



## **Workforce Relief, Charitable Giving Incentives, and NEA Funding Included in Third COVID-19 Relief Package**

### **COVID Stimulus Package Ready for Final Passage**

The largest COVID-19 federal relief package yet is expected to be signed into law tomorrow, March 27, 2020, and includes new forms of support that can be accessed by arts organizations and self-employed individuals. TCG has been a leading voice as theatres join advocates in the arts and nonprofit sectors nationwide seeking federal relief that will protect their substantial workforce and safeguard their essential service to communities in the wake of unprecedented closures and event cancellations. Forms of federal support that have traditionally been more limited are now expanded to offer opportunities for the nonprofit sector and workers in the gig economy, including many self-employed theatre artists, to find relief amidst the COVID-19 crisis. While these forms of assistance are meant to be rapidly available, more details will be needed as federal agencies sort out the fine print.

Please stand by, as TCG will continue to provide information on the full array of federal support as it becomes available, the sequence in which it may be sought, and specific eligibility requirements. And we'll provide guidance for theatres on how to access various forms of federal relief.

The National Council of Nonprofits, has produced an [overview of provisions](#) that relate to nonprofit organizations. The [full bill text](#) is available online and the U.S. Senate provides [a section-by-section overview](#) of key provisions.

### **Highlights of the Coronavirus Aid, Relief, and Economic Security (CARES) Act**

- **Paycheck Protection COVID-19 relief loans, backed by the Small Business Administration (Section 1102), and forgiven by the federal government (Section 1106):** Organizations, including 501(c)(3) nonprofits, and self-employed individuals will have access to forgivable loans, through a streamlined application process intended to provide rapid relief that will keep workers on the payroll and help self-employed workers.

Loans will be provided by local lending institutions that are authorized by the Small Business Administration (SBA). The bill gives the SBA and the Treasury Department

authority to identify additional lenders. Eligible organizations are subject to a size cap of up to 500 employees (counting individuals employed on a full-time, part-time, or other basis). The maximum loan amount is \$10 million.

Loans may cover expenses incurred beginning February 15, 2020 and ending on June 30, 2020. Loan payments will be deferred for at least six months and up to one year, and the term of the loans will be up to ten years, at no more than 4% interest. Eligible uses of the loans include payroll costs (including salary, wages, compensation, leave, severance, health care benefits, insurance premiums, retirement benefits, and state and local taxes), rent, utilities, and mortgage interest payments.

**Applicants may apply to their lender for loan forgiveness.** The Senate summary states that a, "borrower shall be eligible for loan forgiveness equal to the amount spent by the borrower during an 8-week period after the origination date of the loan." The portion of the loan that can be forgiven will be reduced by an amount related to positions that have been eliminated and wages that have been reduced, unless those positions and wages are restored by June 30, 2020.

Similar forgivable loans will be made to self-employed individuals.

- **Employee retention credits (Section 2301)** may be available to employers that do not make use of the forgivable SBA Payroll Protection loans. Employers may be eligible for a quarterly refundable payroll tax credit for 50% of wages paid by employers to employees during the COVID-19 crisis, applied to the first \$10,000 in compensation per employee (resulting in a credit of up to \$5,000). The extent of the credit and eligibility requirements vary depending on whether the employer has more or less than 100 employees.
- **Industry Stabilization fund loans (Section 4003)** may be available to nonprofits with 500 or more employees that commit to restoring 90% or more of their workforce within four months of the end of the national public health emergency. Additional requirements will apply to future workforce conditions--some of them related to collective bargaining agreements--and will merit careful consideration. Loans will be available at an interest rate of 2% or less, and payments would not be required for the first six months.
- **Pandemic unemployment assistance for workers, including self-employed individuals (Section 2102 and Section 2104):** Unemployment benefits will be expanded to provide an additional \$600 per week above the amount allowed under state unemployment benefits, for four months. New relief will be available for workers not eligible for state unemployment benefits, including self-employed individuals who are unable to work due to a number of COVID-related reasons, including "the individual's place of employment is closed as a direct result of the COVID-19 public health emergency." Many theatre artists and arts workers who otherwise do not have access to state unemployment benefits may find relief through this provision. Covered dates of unemployment are from January 27, 2020 through December 31, 2020. Details will be

worked out in guidelines from the U.S. Department of Labor, and this relief will be administered by states.

- **Relief for nonprofits that self-insure unemployment benefits (Section 2103):** If theatres are among nonprofits that self-insure unemployment benefits rather than pay state unemployment taxes, the federal government will make payments to states to reimburse nonprofits for half of the costs they incur through December 31, 2020 to pay unemployment benefits.
- **New charitable giving incentives (Section 2204 and Section 2205):** Building on years of advocacy by theatres in partnership with the broader nonprofit sector, a new universal charitable deduction is available, allowing the growing number of taxpayers who do not itemize their returns to receive a tax deduction of up to \$300 for cash charitable donations to 501(c)(3) nonprofit organizations during calendar year 2020. For taxpayers that itemize returns, the limit on the total percentage of Adjusted Gross Income (AGI) eligible for the charitable deduction has been lifted. The limit on corporate contributions has been lifted to 25%.
- **Dedicated funding for cultural agencies and institutions:**
  - **National Endowment for the Arts:** \$75 million to administer for COVID-19 assistance. Of the total, 40% of funding will be administered in partnership with state arts agencies, and the remaining resources will be delivered through direct NEA grants. The agency is authorized to make grants to support general operating expenses, and matching requirements may be waived for grants. The NEA will be rapidly providing more information about grant opportunities.
  - **National Endowment for the Humanities:** \$75 million to administer for COVID-19 assistance. Similar parameters as NEA COVID-19 grants.
  - **Institute for Museum and Library Services:** \$50 million.
  - **Corporation for Public Broadcasting:** \$75 million.
  - **John F. Kennedy Center for the Performing Arts:** \$25 million.
  - **Smithsonian Institution:** \$7.5 million.

## Important Updates on Existing COVID Relief Provisions

Theatres, and the people who work in and with theatres, will want to keep a close watch on how all forms of federal relief fit together to offer support in the wake of COVID-19. Please see [TCG's Coronavirus resources](#) for information and tools to help navigate the impact of the COVID-19 pandemic.

These are the important provisions in the two prior relief packages signed into law:

- [The SBA's Economic Injury Disaster Loan Program](#) has received additional funding to provide rapid disaster relief loans related to COVID-19, with eligibility for nonprofit organizations. The CARE act adds an expectation of three-day processing of loan applications for up to \$10,000 in emergency funds. The Small Business Administration has informed the League that, as of March 24, 2020, all states are in the process of being granted eligibility, and that all interested loan applicants should originate an application now. Keep in mind that multiple forms of SBA relief may not be used for the same purpose. Guidelines should spell out how the SBA-backed forgivable paycheck protection loans will relate to economic injury disaster loans.
- [The Families First Coronavirus Response Act \(FFCRA\) paid leave provisions](#), signed into law on March 18, included paid leave mandates for employees, relief for employers (including nonprofit employers) that provide the paid leave, and comparable leave provisions for self-employed workers. Details are still to be determined in regulations and guidelines being drafted by federal agencies this week, which should provide [answers to questions](#) theatres will have about how the requirements and relief apply to staff, theatre artists, and independent contractors who are not able to work due to the COVID-19 crisis. The FFCRA's paid leave provisions are effective on April 1, 2020, and apply to leave taken between April 1, 2020, and December 31, 2020.

## **Thank You. More Advocacy Ahead!**

RECORD NUMBERS of theatres advocates have spoken up in the past two weeks. Your collective efforts, through personalized messages telling *your* story, are making a tremendous difference. Policymakers are aware, now more than ever, of just how diverse our country's workforce is and how important it is to support every sector.

TCG will continue to stay on top of the federal landscape and will be seeking additional forms of federal relief. We already know a fourth COVID relief package is in the works, and it will be critical to pinpoint the gaps in federal assistance so we can specify what is needed next. You can [continue to weigh in with Congress](#) throughout the coming weeks and months.

Thank you for your tireless efforts in this trying time, and for your invaluable partnership in reaching out to Congress.

TCG thanks our colleagues at the League of American Orchestras for sharing their analysis of this relief package.

Please direct your questions about various relief provisions to Laurie Baskin at [lbaskin@tcg.org](mailto:lbaskin@tcg.org).