

The Arts Sector and COVID-19 Relief

April 2020

As Congress and the Administration consider additional forms of COVID-19 federal assistance that may be targeted or widespread, we urge support for relief that will sustain the arts sector's unique capacity to support the U.S. economy, uplift the human spirit, and provide lifelong learning.

In the months to come, the American economy will need the arts and culture sector to deliver on its unique mission and also to catalyze economic activity in other devastated industries such as restaurants, hotels, travel, and tourism. In March 2020, the Bureau of Economic Analysis reported that the arts and culture workforce contributed \$877.8 billion, or 4.5 percent, to the nation's gross domestic product (GDP) in 2017. The arts sector is an economic engine that directly employs more than 5 million workers. Attendees at nonprofit arts events spend \$31.47 per person, per event, (beyond the cost of admission) on items such as meals and parking—valuable commerce for local businesses and essential during times of economic recovery.

Investing in the arts sector is an investment in our nation's capacity to drive economic activity, generate creative solutions to complex problems, support the health and well-being of communities, and educate and inspire lifelong learners. The arts sector serves artistic and educational missions through myriad occupations filled by individuals who work in full-time, part-time, hourly, seasonal, and freelance capacities. The unexpected loss of revenue and the declines in charitable contributions are immediately impacting arts organizations and individual livelihoods and will worsen over time. The next COVID-19 federal relief efforts should:

- Recapitalize and expand the programs in the CARES Act. Arts organizations, related arts businesses, and self-employed workers are attempting to access SBA Economic Injury Disaster Loans and Advances, the Paycheck Protection Program, and expanded unemployment benefits. Given demand and limitations, expanded eligibility and improved guidance is urgently needed.
- Increase funding for the Paycheck Protection Program and eliminate the 500-employee cap for 501(c)(3) nonprofit organizations. Provide dedicated funding available to nonprofit organizations.
- Fully fund the Economic Injury Disaster Loan program and eliminate the \$1,000 per employee cap imposed by SBA so businesses with one or very few employees can access funds.
- Provide forgivable emergency assistance loans to nonprofit organizations of all sizes. Provide forgivable loan assistance to self-employed workers, sole proprietors, small LLCs and small 501(c)(3) organizations to offset fixed overhead costs such as rent, utilities, insurance, and debt service without per employee limits.
- Allow the option of income averaging for sole proprietors, contractors, and other small businesses for assistance that is based on net business income.
- Extend the duration of assistance to artists, arts professionals, and self-employed workers whose income has been negatively impacted by loss of sales or performance venues—especially those that are seasonal in nature—and for 501(c)(3) organizations that depend on income from seasonal events (festivals, conferences, etc.) that were cancelled due to social distancing measures.
- Expand the above-the-line tax incentive for non-itemizers to give more by removing the \$300 cap and allowing all taxpayers to claim the deduction on both 2019 and 2020 tax returns. When Congress turns to provisions affecting 2021 and beyond, it should renew the CARES Act removal of the Adjusted Gross Income limitation on deductibility of charitable gifts.

The arts sector is innovating to provide online arts experiences and distance learning opportunities, preparing to serve audiences when quarantine orders are lifted, and will be an essential partner in jump-starting local, state, and national recovery efforts during and after COVID-19. The arts sector and artists have unique production, facility, workforce, and programmatic needs that can be addressed through specialized federal assistance:

- Approve **substantial** additional dedicated COVID-19 relief funding administered by the National Endowment for the Arts, National Endowment for the Humanities, and Institute of Museum and Library Services, as they uniquely address the operational needs of the cultural sector.
- Funding for the National Endowment for the Arts can go beyond the initial \$75 million investment in the CARES Act by dedicating new substantial resources in the following ways:
 - Make COVID-19 relief grant opportunities fully available to all eligible organizations as defined in the NEA's authorization statute (as described in 20 U.S.C. §954). Limited resources necessitated restricting eligibility to prior grantees from the past four fiscal years. New resources could grow eligibility from approximately 3,700 nonprofit cultural organizations to more than 100,000 nonprofit cultural organizations nationwide.
 - Enable national non-profit organizations to subgrant federal arts funds to support community-based arts and culture organizations, agencies, and artists across the country in order to assist the NEA in quickly and efficiently supporting the nation's cultural infrastructure and workforce.
 - Expand waivers for public/private matching requirements to apply to all active FY19 and FY20 NEA grant awards, in addition to the new waivers included in the CARES Act. Allow current grantees that have a balance not yet drawn to re-allocate that funding for general operating support that helps to address COVID-19 economic losses.
- Support visa policies at U.S. Citizenship and Immigration Services and consulates that will accommodate the business disruption of COVID-related event postponements, and shield U.S.-based petitioners from steep costs as they reprogram international cultural events.
- Maintaining and developing our creative human capital is critical to America's economic and cultural future. As America seeks to revitalize the economy by preserving and improving its infrastructure, the arts and the work of artists must be viewed as integral to that effort. Building a strong cultural infrastructure; enhancing public works; and creating works of art that enrich our lives will leave a legacy that defines our society for generations to come.
- Arts facilities serve multiple purposes in communities and are a centerpiece of economic vitality. As infrastructure investments are considered, cultural organizations with facilities should be eligible for funds to renovate, refurbish, and adapt to post-COVID-19 public health protocols.

According to an Americans for the Arts study on the economic losses to the arts as a result of COVID-19, nonprofit arts organizations have, to date, registered an estimated \$4.5 billion in financial losses. 94% have cancelled events, 23% have reduced their staff, 24% have reduced salaries/payroll, and 34% have laid off or furloughed artists. In addition, nonprofit arts organizations have lost 197 million event admissions, which has resulted in a loss of \$6.2 billion in event-related spending by audiences. Taken together, this has resulted in \$1.8 billion in lost revenue to federal, state and local governments and we expect these losses and reductions to staff and payroll to worsen.

Arts organizations and artists are vital contributors to the nonprofit sector, are essential to the economy of the communities they serve, and they should be supported by all forms of relief.

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American Alliance of Museums
American Craft Council
American Federation of Musicians
American Institute for Conservation
American Museum of Ceramic Art
Americans for the Arts
Arrowmont School of Arts and Crafts
Association of Art Museum Directors
Association of Independent Colleges of Art & Design
Association of Performing Arts Professionals
Carnegie Hall
CERF+: The Artists Safety Net
Chorus America
Dance/USA
Future of Music Coalition
Glass Art Society
Grantmakers in the Arts
League of American Orchestras
LitNet
Local Learning: The National Network for Folk Arts in
Education
National Alliance for Musical Theatre
National Assembly of State Arts Agencies
National Association of Latino Arts and Cultures
National Coalition for Arts' Preparedness &
Emergency Response
National Council for the Traditional Arts
National Council on Education for the Ceramic Arts
Network of Ensemble Theaters
New York Foundation for the Arts
OPERA America
PEN America
Penland School of Craft
Performing Arts Alliance
Performing Arts Readiness
Phi Beta Kappa Society
Recording Academy
Society of North American Goldsmiths
South Arts
The Actors Fund
The Authors Guild
Theatre Communications Group
Watershed Center for the Ceramic Arts