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Winter 2021 Snapshot: ArtsFund Updates Data On Pandemic Impacts On Cultural Nonprofits

SEATTLE, WA— More than one year into the pandemic-related mandated closures of cultural nonprofits throughout the Central Puget Sound Region, ArtsFund releases new data tracking the impacts to the sector and the communities it serves. As part of ArtsFund’s ongoing efforts to measure the continued impacts from the COVID-19 pandemic, this snapshot captures data from 77 Central Puget Sound arts, cultural, heritage, and scientific nonprofits.

“ArtsFund’s Winter 2021 sector snapshot captures the significant shifts at play, more than one year into the COVID-19 pandemic. Our sector is projecting a reduction of 25% of its workforce and over 50% of earned income, but in committed service to their missions and the communities they serve, over 75% of cultural nonprofits are setting plans in place for reopening,” states Michael Greer, ArtsFund President & CEO. “The financial burden of reopening is daunting for many organizations, and while many have increased their reserves throughout the pandemic through federal programs, increased philanthropy, and conservative business practices, there is a real concern that these reserves will be spent down quickly as they return to their spaces and programming with what is anticipated to be significantly reduced audiences. This pandemic is a marathon, not a sprint, and we are really only halfway through the effects.”

Key findings below. Complete findings from the March 2021 sector impact report can be found here: www.artsfund.org/covid-arts-impacts.

FINANCIAL IMPACTS

Fiscal Year 2020/21 budgets were compared to actuals from FY 2019/20 (reflecting the initial impacts of the pandemic) and FY 2018/19 (pre-pandemic).

- A 42% decrease to grand total income is projected for 2020/21 as compared to 2018/19, the last pre-pandemic Fiscal Year for responding organizations. 2020/2021 is also projected to have 29% less grand total income than 2019/2020, the FY in which the pandemic began.
- A 65% decrease in earned income is projected for 2020/2021 as compared to 2018/2019. Earned income also saw significant decline in 2019/2020, a 43% decrease from the pre-pandemic 2018/2019 year.
- Despite an increased in contributed income in 2019/2020, where contributed income was 23% higher than in the pre-pandemic year, the projections for contributed income in 2020/2021 reflect expectations that giving may return to pre-pandemic levels.

- There has also been significant decline in contributed income specifically from benefits, galas and guilds. 2020/2021 budgets for contributed income from benefits, galas and guilds are 29% lower than pre-pandemic numbers, and 12% lower than 2019/2020 tallies.
- Both 2019/2020 and 2020/2021 operating expense budgets track considerable reduction as compared to pre-pandemic levels: 2020/2021 budgets project a 37% decrease in operating expenses compared to pre-pandemic tallies, and a 24% decrease as compared to 2019/20.

EMPLOYMENT IMPACTS

- As of January 2021, 56% of respondents had staff furloughed or laid-off as a result of the pandemic. The overall percentage of staff furloughs and lay-offs related to the pandemic has decreased over the past year--from 74% in April 2020 and 73% in October 2020.
- Total personnel expenses budgeted for 2020/2021 are nearly 30% lower than in the pre-pandemic fiscal year 2018/2019. Artistic and production personnel budgets are those most dramatically affected, seeing 44% and 37% drops respectively since prior to the pandemic. Administration and education personnel budgets have seen drops of 12% and 11% respectively.

REOPENING

At the time of data collection, responding organizations were in Phase 2 of the Healthy Washington Roadmap to Recovery Plan.

- While 22% of respondents have already re-opened, only 7% feel they can resume in-person programming in Spring or Summer (April – August).
- 35% project they will not resume in-person programming until Fall 2021.
- The majority of organizations (57%) feel confident that they will have the necessary funds to resume in-person programming when the time comes. An additional 13% feel “extremely confident”. This figure is specific to re-opening costs and does not capture uncertainties about sustainability of in-person operations once resumed.
- Visual Arts groups account for 50% of respondents who are “extremely confident.” A wide range of disciplines, from dance to theatres, are only “slightly confident” (27%) about resuming in-person programming.

SHIFTS & CHANGES

Consistent with trends ArtsFund has been tracking throughout quarterly data collection, respondents report making the following shifts and changes to serve their communities in response to the pandemic:

- Provision of digital programming – 97%
- Shifting primary method of program delivery – 92%
- Increasing activities in partnerships – 69%
- Changing business model – 58%
- Modifying ticket pricing (pay what you want, sliding scale payment)- 58%

- Offering free tickets – 52%
- Location of primary programming – 46%
- Updating organizational vision or values – 25%
- Updating mission statement – 13%

Three overarching themes emerged from the question: “What changes do you anticipate may be permanent shifts to your work and/or the sector?”:

- Continued provision of digital programming
 - Inclusive of a hybrid approach between in person and digital programming and increased investment in digital infrastructure and associated costs.
- Organizational commitments and changes
 - Inclusive of Diversity, Equity, Accessibility, and Inclusion commitments and practices, increased partnerships, and updates to mission, vision and values.
- Adjustments to operations and capacity
 - Including reduced in-person capacity, investments into program accessibility, varying pricing modes, and increased safety and sanitation models.

Greer continues, “Arts and cultural nonprofits will continue to be key drivers in community revitalization. The economic and social benefits of these organizations will be part of what reengages our spaces and the individuals that bring them to life. This sector understands their role in a post-pandemic world and has shifted their business models in order to come back sooner and support the people in their communities. This will mean an increasing reliance on philanthropy and public support for several years to come.”

This is a merged dataset based on two waves of data collection sources: January 22, 2021 – March 5, 2021 (n=55) and from February 16, 2021 - March 2, 2021 (n=22). The online survey was sent to members of ArtsFund’s Cultural Partners Network, a group of arts and culture-focused organizations across the Puget Sound region, and affiliated science organizations. Of the 77 responding groups, 86% are based out of King County and 14% are based out of Pierce and Snohomish counties. Many of the nonprofits have statewide reach. Respondents span groups with pre-pandemic budgets from well under \$250K to well over \$5M, with an even range across budget size.

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About ArtsFund: ArtsFund strengthens the community by supporting the arts through leadership, advocacy, and grant making. Founded in 1969, the Seattle-based nonprofit has been building community through the arts for over 50 years and is one of the nation’s leading United Arts Funds. ArtsFund was originally founded as the United Arts Council of Puget Sound to bring corporate and civic leaders together to help establish and sustain our region’s arts and cultural institutions. 50 years later, ArtsFund has supported 240 arts nonprofits with \$89.5 million in grants, and by providing valuable leadership and advocacy. For more on ArtsFund visit www.artsfund.org.