

SB 1116's Equitable Payroll Fund: Workforce Development and Community Investment for the Performing Arts

Performing Arts Workers in California's most historically marginalized communities deserve jobs with dignity and economic development in the local neighborhoods they serve.

WHAT'S THE ISSUE

While there have been recent gains under Governor Newsom, the arts community in California has suffered from years of under-investment, especially considering California's role as a national arts leader. This chronic long-term underfunding of the industry amounted to a double-hit when the pandemic shut down live arts. Unable to operate and saddled with costly Covid-19 response measures like building upgrades and weekly testing, the impact of these two events has been swift and striking: Johns Hopkins University reports that, as of October 2021, the percentage of **job losses at nonprofit arts organizations remains [more than three times worse](#)** than the average of all nonprofits.

Did You Know?

Prior to the pandemic, California ranked just 28th in state arts funding on a per capita basis.

(Source: [State Arts Agency Revenues, Fiscal Year 2019](#))

Unfortunately, years of underinvestment meant few small nonprofit performing arts organizations (SNPAOs) had the resources to support hourly wages – financially or administratively. The vast majority of SNPAOs in California have adjusted gross revenues below \$250K. Furthermore, the lionshare of any SNPAOs production costs are incurred during the rehearsal period when there is no revenue. This is why ticket revenue is never enough to cover operating costs; contributed

revenue will typically make up about half of an SNPAO's operating budget. But contributed revenue has never been distributed equitably in California, which makes operations for small nonprofits from historically marginalized communities especially challenging when there is a funding shortage.

WHY INVEST IN ARTS WORKERS

In short: California arts workers' labor, innovation, and ingenuity powers our creative economy. The threat of continued under-resourcing risks flight of critical creative talent from the State or to other sectors. With proper investment, the live arts in particular are an economic engine that drives spending in local communities and allows workers to prosper. According to Americans for the Arts, the average nonprofit live arts attendee spends another \$31.47 beyond the cost of admission per person every time they see a show. That spending includes transportation and travel, childcare, and spending at restaurants and bars. Nationally, this audience spending is estimated to exceed \$100 billion, supporting another 2.3 million jobs and generating \$15.7 billion in total government revenue.

WHAT SB1116 LEGISLATION DOES

Workforce Development

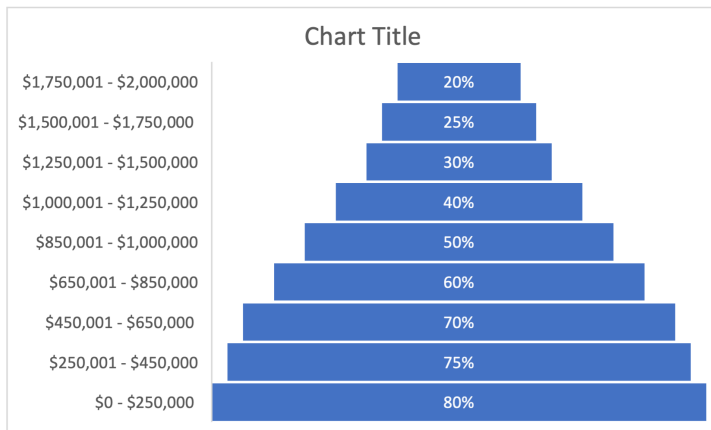
The Equitable Payroll Fund (EPF) is a grant program designed to support California performing arts workers directly by providing substantial reimbursements of payroll expenses to California SNPAOs with annual operating budgets under \$2M. Much like the recent Employee Retention Credit program of the American Rescue Plan and the CARES Act, the investment by the EPF will **help create and sustain jobs for creative workers**, one of the hardest hit workforce sectors where recovery still lags far behind others. Based on 2019 IRS reporting, internal estimates from Theatre Producers of Southern California show that the EPF has the potential to support upwards of 85,000 Seasonal, Part-time and Full-time jobs annually in California.

Immediate Lifeline to Most Vulnerable Communities

Furthermore, the EPF will begin to stabilize SNPAOs immediately, preventing more closures and helping these organizations grow quickly to self-sustainability. Once an SNPAO reaches midsize, they become eligible for financial support from private foundations and larger donors. Once an SNPAO graduates from the program, the jobs they provide to emerging artists and other creative workers each year will remain, adding vibrancy and diversity to the workforce and strengthening the creative economy altogether.

The EPF will provide the greatest percent reimbursement to the smallest organizations. Since labor costs in the performing arts are relatively flat (i.e. a symphony will always need to employ roughly the same number of musicians, regardless of budget size), these historically

underfunded organizations are the hardest hit and most at risk. As SNPAOs grow, the percentage of payroll expenses that is reimbursed decreases as organizations are better able to absorb these costs. When an SNPAO reaches \$2M, they graduate out of the program.



WHAT LONG-TERM IMPACT CAN WE EXPECT

The ancillary benefits to this program are substantial. First and foremost, it will right decades of inequity in the arts sector. Historically, only those emerging artists who come from generational family wealth could comfortably afford to ply their craft for years as volunteers, excluding many marginalized communities from opportunities to “break in” to the performing arts sector.

Yet despite this ongoing harm, SNPAO’s have always been California’s “arts incubator pipeline”, a place where talented artists of diverse backgrounds could gain a toehold in the business. SNPAOs know how to cultivate unique artistic opportunities for creative workers. The EPF investment in this arts incubator pipeline would transform those opportunities into sustainable jobs with living wages.

Second, the EPF will help restore and then transform many of California’s underserved communities. Over and over again, the economic impact created by vibrant performing arts centers has helped communities prosper. With California’s rents so high, most SNPAO’s are located in historically underserved neighborhoods; these communities suffered more loss during the pandemic and have not rebounded like more affluent neighborhoods. The EPF’s investment in jobs in these community-based SNPAO’s will help the circulation of capital in these neighborhoods. Furthermore, studies from Americans for the Arts show that [a strong arts presence can improve local communities](#) by decreasing juvenile crime and income disparity, while increasing student retention in schools, civic engagement, and a sense of connection to the community.

WHO IS SPONSORING THIS BILL

SB1116 has broad support of Management and Labor. Co-sponsored by Actors' Equity Association and Theatre Producers of Southern California, the proposed legislation is authored by Senator Anthony Portantino and co-authored by Senator Susan Rubio and Assemblymember Miguel Santiago.

Learn more about the struggle of California's performing arts workers and their communities at EquitablePayrollFund.org