

## Background

ArtsFund conducted a survey to better understand the immediate impacts that COVID-19 is having on the arts and culture sector. This was an online survey that was emailed to ArtsFund's Cultural Partners Network, a group of 118 arts and culture focused organizations that operate in the Puget Sound Region. In addition to the Cultural Partners Network, the survey was shared with members of the science community. Data collection began on March 12, 2020 ended on March 19, 2020.

## Profile of Respondents

- ArtsFund survey reached **85 respondents** with 84% of responses from King County, the remainder from Pierce, Snohomish, and Kitsap counties. Many of the organizations have statewide reach.
- Of the total respondents, 64 report that their organizations are from Theater, Music and Opera, Multi-disciplinary, and Visual Arts, who seem to be the most impacted due to the cancellation of events and refund of ticket sales. Cultural heritage, film/media, science, dance, and literary arts are next affected.
- 56.6% of respondents completed the survey between March 12, 2020 and March 15, 2020 when the social distancing mandates were limited to 250 attendees, which meant for some organizations that operations could continue, however on a smaller scale. The remaining 44% of respondents completed the survey between March 16, 2020 and March 19, 2020 when the social distancing mandates were limited to 50, which resulted in even more closures, changing operations and effecting program delivery more severely.

## Financial Losses

- The impact grows as the pandemic continues with losses by arts and cultural organizations through the end of March being projected at approximately **\$21.6M**, through the end of April being projected at **\$43.8M**, and through the end of May being projected at **\$74.1M**.
- **Earned income (includes ticket sales, subscriptions or memberships, rental fees, etc.)** on average, accounts for approximately 56% of groups' revenue<sup>i</sup>. Organizations are projecting decreases on average at approximately 31%. 46.4% of responding organizations estimated a loss between 30%-85% to their earned income.
- **Contributed income (includes donations by individuals, grants, and fundraisers)**, on average, accounts for approximately 44% of these groups' revenue<sup>ii</sup>. Organizations are projecting decreases at about 25%, on average. 47% of responding organizations estimated a loss between 25%-100% to their contributed income.
  - The **cancellation of fundraisers and galas** has been devastating: *"Our Spring Gala accounts for 50% of our unrestricted contributed income. It has been postponed to June, but we will be looking at a 30-40% decrease by fiscal year end if the Gala can't happen as an in-person event."*
  - Groups are experiencing challenges meeting deliverables for restricted funding: *"Reduction in grant proceeds because we have had to halt or reduce the work required to bill against the grants."*

**As we approach spring and summer, the sector's high season, many organizations project an uptick in their financial losses**, so these projections are on the lower side of overall impact. These are early estimates and those figures will increase now that many businesses and cultural spaces have been ordered to close as of 3/16/2020.

## Programming

- **Cancellations: 94%** of organizations who responded to the survey have cancelled programming, including in the areas of educational programming (workshops for teachers) and community programming. In spite of cancelled events, many are still required to pay contracting fees. Many of the cancellations were not captured in the data as the mandates changed drastically, with groups cancelling through summer months.
- **Slower Ticket Sales and Memberships:** Many organizations are uncertain about scheduling future programs, everyone has seen slower overall ticket sales and, where relevant, slower memberships sales. They are concerned that patrons will be reluctant to return to their organizations as they are already seeing slow ticket sales for the upcoming season.
- **Artists** are unable to participate due to restricted travel, especially from overseas.
- **Vulnerable Populations:** *“Can’t teach low income, homeless, or youth without WiFi, [through] online technology. That is most of the youth we serve.”*

## Workforce

- **Tough HR decisions on the horizon:** Many organizations are implementing the following next steps: teleworking, hiring freeze, suspending pay, reducing workers’ hours, halting contractors, and eventually, furloughs. At the time of data collection, in the first week of the social distancing mandates, few laid staff off. However, at the time the estimated number of furloughs and lay offs totaled **1,997 employees**. This includes 611 Full-time employees; 898 Part-time employees, many of whom are individual artists; and 488 Seasonal employees.

*“We have a small staff and laying folks off significantly impacts our ability to weather crisis, fundraise, and rebound. Cashflow is always tight but this is disastrous. I worry that depending on what happens in the next couple of weeks, we may not rebound from this well or at all. Folks who work for us are also often living paycheck to paycheck. They rely on us to pay their rent and feed their families. The impact of something like this will be far reaching and will not end for small and mid-size organizations especially for months to years to come.”*

*“Last year we issued over 800 W2s and 1099 forms as about 70% of our \$23M payroll is wages - all at risk.”*

- **Already precarious workforce stands to lose the most:** Early results suggest that part-time workers are more impacted in the furloughs and reduced schedules than full-time and seasonal workers, suggesting that an already vulnerable and often underemployed population is feeling these effects more widely. Across all organizations the labor impacts experienced by the fewest organizations were furloughs and layoffs. This will likely change in the months ahead as cancellations and closures will continue into the foreseeable future.
- Many organizations who responded have contracts or partnerships with other companies to operate food services and retail shops. As a result of the arts organization’s temporary closure, those **sub-contracted companies** will have to temporarily or permanently lay off their staff too. These ripple effects downstream are not reflected in these numbers<sup>iii</sup>.

## Impact to Vocational Programs:

*“We have 50+ students in our Team Production program who receive a stipend for creating the glass items that we sell, which provide our earned income revenue stream, which goes back into our program to pay our students. With no program to offer no students receive stipends. So 50+ students can’t work, but they are not staff, they are in a paid vocational program. So the numbers for question 2 are 0 for employees, but 50+ people have lost wages from us.”*

## Additional Impacts

- Effects on organizations that must suspend their programming due to extended and statewide school site closures
- Technical assistance to arts organizations for virtual experiences
- Health and safety of essential workers who must be onsite (such as zoo/aquarium and custodial staff)
- Impact on subcontractors (security, janitorial, cafe, retail shops)
- Losses to endowment funds and investments
- Staff turnover and associated costs
- Bracing for long-term decline in audiences/attendance at events
- Regional impacts beyond King County or the East Side (Bellevue/Kirkland) with fewer stimulus packages earmarked

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<sup>i</sup> ArtsFund's [2014 Economic Impact Study of the Arts, Cultural, and Scientific Organizations in the Central Puget Sound Region](#).

<sup>ii</sup> ArtsFund's [2014 Economic Impact Study of the Arts, Cultural, and Scientific Organizations in the Central Puget Sound Region](#).

<sup>iii</sup> ArtsFund Study in 2014 suggested that "in fiscal year 2014, the total income of nonprofit cultural organizations in the Central Puget Sound region was **\$512.9 million**, most of which was spent in the local economy. Patrons spent **\$694 million** on tickets, dining out, lodging, transportation, child care services, and other expenditures. The impacts of these expenditures ripple throughout the economy of the entire state." <https://www.artsfund.org/2014-economic-impact-study/>