



**Written Testimony in Support of FY08 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 Interior, Environment and Related Agencies
April 17, 2007

Americans for the Arts is pleased to submit written testimony to the Senate Appropriations Subcommittee on Interior and Environment supporting FY 2008 funding for the National Endowment for the Arts (NEA) at a restored level of \$176 million. Through this statement, we hope to provide you with a snapshot of some national trends in the arts community.

A month ago, Americans for the Arts hosted Arts Advocacy Day, an event that was cosponsored by 93 national organizations representing dance, theatre, music, literature, visual and media arts—the full gamut 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. On that day, we came together on a common agenda, and the above request – for \$176 million for the NEA in FY 2008 – is the result of the collaborative work of these passionate groups.

Our nation's leaders recognize that creativity and innovation are the key to remaining competitive in the 21st century. Too often, however, the role of the arts in fostering these attributes is overlooked or minimized. The fact is that creativity and innovation do not fit into the simple silos of “arts” or “science” or “mathematics” or “technology.” Any scientist will tell you that science is not merely a matter of logic but also one of creativity. It's no accident that Donna Shirley, who managed the Jet Propulsion Laboratory's Mars Rover project, said that 70 percent of her top scientific staff had an arts background. Any artist can testify to the discipline needed to excel. Many of our cultural and educational institutions, such as MIT, have educational programs, performances, and exhibitions that reveal and celebrate the complex relationships among art, science, and technology. The mathematical and scientific elements in music are obvious, from rhythm to acoustics. The physical and chemical properties of light, paint, and canvas are well known to visual artists – not to mention to those who are charged with the conservation of such works. But the arts also stand on their own as powerful stimulants of creativity. They demand intense concentration and keen observation; they facilitate comparison, judgment, and critical thinking; just as surely as does a complex math problem or a feat of engineering.

Leading voices in this field such as Daniel Pink, Sir Ken Robinson, and Richard Florida are speaking about the interdependent nature of arts, sciences, creativity, innovation, technology, education, and the economy, and the importance of developing multi-faceted policies that take advantage of their rich connections to each other. Congressional Arts Caucus Co-Chair Louise Slaughter has called attention to “the stunning gifts American artists make to our daily lives. Their creative force not only helps our children learn but also makes them smarter. It brightens

the life of each one of us, bringing us joy and comfort, enlightenment and understanding, in ways impossible to find otherwise. The arts and artists of America are our national treasure, which this great Nation needs, deserves, and must support as other nations do.”

Economic Impact and Reach of the Arts:

For some policy makers, the human enrichment factor of the arts is not always enough to motivate spending taxpayers’ money. To that point, I say that the arts also mean business. In 2002, Americans for the Arts released a groundbreaking national report, “*Arts & Economic Prosperity II: The Economic Impact of Nonprofit Arts Organizations and Their Audiences,*” documenting the economic return for communities that support the arts. It revealed that the nonprofit arts industry generates \$134 billion in economic activity annually, supporting 4.85 million full-time equivalent jobs and generating \$24.4 billion of tax revenue back to federal, state, and local governments. The best news is that the nonprofit arts industry is a growing industry that is a full partner of America’s new “information economy” and is inextricably rooted in creating home-grown American jobs that cannot be later outsourced abroad.

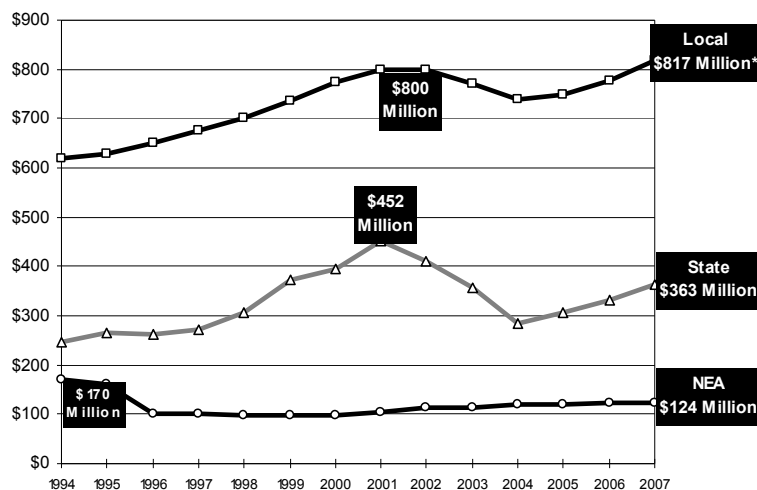
On May 22, we will release our largest-ever national report on the economic impact of the arts. More than 6,000 nonprofit arts organizations and 90,000 arts audience attendees in 157 communities in every state, including the District of Columbia, participated in this updated study.

According to data that we collect from Dun & Bradstreet, an astounding 547,000 companies in this country directly or indirectly center their business on the arts. We have mapped each of these companies by congressional district. The economic importance of the arts does not stop there. The arts fuel creativity and innovation in hundreds of other industries, ranging from product and software design to breakthroughs in science and medical research. It is no wonder Daniel Pink’s best selling book *A Whole New Mind: Why Right-Brainers Will Rule the Future* has taken the business community by storm with his assessment that “the MFA is the new MBA.”

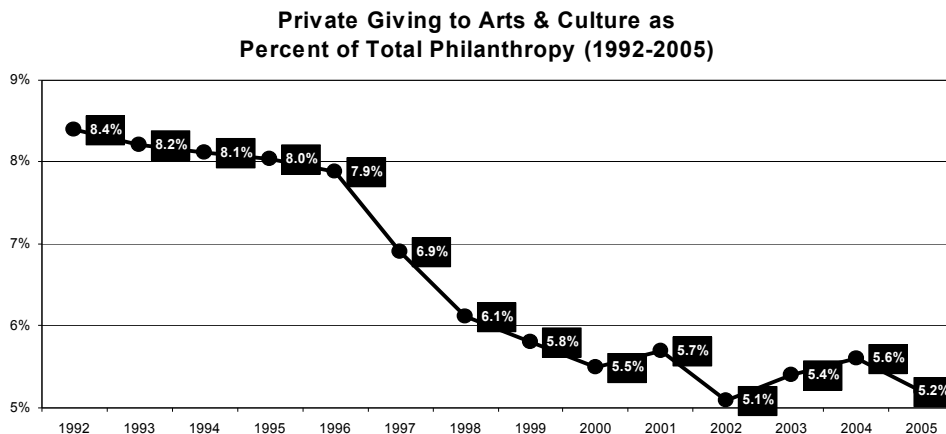
The Status of Public and Private Support for Nonprofit Arts Organizations:

Despite the economic and societal potential of the arts, the federal government has not kept pace with its government partners at the state and local level. Except for declines in funding after 9/11, local and state government budgets for the arts have collectively and steadily increased, respectively representing a 32 percent and 45 percent increase since 1994. On the other hand, federal support for the National Endowment for the Arts took a deep 40 percent cut in 1995 and has had only modest increases in the subsequent years, representing a 27 percent decrease.

**Government Support for the Arts: Federal, State, and Local
1994 to 2007**



During the mid-90s when Congress decided to cut funding for the arts, one rationale was that private sector charitable giving would easily make up for the funding gap. Unfortunately, the problem became worse. The matching requirement that is prerequisite in NEA grants acts as a powerful funding magnet for the arts. Despite record increases in total philanthropy for charities over the last decade, the market share of private giving to the arts has rapidly decreased, perhaps not so coincidentally around the same time as the cuts in federal funding for the arts.



Last October, the *Wall Street Journal* ran a major article on this topic, “Hunger vs. the Arts,” which described the challenges that arts organizations are facing as this market share of private sector support for the arts declines. Expressed in real dollars, if the nonprofit arts had merely maintained the 8.4 percent market share of total philanthropic giving that it enjoyed back in 1992, instead of the 5.2 percent market share it has today, there would have been an additional infusion of \$8.4 billion for the arts this year alone. The federal government can help reverse this trend by bringing back national attention and incentives for giving to the arts in America.

Local Arts Agencies

Since its inception, the NEA has had great influence on growing the local arts agency field, providing powerful incentives for local governments to step up their own government funding programs for the arts. The local arts agency field of community-based arts service and organizational capacity builders has expanded to include united arts funds, arts and business councils, statewide arts service organizations, and other community-based arts organizations. In 1967, shortly after President Johnson signed the act that created the NEA, there were 500 local arts agencies. That number has grown to about 4,000 today, an 800% increase.

Local arts agencies, along with state arts agencies, are the only organizations that are federally designated to re-grant NEA funds to help serve the unique needs of local arts organizations and individual artists. Also, in many cases, they are federal grantees themselves. Local arts agencies use NEA grants to create diverse public programs that include developing cultural plans; creating economic zones for cultural districts; distributing emergency relief funds; partnering with school districts to create arts education plans; and even coordinating local business groups with ‘central ticketing’ marketing projects. Perhaps most importantly, local arts agencies facilitate public and

private charitable giving to the arts through united arts funds. Examples of recent NEA grants to local arts agencies include:

- **Los Angeles County Arts Commission**, Los Angeles, CA
To support leadership development opportunities for municipal arts staff and commissioners. Project activities will include an internship program and the provision of grants for cultural planning or assessments that will culminate in a written plan with implementation strategies.
- **Mimbres Region Arts Council**, Silver City, NM
To support the Youth Mural Project. Students will be paired with professional artists, local historians, and community elders to produce murals that express aspects of the cultural history of the Grant County Region.
- **Salt Lake Arts Council Foundation**, Salt Lake City, UT
To support Living Traditions: A Celebration of Salt Lake's Folk and Ethnic Arts. Nationally recognized artists and local artists, including craftspeople, dancers, and musicians identified with the assistance of the staff folklorist of the Utah Arts Council, will share contemporary customs founded on local heritage.
- **City Cultural Commission**, Portsmouth, NH
To support an arts district planning process. This arts district planning study will build on priorities articulated in the current citywide cultural and master plans and will lead to the development of the Islington Street Arts District.

The NEA has also provided grants to local arts agencies to help administer emergency relief funds to communities affected by disaster, including grants to the New Orleans Arts Council after Hurricane Katrina and to the Lower Manhattan Arts Council after 9/11. However, because the NEA has no dedicated relief funds for the arts, it has been sometimes difficult to identify and disburse the funds as quickly as needed. For that reason, Americans for the Arts established its own permanent Emergency Relief Fund that disbursed over \$100,000 to Gulf Coast arts organizations within the first two weeks of Katrina hitting.

National Endowment for the Arts:

Federal support carries increased value because it sends a signal to other funders. As NEA Chairman Gioia recently noted, “In case after case, the NEA learned that its grants had a powerful multiplying effect. Every dollar that the NEA gave in grants typically generated seven to eight times more money in terms of matching grants, further donations and earned revenue.” The NEA should be a national leader in responding to the organizational capacity of arts organizations to help meet the growing needs of a growing population. Currently, however, the NEA budget of \$124 million is woefully inadequate to carry out this role. In 1992, the NEA’s all-time-high budget was \$176 million and we ask the Subcommittee to return the Agency’s budget to this level. Thank you very much for the opportunity to submit formal testimony on these issues.