



COVID CULTURAL IMPACT STUDY

Executive Summary

ARTSFUND



LETTER FROM ARTSFUND

Upon the arrival of COVID in Washington State in March 2020, arts and cultural venues were among the first to close, and in many cases, remain among the last to re-open. Despite this, the industry has been actively supporting our communities by offering healthy outlets to process the trauma, isolation, and loss that so many of us experienced throughout the crisis. While the cultural sector has shown resilience, innovation, and dedication in finding new ways to serve communities across the state, and while the investment of public, private, and individual supporters has kept the sector from collapse during closure, the future is still uncertain. We are in a moment of crisis. At the same time, we are in a moment of opportunity. The cultural sector will play a critical role in community recovery (economic and social), and there is a role for all of us to play in supporting the sector.

For over 50 years, ArtsFund has been a leader advancing the arts ecosystem in the Central Puget Sound. Building out of more than 20 years of producing Economic Impact of the Arts Studies (1991-2015), and a first-in-kind Social Impact of the Arts Study (2018), we approached this COVID Cultural Impact Study with a strong research foundation. Under the leadership of cross-sector and statewide advisors, and with the collaboration of expert research partners, this project evolved alongside the pandemic. As cultural organizations and community members “pivoted” plans and protocols again and again, so too, did we. In the early months, ArtsFund conducted quarterly impact snapshots on the impacts of the closures to cultural nonprofits within the Central Puget Sound region. As the pandemic’s effects and timeline expanded beyond any foreseeable expectation, so too did the scope of the analysis. With the pandemic’s impact not respecting borders, we expanded our focus to the entire state. The Delta variant delayed anticipated re-openings, and as we head towards the release of this report, the

threat of future variants remains in the public consciousness.

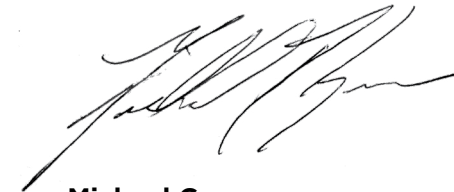
While this report is inclusive of input from over 200 statewide cultural nonprofits and another 1,500 individuals, we acknowledge that it isn’t a conclusive impact study — the pandemic’s impacts are far from over, and long-term ripples will continue be felt for generations. But, at the time of our data collection — 18 months into the pandemic — there is enough data to identify trends and begin to inform long-term lessons. This report both tracks the pandemic’s impacts on Washington State’s cultural nonprofits and the communities they serve, and establishes a new benchmark, against which we can measure recovery and growth. In addition, we offer data disaggregated by organizational size, geography, and racial identity.

In sharing this data collected by cultural organizations, the communities they serve, and a representative statewide public opinion poll, we weave together new information with the intent to better inform our community, decision makers, and the general public about the challenges and opportunities that lie ahead for the sector.

Relief funding is beginning to diminish, and yet recovery could take years. Much of pandemic-relief dollars were for restricted purposes related to the pandemic and not meant to help with the long-term sustainability of organizations. Disruptions to regular fundraising cycles can have lasting negative impacts to organizations dependent on that model. This is an opportunity to think differently— while cultural organizations are considering and implementing new business models and diversifying revenue streams, there is opportunity for government and policy makers, private funders and foundations, corporations and corporate funders, individual participants, and partner sectors to invest in the future of

the cultural sector. This investment in long-term growth initiatives will give organizations the space they need to develop programming and business models that are more resilient to future shocks and better positioned to serve patrons in this new and continually changing world.

At the core of ArtsFund’s mission is the belief that arts are essential to a healthy, equitable, and creative Washington. It is our intent that Washingtonians will use this report to support the cultural sector’s emergence, post-pandemic, more resilient, robust, and adaptive than before.



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EXECUTIVE SUMMARY

Introduction

There are many ways to chart and try to understand the near-and-long term effects of the COVID pandemic. This virus is having effects on the macro scale of global economics and public health all the way to individual well-being and connection to community. The COVID Cultural Impact Study is a deep dive into the Washington State nonprofit cultural community, aiming to document the impacts of the pandemic and to illuminate future trends and recommended actions moving forward. This research underscores that arts and culture will be critical in economic and community recovery. Acknowledging and investing in the sector and its workforce is an opportunity we cannot afford to miss.

Key findings from the study are summarized here, while the body of the report contains more findings disaggregated by size, geography, and Black, Indigenous, and other People of Color (BIPOC) identity of organization. Five case studies - LANGSTON, Seattle Art Museum, Spark Central, Tasveer, and TeenTix - illustrate these findings through a variety of organizational lenses.

Scope and Definitions

The study uses several data sources: a Nonprofit Organizational Survey with 212 survey respondents across Washington State, a Cultural Participant Survey of 737 adults who had attended at least one cultural program since March 2020, and a Statewide Omnibus Poll which was a sample of 874 individuals representative of all Washington residents.

The study began in the Spring of 2021 and concluded data collection in early Fall of 2021. Re-opening was happening in phases across the state, and each organization was

making complex choices specific to their workforce, local policy, spaces, operations, and local transmission levels. At the time of their response, 53% of organizations were re-opened with limited capacity, 20% were opened at full capacity, and 26% had not reopened yet.

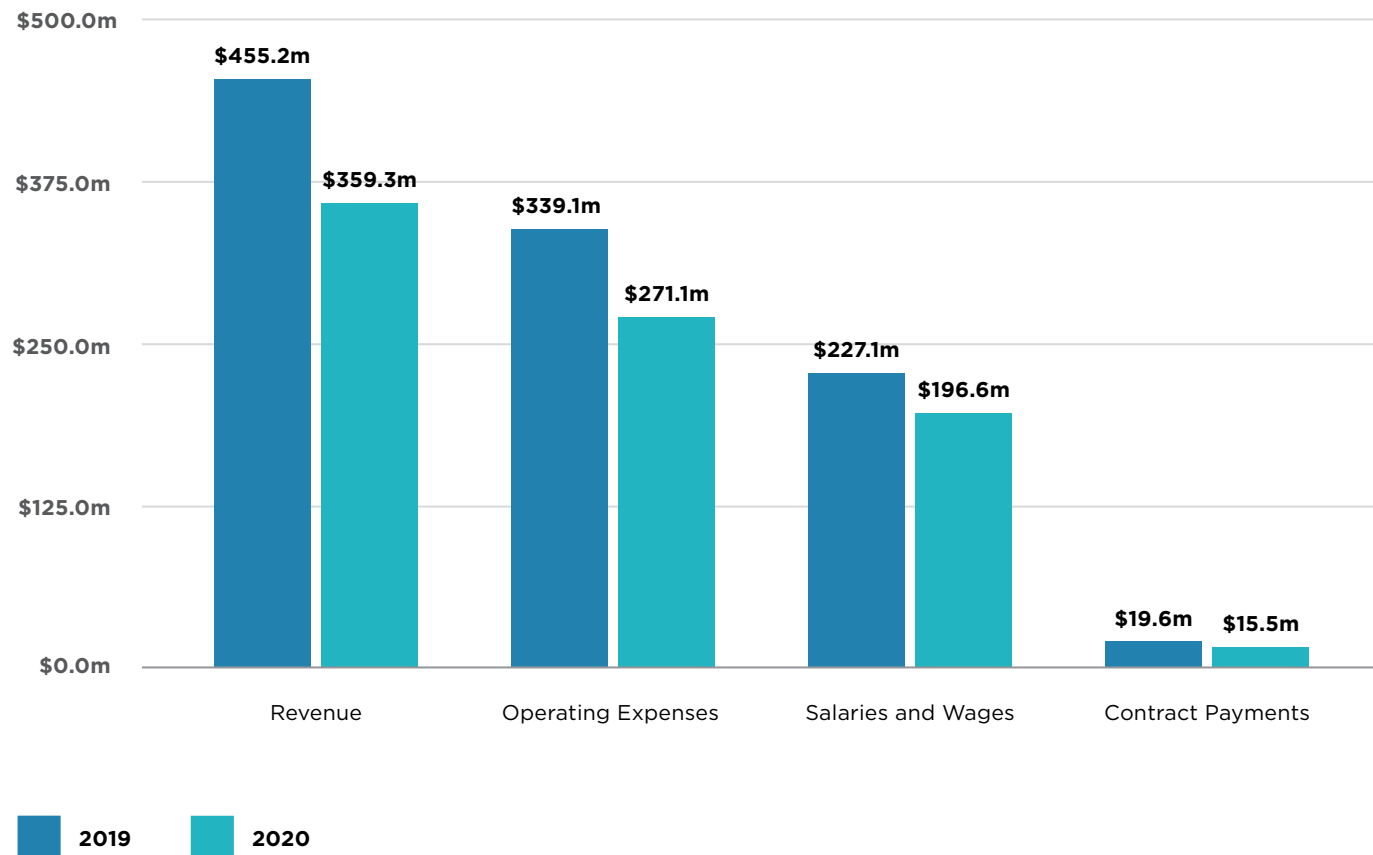
Data in the report is disaggregated by regions in Washington State based on groupings of counties. Black, Indigenous, and other People of Color (BIPOC) identity is self-reported by organizations with BIPOC staff and leadership, board, and/or those that primarily serve BIPOC communities. We also disaggregate by organizational size as defined by 2019 revenues.

Financial Impacts

The financial impacts have been profound for a sector that has historically been a driver of local economies, interacting with dining, hospitality, tourism, and recreation. Across the 121 reporting organizations, we found a drop of \$95.9 million, a 21% contraction, in overall revenue in the first year alone. The \$95.9 million loss in overall revenue is comprised of a \$131.6 million decrease in earned revenue (e.g., ticket sales) and a \$35.7 million increase in contributed revenue (e.g., pandemic relief, individual donations, grants). Without the increase in critical funding from the public sector, individuals, philanthropy and other actors, the cultural sector would have experienced loss at a much greater scale.

Organizational operating budgets were \$68.5 million lower in 2020 than in 2019. There was another \$32.3 million drop in payments to cultural workers including decreases in salaries and benefits and decreased payments to contractors.

Summary of 2019-2020 Changes to Cultural Organization Financials



Source: ArtsFund CCIS Nonprofit Organizational Survey, 2021; BERK, 2021.

Cultural Participation

There has been a significant drop off in the frequency of participation and of related spending from cultural participants. Three-quarters (76%) of surveyed cultural participants indicated that prior to the pandemic, they attended events once a month or more frequently. This figure dropped to 28% for the period between March 2020 and survey taking.

Though spending on tickets and fees decreased and became more dispersed from local markets, there has also been an increase in individual donations to local cultural organizations. Eighty-two percent (82%) of

cultural participants reported donating funds directly to local cultural organizations, and 70% of cultural participants say their level of financial support for organizations, outside of program tickets and fees, has increased since March of 2020. The data also shows that patterns of personal giving for cultural participants shifted to include more organizations as well as more funds per organization.

Access to Pandemic Relief

Pandemic relief funding was critical in the survival of most organizations through



the most intense period of the pandemic. Ninety-three percent (93%) of organizations responding to the survey were able to access at least one source of pandemic relief funds, and, on average, organizations accessed four different sources of relief funding. Access to contributed funds varied by organization size, BIPOC identity, and location to some degree.

The three most commonly accessed sources were all publicly sourced funding: the Nonprofit Community Recovery Grants (a program of the WA State Department of Commerce administered by ArtsFund), Paycheck Protection Program (PPP), and Public Statewide Emergency Relief Funding. On average, very large organizations (budgets over \$5M) accessed nearly three times as many sources of relief funding compared to very small organizations (budgets less than \$50K). They were also most likely to access federal PPP loans which accounted for the highest dollar amounts of relief, often more than all other types of relief combined.

Financial Survival Strategies

While pandemic relief and increased contributed revenue did offset some of the financial impacts, many organizations still had to resort to major operating budget cuts or spend down of operating reserves to withstand the loss of earned revenue. Forty-three percent (43%) of organizations temporarily closed programming facilities during the Stay Home, Stay Healthy order. Many used this closure to make needed upgrades to facilities, policies, and practices. Thirty-three percent (33%) of organizations reported having already spent down their operating reserves at the time of data collection.

Some organizations found the pandemic a unique opportunity to make changes to their internal financial policies and/or budgeting practices (42%). Of those, 57% anticipated these would be permanent changes. Thirty-

two percent (32%) have identified new revenue streams. Notably, the majority of organizations (80%) did not change ticket prices in response to the pandemic.

Cultural Workforce Impacts

This workforce has been significantly impacted, to the degree that some have exited from their occupation and industry, prompting concern for a “cultural brain drain.”

Forty-one (41%) percent of organizations furloughed staff or reduced hours and/or pay. Only 6% believe it is permanent and 26% have plans to rehire, or otherwise increase staffing. However, 46% of organizations also implemented changes to the staffing model and of those 62% believe they are permanent changes. Among organizations that had opened in a full or limited capacity at the time of data collection, 41% report concern about hiring and rehiring staff.

Shifts to Virtual and Digital Programming and Operations

By far, the shift from in-person to virtual operations for cultural programming was the most common change triggered among cultural nonprofits by the pandemic, affecting both the type and execution of programming, as well as the participation therein.

Seventy percent (70%) reported offering significantly more digital programming. Of those, 74% believe it is a permanent change. Eighty-one percent (81%) of organizations reported establishing or expanding remote work. Of those, 65% believe it is a permanent change. While overall participation in arts and cultural activities has declined drastically, over 33% of organizations also reported that they are seeing more cultural participation from outside their county.

Nearly half of cultural participant respondents (47%) indicated an intention to continue virtual participation. Eighteen percent (18%) of cultural participants preferred to continue to engage remotely only for the foreseeable future regardless of the availability of in-person programs.

New Lens on Accessibility

The move to digital programming has been associated with increased accessibility for certain participants, such as those with physical disability or impairment and those with barriers to transportation. However, the shift has also highlighted the impact of the digital divide in access to the arts, along with many other community resources. Organizations overwhelmingly indicated that continued investment and learning about accessibility will be a permanent change coming out of the pandemic.

Across surveyed organizations, nearly one-third had made accessibility improvements, and another 22% said they plan to. Eighty-four percent (84%) of those making the shift intend to make it permanent.

Centering the Experiences of Black, Indigenous, and other People of Color

BIPOC-identifying organizations experienced significantly increased attention and funding in response to the events of 2020. Many BIPOC organizations ended the 2020 fiscal year with higher revenues than the previous year, despite the loss of earned revenue during this time. However, after that initial bump in contributed revenue, BIPOC-identifying organizations are seeing it drop back down by 50% between FY 2020 and FY 2021. There is concern that funder and individual giving priorities will shift and the 2020 dollars will not persist.



With a strong foundation in equity work, BIPOC-identifying organizations were also more likely than non-BIPOC organizations to report “Engag[ing] in new equity/anti-racism work” (76%) and more likely to report “Prioritiz[ing] centering more BIPOC (Black, Indigenous, People of Color) voices” (90%) during the pandemic. Organizations that did not identify as BIPOC also reported high rates of work in anti-racism (66%) and efforts to center BIPOC voices (67%).

Reopening and Return to In-Person

Participants appear mostly ready to return but have not yet come back at pre-pandemic frequencies. They have also shifted in demography, geography, and have revised expectations for health, safety, and program delivery.

Over 70% of participant organizations were open at some level of capacity and responded that “Lack of certainty around participants’ willingness to return” was their primary challenge to reopening. This uncertainty around welcoming back in-person participants leaves cultural organizations in a wait-and-see pattern, with the long-term sustainability of the organization unclear.

Over 50% of individual respondents either reported that they were already returning to in-person events or were prepared to do so. For cultural participants, health and safety concerns now rank as decision factors along with the quality and content of the presenter and programming when considering whether to participate in offerings. Cultural participants are expecting to spend about half of what they spent prior to the pandemic on cultural participation.



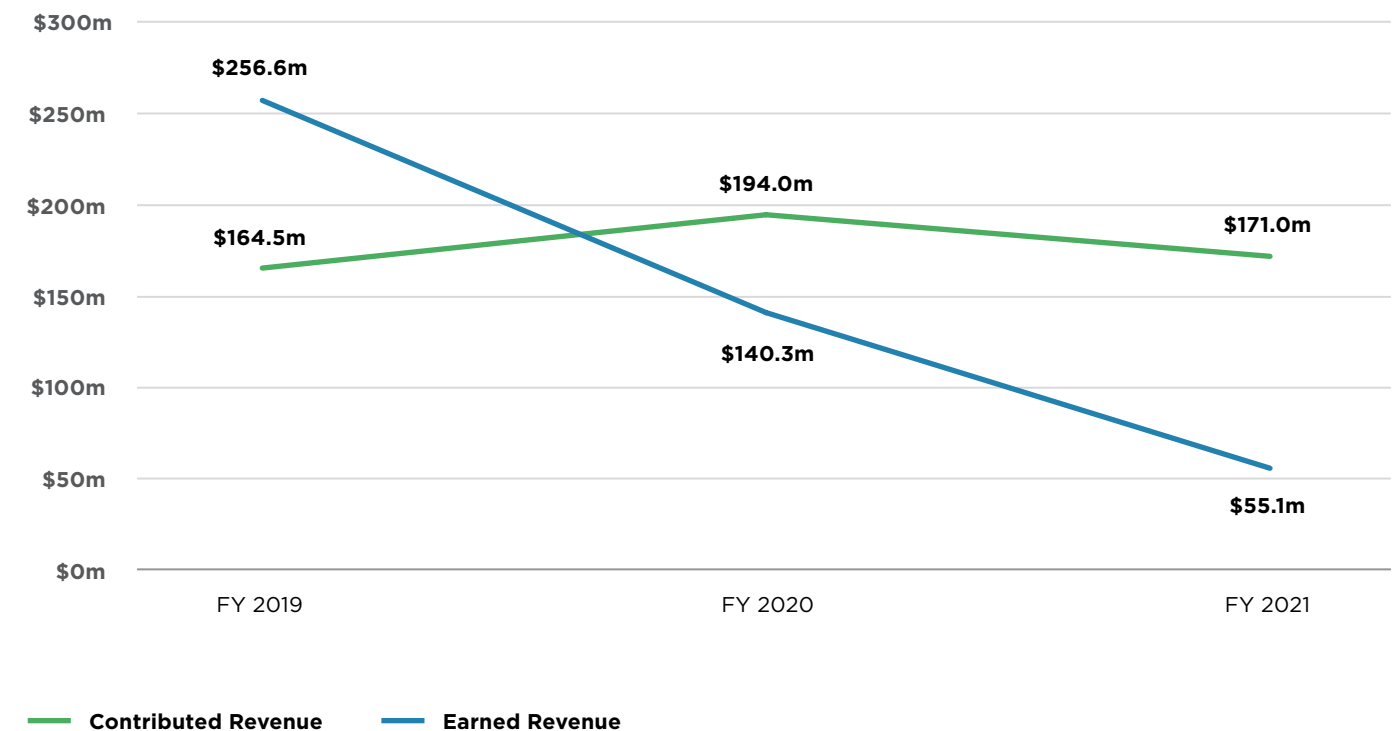
Future Outlook

Audiences are recovering, but the data show a troubling continuation of downward trends in revenues and operating expenses, despite the hopes for a bounce back by the end of December 2021.

Total revenues across organizations declined by 14% between FY 2019 and FY 2020 and

declined again by 26% between FY 2020 and FY 2021. Earned revenue declined by 42% and again by another 51%. Qualitatively, there is growing concern about funder and individual giving priorities shifting away from relief and recovery for arts and culture, though organizations tell us that their rebuilding efforts will take years.

Nonprofit Cultural Organization Revenue



Sources: ArtsFund CCIS Nonprofit Organizational Survey, 2021; BERK, 2021.

Rethinking the Cultural Organization

Organizations have long been grappling with questions such as “where does programming happen and how do participants interact in the future?” With the pandemic, they reported that the future was placed on their doorstep in a matter of days and weeks.

Participants are still there despite the pandemic-related barriers and cite a wide range of motivations. Fifty percent (50%) or more of the cultural participants cited key reasons for being engaged in cultural programs since March, 2020 including “experiencing art”, “makes me happy/brings me joy,” and “to support a community organization or program”.

The opportunities to rethink business models and organizations are exciting, but financial support and flexible time and space to transform operations are needed to take advantage of them.

Role of Arts and Culture

This upheaval has made the essential role of arts and culture more expansive and urgent at

the same time that the providers are feeling the most resource constrained.

Ninety-three percent (93%) of cultural participant respondents indicate that role of arts and cultural organizations will be very or somewhat important to post pandemic recovery. The top roles they felt cultural nonprofits should play are “economic recovery for businesses and organizations” (40%) and “encouraging community unity and vitality” (40%).

With 48% of cultural participants placing more value on cultural programming since March 2020 and the high level of importance they place on the role cultural organizations should play in recovery, this is an opportunity to engage and support the sector as a key actor in recovery and in the future.

For Further Exploration and Research

We are not at the tail-end of a pandemic, we are at the beginning of a structural transformation. At the time that this report was produced, there was much yet to be known about the conditions of the world we

are entering. ArtsFund recommends continued research into the geography of arts access, individual patron behavior, labor impacts, public funding of the arts, engagement of the arts and culture in social and economic recovery, generational impacts on youth and their lifetime cultural participation, and equitable structural shifts.

Recommendations

ArtsFund’s recommendations focus on five key areas highlighted for government and policy makers, cultural organizations, private funders, corporations and corporate funders, individual participants, and partner sectors.

- **Reimagine the role of arts and culture:** center the cultural sector in economic development strategies, encourage cross-sector partnerships, and generate new audience research.
- **Expand and sustain public support:** advocate for legislations that provides sustainable funding for the cultural sector and directly invest in arts as a strategy for social impact.

- **Protect the cultural workforce:** pilot models to increase cultural worker wages and wage stability, expand employment definitions and eligibility criteria, invest in services to make arts occupations more viable, and create avenues to share resources and learnings across organizations.
- **Focus on equity:** Actively eliminate funding barriers, engage youth and families, learn from and better serve disability communities, and help diminish the digital divide.
- **Support adaptation and survival:** Provide unrestricted, multi-year support, further access to technology, support public health initiatives, and participate and give!

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Cover page: Seattle Symphony, Simone Porter performs with Seattle Symphony musicians at Benaroya Hall, conducted by Shiyeon Sung, photo by James Holt, Youth in Focus, Creative Career Cohort class 2021, photo courtesy of Youth in Focus. **Pg. 3:** Velocity Dance Center, Amy O'Neal class 2 for SFD+I, photo by Jim Coleman 2021. **Pg. 4:** Seattle Symphony, Beethoven Eroica Symphony concert featuring guest conductor Thomas Wilkins, photo by James Holt. **Pg. 7:** Seattle Art Museum, Seattle Asian Art Museum Reopening art making, photo by Jueqian Fang. **Pg. 8:** Hugo House, photo by Doug Manelski. **Pg. 9:** Seattle Symphony, Beethoven Eroica Symphony concert, photo by James Holt. **Pg 10:** Auburn Symphony Orchestra, photo by Nonet Wesley Schulz. **Pg. 12:** Snohomish County Music Project, Toddler Playing a Yellow Shaker, photo courtesy of the Snohomish County Music Project.

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