



ARPA Talking Points and Data – 8/01/22

[S2800/A4233](#) – introduced 6/6/22, Appropriates \$70 million in federal funds to EDA to support arts and culture organizations negatively impacted by COVID-19 pandemic. The bill allows for \$70 million to be appropriated to the NJ Economic Development to support arts and cultural organizations, including for-profit businesses and nonprofit organizations that were negatively impacted by the COVID-19 pandemic.

Under the bill, the EDA, in consultation with the New Jersey State Council on the Arts, would be required to award \$50 million in grants to support the financial recovery, resiliency, and growth of qualifying arts and culture organizations. Of this total, \$10 million in grants would be dedicated to arts education organizations that provide programs and services for public schools or afterschool programs. Specifically, these grants may be used to offset any revenue losses that occurred as a direct result of the COVID-19 pandemic or provide the cash reserves necessary to ensure continued operations in the event of future pandemic-related shutdowns.

Additionally, the bill requires the EDA, in consultation with the council, to award \$20 million in grants to qualifying arts and culture organizations to support the completion of placemaking projects in public spaces. Under the bill, placemaking projects would include any creative or artistic project intended to beautify or enrich public spaces, such as artistic paintings on roadways or sidewalks, landscape plantings in public areas, educational signage, and other artistic, cultural, or educational installations.

Current Sponsors - In NJ Senate: Prime Sponsor, Vin Gopal; Co-Sponsor: Joseph P. Cryan, Patrick J. Diegnan, Jr.
In NJ Assembly: Prime Sponsor, Sadaf F. Jaffer, William B. Sampson, IV, Mila M. Jasey; Co-Sponsor: Sterley S. Stanley, James J. Kennedy, Aura K. Dunn

WHY THIS BILL IS NEEDED

Arts Employment Hit Hard, Recovery Slower than the National Average (national)

- [Johns Hopkins University reports](#) (June 2022), it will take at least another 9 months for employment in the nonprofit arts and entertainment sector to recover to pre-pandemic levels based on a recovery rate over the past 12 months.
- Between 2019 and 2020, the U.S. arts economy shrank at nearly twice the rate of the economy as a whole: arts and cultural production fell by 6.4 percent when adjusted for inflation, compared with a 3.4 decline in the overall economy ([Arts & Cultural Product Satellite Account](#), National Endowment for the Arts/US BEA).

Attendance, Projected Budgets, Labor Costs (New Jersey)

- According to informal survey conducted by NJ State Council on the Arts (February 2022) attendance at cultural events is at 44% of venue capacity, on average over the last six months.
- The Omicron variant presented significant losses to performing arts venues during the 2021 holiday season when high revenue earning productions were scheduled. Respondents to the February 2022 NJSCA survey reported a loss of \$7.8 million dollars in ticket or admission refunds during the last six months, and more than 1/3 of ticket sales were lost due to cancellations.
- According to the NJ Independent Venues survey (NJIVA-February 2022), the “no-show” rate doubled from 7% in 2019 to 14% in 2021.
- Nonprofit venues reported an average projected deficit for FY23 of \$222,285.
- 73% of NJIVA survey respondents reported an average 19% increase in labor costs over 2019.

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Other Mitigating Factors

- **Previously available federal funds (PPP, NJEDA, SVOG) have evaporated.** There is no timeline for legislation through US Congress to renew Shuttered Venues Operating Grants through the SBA in FY23. Over 260 New Jersey arts and entertainment venues received over \$247 million through this program (through 7/05/22, now closed).
- **The high rate of inflation** suppresses consumer discretionary spending, and inflates expenses related to cultural programs--construction, energy costs, shipping and trucking, equipment rental, and artist fees.
- Job losses catalyzed a drive to digital that started before 2020, but many **New Jersey nonprofit arts organizations are not technologically equipped to provide streaming services.** In addition, digital revenues have not replaced revenue lost from cancellations/postponements or fluctuations in live event audiences.
- The **ongoing impact of sub variant COVID** is evident in employee absences, artist cancellations, and fluctuating attendance levels. The trend of last minute ticket purchases makes accurate revenue projections nearly impossible.
- Even before the pandemic most nonprofit arts organizations, particularly small to mid-sized groups, **lack endowments or cash reserves** to rely on during crises or downturns in the economy. Those organizations with such reserves have suffered significant reductions or even depletions.

Beneficiaries

Nonprofit and for profit arts and entertainment venues of all sizes will benefit from ARPA grants available through the NJEDA in the same way other hospitality venues like restaurants are receiving extended federal grant support as a recovery lifeline. The related consumer spending by arts and cultural patrons at venues that can operate at full capacity will boost local economies. The ability of venues and institutions to continue to provide programs will also provide the mental health and social benefits that are inherent to participating in arts and culture.