

The Arts Sector and COVID-19 Relief

May 2020

As Congress and the Administration prepare additional forms of COVID-19 federal assistance, we call for relief that will sustain the arts sector's unique capacity to support the U.S. economy, uplift the human spirit, animate the issues of our time, and provide lifelong learning. In the months and years to come, the country will need the arts and culture sector to deliver on its unique mission and to catalyze economic activity. The unexpected loss of revenue and the declines in charitable contributions are immediately damaging arts organizations and individual livelihoods and will worsen over time.

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. 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—prior to the pandemic—directly employed more than 5 million workers. The next COVID-19 federal relief efforts should **support the arts workforce and arts sector continuity**:

- **Expand and recapitalize the Paycheck Protection Program resources**, provide new opportunities for those that have exhausted initial PPP funds, remove restrictions and burdens for self-employed applicants, eliminate the 500-employee cap, and provide dedicated funding for nonprofit organizations. Extend the duration of the program and the loan forgiveness period, expand eligibility and allowable costs, and swiftly issue clear loan forgiveness guidance.
- **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 streamlined, low-interest forgivable loans to assist microbusinesses** (self-employed, sole proprietors, partnerships, freelancers, and LLCs) with zero or few employees/low net business income that have documented fixed business expenses such as rent/mortgage interest, utilities, business insurance, and debt service and are not adequately served by current programs.
- **Provide loan forgiveness for nonprofits through the Main Street Lending Program and the Economic Stabilization Fund** to support payroll costs and fixed overhead costs and ensure eligibility for nonprofit employers with more than 500 employees that have been left out of current relief provisions.
- **Expand the duration of pandemic unemployment benefits** and improve guidelines for implementation so that artists and other gig economy workers with mixed income sources (such as W-2 and 1099) receive full support rather than unfairly being limited to partial benefits. Update Disaster Unemployment Assistance to ensure support for artists and other gig economy workers in the long term.
- **Increase charitable giving** by removing the \$300 cap on the above-the-line tax incentive for non-itemizers and allowing all taxpayers to claim the deduction on both 2019 and 2020 tax returns. Maintain the CARES Act removal of the Adjusted Gross Income limitation on deductibility of charitable gifts for 2021 and beyond.
- **Provide assistance for single- and multi-employer pension funds** to protect artists' retirement security.
- **Expand access to health coverage and care** by including a one-time special enrollment period in relief legislation and removing access and affordability barriers to health coverage for artists and arts workers that have atypical employment structures.
- **Support the U.S. creative economy**, which is growing at twice the rate of most other sectors, by supporting proposals in the PLACE Act (S.3232) to amend the Workforce Innovation and Opportunity Act, the Public Work and Economic Development Act, the Small Business Act, the New Markets Tax Credit, the Consolidated Farm and Rural Development Act, and the Disaster Relief and Emergency Assistance Act to improve access to existing federal workforce development opportunities for creative businesses and creative workers.

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 national, state, and local efforts during and after COVID-19. The federal government should **support ongoing creative sector activity**:

- **Support a complete education for all students** through federal education funding and distance learning resources that will increase the capacity of state and local education agencies to ensure equitable access to arts education as part of a well-rounded education for all learners amidst the COVID-19 crisis and beyond.
- **Adopt an emergency broadband benefit** to ensure that all people, no matter their income or location, have access to high speed broadband. Ensuring connectivity enables more equitable participation in artistic, educational, and cultural activity taking place online.
- **Approve *substantial* funding for the National Endowment for the Arts, National Endowment for the Humanities, and Institute of Museum and Library Services**, as they administer dedicated COVID-19 relief to address the unique needs of cultural organizations.
- **Maximize the impact of new and continued funding for the National Endowment for the Arts** beyond the \$75 million investment in the CARES Act by making COVID-19 relief grants available to all eligible organizations as defined in the NEA's authorization statute (20 U.S.C. §954); expanding waivers for public/private matching requirements to apply to all active FY19 and FY20 NEA grant awards; and, allowing current grantees to re-allocate funding for general operating support to address COVID-19 economic losses. Enable national nonprofit organizations to subgrant federal arts funds to support community-based arts and culture organizations, agencies, and artists to assist in efficiently supporting the nation's cultural infrastructure and workforce.
- **Enact policies to ensure rapid processing of artist visas** by U.S. Citizenship and Immigration Services and consulates to shield U.S.-based arts petitioners from the delays and costs of reprogramming international events.

The arts and the work of artists are integral to reimagining and reopening public gathering places and work spaces. Federal policy should **support the arts in safety and infrastructure policies that guide the ways we bring people together**:

- **Support the arts and work of artists as essential infrastructure investments.** Building a strong cultural infrastructure, creating art that enriches our lives, and using arts-based approaches to public works and community development initiatives will leave a legacy that defines our society for generations to come.
- **Provide eligibility for arts facilities in infrastructure investments** to renovate, refurbish, and adapt to post-COVID-19 public health protocols.
- **Include the arts sector in consideration of public health and workplace safety policies** to protect the health of arts workers, support the needs of arts venues, and ensure public confidence in gathering again.
- **Ensure the arts are considered in business interruption insurance and liability policy discussions**, as the policy outcomes of both areas will influence the near-term reopening plans and the long-term viability of American arts and cultural organizations.

According to an Americans for the Arts study on the economic losses to the arts as a result of COVID-19, nonprofit arts and cultural organizations have, as of July 13, registered an estimated \$9.1 billion in financial losses. In addition, these organizations have lost 327 million event admissions, which has resulted in a loss of \$10.4 billion in event-related spending by arts audiences at local businesses (restaurants, lodging, retail). Arts organizations, artists, and the broader arts workforce are vital contributors to the nonprofit sector, are essential to the economy, vitality, and wellbeing of the communities they serve, and they must be supported by all forms of relief.

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Academy of American Poets
Alternate Roots
Alliance of Artists Communities
American Alliance of Museums
American Choral Directors Association
American Composers Forum
American Craft Council
American Institute for Conservation
American Museum of Ceramic Art
Americans for the Arts
Arrowmont School of Arts and Crafts
Artist Rights Alliance
Association of Art Museum Directors
Association of Independent Colleges of Art & Design
Association of Performing Arts Professionals
Carnegie Hall
CERF+ -- the Artists Safety Net
Chamber Music America
Chorus America
Community of Literary Magazines & Presses
Craft in America
Craft Retailers and Artists for Tomorrow
Dance/USA
Early Music America
Educational Theatre Association
Folk Alliance International
Freelancers Union
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
Mid-America Arts Alliance
Music Teachers National Association
Music Workers Alliance
National Alliance for Musical Theatre
National Art Education Association
National Assembly of State Arts Agencies
National Association of Latino Arts and Cultures
National Coalition for Arts' Preparedness &
Emergency Response-NCAPER
National Council for the Traditional Arts
National Council on Education for the Ceramic Arts
National Guild for Community Arts Education
National Performance Network
Network of Ensemble Theaters
New England Foundation for the Arts
New Music USA
New York Foundation for the Arts
OPERA America
PEN America
Penland School of Craft
Performing Arts Alliance
Peters Valley School of Craft
Poets & Writers
Recording Academy
Society of American Mosaic Artists
SouthArts
Springboard for the Arts
The Furniture Society
The International Association of Blacks in Dance, Inc.
The MAP Fund, Inc.
Theatre Communications Group