

# Viewpoint: Supporting the Arts Supports the Economy

Sean Randolph – May 7, 2021

San Francisco has one of the most dynamic arts scenes in the world. Yet for all the ways these institutions enrich us culturally, their economic contribution isn't well recognized. A new study by the Bay Area Council Economic Institute looks at that contribution and the importance of supporting our arts community as the region emerges from Covid-19.

First, no other city outside of New York, and possibly Los Angeles or Chicago, enjoys a comparably deep community of arts organizations. Spanning museums, the performing arts and cultural groupings, many of these large and small organizations enjoy global reputations. Most are also deeply embedded in their communities, contributing uniquely to the diversity and fabric of the city. From Illuminate, which brought us the Bay Lights on the Bay Bridge, to the San Francisco Film Festival, SF Jazz, Burning Man, the Roxie Theater, and the San Francisco Opera, Symphony and Ballet, these organizations enrich our lives. Festivals such as Pride, Carnaval and Stern Grove enliven our streets and neighborhoods.

The economic contributions of the arts are significant. The Economic Institute's study finds that non-profit organizations supported by the city generate nearly \$1.7 billion in economic impact annually and support almost 37,000 jobs.

This happens through direct employment and as payrolls and revenues are spent and circulate through the economy. Employees include artists but also front-of house staff such as ushers and ticket takers, and unionized workers who maintain facilities and construct sets. It also happens as visitors are drawn to the city by its venues and museums, and as patrons dine in local restaurants. Businesses in neighborhoods where arts organizations cluster such as Hayes Valley, Yerba Buena and the Mission particularly benefit. This significantly links the arts to tourism and hospitality.

Due to the pandemic, however, all is not well. Museums that depend on visitors have been mostly closed, while organizations that depend on live performance have been shut and street events have been suspended. Earned income at SFJazz has dropped more than 50%. The San Francisco Opera expects a budget drop of \$20 million in this

fiscal year, assuming a summer season is possible; pay for its musicians was cut 50% for the fall season. Women in the Arts saw its budget drop by a third as 285 days of on-site activity in 2019 was reduced to zero in 2020.

The loss of major events – like performances of the San Francisco Ballet’s Nutcracker that generate as much as 40% of annual ticket sales, or the deYoung Museum’s Frida Kahlo exhibit that was expected to generate 15% of annual revenues but closed the week it opened – has been particularly damaging. Those losses extend to jobs. Full-time staff at A.C.T has been cut by 50% and all staff (including part-time and seasonal workers) cut by 70%.

Federal aid and philanthropy have helped but can’t be counted on indefinitely. Many arts groups have turned to online programming, which has extended their reach and attracts some revenue, but not nearly enough to compensate for the loss of visitors.

Hopefully this summer will be a turning point, as arts organizations flicker back to life. Reliant on ticket sales and patrons, they are seldom profitable and most need public support. This is particularly true in the wake of the pandemic. The arts contribute uniquely to the city and its economy, and when it fully reopens will play a role in healing the community. For a multitude of reasons they merit our support.

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Sean Randolph is senior director at the Bay Area Council Economic Institute and the author of its report *Arts and the Economy: The Economic and Social Impact of the Arts in San Francisco*. ([www.bayareaeconomy.org](http://www.bayareaeconomy.org))