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COMMUNITY VOICES

Cutting the arts may cost the city

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Mayor Street's proposed $4.4 million cut in arts funding for fiscal 2005 comes at an ironic time - just when the city and nation need more economic activity. And the arts generate that activity at a rate that would impress even the most conservative investor.

According to a 2002 study conducted by economists at the Georgia Institute of Technology for my organization, **Americans for the Arts**, the nonprofit arts industry generates $134 billion in economic activity every year. That's more than most nations' gross domestic products. That $134 billion supports 4.85 million full-time equivalent jobs - a greater percentage of the U.S. workforce than is employed as doctors, lawyers or accountants - and $89.4 billion in household income.

Four areas of Pennsylvania with a combined population of 1.1 million were included in the study - Berks, Lehigh, and Northampton Counties and Erie. The economic activity generated annually by their nonprofit arts organizations totaled $142 million.

Although Philadelphia was not included in the study, several comparably sized, arts-intensive cities that were included underscore the point. In Phoenix (population projected to hit 1.5 million this month), the nonprofit arts generate more than $260 million in economic activity annually. In the city and county of St. Louis (population 1.4 million), the arts generate $450 million.

(A 1998 study set the Philadelphia region's cultural spending at $564 million.)

Nationally, the nonprofit arts industry - museums, theater companies, performing-arts centers, orchestras, dance companies, arts councils, and others - generates $24.4 billion in federal, state and local tax revenue annually. By comparison, federal, state and local governments combined spend less than $3 billion on support for the arts each year.

The financial return on government's investment in the nonprofit arts is, therefore, more than eight times the yearly investment. Even in boom times on Wall Street, no one imagines a return that big.

And the economic role of the arts is bigger still:

The arts attract new dollars in tourism, one of the fastest-growing economic markets in our nation today. Sixty-five percent of U.S. travelers include cultural events on their trips.

Public spending on the arts helps position our nation to be competitive globally. America's arts and entertainment are leading exports, with estimates of more than $30 billion annually in overseas sales.

Arts education is helping to enhance the American workforce of the future. It has been proven to increase students' cognitive development, to motivate and inspire discipline, to enhance confidence and inventiveness, and to hone communication and problem-solving skills. Students with an education rich in the arts have better grade-point averages, score better on standardized tests in reading and math, and have lower dropout rates.

Most of us who work in the arts believe that support for the arts can be justified on purely artistic terms - based just on their beauty, creativity, originality and vitality. The fundamental purpose of the arts, after all, is to delight, to inspire, to portray and to provoke. But at budget time, the arts must make their case on financial terms as well.

When governments at any level reduce their support for the arts, they are undercutting a nonprofit industry that is a cornerstone of the American economy. They are undercutting tax revenues, jobs, and the creative energies that underlie much of what makes America so extraordinary.

The $4.4 million in arts funding that Mayor Street proposes cutting from the city's budget will fill less than 2 percent of the city's projected $227 million budget gap, but it will cause a loss in economic activity that will be far more costly. Given the 8-1 return on investment that the nonprofit arts provide, the proposed cuts can be expected to result in a loss of tax revenues alone of more than $35 million - not to mention the loss of jobs.

For a nation and a city still struggling to emerge from a recession, how can those cuts make economic sense?

Robert L. Lynch is president and chief executive officer of **Americans for the Arts** (http://www.artsusa.org/), a nonprofit organization that advances the arts.