



**Written Testimony in Support of FY'06 Appropriations for the  
National Endowment for the Arts  
Submitted by Robert L. Lynch, President and CEO of Americans for the Arts  
Senate Appropriations Subcommittee on the Interior  
April 28, 2005**

Americans for the Arts is pleased to submit written testimony requesting that FY'06 funding for the National Endowment for the Arts (NEA) be restored to \$170 million, and that funds not be diverted from its *Challenge America* program. The requested funding would:

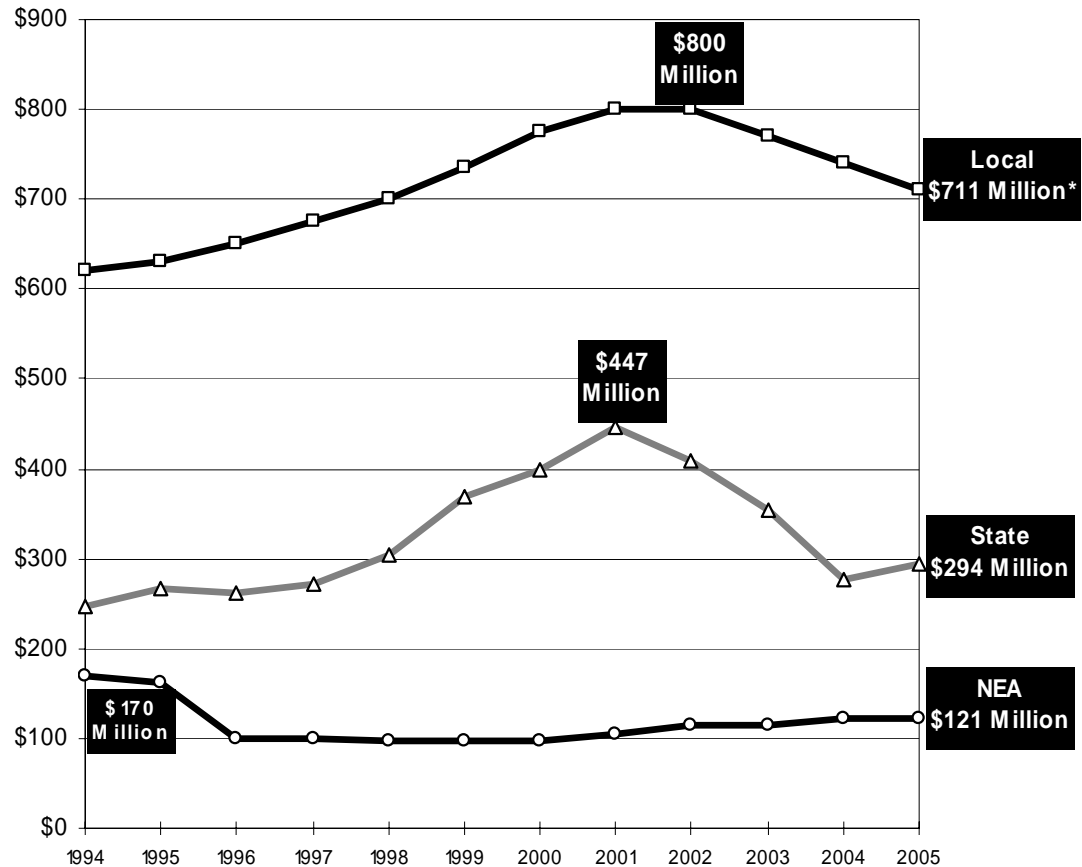
- restore the NEA's ability to perform its core mission of supporting the creation, preservation and presentation of the arts in America;
- strengthen the *Challenge America* program, which uses the arts to enhance America's communities through improved access to the arts for all Americans;
- expand special programs and initiatives; and
- cover increased administrative and grantmaking costs.

We would like to focus on four main areas: the role of local arts agencies; government funding for the arts at the federal, state and local levels; the *Challenge America* program; and a new updated report, *Creative Industries*, which documents the reach of the arts industry across the entire nation.

Local arts agencies are Americans for the Arts' key constituency, and advancing full and affordable access to the arts remains at the heart of our mission. Local arts agencies meet community needs by using the arts to address social, educational, and economic development issues as well as to promote individual creativity and appreciation. They make grants, provide services to artists and arts organizations, and present arts programming to the public. Typically, local arts agencies lead community cultural planning – a community-inclusive process of assessing local cultural needs and mapping a plan of implementation. NEA leadership has played a pivotal role in creating and sustaining local arts agencies, which have grown in number from 500 in 1965, when the NEA was established, to 4,000 today. Three-quarters of all existing local arts agencies are private non-profit organizations, while the remainder are public agencies.

As grantees of the NEA, local arts agencies are stewards of federal funds, which are instrumental in leveraging local government funds and private resources. They are vital to thousands of local arts projects that nurture the artistic excellence of local artists while creating jobs and fostering critical local, state and federal tax revenue. Federal funds are more important than ever: although local arts agency budgets saw steady growth for nearly a decade, changing economic conditions recently sparked declines in funding for these agencies. Unfortunately, however, the NEA has not recovered from the cuts of mid-1990's, when it lost 40 percent of its budget. The full picture of federal, state and local funding is illustrated in the following chart:

## Government Support for the Arts Federal, State and Local 1994 to 2005



- In 2003, **local** government arts funding dropped for the first time in 15 years after reaching an all-time high of \$800 million in 2002. The sluggish economy and post-9/11 drops in tourism reduced general fund appropriations as well as income from local option taxes (e.g., hotel or sales taxes dedicated to the arts). In 2005, local government arts funding will drop an estimated four percent to \$711 million.
- Following record growth in **state** arts funding in the late 1990's—reaching a high of \$446.8 million in 2001—legislative arts appropriations, which track closely with the economy, dropped to \$294 million in 2005 (34 percent decrease from 2001 to 2005).
- After reaching a high of \$176 million in 1992, the **NEA** budget was cut 40 percent in 1996 and remained relatively unchanged until 2001. The 2005 budget is \$121.26 million, a fractional increase from 2004 (\$120.97 million).

Source: Americans for the Arts. State arts funding data provided by National Assembly of State Arts Agencies. 2005.  
\*Estimated

### **Local Arts Agencies and Challenge America**

NEA is making a determined effort to bring the arts to all Americans through the *Challenge America* program. The program's broad-based goals are to connect families and communities more closely to the arts, to provide access to the arts in underserved areas, and to reach communities not previously served by the NEA.

Since its initial funding, *Challenge America* has reached hundreds of rural communities and inner-city neighborhoods with limited arts resources. Using these grants, LAA's have partnered with other organizations to tackle projects from developing economic cultural tourism plans and restoring historic structures to addressing educational needs. Thus, these grants help build local, sustainable arts infrastructure. In large part through *Challenge America*, NEA directly funded projects in 99 percent of all Congressional districts in FY 04, up from 75 percent previously.

Examples of recent *Challenge America* grants include:

- **Arts and Culture Commission of Contra Costa County, Martinez, CA**  
To support developing and maintaining various communications tools that promote the arts and to enhance outreach to underserved communities in the county.
- **City of Delta, Delta, CO**  
To support the Council Tree Pow Wow & Cultural Festival, presenting American Indian dancing, singing, drumming, and visual arts by local artisans. This is a joint project of the three Ute tribes, who had not worked together on any project since leaving their historic Delta homeland over one hundred years ago.
- **Billings Cultural Partners, Billings, MT**  
To support the creation and implementation of Westfest, positioning Billings as a cultural destination that will couple cultural events and attractions with services. Nineteen organizations are participating in this collaborative effort, including Yellowstone County, the Downtown Billings Association, and the city's arts and cultural institutions.
- **Salt Lake Arts Council Foundation, Salt Lake City, UT**  
To support Living Traditions: A Celebration of Salt Lake's Folk and Ethnic Arts. The three-day festival is expected to have an audience of up to 40,000.

Unfortunately, the President's budget request for NEA is for level funding. Furthermore, it would cut *Challenge America* by about \$6 million, while expanding the new American Masterpieces initiative. We appeal to the Subcommittee to preserve existing programs of proven effectiveness before expanding new initiatives.

### **Creative Industries and Jobs Are In Every State and Congressional District**

Finally, we wish to bring to the Subcommittee's attention a new report conducted by Americans for the Arts, "Creative Industries", which provides a new, research-based approach to understanding the scope of the arts, and demonstrates the need to cultivate our nation's innovative workforce.

The creative industries are composed of businesses that are involved with the creation and distribution of the arts, ranging from nonprofit museums, symphonies, and theaters to for-profit film, architecture, and advertising companies. When the non-profit and for-profit sectors are studied together, a clear picture emerges of the contributions of the creative industries to local economies. Indeed, they form a bridge to all corners of the new "information economy", the fastest growing sector of the U.S. economy.

Based on data provided by Dun & Bradstreet, the report shows that as of 2005, there are 578,487 arts businesses in the United States, employing 2,965,893 people. These figures represent 4.4 percent of all businesses and 2.2 percent of U.S. employment.

Using sophisticated mapping technology, the report reveals the extraordinary presence of the creative industries, showing that they are a significant portion of every congressional district's economic output.

By way of illustration, in the states just of Members of this Subcommittee alone, there are 155,778 businesses and 768,157 jobs in the Creative Industries. Here are the details:

	Employees	Businesses
Alaska	5,368	1,368
California	493,650	92,341
Colorado	55,077	13,051
Idaho	10,583	2,867
Maryland	46,536	10,742
Mississippi	11,708	2,778
Montana	8,752	2,170
Nevada	20,594	4,609
New Hampshire	10,599	3,166
New Mexico	15,175	4,129
North Dakota	5,430	1,085
Utah	23,290	5,045
Vermont	8,679	1,849
West Virginia	8,432	1,682
Wisconsin	44,284	8,896

Public funding for the arts and for arts education helps to create and sustain an environment in which these businesses flourish.

**CONCLUSION**

Local arts agencies are key players in improving community life, from offering in-school and after-school educational programs for children to working with local law enforcement to reduce crime. Similarly, local arts agencies are strengthening our communities' economies every day by increasing tourism, urban renewal, and attracting new businesses, all while contributing vital dollars in local, state and federal tax revenue. We urge this subcommittee to make a commitment to supporting education and community building projects through local arts agencies by restoring funding for the National Endowment for the Arts to \$170 million, and by ensuring that funding is not diverted from *Challenge America*.