewery tours, or the [PA Wilds](#) marketing effort. More recently, rural communities are capturing some of the economic growth resulting from the pandemic shift to outdoor activities – farms and wineries are hosting concerts that attract people from neighboring towns and counties, and rural main streets are becoming shopping and retail destinations for those who are looking for more breathing room than is offered in larger cities and downtowns.

Limited visibility and presence in media and news outlets makes advertising difficult for individual creative sector organizations and businesses, so a coordinated, statewide or regional push on behalf of and in collaboration with local arts entities would be needed.

ENABLING ENTREPRENEURSHIP

Creative sector entrepreneurs have weathered the storm by adapting to new platforms and leveraging partnerships to reach new audiences. For some organizations, these temporary pivots may not be as profitable as previous operating models, but for others they may be even more so. Entrepreneurs always find a way, but it is important to introduce resources and tools that can help them excel and be more prepared for the next economic downturn. Boosting small business ownership



*Joe and Andrea Banich of Laughing Owl Press,
Credit: Katie Weidenboerner Deppen*

is a key priority for agencies throughout the state, which support entrepreneurship as a way to create new economic opportunities for all Pennsylvanians.

During the pandemic, business support organizations across the state provided support and spread awareness about sources of relief funding to businesses in all sectors. Looking ahead, targeted training should be offered to help artists and creative professionals operate more sustainably, through effective marketing and branding, assessing financials, and building efficient revenue streams. These trainings could be deployed through regional SBDCs, nonprofit business organizations, and educational partners, and could help creatives become as confident in their business and pricing models as they are in their art form, and feel more deserving and authorized to seek out aid and/or to network for financial and other support opportunities.



Credit: Philadelphia Arts in Education Partnership

Another need that became clear during the pandemic is for digital training for online marketing, website optimization, e-commerce capabilities, and digital product development and delivery. Trainings can be offered in a shared services model, along with other business supports like shared equipment, business workshops, office hours for things like mentoring and accounting, and networking.

This can be done through efforts to build more makerspaces, such as [ARC's grantmaking](#) around innovation labs, broadband hubs, and co-making spaces in rural areas, like the North Central PA Launchbox and Innovation Collaborative in Clearfield County, which will strengthen the entrepreneurial ecosystem in seven North Central Pennsylvania counties.

ESTABLISHING VALUE

One of the very few silver linings of the otherwise tragic global catastrophe of COVID-19 is the opportunity to reevaluate what is important to us and our society. **The arts are a vital source of national healing, and should be activated to help us reconnect, express our grief and joy, and come together as communities.**

One way to do this is to champion the creative sector as a vehicle to support mental health and help rebuild social fabric in our communities. This can be accomplished by developing community collaboration initiatives between local health systems and arts organizations. For example, ArtQuest's Healing Art and Music Program provides opportunities for the more than 4,000 victims of domestic abuse that are served by [Turning Point of the Lehigh Valley](#) to process their trauma through creative expression. These partnerships can help heal differences, create connections for caring for one another, and address equity issues by increasing comfort and accessibility and spurring community awareness and involvement.

Another important strategy is supporting initiatives that tie together education, entertainment, and STEAM programming, to expose children to the arts early in their educational journey and illuminate the many career pathways that exist within the creative sector, beyond just artists and performers. Creative sector occupations span from graphic designers to editors, sound engineers, and promoters. However, **arts and cultural education can help students learn critical 21st century workforce skills applicable across any industry**, including self awareness, interpersonal skills, and teamwork. Arts and cultural education can be supported through job training initiatives like internships, or by connecting older and emerging artists to foster shared learning and mentorship. This framework coincides with many of the Pennsylvania Department of Education's [Career Ready PA](#) goals.

DIRECT FINANCIAL SUPPORT

****About 3/4 of survey respondents believe operating changes to the sector will be long term (either “over a year” which is well into 2022, or that “the sector will never return to pre-pandemic operating norms”)***

Although many practitioners within the creative sector were able to access funding in 2020 to support their operations or their pivots to new models, many are worried that this means funding will not be as generous in 2021, as donors and foundations shift their focus to other issue areas. Financial support will be needed to prepare the sector for the anticipated explosion in pent-up demand for arts and cultural experiences, which many are starting to see as COVID-19 restrictions are loosening and people become more comfortable re-engaging with the world. Direct grants to operators to bridge the gap while restarting operations will be essential, as is the need to restore and maintain consumer confidence. Funding could be directed to a number of costs, including:

- + Staff rehiring and re-training
- + Compliance with enhanced safety protocols, such as plexiglass and air filters
- + Equipment related to offering outdoor events, such as sound amplification and tents
- + Infrastructure to enable high quality hybrid programming, to continue the benefit of expanded access the sector has seen by going online

For example, in the wake of the COVID-19 pandemic, the National Endowments for the Arts was able to make less restrictive CARES Act grants to cover operating costs, not just programmatic funding. Funders should evaluate the ways they support the sector, and assess if pivoting to this type of model – covering costs that have a real impact



Fulton Opera House in Lancaster, Credit: Discover Lancaster

on a cultural organization’s economic wellbeing, such as marketing, equipment, leases, and retaining workers – would be possible. Additionally, coordination among funders can provide clarity around priorities, help leverage resources, and better connect organizations to additional funding resources like those expected from the ARPA. Data collection and business intelligence platforms can help guide creative sector leaders and funders to make decisions around priorities and strategies. A few resources include [Colleen Dilenschneider | Data For Cultural Executives](#), [Americans for the Arts](#), and [Rural Arts](#).

IMPROVED DATA COLLECTION AND TRACKING

Finally, for integration of the creative sector in economic development efforts to happen, it will be essential to engage in better data collection and impact reporting, to help demonstrate that the arts are vitally critical to society and communities and not just “fluff” or non-essential. This includes developing concise and compelling impact statements that can be widely shared and broadcasted to public officials, economic developers, and community members alike. It will be important to remind all of these stakeholders how important creative experiences are to quality of life and community vibrancy, attracting new residents and businesses, and encouraging long-term vitality and economic growth.

However, the competing definitions of the creative sector cited in the methodology section are only part of the reason that it is hard to measure and track the scale, scope, and trends in these industries. Another reason it is difficult is that the creative sector is diverse and dynamic, spanning for-profit, nonprofit and independent (gig) workers. However, public data on nonprofits and gig workers is not as rigorously collected and reported, as would be required to accurately account for the entirety of the sector. For example, most of the employment data in the United States is tracked through the Unemployment Insurance program. Nonprofits are exempt from the federal unemployment program, and some are exempt from the state program if they pay into a [self-insured plan](#). The data also excludes sole proprietors that may be operating creative sector businesses, as well as the unincorporated self-employed, which represents the pool of gig workers.

The Census Nonemployer Statistics (NES) is an annual series that provides subnational economic data for businesses that have no paid employees and are subject to federal income tax. Most nonemployers are self-employed individuals operating very small unincorporated businesses, which may or may not be the owner’s principal source of

income. However, this data may not cover all gig workers, and it only collects data on high-level sectors, such as “manufacturing,” “retail,” or “arts and recreation” as a combined category, rather than the more detailed North American Industry Classification System (NAICS) that is used for employer firms, which reports a level of detail such as “dinner theater,” “history museum,” or “dance company.”

Changes to these systems would require federal action, but that action can and often does begin with a state pilot program. The Department of Labor and Industry could partner with one or more of the state’s research universities to develop a pilot program to identify how the NES or some other program could better track gig workers. Furthermore, a partnership with the [Johns Hopkins Nonprofit Economic Data Project \(NED\)](#) could provide better tracking of nonprofits in Pennsylvania.



Credit: PA Council on the Arts

CONCLUSION



The creative sector in Pennsylvania is an invaluable resource for leaders across the state who are looking for ways to establish more vibrant, viable communities that can attract and retain new talent and visitors alike. The creative industries, from publishing and design, to architecture, performing arts, and museums, generate sizable economic impacts in our communities. Creative workers, from artists and writers to musicians and entrepreneurs, manifest energy and excitement, as well as innovative thinking that enhances our competitiveness within a global economy. However, creative sector professionals and businesses need support as they recover from the substantial negative downturn caused by the COVID-19 pandemic. They also need assistance over the long term to ensure their participation in and contributions to broader economic resilience planning work happening throughout our communities.

Arts and culture organizations were able to adapt to new models to help them weather the closures and social distancing that the pandemic caused, some of which may help them become more successful and sustainable if fully supported and refined. This will require investments in entrepreneurial resources for creative businesses, coordinated regional marketing to promote undervalued community assets and engaging spaces with unique character, and direct financial support to cover costs associated with new and public-safety-oriented operating models. Teaching arts and culture in schools can help students throughout the state gain marketable skills that employers across all industries require, and can expose and prepare Pennsylvanians of all ages for the wide breadth of career opportunities that exist within the creative sector. Bringing arts and culture to the forefront of conversations around national healing can have profound impacts on our collective wellbeing and mental health.

Finally, engaging the creative sector in economic development planning

is a huge opportunity to advance shared goals: creating special places that are celebrated and cherished by both longtime residents and newcomers; fostering community pride and cohesiveness; and generating economic prosperity and competitiveness to combat population loss and its effects. This will require intentional work to bring economic developers and creative leaders together, to nurture shared learning and idea generation around community improvements for economic benefit.

This report serves as a guide and starting place for those ongoing conversations to begin.



Fill the Walls with Hope - Melanie Cervantes

APPENDIX

ARTS, CULTURE, AND DESIGN (I.E., “CORE CREATIVE”)

ARTS AND CULTURE

- 711110 Theater Companies and Dinner Theaters
- 711120 Dance Companies
- 711130 Musical Groups and Artists
- 711190 Other Performing Arts Companies
- 711410 Agents and Managers for Artists, Athletes, etc
- 711510 Independent Artists, Writers, and Performers
- 712110 Museums

DESIGN AND CREATIVE SERVICES

- 541810 Advertising Agencies
- 541310 Architectural Services
- 541320 Landscape Architectural Services
- 541410 Interior Design Services
- 541420 Industrial Design Services
- 541430 Graphic Design Services
- 541490 Other Specialized Design Services

PHOTOGRAPHY AND PHOTOFINISHING

- 541921 Photography Studios, Portrait
- 541922 Commercial Photography
- 812921 Photofinishing Laboratories (except One-Hour)
- 812922 One-Hour Photofinishing

ARTS EDUCATION

- 611610 Fine Arts Schools
- 611630 Language Schools
- 611691 Exam Preparation and Tutoring
- 611699 All Other Miscellaneous Schools and Instruction
- 611710 Educational Support Services

CREATIVE PRODUCTION

PRINTING AND PUBLISHING

- 323111 Commercial gravure printing
- 511110 Newspaper publishers
- 511120 Periodical publishers
- 511130 Book publishers

MOTION PICTURE AND TELEVISION

- 512110 Motion picture and video production *
- 512120 Motion picture and video distribution
- 512191 Teleproduction and post production services
- 515120 Television broadcasting

MUSIC AND SOUND, RADIO

- 512230 Music publishers *
- 512240 Sound recording studios *
- 512290 Other sound recording industries
- 515111 Radio networks
- 515112 Radio stations

GIG WORKERS

County-level data on nonemployer establishments in the arts, entertainment, and recreation (NAICS 71) industry from the Census Bureau.

The Census Nonemployer Statistics (NES) is an annual series that provides subnational economic data for businesses that have no paid employees and are subject to federal income tax. Most nonemployers are self-employed individuals operating very small unincorporated businesses, which may or may not be the owner's principal source of income.

