



Written Testimony in Support of the Arts Workforce

Submitted by

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House Committee on Education & Labor

“The Economic and Employment Impact of the Arts and Music Industry”

March 26, 2009

Americans for the Arts is pleased to submit written testimony to the House Education & Labor Committee supporting the arts and cultural workforce. I am grateful to Chairman George Miller and Ranking Member Buck McKeon for providing Americans for the Arts the opportunity to testify today.

Before I begin with my statement today, I would like to congratulate Chairman Miller on the House passage of the GIVE Act last week. National service programs, when partnered with local arts organizations and art-related projects have a proven record of filling un-met needs. Together, national service and the arts create a powerful force, demonstrating the ability for Americans to take initiative, tap into their creative forces, and work together to address a broad array of community needs in our country. The GIVE Act legislation included a provision strengthening arts activities through national service – so thank you for that support Mr. Chairman.

Arts at Risk Today

Americans for the Arts estimates that 10,000 of the nation’s nonprofit arts and culture organizations are at risk of closing their doors in 2009, a loss of as many as 260,000 jobs. Last week, the *Wall Street Journal* ran an important article on this topic, “Arts Groups Lose Out in Fight for Funds,” (3/18/09) which described the challenges that arts organizations are facing in this current economy:

“Some cultural institutions have already folded. The Baltimore Opera’s board voted to liquidate the organization last week. Brandeis University officials are mired in controversy over a decision to sell parts of its Rose Art Museum collection. In January, the Minnesota Museum of American Art in St. Paul, which had existed in various forms since 1927, closed indefinitely. The Milwaukee Shakespeare theater company shuttered in October, after its main funder, a local foundation, dropped support.

“Many arts organizations are tightening their belts. In New York, where Wall Street banks have collapsed, the Metropolitan Museum of Art just cut 74 positions and warned it could slash another 10% of its work force by July. In Detroit, where General Motors Corp. and Chrysler LLC are on the verge of bankruptcy, the Detroit Institute of Arts

reduced 20% of its staff as part of a \$6 million budget cut, and the Detroit Opera canceled a spring production.”

Two paragraphs in just one news story, the likes of which is running every day somewhere in America. Arts organizations, however, are not fading passively. While reducing staff and length of seasons, they are also providing more “pay what you can” opportunities.

In Maryland, arts organizations are providing free admission to laid-off and furloughed state workers. In New Jersey, the opera is using vacant space at a retirement home for rehearsals and allowing residents to watch. In St. Louis, arts organizations are moving in to shopping malls to keep the property full of energy and help keep local merchants in business. Even in down economic times, arts organizations are working to strengthen their communities.

A monthly tracking survey of major performing arts centers conducted by AMS Planning & Research Corp of Fairfield, CT shows that a sample of major performing arts centers went from only 16% being behind on meeting their foundation contribution target in November 2008 to 58% of the centers falling behind in February 2009. The same drop was found in corporate support, 38% of the centers were behind in corporate support in November, and now 60% of these institutions are behind in corporate donations.

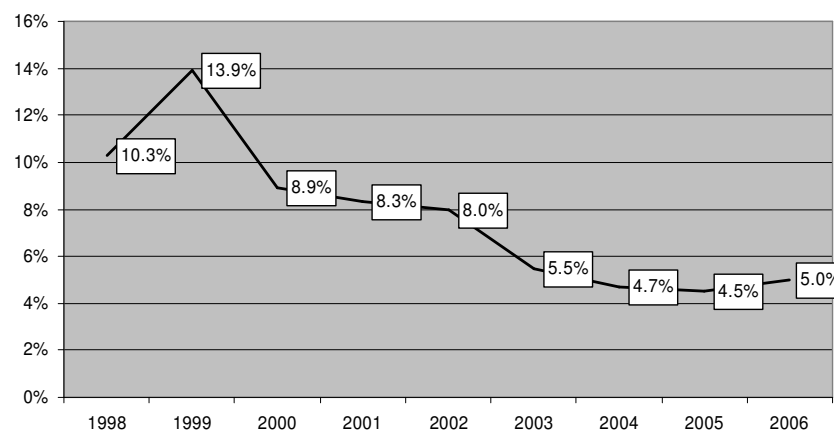
The most recent federal statistics are from the National Endowment for the Arts (NEA) itself. In report released earlier this month, the NEA found that artists are unemployed at twice the rate of professional workers – 6% vs. 3% for all professionals. The U.S. Census data shows that unemployment rates for artists have risen more rapidly than for U.S. workers as a whole.

Downward Pressure on Business Support to the Arts

In an effort to achieve more measurable results from their philanthropy, more businesses are reducing their charitable focus to a single funding category, such as health or education. This single-focus giving rarely focuses on the arts.

The arts have been steadily losing market share of total business support, according to longitudinal research conducted by the Conference Board. While much of this can be attributed to a huge increase of in-kind contributions of medications by drug companies, further analysis still demonstrates that the arts’ “piece of the pie” is getting smaller.

Arts Losing Market Share of Business Support



Source: Conference Board, 2008.

The Economic Recovery Bill

Last month, with the passage of the American Recovery and Reinvestment Act, a special \$50 million was directed to the National Endowment for the Arts to preserve and recover jobs in the arts. Thanks, to Congressional Arts Caucus Co-Chair Louise Slaughter and several others, the arts workforce has been thrown a much needed lifeline. 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.

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. 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 is directly related to that effort.

Economic Impact and Reach of the Arts:

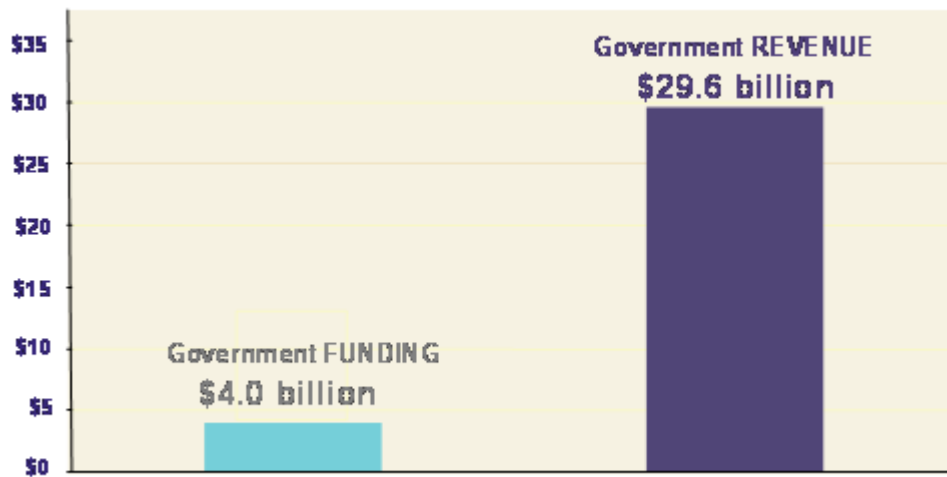
In my travels across the country, business and government leaders often talk to me about the challenges of funding the arts and other community needs amid shrinking resources. They worry about jobs and the economic performance of their community. How well are they competing in the high-stakes race to attract new businesses? Is their region a magnet for a skilled and creative workforce? I am continually impressed by the commitment to doing what is best for their constituents and to improving quality of life for all. The findings from our 2007 study, *Arts & Economic Prosperity III*, send a clear and welcome message: leaders who care about community and economic development can feel good about choosing to invest in the arts.

Some of the members of our panel will speak about what most of us share as the intrinsic benefits of the arts. Especially in these uncertain times, the arts have the power to inspire, create outlets for untapped creativity and expression, and engage in a shared civic discourse. I also realize that, for some policy makers, the human enrichment factor of the arts is not always enough to motivate spending taxpayers' money on the arts. To that point, I would add that, the arts mean business.

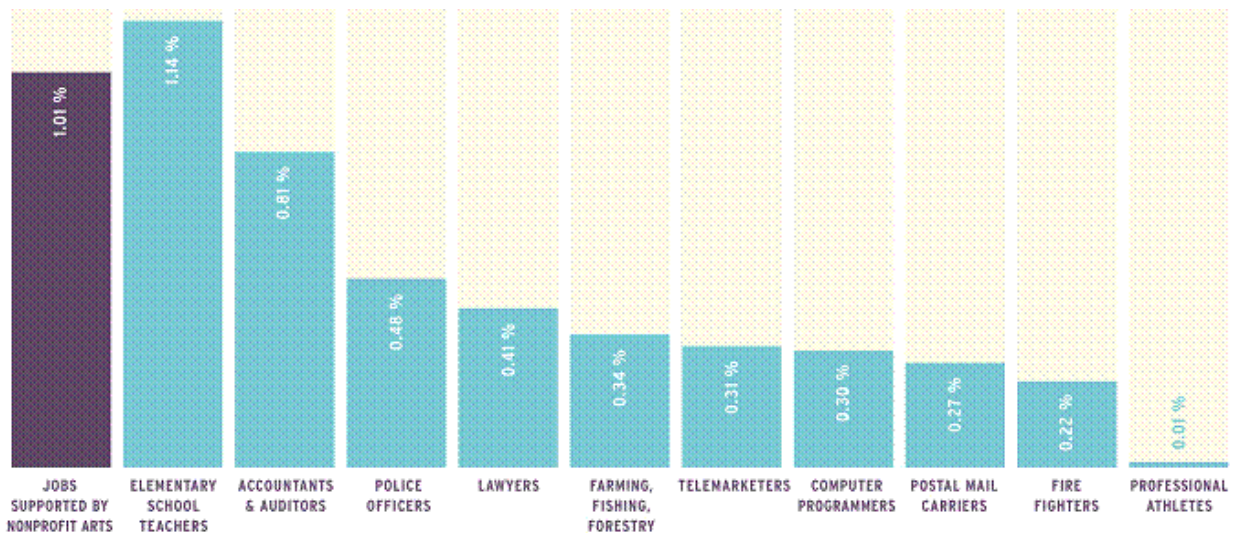
Arts & Economic Prosperity Study

Our 2007 economic impact study reveals that America's nonprofit arts industry generates \$166.2 billion in economic activity annually—supporting 5.7 million full-time equivalent jobs, \$104 billion in household income, and actually generating \$29.6 billion of tax revenue back to federal, state, and local governments combined. Between 2000 and 2005, these figures represented a 24 percent increase in economic activity and growth of 850,000 jobs.

The numbers are irrefutable; arts and culture mean business. Federal funding of arts and culture represents up to a 9 to 1 return on investment. \$1.4 billion in total funding returns \$12.6 billion to the federal coffers.



No niche industry, the nonprofit arts and culture industry make up 1.01% of the U.S. workforce. This may seem like a small percentage until you realize that it exceeds those working in the legal and accounting professions, or police and firefighting, for example. Elementary school teachers at 1.14% are one of the few sectors that surpass this number in terms of jobs supported by any sector.



The *Arts & Economic Prosperity* study has more good news for business leaders. Arts organizations—businesses in their own right—leverage additional event-related spending by their audiences that pump vital revenue into restaurants, hotels, retail stores, and other local businesses. When patrons attend a performing arts event, for example, they may park their car in a toll garage, purchase dinner at a restaurant, and eat dessert after the show. Valuable commerce is generated for local merchants. Our interviews of 95,000 patrons across all 50 states show that the typical attendee spends \$27.79 per person, per event, in addition to the cost of admission.

This is a great benefit from the \$50 million in economic recovery funding as well, since that spending will generate the same event-related spending.

When a community attracts cultural tourists, it harnesses even greater economic rewards. 39 percent of all arts attendance is by individuals who have traveled at least one county away to attend the event. Nonlocal audiences spend twice as much as their local counterparts (\$40.19 vs. \$19.53). Arts and culture are magnets for tourists, and tourism research repeatedly shows that cultural travelers stay longer and spend more. Whether serving the local community or out-of-town visitors, a vibrant arts and culture industry helps local businesses thrive.

Among the 160 communities and regions that we studied, a number of them are located in the districts of members of this committee and have been provided to you in your packets.

For example, I offer the following:

- Wilmington, Delaware, arts and culture organizations generate 1,372 Full-Time Equivalent Jobs (FTEs); \$35.7 million in household income; \$985,000 in taxes for local government; \$20.5 million in event-related spending averaging \$20.52 dollars per attendee excluding the price of admission.
- Greater Harrisburg, Pennsylvania, arts and culture organizations generate 2,123 FTEs; \$40.1 million in household income; \$2.9 million in taxes for local government; \$27.7 million in event-related spending averaging \$31.65 dollars per attendee excluding the price of admission.

Creative Industries: Business & Employment in the Arts

The good news about the economic benefits of the arts is that they extend beyond just nonprofit organizations. Provided for the committee, are maps that deliver a statistical mapping report of the size and scope of arts businesses in your Congressional District. Americans for the Arts defines the creative industries as both for-profit and nonprofit businesses involved in the creation or distribution of the arts. They are businesses that we participate in for enjoyment (such as seeing a movie, attending a concert, or reading a novel); engage in for business (architecture, design, and musical instrument manufacturing companies); and invest in to enrich community livability (such as museums, public art, performing arts centers).

We use as our data source, Dun & Bradstreet's national database of 14.3 million active businesses and 135.6 million employees in the United States. Widely acknowledged as the most comprehensive and trusted source for business profiles and listings, Dun & Bradstreet is recognized by both global industry associations and the U.S. Federal Government.

As of January 2009, our analysis reveals that **686,076** arts businesses exist across the nation and employ **2.8** million individuals. The Creative Industries report demonstrates that arts-centric businesses are contributing significantly to local economies across the country—representing 4.2 percent of all businesses and 2.04 percent of all jobs in the United States.

- California Congressional District 7 is home to 1,292 arts-related businesses that employ 3,983 people.

- California Congressional District 25 is home to 1,693 arts-related businesses that employ 5,636 people.
- New York Congressional District 4 is home to 1,605 arts-related businesses that employ 6,259 people.
- Pennsylvania Congressional District 19 is home to 1,188 arts-related businesses that employ 6,201 people.

Cities that want the competitive economic edge, use these data to measure their creative industries. With more than **686,000 arts-centric businesses employing nearly 3 million** people, arts education is a critical tool in fueling the creative industries of the future with arts-trained workers as well as new arts consumers. We know from published research studies that early learning in the arts nurtures the types of skills and brain development that are important for individuals working in the new economy of ideas. We also know that there is a strong correlation between participation and learning in the arts as a child and attendance of cultural activities as an adult.

Conclusion

The arts community continues to gather research on the status of the field. I thank the committee for this opportunity to join you today and look forward to further working with you to preserve and bolster this important creative workforce, to generate economic development opportunities for our communities and to continue providing our country a great source of arts and cultural support.