

**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
House Appropriations Subcommittee on Interior, Environment and Related Agencies
“Role of the Arts in Creativity and Innovation”
March 13, 2007

Americans for the Arts is pleased to submit written testimony to the House Appropriations Subcommittee on the Interior supporting FY 2008 funding for the National Endowment for the Arts (NEA) at a restored level of \$176 million. Through this statement, I hope to provide you with a snapshot of some national trends in the arts community. I am grateful to Chairman Dicks for providing Americans for the Arts the opportunity to help assemble today’s panel of eloquent witnesses, each of whom provides the subcommittee with a unique perspective on the arts.

Appropriately, today is Arts Advocacy Day on Capitol Hill, an annual grassroots gathering hosted by Americans for the Arts and 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. The united request that we present today is the result of the collaborative work of these passionate groups. I would like to take this opportunity to formally present you with the 2007 Congressional Arts Handbook, which provides legislative issue briefs, facts, figures, and research that the subcommittee and its staff may find helpful over the course of the year. My gratitude goes to all my colleagues who have worked together on it.

The title of today’s hearing is the “Role of the Arts in Creativity and Innovation.” 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:

I 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 say that the arts also mean business. As you may recall 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 significant economic return that communities have on their support for the arts. That report revealed that America's nonprofit arts industry generates \$134 billion in economic activity annually, supporting 4.85 million full-time equivalent jobs and actually 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.

It’s been five years since the last economic impact study was released. I am pleased to say that on May 22 of this year, Americans for the Arts will be releasing its 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.

Today, I can preview to Chairman Dicks and Ranking Member Tiahrt some preliminary findings of the economic activity of the arts in Tacoma and greater Wichita, which fall within your respective districts. In Tacoma, annual arts organization expenditures totaled \$18.9 million, with related audience spending generating another \$17.8 million. In Kansas, Sedgwick County arts organizations spent \$27.6 million a year, with audience related spending adding another \$21.5 million in economic activity. Members of Congress need to know that the nonprofit arts industry is generating this kind of economic activity in every town and city in America, regardless of size or location. It is a simple truth that those communities that invest the most in the arts are also the communities that reap the greatest economic and societal benefits.

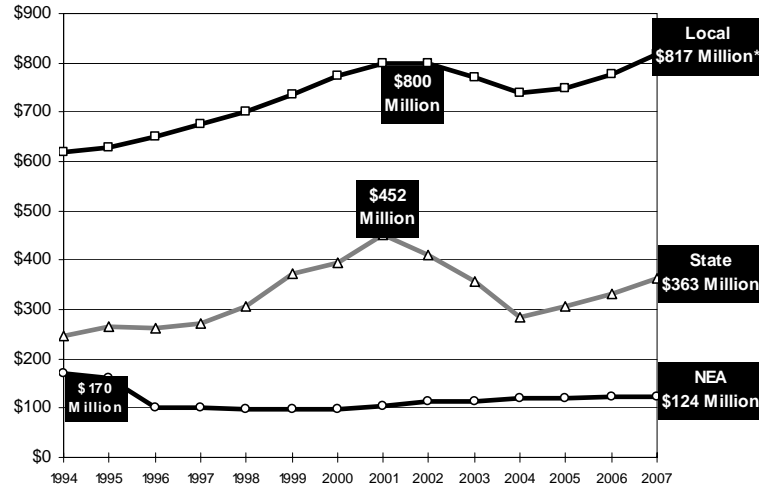
According to the creative industry data that Americans for the Arts collects and analyzes from Dun & Bradstreet, there are an astounding 547,000 companies in this country that directly or indirectly center their business on the arts. We have individually mapped each one of these 547,000 companies by congressional district, and today arts advocates are sharing these maps with their Members of Congress. 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,

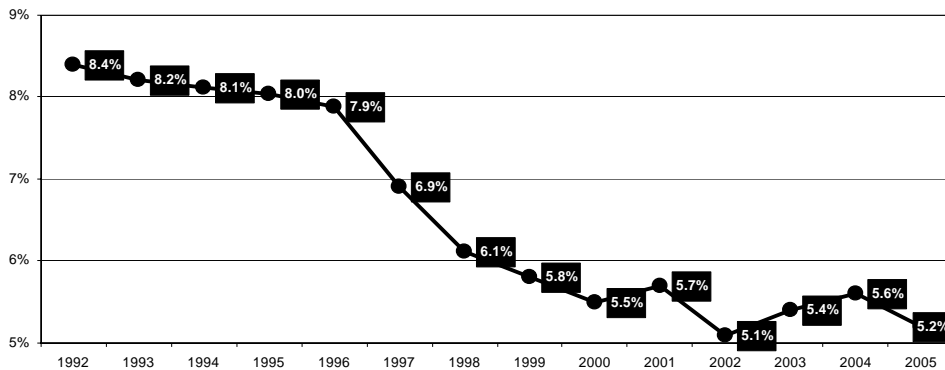
respectively representing a 32 percent and 45 percent increase since 1994. On the other hand, federal support for the National Endowment for the Arts took a deep 40 percent cut in 1995 and has had only modest increases in the subsequent years, representing a 27 percent decrease.

**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.

**Private Giving to Arts & Culture as
Percent of Total Philanthropy (1992-2005)**



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 (see King County grant example below.) 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:

- **Cultural Development Authority of King County, Seattle, WA**
\$50,000 - To support Arts Card, an entrepreneurial arts marketing tool using new technology to introduce audiences to the arts. Similar to a retail gift card, an arts card will be redeemable at participating arts organizations throughout King County.
- **Lexington Arts & Cultural Council, Lexington, KY**
\$15,000 - To support the consortium project “In This Place.” In partnership with the “Pick Up Performance Company” of New York, a site-specific public theater expressing lesser-known histories of the city of Lexington will be created.
- **Northampton Arts Council, Northampton, MA**
\$10,000 - To support musical presentations exploring Puerto Rican mountain music, known as the *jibaro* that was created by Puerto Rican rural sharecroppers.

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 I ask the Subcommittee to return the Agency’s budget to this level. Thank you very much for the opportunity to testify on these issues.