

TESTIMONY TO NEW YORK STATE SENATE STANDING COMMITTEE ON BANKS (JOINTLY WITH THE SENATE STANDING COMMITTEE ON COMMERCE, ECONOMIC DEVELOPMENT AND SMALL BUSINESS)

Wednesday, October 14, 2020

Testimony to New York State Senate Standing Committee on Banks (Jointly with the Senate Standing Committee on Commerce, Economic Development and Small Business)

By Dance/NYC

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Dance/NYC, a service organization which serves over 5,000 individual dance artists, 1,200 dance-making entities, and 500 nonprofit dance companies, based in the New York City area, including BIPOC (Black, Indigenous, People of Color), immigrants, and disabled dance workers in the metropolitan New York City area, joins colleague advocates working across creative disciplines and the nonprofit sector in thanking the Committee for your leadership during this time and in requesting:

- 1) The State passes legislation permitting easier access to capital including forgivable loans and State funded grant aid to support small businesses such as family-run and hyper-local dance studios;
- 2) The State to enact and pass legislation allowing the City to borrow up to \$5 billion to address immediate and long-term budget needs, bringing New York City vital relief; and
- 3) The State to release \$4 billion from the Coronavirus Virus Relief Fund enacted through the CARES Act.

Since the arrival of the COVID-19 pandemic, New York City has experienced the greatest economic impact of any other municipality in our State, with the arts and culture sector being the hardest hit. Today, the arts and culture sector is the number one driver of tourism to the state, generating \$100 billion in economic activity and accounting for 7.5% of the New York State Gross State Product. Of that economic activity, a??NYC's nonprofit dance sector contributes approximately \$300 million yearlya?? This figure is largely understated as it only includes organizations with 501(c)(3) status indicating that the actual contribution is much larger with the inclusion of fiscally sponsored organizations, for profit dance studios and individual artists. In order to maintain social distancing and public health guidelines Arts and Culture small businesses were forced to close. Dance is movement and body-based practice, which is adaptable to adhere to social distancing and public health guidelines. However, there is a lack of understanding of our industry, which has resulted in poor guidance and guidelines on how to best reopen our business, many of which still remain closed with an inability to generate income. Small businesses suffered enormous losses and are facing catastrophic economic challenges.

Dance/NYC has been conducting our a??Coronavirus Dance Impact Study a??including quantitative and qualitative methodology on the immeasurable impact COVID-19 is having on the dance sector, which is largely comprised of organizations and groups with annual operating budgets of under \$1 Million. Our research has identified access to capital as one of the most pressing needs for dance businesses. One business states "Cash, now. Funders converting programming grants to general operating support, and letting us know that ASAP, so that we can apply those funds to staff salaries, and retain as many of our staff members as possible." The dance sector relies heavily on earned income from in-person classes and performances that have been replaced virtually for only a??a fraction of the revenuea??, yet fixed costs such as rent and salaries have remained constant. "The most difficult issue is lack of cash flow and difficulty encountered with no current ability to do paid live performances. Fixed costs need to be paid. So, cash, at the moment, is the most needed resource" was affirmed by a small dance business. This added to the City's affordability crisis has created a migration of artists from the City and cause Dance small businesses to permanently close their doors.

In order to keep Dance small businesses alive, we desperately need effective legislation allowing for easier access to capital including forgivable loans and State funded grants. For example, SMU DataArts and Department of Cultural Affairs' a??COVID-19 Impact on Nonprofit Arts and Culture in New York City ra?? eport recently estimated an aggregate -\$6.8 billion net effect of the COVID-19 crisis on the nonprofit arts and culture sector equates to a deficit equivalent to 26% of expenses for the average organization, over the course of a year. Small businesses such as family-run dance studios are likely to sustain significant negative financial impact, projecting losses that amount to up to 82% of their operating budgets which is affecting their sustainability and causing many to close their doors permanently. One studio stated "If students start demanding refunds if we can't run our summer camps due to no registrations, if our space renters can't pay us, we will not be able to pay our rent, staff, artists or bills and -- without financial help or some kind of intervention -- we will be forced to close." 95% percent of arts organizations have cancelled programs, 88% modified the delivery of their programs, and 11% not providing services to their communities. a??Dance/NYC has already provided a??over \$1 million in relief support to individual freelance dance workers and organizations through our a??[Coronavirus Dance Relief Funda??](#), but this only alleviates the short-term needs and comprehensive access to capital legislation is desperately needed to ensure long term survival of our businesses.

With a budget gap totaling over \$9 billion, we have joined our community-based organizations and City partners to fight for the federal stimulus we need to keep our doors open and to continue to provide community programs. Payment Protection Program (PPP), EIDL and other government loans were provided at the start of the pandemic, but that money has run out and we are facing high overhead demands such as rent without an ability to generate income. Relief has not come, and after repeated rounds of cuts and evaluations through Programs to Eliminate the Gap (PEGs), it is not enough to address the economic hardship due to the pandemic. a??We are calling on the State to provide assistance by facilitating access to capital for small businesses through forgivable loans and grant funding.

The fate of our state depends on the health of NYC, and the fate of NYC depends on the health of its arts and culture sector. Americans for the Arts published that attendees at nonprofit arts events spend \$31.47 per person, per event, beyond the cost of admission, demonstrating that the arts generate income for the surrounding businesses. Our sector drives tourism generating income for other sectors such as restaurants, parking and transportation. Live indoor performances may not return for at least a year after a vaccine and these institutions are already experiencing severe cash flow issues and closures. Dance/NYC findings from our Coronavirus Dance Impact survey show that dance organizations, groups and projects project losses of at least \$22M in income including \$16.5M in earned revenue and \$5.5M in contributed revenue directly related to cancelled performances and lack of clarity and guidelines for the dance sector reopening. The only effective way to sufficiently address this crisis is with an atypical intervention enacting borrowing authority for NYC, last utilized in the wake of another crisis: September 11, 2001. This allowed the City to reinvest into its local economy. The City has not properly funded its contracted businesses

leading to a multi-system collapse of industries and increasing unemployment adding to the State's financial precarity. This is an important moment to show the country and the world that New York State does not abandon its own, even when things get tough. We urge you to pass and enact authorization for the City to borrow up to \$5 billion to address immediate and long-term budget needs, bringing NYC vital relief.

The social and economic impact of the ongoing pandemic continues to build, with a delayed return to in-person performances and group classes even after a vaccine is available. We appreciate the measures already enacted to support small businesses such as the New York Forward Loan Fund but additional access to capital is desperately needed or the community services our sector offers are in danger of collapse. These services serve large numbers of New Yorkers, including communities of color, disabled communities, LGBTQIA+ communities and immigrant communities who have been disproportionately affected by the pandemic. As such, we are calling on the State to release the \$4 billion in funds from the Coronavirus Relief Fund established by the CARES Act. We are a great State, and we are confident that with support, both our sector and our City will rebound.

Dance/NYC strongly advocates for a vision rooted in inclusivity, equity, and sustainability for the arts and culture industry. Artists are necessary workers and in order to continue to be a driving part of the NYS workforce, legislation that facilitates access to capital for small businesses is needed so that arts and culture can continue to thrive in a State known for its arts and culture.

For Dance/NYC and its constituents, the most urgent priorities are:

- 1) The State enacts legislation (e.g., forgivable loans, State funded grants) facilitating access to capital for small businesses such as small family run dance studios, who anchor our communities, to allow them to survive the pandemic and continue to provide community service as they have done for decades; and
- 2) The State to enact borrowing authority for New York City to borrow up to \$5 billion to address immediate and long-term budget needs, bringing vital relief and support to small businesses; and
- 3) The State to release \$4 billion from the Coronavirus Virus Relief Fund provided by the CARES Act to provide capital to small businesses who will help our communities to weather the storm by providing economic stimulus, jobs and community services all impacted as a result of COVID-19.

We commend the ongoing efforts to slow the spread of COVID-19, while safely reopening the State. Dance small businesses have been among the last to reopen and are critical to rebuilding our communities and economy. We thank you for your leadership in focusing on the health and safety of New Yorkers and the continued sustainability of small businesses as we move through this pandemic.

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