



April 22, 2022

RE: Investment in the Performing Arts Equitable Payroll Fund; Relief and Stimulus for California's Creative Workforce, Small Nonprofit Performing Arts Organizations and Local Creative Communities in California

Dear Governor Newsom, Pro Tempore Atkins, Speaker Rendon, Senator Skinner, and Assemblymember Ting,

We write in strong support of a \$300 million budget allocation to support small nonprofit performing arts organizations (SNPAOs). The arts and culture ecosystem in California is vast and impactful, representing 7.4% of the state's economy. When properly funded, the performing arts can be an economic engine that drives spending in local communities and allows workers to prosper. Prior to the pandemic, California ranked just 28th in arts funding. Unfortunately, years of underinvestment have meant that California's small nonprofit performing arts organizations do not have the financial or administrative resources to support hourly wages and are facing an uncertain future. The vast majority of California's nearly 1,200 SNPAOs have adjusted gross revenues below \$250,000. Adding to this grim picture, a recent report from SMU DataArts reports that California lost 100,000 jobs in nonprofit arts organizations during the pandemic. However, with proper funding, SNPAOs will be job creation engines due to the large number of creative workers required to produce an opera, ballet, symphony or play.

SB 1116 (Portantino), the Performing Arts Equitable Payroll Fund (EPF), establishes a grant program designed to support SNPAOs by providing substantial reimbursements of payroll expenses with built-in protections ensuring the funding is used for workers classified as employees. The EPF addresses the loss of jobs in the sector and helps develop a sustainable path forward for small arts organizations so they may grow and continue to support these jobs on their own in the years to come.

Under this proposal, the EPF would direct funding to where it is most needed by providing the greatest percent reimbursement of payroll expenses to the smallest and most vulnerable nonprofit performing arts organizations (80%). That percentage will gradually decrease (down to 20%) as SNPAOs grow.

The EPF's investment in jobs will stabilize the sector and provide tens of thousands of seasonal opportunities each year. We estimate that once all eligible organizations are enrolled in the

program, as many as 90,000 full-time, part-time and seasonal employment opportunities will be created annually. Furthermore, this stimulus will help the circulation of capital in local communities across the state. According to Americans for the Arts, every time someone goes to see a nonprofit arts program, they generate another \$31.47 in additional economic activity, everything from dining to childcare and transportation and parking.

SB 1116 will allow SNPAOs to partner with the state to create and sustain jobs for creative workers. Living wages for creative workers will help restore the livelihoods of individuals who work in a sector that has been slow to recover from the pandemic. Furthermore, new employment opportunities for California's BIPOC artists and creative workers will begin to right the decades of inequitable funding that has excluded an enormous number of talented individuals from the arts and entertainment industry if they did not come from generational wealth. Offering meaningful employment to all creative talents in the arts incubator pipeline is essential to preserve California's position as a global leader in arts and entertainment. The EPF will allow these opportunities to be compensated with living wages and worker protections.

We are requesting \$300 million from the General Fund, to be spent over three years. This figure has been calculated to allow all eligible SNPAOs to participate in the program, assuming they each contribute 25% of their own adjusted gross revenue to payroll expenses. The three-year time frame will allow sufficient time to inform and educate SNPAOs across the state about this critical opportunity, for the fund administrator to onramp all eligible organizations. The three-year time frame provides the necessary stability to allow SNPAOs to engage in longer-term planning, hiring for growth, and the development of new funding sources to build sustainability. It will also provide enough time to measure the impacts of the program in terms of added jobs, social welfare, and economic growth in local communities. The EPF will correct decades of inequity in the arts and culture ecosystem.

With your support for this funding request, we can reimagine arts funding in a way that centers arts workers, the people who make our state a worldwide leader in the arts.

Sincerely,

Co-sponsors

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Cc: Committee Members, Assembly Budget Committee
Committee Members, Senate Budget and Fiscal Review Committee