

# STATE OF THE ARTS

*COVID-19 posed a major threat to arts and cultural organizations and businesses in Wisconsin. Though challenges remain, our analysis finds a number of signs of recovery. Few arts and cultural establishments have been lost, while state sales tax revenues from their activities have largely rebounded and arts-related employment has partially recovered. A critical factor was roughly \$440 million in federal relief funding that was directed to arts and cultural organizations in Wisconsin.*

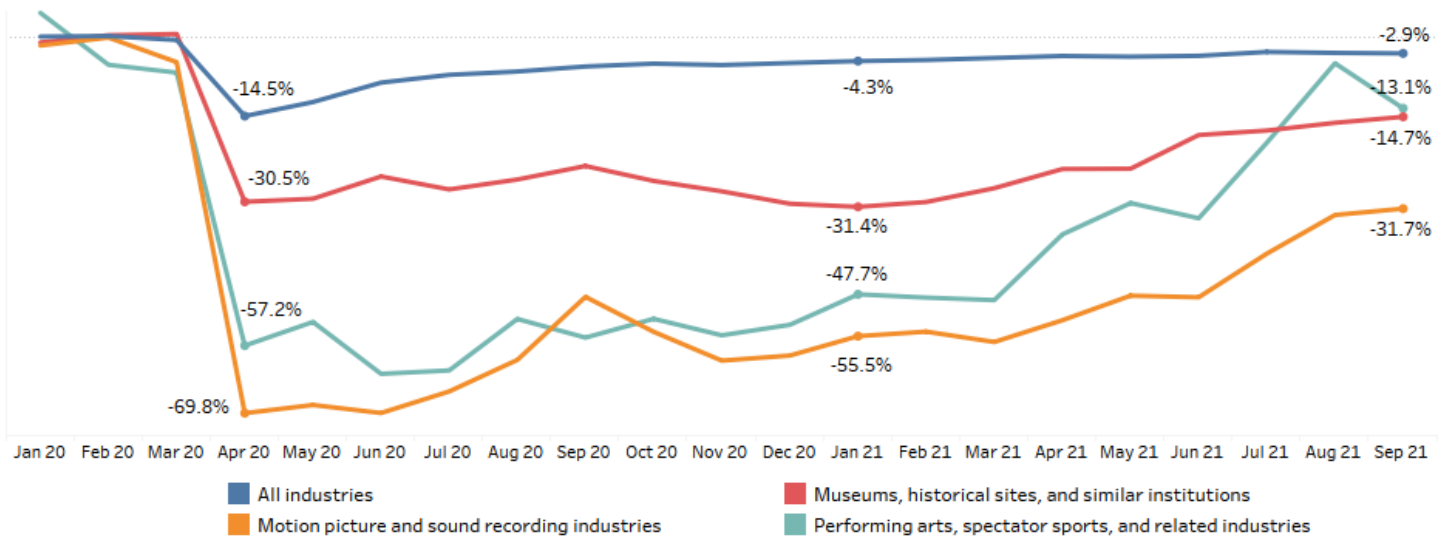
Arts and cultural activities were ravaged by the COVID-19 pandemic, affecting organizations, businesses, and individual artists and damaging both the quality of life and economies of Wisconsin communities. Temporary pandemic restrictions and more enduring safety concerns among regular and potential patrons forced many arts and cultural establishments to pause or reduce their operations and cancel events, performances, and educational programming. In August 2020, we described the situation as “[an existential threat](#)” to some arts organizations and venues in Wisconsin.

Since then, a majority of the state’s residents have been vaccinated against COVID-19, and while case numbers have continued to ebb and flow, the arts have

staged a slow but steady comeback. In this report, we take stock of the current state of recovery for arts and culture in Wisconsin by examining federal and state data on employment, sales, and productivity. We also analyze the scope and scale of federal and state programs that have provided emergency aid to arts and cultural organizations and independent artists to help them navigate the pandemic.

This report was produced by the Wisconsin Policy Forum through a partnership with the Wisconsin Arts Board and Create Wisconsin, with financial support provided by the Arts Board.

**Figure 1: Work in Arts and Culture Fell Sharply but Is Recovering**  
Private sector employment in Wisconsin relative to same month in 2019



Source: U.S. Bureau of Labor Statistics – Quarterly Census of Employment and Wages; data for January 2021 onward are preliminary



## EMPLOYMENT PLUMMETED BUT IS RECOVERING

The onset of the pandemic caused employment to drop in many sectors, but those employed in arts and culture were among the most affected. The number of Wisconsinites employed in the three subsectors most closely tied to arts and culture (see text box on right for definitions) fell sharply in April 2020 and remained deeply depressed throughout the remainder of that year and much of 2021 (see Figure 1 on the previous page). Job losses were much greater in these subsectors than in the economy overall.

In fact, the “Performing arts, spectator sports” and “Motion picture and sound recording” subsectors experienced some of the steepest job losses in the overall economy, with employment dropping by over half for the remainder of 2020. (This subsector includes independent artists, musicians, writers and performers but excludes those who were among the unincorporated self-employed.) The “Museums, historical sites” subsector was not as hard-hit but still saw employment decline by nearly one-third.

Employment in arts and culture recovered considerably in the spring and summer of 2021 but remained more depressed in all three subsectors than in the economy overall as of September 2021 (the most recent month for which data are currently available). At that time, employment in the motion picture and sound recording subsector, which had fallen the furthest in the early months of the pandemic, still had the largest jobs gap to fill.

## DEFINING ARTS & CULTURE

Unless otherwise noted, this report characterizes “arts and culture” as covering the following three economic subsectors:

**Performing arts, spectator sports, and related industries**, which also includes independent artists, musicians, writers, and performers, and arts agents, promoters, and managers

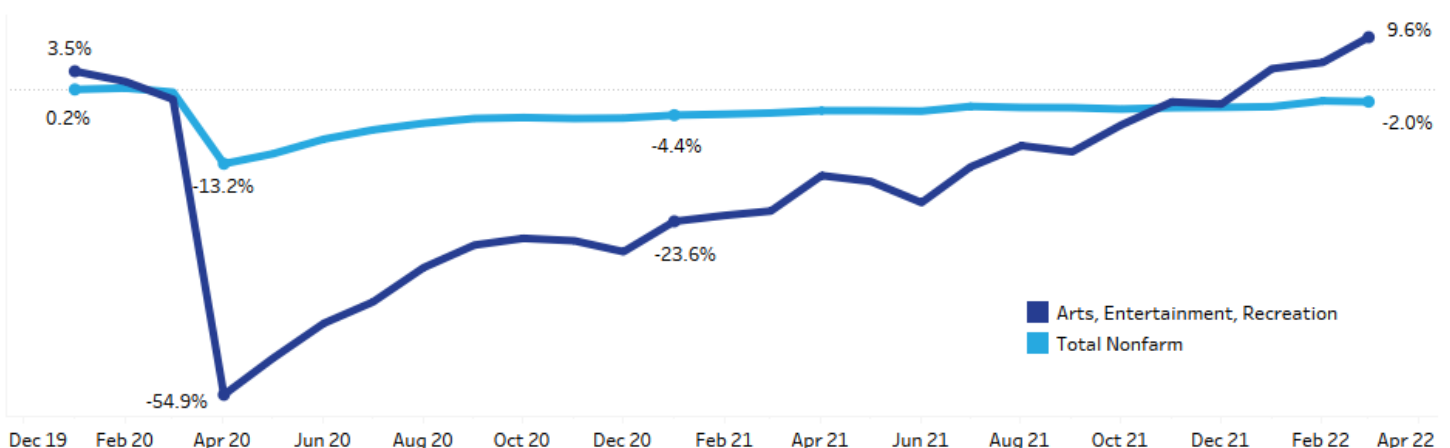
**Museums, historical sites, and similar institutions**, which also includes zoos, botanical gardens, and nature parks

**Motion picture and sound recording industries**, which includes movie theaters, film and record producers and distributors, and sound recording studios

Employment in arts and culture appears to have continued to grow in Wisconsin since last fall and may even have returned to pre-pandemic levels. Newer employment data are available for the “arts, entertainment, and recreation sector” comprised of the performing arts and museums subsectors as well as the much larger “amusement, gambling, and recreation industries” subsector, which includes fitness centers, casinos, golf courses, and other similar businesses. Preliminary data show that as of March 2022, employment in that broader sector in Wisconsin exceeded 2019 levels by 9.6%, while total nonfarm employment across all sectors remained 2% below 2019 levels (see Figure 2).

**Figure 2: Arts, Entertainment, Recreation Jobs Fell Sharply but Have Recovered**

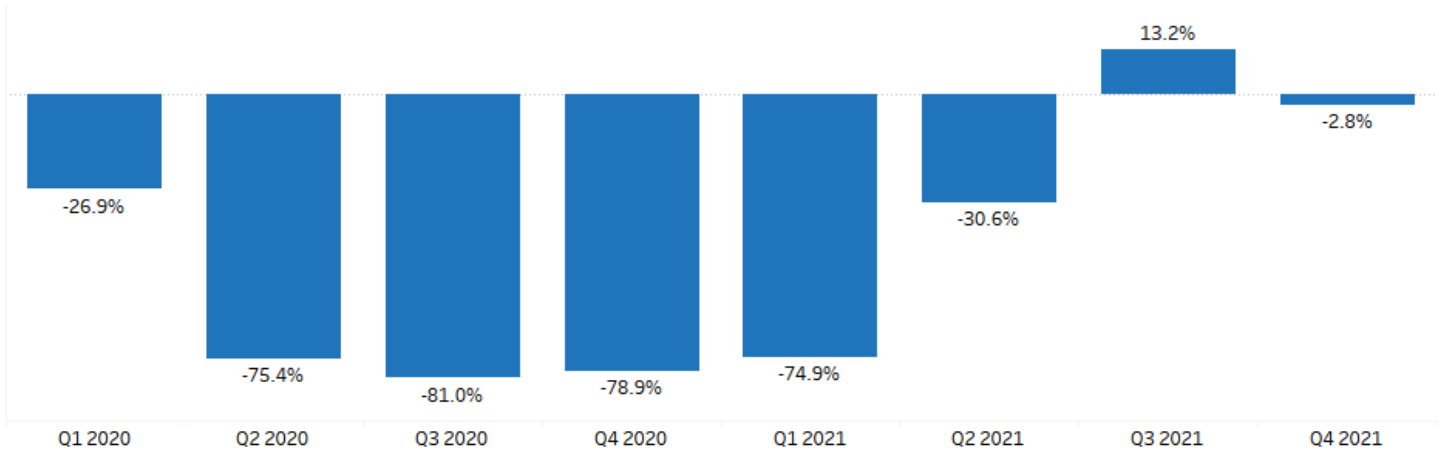
Employment in Wisconsin relative to same month in 2019



Source: Bureau of Labor Statistics – Current Employment Statistics; data are seasonally adjusted and figure for March 2022 is preliminary



**Figure 3: State Sales Tax Revenues Rebound to Pre-Pandemic Levels**  
Change in state sales tax revenues from arts and culture subsectors relative to same quarter in 2019



Source: Wisconsin Department of Revenue; data are preliminary and are not adjusted for inflation

Nationally, employment in the arts, entertainment, and recreation sector remained down 6.7% in March 2022 relative to the same month in 2019, while total nonfarm employment was up by 0.4%. This suggests that the recovery in the arts, entertainment, and recreation sector has been stronger in Wisconsin than in most states.

### SALES TAX REVENUES HAVE REBOUNDED

Preliminary data on state sales tax revenues reported by businesses also suggest that arts and cultural establishments are recovering quite strongly in Wisconsin. In fact, combined state sales tax revenues from the three arts and culture subsectors exceeded 2019 levels in the third quarter of 2021 by 13.2% and were near 2019 levels in the fourth quarter after coming in far below pre-pandemic levels for the previous 18 months (see Figure 3). It is not possible for us to determine the extent to which the recovery in sales tax revenues is attributed to a recovery in patronage as opposed to higher ticket and related prices that reflect the rising rate of inflation.

While this is a positive trend, it is notable that sales tax revenues have recovered to an even greater extent across all industries covered by the state sales tax and continue to lag for motion picture and sound recording industries (see Figure 4). That lag could be driven in part by people choosing to stream videos at home rather than returning to movie theaters. Wisconsin's sales tax recovery has been particularly strong in the

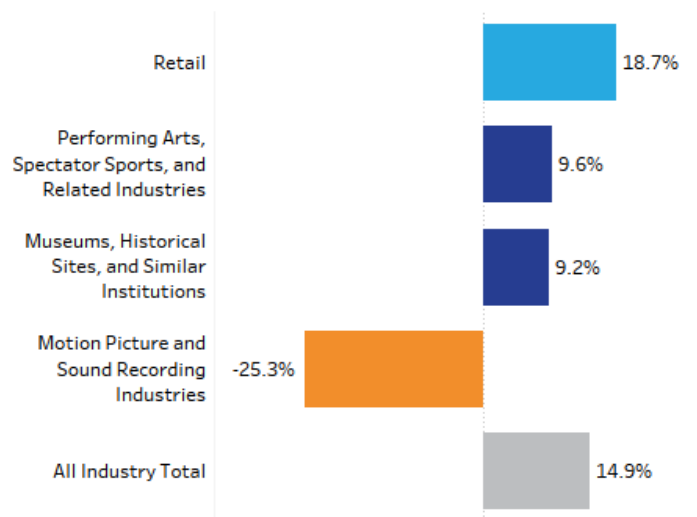
retail sector, which accounts for almost half of the state's total sales tax revenues each year.

### FEW ESTABLISHMENTS HAVE BEEN LOST

Given the dire financial circumstances many arts and cultural organizations in Wisconsin faced as the pandemic lingered through 2020 and into 2021, it is notable that their numbers have held steady and even grown. After dipping in the first quarter of 2020, the combined number of establishments across the three arts and culture subsectors has risen slowly and (at

**Fig 4: Sales Tax Revenues Recover but Lag Overall Economy**

Change in state sales tax rev. by sector/subsector, Q4 2019 to Q4 2021

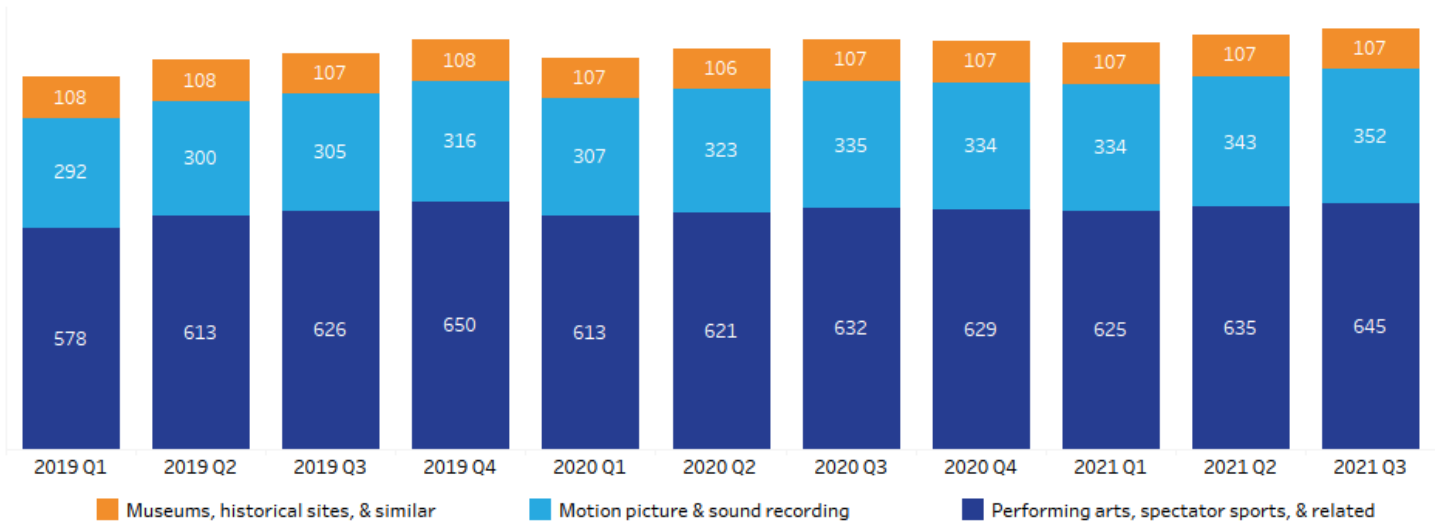


Source: Wisconsin Department of Revenue; data are preliminary and are not adjusted for inflation



**Figure 5: Number of Arts & Cultural Organizations/Businesses Remains Stable**

Arts and cultural establishments in Wisconsin, by quarter



Source: Bureau of Labor Statistics – Quarterly Census of Employment and Wages; data are for private employers only and are preliminary starting in Q1 2021

1,104) was 6.4% higher in the third quarter of 2021 than in the same quarter in 2019 (see Figure 5).

The pandemic has had differing impacts on business formation in each of the three arts and culture subsectors. Whereas the number of establishments in the museums subsector was the same in Wisconsin in the third quarter of 2021 as in 2019, the state experienced modest growth (3.0%) in the number of establishments in the performing arts subsector and more rapid growth (15.4%) in the motion picture and sound recording subsector during the same period.

### FEDERAL RELIEF FUNDING KEY TO RECOVERY

One major factor that has helped Wisconsin’s arts and cultural organizations and independent artists make it through the pandemic was the support of a series of federal and state pandemic relief programs. Some provided grants or forgivable loans to small businesses in general, while others targeted arts and cultural organizations and venues specifically due to the particular challenges they faced. Nearly all of the funding support for these programs stemmed from the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan Act (ARPA).

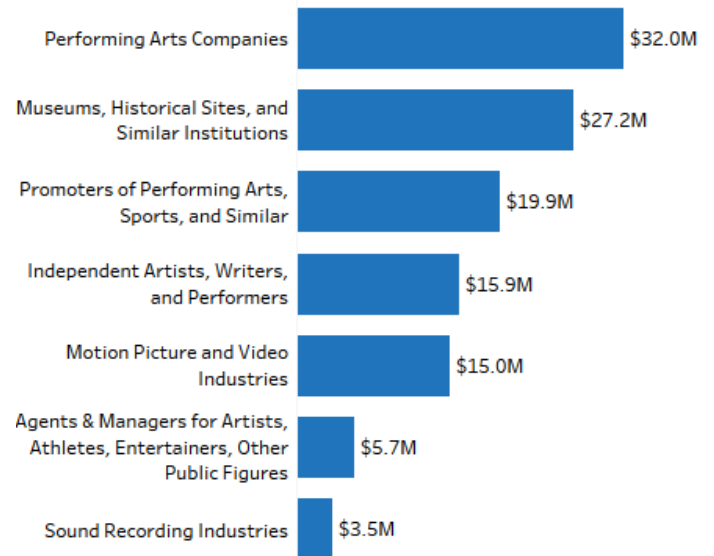
The first source of relief came from the federal [Paycheck Protection Program](#) (PPP), a forgivable loan program for small businesses that was included in the CARES Act and launched in April 2020. Our analysis of the U.S. Small Business Administration’s [database](#)

found 3,345 loans totaling just over \$119 million went to arts and cultural establishments in Wisconsin (see Figure 6). Entities with fewer than 500 employees were eligible for PPP loans initially, though in later rounds of the program, businesses had to show they had experienced a [25% or greater loss in revenues](#) during the pandemic to be eligible.

The single largest source of pandemic relief funding for arts and culture in Wisconsin came from the federal [Shuttered Venue Operators Grant](#) (SVOG) program, which was designed “to support the ongoing operations

**Fig 6: PPP Loans Provided \$119 Mil to Arts & Culture in WI**

Value of loans distributed to arts and cultural establishments



Source: WPF analysis of U.S. Small Business Administration data.



**Figure 7: Shuttered Venue Operators Grants Provided Lifeline to Many Venues**

Largest awards to venue operators in Wisconsin



Source: WPF analysis of U.S. Small Business Administration data

of eligible live venues and operators, live venue promoters, theatrical producers, talent representatives, live performing arts organization operators, museums, and motion picture theaters during the uncertain economic conditions caused by the COVID-19 pandemic.”

Created through the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act – and amended by ARPA – this program distributed \$14.2 billion nationally in 2021, including approximately \$221 million (1.6%) to 235 venue operators in Wisconsin. Eligible businesses could qualify for grants covering 45% of their 2019 gross earned revenue, with a maximum grant amount of \$10 million. In Wisconsin, 47 venue operators received grants valued at \$1 million or more, including 12 that received at least \$5 million (see Figure 7).

A smaller source of federal pandemic relief funding came through grants provided by the [National Endowment for the Arts](#) (NEA). Using funding it received from both the CARES Act and ARPA, the NEA provided approximately \$1.3 million to the Wisconsin Arts Board (the vast majority of which was distributed to arts organizations in Wisconsin), \$500,000 to the [city of Madison](#) to be distributed to local arts organizations, and an additional \$1.3 million in direct grants to arts organizations in Wisconsin. [Arts Midwest](#) also distributed \$220,000 in federal pandemic relief funding to arts organizations in Wisconsin.

The state of Wisconsin also created a number of programs to distribute federal pandemic relief funding

to arts and cultural organizations and businesses. As summarized on Governor Evers’ [Badger Bounceback](#) website, those include the following programs and allocation amounts:

- Live Event Small Business Assistance Grant Program – \$31 million
- COVID-19 Movie Theater Grant Program – \$21.2 million
- COVID-19 Live Music and Entertainment Venue Grant Program – \$17.3 million
- COVID-19 Cultural Organization Grant Program – \$15 million
- Funding for Wisconsin Historical Society – \$1 million

In addition, several broader pandemic relief grant programs for small businesses of all kinds added support for arts and cultural establishments. For example, the [We’re All In Grants](#) program administered by the Wisconsin Economic Development Corporation used CARES Act dollars to provide three phases of grants ranging from \$2,500 to \$20,000 to small businesses. Nearly \$286 million in grants were distributed through several phases, with \$8.6 million (3%) going to arts and cultural establishments. Independent artists were specifically acknowledged and included as small businesses for this program.

The [Wisconsin Tomorrow Small Business Recovery Grants](#) program distributed \$303.5 million in grants to





small businesses statewide, including roughly \$5.8 million (1.9%) that went to arts and cultural establishments. This program was designed to assist businesses that were hardest hit by the pandemic and was supported with ARPA funds and administered by the state Department of Revenue.

All told, our analysis shows that roughly \$440 million in pandemic relief funding has been dedicated to arts and cultural establishments in Wisconsin over the last two years. Without that support, it is possible that many more organizations and businesses throughout Wisconsin would have been lost.

Definitive data are still not available on how states around the country have spent their pandemic relief funding. Yet an early look at state spending of ARPA Fiscal Recovery Funds is available from separate reports from the [National Conference of State Legislatures](#) (NCSL) and the [Center on Budget and Policy Priorities](#). These reports show that so far, Wisconsin had allocated more of its federal funds than average toward businesses and employers, including arts and cultural organizations.

Data from NCSL show that so far Wisconsin has allocated 5.8% of its ARPA funds toward arts, culture, and tourism, while states nationally averaged 1.7% (the data for Wisconsin run through December 2021 but the data for some other states are more recent). The arts and culture figures for Wisconsin and potentially other states also omit some funding like the Wisconsin Tomorrow grants that were aimed at all employers but went in part to cultural organizations.

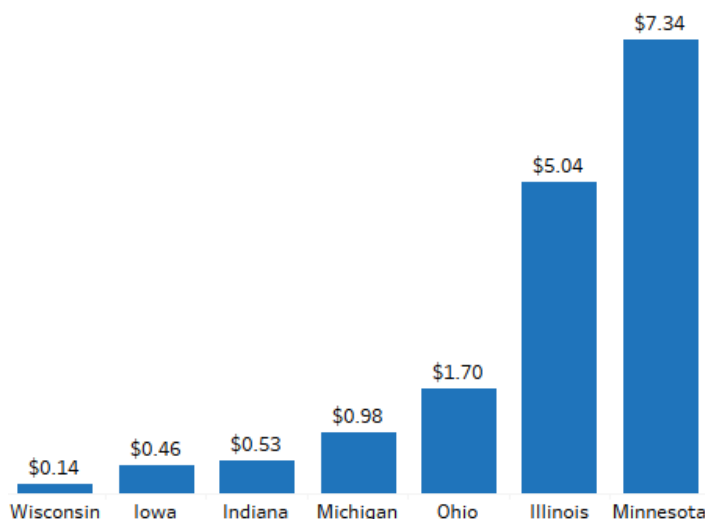
### ANNUAL ARTS & CULTURE FUNDING LAGS OTHER STATES

The massive infusion of one-time pandemic relief funding described above was on top of less than \$1 million in ongoing funding that the state of Wisconsin appropriates annually to arts and culture through its support of the Wisconsin Arts Board.

Our previous research found that Wisconsin ranked last nationally in 2020 in per-capita state funding support for arts and culture. Preliminary [data](#) from the National Assembly of State Arts Agencies shows Wisconsin moved up to 49<sup>th</sup> of 50 states in fiscal year 2022. Rather than reflecting a significant increase in state funding support in Wisconsin, that change was due to Arizona’s decision not to dedicate any state funding for

**Figure 8: Wisconsin Trails Neighbors in Annual State Support for Arts & Culture**

Per-capita state funding dedicated to state arts agencies, 2022



Source: National Assembly of State Arts Agencies; data are preliminary

arts and culture that year. The data show Wisconsin appropriating \$807,100 to the Wisconsin Arts Board in fiscal year 2022, which was up 5.5% from \$765,100 in 2020. That amounts to \$0.14 per state resident.

By comparison, Minnesota – a neighboring state with a similar population total – appropriated \$41.9 million to its state arts agency in 2022, placing it third nationally in per-capita state funding at \$7.34. On a per-capita basis, neighboring states dedicated between 3.3 (Iowa) and 52.4 (Minnesota) times as much state funding to their state arts agencies as Wisconsin in 2022 (see Figure 8).

For Wisconsin to move up to the median among U.S. states, it would need to dedicate roughly \$1 per capita to arts and culture, which would require raising its allocations to at least \$5 million per year.

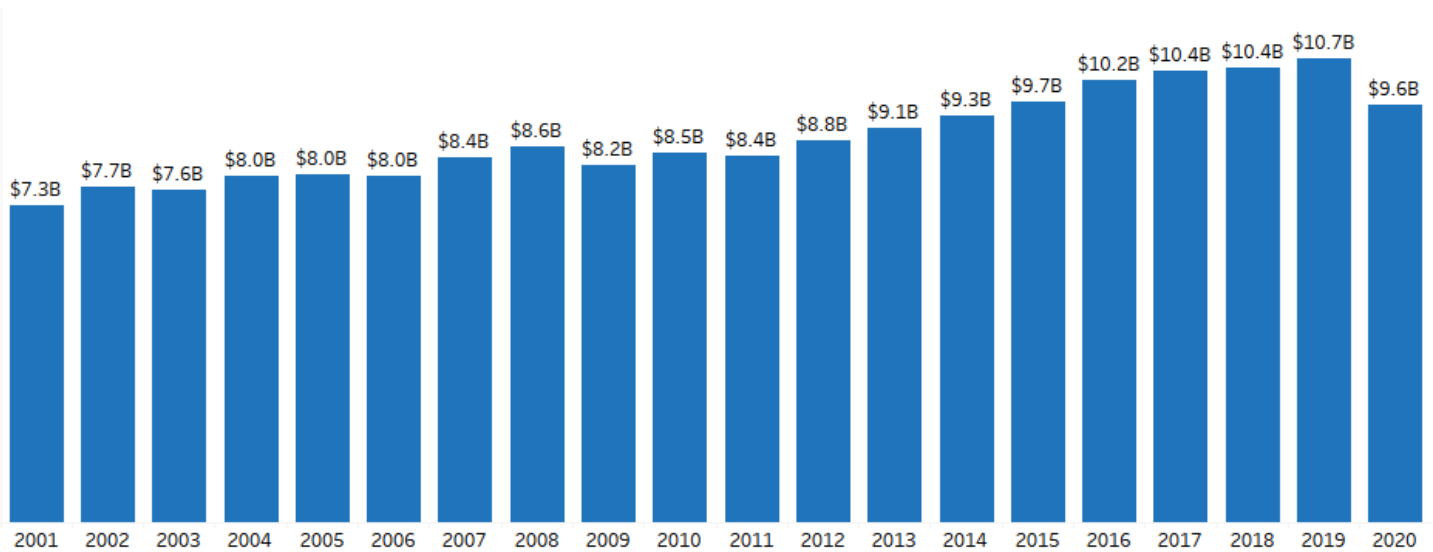
### SUBSTANTIAL BUT SLOWING IMPACT ON STATE ECONOMY

Arts and culture are primarily valued for the unique contributions they provide to the quality of life and vibrancy of communities, but they make considerable direct economic contributions as well. To measure those contributions nationally and in each state, the U.S. Bureau of Economic Analysis developed the [Arts and Cultural Production Satellite Account](#), which is designed to capture all economic activity directly tied to arts and culture, regardless of industry or occupation. (For



**Figure 9: Economic Impact of Arts and Culture Grows Slowly in Wisconsin**

Value added by arts and culture to state economy



Source: Bureau of Economic Analysis – Arts and Culture Satellite Account

example, the advertising and printing sectors are not included in the Satellite Account in their entirety, but activities that produce ads and materials for arts and cultural establishments are included.) This unique and painstaking approach arguably makes the Satellite Account the best available source of economic data on arts and culture in the U.S.

According to the Satellite Account, the value added by arts and cultural activities to Wisconsin's economy was \$9.6 billion in 2020, which was down somewhat from 2019 largely due to the pandemic (see Figure 9). The 2019 peak of \$10.7 billion was 46% higher than the total in 2001 in non-inflation-adjusted dollars. While positive, that pace of growth was weaker than the roughly 83% growth in the state's total gross domestic product (GDP), which measures the value of all goods and services produced in all sectors. It also lagged the 97% increase in the value added by arts and cultural activities to the national economy during the same period.

The start of the pandemic also caused the economic value added by arts and culture to deflate more in Wisconsin than nationally. From 2019 to 2020, those contributions declined by 10% in Wisconsin and only 5.8% nationally.

The economic impact of arts and culture in Wisconsin remains substantial but has slowed. Arts and cultural activities accounted for roughly 2.8% of the state's overall GDP in 2020, which was near the median of

2.9% among all U.S. states. The share of Wisconsin's GDP that came from arts and cultural activities that year was lower than in neighboring Illinois and Minnesota but higher than in many other Midwestern states including Iowa, Indiana, and Michigan. In Wisconsin, the share of overall state GDP coming from arts and culture fell from a high of 4.0% in 2002 to 3.1% in 2019 and 2.8% in 2020. That decline was faster in Wisconsin than nationally, where arts and culture's share of GDP slid from 4.6% in 2002 to 4.4% in 2019 and 4.2% in 2020.

## CONCLUSION

Arts and cultural organizations and activities make important contributions to Wisconsin's vitality and economy, and the pandemic posed a major threat to their sustainability. Our analysis shows there are reasons for optimism as the worst phases of the pandemic seem to have passed, though considerable challenges remain.

Few arts and cultural organizations were lost due to the pandemic, and sales tax revenues have largely rebounded. The number of people employed in arts and culture made a substantial recovery in the spring and summer of 2021 that likely has continued to the present day, though it will be important to continue to track data in the coming years to gauge whether employment makes a full and sustained recovery. The state's motion picture and sound recording subsector, which includes movie theaters, appears to face the



largest lingering recovery gap for both employment and sales, which may warrant a closer look by policymakers.

The survival of many arts and cultural establishments in Wisconsin is likely attributed, at least in part, to the roughly \$440 million in pandemic relief funding that has provided grants and forgivable loans to organizations, venues, and other arts and cultural businesses through a number of federal and state programs. The primary argument for the extra support provided to arts and cultural establishments was the greater job and economic losses they suffered during the pandemic as public gatherings were prohibited or reduced.

Our analysis finds the assistance also may have been particularly impactful in Wisconsin, with the national data available as of April 2022 showing the state so far has provided greater one-time pandemic relief than most other states. This development contrasts with previous state policy that has placed Wisconsin at or near the bottom of all 50 states in ongoing support for arts and culture, but whether it reflects a more lasting state commitment will be determined in the next and future state budgets.

While arts and cultural activities in Wisconsin are largely trending in a positive direction, uncertainty remains. Future pandemic waves are not out of the question, which could mean additional fluctuations in patron and audience levels. The federal pandemic relief funding that has helped to prop up many organizations and businesses will run out in 2022 or 2023, and while income from both earnings and charitable contributions has rebounded for many individuals and organizations, it may not have returned to pre-pandemic levels. Employee hiring and retention also may pose difficulties for arts and cultural organizations given low unemployment, rapid inflation for wages and other prices, and increased competition with other sectors.

In sum, there is ample cause for celebration that so many arts and cultural organizations in Wisconsin have met the daunting challenges of the past two years of the pandemic. Yet the questions that remain about the future give their supporters reasons not to be complacent going forward.

