State of the Sector

A quantitative and qualitative look at Washington state's arts and cultural sector in 2026

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Executive Summary

This report examines the condition of Washington State's arts and cultural sector from 2019 through 2025, drawing on data from **314 organizations across 28 counties**, alongside statewide listening sessions, survey responses, and direct engagement with sector leaders.

The central finding is clear: the sector is not experiencing declining demand, but a **structural imbalance between rising costs and slower revenue growth**.

+39% expenses vs. +34% revenue over this period has created a widening gap between cost and income. This shift is reflected in overall financial performance, which moved from **5% surplus (2019) to 1.5% deficit (2024)**—a **6.5 percentage point decline in operating margin in five years**. While many organizations report **stable or recovering attendance**, the **cost of delivering services is rising faster than revenue can support**. As a result, **growth in activity is no longer translating into financial stability**.

Pressure is concentrated in larger organizations. The largest deficits are concentrated among mid-sized and large organizations, particularly those with budgets above **$5 million**, where fixed costs—especially personnel, which account for roughly **50%+ of total expenses**—limit flexibility. At the same time, the sector continues to rely more heavily on contributed revenue, which remains **~7 percentage points above pre-pandemic levels**. While this has helped stabilize organizations in the short term, it introduces **long-term financial risk** if philanthropic growth cannot keep pace with rising costs.

Sector feedback reinforces the data. Across listening sessions and survey responses, organizations consistently identified **financial instability**, **workforce and affordability challenges**, and **limited access to multi-year, flexible funding** as core concerns. Many also noted a **misalignment between the arts sector and broader public policy systems**, including housing, workforce development, and economic strategy. Together, these dynamics point to a **reinforcing cycle**: rising costs reduce investment capacity, weaken earned revenue, and increase reliance on contributed income.

Arts and culture remain essential civic infrastructure. They support **economic activity**, **activate public spaces**, contribute to **public safety**, and strengthen **community health and social cohesion**. The sector's **public value remains high—even as its financial model becomes increasingly strained**.

No single funding source can close the gap. In **2025 alone**, ArtsFund grant recipients reported nearly **$600 million in contributed revenue**, underscoring both the scale of philanthropic support and its limits. Addressing the current imbalance will require **coordinated action across funders, policymakers, and organizations**. This includes expanding **multi-year, unrestricted funding**, aligning arts and culture with **housing and economic development policy**, and creating space to **test new operating models**.

Bottom line: the sector is undergoing a **long-term structural shift**, not a temporary disruption. **Demand persists. Public value remains strong.** But the **cost of delivering that value is rising faster than existing revenue models can support**. Responding effectively will require both **increased investment** and a willingness to **rethink how the sector operates** to achieve long-term sustainability.

Methodology

This analysis draws on both financial and qualitative data to understand how Washington State's arts and cultural sector has evolved between 2019 and 2025. The financial dataset includes 314 nonprofit organizations across 28 counties, with information on earned revenue, contributed revenue, operating expenses, and personnel costs. These organizations span a wide range of budget sizes, from under $50,000 to over $10 million annually.

To complement the financial analysis, the report incorporates insights from four statewide listening sessions (118 participants across 29 counties), a Seattle-based arts and culture survey (149 respondents), and approximately 600 hours of individual conversations with sector leaders, funders, and public officials.

Financial results are analyzed using aggregate totals rather than organizational averages, allowing findings to reflect overall system dynamics. Key indicators—including operating margin, personnel cost ratios, and revenue composition—are calculated consistently across the dataset, with organizations grouped by budget size to assess variation by scale.

Outliers were identified using standard statistical thresholds and reviewed to confirm that they reflect real financial activity, such as one-time grants or timing effects. These values were retained in the analysis to accurately represent system-wide conditions, with results interpreted carefully where outliers have greater influence.

To assess representativeness, the sample was compared to the full population of organizations in the 2025 Community Accelerator Grant across geography, discipline, and budget size. The sample closely aligns with the full population in both county and discipline distribution, with only modest variation. It is slightly underweighted toward organizations with budgets under $250,000, meaning results may more strongly reflect the experience of mid-sized and larger organizations. Taken together, the dataset is considered broadly representative of statewide conditions.

Several limitations inform interpretation of these findings. Financial data is presented in nominal terms and does not adjust for inflation; contributed revenue is not disaggregated by source; and findings identify correlations and system dynamics rather than causal relationships.

This approach provides a system-level view of financial trends, grounded in organizational experience. Findings are intended to inform strategic decision-making and policy discussions, rather than evaluate individual organizations.

Quantitative Analysis

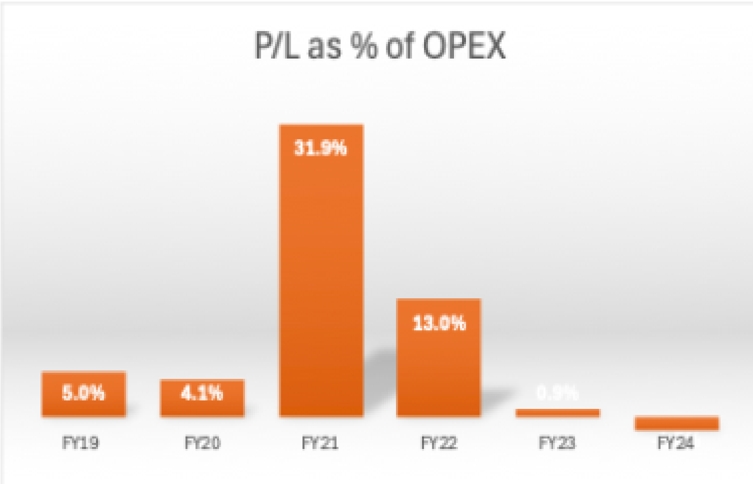

Figure 1

To understand the scale of these challenges, we begin with financial data across the sector. Overall expenses for organizations in the sample have increased by 39% from 2019 to 2025, while revenue has increased by 34%, creating a widening gap between costs and income. In 2019, the sample group showed an overall surplus of approximately 5%, while in 2024 (the last year of actual data), the same group showed a deficit of approximately 1.5%, indicating a shift from surplus to structural imbalance.

This represents a 6.5 percentage point swing in just five years—highlighting not just a change in condition, but the speed at which the sector's financial position is deteriorating. This rate of change suggests a structural shift rather than a temporary fluctuation.

While this data shows that the sector has moved from a slight surplus to break-even or a slight deficit overall, differences by budget size are more pronounced. The largest deficits in 2024—both in total dollars and percentage terms—occurred among organizations with budgets between $5 million and $10 million, and those with budgets above $10 million.

It is important to note that while nearly all organizations experienced little to no margin in 2024, the majority of financial losses were concentrated among larger organizations. These organizations carry larger payroll obligations, which typically account for 50% or more of total expenses and are likely contributing significantly to the financial strain within this cohort. (see Table 2 in Appendix B)

Contributed revenue as a percentage of total revenue remains 7% higher in 2025 than it was in 2019 for a second consecutive year. While two years of data is not sufficient to confirm a long-term shift, it does suggest a continued short-term reliance on contributed income. (see Table 3 in Appendix B)

This indicates that the sector's financial model is becoming increasingly difficult to sustain under current conditions.

Qualitative Analysis

Financial data alone does not capture the full picture. These financial trends are reinforced by what we heard directly from organizations across the state.

Across both ArtsFund's quarterly listening sessions and the Seattle-based survey, financial instability and affordability were the most frequently cited concerns. The consistency between the financial data and stakeholder feedback strengthens confidence in these findings.

Themes from Listening Sessions

- Financial instability driven by rising costs, shifting public and philanthropic funding, and limited access to multi-year support
- Ongoing post-pandemic recovery challenges, including staffing capacity, volunteer burnout, and audience rebuilding
- Political and social pressures affecting programming, safety, and organizational sustainability, particularly for LGBTQ+ and culturally specific organizations
- Strong commitment to equity, access, and inclusive community engagement
- Recognition of the arts as essential social infrastructure supporting community health and civic identity
- Demand for training and practical tools related to governance, marketing, fundraising, and administration
- Desire for more equitable funding distribution across rural, small-town, and non-metropolitan communities

Key Issues from Seattle-Based Survey

Affordability and Workforce Stability

- Housing costs increasingly incompatible with nonprofit and cultural sector wages
- Growing commute distances and displacement of workers from the city
- Implications for equity, talent retention, and service delivery

Integration with City Strategy

- Arts and culture not fully integrated into citywide strategies
- Economic and workforce contributions not consistently reflected in policy decisions
- Missed opportunities to align arts with downtown recovery, tourism, education, and public safety efforts

Coordination Across City Departments

- Shared challenges (housing, affordability, public safety, transportation) often addressed independently
- Opportunity for stronger alignment through the Mayor's Executive Office

Accessibility, Safety, and Inclusion

- Physical accessibility gaps in key cultural corridors, including downtown and the waterfront
- Safety concerns affecting attendance, staff, and visitors
- Need to ensure diverse communities and cultural traditions are represented in policy conversations

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Across both datasets, key areas of overlap include financial instability, safety, ongoing commitments to accessibility and equity, and the need to strengthen the narrative that arts and culture are essential civic infrastructure.

The arts are not just cultural amenities—they function as essential civic infrastructure, anchoring downtown foot traffic, contributing to public safety through activation of public space, and supporting community mental health and social cohesion.

The qualitative data reinforces the quantitative findings, while also highlighting that external factors—such as housing, public safety, and workforce dynamics—are influencing demand and organizational performance alongside internal programmatic decisions.

Financial data and stakeholder experience point to the same conclusion.

Summary

The central challenge facing the sector is not declining demand, but the rising cost of delivering cultural experiences. Since the disruption of the pandemic, expenses have outpaced revenue, placing strain on organizations' ability to invest in understanding and responding to shifting audience tastes and preferences.

Together, these dynamics suggest a potential negative cycle:

Without intervention, this cycle risks compounding financial instability over time.

While nonprofit organizations are designed to rely in part on contributed revenue, increasing dependence on it as a substitute for structural revenue gaps introduces long-term fragility. Continued pressure on the donor base may lead to additional instability if this trend persists.

No single funding source can close this gap alone.

The data points to a sector experiencing rapid financial change, with a 6.5 percentage point swing from surplus to deficit in just five years. At the same time, arts and culture continue to function as essential civic infrastructure—supporting economic activity, safety, and community well-being. Addressing this gap will require not only increased investment, but also the flexibility for organizations to innovate and adapt their underlying models to meet evolving conditions.

Potential Actions for Stakeholders

Given these dynamics, stakeholders identified several priority actions.

From the perspective of grant recipients, funders can:

- Provide funding levels that keep pace with rising costs
- Expand multi-year, unrestricted funding
- Reduce reporting burdens and improve transparency and feedback
- Strengthen geographic equity, particularly for rural organizations

From a public sector and policy perspective:

- Provide multi-year funding to support long-term planning and stability
- Prioritize artists within housing, healthcare, and childcare systems
- Strengthen coordination across agencies to align arts with broader civic priorities
- Integrate arts and culture into economic development, tourism, education, and public safety strategies

Across the sector:

- Invest in coordinated communications efforts to elevate the visibility and importance of arts and culture
- Reinforce the role of arts as essential civic infrastructure
- Create space for experimentation, partnerships, and new operating models

Personal Reflection

These findings align closely with what I am hearing directly across the sector. While the sector continues to recover from the declines of 2020—and, in many cases, attendance now exceeds 2019 levels—the cost of serving that demand has increased at a faster rate than organizations can offset through ticket pricing or philanthropy.

This suggests that the marginal cost of serving an additional audience member may be increasingly negative, contributing to ongoing structural deficits and increased reliance on contributed revenue.

The need for multi-year, unrestricted funding is particularly important, as organizations require flexible capital to experiment with new models, test programming strategies, and adapt to their specific markets. This type of funding can also support partnerships, mergers, and shared service models where appropriate.

At the same time, philanthropy alone cannot close this gap. In 2025, 926 ArtsFund grant recipients reported nearly $600 million in contributed revenue—far beyond what any single foundation can sustain annually. A balanced ecosystem of public, private, and individual support is essential.

This demonstrates that while increased funding is necessary, it is not sufficient. Organizations will also need the flexibility to rethink and redesign their underlying business models—testing new approaches to programming, pricing, partnerships, and scale, rather than relying solely on contributed income to sustain existing structures.

Organizations are also navigating growing uncertainty on the demand side. While the sector continues to produce a wide range of offerings, organizations need time and resources to better understand what their communities value, what they are willing to pay for, and how to align programming with rapidly shifting preferences.

Conclusion

The data suggests that the sector is not facing a temporary disruption, but a structural economic shift. Arts and culture remain critical civic infrastructure—supporting community health, economic vitality, and civic identity—and are not simply entertainment, but core systems that support economic activity, safety, and community well-being.

Addressing this will require coordinated action across funders, policymakers, and organizations to rebalance the relationship between cost, revenue, and public value, while also creating space for innovation and long-term adaptation.

Appendix A

Statewide Listening Sessions

Over the past year, ArtsFund hosted four 60-minute listening sessions with a total of 118 participants from 29 of Washington State's 39 counties. Participants represented grantee organizations and sessions were hosted by Ellen Milligan, ArtsFund's VP of Grantmaking, and Michael Greer, President & CEO. Participants were asked four questions about their organizations' challenges, opportunities, and desired support from funders. Responses were captured and summarized to preserve anonymity. A full list of questions can be found below.

2025 ArtsFund Grantee Listening Session Series Questions

- What do you see as the greatest challenge for your organization/the arts sector over the next 12-24 months?
- What do you see as the greatest opportunity for your organization/the arts sector over the next 12-24 months?
- What resources, support, or training would be most valuable to your organization?
- How does your organization think and talk about the value of arts & culture? What messages resonate with different audiences?
- What is one thing you would like arts funders to know?

Mayoral Transition Team

ArtsFund President & CEO Michael Greer served on Seattle Mayor Katie Wilson's transition team. As part of this work, the team gathered 149 responses to 13 questions from individual artists, arts organizations, arts administrators, and other arts and culture stakeholders in Seattle. A full list of questions can be found below.

2025 Mayoral Transition Team Survey

- What are the biggest affordability challenges you face as a creator or cultural worker (housing, workspace, health care, transportation, childcare, materials, time)?
- If you had access to stable, affordable housing or workspace designed for artists, how would it change your ability to create and remain in Seattle?
- What would most meaningfully reduce financial pressure for you or the creative organizations you're involved with?
- Which communities, art forms, or cultural traditions in Seattle have been historically excluded, erased, or undervalued — and how should the city address that?
- What parts of Seattle's cultural history or present-day creative life do you feel are most overlooked or misunderstood?
- How do immigrant, diasporic, and Indigenous artists shape Seattle's cultural identity — and how can the city better support and connect these communities?
- What should Seattle be proud to show the world culturally — especially during moments like the World Cup?
- What does culture mean to you, and how can Seattle embrace this idea of culture?
- What barriers have you experienced when trying to work with or receive support from city departments or programs?
- Where do you see gaps or missed opportunities for city departments to collaborate more effectively around arts, culture, and the creative economy?
- What would meaningful partnership between artists, cultural organizations, and city government look like in practice?
- What projects or approaches could the city advance that better reflect the intersection of arts, culture, race, equity, and economic justice?
- If artists were truly valued, what would Seattle look like, sound, and feel like in the future?

Informal Conversations

Over the course of 2025, ArtsFund President & CEO Michael Greer conducted over 600 hours of individual meetings with artists, arts administrators, funders, and corporate and public sector stakeholders from across Washington State, the country, and internationally. Reflections in this report incorporate insights from these conversations.

Appendix B

Statewide Grant Data

This dataset includes information from 314 organizations across 28 Washington counties over seven years, from 2019 (Nonprofit Community Recovery Grant) to 2025 (Community Accelerator Grant). The data includes earned revenue, contributed revenue, operating expenses, and personnel expenses. 58% of organizations are located in King County, and 2025 budget sizes range from $40,000 to $96 million. (see Table 1)

TABLE 1 – Organization counts by budget size

Budget Category	Number of Organizations	Percent of Total	Running % Total
1) <$50k	9	2.9	2.9
2) $50k–$250k	90	28.7	31.6
3) $250k–$500k	55	17.5	49.1
4) $500k–$1M	61	19.4	68.5
5) $1M–$5M	76	24.2	92.7
6) $5M–$10M	10	3.2	95.9
7) >$10M	13	4.1	100
All Budget Categories	314	100	100

TABLE 2 – Personnel as Percent of OPEX

(Sum of personnel cost by budget category / Sum of OPEX by budget category)

Budget Category	FY19	FY20	FY21	FY22	FY23	FY24	FY25B
1) <$50k	18.7	30.7	25.8	34.6	4	4.4	4.2
2) $50k–$250k	40.6	42.4	38.7	37.4	36.6	35.6	34.1
3) $250k–$500k	48	57.6	52.8	51.3	45.2	47.2	47.1
4) $500k–$1M	48.9	55.9	56	51.2	51	52.4	53
5) $1M–$5M	50.9	57.1	59.6	60.7	51	52.5	53.2
6) $5M–$10M	54.7	55	60.9	54.6	56.3	53.4	56.2
7) >$10M	50.4	57.3	62.5	49.1	49.3	49.5	48.6
All Budget Categories	50.6	56.6	60	52.3	50.2	50.5	50.4

TABLE 3 – Earned / Contributed Revenue Percentages

(Sum of earned revenue [Contributed Revenue] by budget category / Sum of earned revenue and contributed revenue by budget category)

Budget Category	FY19	FY20	FY21	FY22	FY23	FY24	FY25B
1) <$50k	52.5 / 47.5	42.0 / 58.0	28.0 / 72.0	45.6 / 54.4	35.5 / 64.5	37.9 / 62.1	37.3 / 62.7
2) $50k-$250k	53.4 / 46.6	37.2 / 62.8	31.1 / 68.9	42.8 / 57.2	42.1 / 57.9	45.8 / 54.2	45.3 / 54.7
3) $250k-$500k	51.8 / 48.2	35.9 / 64.1	26.3 / 73.7	38.3 / 61.7	41.5 / 58.5	44.9 / 55.1	46.7 / 53.3
4) $500k-$1M	53.2 / 46.8	39.3 / 60.7	33.0 / 67.0	52.1 / 47.9	37.3 / 62.7	43.0 / 57.0	44.0 / 56.0
5) $1M-$5M	49.2 / 50.8	35.2 / 64.8	24.8 / 75.2	42.0 / 58.0	40.4 / 59.6	40.3 / 59.7	42.2 / 57.8
6) $5M-$10M	42.2 / 57.8	33.8 / 66.2	18.0 / 82.0	29.1 / 70.9	33.4 / 66.6	42.9 / 57.1	40.4 / 59.6
7) >$10M	67.7 / 32.3	49.6 / 50.4	23.3 / 76.7	52.9 / 47.1	61.3 / 38.7	62.7 / 37.3	62.1 / 37.9
All Budget Categories	59.3 / 40.7	43.1 / 56.9	24.3 / 75.7	47.0 / 53.0	49.9 / 50.1	52.3 / 47.7	53.0 / 47.0

Appendix C

This analysis is subject to several limitations:

LIMITATIONS AND INTERPRETATION

This analysis reflects organizations engaged with ArtsFund and may not fully represent the entire Washington State arts ecosystem. King County is overrepresented (58%), which may influence statewide conclusions. In addition, the dataset is unbalanced across years, and results should therefore be interpreted as directional trends rather than exact cohort tracking.

Financial figures are presented in nominal terms and are not adjusted for inflation, meaning real cost increases may be understated. Contributed revenue is also aggregated across individual, institutional, and government sources and is not disaggregated within the dataset.

Finally, the analysis identifies correlations and system-level dynamics but does not establish causal relationships. Findings should be interpreted as strongly indicative of broader sector patterns rather than definitive proof.

This report is intended to identify sector-wide financial dynamics, inform policy and funding discussions, and support strategic decision-making. It is not designed to evaluate individual organizational performance or to support direct comparisons between specific institutions.

TREATMENT OF OUTLIERS

Outliers were identified at the organization level using standard statistical thresholds (values outside 1.5× the interquartile range [IQR] for key financial ratios). These values were reviewed and assumed to reflect real financial activity, most often driven by timing effects such as one-time grants, capital funding, or accounting structure differences.

Outliers were retained in aggregate analyses to accurately represent system-wide financial activity. Importantly, key findings—such as revenue mix trends, expense growth relative to revenue, and overall margin patterns—remain consistent and significant even when outliers are examined separately. Where outliers have greater influence, results are interpreted with appropriate context to distinguish aggregate impact from typical organizational experience.

SAMPLE BIAS

Comparing the sample dataset to the full population of organizations in the 2025 Community Accelerator Grant indicates strong alignment in both county and discipline distribution (county differences within ±1%, except King County at +6%; discipline within ±4%). The sample is modestly underweighted toward organizations with budgets under $250,000. Despite this, the dataset remains sufficiently representative to support population-level inferences, provided this slight size bias is taken into account.

Table 4 – County Distribution

COUNTY	SAMPLE	FY25 CAG
King	58.3%	52.4%
Pierce	5.7%	6.2%
Snohomish	4.1%	4.7%
Spokane	4.1%	4.3%
Whatcom	3.5%	3.3%
Kitsap	2.9%	3.0%
Thurston	2.9%	3.4%
Yakima	2.5%	1.2%
Island	1.9%	1.5%
Jefferson	1.9%	1.5%
Skagit	1.9%	1.9%
Benton	1.3%	1.3%
Clallam	1.3%	1.3%
Chelan	1.0%	1.7%
Cowlitz	0.6%	0.5%
Grays Harbor	0.6%	0.8%
Lewis	0.6%	0.5%
Mason	0.6%	0.4%
Okanogan	0.6%	1.2%
San Juan	0.6%	1.1%
Walla Walla	0.6%	1.0%
Clark	0.3%	1.5%

Franklin	0.3%	0.3%
Grant	0.3%	0.3%
Kittitas	0.3%	0.5%
Pacific	0.3%	0.8%
Stevens	0.3%	0.9%
Whitman	0.3%	0.5%
Adams	0.0%	0.2%
Asotin	0.0%	0.1%
Columbia	0.0%	0.1%
Douglas	0.0%	0.3%
Ferry	0.0%	0.1%
Garfield	0.0%	0.1%
Klickitat	0.0%	0.1%
Lincoln	0.0%	0.1%
Pend Oreille	0.0%	0.4%
Skamania	0.0%	0.1%
Wahkiakum	0.0%	0.1%

Table 5 – Budget Distribution

BUDGET CATEGORY	SAMPLE	FY25 CAG
1) <$50K	3%	13%
2) $50K–$250K	29%	44%
3) $250K–$500K	18%	15%
4) $500K–$1M	20%	11%
5) $1M–$5M	24%	14%
6) $5M–$10M	3%	2%
7) >$10M	4%	2%

Table 6 – Discipline Distribution

DISCIPLINE	SAMPLE	FY25 CAG
Arts Service	4%	6%
Cultural Heritage	12%	16%
Dance	6%	6%
Film & Media	4%	4%
Literary Arts	3%	3%

Multidisciplinary	13%	12%
Music	26%	24%
Musical Theatre	3%	3%
Opera	1%	0%
Other	2%	3%
Theatre	14%	11%
Visual Arts	11%	12%