



**Written Testimony in Support of FY10 Appropriations for
The National Endowment for the Arts**

Submitted by Robert L. Lynch, President and CEO of Americans for the Arts
House Appropriations Subcommittee on Interior, Environment and Related Agencies

“Arts=Jobs”

March 31, 2009

Americans for the Arts is pleased to submit written testimony to the House Appropriations Subcommittee on the Interior supporting FY2010 funding for the National Endowment for the Arts at a level of \$200 million.

So much has transpired since the last time I had the honor to come before this panel and make the case for investing in the cultural, civic and economic well-being of the nonprofit arts community has across our country. I am grateful to Chairman Norm Dicks and new Ranking Member Mike Simpson for again providing Americans for the Arts the opportunity to assemble today’s panel of witnesses from acclaimed artists to leaders in the business world, each of them who in their own way provide the compelling arguments for further support of the arts in these trying economic times.

Today is Arts Advocacy Day on Capitol Hill, an annual grassroots gathering hosted by Americans for the Arts and cosponsored by 82 national organizations representing dance, theatre, music literature, visual and media arts-the full landscape of American culture. Collectively these groups represent tens of thousands of nonprofit and governmental cultural organizations at the state and local levels across the country. The united request that we present today is the result of the collaborative work of these passionate groups. My gratitude goes to all my colleagues who have worked on bringing this important summit together.

The title of today’s hearing says it all; “Arts = Jobs.” Last year on Arts Advocacy Day, a large portion of my testimony was devoted to the argument that the arts are a driver of industry whose jobs and collateral expenditures are proven economic catalysts that are the rival of any other segment of our economy. Now I am here to ask you to continue to help save those jobs which are still integral parts of the solution in solving this severe downturn.

Trying economic times; a phrase I use intentionally not only for dramatic effect, but for the unavoidable truth of knowing that I come before a committee that deals with our country’s purse strings. There will be no unseen elephant in the room about the severe economic downturn that is gripping our country -- we know the elephant is in the room. The nation’s financial crisis is indeed having a devastating effect on our families, jobs,

and communities and is appropriately at the forefront of all of our minds. And this committee has shown incredible leadership in advancing increased federal resources for the arts and arts jobs during these most trying of economic times as we saw recently with the \$10 million increase in this year's FY09 Omnibus bill and with the \$50 million appropriation in the Economic Recovery bill.

The tireless work of Chairman Norm Dicks, Appropriations Chairman David Obey, Congressional Arts Caucus Co-Chair Louise Slaughter and many others that sit on this committee and line the halls of Congress shepherded a heroic effort to preserve jobs in the cultural sector with the \$50 million in the American Recovery and Reinvestment Plan for the National Endowment for the Arts. These funds will throw a much needed lifeline to the thousands of cultural institutions, artists, and community businesses that rely on a robust arts sector. It is hard for me to put into the proper context how grateful the creative community is that our sometimes overlooked contribution to the nation's workforce was recognized by the new Administration and Congress.

This sentiment also extends, of course, to the \$10 million boost to the annual NEA appropriation as well. Mr. Chairman, your leadership has set a direct course towards restoring the NEA to the \$176 million level it once had, and I hope that we will soon be looking beyond that marker in the years to come.

The NEA, more so than many federal agencies, has the infrastructure and dexterity to expedite relief to workers immediately, in accordance with the Obama Administration's wishes that that these expenditures are of a quick and stimulative nature. And these are real jobs -- jobs that cannot be outsourced. Creating the ability to extend production seasons means the employment of not just performers but of the entire apparatus that it takes to execute high quality performances. These jobs are created in the United States and stay in the United States. I spoke earlier of the collateral benefits of cultural centers, but they are not the only beneficiaries of the recovery effort. By keeping those artists, artisans, production crews, educational programs, and local businesses working, you are relieving the burden on local governments as tax revenue keeps coming to the public coffers and eases pressure on the social safety net. This, of course, is like any other industry. NEA funding can be directly related to that effort.

At the core of our membership are 4,000 local arts agencies. A local arts agency (LAA) is a community organization, or an agency of local government that supports cultural organizations, provides services to artists and/or arts organizations, and presents arts programming to the public. One of the most valuable aspects of an LAA to the community it serves is its ability to take public funds and responsibly re-grant the funding to grant applicants, often building in a requirement for those funds to be matched by corporate or private contributions. The NEA's economic recovery funding strategy recognized this and provided a grant category specifically for LAA's as a method of providing \$100,000 or \$250,000 grants at the local level. . These grants awarded to LAAs will a) speedily disburse local funding to all the arts disciplines; b) help preserve and in some cases restore jobs for artists and administrators in the cultural workforce; and c) serve to increase access to the arts by continuing their high quality programs for

audiences in towns across the country. I want to encourage this Subcommittee to create a formal re-granting partnership program for local arts agencies to help the NEA better serve arts organization of all sizes in communities across the country.

Local arts agencies also have their ear closest to the ground to provide federal and state agencies with programmatic trends and a snapshot of the health of the arts field in every discipline. For example last month in Seattle, Mayor's office of Arts and Cultural Affairs, the Seattle Foundation, 4Culture, and the Paul G. Allen Foundation commissioned Helicon Collaborative to provide a quick scan of the key impacts that the economic recession has had on the cultural communities in the Pacific Northwest. Measuring the effects on revenue, programming, personnel, venues, and audiences revealed a multi-layer dilemma that is in direct consequence to the economic downturn. Decline in ticket sales to events ranges from 5% to 30%; contributed income is down 7% to 20%; and corporate donations and sponsorships a whopping 20%-50%. Arts organizations in previously immune cultural hub communities like Seattle have been cancelling or curtailing programming, and delaying openings of new installations and concert series.¹

Here are some recent examples of the downturn's effects on specific institutions in communities across the country and of particular concern to panel members:

- Some of the largest Tacoma-area businesses have eliminated or curtailed performing arts sponsorships for this year, and possibly longer, including **Russell Investments** and **Boeing**.
- Corporate funding for arts and culture groups dwindled in **Boise** from totals in the tens of thousands to just \$5,000 in 2008. With businesses leaving the city or merging with other groups (**Ore-Ida, Albertsons, etc.**), charitable contributions decisions have been moved to new corporate headquarters cities.
- Staff reductions and layoffs have taken place at the **Phoenix Art Museum, Phoenix Symphony** and **Free Arts of Arizona**.
- **Theatre West Virginia** in Beckley was forced to sell off its assets due to the loss of a \$100,000 state grant. The 38-year-old company's shows benefit the entire economy of the region – from hotels to gas stations and restaurants.
- The collapse of **Washington Mutual Bank** has meant a large loss of contributions to Washington State's arts organizations. Seattle's Repertory Theatre, the largest nonprofit resident theater in the Northwest, is struggling to replace WaMu's \$50,000 annual contribution. WaMu contributed liberally to Seattle's symphony, ballet, theatres, and art museum, and gave more than \$100,000 a year to ArtsFund, the united arts fund that raises money for local arts.
- The United Arts Council of **Greensboro, NC** was forced to cut 5 percent from the grants it planned to give to 13 local arts groups. The council was forced to cut its budget by 12 percent for the year.
- The city of **Riverside, CA** funded the arts and cultural affairs division at a limited level of \$3 million last year. This year's budget is expected to drop 7%.

¹ The Economic Recession's Impact on Cultural Organizations in the Puget Sound, February, 2009

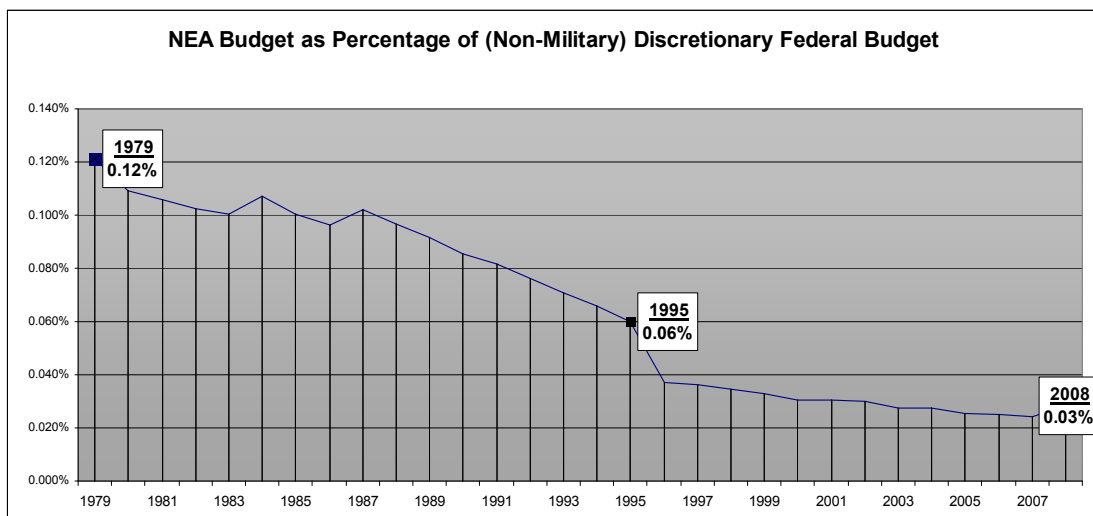
But we do not believe that government is the only answer in addressing the gaps in funding. Arts organizations are tightening their belts and using their creative talents to try and keep delivering the same high quality productions, services and programming our communities have been used to. But government is a necessary and vital partnership that is the catalyst for the large majority of the art community's support, the private sector and individual giving.

Earlier this year, the National Governor's Association issued a report titled, "Arts & the Economy: Using Arts and Culture to Stimulate State Economic Development" which provides excellent strategies to assist state governments in their efforts to develop new cultural assets and increase revenue streams. The report states, "Governors increasingly recognize the importance of the creative sector to their states' economy and ability to compete in the global marketplace."

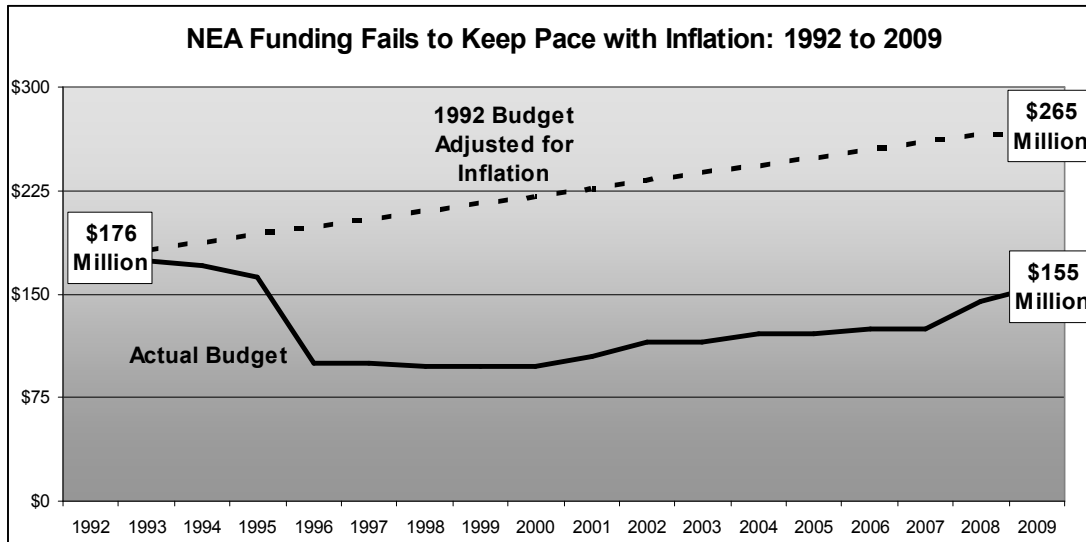
Just last week I had the opportunity to testify before the Education and Labor Committee and Chairman George Miller on the impact of the arts in the economy and workforce. The committee is charged with the authorization of the National Endowment for the Arts and in my testimony it was incumbent on me to demonstrate how the vast diversity of support that enables the cultural sector to flourish is actually sparked by the infusion of federal, state, and local government dollars.

As much benefit as the arts provide to their communities, federal funding has failed to keep pace to capture these upsides of the arts—neither in terms of tracking with inflation nor with as a steady share of the non-military discretionary spending.

[Chart 1] Thirty years ago, the NEA received a modest 12 cents per \$100 of non-military discretionary spending. Today that is just 3 cents per \$100. If the NEA simply maintained its 1979 percentage of discretionary funding (0.12%), its 2008 budget would have been \$613 million.



[Chart 2] If the NEA's 1992 budget had merely kept pace with inflation, its 2009 budget would be \$265 million instead of \$155 million.



Conclusion

The arts must not be taken for granted. They are not only integral to our lives but also to our economy. Most citizens throughout America appreciate the arts for their intrinsic values—their beauty, vision, and inspiration; their ability to open new horizons and sharpen and challenge our thinking.

But everyone should understand the essential contribution of the arts to the growth of our economy. The arts are not a frill. Rather, they provide cultural and economic benefits, and real jobs for real people. They are at the heart of countless U.S. industries that rely on talents fueled by design and creative content. Arts-centric jobs are core to building a new kind of workforce to compete in the 21st century global economy. The arts are fundamental to putting Americans back to work.