

Summary Analysis
of the Statewide

Covid-19 Economic Impact Survey for Creative Organizations and Businesses



Executive Summary

Background

Stay at home orders throughout California have effectively shut down all in-person operations, exhibits, performances, and productions since March 1, 2020. Nonprofit arts and culture organizations and creative businesses relying on earned revenues from ticket sales, contract work, and sales and commissions from artwork have been hard hit, resulting in significant job losses and salary reductions from closures or reduced operations.

As full participants in the state's economy, the pandemic's negative impacts on arts and culture organizations and creative businesses continue to reverberate throughout California.

Audiences and program participants in communities across the state are also impacted. California's arts and culture organizations provide more than performances and exhibits to a paying public, they are also embedded in the state's supportive social and educational structures such as schools, community centers, prisons, libraries and hospitals. Driven by missions that value community participation and engagement, arts and cultural institutions of all sizes connect people through live performances, festivals, neighborhood programs, and museum experiences.

“We may not close the business, but we will not be the same organization.”

Despite having to shut down in-person activities, artists and organizations have not stopped trying to connect with audiences; instead, they have built new online

platforms to engage the public in performances, exhibitions, film festivals, online visual and performing arts classes, and interactive programs to enable engaging at a distance. Moreover, they have provided Californians of all ages with programs that have helped them alleviate the adverse effects of social isolation brought on by quarantining.

To assess the impacts of the pandemic, Californians for the Arts (CFTA) conducted two online surveys of creative sector workers as well as businesses and nonprofit organizations between October 6 and November 27, 2020. Surveys were available online in English and in Spanish. CFTA engaged Victoria Plettner-Saunders, a Principal with the arts research and consulting firm WolfBrown, to design, implement and provide analysis of the surveys.

The Statewide COVID-19 Economic Impact Survey for Creative Organizations and Businesses had representatives from 607 creative businesses and nonprofit organizations.

The information provides a snapshot of a moment in time. Conducted eight to nine months into the pandemic, the survey captured COVID-19's impacts on organizational operations now, as well as concerns about future sustainability. As the pandemic continues into 2021, this picture will continue to evolve. This study helps illustrate that widespread closures of arts and culture organizations for in-person programs have led to sizable revenue and job losses and the critical dependence on public funding and relief programs to maintain operations. It also illustrates the hope, for many, of future sustainability when it is safe for the arts to reopen to full capacity.

Study Highlights

Impacts to the Workforce

Between March 1 and September 30, 2020, 64% of the 253 organizations surveyed that had paid workers of any kind, conducted some form of a reduction in workforce. The number of impacted jobs is 7,795. Workforce impacts averaged 75% (layoffs and/or furloughs) per organization with 25% of organizations losing between 90% and 100% of their paid workers.

Eighty-six percent (86%) of organizations that have implemented salary reductions indicated that "it is not likely at all" that the effected employees would return to full salary before December 31, 2020. There is little indication that there will be any positive change in employment for the thousands of individuals who are without or partially without work. The impact of stimulus funding on organizations' abilities to keep workers working is essential. While organization's may not be providing in-person programs, those that pivoted to digital formats need to continue engaging the public and providing programs for youth and families.

"We no longer have the funds to reopen in-person except for volunteer-run programs."

Impacts on Educational Programs

Art and culture organizations are a significant provider of educational resources to local public and private schools and community centers with 79% of those surveyed indicating they work with young people under the age of 18. Some 60% have had to lay off or furlough teaching artists and other educational workers. Organizations have

been able to develop virtual programs with varying degrees of success while others have created new programs and resources to facilitate learning (and parental teaching) at home. In other cases, the organizations themselves have closed and are unable to provide any programs.

Positive Impacts of Government Support

Survey respondents indicate that state and federal governmental support provided one of the most important sources of financial support for the sector. Even though 56% of respondents indicated that they had laid-off or furloughed some or all paid workers, CARES Act funding made it possible for almost 80% of organizations to maintain enough staff to create digital engagement through online performances, exhibits, educational programs, films and virtual

“We have been informed we are going to receive CARES Act funds before the end of 2020. This will allow us to produce online content in 2021 and give work to dancers and technical staff. We hope it will help us remain solvent for a portion of 2021.”

gatherings. Individual donors topped the list of sources for private support (65%), with private foundations at just over 50%.

Preparedness to Reopen

The responses to questions related to their preparedness for reopening are mixed but generally positive. Almost three-fourths (72%) of respondents indicated that they are waiting until it is safe for people to return to their venue before attempting to reopen. Almost half (47%) require their region be in the “minimal risk” category of the Governor’s [Blueprint for a Safer Economy](#) before reopening. While others noted that the nature of their work requires immunity or widespread vaccinations to take place before they can consider reopening.

Thirty-eight percent (38%) are currently working on plans for reopening so they will be ready when they are able to return to in-person programming. A large majority (75%) feel either extremely, very or moderately confident that they will have systems and resources in place when they are able to reopen. A smaller percentage, 16% of respondents predicted that if they are not able to return to some level of in-person programs by March 31, 2021, they were not confident that they would remain in business.

“With the cost of ‘modifications’ and limited numbers of people eligible to attend a traditional indoor theater venue, we do not believe we can afford to open and recoup the expense with our already diminished reserves and operating capital.”

Resources to Reopen

Organizations estimated the costs to reopen. Their projections ranged from less than \$5,000 (23%) to more than \$100,000 (7%). Fifty percent (50%) estimated they would need less than \$10,000 to restart. Organizations were fairly evenly spread across the

spectrum regarding the percentage of reopening costs they could currently meet. At the time of the survey 10% indicated that they had none of the resources necessary were they able to reopen today and 30% stated they had more than 90% what they would need. Thirty percent (30%) of those stating they had none of the resources necessary to reopen also indicated that they estimated their need at less than \$5,000. It is not clear if those organizations would project the same costs if asked now, as many have likely been pressed to spend down reserves as the pandemic has worn on. That said, it appears that a small investment could have a big impact for some organizations.

Seventy one percent (71%) of respondents anticipate that making patrons feel safe to return will be the most difficult aspect of reopening, while almost half (48%) are concerned about establishing a sustainable business model that will enable them to return to in-person services. At least 10% will be unable to return to their office or venue because it was lost as a result of the pandemic.

At least 25% of respondents indicated that they needed a tool kit or other technical assistance to understand how to comply with distancing and reopening guidelines. In order for compliance to take place, specific guidelines for venues for live events and performing arts to prepare for reopening need to be available. At present, those guidelines have not been developed.

Ongoing Concerns

Staying open, restarting, and remaining sustainable post-pandemic are of greatest concern to organizations as they consider what it will take to reopen in the future. The need for support for continued operations with waiting to reopen was identified as a need by 66% of respondents, with another 33% required loans, grants or other subsidies for start-up costs. Almost one-third (27%) needed assistance with creating a new sustainable business model for the future.

It is notable that the implementation of AB 5 at the start of 2020 was already a great concern to countless organizations. For many, the inability to support a more costly workforce post-pandemic as a result of AB 5 without new and/or larger sources of revenue could impede their ability to reopen at all. While not a question in the survey, it was often included in open-ended comments.

Recommendations

Using the data provided through this survey, CFTA recommendations for policy or program/services are offered on page 20.

Californians for the Arts

Californians for the Arts (CFTA) is the only comprehensive, multidisciplinary organization focused on advancing and building public awareness of the value and impact of arts, culture and creativity across California. With over 15,000 active subscribers and hundreds of members representing thousands of artists and arts and cultural organizations, we take on opportunities and challenges that no single organization or artist can represent alone. Moved by our deep conviction of the civic and personal value of the

arts, our mission at Californians for the Arts is to ensure that the arts are accessible to all Californians; are an ongoing part of the public dialogue and to encourage Californians to care about the arts as a critical component of their own lives and the lives of their communities. We fight for arts resources and policies that benefit our members and all residents of California. Our work and support of civic engagement, arts education, racial and cultural equity and the creative industries, positively impacts every community across the state. CFTA is governed by a board of twenty-eight members of arts leaders from across California.

CFTA Staff

Executive Director: Julie Baker

Membership Associate: Ari Rampy

Programs Manager: Matt Carney

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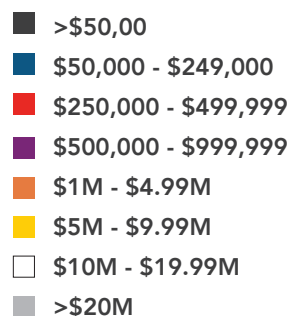


**For more information
or to contact us:
californiansforthearts.org
916-296-1838**

Survey Representation

Of the 607 respondents who completed the survey:

- 503 (83%) nonprofit arts and culture organizations
- 58 (10%) private sector creative businesses
- 46 (7%) sole proprietorships

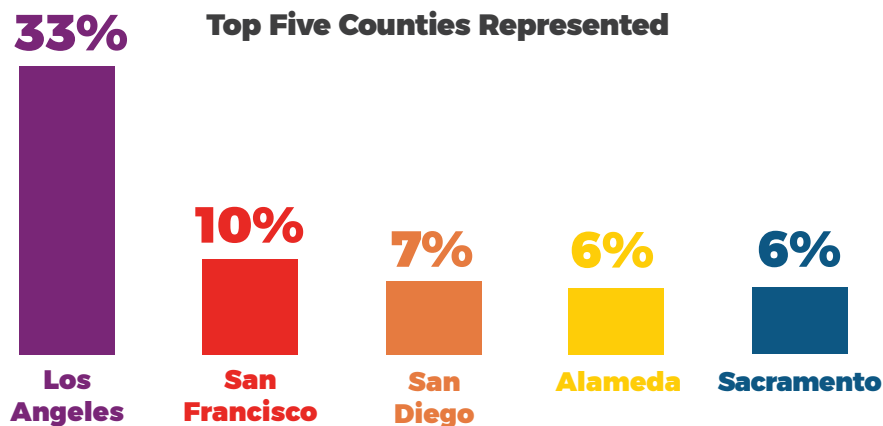


Budget Size

Responding organizations and businesses had FY2019 annual operating budgets of less than \$50,000 and more than \$20 million. A majority of respondents indicated that their FY2019 operating budget was \$500,000 or less.

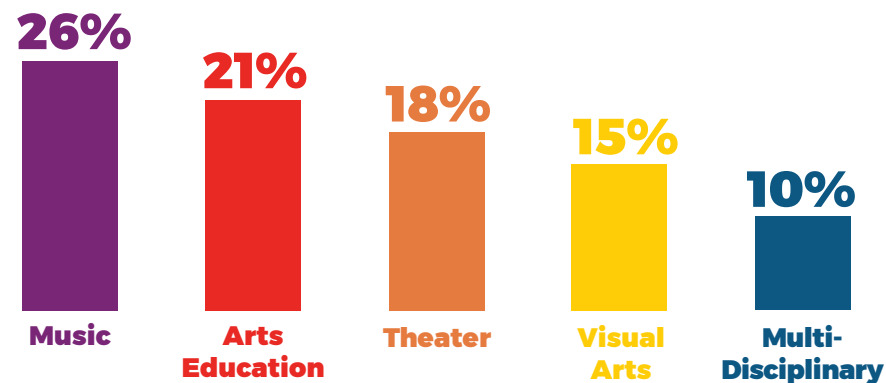
Location

Top Five Counties Represented



Disciplines

Top Five Disciplines Represented



Survey Representation

Educational Programs



79% of responding organizations provide educational programs for those under age 18.

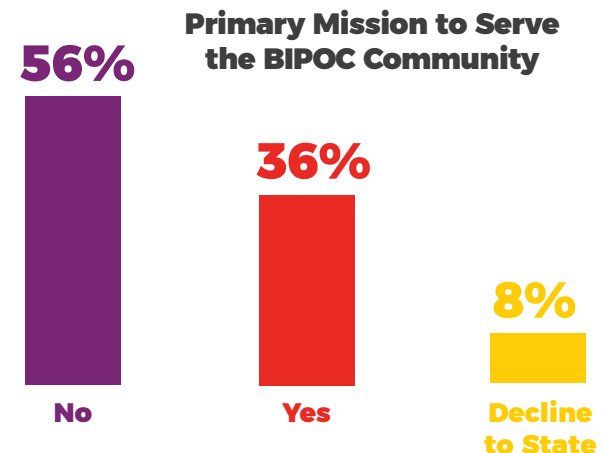
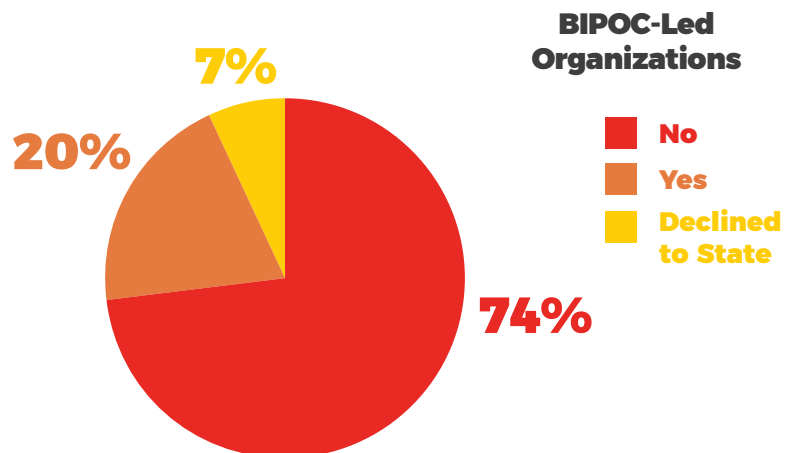
74% provide programs in grades K-12.

67% indicated they serve Title 1 students (those receiving free or reduced lunches).

76% indicated that those Title 1 programs had been impacted by the pandemic.

Black, Indigenous & People of Color

Respondents were asked if their organization is majority BIPOC-led (staff and/or board) and if their primary mission is to serve the BIPOC community.

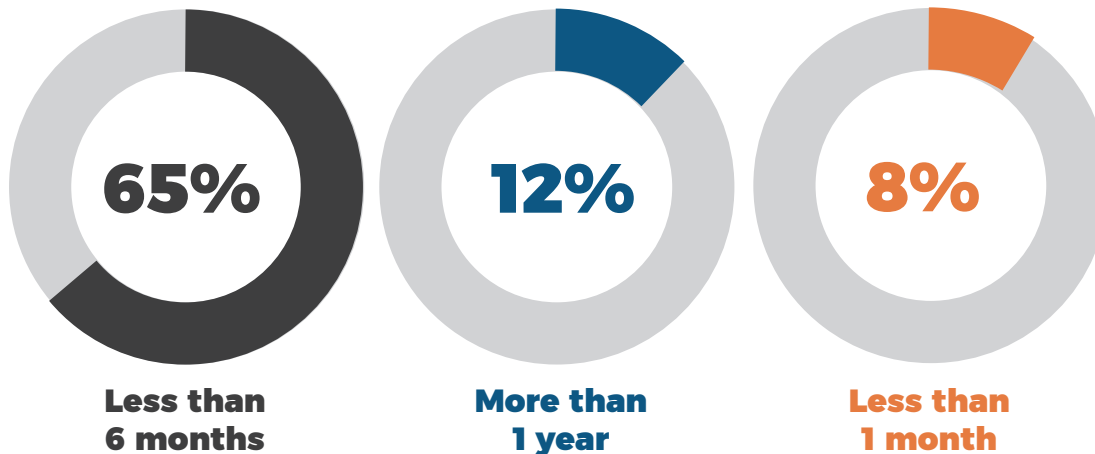


Financial Impacts

Organizations have been highly dependent on government and philanthropic support to keep their doors open since March 1, 2020. With small profit margins even during the best times, the recent loss of earned revenue from the instantaneous drop in admissions and ticket sales, coupled with other pandemic-related funding losses, has forced many organizations to spend down reserves. A portion lack confidence in their ability to sustain themselves in the coming months.

Availability of Working Capital

The amount of working capital an organization has on hand is one indicator of financial stability. Working capital is the cash assets that can support an organization to remain operating were no additional financial support available.



Confidence in the Future



“We will stay in business until we run out of capital and then we will ‘close our doors’.” Survey Respondent

Relief Assistance

Public Sector Support

Organizations have received support from a variety of government, philanthropic and individual donor sources. Key among these have been federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds in the forms of forgivable and low interest (1%) loans and grants.

Organizations had access to these resources at the local, state, and federal levels.



Sources of Federal Support



There were several anecdotal comments about the lack of information about how to apply for PPP or EIDL funding, concerns about the rules for forgiveness that were unclear, and timing issues with submitting applications due to staff reductions.

Relief Assistance

Comparison of Non-BIPOC and BIPOC Organizations' Access to CARES Act Funding

Organizations that have as a primary mission to serve the BIPOC community reported disproportionate access to CARES Act funding than those that reported having a different primary mission. It is unclear why organizations were denied funding or why they did not apply.

Non-BIPOC		BIPOC
57%	Received CARES Act funding	54%
30%	Did not apply	18%
5%	Applied but were denied	18%
2%	Wanted to apply but were unable	7%
5%	Other	3%

Relief Assistance

Overall Private Sector Support

The private sector has shown tremendous support of the arts and culture sector with individual donors being the largest single source:



Private Sector Support for BIPOC Organizations

When filtered for data specific to the BIPOC community, the results were similar with a slight uptick in foundation support:



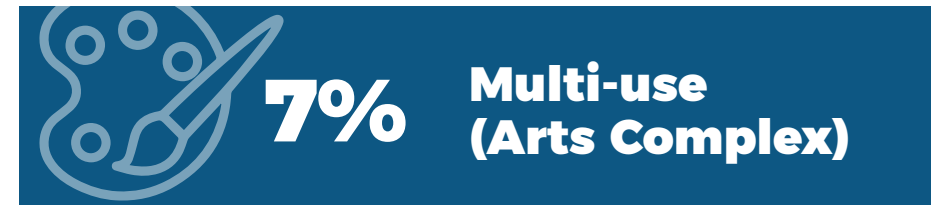
Impacts on Venues

Survey Respondents' Type of Venue Usage

The venues in which most arts and culture organizations produce, exhibit, and perform their work are indoors, making it most difficult to conduct that business since March 1, 2020. Survey respondents identified the following indoor venues as those with the highest use. (Organizations could pick two:)



“We have been told that there is NO road map to live performances during any stage of the Governor’s plan.” Survey Respondent



Outdoor and festival venues each shared only 4% of the total; evidence of the dependence the sector has on spaces that are ill-equipped for use under these circumstances.

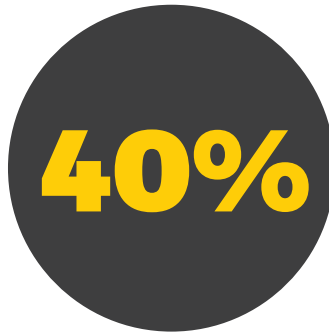
Impacts on Venues

Challenges of Reopening

When asked what respondents anticipated to be the most difficult aspects of reopening, two of the highest ranked needs were the ability to make patrons feel safe to return and facility alterations to comply with state mandated social distancing requirements.



**Making patrons
feel safe**



**Facility alterations to
comply with social
distancing requirements**

So much depends on a safer environment for in-person gatherings. Making this happen requires not only widespread availability and use of a vaccine, but facility adaptations, access to large quantities of protective equipment, and preparing and training staff and volunteers for facilitating social distancing while on site.

17% indicated the need to procure face masks and other PPE for patrons, staff, and volunteers.

17% indicated that they would be unable to return to in-person programming until a vaccine is available and/or there is widespread immunity.

Additional responses included:

“Funding to support venue ventilation modifications to allow for adequate air exchange on ALL areas of our theatre.”

“Assistance with adapting the current physical space for airflow.”

Impacts on the Workforce

Between March 1 and September 30, 2020,
64% of the 253 surveyed organizations that had paid workers of any kind, conducted some form of a reduction in workforce.

22% indicated they may require additional furloughs and salary reductions (without a reduction in hours) in 2021.

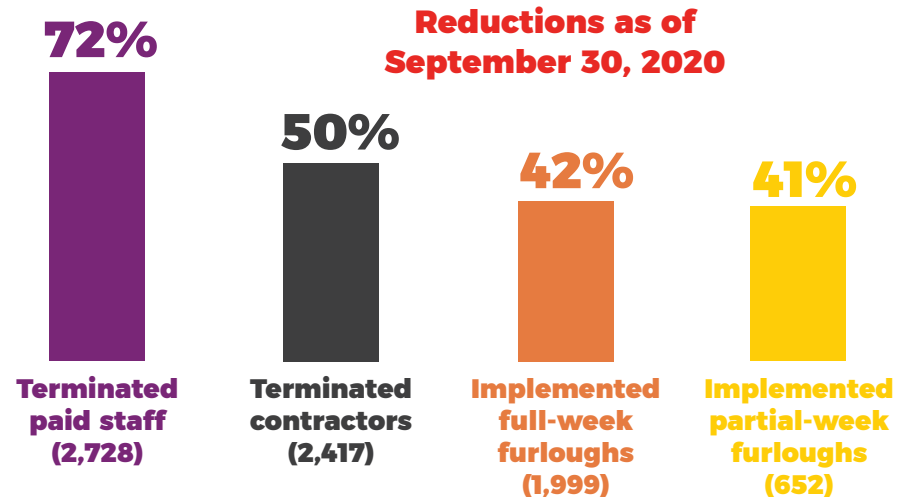


76% indicated that their programs in Title 1 schools have been adversely impacted by the pandemic.
60% have furloughed or terminated teaching artists or other education workers.

Organizations in more expensive cities anticipate difficulty hiring teaching artists in the future as many workers have moved to less expensive cities.

“We have ZERO confidence that there will be teaching artists available in Silicon Valley post-Covid.”

Survey Respondent

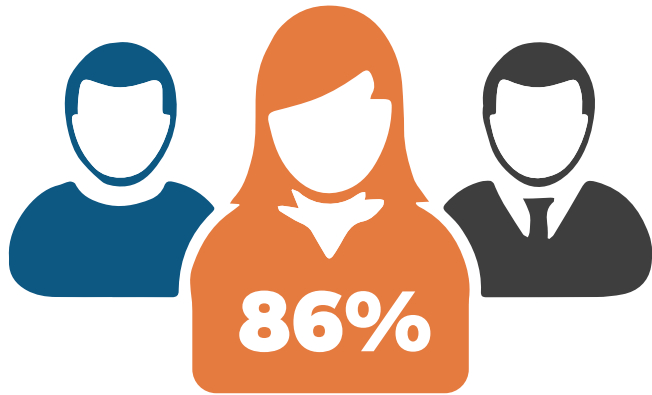


Organizations that suspended the process of converting contractors to employees to meet AB 5's requirements, anticipate the need for additional resources to complete the process when they return to public programming.

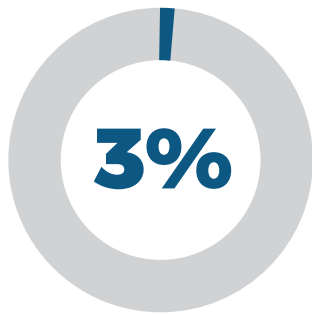
“AB 5 requires us to convert a large number of contractors to employees and we'll need funds to cover the new payroll and workers' comp costs.”

Survey Respondent

Future Prospects for Workers



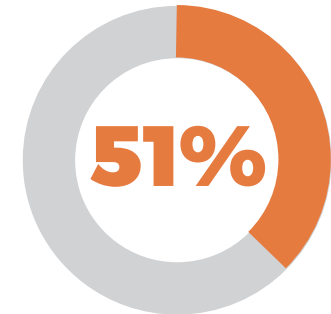
Eighty-six percent (86%) of organizations that have implemented salary reductions indicate that “it is not likely at all” that they will be returning a portion of those employees to full salary before December 31, 2020.



**“very likely” to rehire
or bring back employees
from furlough before
December 31, 2020**



**“not likely at all” to rehire
or bring back employees
from furlough before
December 31, 2020**



**unable to determine without
more information about
when they can reopen
to the public**

Reopening Plans



72%

are waiting until it is safe for people to return to their venue before attempting to change the status quo



71%



anticipate the most difficult aspect of reopening is making patrons feel safe

58%

will continue to provide online or distanced outdoor programming until audiences are safe to return to their venues



48%



are concerned about having a business model that ensures sustainability in a post-pandemic environment

42%

require their region to be in the "minimal risk" category before they can consider reopening



38%

indicated they are working on plans to reopen now, so they are ready to go when they are given the green light



Resources Needed to Reopen

66%

Funding to support ongoing reduced operations until we are able to reopen and begin earning revenue again

33%

Bridge loans, grants or subsidies for start-up costs

27%

Assistance with creating a new sustainable business model for the future

25%

A toolkit or other technical assistance to comply with social distancing and reopening guidelines

23%

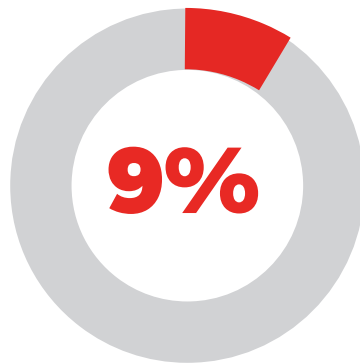
Rental/Mortgage relief

16%

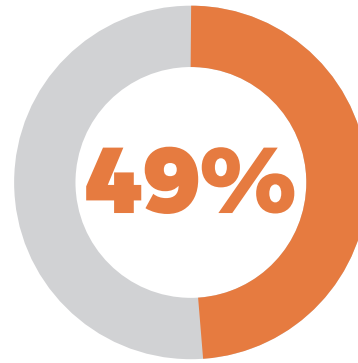
Advice and assistance with rethinking our organization's mission and vision for the future

The Costs of Reopening

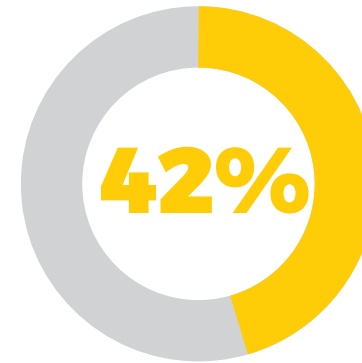
Organizations projected their financial needs for reopening.



**are unable to meet
any of their costs
to reopen**



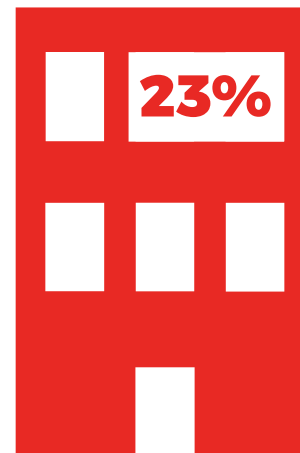
**can meet
less than 50%
of their costs to reopen**



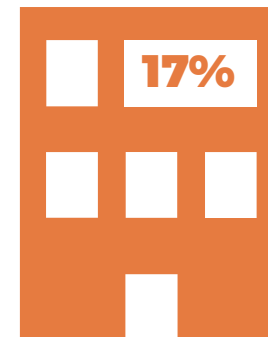
**can meet
50% or more
of their costs to reopen**

One-third (32%) of those indicating they have no resources for start-up, also indicated they need less than \$5,000.

Over half (57%) of the organizations estimating they need less than \$5,000 have budgets under \$250,000; making it likely that smaller organizations can be helped into successful reopening with comparatively little investment.



**need less
than \$5,000**




**need
\$5,000 -
\$9,999**




**need
\$10,000 -
\$25,000**

Thoughts on Reopening and the Future


The following are direct quotes from survey respondents indicating the challenges they face moving forward:



“Being able to hire people we need, not re-hire who we had to lay off because we have gone through a venue remodel plus enhanced pre-recorded digital production which requires a new skilled production manager to be hired.”



“Efficient contact tracing. Shifting to new and changing CDC regulations and/or state/city ordinances if it happens frequently. Maintaining staffing levels if regular staff need to call out sick and/or be quarantined due to exposure even if not positive. Stress levels on employees to carry out all needed/added workload. Business continuity.”



“Several of our staff relocated out of California during the pandemic due to the cost of living in San Francisco. We will need to hire, and train new staff based locally to operate in-person. It will be challenging to maintain and resource a hybrid in-person and online business model from a staff resource perspective and having the funds to support that business model as we make the transition and gradually rebuild.”

Recommendations

Using the data provided through this survey, the following policy or program/service recommendations are offered:

- #1** Urge policymakers to continue dedicated state and federal support for California's creative industries. If and when a second relief package includes state funding, advocate for a dedicated funding stream to creative businesses and organizations that are still closed due to the state's blueprint for reopening.
- #2** Urge the Newsom Administration to issue guidelines for live events and performing arts so businesses have ample time to prepare venues and staffing for a safe reopening.
- #3** Consider state supported outdoor pop-up events across the state to acclimate patrons to return to live events safely and demonstrate that safe behavior protocols are possible while experiencing something that brings communities together.
- #4** Urge policymakers to recognize that California's recovery must include the reopening of live events and a successful return of the creative industries.
- #5** Consider financial assistance programs that both support organizations to reopen more quickly, while providing interim support to keep them working until it is safe to reopen.
- #6** Explore the ways in which small investments can have strong results such as grants of less than \$10,000 to organizations that have minimal requirements for reopening.
- #7** Provide not only financial assistance in the form of operating grants, but funding for organizations to prepare to reopen in compliance with AB 5, create new business models for future sustainability, and organizational development to restructure when they start to rehire.
- #8** Create a state level payroll system to make compliance with wage and benefits requirements easier for small organizations and businesses.
- #9** As relief funding opportunities arise, consider creating and implementing an initiative to ensure that organizations have access to information early and often as well as to workshops or other technical assistance to help them make applications for financial relief.



WALTER & ELISE HAAS FUND



*Individual and
Organization Members*

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