



# Commission for Arts and Culture

## Advocacy & Outreach Committee

### Online Meeting

#### AGENDA

Hyperlink to view meeting is forthcoming and will be available [here](#)

Friday, November 6, 2020

8:30 a.m. – 9:30 a.m.

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8:30 a.m.	I.	Call to Order	Tyler Hewes, Chair
	II.	Non-agenda Public Comment	
	III.	Chair's Reports	
		A. 2021 Council Outreach	
	VI.	Executive Director's Report	Jonathon Glus, Executive Director
		A. Culture Shift: Measuring COVID-19's impact on San Diego's Arts and Culture Nonprofits	
9:30 a.m.	VII.	Adjourn	

VISION: Expanding our world by celebrating creativity in San Diego PURPOSE: The City of San Diego Commission for Arts and Culture serves in an advisory capacity to the Mayor and City Council on promoting, encouraging and increasing support for the region's artistic and cultural assets, integrating arts and culture into community life and showcasing San Diego as an international tourist destination.

Meeting will be aired live and recorded. PUBLIC COMMENT: Any member of the public may address the Commission on any subject in its area of responsibility on any matter not presently pending or previously discussed at the Commission. Pursuant to the provisions California Executive Order 29-20, Commission meeting will be held via teleconference until further notice. In lieu of in-person attendance, members of the public may submit their comments via a public comment webform. Members of the public wishing to address the Commission under Public Comment must submit a Public Comment webform prior to the meeting. Instructions for word limitations and deadlines will be noted on the webform. Pursuant to open meeting laws, no discussion or action, other than a referral, shall be taken by the Commission on any issue brought forth under non-agenda public comment. As required by the Americans with Disabilities Act (ADA), requests for agenda information to be made available in alternative formats, and any requests for disability-related modifications or accommodations required to facilitate meeting participation, including requests for alternatives to observing meetings and offering public comment as noted above, may be made by contacting the City Clerk at (619) 533-4000 or <mailto:cityclerk@sanidiego.gov>. The City is committed to resolving accessibility requests swiftly in order to maximize accessibility.

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Arts and Culture

The Nonprofit Institute

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10-2020

## 2020 Culture Shift: Measuring COVID-19 Impact on San Diego Arts and Culture Nonprofits

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*University of San Diego*

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### Digital USD Citation

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# Culture Shift: Measuring COVID-19 Impact on San Diego Arts and Culture Nonprofits

October 2020

Presented by:  
**The Nonprofit Institute**



Commission for  
Arts and Culture



## About The Nonprofit Institute

**Mission:** The Nonprofit Institute (NPI) is committed to providing education, training, and research to build leaders and strengthen organizations that help meet critical community needs.

**Vision:** The Nonprofit Institute envisions a world where ethical, compassionate leaders and strong organizations are working together toward a more inclusive, just society and healthy planet

## Research Team

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## City of San Diego, Commission for Arts and Culture

**Jonathan Glus**  
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City of San Diego, Commission for Arts & Culture

## Data Source

The City of San Diego, Commission for Arts and Culture. *San Diego Arts and Culture: COVID-19 Impact*

## Notes

- Due to rounding, some charts and tables may not add to 100 percent.
- All quotes included in this report were provided by survey respondents. Some quotes have been edited for readability.

## Cite As

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[sandiego.edu/nonprofit](https://sandiego.edu/nonprofit)

'Together' Image: Adi Goldstein





# Introduction

The City of San Diego, through the Commission for Arts and Culture, is the largest annual funder to nonprofit arts and culture organizations in the city. Not all large U.S. cities play as critical a role in the livelihood of nonprofit arts and culture organizations. However, many local foundations and corporations have shifted priorities away from arts and culture over recent decades while the ecosystem has continued to grow, increasing pressure on and competition for City arts and culture funding. Many, if not most, of the City's contract partners (grantees) consider the funding both foundational and fundamental to long-term sustainability.

Although this funding is often as little as one percent of an organization's annual budget (annual awards routinely range from \$5,000 to upwards of \$500,000), it has historically provided continuity when income from earned revenue, foundations, corporations, and individuals fluctuate.

The City invests in "the arts" as a key driver for tourism and overall quality of life for the city's more than 1.4 million residents. Further, arts and culture nonprofits are also a key provider of classroom-based arts instruction, neighborhood-based creative youth development initiatives, services to incarcerated adults, programming for seniors, and more. In fiscal year 2019, these City-funded organizations provided arts and culture programming and activities at 959 locations, making 1,611 points of connection citywide.

Perhaps most important, in this time of COVID-19, is recognizing and valuing "the arts" as a workforce. Arts and culture, like any industry, creates jobs. In 2017, the arts

and culture nonprofit sector generated \$1.1 billion in total economic activity,<sup>1</sup> creating thousands of jobs for San Diego households. Every arts and culture nonprofit functions as a small business, employing San Diegans to provide cultural products and services.

To better understand the impacts of the pandemic on City-funded arts and culture nonprofits and their workforce, the University of San Diego's Nonprofit Institute – on behalf of the City of San Diego Commission for Arts and Culture – conducted a survey of arts and culture organizations that were funded by the City in fiscal year 2020. In that year, the City invested \$11.4 million in arts and culture organizations. However, in fiscal year 2021, the City was forced to reduce annual funding to approximately \$5.7 million due to drastically reduced tax revenues. Eight months into the pandemic, many City-funded arts and culture organizations are experiencing unprecedented financial losses.

This report documents findings from the aforementioned survey. The sample includes 129 organizations, representing both small and large nonprofits from a variety of arts disciplines. The smallest nonprofits (revenue under \$250K), mid-sized nonprofits (revenue \$250k – \$1 million), and the largest nonprofits (revenue \$1 million+) were evenly represented. The respondents comprise approximately 50 percent of the total arts and culture organizations registered with the Internal Revenue Service as Nonprofits and Charitable Organizations in the city of San Diego.

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1. Arts and Economic Prosperity 5: [https://www.sandiego.gov/sites/default/files/ca\\_cityofsandiego\\_aep5\\_customizedreport\\_new\\_1.pdf](https://www.sandiego.gov/sites/default/files/ca_cityofsandiego_aep5_customizedreport_new_1.pdf)



# Key Findings

Key findings from the survey illustrate the devastating economic impact of closures, job losses, and lost revenue on arts and culture nonprofits as follows.

- 90 percent of arts and culture related organizations are still closed or partially closed as of August 2020.
- Total revenue loss is estimated at \$96.6 million.
  - 95 percent of organizations report reduction in program related revenue totaling \$79.4 million.
  - More than 65 percent report a decline in individual donations.
- An unprecedented 4 in 10 employees have been furloughed or laid off. It is generally anticipated that furloughs will become layoffs before the pandemic ends.
- The cost of recovery to reopen to the public is reported to be nearly \$65 million.
- The effects of the pandemic are anticipated to be long-lasting, with smaller local audiences and lower levels of tourism, reductions in funding, and loss of workforce talent to other cities.
- Emergency relief funding for the arts and culture sector was relatively small compared to other sectors, both for-profit and nonprofit.

“

*[COVID-19 has] caused all earned revenue to essentially disappear, along with in-person solicitation opportunities for program-based donations.*

”

“

*In efforts to offer programs and services that are accessible to all, [our organization] will need to expand its reach and stay ahead as we envision the new environment of more digital and online programming. However, the increase in operational expenses due to the new government-mandated health and safety protocols and the use of additional resources such as online software have impacted our program funds.*

”





# **The Economic Impact of COVID-19**

## **Immediate Impacts on Revenue and Operations**

*“COVID-19 pandemic opened Pandora’s Box and has left no stone unturned.”*

## Negative Financial Impacts

**Arts and culture nonprofits have lost \$96.6 million** in revenue due to COVID-19. This grim sum can be broken down into earned revenue and contributed revenue losses.

### Earned Revenue

As is the nature of the arts, many organizations rely heavily on earned revenue from in-person events, but social distancing measures have threatened that crucial source of income. Since March 2020, **nearly 98 percent of respondents reported canceling in-person programmatic activity**. As shown in Figure 1, arts and culture nonprofits are more at risk than other industries because of their venue-based models. Nearly 78 percent reported a loss of earned revenue from ticket sales or admission, 55 percent from classes or workshop fees, and 46 percent from concessions/sales. Less significant, but still impactful, were the percent of organizations reporting loss of earned revenue from space rental income, contracted fees, and touring fees.



*Without our regular flow of visitors, the museum has not been able to count on revenue from product sales, events, or our voluntary admission donations.*



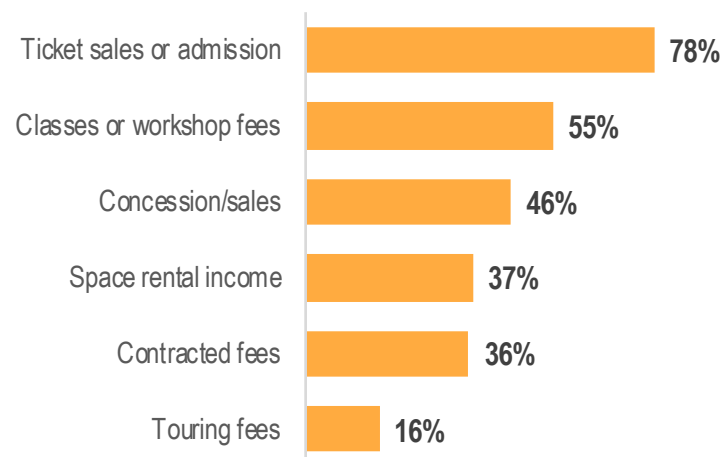
*As of August 2020...*

**95% of Respondents**  
Reported Loss of  
Program Revenue that Ranged  
from **\$600 to \$29 million**



Total Reported  
Program Revenue Lost = **\$79.4 million**

**Figure 1. Percentage of Organizations Reporting Sources of Lost Program Revenue**





## Contributed Revenue

Arts and culture organizations also experienced reductions of funding due to COVID-19. Figure 2 indicates that 20 percent of organizations reported a reduction from board member donations, 65 percent from individual donations, 50 percent from corporate sponsorships, 47 percent from government funding, and 41 percent from foundation funding. Additionally, **more than two-thirds of organizations reported experiencing a loss of contributed revenue due to the cancellation of fundraising events.**

“

*There are a lot of unknowns such as how much money we can make from ticket sales and whether our fundraising can hold up this coming season.*

”

“

*As our phased re-opening continues and we begin to move into FY21, we are anticipating a significant loss of income from contributed revenue.*

”

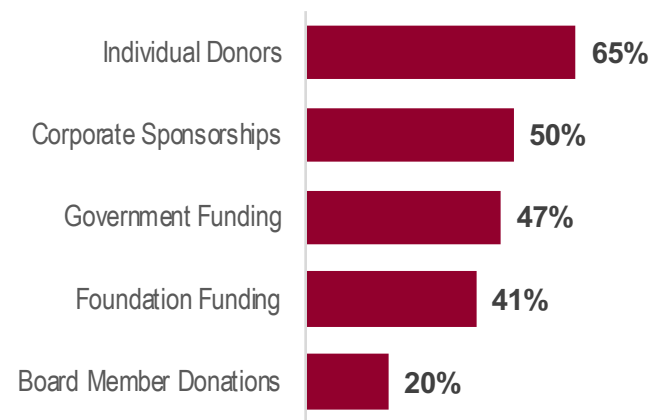
*As of August 2020...*

**86% of Respondents**  
Reported Loss of  
Contributed Revenue Ranging  
from **\$600 to \$2.5 million**



Total Reported  
Contributed Dollars Lost = **\$17.2 million**

**Figure 2. Percentage of Organizations Reporting Sources of Lost Contributed Revenue**



## Operations: Disruption of Services

While the necessary mandatory health measures of social distancing and closures in place have resulted in positive public health outcomes, they have caused devastation on the economics of the arts and culture ecosystem from an operational standpoint. The continued unknowns about the future complicate the planning process for arts and culture organizations.

Figure 3 shows that a mere 10 percent of organizations reported being fully reopened. Of the 8 organizations that reported being closed with no plans to re-open, 7 were performing arts nonprofits. This finding highlights the operational tension that social distancing places on the performing arts. Additionally, organizations with budgets less than \$1 million were more likely to be at least partially reopened than organizations with budgets greater than \$1 million.

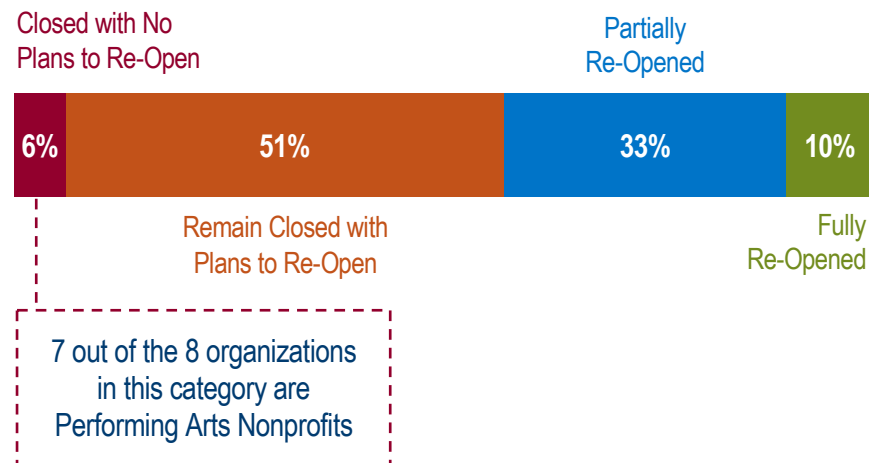
Regarding organizations' outlook on reopening, 88 percent reported they would prefer to wait longer to re-open and avoid repeat closures. The remaining 12 percent of respondents said they would rather open in the near-term, even if it meant a greater possibility of being shut down again.

“

*Due to canceling numerous performances, and shut down of facility, [the organization] was not able to offer additional performance work for all the independent artists which typically accounts for almost half of the annual budget. [The organization] was already challenged with the new regulations of AB5 which took months to prepare. (AB5 and COVID have had a negative impact).*

”

**Figure 3. Percentage of Organizations Reporting Sources of Lost Contributed Revenue**

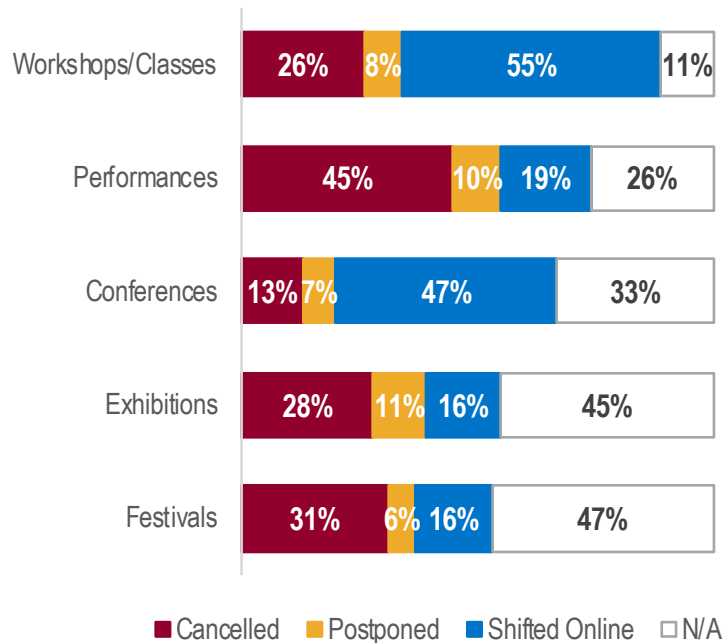


Smaller organizations (budgets < \$1mil) are more likely to be partially or completely opened than larger organizations (budgets > 1mil)

## Operations: Disruption of Services

To manage the impact of COVID-19, organizations reported pursuing myriad strategies including moving services to online platforms, accessing endowment funds and cash reserves, and seeking emergency funding and donations. From a programming perspective, **the mandated closures caused over half of organizations to cancel or postpone performances** and a third to cancel or postpone workshops/classes. Figure 4 indicates that 39 percent of organizations reported canceled or postponed exhibitions and 37 percent canceled or postponed festivals. Organizations also shifted events and programming online, but responses show a varying degree of success and customer receptivity to the new medium.

**Figure 4. Percentage of Organizations Reporting Shifts in Services Offered**



“

*We have found that a number of our members and supporters have not bought into the virtual program model and are simply waiting for us to be back in theaters. Additionally, as others have discovered, virtual programming does not translate into similar revenue as their physical counterparts.*

”

“

*The artistic online programs that the [organization] launched early on... led us to discover a real hunger for online theatre.*

”

“

*These changes have challenged our ability to reach some of our older patrons who are not adept at online technologies; they are among some of our most loyal contributing patrons, but we have struggled to keep them connected throughout the crisis.*

”





# **The Economic Impact of COVID-19**

## **Immediate Impacts on Workforce**

*“Artists have had to bear the most impact from the closures and have had hardships from lack of income.”*

# Workforce Impacts by Budget Size and Organizational Type

Arts and culture nonprofit employees have been heavily impacted by COVID-19. The total number of employees (not including independent contractors) represented in the sample was 2,188, ranging from 1 to 234 employees per organization. The median number of employees per organization was 6. In response to COVID-19, 38 percent of responding organizations indicated that they had to layoff or furlough at least one employee. **These difficult decisions impacted a reported total of 841 employees and their jobs.**

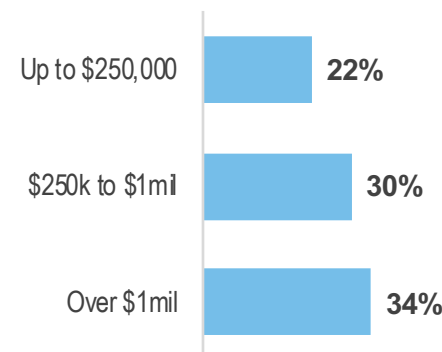
Nearly 76 percent reported that they do not project further furloughs of employees in the next 12 months and 82 percent reported that they do not expect further layoffs for the same time period. However, 49 percent indicated that they expect reductions in working hours for employees.

Figure 5 demonstrates that **arts and culture nonprofits with budgets over \$1 million reported that they laid off or furloughed a larger percentage of employees on average than those in the other two budget categories.**

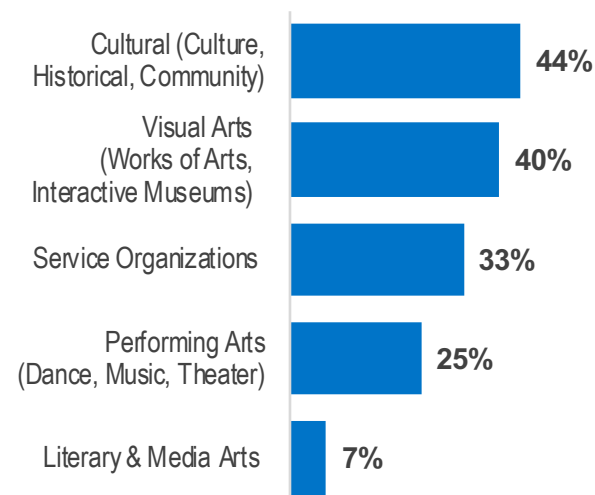
By organizational type, Figure 6 states that Cultural (Culture, Historical, Community) and Visual Arts (Works of Arts, Interactive Museums) organizations laid off or furloughed more employees on average than other types of organizations.



**Figure 5. Average Percent of Employees Laid Off or Furloughed by Budget Size**



**Figure 6. Average Percent of Employees Laid Off or Furloughed by Organizational Type**



## Additional Workforce Impacts: Independent Contractors

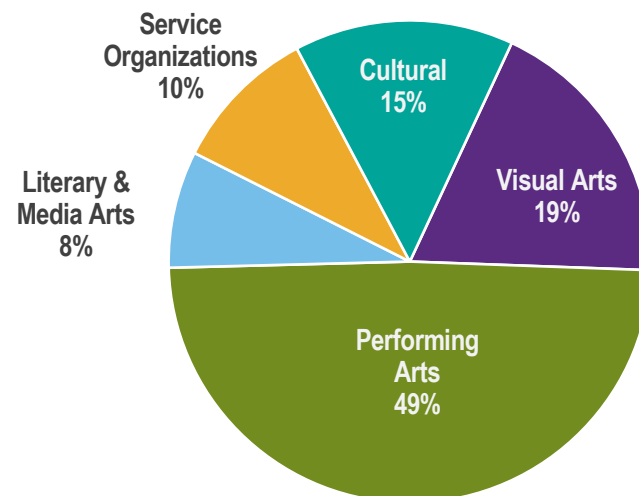
Arts and culture nonprofits are structured in a unique way when compared to other nonprofits. They often rely on a symbiotic network of freelancers, artists, and gig workers to provide artistic and cultural content as well as operational support. The use of independent contractors has been a common feature of the arts and culture sector before more widespread use in other industries. To a large extent, these workers are organized as self-employed or as small businesses. This interconnectedness is vital to the nonprofits that are now making tough decisions about contractors due to a sudden and massive loss of revenue opportunities. This structure has been further complicated by the passage of AB5 legislation in California.

Within the sample, 79 percent of respondents reported employing a total of 4,555 independent contractors in the 12 months prior to taking the survey. Figure 7 shows that nearly half of the organizations that utilize independent contractors are performing arts nonprofits. Sixty percent of organizations reported cancelling contracts with at least one independent contractor due to COVID-19, totaling 2,198 contractors, or **48 percent of the gig economy sustaining loss of income**. Because these workers generally lack employment benefits, they are extremely vulnerable to the continued impact of COVID-19.

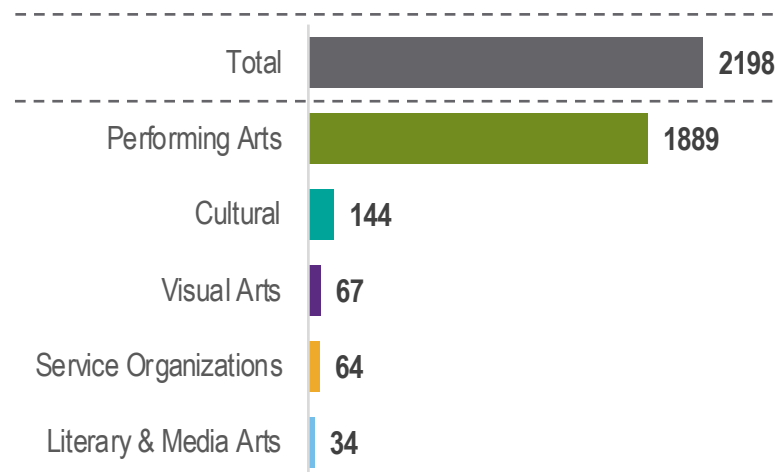
“The majority of our artists are professional musicians who support themselves and families with their performances. The canceled contracts were a hardship.”

“Gig economy based, we contract with our performing and teaching artists on a job-by-job basis. Much of our traditional programming is impossible in the COVID-19 environment (parades, festivals, assemblies, workshops, etc.).”

**Figure 7. Percent of Organizations that Reported Hiring Independent Contractors**



**Figure 8. Number of Terminated Contracts with Freelancers, Gig-Workers, and Independent Contractors by Organizational Type**







## Long-Term Effects of COVID-19 on Arts and Culture Nonprofits

*“Programming has shifted completely online. The organization is planning on a 30 percent drop in enrollment and not resuming with live performances until at least 2021.”*

# Draw on Endowments and Cash Reserves

**Beyond the immediate impacts, COVID-19 is likely to have long-lasting effects on arts and culture nonprofits.** The struggles of financial losses and negative effects on programming and delivery of services could impact levels of cultural production and public demand in both predictable and unpredictable ways.

Sixty-six percent of organizations reported being either *very* or *extremely concerned* about having a shortage of cash or capital on hand due to closures. As a potential remedy, **endowments are a potential source of revenue, but for very few organizations.** As indicated by Figure 9, 29 percent of respondents reported having an endowment. Over half of the organizations with budgets over \$1 million have an endowment, while only 17 percent with revenues under \$1 million have an endowment.

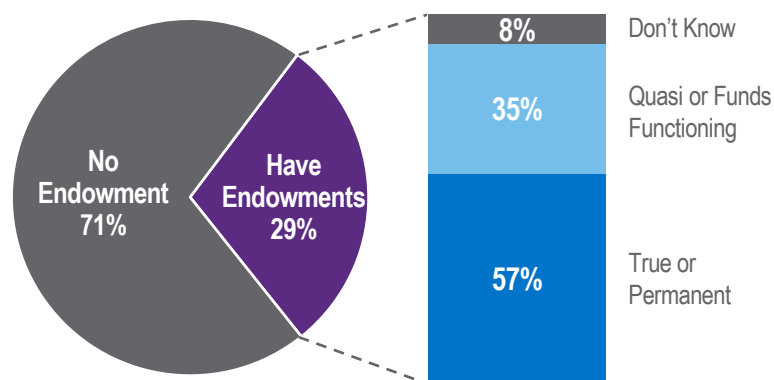
The total reported value of endowments in the sample was \$416 million. However, 5 organizations account for nearly 75 percent of the total reported endowment funds. **Only 8 respondents (22 percent of those with endowments) said they had adjusted endowment draws to address funding shortfalls caused by COVID-19.** This could be due to the restrictions in place by the

endowment type. Fifty-seven percent of those with endowments said it was a True or Permanent Endowment. Thirty-five percent listed the type as Quasi or Funds Functioning, and 8 percent were unsure of their endowment type.

**Cash reserves are another potential source of revenue, but only to the extent the organization has them.** Due to limited cash reserves levels, the financial situation of many arts and culture nonprofits will likely worsen in the months ahead, as their reserves will be depleted unless they are able to secure some form of financial support. Seventy-nine percent of respondents reported having cash reserves with a total value of \$45 million. Additionally, 59 percent of respondents said they *had* drawn on cash reserves to address funding shortfalls caused by COVID-19.

With a shortage of cash or capital on hand due to closures, funds to support the production of future performances, exhibitions, workshops/classes, festivals, and other programming may be impacted for months – if not years – to come. This loss of investment will also affect independent contractors such as the artists, performers, and writers these organizations work with.

**Figure 9. Percent of Organizations Reporting Endowments by Endowment Type**



“

*Without a ‘rainy-day’ fund to draw from, the board has increased giving to fill the gap caused by lost revenue, but the limits of those donations are being reached.*

”

## Reduction in Demand Due to Safety

There is also potential for **reduction in demand for arts and culture programs and services, especially those not available online**. Social distancing is likely to last for some time. Tourism, on which many of the arts and culture nonprofits rely heavily, may not return to pre-COVID-19 levels in the near future.

Organizations are grappling with the confluence of public safety regarding how to re-engage in-person audiences and the recuperation of earned revenue streams such as ticket sales, admission fees, and concessions. Even as some have already taken reopening steps and shifted programming to online platforms, most organizations still have no firm handle on how significant the losses will eventually be, or the repercussions to the greater San Diego economy.

As indicated by Figure 10, 81 percent of respondents reported being **very to extremely concerned about customer/public safety** and 66 percent reported being *very to extremely concerned* that customers/public may not return after reopening. Similar percentages of organizations expressed great concern over the safety of volunteers and employees.

“

*...65-85 volunteers on a normal weekend...is now 6-8 on weekdays and a dozen on weekends.*

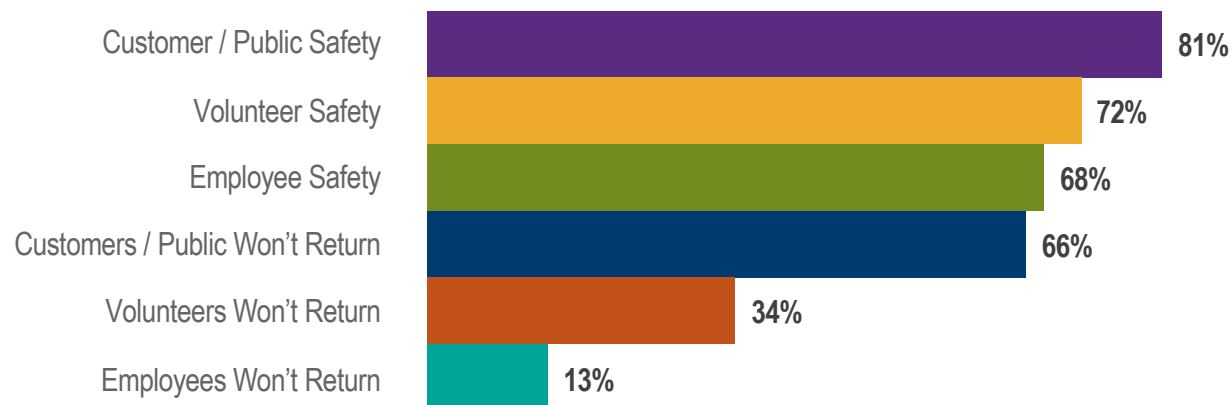
”

“

*The health and safety of all participants - staff, exhibitors, volunteers, and attendees - is of paramount importance. If we can't do the event with a high degree of safety, we won't do the event.*

”

**Figure 10. Percent of Organizations Reporting Top Concerns Regarding Re-Opening**







# **Regional Response**

## Arts and Culture Nonprofit Access to Relief Funding

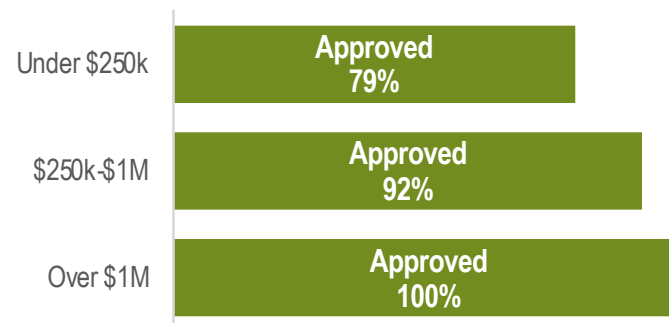
# Emergency Relief Funding

As of August 2020, the total COVID-related donations and relief already leveraged from federal, state, local, and non-governmental sources as reported in the sample was \$31.3 million. Organizations received a total of \$28.3 million in emergency relief funding. Of this relief, a majority came from government sources in the form of loans and grants, with respondents reporting a total of \$27,128,400 in federal relief from the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL) together, and \$514,500 in county relief.\*

Figure 11 shows that 91 respondents (71 percent) reported applying for the federal PPP. **Of those that reported applying for PPP, 93 percent have received funds to-date.** Larger organizations were more likely to be approved for PPP. In fact, 100 percent of organizations with budgets greater than \$1 million that applied for PPP reported an approved application at the time of the survey (Figure 12).

Federal, state, and local grants were harder to come by for the responding organizations, with few reporting receiving grants from the National Endowment for the Arts, National Endowment for the Humanities, Institute of Museum and Library Services, CalHumanities, and County of San Diego.

**Figure 12. Status of PPP Application by Budget Size**



**Figure 11. Percent of Organizations Reporting Statuses of COVID-19 Related Funding**

	Total Number Applied	% Applied	Funded	Denied	In Progress	Amount Funded	Avg. Grant Amount per Org.	Grant or Loan
Economic Injury Disaster Loan (EIDL)	40	31%	83%	5%	12%	\$2,671,300	\$80,948	Loan
Paycheck Protection Program (PPP)	91	71%	93%	2%	5%	\$24,457,100	\$287,731	Forgivable Loan
The San Diego Foundation Community Response Fund	17	15%	24%	71%	6%	\$55,000	\$13,750	Grant
San Diego Jewish Community Emergency Response Fund	3	2%	33%	33%	33%	\$382,000	\$382,000	Grant
Small Business and Nonprofit Loan Program	14	11%	29%	21%	50%	\$514,500	\$128,625	Loan
The Arts and Culture Challenge Fund	25	20%	80%	20%		\$148,450	\$7,423	Grant
Other						\$113,000		
<b>TOTAL FUNDS APPROVED</b>						<b>\$28,341,350</b>		

\*Note: Seven organizations noted their county applications were still in progress at the time of completing the survey.

# Philanthropic Response

Philanthropy has been minimally responsive and engaged with the sample of arts and culture nonprofits during the pandemic. Thirty-six percent of respondents reported receipt of nearly \$3 million from local foundations and donors, comprising \$2.3 million in solicited COVID-specific donations and \$684k in unsolicited COVID-specific donations (Figure 13).

As reported in Figure 11, of the applicants that applied for The San Diego Foundation's San Diego COVID-19 Community Response Fund, 24 percent were funded. Furthermore, respondents noted directly receiving relief funds from three local foundations, one fund, and one corporation.

The silver lining in terms of local philanthropic response was the rapid-response Arts and Culture Challenge Fund, started by a cohort of public and private arts advocates and funders. While limited in funds, the Arts and Culture Challenge Fund was able to **approve 80 percent of the organizations in the sample that applied.**

“

*There is further potential loss of funding from foundations as the crisis continues without reprieve and those funds are no longer made available.*

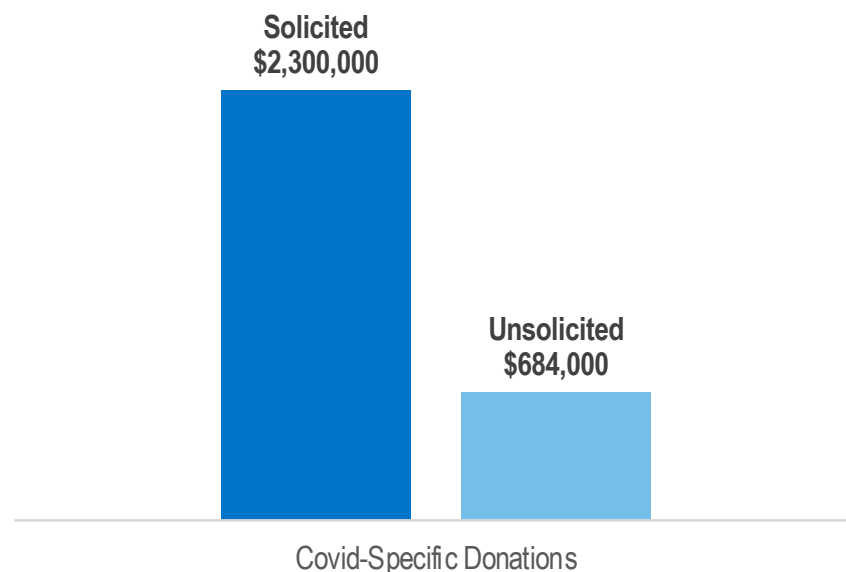
”

“

*We are refunding tickets and people are not donating as readily because their incomes have been affected.*

”

Figure 13. COVID-19-Specific Donations



“

*The [organization] has seen a dramatic decrease in donations and support from memberships, individual donors, major gifts, and grant programs since the start of the pandemic.*

”





# Building the Arts and Culture Ecosystem Recovery Challenges and Opportunities

*“COVID has forced an already creative and innovative organization to think outside the box in an even bigger way in order to contribute to a cultural landscape that will (hopefully) be more inclusive, more relevant, and more meaningful than ever before.”*

*“[The] majority of our pre-COVID programing is not adaptable to a quarantined economy, so we are working to reinvent what we do and how we do it, without changing our primary focus [on] underserved populations.”*

# Recovery for San Diego's Arts and Culture Sector

The total cost of recovery for arts and culture nonprofits is estimated to be nearly **\$130 million**. This amount includes the deficit created by the reported revenue loss to date (\$96.6 million) and the cost of implementing recovery strategies (\$64.6 million), minus COVID-related donations and relief already leveraged from federal, state, local, and non-governmental sources (\$31.3 million).

## Closing the Digital Divide

Ninety-three percent of organizations in the sample predicted the continued use of digital programming in 2021. The unprecedented shift of arts and culture organizations in developing digital content and engaging audiences online will continue to accelerate, creating new experiences and avenues of approaching arts and culture, and increasing accessibility and participation. To achieve this, there is a need to close gaps in digital connectivity with special emphasis on content strategy, training, and innovative ways to offer access and overcome the digital divide.

## Cross-sector Collaboration

Among the organizations in the sample, there is a call for both intersectoral and cross-subsector collaboration to mitigate the effects of COVID-19. Possibilities for collaboration lie among education, public health, environment, human services, and more.



Organizations predict that **costs to re-open** will range from **\$0 to \$40 million**.



**Average Cost = \$627,824**  
(two large organizations skew the average)



**Total projected cost** for all organizations to safely re-open was **\$64,665,930**



**Median Cost = \$10,000**



*We would love to see additional gatherings amongst Arts and Culture organizations that might inspire partnership and collaboration. In a time where many organizations are suffering, a bridge between organizations in order to uplift one another through the coming months and years would be truly remarkable.*

---

*Assistance, facilitation in developing Cross-Contractor Partnerships and Collaborations - These DO NOT EXIST, and some contractors have access to a lot of resources they may not use continuously including space for rehearsals, performances, cross-promotional tools and opportunities.*

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*Continued advocacy...to promote arts and culture as part of a more holistic approach to addressing San Diego's needs/societal issues, and associated advocacy tools so we can further those efforts from an organizational and personal standpoint.*

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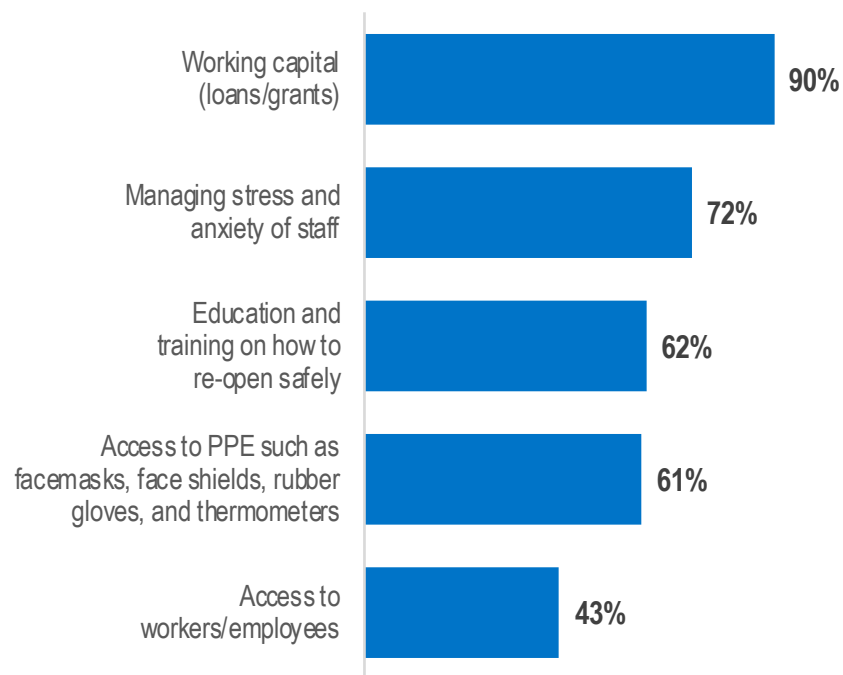
*Significant decrease in income. COVID has brought diverse revenue streams of earned income, 65 percent of total income, to a standstill. Current income sources are limited to donations/contributed revenue and PPP/other loans.*



# Top Operational Needs

Looking toward rebuilding the arts and culture ecosystem, Figure 14 shows that **90 percent of organizations reported needing at least some support in access to working capital**, with 47 percent expressing the need to a *very great extent*. Managing the stress and anxiety of employees was of grim concern as well, with 72 percent of organizations reporting needing support to at least some extent. Other areas of concern included education and training on how to reopen safely, access to personal protective equipment (PPE), and access to workers and employees post-COVID.

**Figure 14. Areas Where Organizations Report Needing At Least Some Support**



“

*While this outbreak may be temporary, [our organization] plans to enhance its digital engagement because the new normal has transformed the way our audience can experience the [venue]. One of the challenges is finding a cost-effective technology to implement these programs.*

”

“

*We are in the middle of finishing up our budget and it is challenging. There are a lot of unknowns such as how much money we can make from ticket sales and whether our fund-raising can hold up this coming season.*

”



# Moving Forward

The city's arts and culture ecosystem responded rapidly to COVID-19 by embracing technology to move cultural content online, working remotely, and collaborating in innovative ways. The path to recovery presents opportunities for funders, investors, nonprofit leaders, and workforce. However, relief funding wanes when it comes to arts and culture nonprofits devastated by the financial impacts of COVID-19. Millions of dollars in revenue have been lost. Thousands of people have been furloughed, laid off, or suffered loss of income. And while existing programming and support measures will be important to the recovery efforts, more investment is necessary for full recovery to happen.

The recovery efforts for these organizations to return, reimagine, and rebuild to pre-COVID-19 fiscal and programmatic levels will take months, if not years. The public will need time to feel that reengaging with these nonprofits is safe. Nevertheless, arts and culture can continue to make meaningful impacts in communities and play an integral role in enhancing the quality of life in San Diego. Greater investment is necessary to support these organizations, the workforce they employ, and the communities they serve.

While these organizations have shifted during the present crisis in innovative ways, the data from this survey is grim. This report illuminates important issues facing arts and culture nonprofits and their workforce, the potential long-term effects, and the struggle of access to funding. However, this report also finds hope in emerging opportunities. Ever-present throughout this crisis is the enduring strength and ability of the city's arts and culture ecosystem to connect people to place and to each other.





# Recommendations

For funders, investors, policymakers, nonprofit leaders, and the workforce to collectively build more resilient arts and culture nonprofits, we recommend the following:

- 1. Build new opportunities between arts and culture nonprofits, creative industries, and other sectors.** Be proactive in developing and deepening sector and cross-sector partnerships and collaborations with arts and culture organizations, including education, public health, environment, human services, and more.
- 2. Invest in sustainable arts and culture nonprofit models.** There is an opportunity for new models of more sustainable arts and culture nonprofits to emerge post-COVID-19 through mergers, knowledge exchange, and increased resource sharing.
- 3. Ensure more equitable investments across arts and culture organizations.** Create pathways for all arts and culture organizations to access funds, considering unique inter-relationships with independent contractors such as artists and creatives that come together in the ecosystem. Consider supporting specific funding opportunities for these targeted groups.
- 4. Dedicate funding for arts and culture nonprofits as part of your recovery response.** Ensure arts and culture nonprofits are eligible for economic recovery funds that are also made available to small businesses (e.g., CARES Act funding). Diversify your grant-making or sponsorship portfolios to include arts and culture nonprofits.

**5. Emphasize simplicity and flexibility.** When possible, minimize burden of application processes and spending and reporting requirements. For example, allow nonprofits to designate how they spend funds based on their needs and those of the communities they serve.

**6. Shift innovation support to the needs of arts and culture nonprofits.** Support innovation economy policies, infrastructure and experimentation of emerging technologies that recognize the value and the characteristics of arts and culture nonprofits, address barriers, and lead to new ways to explore and make art, express culture, and to reach, expand and engage diverse communities.

**7. Protect the arts and culture nonprofit workforce, including artists and creatives.** Provide or help connect arts and culture nonprofits to resources that support their general operations and payroll. Advocate for measures that increase the capacity of artists and creatives and support arts and culture job creation and entrepreneurship.

**8. Encourage collective impact philanthropy.** Recommend the creation of arts and culture COVID-19 emergence task force to advise philanthropy on collective impact strategies to better support arts and culture nonprofits.

**9. Build Awareness.** Raise awareness about the economic and social impact of arts and culture nonprofits among funders, investors, policymakers, businesses, and other sectors.



# Methodology

As a culminating requirement of their FY20 contract with the City of San Diego (City) through the Commission for Arts and Culture, arts and culture organizations were required to complete and submit the survey, *San Diego Arts and Culture: COVID-19 Impact*. The survey – administered and analyzed by The Nonprofit Institute (NPI) at The University of San Diego – comprised 53 questions including multiple choice, text entry, Likert scales, and open-ended responses. The final sample used to produce findings, as demonstrated by Figures 15 and 16, was n=129 and included organizations dispersed throughout 3 budget categories and 5 organizational types. The survey was administered throughout July and August 2020.

**Figure 15. Sample by Organizational Type**

Organizational Type	n	%
Visual Arts	22	17.1%
Performing Arts	59	45.7%
Literary & Media Arts	10	7.8%
Service Organizations	15	11.6%
Cultural	23	17.8%
<b>TOTAL</b>	<b>129</b>	<b>100%</b>

**Figure 16. Sample by Budget Size**

Budget Size	n	%
\$0 to \$250k	43	33.3%
\$250k to \$1M	45	34.9%
Over \$1M	41	31.8%
<b>TOTAL</b>	<b>129</b>	<b>100%</b>

The survey was designed and responses were collected using Qualtrics Survey Software. Analysis was completed using Statistical Package for Social Sciences (SPSS). The multistage analysis process required researchers at NPI to contact some respondents to ensure accurate reporting where appropriate. Some data points recognized as extreme outliers were omitted to avoid skewing the findings. Throughout the process, all identifying information was omitted from reporting to the City, ensuring anonymity. This was to guarantee that survey responses were in no way used to inform the City's decision for future funding. In the preceding report, all quantitative data were reported as an aggregate and qualitative responses (quotes and themes) were reported with any potentially identifiable information obscured.

Some limitations to these findings are worth noting. First, due to the implementation of California Assembly Bill 5 (AB5) on Jan. 1, 2020 which required most organizations to hire "gig workers" as employees, it is impossible to be certain how organizations reported engagement with independent contractors. Though still representing a vast economic workforce impact, the data reporting contracts canceled should be consumed with this understanding. Second, without addressing diversity, equity, and inclusion in arts and culture organizations, this report cannot be considered wholly conclusive regarding critical issues facing the sector during the pandemic. However, these survey items were intentionally excluded from the survey design since the City is completing additional assessments to measure these constructs.