Summary of New Federal Arts Relief

Nate McGaha
Executive Director, Arts NC
Wednesday, December 23, 2020
Summary of New Federal Arts Relief

Some Housekeeping Notes:
- Type questions into “Q&A” space to be read by a facilitator
- We will try to answer questions during the “Questions” segment at the end.
- Slides are available at ArtsNC.org at Training Videos & Resource Center
Summary of New Federal Arts Relief

Nate McGaha
Executive Director, Arts NC
Wednesday, December 23, 2020
Supporters:
Armstrong McGuire & Associates
Arts+
Asheville Area Arts Council
Blowing Rock Art & History Museum
Cape Fear Regional Theatre
Center for Craft
Children’s Theatre Of Charlotte
Cucalorus Film Foundation
DREAMS of Wilmington
Duplin County Schools
Gaston Arts Council
Gina Harrison / GHDesigns.net
Jackson County Arts Council
NC Glass Center
Penland School of Craft
Pinecone: Piedmont Council of Traditional Music
The Paramount Theatre Foundation
United Arts Council of Catawba County
Winston-Salem Symphony Association
Arts NC Response: Advocacy & Service

- Service
  - Resource & Action Center
  - Relief Funds & Grants for Artists and the Arts
  - Training and Information
    - Blog Posts, Emails, Webinars
    - Advocacy, Federal Loans, Fundraising, Updates, etc.
  - Reopening the Arts and Arts Education
    - Open Arts Resource Page
    - Guide to Reopening the Arts in North Carolina
    - Recommendations for Art Education as NC Reopens Schools
  - Silver Lining Stories

- Advocacy
  - US Congress: Calls to Action, Direct Meetings
  - NC General Assembly: Calls to Action, Direct Meetings, Lobbyists
  - Local Advocacy: Training, Consulting and Resources
  - Reopening Arts & Schools: Governor’s Office, NCDHHS
  - Reopening Schools: All Superintendents & Local Arts Coordinators
COVID-19 Impact on NC Arts Sector

Total Financial Impact to Date
-$88,792,274

Percent of Organizations That Have Canceled Events
96%

Total Number of Lost Attendance
6,057,182
(Median of 1,363 per Organization)

Staffing

What is the likelihood that your organization will need to make either temporary or permanent reductions in staff?

1 — Not Likely At All
2 — Somewhat Likely
3 — It’s Possible
4 — Likely
5 — Extremely Likely

Total Laid Off
1,888

Total Furloughed
1,006

Total Number of Vacant Positions Due to Hiring Freeze
354

Percent NOT Confident Their Organization Will Survive the Impact of COVID-19
12%

Respondents were asked to rate how confident they are that their organization will survive the impact of COVID-19 on a scale of 1 (Not Confident at All) to 5 (Extremely Confident). This percentage includes respondents who indicated a confidence rating of 1 or 2.
Brookings Institute Report (April-July)

National Impact on Entire Creative Industry
- $150 Billion in Lost Sales (9% of all industry sales)
- 2.7 Million Jobs Lost (31% of all industry jobs)

North Carolina Impact on Entire Creative Industry
- $3.35 Billion in Lost Sales (8.5% of all industry sales)
- 81,069 Jobs Lost (30.2% of all industry jobs)

National Impact on Fine and Performing Arts Sector
- $42.5 Billion in Lost Sales (27% of all sector sales)
- 1.5 Million Jobs Lost (50% of all sector jobs)

Estimated NC Impact on Nonprofit Arts Sector
- $100 Million in Lost Sales in only four months
- 20,000 Nonprofit Fine & Performing Arts Sector Jobs Lost
Federal Arts Priorities

COVID-19 RELIEF FOR STATE AND LOCAL GOVERNMENT ($436 Billion)
Relief funding through National Endowments for the Arts, National Endowment for the Humanities, and other agencies ($135M each)

2nd Round of Payroll Protection Program Loans for both for-profit and nonprofit businesses that are still in need of federal assistance

Save Our Stages Act: $10 billion in aid to for-profit and nonprofit live performance venues. (recent versions may exclude many nonprofits)

Extension of the Federal Pandemic Unemployment Compensation which provided the additional $600/wk. until July 31st

Mixed Earner Pandemic Unemployment Assistance Act

Increase $300 Universal Charitable Deduction from CARES Act ($600 for individuals, $1200 filing jointly)
Federal Arts Relief and FY21 Budget

**COVID-19 RELIEF FOR STATE AND LOCAL GOVERNMENT**

- **FY2021** funding for the National Endowments for the Arts and National Endowment for the Humanities: $167.5M (up $5.2M each)

- 2nd Round of Payroll Protection Program Loans for both for-profit and nonprofit businesses that are still in need of federal assistance

- Save Our Stages Act: $15 billion in aid to for-profit and nonprofit live performance venues and organizations, museums, etc.


- Mixed Earner Federal Pandemic Unemployment Compensation

- Increase $300 Universal Charitable Deduction from CARES Act to $300/individual and $600/jointly and extends through 2021
Federal Unemployment Assistance

Federal Pandemic Unemployment Compensation (FPUC) is reinstated for **11 weeks** beginning December 26, 2020 through March 14, 2021. During that period FPUC will provide federal funding for a $300 increase to all UI weekly benefits resulting from the pandemic.

**Pandemic Unemployment Assistance (PUA) is expanded by 11 weeks** (from 39 to 50 possible weeks), extending the deadline to accept new claims until March 14, 2021 and allowing claims to be paid for weeks prior to April 5, 2021. PUA provides federal funding to states for weekly unemployment insurance (UI) benefits to the self-employed and independent contractors (1099 “gig” workers), and those having exhausted all other benefits who are unemployed as a result of the pandemic.

**Pandemic Emergency Unemployment Compensation (PEUC) is expanded by 11 weeks** (from 13 to 24 possible weeks), extending the deadline to accept new claims until March 14, 2021 and allowing claims to be paid for weeks prior to April 5, 2021. PEUC provides federal funding for weekly UI benefits of claimants who have exhausted their state UI benefits (12 weeks of NC benefits + 24 weeks of PEUC = 36 weeks of UI).
Federal Unemployment Assistance

Mixed Earnings of wages and self-employed earnings shall be accounted for with Federal Pandemic Unemployment Compensation (FPUC) by adding an additional $100 to the weekly $300 FPUC benefit ($400 total) of claimants that earned at least $5,000 in self-employed income in the most recent taxable year, for 11 weeks beginning December 26, 2020 through March 14, 2021.

Extended Benefits (EB) which provides federal funding for 6 weeks of UI benefits after both state UI benefits and PEUC benefits have been exhausted, will need to be exhausted before a claimant may receive the additional 11 weeks of PEUC added in this Act. Unemployed claimants that have exhausted 12 weeks of state UI, 13 weeks of PEUC and have used only some of the 6 weeks of Extended Benefits will need to exhaust all EB weeks before receiving the additional 11 weeks of PEUC benefits.

Emergency Unemployment Relief for Non-Profits is extended by 11 weeks until March 14, 2021 and pays 50% of unemployment expenses incurred by nonprofits due to the pandemic.
Paycheck Protection Program

Entities with fewer than 300 employees that can show a 25% reduction of revenue from any single quarter of 2019 to the corresponding quarter of 2020 as a result of the pandemic, may receive a second forgivable Paycheck Protection Program (PPP) loan equal to 2.5 times that entity’s average monthly payroll, up to $2 million. Separate calculations are required for those not in operation for all of 2019.

Forgivable expenses are expanded to include software or cloud computing services for a wide variety of business purposes, property damage caused by riots vandalism or looting in 2020 and not covered by insurance, supplier costs necessary for business, and investments in facility modifications and personal protective equipment to operate safely during the COVID-19 pandemic.

Gross taxable income does not include first and second PPP loans.

Loan forgiveness process is simplified for borrowers with PPP loans of $150,000 or less. SBA is required within 24 days of passage of this Act, to provide a forgiveness form for these loans less than one page in length, requiring only the number of employees the recipient was able to retain because of the covered loan, the estimated amount of the covered loan amount spent on payroll costs, and the total loan value.

$25 billion set aside for PPP loans no greater than $250,000 for small businesses with 10 or fewer employees.
“Save Our Stages” Grants- $15 Billion

Who is Eligible?

- Eligible persons or entities are for-profit or nonprofit live performance venue operators or promoters, performing arts organizations, museums, talent representatives, theatrical producers, and independent movie theaters;
  - Gross earned revenue in any calendar quarter of 2020 that was 25% less than the same calendar quarter of 2019. On the date the grant is issued, eligible entities.
  - Must be operating or intending to operate in the future.

- An eligible entity that receives a “Save Our Stages” Grant may NOT receive a second PPP loan. It is unclear if an entity can receive a second PPP loan and then a “Save Our Stages” Grant. Clarification should come with SBA guidance.

- Eligible independent entities cannot
  - Be issuer of securities on a national securities exchange.
  - Receive more than 10% of gross revenue from the federal government.
  - Offer performances, services, or merchandise of an excessive sexual nature.
  - Have more than two of the following three characteristics:
    - Venues in more than one country.
    - Venues in more than ten states.
“Save Our Stages” Grants- $15 Billion

Who is Eligible?

- Live performance venues, performing arts organizations and producers which:
  - Make at least **70% of their earned revenue** from tickets/admission charges or production fees/reimbursements for live events, concessions or merchandise at events, and/or nonprofit educational activities.
  - Advertise events through print or online media.
  - Charge admission or fees.
  - Fairly pay staff and performers.
  - Venues must have a clearly defined **audience and performance areas** (stage)
  - Employ one or more persons doing at least **two of the following positions**:
    - sound engineer
    - stage manager
    - security personnel
    - box office manager
    - booker
    - promoter
  - Use **certain equipment**:
    - Mixing equipment
    - Public Address system
    - Lighting rig

- OR, live performance venues that sell admission to events at least 60 days in advance and pay artists through a percentage, contract, or other mutually beneficial arrangement.
“Save Our Stages” Grants- $15 Billion

Who is Eligible?

- **Museums** must operate a nonprofit museum as its principal business with indoor exhibition spaces subject to pandemic restrictions, and have at least one auditorium, theater, or performance or lecture hall with **fixed audience seating and regular programming**.

- **Talent Representatives** must have 70% of operations be **representing professional artists for live performances** as described for live performance venues.

- **Movies theaters** must have at least one screen with a projection booth, a seating area for an audience, market show-time listings by print or electronic means, and charge admission.

- **Calculations:**
  - **Full Time Equivalent Employees:** 30+hr./wk. = 1 FTE and 10-30 hrs./wk. = .5 FTE.
  - **CARES Act funding** should not be counted toward gross revenue.
  - **Accrual accounting** should be used to determine revenue.
  - SBA may use alternate methods to determine loss of **seasonal employers**.
“Save Our Stages” Grants- $15 Billion

What is the Priority of Initial Grant Awards?

- **In the first 14 days, to be awarded initial grant funding from the SBA**, the entity or individual must have total gross revenue during the period beginning April 1, 2020 and ending December 31, 2020 that is not more than 10% of the total revenue during the same period in 2019 due to the COVID-19 pandemic. *(90% loss of gross revenue)*

- **In the second 14 days, to be awarded initial grant funding from the SBA**, the entity or individual must have total gross revenue during the period beginning April 1, 2020 and ending December 31, 2020 that is not more than 30% of the total revenue during the same period in 2019 due to the COVID-19 pandemic. *(70% loss of gross revenue)*

- **After the first 28 days, other initial grants will be awarded** through the SBA
  - SBA may award no more than 80% of total funding during the 28-day priority period.
  - SBA will award at least $2 billion to entities with fewer than 50 full-time employees.
  - No more than five affiliates of an individual or entity may receive funding.
“Save Our Stages” Grants- $15 Billion

How much are the Grant Amounts?

- Initial grants will be equal to the lesser of
  - 45% of gross *earned* revenue during 2019 or,
  - $10 million.

- Entities that began operations after January 1, 2019 will receive 45% of the average monthly gross *earned* revenue multiplied by the number of months in operation.

- Additional grants of 50% of the initial grant amount may be awarded if the entity or individual can show as of April 1, 2021 they made 30% or less in *total* revenue (70% loss of gross revenue) for the most recent calendar quarter (January 1, 2021 through March 31, 2021) than that same period in 2019 due to the COVID-19 pandemic.

- The total of the initial and additional grants awarded may not exceed $10 million.
“Save Our Stages” Grants- $15 Billion

What are the Allowable Expenses?

- **Initial grants must be used for allowable expenses** incurred between March 1, 2020 and December 31, 2021.

- **Additional grants must be used for allowable expenses** incurred between March 1, 2020 and June 30, 2022.

- **Allowable expenses include** payroll, equipment, rent, insurance, worker protection expenditures, most mortgage payments, and utilities, as well as advertising, travel and capital expenditures for live performances.

- **Prohibited expenses include** the purchase of real estate of any payment on a mortgage initiated after February 15, 2020. The funds may not be re-loaned or invested, or used to make political contributions.

- **Grant use will be reviewed by the SBA** to determine fraud, noncompliance, or misspent funds and grant recipients will need to retain 4 years of employment record and 3 years of other records following receipt of the grant.
Other Federal FY2021 Funding

- **$167.5 million** for both the National Endowment for the Arts and National Endowment for the Humanities
  - $5.25 million increase each from FY2020 funding levels and
  - Waiver that allows FY2021 grants to be expended for general operating support
  - Uncompleted FY2019 and FY2020 previously awarded grants to also be expended for general operating support.

- **$257 million** for the Institute of Museum and Library Services (IMLS).

- **$475 million** for the Corporation for Public Broadcasting (CPB).

- **$15 million** additional to IMLS for a grant program to support American Latino Museums across the country.

- **$30.5 million** (increase of $500,000) for the federal Arts In Education grant program.

- Authorization for the **Smithsonian Institution to build and support two new museums** on or near the National Mall in Washington DC:
  - National Museum of the American Latino
  - National Museum of Women’s History (formal name TBD)
Other Federal Relief Funding

- CARES Act Coronavirus Relief Funds for State, Local, and Tribal Governments now does not have to be spent until December 31, 2021 (1 year extension)

- Re-establishes the $300 above-the-line charitable tax deduction for 2021
  - $600 deduction for taxpayers filing jointly, replacing of only $300 per tax return.

- Second round of IRS Direct Stimulus Checks
  - $600/person (phasing out after $75K AGI for single filers and $150K AGI for joint filers based on your 2019 tax return).
  - Additional $600/child for eligible dependents.
  - Will process electronic deposits within 7 days of the President signing the bill.

- $20 billion to replenish new Economic Injury Disaster Loans (EIDL) Advances through the Small Business Administration
  - EIDL Advances would not be included in recipient’s taxable gross income
ARTS Day 2021- Online March 22-24

- Conference will be Monday & Tuesday afternoons to avoid “Zoom fatigue”
- Legislative Visits suggested times Tuesday & Wednesday morning
- Same content: Speakers, Performances, Professional Development, Training
- Same connection: Networking Platform and Legislative Visits
- Lower Prices, No Driving to Raleigh, Works into Any Schedule
- Merchandise will be available (I VOTE ARTS too)
Questions?

- COVID-19 Impact on the Arts Data
- Federal Arts Priorities
- Federal Unemployment Assistance
- Paycheck Protection Program
- Save Our Stages Grants
- Other Federal Funding & Policy
- ARTS Day 2021
- Other Questions
Supporters:
Armstrong McGuire & Associates
Arts+
Asheville Area Arts Council
Blowing Rock Art & History Museum
Cape Fear Regional Theatre
Center for Craft
Children’s Theatre Of Charlotte
Cucalorus Film Foundation
DREAMS of Wilmington
Duplin County Schools
Gaston Arts Council
Gina Harrison / GHDesigns.net
Jackson County Arts Council
NC Glass Center
Penland School of Craft
Pinecone: Piedmont Council of Traditional Music
The Paramount Theatre Foundation
United Arts Council of Catawba County
Winston-Salem Symphony Association