

SITUATIONAL ANALYSIS

NONPROFIT ARTS AND CULTURAL SECTOR OF LOS ANGELES

The COVID-19 crisis, and mandatory stay at home orders, cancelled all arts and cultural events in the City of Los Angeles, resulting in the same catastrophic financial impact on individual artists and nonprofit arts organizations as on hotels, restaurants, and others in the entertainment and travel sectors. Left without earned revenue, these artists and organizations are in a free fall. The city is at grave risk of losing essential arts and cultural organizational partners that are critical to our city's identity and will be essential to accelerate our regional recovery.

The direct employment generated by the County's creative industries and the indirect employment they create through multiplier effects constitutes 16.3% of Los Angeles County's total employment. [Source: 2020 Otis Report of the Creative Economy]

Los Angeles is considered an artist supercity, with a creative workforce that straddles for-profit / commercial creative industries with the nonprofit sector. For example, a theater artist, musician, or dancer may also be a teaching artist, work part-time in a museum, or work in commercial film and TV production. Like many members of our most vulnerable communities, the creative sector workers often live gig-to-gig with little to no savings. In 2008 it was estimated that Los Angeles was home to over 2.5 million independent creative workers.

As the workforce readiness pipeline for the commercial creative industries, nonprofit arts organizations employ more than 27,000 employees and contractors. They are the primary employer of arts workers and creative artists (musicians, dancers, visual artists, muralists, etc.)

LA's nonprofit arts and cultural (A+C) sector includes 735 nonprofit organizations in the City. Annually, this sector generates more than \$2.2 billion in revenue for the regional economy. Aggregate expenditures totaled nearly \$1.9 billion annually, including staffing, facility management, marketing, and talent. However, like most small businesses, arts organizations with budgets under \$250,000 annually have no cash reserves, leaving the sector highly vulnerable to economic downturns. In addition, the sector relies heavily on earned revenue to compensate for lower philanthropic investment in the A+C ecosystem than that of other global cities.

From Mariachis to Chris Burdon's *Breathing Lights*, arts and culture are a critical part of our civic identity. LA culture is a global brand and reflects our shared values of inclusion, diversity, and belonging. Since 1985, the City has supported nonprofit arts and cultural organizations through competitive service grant contracts, because this is the most effective public/private strategy to grow authentic cultural programs citywide. Data from the Los Angeles Visitors and Convention Bureau confirms that on average, cultural tourism generates 1 to 2 additional hotel nights for business travelers and 3 additional days for the leisure travelers. Recognizing that some of the sectors that comprise our regional economy will need to be jump-started more than others, the nonprofit A+C sector should be placed in the highest priority group to accelerate LA's economic recovery.