



# RED ALERT: COVID-19 AND THE CREATIVE ECONOMY IN ARKANSAS

Creativity, arts, and culture are big business in Arkansas, but the unique nature of the COVID-19 pandemic and the ongoing economic crisis has made the nonprofit creative sector **the hardest hit sector in the country**.<sup>1</sup> Research shows that investment in the arts directly improves the health of the broader economy.<sup>i</sup> Without investment and incentives from federal and state governments, the creative engine driving our local and national economies will continue to struggle.<sup>2</sup>

## THE CREATIVE ECONOMY IS BIG BUSINESS IN ARKANSAS

THE U.S.'S CREATIVE ECONOMY	
<b>\$878 billion</b>	generated annually in the United States by the creative economy <sup>ii</sup>
<b>4.5%</b>	of GDP generated annually in the United States by the creative economy <sup>ii</sup>
<b>673,656</b>	creative businesses in the United States <sup>iv</sup>
<b>5.1 million</b>	creative workers in the United States <sup>ii</sup>

ARKANSAS'S CREATIVE ECONOMY	
<b>\$2.9 billion</b>	generated annually in Arkansas by the creative economy <sup>iii</sup>
<b>2.4%</b>	of GSP generated annually in Arkansas by the creative economy <sup>ii</sup>
<b>3,349</b>	creative businesses in Arkansas <sup>iv</sup>
<b>33,513</b>	creative workers in Arkansas <sup>ii</sup>

## COVID-19 HAS DEVASTATED ARKANSAS'S CREATIVE ECONOMY

RIGHT NOW, IN THE UNITED STATES...	
<b>\$150 billion</b>	lost revenue for creative economy businesses through July 2020 (est.) <sup>v</sup>
<b>67%</b>	creative businesses <b>severely impacted by COVID-19</b> <sup>vi</sup>
<b>2.7 million</b> (52% unemployed)	creative workers made <b>unemployed by COVID-19</b> <sup>v</sup>
<b>62%</b>	of creative workers have experienced a <b>drastic decrease in work</b> <sup>vii</sup>
<b>\$77.2 billion</b>	<b>total loss of revenue</b> for creative workers in 2020 (est.) <sup>v</sup>
<b>\$15,140</b> (a 43% loss/person)	average <b>loss of creative revenue per creative worker</b> in 2020 <sup>v, vii</sup>
<b>55%</b>	creative workers now have <b>no savings</b> <sup>vii</sup>

RIGHT NOW, IN ARKANSAS...	
<b>\$452 million</b>	lost revenue for creative economy businesses in 2020 in Arkansas (est.) <sup>v</sup>
<b>54%</b>	Arkansas creative businesses <b>severely impacted by COVID-19</b> <sup>vi</sup>
<b>14,737</b> (44% unemployed)	creative workers made <b>unemployed by COVID-19</b> in Arkansas <sup>v</sup>
<b>56%</b>	of creative workers have experienced a <b>drastic decrease in work</b> <sup>vii</sup>
<b>\$334 million</b>	<b>total loss of revenue</b> for creative workers in Arkansas in 2020 (est.) <sup>v</sup>
<b>\$9,966</b> (a 25% loss/person)	average <b>loss of creative revenue per creative worker</b> in Arkansas in 2020 <sup>v</sup>
<b>50%</b>	creatives in Arkansas now have <b>no savings</b> <sup>vii</sup>



<sup>1</sup> According to [analysis](#) from Johns Hopkins University, the Arts, Culture, and Recreation sector experienced job losses at three times the rate of the next-most-impacted sector from January to August 2020.

<sup>2</sup> **What is the creative economy?** An \$878 billion economic ecosystem of for-profit and nonprofit creative industries, artists, educators, entrepreneurs, vendors, policymakers and funders that produce and distribute creativity- and arts-based goods and services. They use their creativity to create jobs, revenue, community resources, and cultural engagement.

## THE CREATIVE SECTOR MAKES COMMUNITIES HEALTHIER AND STRONGER

**72%** of Americans believe the arts unify our communities regardless of age, race, or ethnicity.<sup>viii</sup>

**73%** of Americans agree that art helps them understand other cultures better.<sup>viii</sup>

**\$31.47**

average amount each arts attendee spends *beyond the ticket cost* on meals, retail, parking, lodging, local transportation, childcare, and souvenirs. These dollars provide vital income to local merchants, energize the downtown, and pay salaries and wages in non-arts sectors. **That is over \$100 billion in ancillary spending in American communities directly because of cultural events.**<sup>x</sup>

## CREATIVE WORKERS AND BUSINESSES STAND READY TO AID RECOVERY

**76%** of artists have used their art to raise morale and create community cohesion during the pandemic.<sup>vii</sup>

**83%** of creative workers are ready today to put their creative practice to use as part of the national recovery.<sup>vii</sup>

**89%** of arts nonprofits boosted morale through their art during the pandemic.<sup>vi</sup>

## THE CREATIVE ENGINE CAN POWER AMERICA'S ECONOMIC RECOVERY

*Any investment in infrastructure, community, and workforce recovery must include the creative economy.*

### Additional Relief for Creative Workers and Companies

To address the devastating long-term impact of the COVID-19 pandemic on the creative economy, and to preserve cultural infrastructure and capitalize on the economic and social rebuilding benefits of the arts, creative workers and creative businesses seek additional investment in relief efforts to support the sector.

### Improved Conditions for Independent Contractors

91% of all arts, culture, and recreation businesses are solo entrepreneurs, and millions of creative workers are independent workers.<sup>ix</sup> This locks them out of unemployment benefits, affordable health insurance, and access to capital—which must change to ensure a sustainable living.

### Restart Funds & Hiring/Retention Incentives

Both directly and by redistribution to local and state government, the creative sector seeks financial runways to allow cash-strapped creative businesses to restart and produce new sellable creative products and incentives for businesses and schools to accelerate rehiring and encourage retention of creative workers.

### Changes to Inequitable Federal Policies

At no additional cost to the government, the creative sector seeks adjustments to various existing federal policies that disallow or discriminate against creative workers and other independent workers. These are outlined in the CREATE and PLACE Acts.

### Federal Investment in Residencies, Commissions

Echoing previous federal works programs, the creative sector seeks artist and creative worker residencies within federal departments, direct commissioning of individual artists and cultural organizations, and the integration of creative workers into health, safety, education, and community development programs.

### Stronger Representation within Government

To coordinate the policy relevant to the creative economy, with a particular focus on recovery and relief, the creative sector recommends the installation of an Arts, Culture, and Creative Economy senior advisor to maximize the impact and recognition of creative enterprise.



These recommendations are from a [combined policy proposal](#) that merges the [Put Creative Workers to Work](#) platform, which has been endorsed by over 2,300 creative businesses and workers in all 50 states, and the [Defend Arts Workers Now \(DAWN\) Act](#).<sup>xi</sup>

<sup>i</sup> Source: [U.S. Bureau of Economic Analysis](#), 2020

<sup>ii</sup> Source: [U.S. Bureau of Economic Analysis](#), 2017

<sup>iii</sup> Source: [U.S. Bureau of Economic Analysis - State Profiles](#), 2017

<sup>iv</sup> Source: Americans for the Arts, [Creative Industries](#), 2017

<sup>v</sup> Source: Brookings Institution, [Lost Art](#), 2020

<sup>vi</sup> Source: Americans for the Arts, [COVID-19 Impact on the Nonprofit Arts Sector](#), 2020, as of December 20, 2020

<sup>vii</sup> Source: Americans for the Arts, [COVID-19 Impact on Creative Workers](#), 2020, as of December 20, 2020

<sup>viii</sup> Source: Americans for the Arts, [America Speaks Out About the Arts](#), 2018

<sup>ix</sup> Source: CERF+, [Pandemic Assistance Falls Short for Self-Employed Workers](#), 2020

<sup>x</sup> Source: Americans for the Arts, [Arts & Economic Prosperity 5](#), 2017