The **COVID-19** Effect on Wisconsin's Nonprofit Sector

**Arts, Culture & Humanities**

**July 2020**

**Professor Douglas Ihrke**, Public and Nonprofit Administration, UW-Milwaukee  
**Bryce Lord**, Helen Bader Institute for Nonprofit Management, UW-Milwaukee  
**Megan Matthews**, Business and Economics, UW-Whitewater  
**Anne Katz**, Executive Director, Arts Wisconsin

This report, which focuses on arts, culture, and humanities-focused nonprofit organizations, is part of a statewide effort to study the response of nonprofit organizations to the COVID-19 pandemic. This study aims to provide real-time data to government officials, foundations, and other decision-makers about the current socio-economic conditions facing nonprofits, and the need for immediate and long-term support to ensure the ongoing provision of critical services throughout Wisconsin. The hope is that, by understanding the pandemic's effect on the nonprofit sector, we can also better understand the recovery process required afterward.

**Background**

In an effort to understand the impact of the COVID-19 pandemic on Wisconsin nonprofits' ability to meet their communities' needs, the Helen Bader Institute for Nonprofit Management at the University of Wisconsin-Milwaukee, in partnership with the Institute for Nonprofit Management Studies at the University of Wisconsin-Whitewater and our affiliate faculty and staff throughout the UW-System, will issue a series of surveys to nonprofit leaders throughout 2020. The initial survey was launched in April.

Nonprofit organizations (NPOs) are often on the front lines of crisis – frequently referred to as "second responders," serving as a resource for individuals after emergency aid has been provided. As a result of the COVID-19 pandemic, many Wisconsin nonprofits are experiencing increased demands for food, shelter, and other necessities, yet have been hindered or completely cut off from responding due to school closures, stay at home orders, and social distancing.
In Wisconsin, one in twelve employees work at a nonprofit, representing a total of $14.6 billion in annual wages – making the programs and services provided by statewide nonprofits an essential component of the economic engine that ensures Wisconsin is a thriving, vibrant state. Our highest priority is to learn directly from Wisconsin nonprofit leaders, by connecting with a broad range of organizations and a vast array of missions. Based on an established online survey developed by the University of San Diego, data collection efforts focused on a variety of nonprofit capacities potentially affected by the ongoing pandemic, including:

- Human Resources, including staffing and payroll
- Finance & Revenue, including access to federal stimulus funding
- Effect on Programs & Service Delivery

The survey also collected information on needed resources, to better understand ways academic and community partners can assist Wisconsin's nonprofit sector through these developing challenges and beyond. The initial online survey was made available for participation from April 14-29, 2020. Additionally, a series of brief quarterly follow-up surveys will be released throughout 2020 to track change, stimulus funding effectiveness, and overall sector recovery. The intention is to continue the project until it is determined to be no longer necessary. Statewide, 526 nonprofit organizations responded to the survey. Seventy-one of these nonprofit organizations were arts and culture organizations representing a variety of missions and a cross-section of budgetary sizes, with a majority (70%) of small to very small organizations.

Research Team

Prof. Douglas Ihrke, Executive Director, Helen Bader Institute for Nonprofit Management, UW-Milwaukee
Bryce Lord, Associate Director, Helen Bader Institute for Nonprofit Management, UW-Milwaukee
Assistant Professor Carol Brunt, Institute for Nonprofit Management, UW-Whitewater
Associate Professor Michael Ford, Public Administration, UW-Oshkosh
Associate Professor Lora Warner, Public and Environmental Affairs, UW-Green Bay
Associate Professor Linnea Laestadius, Public Health, UW-Milwaukee
Assistant Professor Kerry Kuenzi, Public and Environmental Affairs, UW-Green Bay
Assistant Professor Philip Wagner, Criminal Justice, UW-Parkside
Mary Beth Collins, Center for Community & Nonprofit Studies, UW-Madison
Amy Hilgendorf, Ph.D., Center for Community & Nonprofit Studies, UW-Madison
Debra Karp, Alan E. Guskin Center for Community & Business Engagement, UW-Parkside
Sai Sun, Ph.D. Candidate, Urban Studies, UW-Milwaukee
Executive Summary

Nonprofit arts organization responses indicated that the most significant challenges were in the areas of programming, revenue, and human resources. This makes sense; less programming means less earned revenue and can also mean less ability to apply for grants that support infrastructure, including human resources.

Less programming does not only impact the arts organization itself. When nonprofit arts organizations are required to shut down or significantly reduce their programming, their communities are also impacted. For instance, when a summer theater season or an arts festival is canceled, the arts business loses audiences, revenue, and jobs. Meanwhile, the community loses lodging, restaurant, shopping, parking, and other revenue and jobs that support the arts festival, as well as sales tax collected to support community services. Given the complex connections between nonprofit arts organizations and their communities, understanding the impact of COVID-19 becomes even more important.

Human Resources

Arts-focused organizations in Wisconsin have greatly reduced their staffing in terms of both paid and volunteer personnel. 55% of respondents have reduced their paid staff “to some extent” or “to a great extent”. Meanwhile, 87% have cut their volunteer workforce to similar levels. Corroborated by data collected by Americans for the Arts, the nation’s leading nonprofit organization for advancing the arts and arts education, staffing of arts-focused organizations in Wisconsin currently has 139 vacant positions due to hiring freeze. Additionally, they have furloughed a total of 781 staff members and laid off over 1,400 employees around the state. In fact, over 40% of respondents have already laid off staff.

Finances

When asked about the confidence leaders have that their organizations will survive the impact of COVID-19, 59% said they were confident. However, they were extremely concerned about a decline in donations, the inability to pay rent, and the loss of earned revenues due to event cancellations. Over half of the respondents have canceled major fundraising events and worked on several budget scenarios to reflect a potential drop in donations and earned revenue.

The study finds that the Median Financial Impact per Organization is -$30,000, and the total number of lost attendance reported in this survey was 1,999,682, or a median of 1,065 lost attendees per organization. When you look at the size of most Wisconsin nonprofit arts organizations, these numbers can be of particular concern.
Overall, 45.1% of the reporting organizations rely on government funding, and over 55% have applied for the Paycheck Protection Program (PPP). Figure 1 shows that many organizations have applied for and received support from the Paycheck Protection Program (PPP) and Economic Injury Disaster Loans (EIDL). Large arts organizations were most likely to apply for the PPP and EIDL programs right away, while smaller organizations did not have as much capacity to apply for PPP initially, but did so in the second round of funding. Some organizations may have been hesitant to apply for a loan because they were unsure if they would be able to pay it back.

Changes to the Paycheck Protection Program caused some challenges because organizations planned to use the funds received by the initial deadline of June 30, but with changing program parameters allowing spending until the end of the year, organization leaders are having to re-shift their staffing configurations.

Figure 1: Please answer with your intentions regarding the funding programs available through the Corona-virus Aid, Relief, and Economic Security Act (CARES Act)

Programs and Services

Nonprofit arts organizations continue to provide services for their constituents in innovative ways, although over 40% of the reporting organizations indicated that they are delivering programs and services in a severely reduced capacity. Organizations are already beginning to cancel performance and events well into 2021.
When asked about the critical needs of constituents, an interesting but unsurprising picture emerges as “community” comes across as a strong need. The good news is that, according to the national service organization, Americans for the Arts, nationally, 76% of arts organizations (and 68% of artists) are using the arts to strengthen community cohesion, raise morale, and lighten the COVID-19 experience of the community.

Resources Needs

When asked what academic and community partners could provide, nonprofit arts organizations indicated that evaluating fundraising strategies, and sharing real-time data about nonprofit needs with funders and government officials were at the top of the list. This information will help guide what programs and training opportunities are offered through UW system outreach programs as well as foundations and state agencies. Whether that be through online seminars, virtual conference opportunities or site visits remains to be determined.

Figure 2: What are the critical needs that your constituents are coming to you for in relation to COVID-19?

Figure 3: What could academic and community partners assist you with the most? (check all that apply)

- Reevaluating fundraising
- Sharing with gov't and corporate leaders
- Effectively sharing message
- Technology support
- Fiscal scenario planning
- Guidance to our board
- Coaching: Leading in ambiguity
- Volunteer recruitment and management
- Wellness/self-care for self and team
- Human resource management
Leadership and Collaboration

Nonprofit arts organizations have collaborated with local government and other NPO's, involved their boards in planning and mitigation, and made sure their donors are aware of their efforts to continue programming and serve their communities. The sector is innovating in many ways and supports community and creativity that is needed for people, organizations, and businesses to move forward to recovery and revitalization.

Figure 4: Please answer with your intentions regarding the funding programs available through the Corona-virus Aid, Relief, and Economic Security Act (CARES Act)
Reflection on the Arts, Culture and Humanities Sector and COVID-19

While there’s no doubt that this is a challenging time for the arts, culture, and humanities industry, there is good news. A great deal of creative energy is being poured into programs and policies to keep the sector moving forward. In addition, creative people continue to rise in service to their communities with resilience and compassion. Live performances are being shared via Facebook, new interactive murals can be viewed while practicing social distancing, and museums are providing free online tours of their collections. These are some of the stories from across Wisconsin where arts organizations are impacting their communities:

- **Woodland Pattern** in Milwaukee has been closed to the public since March 16th. A small revenue stream continues to come in through special call-in orders. The organization does not expect to hold on-site events - poetry readings, concerts, or workshops - for the remainder of 2020, and prospects for in-person programming in 2021 remain unknown. However, the organization has been able to successfully move almost all programming online, and at each virtual gathering, staff assists everyone to make sure they can participate with ease. Attendance has remained steady and participants are coming from Milwaukee and the surrounding region, as well as nationally and internationally.

- In Land O’ Lakes, **Land O’ Lakes Arts** has been collecting artist's stories, available on the organization's YouTube channel.

- Artists have turned plywood covering broken storefronts on State Street in Madison into works of protest art.

- In Balsam Lake, the **Balsam Arts Gallery** is finding ways to amuse and inspire at every stage of the pandemic. Each week, the gallery windows feature the work of a new artist, from puppets to paintings to pottery to sculpture.

- **CREATE Portage County** has shifted resources during the COVID-19 pandemic. It has converted its creative maker space to produce face shields for medical personnel and other essential workers, using 23 3D printers to produce almost 4,000 face shields. It has also converted programming like their ArtsWalk and a 48-Hour Film Festival to meet #saferathome requirements.

In addition to statewide data being collected, there is data specific to the nonprofit arts and culture sector nationally. Data released in March 2020 from the US Department of Commerce and the National Endowment for the Arts showed that Wisconsin's arts industry packs an economic impact of over $10 billion and has a workforce of over 96,000 people. More recently, data gathered by Americans for the Arts has shown that COVID has had a negative impact of nearly $29 million on nonprofit arts organizations in Wisconsin.
The majority of nonprofit leaders who participated in this survey have agreed to let us follow their progress over the next year, with three more surveys planned. We hope that these results will enable our region to understand the progress, activities and needs of these important civic organizations as we attempt to support them in their important work. Thank you to all leaders who participated despite the enormous and unprecedented challenges that faced them at the time.

The COVID-19 Effect on Wisconsin's Nonprofit Sector

Understand the problem. Find a solution.

https://uwm.edu/hbi/research/survey/