WESTAF COVID-19 Arts Impact Survey
Findings Report

June 1, 2020
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Executive Summary

WESTAF launched a COVID-19 Arts Impact Survey on March 26, 2020, early in the COVID-19 outbreak, and closed the survey on May 1, 2020. The survey engaged WESTAF networks across the West through email and social media, and sought to gain information on the impact of the pandemic on the creative economy as a whole. The survey engaged 783 artists, arts nonprofits, creative businesses, and government agencies in the West. Because of the very low number of government agency respondents, these results have not been included in the analysis that follows. WESTAF has shared initial findings with its network of state arts agency and state arts advocacy leaders and with private foundations and other grantmakers considering making investments in COVID-19 responses for the arts. Final results will be shared with a broader set of constituents, including arts service organizations, regional and local grantmakers, and other networks across the region and nationally.

Headline statistics

The following headline statistics illustrate the impact of the COVID-19 pandemic on the creative economy in the West:

- **Respondents that reported reductions in income/revenue**
  - Artists: 91%; Arts nonprofits: 92%; Creative businesses: 96%

- **Respondents that reported total, very significant, and severe losses in income/revenue**
  - Artists: 65%; Arts nonprofits: 57%; Creative businesses: 70%

- **Respondents that reported loss of contracts**
  - Artists: 59%; Arts nonprofits: 50%; Creative businesses: 63%

- **Respondents that reported cancellation of paid events**
  - Artists: 37%; Arts nonprofits: 90%; Creative businesses: 67%

- **Average loss reported by respondents**
  - Artists: -$12,941.16; Arts nonprofits: -$73,964.63; Creative businesses: -$39,029.61

- **Percentage of respondents that have had to Layoff Employees**
  - Arts nonprofits: 30%; Creative businesses: 22%

- **Policies and other interventions rated by respondents as helpful or very helpful**
  - Emergency funding for artists - 68%
  - Emergency funding for arts organizations - 58%
  - Unemployment benefits - 51%
Key observations

Based on the analysis of survey data, additional research on national COVID pandemic impact studies, and an understanding of current trends, the following interpretations of the survey findings about the impact of COVID-19 on the arts and cultural sector and wider creative economy in the West can be made:

- **Very significant income/revenue reductions and losses are being experienced by artists, arts nonprofits, and creative businesses in the West.** Roughly 62% of all respondents saw a severe, total, or very significant reduction in income or revenue since the COVID-19 outbreak began in early 2020. Roughly 92% of respondents reported reduced year-on-year income/revenue as a major concern.

- **Overall, artists, arts nonprofits, and creative businesses in the West face greater financial fragility when compared with American households, nonprofits, and small businesses generally.** Nearly 70% identified limited cash reserves/savings as a major concern, and 63% cited rapidly decreasing reserves as such.

- **Due to low savings and reserves levels, the financial situation of many artists, arts nonprofits, and creative businesses in the West will likely worsen in the coming months, as their savings and reserves are depleted unless they are able to access some form of financial support.** Debt could be an alternative, but would seem to put even greater financial pressure on individuals and organizations. 72% of all respondents had savings or reserves of three months or less, and 26% have no savings or reserves.

- **Arts nonprofits in the West, and nationally, appear to be protecting their employees from layoffs, and arts nonprofit layoffs compare favorably with nonprofit layoffs as a whole.** 68% of arts nonprofits in the West have not had to lay off employees.

- **Creative businesses in the West are protecting their employees from layoffs, and their rate of layoffs tracks with the average for small businesses nationally.** 67% of creative businesses in the West have not had to lay off employees.

- **It can be speculated that arts nonprofits and creative businesses in the West are using their reserves and access to funding to shield their employees from unemployment.** If this is the case, it appears unlikely that this can be sustained over many months, given relatively low levels of reserves.

- **Higher incomes/revenues do not necessarily buffer individual artists, arts nonprofits, or creative businesses in the West from financial difficulties arising...**
from the COVID-19 crisis. Lower incomes, however, are associated in most cases with limited accumulation of individual savings and organizational reserves.

- Relief funding for artists and relief funding for arts organizations are viewed to be the most supportive interventions, and there are a number of funds being created to meet the crucial financial needs of artists and arts nonprofits. There are limitations in the scale and reach of these interventions, and where such funds are being developed, many are quickly oversubscribed.

- More general public policy interventions are, for the most part, viewed less favorably by respondents, but could, in many cases, provide income or reduce costs. Educating individual artists, nonprofits, and small creative businesses on how to access these interventions may help them to make sense of these opportunities for themselves. Many organizations have been assembling resources and providing guidance to help organizations do just that across the West and nationally.

- Respondents seem(ed) prescient in foreseeing challenges with general policy interventions (such as unemployment insurance and business disruption loans) being accessible to artists and arts nonprofits. Respondents recognize the need for arts-specific relief but also see the potential for other policy interventions to help.

Survey design

The WESTAF COVID-19 Arts Impact Survey was designed to examine the early impact of the pandemic on the activities and finances of artists, arts nonprofits, for-profit creative businesses, and government agencies that collectively form a component of the creative economy. National, state, and local surveys have been reviewed in the process of designing this survey to determine gaps and identify points of differentiation and a sharp focus. The survey consists of 16 questions with a mix of multiple choice, matrix, and open ended questions that focus on demographics (type of business, type of work, income levels, etc.), financial impacts and concerns, and responses to types of interventions that could ameliorate the adverse economic impact of the COVID-19 pandemic.

Population, sample size, and responses

The survey was sent to a distribution list of 1,295 WESTAF contacts with 1,158 successful deliveries. The survey was also shared on WESTAF social media channels. A sample size of 289 was determined based on the number of successful deliveries to contacts on the distribution list. Data from 783 survey responses (over two and a half times the sample size) were analyzed for this report of survey findings.
Summary findings

Respondents

Of the 783 respondents, over 69% are self-employed/individual artists, 25% are arts nonprofits, and 3% are for-profit creative businesses. The remaining 2% are local and state government agencies. Survey responses further indicate that roughly 69% of those surveyed were sole proprietorships, and only 2% had over 50 employees. The prevalence of self-employment and microenterprises in the arts and broader creative sector is a well-known feature of the nature of the work and business composition in the creative economy.

The survey garnered responses from each of the 13 states in the WESTAF region—Alaska, Arizona, Colorado, Hawai‘i, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming. The highest number of responses were received from West Coast states—Washington, Oregon, and California—and a full mapping of survey responses across the region is presented below. Supplemental data was requested from states in which state-level impact surveys have been completed, and the survey remained open to May 2020. Relaunching the survey in future months to allow respondents to update their responses is being explored.
Disruption and losses

This impact survey particularly focuses on disruptions and losses to revenue and income for artists, arts nonprofits, and creative business in the West. Roughly 93% of respondents had seen a reduction of monthly income in the last two months (the period in which the pandemic became publicly known) and 6% had not experienced a reduction.

Have you experienced a reduction in your monthly revenue/income in the last two months?

- Yes: 92.7%
- No: 5.7%
- Don’t know: 1.5%
42% saw a total or very significant reduction in income or revenue and roughly 20% saw a severe reduction; over half of the respondents saw a significant adverse impact on monthly finances. 23% of respondents felt that reductions were significant but manageable. Over 6% reported reductions as being negligible, and over 6% did not experience a reduction in income or revenue in the last two months. Taken together, roughly 12% faced low or no impact on their monthly finances. Another roughly 3% did not know if they had seen a reduction in income or revenue, which may suggest that they also felt an insignificant impact on monthly finances.

In addition to asking respondents to report on whether they had faced income reductions and the severity of such reductions, the survey also asked participants to report on lost contracts and cancelled events due to the coronavirus outbreak. 57% of respondents lost contracts due to the pandemic and roughly 74% have cancelled events or activities for which they receive fees.
Average loss for artists: -$12,941.16
The average artist financial loss for lost contracts was $13,070.69 and the loss for cancelled events and activities was $12,811.64.

Average loss for arts nonprofits: -$73,964.63
The average arts nonprofit financial loss for lost contracts was $44,015.86 and the loss for cancelled events and activities was $103,913.39.
Average loss for for-profit creative businesses: -$39,029.61
The average for-profit creative business financial loss for lost contracts was $42,275.00 and the loss for cancelled events and activities was $35,784.21.

Concerns and interventions

Beyond the immediate losses that respondents are facing due to the outbreak, the survey also asks for respondents to identify their major financial concerns. Over 91% identify reduced year-on-year income/revenue as being a concern; nearly 70% identify limited cash reserves/savings; nearly 63% identify rapidly depleting cash reserves/savings; and over 48% identify inability to pay bills. Cancelled contracts are a concern for over 45% and business closure is a major concern for nearly a third of respondents (29%). Inability to make payroll was only a concern for a little over 12% of respondents.

The survey also asked respondents to rate the necessity/helpfulness of 11 potential policies and other interventions (many of which are components of recent local, state, and federal relief packages).
The top five potential interventions based on survey responses are: 1) Emergency funding for artists; 2) Emergency funding for arts organizations; 3) Unemployment benefits; 4) Refunds for services not rendered due to cancellations; and 5) Free medical services. All of these are measures currently being undertaken to support artists, arts organizations, and the public at large. Rental assistance, mortgage assistance, tax credits, rebates and other reductions and deductions, and expanded business loans are also policies that are currently being used to address the economic impact of the COVID-19 outbreak. Respondents to the survey seem particularly focused on the potential of arts-specific interventions to be most needed in helping them to respond to the current crisis. Though many did not see renegotiation of contracts and business loans as being extremely helpful/needed, the concern that many show about business closure and cancelled contracts means that these are interventions that could address the impact the field is experiencing.

Self-employed/individual artists

95% of self-employed/individual artist respondents have incomes under $100,000. Roughly 76% have incomes up to $49,999 and nearly 19% have incomes between $50,000 and $99,999.
The adverse effects of the COVID-19 outbreak are significant for artists as a whole but vary between these income levels. The preparedness of artists in terms of savings/reserves also varies based on income. The results of the survey do not paint a simple picture of lower income artists being disproportionately affected, nor does it suggest that artists are completely unprepared to weather economic uncertainties, with not insignificant numbers of the artist respondents having the savings or reserves needed to cover at least three months of expenses. There are, however, concerning numbers of artists who do not have any cash reserves or savings, with lower income artists being more likely to have no emergency resources to weather increasing economic uncertainty in the short term.

**Income loss and severity**

91% of artists surveyed lost income between January and May 2020 and roughly 65% of artists experienced a severe or total loss of income.
In all income bands of artists, over 90% of respondents lost income from January to May 2020. Survey results show, however, that severe and total income reductions were disproportionately experienced by artists with incomes exceeding $100,000. Artists with incomes of up to $49,999 (the majority of artists surveyed) were more likely to find income reductions manageable, negligible, or not applicable.
Artists with incomes of up to $49,999 have not been spared from lost contracts or cancelled events when compared with artists with higher incomes, so the difference in impact must be attributable to other factors.

**Cash savings and fragility**

Over 28% of artist respondents do not have any cash reserves or savings, which parallels data from a recent Bankrate Financial Security Index showing that nearly 3 in 10 (28%) of U.S. adults have no emergency savings.¹ While roughly 25% of U.S. adults have emergency savings for less than three months of expenses, nearly 50% of artist respondents of the WESTAF survey have savings for one to three months of expenses. Including those with no savings, 78% of the artists surveyed have savings for less than three months of expenses. 18% of U.S. adults could live off of emergency savings for at least six months, but only 5% of artists surveyed have savings at this level. Even higher income artists are more likely to have savings of under three months, showing that artists have a similar overall savings rate but lower overall savings levels than the U.S. adult population in aggregate.

While surveyed artists earning up to $4,999 a month are more likely to have no cash reserves when compared with higher income artists, they are also more likely to have savings of more than 1 year of monthly expenses. Artists with the highest incomes are more likely to have reserves, but only by a small margin, and roughly 70% of artists with monthly incomes between $10,000 and $24,999 a month have savings for less than 3 months of expenses.

Taken together, this data suggests that artists face greater economic fragility and are even less prepared to weather a recession than the average American. Even higher income artists are fragile, particularly when compared to higher income Americans as a whole.

Artists deemed emergency funding for artists, unemployment benefits, refunds/return of fees for services not rendered due to cancellations (e.g. booth fees for an art festival or fair); emergency funding for arts organizations; free medical services; and tax credits, rebates, and other tax deductions or reductions as being most helpful/needed during this crisis.
Respondents’ top rated interventions, emergency funding for artists and unemployment benefits, are the interventions most likely to address the financial fragility they face collectively in the short term.

**Arts nonprofits**

Arts nonprofits make up roughly 25% of overall respondents to the survey. 57% of arts nonprofit respondents have between 2 and 11 employees, and only 7% have over 50 employees.
Roughly 69% of arts nonprofit respondents have revenue below $500,000 and 85% have revenue under $1 million. These characteristics parallel National Center for Charitable Statistics/Urban Institute data on U.S. nonprofits as a whole, which shows that 66.9% had less than $500,000 in expenses.\textsuperscript{2} A GuideStar study of nonprofits found that 77% of arts nonprofits had annual budgets of under $1 million.\textsuperscript{3} Fewer large budget organizations are represented among the arts nonprofit respondents to this survey, but the group reflects the general trends for both arts nonprofits and other nonprofits.


Revenue loss and layoffs

The adverse impact of the coronavirus outbreak varies significantly based on both the number of employees and contractors and yearly revenue. Overall, 92% of arts nonprofits have seen a loss in monthly revenue and for roughly 57%, that loss was severe, very significant, or total. Larger organizations in this respondent group have sustained larger reductions in revenue and are more likely to have to lay off employees. 100% of organizations with annual revenues of $5 million and above describe reductions in revenue as severe or total. Roughly 49% of organizations with annual revenues between $1 million and $5 million face similar challenges. Over 75% of organizations with annual revenues between $500,000 and $1 million have experienced severe, significant, or total reductions in revenue, with nearly 65% having experienced total or very significant losses—the largest percentage of all revenue levels.
Just under 30% of arts nonprofits have had to layoff employees, but nearly 68% have not had to do so at this stage. In comparison, a Charity Navigator study\(^4\) reports that 72% of nonprofit respondents have had to lay off staff due to the pandemic/economic shutdown, and an Americans for the Arts survey finds that nationally 23% of arts nonprofits have reduced staff.\(^5\) Arts nonprofits have had to lay off fewer employees than nonprofit organizations as a whole, but arts nonprofits in the West appear to be laying off more employees when compared with the national average. It is assumed that continued revenue, reserves, and cost savings are enabling arts nonprofits to avoid laying off staff.

86% of arts nonprofit respondents with between 51 and 100 employees and 60% of organizations with over 100 employees had to lay off staff. Arts nonprofits with up to 10 employees were far less likely to have to lay off employees.

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Mid-size organizations with between 11 and 50 employees are roughly evenly divided between organizations that have and have not laid off employees.

Organizational resilience

16% of arts nonprofits do not have any cash reserves and over 26% have cash reserves of 6 months or more. Nonprofit Finance Fund data shows that roughly 25% of nonprofits have six
months of reserves and 19% have 1 month or less in reserves. The arts nonprofit respondent group for this survey, therefore, exhibits less fragility than the nonprofit sector as a whole, while following a similar pattern of distribution. In this group, larger organizations in terms of annual revenues are not more likely to carry significant reserves. In fact, 83% of the highest monthly revenue group has cash reserves of less than three months (including a third with no reserves), and arts nonprofits with the lowest monthly revenues are more likely to carry large reserve levels of 6 months and above.

![Arts nonprofit cash reserves](image)

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Given the challenges facing nonprofit arts organizations, it is not surprising that emergency relief funding for arts organizations is by far the highest rated intervention of the 11 posed in the survey. Emergency relief funding for artists, refunds for services not rendered due to cancellations, business interruption loans, and renegotiation of contracts are also rated relatively highly by arts nonprofits, but with nowhere near the clear consensus as relief funding for arts organizations.
Nonprofits are eligible for Small Business Administration loans being made available under the CARES and Paycheck Protection Program and Healthcare Enhancement Acts, and the results of the survey show that nearly a third of arts nonprofit respondents see business interruption loans as not being helpful or needed, with a slightly higher number rating them as very or extremely helpful or needed. Some early respondents appear prescient in recognizing the challenges of accessing loans and more recent respondents are likely to have experienced difficulty in pursuing this opportunity.

For-profit creative businesses

For-profit creative businesses represent just over 3% of survey respondents. This group of respondents includes photography studios, design firms, media companies, art galleries, and other types of businesses, and the cohort represents roughly two thirds of the 13 states in the WESTAF region. Roughly 52% of these creative businesses have revenues under $50,000 and only 11% have revenues over $500,000. Many studies worldwide have shown the prevalence of microenterprises and small and medium sized enterprises within the creative industries.
Responses from this survey further show 44% of the creative businesses in question to have between 2 and 10 employees, with only 7% having more than 10. A significant number (48%) of these firms are sole proprietorships.
Revenue loss and layoffs

Roughly 96% of creative business respondents have seen revenue reductions in the past two months. 70% of these creative businesses have experienced severe, very significant, or total loss of revenue in this period; roughly 4% of respondents see their income reductions as negligible.
Roughly 67% of creative businesses in the West have not had to lay off employees, a rate nearly identical to that of Western arts nonprofits. A Kenan Institute survey\(^7\) of small businesses nationally, however, shows that 21% of small businesses surveyed have laid off employees; at 22%, the rate of layoffs for creative businesses in the West is comparable. Western creative businesses with between 2-10 employees are most likely to have laid off employees.

Risk of closure and interventions

Roughly 81% of creative businesses have reserves of 3 months or less and roughly 44% have no cash reserves. Recent JP Morgan Institute research findings show that small businesses on average hold just 27 cash buffer days in reserves, and that the top 25% of small businesses hold cash buffer days of 67 or more.\(^8\) 63% of creative business respondents to the WESTAF survey have cash reserves of at least one month compared to 53% of small businesses. 25% of small businesses have less than 13 cash buffer days, but 37% of creative business surveyed

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have no cash reserves (leaving them even more vulnerable). Overall the creative businesses surveyed are even more vulnerable than small businesses generally.

Depending on the nature of these businesses and the structure of their liabilities, this puts as many as 37% of creative businesses at risk of immediate closure.
The intervention most favored by for-profit creative businesses is emergency funding for artists; given that some artists set up their practice as a business and that 40% of creative business respondents are sole proprietorships, this isn’t surprising. Business interruption loans are another intervention ranked highly by this group and could give these creative businesses liquidity to weather the crisis, given the large percentage that have no cash reserves. Emergency funding for arts organizations, unemployment benefits, and refunds for services not rendered due to cancellations are also rated relatively highly by this group.
### Respondent characteristics

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<th>In what state do you live?</th>
<th>Count</th>
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<td>Oregon</td>
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<tr>
<td>Washington</td>
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<td>California</td>
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<td>Colorado</td>
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<td>Utah</td>
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<td>Wyoming</td>
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<td>Arizona</td>
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<td>Hawai‘i</td>
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<td>Total</td>
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<table>
<thead>
<tr>
<th>Which of the following best describes your organization/business?</th>
<th>Count</th>
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<tbody>
<tr>
<td>Self-employed/individual artist</td>
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<td>Arts nonprofit</td>
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<tr>
<td>For-profit creative business</td>
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<td>Government agency - state</td>
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<tr>
<td>Government agency - local</td>
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<tr>
<td><strong>Grand Total</strong></td>
<td><strong>783</strong></td>
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<th>Which of the following best describes the work your organization/business does?</th>
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<td>Organization Type</td>
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<tr>
<td>Arts Service Organization</td>
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<tr>
<td>Other</td>
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<td>Performing Arts Company</td>
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<tr>
<td>Museum</td>
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<td>Dance Company</td>
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<td>Theater Company</td>
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<td>Musical Group</td>
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<td>Private Foundation</td>
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<td>Historical Site</td>
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<td><strong>Grand Total</strong></td>
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<table>
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<tr>
<th>How many employees and contractors do you have?</th>
<th>Count</th>
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<td>Sole proprietor</td>
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<td>2-10 employees</td>
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<td>11 -50 employees</td>
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<td>51-100 employees</td>
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<tr>
<td>More than 100 employees</td>
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<tr>
<td><strong>Grand Total</strong></td>
<td><strong>783</strong></td>
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