



American
Public Gardens
Association



July 13, 2020

The Honorable Nancy Pelosi, Speaker
United States House of Representatives
1236 Longworth House Office Building
Washington, D.C. 20515

The Honorable Mitch McConnell, Leader
United States Senate
317 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Kevin McCarthy, Leader
United States House of Representatives
2468 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Charles Schumer, Leader
United States Senate
322 Hart Senate Office Building
Washington, D.C. 20510

RE: Emergency Aid Needed for Museums Impacted by COVID-19

Dear Speaker Pelosi and Leaders McConnell, McCarthy and Schumer:

The nation’s museum community is facing an existential threat from the closures required to address the COVID-19 pandemic. Museums anticipate closures and reduced visitorship through 2020 and into 2021. Normal revenue from admissions fees, retail sales, and event rentals have effectively ceased, and charitable contributions are expected to continue to decline dramatically. Preliminary data from an American Alliance of Museums survey shows that nearly 20% of museums face a significant risk of closing permanently. Nationwide, our museums are losing at least \$33 million a day due to closures and are in desperate need of significant federal support to maintain jobs, secure our cultural heritage, help to rebuild our nation’s tourism industry – and simply to survive the months to come. Addressing this threat requires decisive action from the U.S. Congress beyond previous economic relief legislation.

Museums are a robust and diverse business sector, including African American museums, aquariums, arboreta, art museums, botanic gardens, children’s museums, culturally-specific museums, historic sites, historical societies, history museums, maritime museums, military museums, natural history museums, planetariums, presidential libraries, public gardens, railway museums, science and technology centers, and zoos.

Museums are economic engines. Economic impact data compiled by AAM and Oxford Economics shows that the museum economy contributes \$50 billion a year to the U.S. economy and generates \$12 billion in tax revenue to local, state, and federal governments.

Museums are vital local sources of employment, supporting 726,000 direct and indirect jobs annually.

Museums are community anchors, addressing challenges in times of crisis like the one we are currently experiencing. Museums are pivotal to our nation's ability to manage through the pandemic and recover from it. Unfortunately, we expect hardships to be faced by increasing numbers of museums in communities across the country in the months ahead underscoring the need for continued and immediate emergency economic relief to enable them to serve the public now and in the future.

As you consider the next round of coronavirus economic relief legislation, we urge you to:

Continue Emergency Funding Programs that provide nonprofits, including museums, with critical financial support enabling them to serve their communities during the pandemic and to support recovery and rebuilding efforts.

Our requests: (1) Extend and expand the Paycheck Protection Program ("PPP") by enabling a second round of funding for all nonprofits, including museums, and make eligible nonprofit organizations with greater than 500 employees; and (2) Enact and expand grant and funding programs, such as the proposed WORK NOW Act or the Employee Retention Tax Credit, to help nonprofits retain employees, scale service delivery, and create new jobs. PPP has been a lifeline for many museums and their employees but that lifeline has run out for many without Congress authorizing additional forgivable loans for current borrowers.

Provide Low-Cost Loans to Mid-Size and Larger Nonprofits which have not been able to access government funding. Nonprofits with 500 or more employees, including museums, are currently completely shut out of the two most important sources of COVID-19 financial support: the PPP and the Federal Reserve Main Street Lending Program ("MSLP"). The recently proposed "nonprofit" MSLP contains numerous financial restrictions and lacks the forgivable feature of PPP making it unattractive to most organizations that it would be targeted to the support.

Our requests: (1) Authorize and require the Federal Reserve to quickly finalize a nonprofit lending facility under MSLP that is tailored to accommodate mid-size nonprofits including language similar to H.R. 6800 that offers a loan forgiveness option; and (2) Extend eligibility of PPP to all nonprofits of all sizes similar to H.R. 6800 and lift the loan cap to appropriately reflect the operational needs of these nonprofits.

Provide Emergency Supplemental Funding for Museums. Museums are navigating complex decisions related to planning and preparing for phased reopenings, and struggling with how and when to do so. Even museums that have reopened are operating at reduced capacity, meaning that a return to normal operations and revenue will likely take months or years. In addition, museums are facing the substantial increased costs of health and safety upgrades needed to protect staff and visitors from the spread of the coronavirus. Museums are actively supporting the ongoing education of our nation's children by providing lesson plans, online learning opportunities, and drop-off learning kits to teachers and families, and serving their communities

in numerous other ways. But these institutions require additional funding to continue serving their communities in these uncertain times. Museums are pivotal to our nation's ability to manage through the pandemic and recover from it as our nation opens back up.

Our request: Allocate \$6 billion specifically for museums, to be administered by the IMLS – Office of Museum Services, including for general operating support, assisting museums in developing and sharing distance learning content, and pandemic recovery planning and implementation, including improvements to protect employees and visitors and reduce the spread of COVID-19.

(The \$6 billion figure is a conservative estimate based on budget numbers from several museum associations and numbers from the Oxford Economics/AAM's *Museums as Economic Engines* study. AAM calculates that museums are losing at least \$33 million a day due to closures as a result of COVID-19, will be in desperate need of significant federal support, and that the U.S. Congress needs to include at least \$6 billion for nonprofit museums in economic relief legislation to provide emergency assistance through December. The study shows the museum field directly employs 372,100 people and generates \$15.9 billion in income each year. It costs \$1.3 billion to keep 370,000 people employed per month so the estimated cost through December 2020 is approximately \$6 billion minus the two-months of possible assistance from SBA-related loan programs.)

Strengthen Charitable Giving Incentives to encourage all Americans to help their communities during these challenging times through charitable donations. Donations are especially needed today as nonprofits respond to the current health and economic crisis and will be critical in the future as nonprofits play an essential role in post-pandemic recovery efforts.

Our requests: (1) Expand the above-the-line or universal charitable deduction in the CARES Act by enacting the provisions in S. 4032/H.R. 7324, increasing the amount to one-third of the standard deduction; and (2) Extend this and the giving incentives enacted in the CARES Act through 2021.

Provide Full Unemployment Benefit Reimbursement to nonprofits that self-insure these benefits. Federal and state laws give nonprofits the option of operating as self-insured (“reimbursing”) employers that make payments to their state unemployment insurance systems for benefits attributable to them in lieu of advance contributions. Shut-down orders by government officials and program cancellations have forced nonprofits to furlough or layoff staff, triggering immediate, catastrophic unemployment payment bills that are due this month in most states. These challenges are exacerbating cash flow difficulties at a time when other employers will likely experience little or no additional costs resulting from COVID-19-related layoffs and are diverting valuable funds from mission-based services.

Our requests: Increase the federal unemployment insurance reimbursement for self-insured (reimbursing) nonprofits to 100% of costs.

Thank you for your consideration.

Sincerely,

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