The Impact of COVID-19 on North Carolina’s Arts Sector

The arts and culture industry, which is an essential economic driver as well as a vital cultural asset for North Carolina, has been devastated by COVID-19. Along with airlines, restaurants and sports, the arts and cultural sector took the first major financial blow dealt by the corona virus. In the earliest days of the crisis, nearly all performances and festivals were cancelled, and museums shut their doors to comply with calls for social distancing. The arts infrastructure remains dormant until COVID-19 is no longer a public health risk, which will likely be months into the future.

CANCELLATIONS AND REVENUE LOSS:
Concerts, performances, conferences, and instructional and youth programming of all kinds were cancelled in the spring. A second wave of cancellations are happening for summer events. New ticket sales stopped, and all pre-paid purchases, enrollments, and subscriptions now must be refunded or turned into a credit, which further limits potential future revenue.

FURTHER UNCERTAINTY FOR THE FALL AND BEYOND:
Subscription and advance sales have all but ceased. Economic uncertainty and fears about public assembly that may extend for years as a result of COVID-19 are having a severe impact.

DONATIONS IN JEOPARDY:
The stalled economy and financial losses will drastically impact donations. Individuals and foundations will be less likely to give during the economic uncertainty of this recession. With 25% unemployment in North Carolina, contributed revenue will decrease dramatically.

PLEASE CONSIDER:
That all our elected officials, at every level of government, should focus first on the health and safety of the population. However, when navigating the challenges of the pandemic we ask:

➢ That all nonprofit organizations including the arts, are included in all government stimulus, emergency grant and loan programs, and economic recovery efforts and initiatives in order to sustain and reignite the creative and economic engines of the arts.

➢ That there be consideration of increasing and expanding unemployment insurance benefits, including self-employed and “gig” workers which include many individual artists and performance/event workers. Now that 36% of Americans participate in the “gig economy” in some way¹, we must make sure our employment security systems are built for all of today’s workforce.

➢ That charitable giving is incentivized through tax policy whenever possible.

1. Gallup Poll 2018
The Economic Impact of Coronavirus (COVID-19) on the Arts and Cultural Sector

Reported as of August 11, 2020

**Total Financial Impact to Date**
-$60,867,732

**Median Financial Impact per Organization**
-$19,000

**Total Respondents**
1,120

**Financial**

How severe do you expect the overall financial impact of the coronavirus to be on your organization?

- 1—Not Severe At All (31%)
- 2—Slight (5%)
- 3—Moderate (33%)
- 4—Severe (29%)

**Event Cancellation & Attendance Decrease**

**Percent of Organizations That Have Canceled Events**
95%

**Total Number of Lost Attendance**
5,138,617
(Median of 1,200 per Organization)

**Staffing**

What is the likelihood that your organization will need to make either temporary or permanent reductions in staff?

- 1—Not Likely At All (26%)
- 2—Likely (16%)
- 3—Extremely Likely (20%)
- 4—Likely (11%)
- 5—Extremely Likely (27%)

**Total Laid Off**
1,888

**Total Furloughed**
1,006

**Total Number of Vacant Positions Due to Hiring Freeze**
354
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Programming

Which of the following actions has your organization taken directly as a result of the coronavirus?

- Increased online presence: 66%
- Used financial reserves: 44%
- Laid off or furloughed artists or creative workforce: 36%
- Reduced salaries/payroll: 33%
- Laid off or furloughed staff/employees: 22%
- Hiring freeze (i.e., not filling vacant positions): 10%
- Other: 12%

Is your organization participating in your community’s COVID-19 mitigation efforts in any of the following ways?

- My organization has been delivering artistic content in order to raise community spirits and morale during social distancing/quarantine: 75%
- My organization has made its cultural product available digitally (e.g., online or through social media): 68%
- My organization’s people have volunteered their time to coronavirus mitigation efforts: 26%
- My organization has donated supplies to coronavirus mitigation efforts (e.g., personal protective equipment/PPE, cleaning supplies and tools, etc.): 24%
- Other (please specify): 15%

Looking to the Future

Which of the following are currently major financial concerns for your organization?

- Reduced philanthropic giving: 59%
- Limited savings and/or cash reserves: 63%
- Cancelled contracts: 37%
- Inability to make payroll: 32%
- Inability to pay bills: 33%
- Business closure: 22%
- Late payments or collection losses from customers/clients: 23%
- None: 6%

Percent Confident Their Organization Will Survive the Impact of COVID-19

- 58%

Respondents were asked to rate how confident they are that their organization will survive the impact of COVID-19 on a scale of 1 (Not Confident) to 6 (Extremely Confident). This percentage includes respondents who indicated a confidence rating of 4 or 5.