The Show Must Go On:
Theatre Recovery in North Carolina in the Aftermath of COVID-19

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Prepared for: Arts North Carolina

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Executive Summary

COVID-19 has ravaged the arts and cultural sector across North Carolina, causing 65% of creative workers in North Carolina to be without work and an economic loss of over $3.4 billion dollars (Arts NC 2021). The theatre industry, which traditionally requires patrons to gather in shared public spaces operate, has been particularly hard hit by the pandemic and the subsequent economic fallout.

As the pandemic continues to disrupt the theatre industry across the state, Arts North Carolina (Arts NC) has posed the following question:

What practices can Arts North Carolina advocate for and/or implement that will best ensure the survival of the theatre industry in the aftermath of COVID-19?

This project utilized qualitative data gathered through interviews with theater professionals to better understand the operational realities and challenges being faced by leaders at theatrical organizations across the state of North Carolina. Ultimately, eight interviews were conducted with artistic and/or managing directors of theatres ranging from small non-professional community theatres to large, multi-million-dollar organizations. These interviews were subsequently coded in NVivo and used to identify persistent themes that could be used to make recommendations as to how best Arts NC could focus its theatre advocacy work going forward. Substantial similarities or themes in the experiences of various theatre organizations were revealed through the interview process.

The following eight themes were identified throughout the research process:

Virtual Content: Most theatres have experimented with virtual content, but audience reception has been tepid, and programming has generated little revenue for organizations.

Staffing: Nearly every organization has had to make drastic cuts to their payroll. In some cases, interviewees remain unsure about whether those jobs will ever come back.
Community Support: Theatrical organizations described positive increases in community support, with some organizations reporting higher than average fundraising levels.

Infrastructure Investment: Many organizations have taken this time to invest in building improvements, expansions, and other initiatives meant to improve both the patron experience as well as day-to-day business operations.

In-Person Content: Interviewees reported varying levels of success with outdoor or limited capacity indoor performances. In-person educational content has been a lifeline for many interviewees.

Theatre as Social Change: Theatres are concerned with producing more equitable and socially conscious work going forward.

Uncertainty: Organizations are struggling with a lack of leadership on recovery-related issues, such as health protocols, loan programs, and reopening procedures.

Funding: Organizations are having to rely heavily on federal aid dollars, individual grants, and donor dollars to stay afloat until audiences begin to return to shared spaces.

Ultimately, these themes were used to identify the following policy recommendations:

Expanded and Continued Informational Campaigns: As theatrical organizations face changing governmental regulations and continued uncertainty surrounding their futures, Arts NC can create and continue offering more robust guidance to help organizations navigate the pandemic.

Encourage Shift Towards Non-Virtual Content: Virtual content proved unsuccessful for many organizations. As vaccinations continue, Arts NC can help organizations slowly return to outdoor and limited indoor production.

Educate Member Organizations on Current Sanitation Requirements and Advocate for Theatres as Healthy Spaces: Arts NC should help audiences feel safe returning to public spaces by building a narrative that theatres are “healthy spaces.”

Focused Financial Advocacy: Organizations have spent considerable capital to get through the pandemic and have also spent funds improving their infrastructure. Arts NC should continue to advocate for increased financial support post-pandemic.

Provide Diversity, Equity, and Inclusion Programming to Member Organizations: Organizations have a desire to produce more socially conscious work. Arts NC has an opportunity to provide trainings to ensure that organizations are properly educated and equipped to discuss these issues.

Develop Grassroots Campaign to Support Theatrical Renaissance: Arts NC can build additional financial support for theatres by activating communities across the state, which have shown increased levels of support throughout the pandemic.
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Client

Arts North Carolina (Arts NC) is a 501(c)(3) advocacy organization guided by the mission of “uniting people and communities to strengthen and celebrate a creative North Carolina” (Arts NC 2020b). As part of this mission, Arts NC emphasizes the arts as key to statewide economic development, community health, and sustainability (Arts NC 2020a). Additionally, Arts NC connects arts workers and organizations with key legislative officials and advocates for increased and comprehensive arts education initiatives (Arts NC 2020a). Most recently, Arts NC has taken on a new role helping its members navigate the operational and financial challenges posed by the COVID-19 pandemic.

Policy Question

Arts NC has posed the following policy question: What practices can Arts North Carolina advocate for and/or implement that will best ensure the survival of the theatre industry in the aftermath of COVID-19?

Background

The COVID-19 pandemic has ravaged the arts and culture sector across the country and recovery procedures have been inconsistent or in some cases, nonexistent. Faced with an inability to reopen or bring in revenue, arts organizations across North Carolina are making tough decisions on whether to close their doors permanently, hibernate (meaning dramatically cutting costs and temporarily ceasing operations completely), or shifting their business models.

COVID-19’s impact on the arts has been particularly strong, largely because many arts organizations require patrons to gather in shared physical spaces. Social distancing and increased health measures have forced an overwhelming majority of opera houses, theatre venues, and concert halls to remain closed. Creative industries that have been able to open, like museums or movie theaters, have done so at dramatically reduced capacity. As of February 2021, nonprofit arts organizations have lost an estimated $15.2 billion nationally (Americans for the Arts 2020c).

The loss of these businesses will have a lasting effect on both the culture and economy of North Carolina. These businesses provide North Carolinians with creative inspiration, improve communities, and build cultural ties within their communities. They also employ residents, contribute to the economy, encourage tourism, and help generate additional revenue for restaurants, hotels, and parking garages (Americans for the Arts 2017a).

As the primary arts advocacy organization for the state, Arts NC has a vested interest in maintaining the cultural and economic health of the arts in North Carolina, as well as ensuring the state remains a strong artistic force in the South. Establishing COVID-19 recovery “best practices” for organizations will also strengthen Arts NC’s
future advocacy efforts for both National Endowment of the Arts (NEA) and North Carolina Arts Council (NCAC) funding, by providing concrete examples of how that funding can be used to protect and/or enrich the arts in post-COVID-19 North Carolina.

**Economic Impact of the Arts Before COVID-19**

In 2017, the entire arts and culture industry (meaning nonprofit, commercial, and educational) accounted for $877.8 billion in economic activity, or 4.5% of U.S. GDP (U.S. Bureau of Economic Analysis 2017). As of 2015, $166.3 billion in economic activity could be attributed to the nonprofit sector specifically (Americans for the Arts 2017a).

As evidenced in the figure to the right, the arts and cultural sector also makes up a larger percentage of the national workforce than many other industries. In fact, nonprofit arts and cultural organizations make up a larger percentage of the workforce than computer programmers, firefighters, and the farming, fishing, and forestry industries combined. Nonprofit arts organizations support 1.15 million jobs each year, or roughly 0.83% of the workforce. (Americans for the Arts 2017b).

In North Carolina, the nonprofit arts and culture industry generates more than $2.12 billion in economic activity each year. Nearly half of this spending is generated by the organizations themselves, while more than a billion dollars in additional activity is generated by audiences (Americans for the Arts 2017b). Over 70,000 full-time equivalent jobs make up the arts and culture industry, which leads to $1.5 billion in household income for North Carolinians, as well as over $200 million in both state and local tax revenue (Americans for the Arts 2017b).
Economic Impact of COVID-19 on the Arts

The COVID-19 pandemic has decimated the arts industry. COVID-19 has caused 63% of artists/creatives to become fully unemployed (Americans for the Arts 2020b). Industries located within the creative economy are expected to lose over $150 billion in sales (roughly 9% of sales across all industries). Furthermore, 2.7 million jobs (1.4 million of which are concentrated within the fine arts sector alone) are likely to disappear for a considerable time (Seman 2020). The following graph shows national organizational concerns surrounding financial shortfalls (Americans for the Arts 2020c).

The severity of COVID-19’s impact on the arts is likely to be felt in North Carolina for years to come. The sustained shutdown of the arts sector in North Carolina has led to the loss of over $61 million in economic activity. The median impact felt by individual organizations is around $20 thousand (Americans for the Arts 2020b). While the long term economic impact remains uncertain, 93% of arts nonprofits expect the financial ramifications of the virus to have severe, lasting effects on their business (Americans for the Arts 2020b).

The Theatre Problem

Theatres are facing different barriers to recovery than museums or art galleries. In fact, a major challenge associated with identifying recovery options within the arts industry is the wide range of business models employed by organizations. Therefore, focusing on one industry specifically is necessary to understand the underlying nature of the problem, as well as to produce meaningful results. While a majority of theatres remain closed, some have shifted operational models and begun presenting virtual readings or performances (Silver 2020). The National Theatre’s virtual presentation of One Man, Two Guvnors raised over $80 thousand and was seen by more than 2 million people (One Further 2020). However, the financial incentives and capabilities of shifting online will vary greatly between the National Theatre, one of the most well-funded and prolific theatres in the world, and a small, rural theatre company. As
restrictions begin to relax, it is still largely infeasible for theatres to generate revenue when only one in three seats can be sold (Rogoff and Gersten 2020).

**Survival Via Organizational Hibernation**

Without considerable funding interventions, organizations that are unable to find new or additional sources of revenue will be forced to either shutter their doors permanently or enter a period of organizational hibernation. In discussions with the client, it appears that there is a consensus across North Carolina that many organizations will need to hibernate.

Hibernating an entire industry is not an easy feat, and it is likely to cause a variety of side effects. Hibernation will require organizations to dramatically cut spending that is not necessary to survival. Staff furloughs, reductions in services, and liquidation of assets may all be necessary to keep these businesses afloat (FTI Consulting 2020). Organizations that choose to hibernate are likely to experience a variety of barriers when they try to reopen. Demand for arts products, performances, etc. are likely to be reduced for an extended period, so organizations should expect reduced revenues and tighter profit margins post-hibernation. Furthermore, organizations can expect increased hiring costs as many furloughed employees are likely to move on to other employment opportunities during the hibernation period (FTI Consulting 2020).

**COVID-19 Financial Recovery Programs**

Congress has been providing financial assistance to nonprofit and gig economy workers through the CARES Act, a $2.3 trillion recovery package. The NEA received $75 million in CARES Act funding, of which $44.5 million in nonmatching funds was distributed to state and regional arts agencies (National Endowment for the Arts 2020).

In North Carolina, the General Assembly has recently passed H1105, which allocates $9.4 million in emergency aid for arts organizations in ninety-eight counties. (Arts NC 2020c). Many arts organizations and individuals qualify for one of the following programs:

**Payroll Protection Program (PPP):** This program provided forgivable loans to small businesses if they were able to keep employees on payroll. The program ceased operations on August 8th, 2020. (U.S. Small Business Administration 2020b). In the arts sector, potential enrollees reported an 82% success rate in securing funds (Americans for the Arts 2020a)

**Emergency Injury Disaster Loan (EIDL):** This loan program provides relief to nonprofits facing temporary loss of revenue due to COVID-19. A forgivable version of this loan, the EIDL Advance, is no longer available. Nonprofits who accept this loan are given a 30-year, 2.75% fixed interest rate (U.S. Small Business Administration 2020a).
In the arts sector, potential enrollees reported a 45% success rate (Americans for the Arts 2020a).

The arts sector across North Carolina is in a complete freefall due to COVID-19 making it impossible to operate as normal. An industry that typically generates billions of dollars across North Carolina has been decimated and will likely only generate a fraction of what it once could for years to come. Thousands of North Carolinians have lost and will continue to lose their arts sector jobs. Without a clear understanding of the problems that North Carolina arts organizations are facing within their own communities or the practices they are implementing to survive, recovery efforts will likely be hindered.

While some effort has been made at the national level to provide support for both the industry and its workers, very little research has been done at the state level to understand how individual organizations are navigating the operational realities of the pandemic. The broad array of industries within the arts sector exacerbates this issue since the operational decisions at a symphony are likely to be quite different than those of an art studio.

By understanding the challenges and successes in one of the hardest hit sectors, the theatre industry, Arts NC should be able to offer more focused and beneficial support for both the theatre industry specifically and the North Carolina arts industry.

Data and Methods

Sample Selection

To best understand the statewide impact of COVID-19 on theatrical organizations, I conducted semi-structured interviews with artistic directors, managing directors, or other high-ranking executives at theatrical organizations of varying budget sizes and professional standing (professional producing venues, regional touring venues, community theatres, etc.).

Interviews provided the best avenue for understanding the day-to-day realities being faced by organizations of varying sizes and locations. While survey analysis could have provided useful quantitative or surface level information, I wanted to understand why and how leaders made certain decisions since the onset of the pandemic.

Interviewing every theatrical organization within North Carolina was infeasible given the number of theatres that exist, the constraints of COVID-19, and the academic school year.

Arts NC indicated that using organizations who, in addition to being members of Arts NC, are also members of the North Carolina Theatre Conference (NCTC) would be the most effective means of narrowing the project’s scope. NCTC frequently works alongside Arts NC and the two organizations share a similar arts advocacy-focused
mission. The organizations listed in the following graphic were listed as NCTC members for 2020-2021 (NCTC 2020).

For this project, I only looked at independent organizations that were not primarily housed within or funded through a K-12 school or college program, as those programs have funding resources and opportunities not available to independent theatres.

Finally, I cross-referenced the remaining theatrical organizations that remained on the NCTC membership list with those on the Arts NC membership and was left with the eight theatres that ultimately served as my sample.

**Data Collection and Analysis**

Due to the ongoing COVID-19 pandemic, all interviews were conducted remotely via ZOOM. Interviews were recorded and then transcribed using the transcription software Otter.ai.

Each interview followed a semi-structured format to allow for both a conversational flow and probing if particularly interesting or unique experiences were brought up by interviewees. Each organization was asked four “warm up” questions, such as their name, job title, etc., before beginning the interview. Each interviewee was asked the same eleven question sequence, although slight variations exist across interviewees due to probing or follow up questions. Each interview lasted roughly 30 to 45 minutes.

Due to the sensitive nature of some information, such as budget cuts, furloughs, or future business plans, all interviewee and organization names have been removed from this report.
Following the conclusion of the interviews, each transcription was uploaded into NVivo, a qualitative analysis software. I then coded the transcriptions inductively, allowing for themes and trends to emerge in the data. I also pulled meaningful quotes that exemplify these trends. These themes were ultimately used to help guide the recommendations provided later in this report. The following Tree map shows a breakdown of the codes and subcodes that were identified throughout the inductive coding process.

Results

Virtual Content

All eight interviewees indicated that they had experimented with virtual content in some format since the onset of the pandemic. All organizations developed virtual educational programs, and most also produced either filmed stage productions or productions specifically designed to be performed via Zoom or another streaming service. Other types of virtual content mentioned by interviewees included artist talkbacks, interviews, and behind-the-scenes content.

All interviewees also revealed that the return on investment for virtual content was either nonexistent or just enough to cover costs or “break even”. One interviewee noted that ultimately “[their] goal really right now with the virtual shows is to not lose money on them.” While a few interviewees revealed they were able to secure grant funding to cover startup costs for virtual content production (video equipment, access to streaming services, editing software, etc.), others said the cost to produce virtual content was prohibitive. Still, some theatrical organizations continued to produce content in the early months of the pandemic since, as one interviewee highlighted, it was “instrumental in keeping board members feeling like something is happening, because they get nervous and weird sometimes.”

All eight organizations also expressed that they have either reduced their virtual content production or stopped completely by January 2021. Many noted that viewership for virtual content was never high, and that in recent months, viewership has plummeted even further. The consensus amongst interviewees

“I mean we produce revenue definitely...a fraction of what we normally produce, but we’ve definitely produced revenue.”
- One interviewee on the small return-on-investment of virtual livestreams

“You know can’t a... can’t a film crew do it better? Can’t Netflix do that honestly just better?”
- One interviewee on why virtual content is a struggle for their organization
was that “virtual burnout” was a major contributing factor, and that students and patrons alike no longer had interest in sitting in front of a screen. Some interviewees blamed the inherent limitations of an artistic medium that is designed to be delivered in person and lamented that they could not compete with film or streaming services for viewership.

One notable exception was virtual fundraising and development programming. One interviewee said that they successfully raised $15,000 from one event and $20,000 from a separate, subsequent event. Another theatre indicated that their most successful event of the year was a fundraiser cabaret featuring a popular performer.

**Staffing**

All but one of the interviewed organizations have made temporary and/or permanent reductions in their staffing numbers. The figure below highlights the extent of these reductions. The smallest organizations appeared to be the most capable of retaining staff, while larger organizations experienced the largest number of staffing reductions. In the most extreme examples, one organization had to reduce 93.75% of their staff, while another, as of January 2021 had everyone who worked at the organization pre-COVID-19 still on payroll. All eight organizations have furloughed a portion of their staff at various moments since March 2020.

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“So right now, we’re at two people. Normally at this time of year we would have, you know, between 30 and 50 people on payroll.”

- One interviewee on the dramatic staffing reductions faced at their organization

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**COVID-19 Has Led to Staffing Reductions at Nearly All Interviewed Organizations**

![Staff Reductions Chart](chart_url)
The positions that were most frequently furloughed or laid off fell under the umbrella of production staff, such as a technical director, stage crew, or costume shop workers. Development, marketing, and education roles were typically spared from layoffs, with one interviewee explaining “I've got two people in development because...we still have to raise money.”

Multiple interviewees highlighted that they had prioritized keeping staff on payroll. These interviewees went into extensive detail about their employees and their lives, often speaking about them as “family.” One interviewee said that “we have really tried to do our best to take care of our people. Because they’re good people, and in our ability to come out of this we will be strong, you know, if we’ve got those good people in place.”

In many instances, theatre executives were able to delay furloughs and keep people on payroll by instituting salary reductions, although this was not consistent across organizations. One organization specifically noted that they did introduce short, temporary furloughs rather than reduce salaries across the board, as they felt it would have less of an impact on any of their full-time staff’s financial security. Other organizations instituted salary reductions ranging from 20% to 25%. One organization highlighted that once their PPP funding had cleared, they eliminated salary reductions, while two others had maintained their staff wide reductions but had plans to return to normal once “certain conditions were met.”

In the long term, multiple interviewees felt uncertain when, or if, roles that had been eliminated would be rehired. These interviewees referred to operating “skeletal” staffing structures for the foreseeable future until they were able to see revenue numbers that mirrored pre-pandemic amounts. One interviewee indicated that while they plan to rehire their entire staff, they may shift some positions that were full-time to part-time, stating “we can see now how much more cost effective it is actually not to have these folks as full-time employees.”

The following organizational chart was provided by one interviewee and highlights both the extent of the reductions organizations have been required to make, as well as the types of positions frequently eliminated.
Ultimately, interviews with organizational leaders highlighted the severity of COVID-19’s impact on creative workers in North Carolina. Organizations remain unsure when, or if, jobs that have been reduced or furloughed will ever return, and salary reductions may lead to lost wages for North Carolinians for years to come.

**Community Support**

Many organizations noted how integral their theatre is to both the cultural and economic livelihoods of their respective communities. Post-pandemic, this has led to increased community support through in-kind donations, individual donations, and new grant opportunities.

In most cases, interviewees indicated that their theatre was the dominant cultural organization in their respective community. As one interviewee noted, “I know of no other venue organization, you know, for a midsize city like ours that so totally monopolizes the marketplace.” Similar sentiments were expressed by other interviewees, who often noted the number of years they have been in existence as the justification for their level of support.
A few interviewees noted that in addition to receiving community-wide support, their organization has increased its level of community service. One interviewee highlighted that after receiving a PPP loan, and with no way to put their employees to work, they shifted focus to raising money for a local soup kitchen. Another organization has increased their number of community partnerships, occasionally producing virtual content with other local organizations.

Infrastructure Investment

Faced with the inability to produce live content, most organizations began to invest funds into infrastructure improvements. One interviewee highlighted one of the few upsides of being unable to produce, saying, “I think the most valuable currency any of us have is time, but it’s often the most quickly squandered. And so, what we’re really trying to do here at the theatre is take advantage of this time to get our infrastructure organized.”

Organizations indicated that they were making substantial investments in health and sanitization. Multiple interviewees cited that they have spent money outfitting their respective buildings with hand sanitizer stations, face shields and mask stations, and improved ventilation systems. Interviewees felt that investing in these types of products was necessary before audiences could return.

Some interviewees also mentioned that they had invested time and money into establishing more robust administrative and business procedures. One interviewee highlighted that they have established a “lunch and learn” program to better educate staff members about business issues. This interviewee also noted that they have invested in programs like Dropbox, OneDrive, Teams, etc., so that they are better able to conduct business once patrons return.

Other interviewees noted that they have focused on capital improvements. One interviewee noted that in normal operating times, renovating the seats in their theatre would likely have led to a loss of over $250,000 in revenue. As a result of the pandemic,
they have been able secure grant funding to jumpstart the process replacing their theatre’s seating, with the goal of having the renovation completed before patrons return to the space. Another organization used donated materials and labor to renovate their administrative office space, while another noted that they had recently finished a fundraising campaign to have their parking lot expanded.

**In-Person Content**

“We really are fighting pretty aggressively to get back to live.”

-One interviewee on their organizations focus

Interviewees expressed varying levels of implementation and success with indoor and/or in-person content. While governmental regulations required all eight organizations to cease producing indoor content entirely at the outset of the pandemic, considerable differences exist between when organizations began to produce content for live audiences again. One organization highlighted that they began offering outdoor performances like concerts in the middle of June. Another interviewee expressed that their organization waited until the fall to produce outdoor content, while as of January 2021, two organizations made no mention of any in-person content.

Response to outdoor content has been mixed. One interviewee described a recent site-specific work, produced with the audience seated in pods six feet apart from each other and over ten feet away from the stage, as a big success. They went on to say that “People were so excited. They came and they were like, oh my god...normalcy.” Another interviewee noted that their outdoor content has been less than successful, saying that they were unable to sell out a single showing of a children’s theatre production they had produced in November.

Indoor performances have been much more limited, with only two organizations noting they had produced fully realized indoor, in-person shows. These productions were capped at twenty-five patrons due to North Carolina COVID-19 restrictions and were not revenue producing for their respective theatres. One interviewee went on to clarify that, since their budget is primarily dependent upon ticket sales, it made little financial sense to keep producing until they could sell additional seats.

While indoor productions have been less popular, many interviewees have experimented with or have offered in-person educational programming for their communities. Most interviewees said that their in-person educational programs had been their primary focus in recent months, and many even said that their educational
programs had grown. One interviewee described the situation succinctly, saying that “we’re a two-headed monster between education and production, and the upside of this...the silver lining of this, is that has allowed us to pivot our attention more into the education arena...the production side of things usually just takes up so much more time and capital.”

Some organizations have had to bring on additional staff to compensate for governmental restrictions on public spaces. One interviewee said that they had to triple their education staff because instead of offering one, large camp experience over the summer, they had to divide their students into three groupings.

When asked about their in-person educational experiences, multiple interviewees cited “Zoom fatigue” or computer fatigue in general as a primary driver of their success. Some interviewees cited that while virtual educational content was successful at the beginning of the pandemic, and that they are still offering it as an alternative to in-person content, parents have indicated their children want out of the house and off their devices.

Overall, organizations have been slow to return to producing scripted in-person content. While governmental limitations on large gatherings are mostly to blame, interviewees seemed unsure over how quickly audiences would return to their organizations. In-person educational programs proved to be a lifeline for many organizations, providing much needed revenue and an opportunity for organizations to remain active in their communities.

Theatre as Social Change

Another theme that emerged across many interviews was the desire to shift into producing more socially conscious work. Multiple organizations noted that the inability to produce live content had given them time to analyze the role of their organization in larger conversations happening across the United States. For instance, multiple interviewees mentioned the Black Lives Matter movement, saying that the movement inspired them to want to tell more diverse stories. While all eight interviewees run conventionally “commercial” style organizations, one interviewee noted that this break in programming has provided their organization an opportunity to come back and “program different and take advantage of the conversations that are out there now and be a better storytelling organization.”

“We did a poll and parents really wanted their kids out of the house, basically. And they trust our safety protocols.

-One interviewee on patron perceptions of in-person educational content
Many interviewees noted that the accessibility of their services has been at the forefront of their minds in recent months. The shift to virtual content has revealed equity issues, such as members of the community being unable to access the internet to partake in programming or difficulty reaching students with physical disabilities. Some interviewees pointed out that in some cases, virtual programming has made their programming more available to typically disadvantaged members of the community. In those cases, interviewees highlighted the need to make sure they were still reaching and engaging those individuals as life begins to return to “normal.”

Other organizations expressed similar sentiments. One interviewee highlighted that they had recently hired a new “Director of Community Engagement” to help integrate the organization further into the community. Other interviewees cited initiatives like anti-racism commitment statements, expectations of producing more diverse work, reaching out to developmentally disabled populations, and the desire to integrate their organization deeper into the local community.

One interviewee, when asked why their organization hoped to focus on these kinds of initiatives in the future, captured succinctly the sentiments expressed by other interviewees. They said, “We’re also better understanding [that] theatre is an oppressive infrastructure. It has been designed within the oppressive infrastructure that we’re all living in. And it is inherently labor workers creating art for rich white people…that is the structure. And so, we’re understanding all of these things at the same time. We have to look different on the other side of this, we have to. And so, in addition to just managing a crisis, we’re managing an identity crisis as well.

“One thing our artistic director wants to do is to really be more of a voice for social change and produce stuff that really looks at some of these things that have come to the forefront.”

-One interviewee on their decision to pursue socially conscious works
Uncertainty

All eight interviewees mentioned one of the largest hurdles they are encountering as they navigate the pandemic is inconsistent information and/or uncertainty surrounding processes related to reopening.

Multiple interviewees noted that the most stressful factor influencing their operations was the uncertainty surrounding their COVID-19 relief dollars. Interviewees noted that while they have received EIDL or PPP loans, and were planning on applying for additional relief, they were unsure what the repayment protocols would be once the pandemic ended. This uncertainty has led some interviewees to limit spending until further information is available. One interviewee described the stressful reality of the situation by noting that “I think that if PPP forgiveness was 100%, I know they say it probably will be, but you know we’re also nervous that it’s not, and that’s a $229,000 loan. And then you have to pay it back...and if it’s not forgiven its $12,000 a month...we would close.”

“Reopening the industry and returning to public spaces presents other unique challenges that theatre executives must address. Many interviewees expressed concerns over how audiences would be tested or screened for COVID-19 vaccines. Would they be able to require patrons to be vaccinated, or would the government regulate vaccination protocols? Other interviewees noted more general concerns with the rapidly changing information about health and sanitation procedures. Some cited that they had originally invested money on hand sanitizer stations, intense cleaning of surfaces, and protective equipment, but that the conversation had shifted more towards air quality, leaving them uncertain as to what procedures are most effective.

“I think one of the things that make it [the pandemic] the unicorn it is, is just the persistent lack of leadership, you know, at every level.”
- One interviewee describes the lack of guidance they have received

“So, it’s you know, trying to stay optimistic, trying to be proactive and forward thinking with absolutely zero information.”
- One interviewee describes the lack of guidance they have received
Funding

When asked what their organization needed the most during this time, the overwhelming answer from nearly every interviewee was simply “more money.” Every interviewee indicated that they had received varying amounts of PPP and/or EIDL loans. The funding amount at each organization varied greatly due to being dependent on payroll and other factors. Notably, multiple organizations recorded receiving EIDL loans but not using them, choosing instead to tap into reserves, as the EIDL loans are not forgivable. Other frequently cited sources of funding included CARES dollars, small business loans, local art council grants, various individual grants, community sponsors and individual donors.

Many interviewees were surprised that individual donor dollars, and the number of unique individual donors had stayed consistent or increased since the onset of the pandemic. One organization highlighted that they had added 400 new donors to their system, while others cited highly successful fundraising campaigns. Season subscriptions, which make up a sizeable portion of annual revenue for many theatres, also held steady. Another organization offered their patrons the ability to transfer their subscription to next year, donate their subscription dollars, or receive a refund, and was surprised to see that 75% of their subscribers either rolled over their subscription or donated.

While some interviewees noted that their organizations were resistant to institute intense fundraising campaigns at the outset of the pandemic, choosing instead to focus on alternative revenue streams, the consensus across interviewees tended to be that fundraising was going to be a primary focus moving forward. Some interviewees indicated that virtual or outdoor content production would be used to raise dollars, some have invested in mail campaigns, and others have instead focused on direct one-on-one donor retention (taking donors to lunch, cocktails, etc.). One interviewee noted that a recent mailing campaign had brought in 180 individual donations, culminating in roughly $35,000 from a single mailing.

“Our survival is dependent on ticket sales as the majority of our budget...so we’ve had to slash the budget by 80%”

- One interviewee describes their financial reality

“Looking at our financials, we’ve had a 73% decrease in revenue from quarter two of 2019. So it’s kind of stayed in that world. And obviously we’re still shut down and not doing anything.”

- One interviewee describes their financial reality
Recommendations

The following policy recommendations are based on the interview data presented in the previous section. It is important to note that Arts NC operates with both limited resources and staff, which impacts what policies they can effectively implement to best ensure the survival of the theatrical arts industry in North Carolina. As an organization with limited resources, Arts NC focuses much of its work on conducting legislative advocacy on behalf of the arts sector in North Carolina. It also acts as an informational distributor and hub for organizations to keep up to date on issues impacting the arts. This reality informed the recommendations that follow.

Expanded and Continued Informational Campaigns

Arts North Carolina must fill the informational void currently being created by both the Federal and the State government. One of the most prevalent takeaways from interviewees was that they felt they were receiving little guidance from our country’s governments on topics such as reopening procedures, funding, and health protocols. While multiple organizations indicated that Art NC’s work in this space has been vital for their continued survival, there is a substantial risk to these organizations should up-to-date information suddenly stop being available. One organization I spoke with cited their involvement in Wolf Brown’s Audience Outlook Monitor program, which monitors audience perceptions towards returning to public spaces, opinions on vaccinations, etc. Continued access to information on these types of topics will be important for theatres as the state begins to reopen, since many theatres will likely have little room in their budgets for mistakes in programming.

Multiple organizations cited legislation-focused townhalls that Arts NC has conducted as being particularly beneficial for understanding the financial options available to their organizations. Arts NC should continue to offer these sessions, host them more frequently, and invest resources in ensuring that every member organization sees and understands them. Facebook Live sessions are easy to miss, particularly for organizations that do not have devoted communications personnel. One non-professional theatre noted that before COVID-19, they felt disconnected from Arts NC, but that they have since felt more ingrained as a member organization since the onset of the pandemic. Ensuring these organizations, no matter their size or operating budget, have access to up-to-date legislative, financial, and health information will ensure that North Carolina remains a viable business environment for the large number of theatres that call this state home.

Encourage Shift Towards Non-Virtual Content

Arts NC should encourage their member organizations to focus on outdoor and/or limited in person content. As the pandemic extends past the one-year mark, patrons, parents, and students alike are likely to feel continued burnout on virtual platforms. Furthermore, the growing number of vaccinated North Carolinians makes it more viable to bring patrons and students back into public spaces.
In-person educational content should certainly be encouraged, as interviewees noted it has been relatively successful and often revenue producing throughout the pandemic.

Increased vaccinations and lowering COVID-19 case rates also indicate a gradual return to normal. Slowly increasing patron access to outdoor and/or indoor produced content, while making virtual produced content less available, should help train audiences to accept the idea that consuming theatre in a shared, public space is acceptable again. One interviewed organization has even created a “COVID Peace of Mind” guarantee, which offers patrons refunds or the option to donate their ticket cost if they feel do not feel safe attending. These types of programs build consumer confidence and are likely to be successful in encouraging patrons to return to shared spaces.

Advocating for a shift away from virtual content should also save Arts NC member organizations money, as the data presented here has shown that there is little to no financial benefit to offering these services. While interviewees noted that under current governmental restrictions, in-person productions have been relatively unsuccessful, increased vaccine distribution leads to greater opportunities to shift back to in-person content. Due to the likelihood that audiences will be hesitant to return to shared spaces, it may be beneficial to test audience response to outdoor performances, which are generally deemed “safer” before fully committing to indoor productions.

**Educate Member Organizations on Current Sanitation Requirements and Advocate for Theatres as Healthy Spaces**

Arts NC should shift the narrative away from shared theatrical spaces being “unhealthy spaces” and instead push the concept of theatres as “healthy spaces.” With many theatres across the state sitting empty for the past year, using them as local vaccination sites could help patrons think of these locations as safe places to spend time. It is important to note that audience perceptions of the risks associated with returning to shared spaces are likely to be fragile, so Arts NC should encourage their member organizations to strictly follow necessary health guidelines, such as social distancing protocols or masking requirements. In fact, Arts NC may want to encourage member organizations to approach the relaxation of governmental safety protocols conservatively.

As the primary legislative advocacy for the arts in North Carolina, Arts NC could be providing resources to organizations across the state detailing how to best advocate for their buildings to be designated and used as vaccine distribution sites. Movie theatres across North and South Carolina have already begun to be used as vaccination sites, so precedent certainly exists for performing art spaces to be utilized in the same manner(Rubin and Rubin 2021).
Focused Financial Advocacy

Arts NC should focus their legislative advocacy efforts on ensuring theatrical organizations have the financial resources they need to survive. With “we just need more money” being the most frequently cited need by organizations, Arts NC will need to continue to advocate for focused relief dollars even after the pandemic ends.

While Save Our Stages, the CARES act, individual grants, and private donations have helped organizations persevere through the pandemic, ongoing financial support will be necessary as theatres begin to see increased operating costs once they resume production. Hesitant audiences may prevent theatre organizations from seeing profits on their productions for many months, thus necessitating the need for continued relief. Individual donations are likely to slow as well, as the immediacy of the pandemic fades from public perception.

Provide Diversity, Equity, and Inclusion Programming to Member Organizations

With many organizations wanting to produce more diverse and socially conscious works going forward, Arts NC should ensure their member organizations are properly equipped to navigate the unique challenges associated with shifting to more equitable and culturally sensitive programming. With demand for socially conscious and diverse programming increasing nationally, and organizations indicating they want to shift to presenting more conscious productions, it is important that majority-white theatre executives, decisionmakers and production staff have the necessary tools to present these works appropriately. Numerous examples exist of theatres who have inappropriately tried to implement socially conscious programming and fallen short, such as a recent production of The Mountaintop which cast a white actor in the role of Martin Luther King Jr. (Sherman 2015). Ensuring theatres have the skillset to navigate these issues, as well as teaching member theatres how to reflect their communities not only in their productions, but in their hiring practices, should protect theatrical organizations from public crises.

Arts NC could make Diversity, Equity, and Inclusion (DEI) sessions part of its annual Arts Day programming. Arts NC’s Art Day, which provides professional development opportunities for its member organizations each year, would serve as a relatively simple way to provide DEI programming to its members in an engaging and personalized manner.

Develop Grassroots Campaign to Support Theatrical Renaissance

Increased levels of community support throughout the pandemic provide an opportunity for artistic organizations to cultivate new donors and establish (or reaffirm) their roles as community institutions. Arts NC can capitalize on renewed community
interest in supporting theatrical organizations by developing a grassroots developmental campaign in the vein of #SaveOurStages.

Arts NC should provide a framework for member organizations to utilize to promote their organizations and productions within their respective communities, including advertising materials, social media guidance, and public relations assistance. Arts NC can also use this grassroots campaign to highlight the infrastructure investments that various theatres have been able to implement and use those improvements to draw additional financial support from local communities.

Similar campaigns, like the #SaveTheEats campaign for New York City based restaurants, proved quite successful at producing revenue, an additional $2 million for participating restaurants, throughout the pandemic. ("#SaveTheEats" n.d.)

Conclusion

COVID-19 has presented numerous challenges to theatres across North Carolina, with organizations citing major financial shortfalls resulting in staffing reductions, decreased production, and business model shifts. While extensive research has explored the impact of COVID-19 on artistic organizations, very little work has been done to gather in-depth understandings of the operational reality being faced by theatre executives. To gather this information, this project utilized semi-structured interviews with theatrical executives at theatres across the state to build a better understanding of how theatres were navigating the pandemic. Interviewed organizations noted that they have invested in their infrastructure, become more socially conscious, and seen greater public support throughout the pandemic. Arts NC can support these organizations by continuing to advocate the state legislature on behalf of the arts industry, and by providing member organizations continued guidance on best practices (sanitation, content production, social justice, etc.)
Appendix A: Semi Structured Interview Guide

Semi-Structured Interview Guide

Research Question: What practices can Arts NC advocate for/implement that will best ensure the survival of the theatre industry in North Carolina in the aftermath of COVID-19?

Hi ____________. Thanks for taking the time to talk to me today.

This year has been a unique and trying time for theatrical organizations across the country and North Carolina. The COVID-19 Pandemic has forced many organizations to adjust how they do business and make some decisions they have never had to before. I am seeking to learn about your experience navigating this “new normal” as a leader at your organization. All my questions should be about you and your organizations unique experience. There isn’t a “correct” answer to any of these questions. If you feel uncomfortable answering a question, just let me know and we will skip it.

Do you have any questions?

I am starting the recording...

Introductory Questions

1. Can you state your name for me?
2. Can you tell me what your job title and responsibilities?
3. How long have you been at ____________?
4. How are you doing today?

Interview Questions

1. How has the COVID-19 pandemic impacted your organization?
2. How have you shifted your business model since COVID-19 began?
3. Are you all offering any kind of virtual content throughout the pandemic?
   ➔ Probe: What kind? How is it going? Why not?
4. In what ways have you had to make staffing changes since COVID-19 began?
5. What policies have you adopted to help your organization during the pandemic?
Probe: Why do you think those have worked?

6. What have you tried that hasn’t worked?
   Probe: How come you think it didn’t work?

7. Can you describe your organizations relationship with the broader community it inhabits?
   Probe: How have you been in communication with patrons? Messaging?

8. What financial supports have you sought out since the beginning of the pandemic?
   Did you get it? Who handled it?

9. (If employed at organization during 2009 fiscal crisis) How has this situation mirrored the 2009 fiscal crisis?
   Probe: (If not employed) Is there anyone currently at the organization who was who I may be able to briefly speak with?

10. What kind of external supports would be the most beneficial to you?
    Probe: Supports that Arts NC could provide?

11. Is there anything else you would like to add?
Appendix B: Interviewee Recruitment Email

The following email was sent to twelve theatrical organizations across the state on January 4th, 2020. Eight organizations ultimately scheduled interviews.

My name is Michael Sheehy, and I am currently a 2nd year Master of Public Policy candidate at Duke University. As part of my research at Duke, and in partnership with Nate McGaha at Arts North Carolina, I am focusing on COVID-19’s impact on theatrical organizations across the state. Nate and I have selected roughly 10 theatres across the state to focus our research on, with ____________ being one of them. As part of this research, I was hoping to schedule one brief zoom conversation with you to better understand how your organization has been impacted by the pandemic, how you all have responded, and what supports would best serve you in the future. I fully understand the craziness of our current times, so I can make every effort to be flexible to a time that works best for you.

We are hoping to conduct interviews any time before the end of January.

__________ would also be provided a copy of the written report at the conclusion of the project.

I hope this sounds like something you may be able to assist with, and please let me know if you have any questions!

Best—

Michael Sheehy

For a little more info about me:
Before coming to Duke, I was a professional actor and Actors Equity member based out of NYC. My first professional acting job was here in North Carolina at a small outdoor theatre. As such, protecting the arts in this state is incredibly important to me and the primary focus of my policy work in graduate school.
Appendix C: Themes and Recommendations Mind Map

What practices can Arts North Carolina advocate for and/or implement that will best ensure the survival of the theatre industry in the aftermath of COVID-19?

- Expanded and Continued Informational Campaigns
  - Uncertainty
  - Virtual Content
- Encourage Shift Towards Non-Virtual Content
  - In-Person Content
- Educate Member Organizations on Current Sanitation Requirements and Advocate for Theatres as Healthy Spaces
  - Community Support
- Focused Financial Advocacy
  - Staffing
  - Funding
- Provide Diversity, Equity, and Inclusion Programming to member Organizations
  - Infrastructure Investment
- Develop Grassroots Campaign to Support Theatrical Renaissance
  - Theatre as Social Change
  - Community Support
  - Infrastructure Investment
Appendix D: References

