What to Expect in 2021 – Legislation and Funding for the Creative Industries
Californians for the Arts Webinar

Federal Pandemic Relief Opportunities

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HR 133 & the Creative Industries

- Arts & Humanities Endowments and IMLS budget increases
- Shuttered Venue Operators (SVO) Grant Program - $15 billion
- Paycheck Protection Program 2nd Draw - $284 billion total program refill
- Pandemic Unemployment Assistance (PUA) Extension
- National Museum of the American Latino & Smithsonian Women’s History Museum creation
- Broadband access investments
Federal Pandemic Relief through HR 133

- PPP 2nd Draw
- PUA Extension
- SVO Grants (SOS)
Paycheck Protection Program (PPP) Second Draw Loans
March 31, 2021 is your deadline.

Nonprofit organizations, sole proprietors/self-employment individuals, and business concerns are all eligible, but you have to have received a PPP First Draw Loan, have no more than 300 employees, and be able to demonstrate a 25% reduction in gross receipts from 2019 to 2020.

Eligible expenses are not limited to payroll but also include other operational expenses and loans will not exceed 2.5x average monthly payroll or max $2m.

You cannot receive a PPP 2nd Draw Loan and an SVO Grant and you cannot apply for both. You must choose the better opportunity for you.
The PPP program is competitive. July 2020 data from the Dorothy A. Johnson Center for Philanthropy showed that nonprofits received 3.7% of all PPP loans and received 7% of loan dollars. Approximately 40% of eligible nonprofits received a PPP loan.

Accounting for PPP funds presents some challenges for nonprofits, but according to the Journal of Accountancy most elect to record the funds as a conditional contribution rather than as debt.

Nonprofits can claim PPP forgiven loans on Schedule A of the Form 990 or 990-EZ as contributions from a government entity.

Eligible nonprofits are not limited to 501 (c)(3) organizations under the new rules but now include 501 (c)(6) organizations and other organizational types who are eligible for first draw loans.
PPP Second Draw Loans – Key Dates

- Borrowers can apply for a Second Draw PPP Loan until March 31, 2021.

- To promote access for smaller lenders and their customers, SBA initially began accepting Second Draw PPP Loan applications from community financial institutions starting on January 13, 2021.

- Second Draw PPP Loan applications are now being accepting from all eligible lenders.
A borrower is generally eligible for a Second Draw PPP Loan if the borrower:

- Previously received a First Draw PPP Loan and will or has used the full amount only for authorized uses;
- Has no more than 300 employees; and
- Can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.
PPP 1st and 2nd Draw Loans – Eligible entities

- A business concern
- Independent contractor, eligible self-employed individual, sole proprietor
- Nonprofit organization eligible for a First Draw PPP Loan
- Veterans organization
- Tribal business concern
PPP 1st and 2nd Draw Loans – Eligible entities

- Housing cooperative
- Small agricultural cooperative
- Eligible 501(c)(6) organization (e.g., trade association or sports club)
- Destination marketing organization
- Eligible nonprofit news organization
PPP Second Draw Loans – Ineligible entities

- A person or entity that receives a grant for shuttered venue operators
- A business concern or entity primarily engaged in political activities or lobbying activities
- Any business concern or entity created in or organized under the laws of the People's Republic of China or the Special Administrative Region of Hong Kong, has significant operations in or that is more than 20%, directly or indirectly, owned by a business concern or entity created in or organized under the laws of the
- A publicly traded company
- An entity that has permanently closed
PPP Second Draw Loans – Eligible expenses

- Payroll costs, including benefits
- Mortgage interest
- Rent
- Utilities
- Worker protection costs related to COVID-19
- Uninsured property damage costs caused by looting or vandalism during 2020
- Certain supplier costs and expenses for operations.
PPP Second Draw Loans – Financial Assistance

- For most borrowers, the maximum loan amount of a Second Draw PPP Loan is 2.5x average monthly 2019 or 2020 payroll costs up to $2 million.

- For borrowers in the Accommodation and Food Services sector, the maximum loan amount for a Second Draw PPP Loan is 3.5x average monthly 2019 or 2020 payroll costs up to $2 million.
Second Draw PPP Loans made to eligible borrowers qualify for full loan forgiveness if during the 8- to 24-week covered period following loan disbursement:

- Employee and compensation levels are maintained in the same manner as required for the First Draw PPP loan;
- The loan proceeds are spent on payroll costs and other eligible expenses; and
- At least 60 percent of the proceeds are spent on payroll costs.
Pandemic Unemployment Assistance Extension
March 14, 2021 is the deadline to submit new claims.

From December 27, 2020 to the end of the program those that qualify in CA are eligible $167 plus $300 per week for each week you are unemployed due to COVID-19.

You must face a COVID related reason for being out of work, which could include being diagnosed with COVID-19, your place of employment is closed as a direct result of COVID-19, restrictions have severely limited your ability to continue performing your customary work activities, and has thereby forced you to stop working, etc.

To apply you will need proof of citizenship, employment history, and (if applicable) federal and military documents.
Pandemic Unemployment Assistance (PUA) is part of the federal assistance that helps unemployed Californians who are not usually eligible for regular Unemployment Insurance (UI) benefits:

- Business owners
- Self-employed workers
- Independent contractors
- Those with a limited work history who are out of business or have significantly reduced their services as a direct result of the pandemic.
HR 133 expanded by PUA 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.

The March 14, 2021 also applies to Federal Pandemic Unemployment Compensation, Pandemic Emergency Unemployment Compensation, and Emergency Unemployment Relief for Non-Profits.
Pandemic Unemployment Assistance – Benefit

- Phase 4: From December 27, 2020 to the end of the program - $167 plus $300 per week for each week you are unemployed due to COVID-19.
- You may qualify for PUA benefits for up to a total of 57 weeks (minus any regular UI and FED-ED benefits you received).
- The maximum for PUA benefits is $450 per week. To qualify, your net self-employment income for 2019 needs to be more than $46,696.
Shuttered Venue Operators Grant Program
The SVO Grants Program is not yet accepting applications (as of 1-25-2021).

Live venue operators or promoters, theatrical producers, live performing arts organization operators, relevant museum operators, zoos and aquariums who meet specific criteria, motion picture theater operators, and talent representatives that have suffered a 25% or greater revenue loss between April 2020 through December 2020 due to the COVID-19 pandemic are eligible. Highest priority is given to organizations that have suffered losses of 90% and higher.

Eligible expenses cover general operating costs and some production costs, and grants equal 45% of gross earned revenue, with a max single grant award of $10 million.

You cannot receive a PPP 2nd Draw Loan and an SVO Grant and you cannot apply for both.
DUNS & SAM.Gov registrations are required

Size of grant: Grant is for 45% of 2019 Gross Earned Revenue (no contributed revenue allowed)

Place in line: Determined by gross revenue loss (earned and contributed revenues)

Museums must be non-profit; other entities can be commercial or government
Shuttered Venue Operators Grant – Eligible entities

- Live venue operator or promoter
- Theatrical producer
- Live performing arts organization operator
- Relevant museum operator
- Motion picture theatre operator
- Certain talent representatives
Shuttered Venue Operators Grant – Eligible entities

- The entity was fully operational on February 29, 2020
- The entity had gross earned revenue during any calendar quarter in 2020 that fell by at least 25% from the same quarter in 2019
- As of the date of the grant, the entity is or intends to resume its operational activities (or in the case of a talent representative, is representing or managing artists and entertainers)
- For each category above, the venues must have certain characteristics (as further described in the Act).
The following conditions apply to museums specifically:

- Be serving as a relevant museum as its principal business activity.
- Have indoor exhibition spaces that are a component of the principal business activity and which have been subjected to pandemic-related occupancy restrictions.
- Have at least 1 auditorium, theater, or performance or lecture hall with fixed audience seating and regular programming.
Shuttered Venue Operators Grant - Eligible expenses

- Payroll costs
- Payments on any covered rent obligation(s)
- Any covered utility payments
- Scheduled payments of interest or principal on covered mortgage obligations, except for any prepayment of principal
- Scheduled payments of interest or principal on any indebtedness or debt instrument (which shall not include any prepayment of principal) incurred in the ordinary course of business that is a liability of the eligible person or entity and was incurred prior to February 15, 2020

SOURCE: Small Business Administration
Shuttered Venue Operators Grant – Eligible expenses

- Covered worker protection expenditures
- Payments to independent contractors as reported on Form-1099 MISC not to exceed $100,000 in annual compensation to an individual employee of an independent contractor
- Maintenance expenses
- Administrative costs, including fees and licensing costs
- State and local taxes and fees

SOURCE: Small Business Administration
Shuttered Venue Operations Grant – Eligible expenses

- Operating leases in effect as of February 15, 2020
- Payments for insurance on any insurance policy
- Costs related to producing a theatrical or live performance, including advertising, transportation and capital expenditures.
Shuttered Venue Operators Grant - Ineligible expenses

- Buy real estate
- Make payments on loans originated after 02-15-20
- Make investments or loans
- Make contributions or other payments to, or on behalf of, political parties, political committees, or candidates for election
- Any other use prohibited by the Administrator
Eligible entities may receive a maximum initial grant of 45% of gross earned revenue for the 2019 calendar year, with a cap at $10 million.

If an eligible entity began operations after January 1, 2019, the maximum initial grant available is the average monthly gross revenue for each full month of operation in 2019 multiplied by six.

An eligible entity may qualify for a supplemental grant in the amount of 50% of its initial grant if, as of April 1, 2021, its revenue for the most recent calendar quarter is no greater than 30% of the revenue for the same quarter in 2019 due to the COVID-19 pandemic.
Shuttered Venue Operators Grant – Priority grants
Shuttered Venue Operators Grant – Priority periods

SOURCE: Wifpfl
Shuttered Venue Operations Grant – Priority periods

● **First-priority grants**: Grants awarded during the first 14 days will go to eligible entities that have faced a 90% or greater loss in gross revenue due to the COVID-19 pandemic during the period April 1, 2020, and ending on December 31, 2020, as compared to the same period for 2019.

● **Second-priority grants**: Grants awarded in the 14-day period immediately following the initial 14-day period will be awarded to those eligible entities that suffered a 70% or greater loss in revenue due to the COVID-19 pandemic during the period April 1, 2020, and ending on December 31, 2020, as compared to the same period for 2019.
Shuttered Venue Operators Grant – Remainder

- **Third-priority grants**: After the 28-day priority period, grants will be awarded to entities that suffered a 25% or greater revenue loss between April 2020 through December 2020 due to the COVID-19 pandemic. *(The initial guidance was that during the 28-day priority period, no more than $12 billion or 80% of the $15 billion appropriated under the Act shall be used to carry out the priority grants. This is now unclear.)*

- **Supplemental grants**: Available to recipients of First and Second Priority round who suffered a 70% or greater revenue loss for the most recent calendar quarter (as of 04-01-21 or later)
Other federal pandemic relief opportunities

COVID-19 Targeted EIDL Advance

Emergency Unemployment Relief for Non-Profits

- COVID-19 Targeted EIDL Advance was signed into law on December 27, 2020, as part of the Economic Aid to Hard-Hit Small Businesses, Non-Profits, and Venues Act. The Targeted EIDL Advance provides businesses located in low-income communities with additional funds to ensure small business continuity, adaptation, and resiliency. Advance funds of up to $10,000 will be available to applicants located in low-income communities who previously received an EIDL Advance for less than $10,000, or those who applied but received no funds due to lack of available program funding.

- 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.
Thank you.