

**PHILADELPHIA MUSEUM OF ART
FISCAL YEAR 2015 BUDGET TESTIMONY**

EXECUTIVE SUMMARY

DEPARTMENT MISSION AND FUNCTION

The Philadelphia Museum of Art is the guardian of one of the finest art collections in the country, a cultural asset for the city and region, which is held in trust for the benefit of the public.

- Mission: The Philadelphia Museum of Art – in partnership with the city, the region, and art museums around the globe – seeks to preserve, enhance, interpret, and extend the reach of its great collections in particular, and the visual arts in general, to an increasing and increasingly diverse audience as a source of delight, illumination, and lifelong learning.
- Housed in the Philadelphia’s iconic landmark building, the Museum administers several historically significant City-owned sites: the Rodin Museum and garden on the Benjamin Franklin Parkway and two historic houses, Mount Pleasant and Cedar Grove, in Fairmount Park.
- The Philadelphia Museum of Art and the City of Philadelphia have worked in close partnership since the Museum first opened its doors to the public in 1876. The collection and special exhibition program, widely admired for its quality and scope, have attracted millions of national and international visitors to the city and generated significant economic activity in Philadelphia.
- Increasing access and strengthening our relationship with the community remains one of our highest priorities. By developing interpretive strategies and programs to welcome new audiences and stimulate civic engagement, our commitment to education remains stronger than ever. The Museum serves all City neighborhoods and works with schools in every Councilmanic district, serving 75,000 to 85,000 schoolchildren annually. In the past fiscal year, nearly 19,000 students visited the Museum for school tours alone.
- The Museum provides free admission and class tours for all students enrolled in the School District of Philadelphia and Philadelphia Charter Schools. Classroom groups from Philadelphia’s public schools participate free of charge in the Museum’s extensive K-12 education programs and after-school offerings. The Museum has also pioneered a nationally-lauded program using advanced interactive communication technologies to share the Museum’s collections with classrooms and students across Pennsylvania and throughout the country.

PROPOSED BUDGET HIGHLIGHTS/FUNDING REQUEST

The Philadelphia Museum of Art is, in the broadest sense of the term, a civic institution. Few other museums have played such a prominent role in their communities, and few have benefited as much as this institution does from the continued support of broad-range stakeholders including members, individual donors, foundations, and City and State governments. With a renewed focus on audience development, on our educational mission—especially in regard to Philadelphia’s public school system—and a greater emphasis on civic engagement, we take our role in advocacy and leadership in the Philadelphia’s cultural sector seriously, and pour all the resources we can into supporting these causes. As one of the City’s most significant “world class” assets, our institution serves as a pillar for cultural tourism and represents Philadelphia on a global scale.

To achieve these goals and continue stimulating the City’s economy, cultural life, and education of its citizens, we need the continued support of City Council. In this regard, we are deeply grateful for the support the City of Philadelphia provides for the Museum’s operations. Given today’s economic climate and the City’s fiscal challenges, we appreciate the annual operating support of (\$2.55 million), which reflects only 50% of the annual costs to maintain and secure this city-owned building. The Museum depends on our public/private partnership and the annual operating support from the City to pay for the fundamental operating costs of security and building maintenance to sustain and increase the Museum’s ability to provide a consistent level of quality programs and contribute to the City’s economic and cultural fabric.

**PHILADELPHIA ART MUSEUM
BUDGET SUMMARY AND OTHER BUDGET DRIVERS**

Financial Summary by Class

	Fiscal 2013 Actual Obligations	Fiscal 2014 Original Appropriations	Fiscal 2014 Estimated Obligations	Fiscal 2015 Proposed Appropriations	Difference FY14 - FY15
Class 100 - Employee Compensation	\$0	\$0	\$0	\$0	\$0
Class 200 - Purchase of Services	\$0	\$0	\$0	\$0	\$0
Class 300 - Materials and Supplies	\$0	\$0	\$0	\$0	\$0
Class 400 - Equipment	\$0	\$0	\$0	\$0	\$0
Class 500 - Contributions	\$2,400,000	\$2,550,000	\$2,550,000	\$2,550,000	\$0
Class 700 - Debt Service	\$0	\$0	\$0	\$0	\$0
Class 800 - Payment to Other Funds	\$0	\$0	\$0	\$0	\$0
Class 900 - Advances/Misc. Payments	\$0	\$0	\$0	\$0	\$0
TOTAL	\$2,400,000	\$2,550,000	\$2,550,000	\$2,550,000	\$0

Staff Demographics Summary*

Total	Minority	White	Female
406	18%	82%	60%
7	14%	86%	57%
\$	\$	\$	\$
\$	\$	\$	\$

Employment Levels*

	Budgeted	Approved	Filled
Full-Time Positions	#	#	#
Part-Time Positions	#	#	#
Executive Positions	#	#	#

Contracts Summary*

	FY09	FY10	FY11	FY12	FY13	FY14*
Total amount of contracts	\$4,666,575	\$4,185,059	\$4,326,056	\$4,345,008	\$4,667,111	\$2,785,725
Total amount to M/W/DBE	\$752,079	\$604,127	\$834,506	\$778,648	\$786,510	\$508,785
Participation Rate	16%	14%	19%	18%	17%	18%

*As of December 2013

PHILADELPHIA MUSEUM OF ART PERFORMANCE, CHALLENGES AND INITIATIVES

DEPARTMENT PERFORMANCE (OPERATIONS)

The Museum's renowned collections, exhibitions, and programs attract regional, national, and international tourists. And while visitors are here in Philadelphia, their spending contributes substantially to the City's economic vitality. It creates jobs and generates tax revenues for the City and the Commonwealth. Economic impact studies over the last decade demonstrate that every \$1 spent by the Museum produces \$4 in economic activity.

To date the Museum drew approximately 681,000 visits by visitors from all 50 states, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands, as well as from 115 foreign countries on six continents. In fiscal year 2013, the Museum generated \$274.74 million in total economic activity, created 2,545 full time job equivalents, and generated \$17.27 million in tax revenues, of which \$9.8 million went to the City of Philadelphia and the balance to the Commonwealth.

The cumulative economic impact over the last five fiscal years totaled \$1.14 billion, resulting in \$75.1 million in tax revenues, and creating 2,800 full-time equivalent jobs for both the City and State. In addition to the immediate benefits of ticket sales and other revenue that the Museum takes in, there are spillover benefits that include audience spending in the hotel, restaurant, transportation, and retail industries, as well as other cultural institutions. During FY13, Museum visitors spent approximately \$48.46 million in off-site purchases.

DEPARTMENT CHALLENGES

Like many other city departments, the Philadelphia Art Museum faces challenges with limited resources. In FY 2014 the Museum received an appropriation of \$2.55 million, an increase of \$250,000 over the annual amounts received in the prior 15 years. During those previous 15 years, the Museum's annual operating appropriation was either level funded (\$2.3 million) or cut based on City budget decisions. While we are most grateful to receive an increase, it still is not reflective of the rising costs of security and building operations to maintain and secure this city-owned building. The Museum is a net contributor to the City's operating revenues, and has annually documented before City Council in which flat or level funding has placed extreme pressure on the Museum's limited financial resources. As such, the Museum requests that the City increase its investment, and hence its return, by appropriating \$3.5 million for FY15.

The Museum has worked diligently over the past decade to not only maintain but also improve the buildings that have been entrusted to our care. The development and on-going implementation of a Facilities Master Plan for our historic main building remains an important goal and it vitally important to the goal of serving the community more effectively in the future.

In the next phases of the Facilities Master Plan, the Museum plans to repair, replace and upgrade building systems, and renovate existing spaces to make space for the advancement of long-term projects, such as the creation of a new Education Center to better serve schoolchildren and families, and gallery renovations for the expanded and enhanced display of the Museum's world-renowned collection.

The Core Project is the next phase of the Philadelphia Museum of Art's Facilities Master Plan, encompassing all aspects of the Museum's capital needs and has advanced successfully over the last decade. The Core Project, estimated to take approximately another 4 ½ years to complete, addresses the most critical infrastructure needs of the Museum's eighty-five-year-old building. Ninety seven percent (97%) of the scope of work is renovations to existing space and repairs to existing systems, many of which have not been comprehensively addressed since the building's construction in 1928. Three percent (3%) of the project expense will support new construction. The Museum anticipates funding the Core Project with a combination of gift revenues and public funding.

STAFFING LEVELS

STAFF DEMOGRAPHICS										
STAFF	Total	Male	Female	Afric-Am	White	Hispanic	Asian	Other ethnicity	Foreign born	Bi-lingual
<u>Total Staff</u>	708	252	456	51	565	36	33	23		
		35.59%	64.41%	7.20%	79.80%	5.08%	4.66%	3.25%	0.00%	0.00%
<u>New Hires (within last 12 months)</u>	140	61	79	7	112	7	12	2		
		43.57%	56.43%	5.00%	80.00%	5.00%	8.57%	1.43%	0.00%	0.00%
<u>Leadership Staff</u>	49	20	29	3	43	2	0	1		
		40.82%	59.18%	6.12%	87.76%	4.08%	0.00%	2.04%	0.00%	0.00%

A few factors for your reference:

- Figures include Fleisher Art Memorial
- Period: 3/25/13 - 3/25/14
- New Hires within last 12 months includes employees who were hired and termed within the 12 month period
- Leadership staff includes Executives, Executive Directors, Deputy Directors, Directors, and Senior Curators/Department Heads

PAST INITIATIVES

As has been the case with all other construction projects we have developed a strong relationship with The Urban Affairs Coalition of Philadelphia, who has provided oversight for the Museum's Economic Opportunity Plan (EOP). For the Art Handling Facility EOP project completed in 2013, procedures included tracking minority and female craft workers' on-site participation along with the minority and female contractors & suppliers' participation in the broader construction of this project. A committee met monthly to monitor participation ranges and goals, and derived a report to share with the City

The project employment goals were set at 25%-43% minority craft worker participation hours and 5%-7% female craft worker participation hours. The final numbers of site and craft workers who helped complete the Art Handling Facility totaled 940. Cumulatively, minority male workers performed 27.62% of the hours and female workers performed 12.56% of the total hours. Philadelphia residents working on the project totaled 416 people of which there were 42 local area residents counted from targeted zip codes (19121, 19122, 19123, 19125, 19140 and 19130) who worked over 18,500 site and craft worker hours. Five of the prime contractors are MBE/WBE contractors or joint ventures with MBE firms. One of the largest subcontractors was for the exterior stone from a female-owned quarry firm, Russell Stone Company, located in Pennsylvania. Female and minority employment participation for the project was 31%.

CURRENT INITIATIVES

As an economic engine to the cultural vibrancy of the City of Philadelphia, southeastern Pennsylvania, and the Commonwealth of Pennsylvania, the Museum contributes directly to the economy as an employer, taxpayer, and purchaser of goods and services over a range of initiatives: from preserving our cultural history to providing educational experiences and a family-friendly cultural attractions for city residents and visitors from afar. By providing programs in every council district, and in our city schools, and by attracting visitors from around the world, the Museum enhances the attractiveness of Philadelphia as a place to live, work and locate businesses.

The Museum's special exhibitions are examples of the Museum's dedication to making a difference in people's lives *creatively*, welcoming visitors to our City-owned buildings, reaching people in the communities where they live, and nurturing the talent in our community. This is our public service, in partnership with the City, to the community we serve.

The critically important task of building and caring for our great collection has proceeded apace, supported entirely by private gifts and the generosity of donors who believe that access to the arts is essential to a city's

future development. We have worked diligently to not only to maintain but improve the buildings that have been entrusted to our care. The development and ongoing implementation of a Facilities Master Plan for our historic Main Building remains an important goal, one that is vitally important to the goal of serving the community more effectively in the future.

NEW INITIATIVES

The Core Project, the next phase of the Facility Master Plan, will include the following scope of work. New Initiatives includes the following:

Visitor Experience and Orientation Improvements

- Improves Lenfest Hall/West Entrance visitor experience
- Improves connections to Great Stair Hall
- Restores historic street-level Kelly Drive entrance
- Links ADA compliant Kelly Drive entrance to existing galleries
- Connects Kelly Drive to Schuylkill River public path

Infrastructure Upgrades

- Addresses decades of deferred maintenance, code compliance, and life safety concerns
- Upgrades building and security systems and improves energy efficiency
- Renovates and modernizes Central Utility Plant
- Provides additional public and ADA compliant restrooms for visitors and school groups
- Renovates back-of-house spaces for better efficiency and public service
- Creates new production kitchen to better serve the public

Restored Kelly Drive Entrance and New Student Entrance

- Creates a new Student Entrance with bus drop-off, classrooms, and adequate restrooms
- Gives school group access to six elevators, all gallery levels
- Restores spaces for eventual relocation and expansion of the Education Center, increasing capacity to serve students and families
- Creates new retail and program spaces at Kelly Drive entrance, providing additional revenue opportunities without the need to open the entire building

Creation of a Visitor Forum

- Improves visitor circulation and orientation in center section of the Museum
- Restores circulation and orients visitors
- Creates new retail stores in optimal locations
- Renovates two existing elevators and installs new elevator cab in existing shaft

Auditorium

- Creates a new public space for performance, film, theater, dance and lectures
- Creates a new educational space for school students and the general public
- Provides the Museum's first ADA compliant auditorium for multiple purposes
- Upgrades building systems and technological resources
- Improves exterior landscaping adjacent Fairmount Park

OTHER BUDGETARY IMPACTS

FEDERAL AND STATE (WHERE APPLICABLE)

The Museum applies for an array of federal funding opportunities to support operating efforts on an annual basis. Over the past two budget cycles, Congress has voted to cut funding to departments/agencies in which the Museum has relied on federal support in the past. Additionally, during the federal government shutdown in October, federal grant making agencies were closed, thus creating uncertainty for many of Museum's grant applications.

Those agencies are as outlined below:

- a) National Endowment for Arts - \$146 million (\$8.5 million less than the President's request). Cuts primarily to the "Our Town" grant program and state and regional grants.
- b) National Endowment for Humanities - \$146 million (\$8.5 million less than the President's request). Bulk of the cuts are a result of the "Bridging Cultures" grant program.
- c) Institute of Museum and Library Services - \$227 million

CONTRACTING EXPERIENCE

M/W/DBE Participation on Large Contracts

FY14 Contracts

Vendor	Service Provided	Amount of Contract	RFP Issue Date	Contract Start Date	Ranges in RFP	% of M/W/DBE Participation Achieved	\$ Value of M/W/DBE Participation	Total % and \$ Value Participation - All DSBEs	Living Wage Compliant?
AlliedBarton Security Services LLC	Uniformed Security Officers	\$4,178,588	N/A	5/1/11	MBE: WBE: DSBE:	8% 11% 0%	\$323,828 \$439,350 0	18% \$763,178	Yes Yes N/A
		\$			MBE: DSBE:	% %	#VALUE! #VALUE!	0% #VALUE!	y/n y/n
		\$			MBE: WBE: DSBE:	% % %	#VALUE! #VALUE! #VALUE!	0% #VALUE!	y/n y/n y/n
		\$			MBE: WBE: DSBE:	% % %	#VALUE! #VALUE! #VALUE!	0% #VALUE!	y/n y/n y/n
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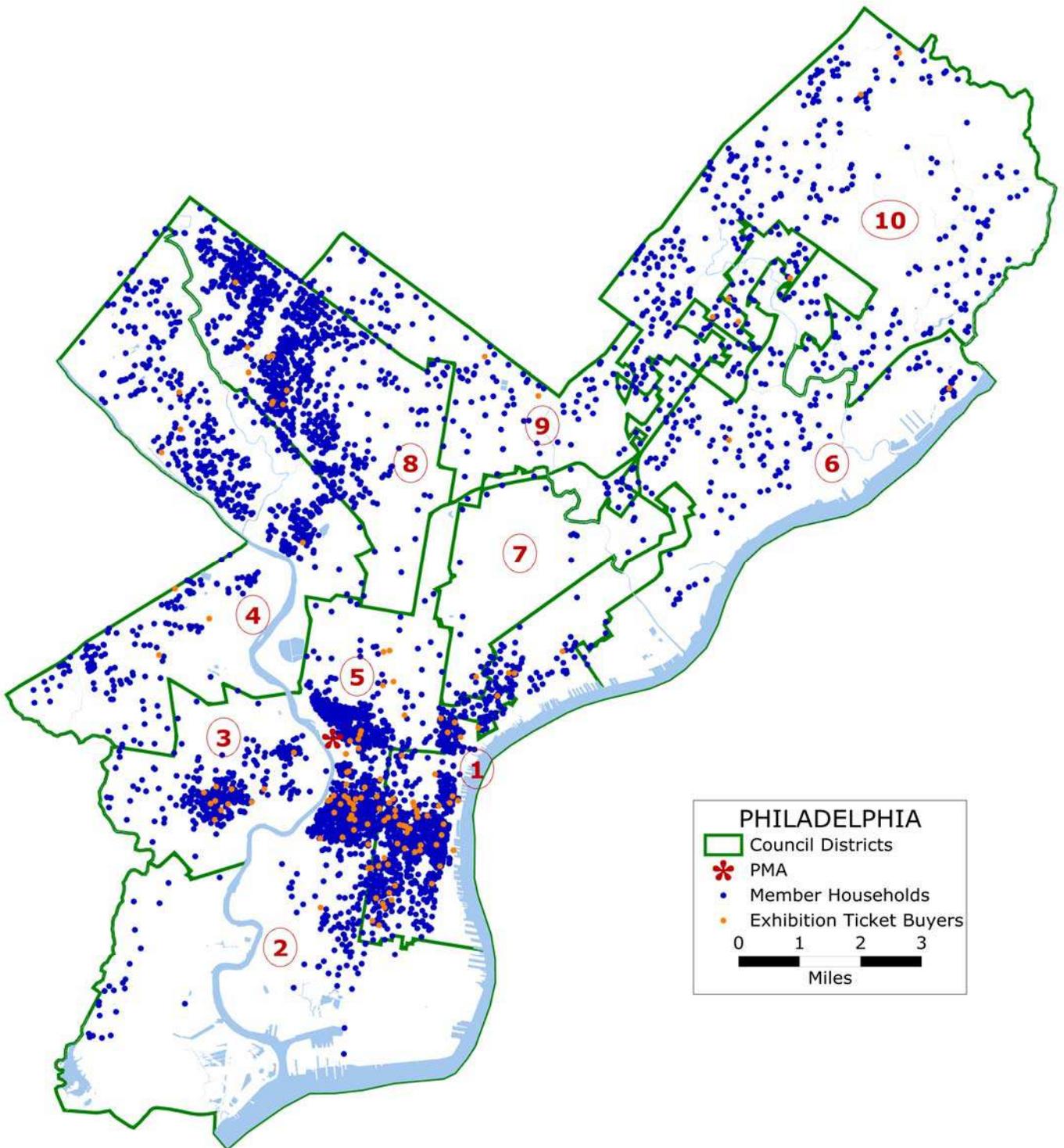
EMPLOYEE DATA

Staff Demographics

Full-Time Staff

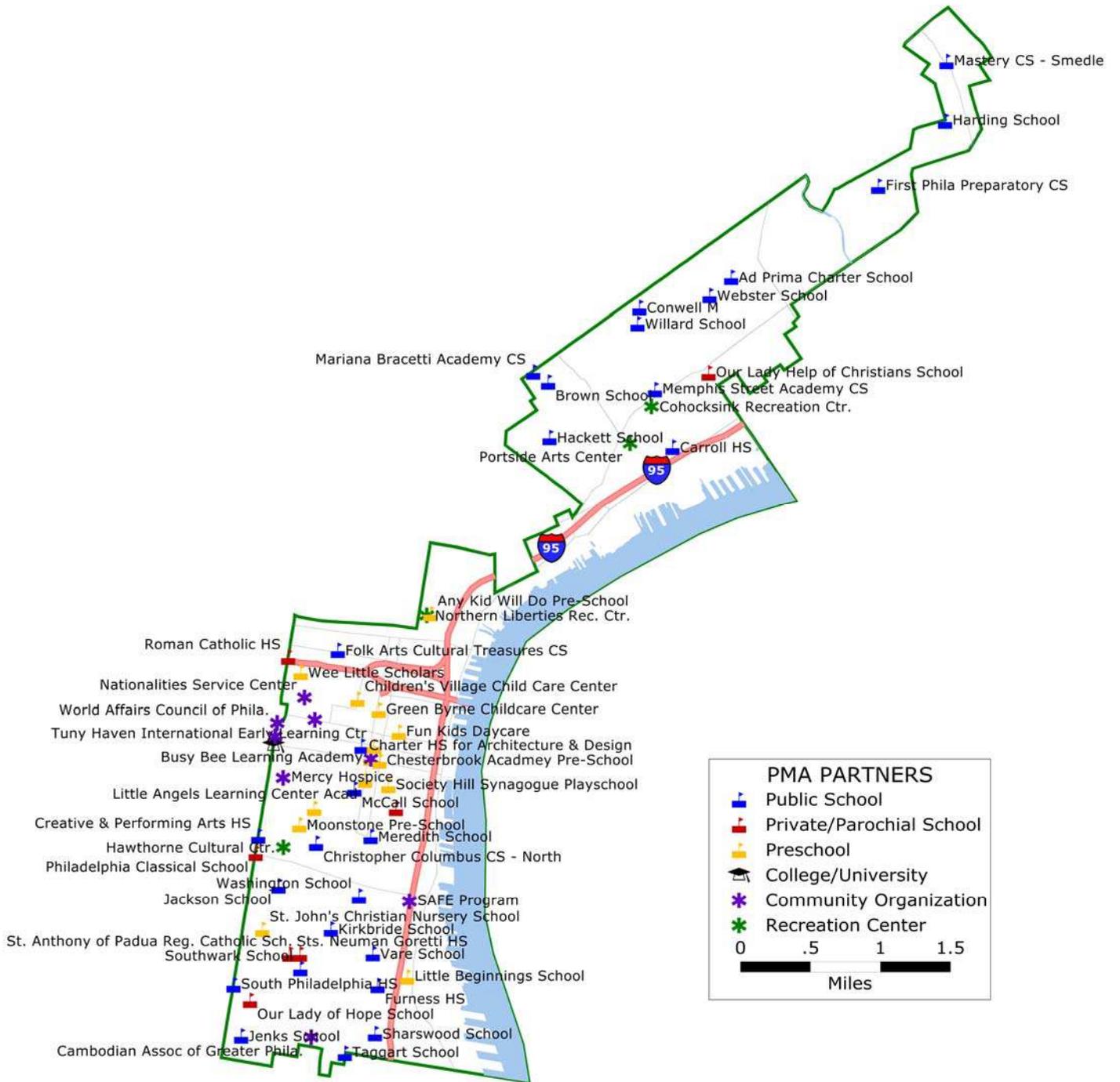
Executive Staff

	Male	Female	Male	Female
Total	161	245	3	4
% of Total	40%	60%	43%	57%
	African-American	African-American	African-American	African-American
Total	11	14	0	1
% of Total	3%	3%	0%	14%
	White	White	White	White
Total	138	196	3	3
% of Total	34%	48%	43%	43%
	Hispanic	Hispanic	Hispanic	Hispanic
Total	8	8	0	0
% of Total	2%	2%	0%	0%
	Asian	Asian	Asian	Asian
Total	2	14	0	0
% of Total	0%	3%	0%	0%
	Other	Other	Other	Other
Total	2	13	0	0
% of Total	0%	3%	0%	0%
	Bi-lingual	Bi-lingual	Bi-lingual	Bi-lingual
Total	0	0	0	0
% of Total	0%	0%	0%	0%



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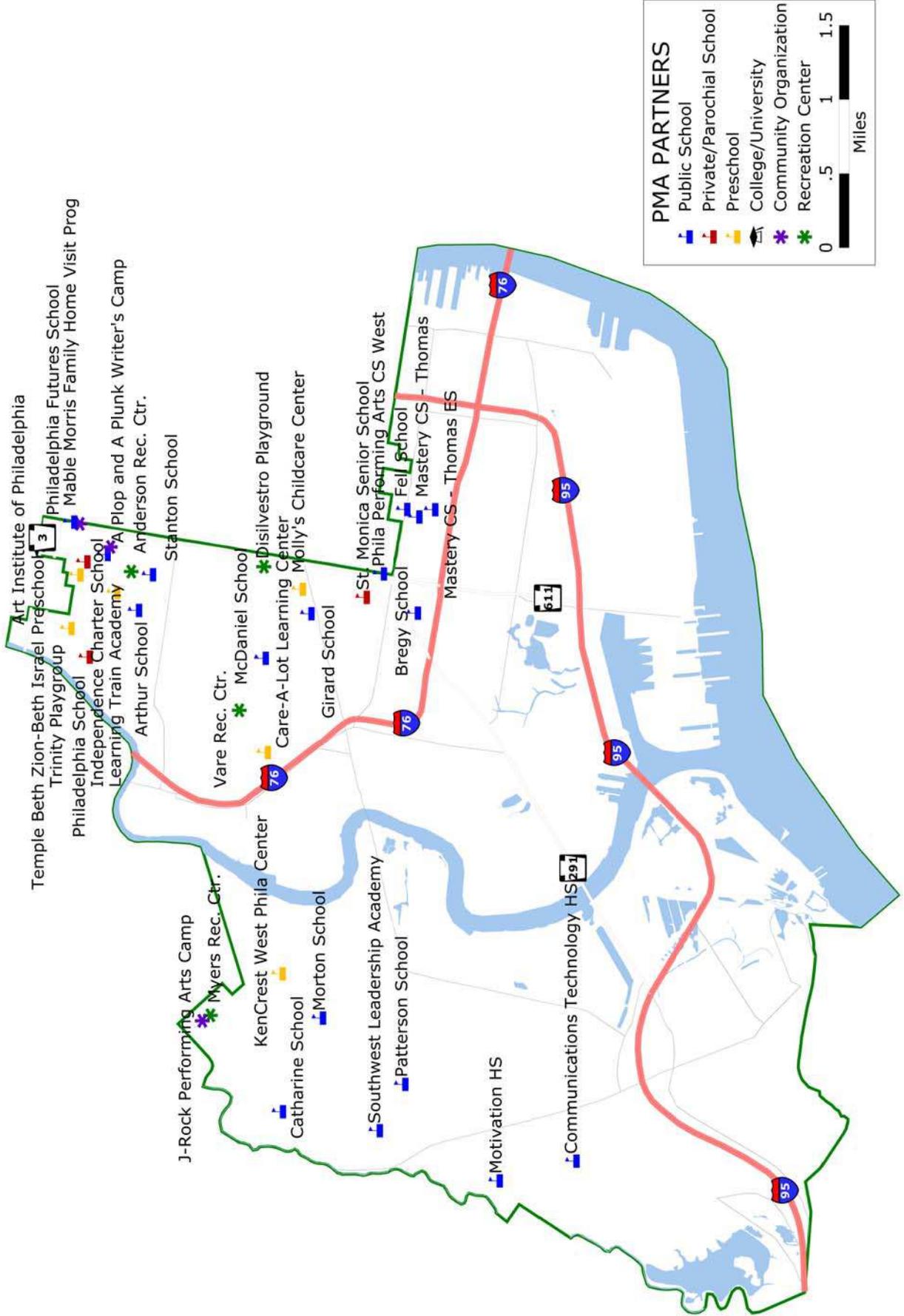
PARTNERSHIP & IMPACT MAPS by City Council District
1st Council District
Council Member Mark Squilla



PHILADELPHIA MUSEUM OF ART

PARTNERSHIP & IMPACT MAPS by City Council District
2nd Council District

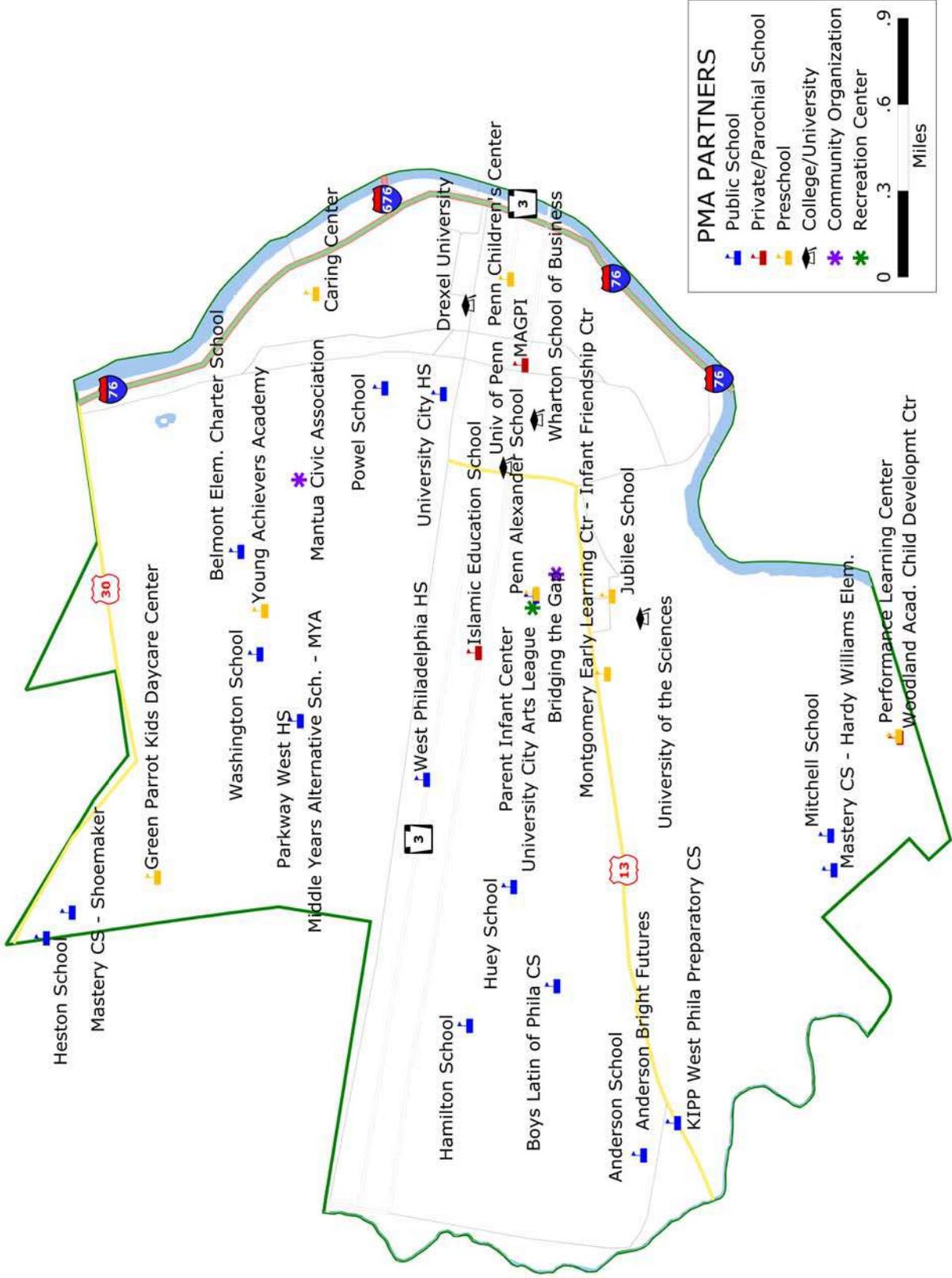
Council Member Kenyatta Johnson

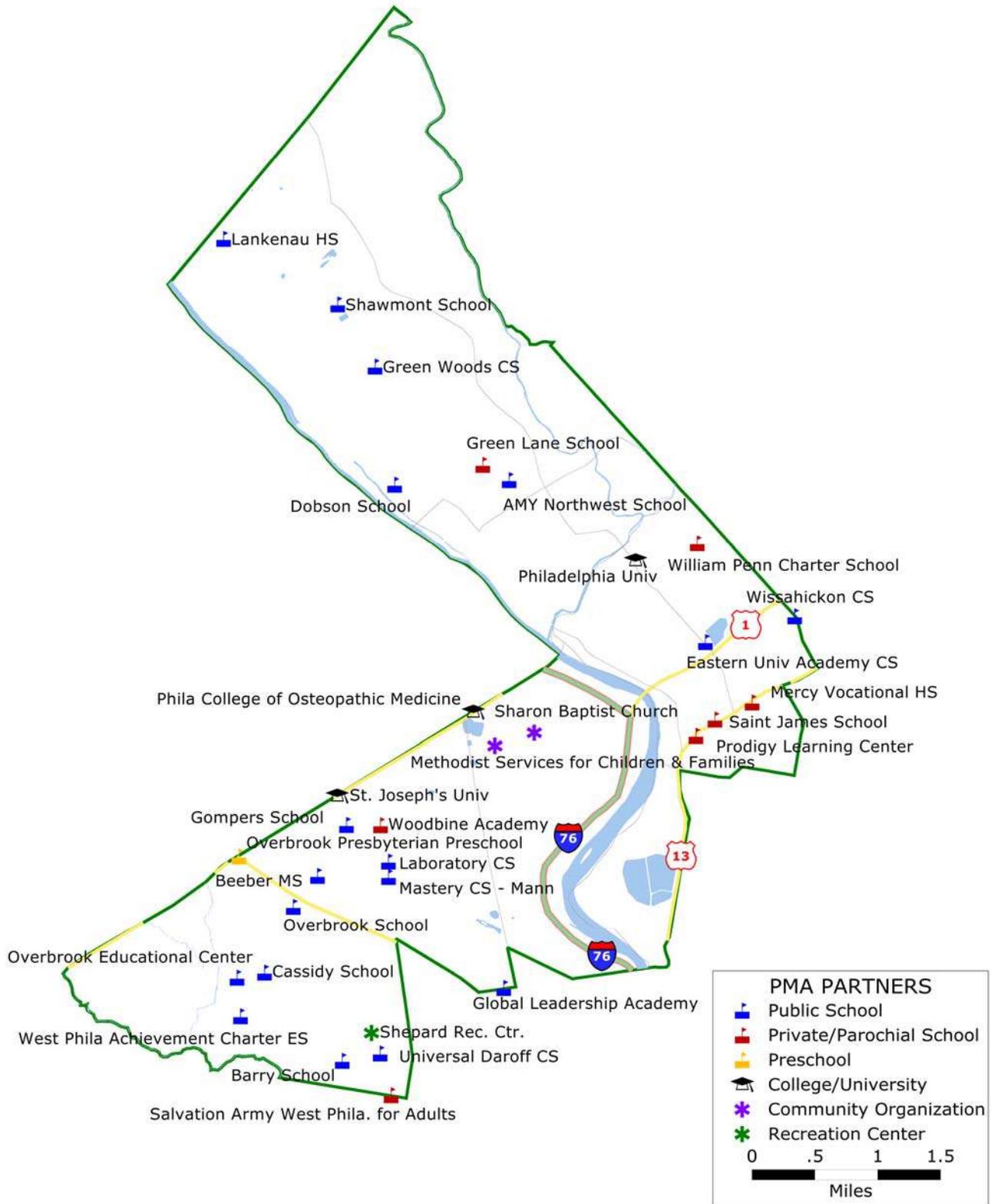


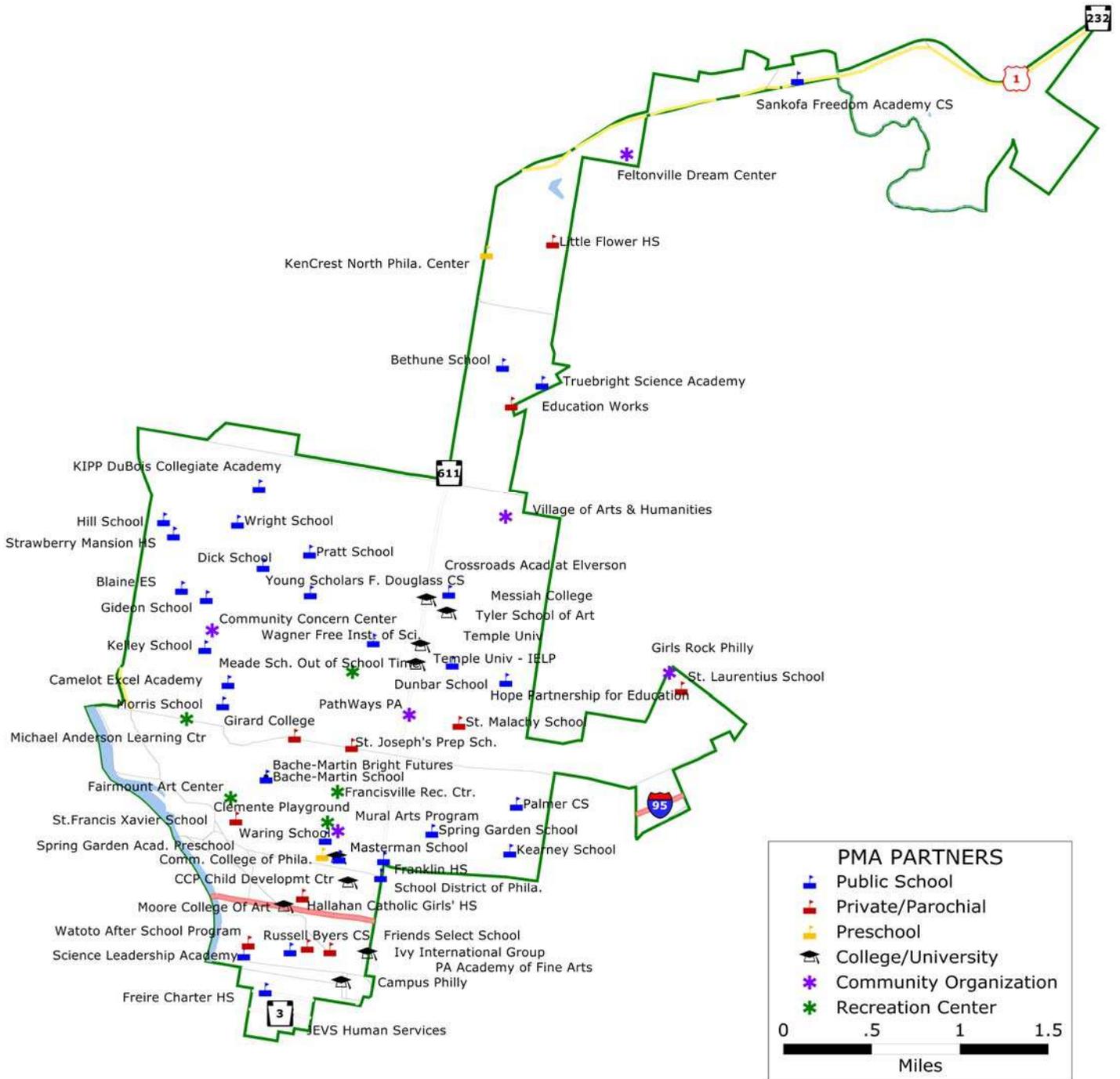
PHILADELPHIA MUSEUM OF ART

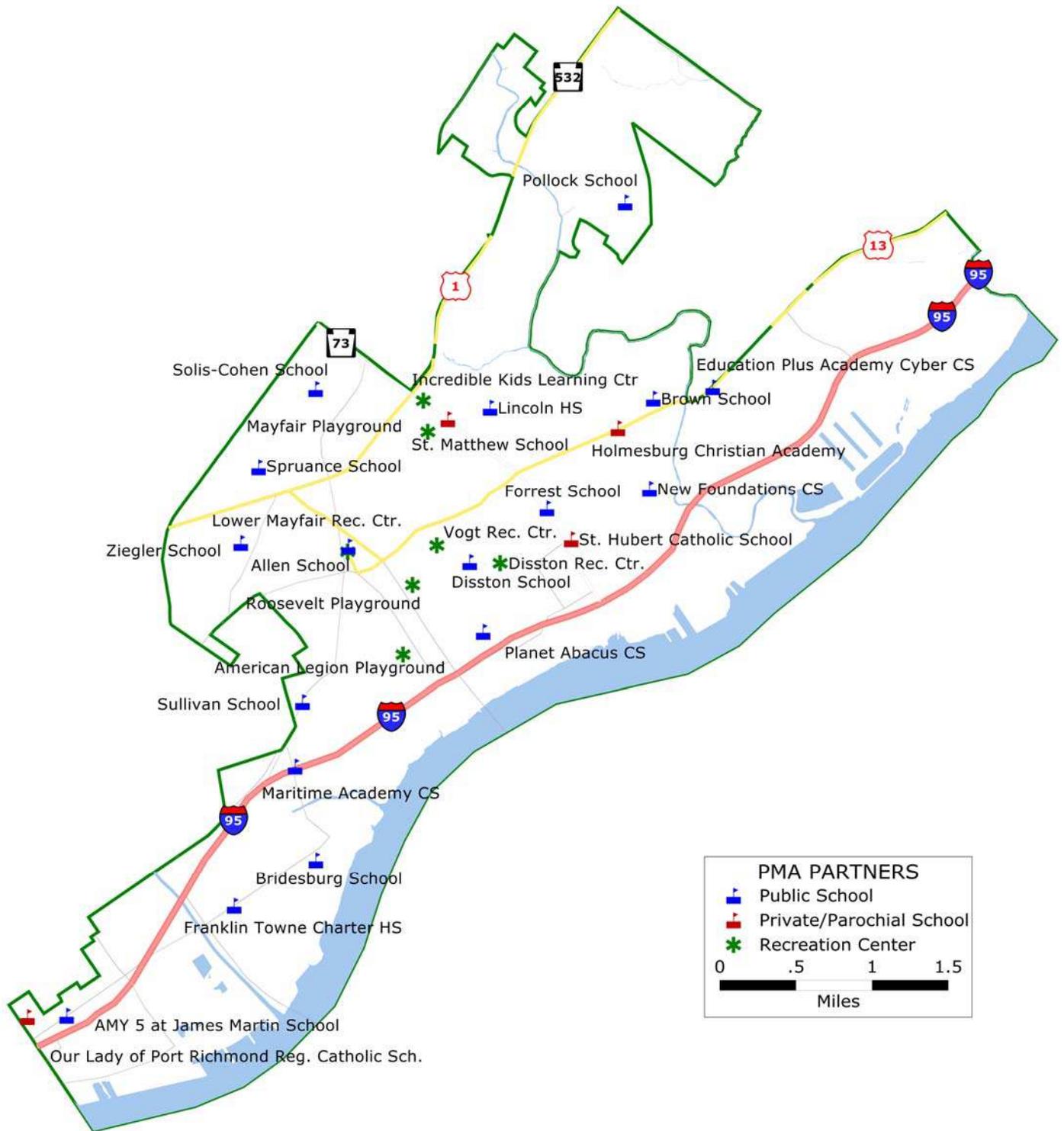
PARTNERSHIP & IMPACT MAPS by City Council District
3rd Council District

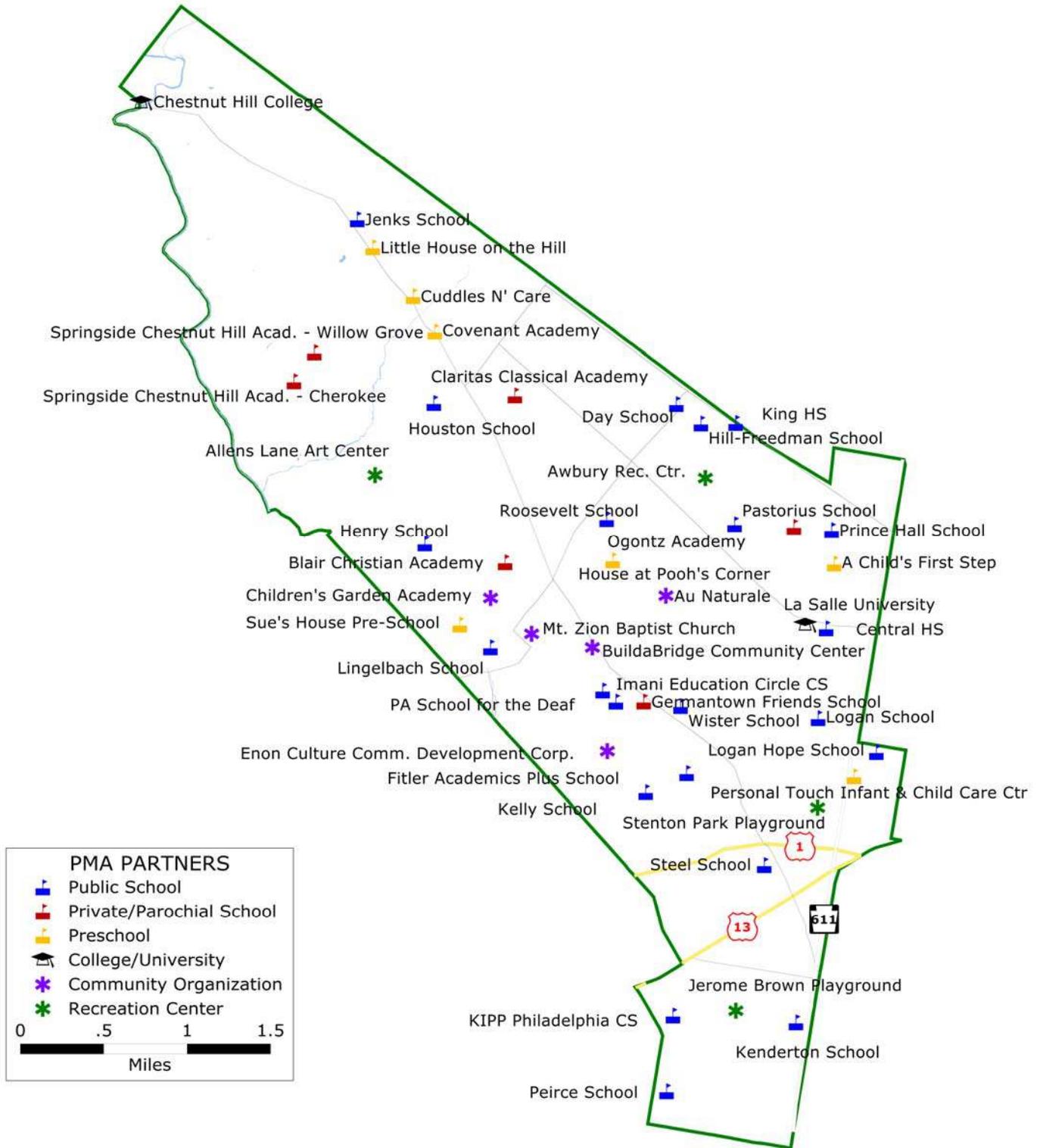
Council Member Jannie Blackwell







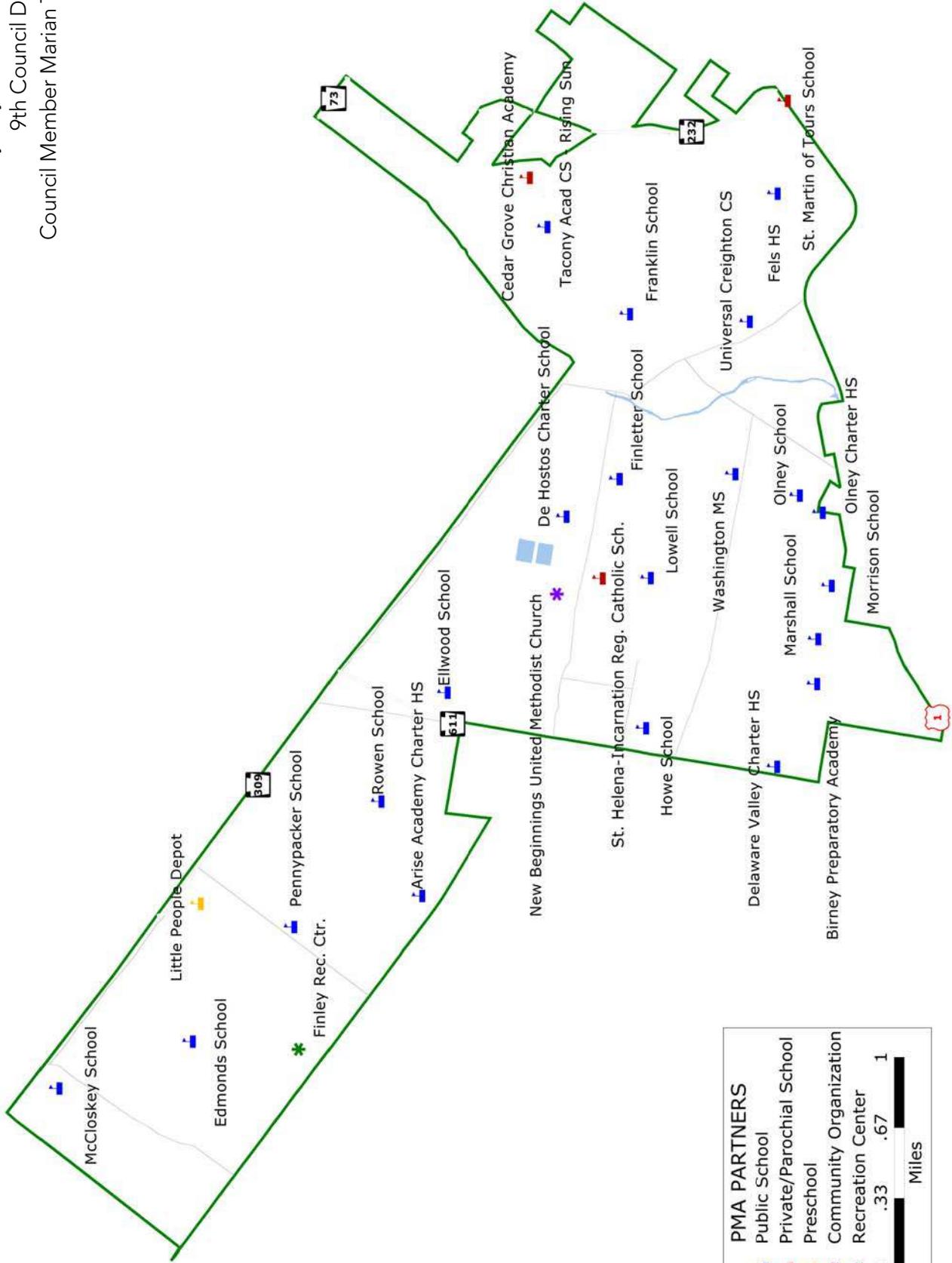




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PARTNERSHIP & IMPACT MAPS by City Council District
9th Council District

Council Member Marian Tasco



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PARTNERSHIP & IMPACT MAPS by City Council District
10th Council District
Council Member Brian J. O'Neill

