

# California Theaters, Facing a Shaky Future, to Get \$50 Million in Aid

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LOS ANGELES — California’s beleaguered network of small, nonprofit theaters will receive a \$50 million one-time subsidy under a \$262 billion California state budget agreement signed this week by Gov. Gavin Newsom.

Mr. Newsom and his fellow Democratic leaders in the legislature, negotiated the assistance as part of a sweeping 2021-22 budget, which includes billions in economic relief for residents and small businesses struggling under the weight of the pandemic. The theater subsidy came after intense lobbying from small theaters concerned about their future after a 15-month shutdown. Compounding the effects was the prospect of sharply increased labor costs for many theaters as a result of a new gig worker law that took effect in 2020.

The theaters, which are smaller than 99 seats, already operate on shoestring budgets. Most remain closed, hoping to reopen this fall, but amid concerns about whether their audiences will return to sit in cramped halls with bad ventilation. Covid cases have been on the rise in Los Angeles, and the county has now advised people to wear masks in indoor public settings.

The gig worker law was intended to address the plight of people like Uber drivers, who were considered contract workers. But it would also affect many small theaters that treated employees as contract workers, paying them stipends typically ranging from \$9 to \$25 per rehearsal or performance.

Under the terms of that legislation, which took effect right before California shut down, the theaters will have to abide by a minimum wage, which will soon reach \$15 an hour in California, and cover payroll taxes, workers' compensation and unemployment costs. Some union theaters in Los Angeles were already doing this, but many had received an exemption from Actors' Equity, the national labor union for actors and stage managers, and said the additional costs could overwhelm their small budgets.

Some industries lobbied legislators in Sacramento for an exemption from that requirement. Equity strongly opposed seeking an exemption, and theater groups instead pushed for the subsidy.

The union applauded the outcome.

“This funding will make it possible for live arts employers to reopen, which will put Californians back to work and drive more economic activity throughout the California economy,” it said in a statement.

Theatric producers, also applauding the financial boost, warned that it alone would not be enough to assure the industry's long-term recovery. “Will it help?” said Martha Demson, the board president of the Theatrical Producers League of Los Angeles “Absolutely. Is it enough? It is enough for today. It is enough for this year. But it isn't enough to help our organizations achieve long term sustainability. That will require several years of significant funding.”

This funding is one of two ways the state has moved to bail out the small theater industry. The other is legislation, still under negotiation, that would create a stage agency to take care of the administrative costs of the payroll obligation of the law.

State Senator Susan Rubio, a Democrat pushing both measures, said she thought these efforts would help the theaters get past this difficult time.

“Small nonprofit performing arts companies have historically been undervalued and underfunded despite their contributions to the economic growth, social well-being and cultural vitality of the local communities they serve,” she said.