COVID-19 AND THE CREATIVE COMMUNITY: FEDERAL POLICY RESPONSE

The Creative and Cultural Sector of Massachusetts includes for-profit businesses, nonprofit arts and cultural organizations, cultural practitioners, individual contractor artists and designers, research and service organizations, and arts administrators. The U.S Bureau of Economic Analysis reports that arts and cultural production contributes 140,593 jobs in the Commonwealth and represents 4.8% of the economy. Arts and Cultural nonprofits and workers have a direct connection to the economic vitality of regions and neighborhoods across the Commonwealth. Every dollar spent by an arts and cultural nonprofit generates $2.30 in sales to nearby businesses. The Creative Economy, its businesses and workforce are key to the Commonwealth’s economic recovery and stability.

The Creative and Cultural Sector is made up of employees and self-employed workers who immediately lost significant income as the Covid-19 outbreak began in Massachusetts. Like many workers in the gig economy who rely on income from a variety of contracts, they are not covered by traditional unemployment insurance measures and are without the safety nets available to full-time employees.

Policies to address the economic impact to the Creative Community are needed immediately in order to ensure these valuable economic, community and cultural assets survive the Covid-19 pandemic.

MASSCreative Supports:

Like tourism and hospitality, the creative sector was immediately impacted by the spread of Covid-19. As of March 23, 2020, the coronavirus has already had a devastating economic impact on America’s nonprofit arts sector—financial losses to date are estimated to be $3.6 billion. In Massachusetts, organizations cancelled or postponed revenue generating programs, and artists and cultural workers contracts were cancelled. In a recent survey by the Mass Cultural Council, self-reported losses by arts and cultural organizations are estimated to be $55.7 million.

SOLUTIONS

- Congress must designate $4 billion —to be distributed through the National Endowment for the Arts (NEA)—to help offset the losses of the nonprofit arts industry, and expand eligibility through additional federal programs to ensure artists, entrepreneurs, and small businesses in the creative economy can utilize business interruption relief.
- Congress must include significant supplemental funding for the National Endowment for the Humanities. Supplemental funding will include direct emergency grants to humanities organizations, funding for state humanities councils to distribute and bolster humanities organizations, colleges, and universities in developing the digital content that is now necessary for classroom use and for the digital resources to sustain communities during this moment of crisis.
Congress must ensure that forgivable SBA disaster relief loans are streamlined and support all arts and culture workers by: specifying that access to forgivable loans is available for self-employed workers, increasing the employer eligibility threshold by applying the 500 employee cap to full time employees, and eliminating the employer size cap for nonprofit organizations.

Many nonprofit arts and cultural organizations hold annual fundraising events in late winter and early spring. These fundraising events account for a significant amount of contributed revenue through individual and corporate donations. The loss of contributed revenue on top of lost earned revenue is likely to shut down many organizations that serve communities across the Commonwealth. Mass Cultural Council found that 43% of surveyed organizations across the Commonwealth cancelled upcoming fundraising activities.

SOLUTION

- MASSCreative joins the National Council of Nonprofits calling on Congress to enact a Universal Charitable Deduction for contributions through the end of 2021. Further, to help those who step forward to help America’s charitable organizations immediately assist the most vulnerable, Congress should permit taxpayers to donate today – at the height of the pandemic – and claim the benefit from these deductions on 2019 tax returns.