

# THE ECONOMIC AND EMPLOYMENT IMPACT OF THE ARTS AND MUSIC INDUSTRY

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## HEARING

BEFORE THE

COMMITTEE ON

EDUCATION AND LABOR

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

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HEARING HELD IN WASHINGTON, DC, MARCH 26, 2009

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## **THE ECONOMIC AND EMPLOYMENT IMPACT OF THE ARTS AND MUSIC INDUSTRY**

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**Thursday, March 26, 2009**

**U.S. House of Representatives**

**Committee on Education and Labor**

**Washington, DC**

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The committee met, pursuant to call, at 10:04 a.m., in room 2175, Rayburn House Office Building, Hon. George Miller [chairman of the committee] presiding.

Present: Representatives Miller, Kildee, Woolsey, Kucinich, Wu, Loeb sack, Hirono, Hare, Clarke, Shea-Porter, Fudge, Polis, Tonko, Titus, Platts, and Guthrie.

Staff Present: Tylease Alli, Hearing Clerk; Catherine Brown, Senior Education Policy Advisor; Alice Cain, Senior Education Policy Advisor (K-12); Jody Calemine, Labor Policy Deputy Director; Adrienne Dunbar, Education Policy Advisor; Curtis Ellis, Legislative Fellow, Education; Denise Forte, Director of Education Policy; David Hartzler, Systems Administrator; Fred Jones, Staff Assistant, Education; Jessica Kahanek, Press Assistant; Stephanie Moore, General Counsel; Alex Nock, Deputy Staff Director; Joe Novotny, Chief Clerk; Rachel Racusen, Communications Director; Melissa Salmanowitz, Press Secretary; Margaret Young, Staff Assistant, Education; Mark Zuckerman, Staff Director; Stephanie Arras, Minority Legislative Assistant; James Bergeron, Minority Deputy Director of Education and Human Services Policy; Robert Borden, Minority General Counsel; Cameron Coursen, Minority Assistant Communications Director; Susan Ross, Minority Director of Education and Human Services Policy; and Linda Stevens, Minority Chief Clerk/Assistant to the General Counsel.

Chairman MILLER. Morning. The Committee on Education and Labor will come to order, a quorum being present. And this morning we will begin our hearing on the arts and their importance to our country and to our economy by hearing from Congresswoman Louise Slaughter from New York, cochair of the Arts Caucus, a leader in the Arts Caucus for so many years; and Mr. Rob Bishop, a member of this committee from Utah.

Congresswoman Slaughter, we are going to begin with you. You are recognized for 5 minutes with Mr. Bishop.

[The statement of Mr. Miller follows:]

**Prepared Statement of Hon. George Miller, Chairman, Committee on  
Education and Labor**

Today we'll take a look at the impact of two important sectors of our economy—the arts and music—and how losses in these fields are impacting workers, families and communities across the country. Their contributions to our economy are frequently—and unfairly—overlooked.

Our economy is in the worst crisis this nation has seen since the Great Depression. Workers are losing jobs at a rate of over 600,000 a month, families are losing income and benefits, and communities are suffering. The unemployment rate has hit a 25 year high.

The non-profit arts and culture industries inject over \$166 billion into our economy each year, according to a recent study by the Americans for the Arts. These sectors support 5.7 million jobs and over \$104 billion in household income.

In many places, like my home state of California, for example, the arts and music industries are vital engines for local economies—making up a large share of revenue and providing many employment opportunities.

Spending by nonprofit arts and culture organizations provide work for more than just artists, curators, and musicians—they also directly support builders, plumbers, accountants, printers, and an array of other occupations.

Workers in these fields are bearing a disproportionate brunt of this economic tsunami. According to research conducted by the National Endowment for the Arts, unemployment in the arts rose at a higher rate than the overall workforce in 2008.

In fact, the unemployment rate for artists is double that of other professional workers. In the last quarter of 2008, the unemployment rate for artists grew by 64 percent—for a total of 129,000 displaced workers.

This is playing out even in the most iconic art venues. In January, more than a dozen Broadway shows in New York closed and Carnegie Hall has cut its schedule down by 10 percent.

The Philadelphia Art Museum announced it would have to eliminate 30 positions. The Miami City Ballet has cut eight of its 53 dancers.

Right here in DC, the Smithsonian has instilled a hiring freeze.

And community theatres across the country, from Massachusetts to South Carolina to Baltimore to San Francisco, are closing their doors.

Without the contributions and influence of the arts, our economy suffers greatly. Families suffer from layoffs, lost income and purchasing power.

When we talk about arts and music, we're not just talking about artists and musicians. We're also talking about museums and galleries, symphonies and orchestras, community theatres and other non profits that shape our neighborhoods, towns and cities.

This industry helps attract audiences, spurs local business development and stimulates learning in classrooms. Research shows that when students are exposed to arts and music, they perform better in other subjects.

President Obama has made it clear that arts and music have a critical role to play in improving our workforce, our schools, and our quality of life.

Arts, music and other cultural activities bring out our creativity and make us richer as individuals and communities.

For these very reasons, President Obama's economic recovery plan included a \$50 million investment to save jobs in the arts, supplement declines in charitable giving, and keep cultural activities thriving in communities.

He isn't the first President to recognize the importance of promoting the arts economy in times of recession.

President Roosevelt made art a focal point of his New Deal to lift this nation out of the Great Depression. His goal was to create programs that would help every American, no matter how poor, how hungry, how desperate.

He created the Works Progress Administration. This included creating a government relief program for 10,000 unemployed artists, who helped create 100,000 easel paintings, 18,000 sculptures, 13,000 prints, 4,000 murals and other works of art that have helped enrich our nation.

When Harry Hopkins, who President Roosevelt tasked to run the program, was questioned about it, he responded "Hell, they've got to eat just like other people."

Many of these murals can still be seen in schools, post offices and other government buildings. In my district, the Vacaville Post Office proudly displays "Fruit Season," an oil painting by Emrich Nicholson.

Today's hearing kicks off a series of our committee will hold this Spring to examine how the arts and music can help us rebuild towns and cities and spur economic growth and also how they can help improve student learning.

I look forward to hearing from our witnesses about how supporting the arts and music can help us build a stronger America. Thank you for being here.

**STATEMENT OF HON. LOUISE M. SLAUGHTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK**

Ms. SLAUGHTER. Thank you very much Mr. Chairman. Good morning, everyone. All members of the committee, thank you very much for letting me come this morning.

Chairman MILLER. We need you to pull that microphone closer to you. Is it on? Bend it down a little bit.

Ms. SLAUGHTER. I won't go through that again. I will just say good morning, everybody.

We are going to talk about an issue that is very near and dear to my heart this morning, the promotion of art, music and creative industries as an essential feature of our local, regional and national economies.

Mr. Chairman, it is such a pleasure to work with you in supporting our creative industries and our creative workforce. And I very much appreciate all of your efforts. As the Nation continues to shift from an industrial manufacturing economy to one based on ideas and information, cities and States increasingly recognize that the arts and culture are important economic assets. They create a hub of economic activity that helps an area become an appealing place to live, to visit and to conduct business. The industries also create jobs, attract investments, generate tax revenues and stimulate local economies through tourism and urban renewal.

And that is why both the National Governors Association and the U.S. Conference of Mayors agree that investing in arts and culture-related industries provide important economic benefits to local and regional economies. It is also no surprise that America's overall nonprofit arts and culture industry generates \$166.2 billion in economic activity every single year. The national impact of this activity is significant. It supports 5.7 million jobs and generates \$29.6 billion in government revenue.

Unfortunately, our creative industries have not been immune to the ongoing economic crisis. In fact, they have been particularly hard hit as corporate donations decrease, consumer spending on arts and cultural activities dwindle, organizations struggle to maintain their budgets, and arts and humanities funding decline as States struggle to manage their fiscal challenges.

Indeed, a \$7 million or 20 percent budget decrease in funding for the New York State Council on the Arts resulted in 573 arts organizations throughout New York State receiving no funding. Moreover, the Memorial Art Gallery and the Eastman School of Music at the University of Rochester in my district have seen philanthropic donations from their endowments decrease by over 20 percent. And public broadcasters in my district and across the country are struggling to maintain exceptional access to the arts in the wake of budget cuts.

Individuals who work in the creative industries are suffering. A report released this month by the National Endowment for the Arts found that unemployment rates for artists have risen more rapidly than for U.S. workers as a whole. A total of 129,000 artists were unemployed in the fourth quarter of 2008, an increase of 50,000

people, or 63 percent, from 1 year earlier. The report also found that the job market for artists is unlikely to improve until long after the U.S. economy starts to recover.

Creative workers who are not losing their jobs are nonetheless still suffering. For example, the Strong National Museum of Play in Rochester has reduced its share of health insurance that they can provide their employees. And the Philharmonic Orchestra has been forced to reduce hours for part-time workers and eliminate some benefits for all of their staff.

Clearly, now more than ever, we need to continue robust support for our Nation's creative industries and workforce. They pay their way. Supporting the millions of people employed in the creative industries as well as the organizations, businesses, and artistic institutions which contribute to local and regional economies is simply an imperative this Congress must not cast aside.

In addition to helping our workforce, artistic organizations, and cities survive this economic downturn, we should use this time as an opportunity to push for greater investment in arts education to prepare our children for the creative, dynamic, and innovative economy they will enter. Employers today in America and abroad are looking for imaginative and vibrant young men and women to fill their rosters.

Learning through the arts reinforces crucial academic skills in reading, language arts, and math. Just as important, learning through the arts gives young people the skills they need to analyze and synthesize information and to solve complex problems. Educating children early and continuously in the arts will prepare them for work in today's innovative and creative post-industrial society.

Again, I thank you for the opportunity to testify before you today and for holding this hearing at such a crucial moment. I look forward to working with you, Mr. Chairman, and Mr. McKeon and others on the committee as well as everybody else in the House to help support our creative workforce and industries, and I thank you very much.

[The statement of Ms. Slaughter follows:]

**Prepared Statement of Hon. Louise McIntosh Slaughter, a Representative  
in Congress From the State of New York**

Good morning. I would like to thank you, Chairman Miller and Ranking Member McKeon for the opportunity to testify before the Committee today on an issue that is near and dear to my heart—the promotion of art, music and creative industries as essential features of our local, regional, and national economies. Mr. Chairman, it is a pleasure to work with you in supporting our creative industries and our creative workforce, and I very much appreciate all of your efforts.

As the nation continues to shift from an industrial manufacturing economy to one based on ideas and information, cities and states increasingly recognize that the arts and culture are important economic assets. They create a hub of economic activity that helps an area become an appealing place to live, visit and conduct business. These industries also create jobs, attract investments, generate tax revenues, and stimulate local economies through tourism and urban renewal. That is why both the National Governor's Association and the U.S. Conference of Mayors agree that investing in arts and culture-related industries provide important economic benefits to local and regional economies. It is also no surprise that America's overall nonprofit arts and culture industry generates \$166.2 billion economic activity every year. The national impact of this activity is significant, supporting 5.7 million jobs and generating \$29.6 billion in government revenue.

Unfortunately, our creative industries have not been immune to the ongoing economic crisis; in fact, they have been particularly hard hit as corporate donations decrease, consumer spending on arts and culture activities dwindle, organizations struggle to maintain their budgets, and arts and humanities funding decline as states struggle to manage their fiscal challenges. Indeed, a seven million dollar, or twenty percent budget decrease, in funding for The New York State Council on the Arts resulted in 573 arts organizations throughout New York State receiving no funding. Thirty-four of these organizations are in my congressional district. Moreover, the Memorial Art Gallery and the Eastman School of Music at the University of Rochester have seen philanthropic donations and their endowments decrease by over twenty percent. And public broadcasters in my district and across the country are struggling to maintain exceptional access to the arts in the wake of budget cuts.

Individuals working in the creative industries are suffering, too. A report released this month by the National Endowment for the Arts found that “unemployment rates for artists have risen more rapidly than for U.S. workers as a whole.” A total of 129,000 artists were unemployed in the fourth quarter of 2008, an increase of fifty thousand people, or sixty-three percent, from one year earlier. This report also found that the job market for artists is unlikely to improve until long after the U.S. economy starts to recover. Creative workers who are not losing their jobs are nevertheless still suffering. For example, the Strong National Museum of Play in Rochester, NY has reduced their share of health insurance they can provide their employees. And the Rochester Philharmonic Orchestra has been forced to reduce hours for part time workers and eliminate some benefits for all of their staff.

Clearly, now more than ever we need to continue robust support for our nation’s creative industries and workforce. Supporting the millions of people employed in the creative industries as well as the organizations, businesses and artistic institutions which contribute to local and regional economies is simply an imperative this Congress cannot cast aside.

In addition to helping our workforce, artistic organizations and cities survive this economic downturn, we should use this time as an opportunity to push for greater investment in arts education to prepare our children for the creative, dynamic, and innovative economy they will enter. Employers today in America and abroad are looking for imaginative and vibrant young men and women to fill their rosters. Learning through the arts reinforces crucial academic skills in reading, language arts, and math. But just as important, learning through the arts gives young people the skills they need to analyze and synthesize information, and to solve complex problems. Educating children early and continuously in the arts will prepare them for the work in today’s innovative and creative postindustrial society.

Again, I thank you for the opportunity to testify before you today, and for holding this hearing at such a critical moment. I look forward to working with you, Mr. Chairman and Mr. McKeon, as well as the rest of the Committee, to help support our creative workforce and industries.

Chairman MILLER. Thank you very much.  
Congressman Bishop.

**STATEMENT OF HON. ROB BISHOP, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF UTAH**

Mr. BISHOP OF UTAH. Well, I appreciate the opportunity of being here. This is a somewhat unusual position for me. I have never been on this side of the dais. I realize, though, that—

Chairman MILLER. We have hundreds of questions for you.

Mr. BISHOP. I realize, never before have I had such uninterrupted time nor have I spoken this early in a committee hearing before. So this is kind of neat. In essence, though, I am testifying to myself so if I start giggling, I told myself a joke, and I am not going to share it with the rest of you.

I have had a long tradition actually of being involved in arts, especially in the State of Utah. I was the House sponsor of what we passed, a percent for the arts, which was controversial at the time, but it actually added 1 percent to the buildings, of every State building, to do, simply for art additions to that.

I recognize, clearly, that even if you are the not musically inclined, everyone should learn to play the piano, simply because the personal decision it takes to try and learn how to do the fingering and to learn how to count has a remarkable achievement and a life skill. All kids should have auditoriums in their school, so they are simply taught how to be an audience.

When I was in school, even though I was not teaching in drama, I was involved with the Thespians program. I conducted a play every year for the drama teacher to help spread out the work. I accompanied in both schools that I taught for a couple of the plays. I met my wife in a community theater, where she was the princess and I was the prince, a role that she regrets ever having accepted.

Then, later, I became a member of the board of our community theater, and I was also chairman of the board. And I was there as the community theater decided to cut their ties with government spending and go out on their own and be a private community interest. Without that safety net of government spending that was coming to them, it was a, I thought, it was a very bold move, but it worked because we expanded our audience, and we simply found that charitable contributions were a way of continuing the product of a smaller, regional type of theater experience.

There are some things though that government simply cannot do, regardless of the approach to it. Whenever the government gets involved in art funding, there are simply always going to be winners and losers. It is a subjective criteria. It will always happen that way. Some people will get something; some won't.

What I found in running my small community theater and then a private theater organization was, when we tried to get some kind of national grant, the paperwork involved and the strings attached basically weren't worth it. Even when I went to the State of Utah with the Utah Arts Council, which was a much easier group with which to work, there was always the debate going on amongst those who gave out the money: Do we spend a lot of money on a few institutions to make them really good, or do you spread the wealth around? It doesn't matter what the decision is; there will always be some winners, and there will always be some losers, because there is no such thing as objective criteria on how to spend money on art. It is always subjective in some particular way.

I think the stimulus bill that we passed illustrates how that works. We gave in the stimulus package a whole lot of money for art programs. However, we did not have the time to develop a new criteria. So all the money went to programs that already had existing grants given to them. We didn't actually expand the pie. We didn't actually spend out to more and more institutions to try and help different groups. A few people got healthier. There were bigger winners. And, once again, there were losers. It will always be the situation that takes place in that kind of environment.

That is why, when the administration talks about cutting charitable deductions, that is such a threatening situation, especially for smaller organizations and more rural organizations who rely specifically on those charitable donations to survive. And that is one of the things that is very fearful, especially because, when there are charitable contributions, there becomes an emotional bond, an

emotional attachment that no government-sponsored program can ever replicate or ever match.

It is simply a matter of, if there is an entitlement, you are getting Federal Government money in some way. There is an entitlement mentality that you all recognize in the letters you receive from constituents who believe that they are entitled to something. That doesn't happen when you actually have charitable contributions going forward, back and forth.

There is in a charitable contribution an exercise in generosity that builds a relationship that is so important, especially for smaller arts organizations and for rural arts organizations. The giver gives because he recognizes there is a worth in that gift and has a desire to help. At the same time, the receiver, at least historically, has given something back, if nothing less or nothing more than gratitude. But there is always a give-and-take relationship.

That is the bond that is development. That is why Christ said, you should give of yourself to the poor. He didn't say take a knife and mug the first traveller that comes along and take his money to give to the poor, because there is a relationship that is built when one gives and one receives back and forth.

There is a sense of worth between the two institutions. The giver cares about the gift. He cares about the functioning of that institution. He cares about how that institution will operate. And the receiver, on the other hand, also has an increased significance with his stewardship of that particular gift. And that is why charitable contributions are so essential.

When I was running, when I was on the board and chairman of the board of our small theater group, it was essential that we had charitable contributions. And that is why what we should be doing in this country, especially in this environment, is trying to encourage charitable contributions; not discourage them, not in any way try to diminish them for whatever other tax purpose that may be gained.

That, by the way, is the same concept we have in our campaigns. We don't go out anymore trying to find a few big donors to fund campaigns. Instead, we get small contributions from a lot of people. And you ought to realize that when you ask somebody from a campaign, if they give you a \$25 bill, that may not fund a whole lot, but you build a relationship with that individual. There is a bond that is developed. It is a strengthening tie, and that is why charitable contributions are so essential.

And the one thing we need to do is do those types of actions that encourage charitable contributions. If we don't, there are going to be more winners and more losers. And those losers, unfortunately, are going to be more smaller organizations; they are going to be more rural organizations, where we actually need to expand the arts and what it can be.

Chairman MILLER. See how tough it is to be on that side of the table? Now you can jump up and come to this side of the table.

Mr. BISHOP. Can I ask myself a question then?

Chairman MILLER. On your own time.

Mr. BISHOP. I apologize. I was a minute and a half over. I didn't look there. I apologize for that, Mr. Chairman.

Chairman MILLER. Thank you very much, both of you, for your testimony and for your support. We look forward to continuing to work with you. Thank you so much.

We are going to now ask our panel of witnesses to come forward, and I am going to recognize Mr. Lynch, Mr. Spring, Mr. Bahr, Mr. Daly, Mr. Ridge, Ms. Florino, and Mr. Thomasian. If you would come forward, please.

The Chair is going to recognize himself for the purpose of making an opening statement. I was waiting for my Republican counterpart to show. Mr. Guthrie is here, and I will begin.

Today we will look at the impact of two important sectors of our economy, the arts and music, and how losses in these fields are impacting workers, families, and communities across the country. Their contributions to our economy are frequently and unfairly overlooked. Our economy is in the worst crisis this Nation has seen since the Great Depression. Workers are losing jobs at a rate of over 600,000 a month. Families are losing income and benefits, and communities are suffering.

The unemployment rate has hit a 25-year high. The nonprofit arts and cultural industries inject over \$166 billion into our economy each year, according to recent studies by Americans For the Arts. These sectors support 5.7 million jobs and over \$104 billion in household income. In many places, like my home State of California for example, the arts and music industries are vital engines of local economies, making up large shares of revenue and providing many employment opportunities.

Spending by nonprofit arts and cultural organizations provides work for more than just artists, curators and musicians. They also directly support builders, plumbers accountants, printers and an array of other occupations. Workers in these fields are bearing a disproportionate brunt of this economic tsunami. According to research conducted by the National Endowment for the Arts, unemployment in the arts rose at a higher rate than the overall workforce in 2008. In fact, the unemployment rate for artists doubled that of other professional workers. In the last quarter of 2008, the unemployment rate by artists grew by 64 percent for a total of 129,000 displaced workers.

This is playing out even in the most iconic art venues. In January, more than a dozen Broadway shows in New York closed, and Carnegie Hall has cut its schedule down by 10 percent. The Philadelphia Art Museum announced it would eliminate 30 positions. The Miami City Ballet has cut 53 of its dancers. Right here in D.C., the Smithsonian has instilled a hiring freeze. The community theaters across the country, from Massachusetts to South Carolina, from Baltimore to San Francisco, are closing their doors.

Without the contributions and influence of the arts, our economy suffers greatly. Families suffer from layoffs, lost income, and purchasing power. When we talk about the arts and music, we are not just talking about artists and musicians. We are also talking about museums and galleries and symphonies and orchestras, community theaters and nonprofits that shape our neighborhoods, our towns and our cities. This industry helps attract audiences, spurs local business development, and stimulates learning in classrooms.

Research shows that when students are exposed to arts and music, they perform better in other subjects. President Obama has made it clear that the arts and music have a critical role in improving our workforce, our schools and our quality of life. Arts and music and other cultural activities bring out our creativity and make us richer as individuals and communities. For this very reason, President Obama's economic recovery plan included \$50 million in investment to save jobs in the arts and supplement declines in charitable giving and keep cultural activities thriving in the communities.

He isn't the first President to recognize the importance of promoting the arts, and the arts economy, in times of recession. President Roosevelt made arts a focal point of his New Deal to lift the Nation out of the Great Depression. His goal was to create programs that would help every American, no matter how poor, how hungry or how desperate. He created the WPA administration. This included creating government relief programs for 10,000 unemployed artists, who helped create 100,000 easel paintings, 18,000 sculptures, 13,000 prints, and 4,000 murals and other works of art that have helped enrich our Nation. When Harry Hopkins, who President Roosevelt tasked to run the program, was questioned about it, he responded, "hell they have to eat just like any other people."

Many of these murals can still be seen in schools, post offices and other government buildings. In my district, the Vacaville Post Office proudly displays "Fruit Season," an oil painting by Emrich Nicholson, portraying the agricultural culture of that time in that community.

Today's hearing kicks off a series our committee will be holding this spring to examine how arts and music can help rebuild our towns and cities, spur economic growth, and how they can help improve student learning. I look forward to hearing from our witnesses about how supporting the arts and music can help us build a stronger America. And thank you very much for being here.

Now I would like to yield to Mr. Guthrie for the purposes of making an opening statement.

Mr. GUTHRIE. Thank you, Mr. Chairman.

And good morning, Mr. Daly. I spent a lot of time, when I should have been studying, watching you on television when I was in college.

Mr. DALY. Sorry about that.

Mr. GUTHRIE. You had a very great show, and I enjoyed watching it very much.

One of the benefits of living in a free society is that its citizens are free to create. This freedom has given birth to art forms that Americans and people around the world have enjoyed for decades. Take music, blues, country, jazz, rock 'n' roll, all of them come from America. Then there is Broadway and Hollywood. For more than a century, American films, plays, musicals and TV shows have been loved and respected the world over.

Mr. Chairman, we should be proud of our artists, but not just for their creative achievements. After all, they are in show business. It is a real industry that has ups and downs like any other. And what helps support this industry, in large measure, nonprofit and

charitable foundations. When you look beyond the superstars with their mansions and their millions, you find that many talented working artists across the country are supported this way.

Experts say that the \$43 billion that foundations give out help generate more than \$500 billion in household income. It also contributed some \$145 billion in tax revenues. That is music to a lot of people's ears, especially in these times.

But it seems President Obama wants to stop the music and send the band home. The Obama administration's new budget will limit charitable deductions in the Tax Code. These tax deductions allow, even encourage, people to give to foundations and charities. Whether they contribute \$25 or \$25 million, a deduction applies to them. And foundations need these donations.

Usually individual contributions are often their sole source of income. So if you limit charitable deductions, you limit support of the arts and other worthy causes. It is that simple.

Don't take my word for it. Ask Martin Feldstein. He is an economics professor from Harvard. He wrote an op-ed piece in The Washington Post yesterday about this very subject. In his article Feldstein says, President Obama's proposal would effectively transfer \$7 billion a year from the Nation's charitable institutions to the Federal Government. This transfer, Feldstein, says would basically be a nationwide tax on charities.

After speaking with Professor Feldstein, go talk to the Association of Performing Arts Presenters. In a report out this month, the association says that more than half of the performing groups with theaters and facilities have failed to meet their fundraising goals.

As the Obama administration tinkers with the Tax Code, it is important that we, as Members of Congress, understand how it affects nonprofits and foundations. Whether supporting a local theater group, homeless shelter, or children's hospital, nonprofits and charities play a starring role in American life. We should create policies that best increase philanthropy and private resources available for charities, including support of the arts.

Finally, we should highlight how private charities are independent, effective, and innovative, just like American artists, including the ones with us today. And I have an American artist at home. My 11-year-old is active in our children's youth theater and is going to be in Charlotte's Web next month. So that is an advertisement, if you are going to be in Bowling Green, Kentucky, to come see them. It has really made a difference. It is a place where she fits in. Where other kids play sports and TV, she fits in on the stage and has really enjoyed it.

Thank you, Chairman Miller, and I yield back.

Chairman MILLER. Thank you.

Thank you very much. Again, welcome to the committee. Thank you for giving us your time and your expertise.

I am going to introduce you quickly here, and then we are going to begin with your testimony.

Mr. Lynch, we are going to begin with you. When we do, when you begin testifying, a green light will go on in front of you. Unlike Mr. Bishop, you will see the red light come on. It is commanded that you will see the red light come on. At that point, your time will expire. There will be an orange light which will tell you, you

have about a minute. Five minutes is a very short period of time, so organize your thoughts well. But we want you to be able to be comfortable in delivering your testimony in a manner you think is coherent.

And then we will have time for questions. This hearing will end by 12:00. My concern is that we are into the amendment process on the floor, and I am not quite sure when we will be asked to go to the floor for votes. And depending on those circumstances, if it is a long series of votes, which it may be, hopefully, we will be done before then. But if not, we will not hold you until after those votes. That is something witnesses should not have to endure, is when we leave the room for an hour, and you have to stay here.

Thank you in advance. With all of those conditions, we really welcome your testimony.

First, let me begin by introducing Robert L. Lynch, who is the president and CEO of Americans for the Arts, a national organization dedicated to advancing the arts and arts education. Under his 24 years of leadership, the organization has grown over 50 times its original size. In 2005, Mr. Lynch created Americans for the Arts Action Fund to engage citizens in advocating arts-friendly public policies. Mr. Lynch plays piano, mandolin, guitar and lives in Washington, D.C.

Michael Spring is the director of Miami-Dade County Department of Cultural Affairs. Michael Spring serves as director of that organization. For over 25 years, he has served at the department. He has helped build Miami-Dade County's cultural community into more than \$922 million annual industry comprised of more than 1,000 nonprofit cultural groups and thousands of artists. Mr. Spring represents the department in numerous culture and civic communities, and he continues to paint and develop his interest in visual arts.

Michael Bahr is education director of the Utah Shakespearean Festival, where he has created numerous outreach programs for students. As a teacher in theater arts in Utah and California schools, Mr. Bahr developed educational theater programs in grade schools, junior highs and high schools. He received many awards for his work, including a 2-year nomination for the Huntsman Award and Outstanding Teacher of the Year.

Tim Daly serves as copresident of The Creative Coalition, a nonprofit, nonpartisan social and political advocacy organization for the entertainment industry. He is a veteran actor and has played a variety of roles in film and television. Mr. Daly received an Emmy nomination for Outstanding Guest Actor in a Drama Series for his role as J.T. in the HBO series "The Sopranos." He currently stars in season two of ABC's Private Practice and is also producing a documentary film, called "PoliWood," which takes an in-depth look at the 2008 Presidential election.

Bruce Ridge is chairman of the International Conference of Symphony and Opera Musicians, a conference of the American Federation of Musicians, and a member of the North Carolina Symphony, where he plays a double bass. Nationally, Mr. Ridge leads the conference's work in arts and advocacy, improving labor relations throughout the field. He has spoken around the country to orchestral musicians and arts administrators about increasing orchestra

services to their communities through enhancing business development and strengthening arts education.

Joanne Florino has been executive director of the Triad Foundation of Ithaca, New York, since April 2003. The Triad Foundation makes over \$9 million in grants each year, including grants in the arts in locations such as Charlotte, North Carolina; Tampa, Florida; and Ithaca, New York. Prior to working at Triad, Ms. Florino worked as the executive director of the Parks Foundation where she administered grant-making programs primarily focussed in higher education.

John Thomasian directs the National Governors Association Center of Best Practices, which helps Governors and their policy advisors develop and implement innovative solutions to governance and policy changes. The National Governors Association Center helps Governors and their staffs develop cutting-edge solutions to stay ahead of potential problems. As the center director, Mr. Thomasian oversees all there is of domestic policy with particular areas of expertise including energy, health care reform, homeland security infrastructure, the economy, and the arts.

With that, let me, again, welcome you.

Mr. Lynch, we are going to begin with you. Thank you.

**STATEMENT OF ROBERT L. LYNCH, PRESIDENT AND CEO,  
AMERICANS FOR THE ARTS**

Mr. LYNCH. Well, I want to thank you very much, Chairman Miller, for this opportunity, and also, I want to thank so many members of the committee for being here. It is very exciting to have this kind of a turnout.

The opportunity here is for us to talk about the broad spectrum of the arts, visual art, performing art, music, theater, dance, the creative industries as a whole. And I want to just—I have written testimony that I have sent forward. I simply want to say a few words, a few remarks that relate to that.

My remarks are basically that I have great news, and I have tough news. And you have heard some of both already as we have gone forward. Louise Slaughter, the great leader of our Congressional Arts Caucus, has been very articulate on talking about both the problems that the arts face and the opportunities here.

The great news is this: We know that there are 686,000 organizations out there, for-profit and nonprofit organizations, in the arts. We know that they employ 2.8 million people. That is more than people realize. Right there, it is interesting to look at: 4.2 percent of all businesses in America, and over 2 percent of all the jobs in America. And it is a growth industry as a whole.

The figures from 2008 to 2009, there is a 10 percent growth in the numbers of these organizations. When we take a look at these creative industries, if I were to take a look at Congressman Miller's district, there are 1,292 businesses, arts businesses, in that district, employing 3,983 people. And simply looking at the committee members, each of you has a packet with those figures.

But I look at Congresswoman Clarke's district, 1,287 businesses employing 4,000 people. Congresswoman Fudge's district, 1,416 businesses employing 9,320 people. This is big. This is important. This is good news for the arts. And it is the kind of news that the

United States Conference of Mayors thought was so important that they, when they came forward with their 10-point plan for a better America to the current administration, they included the arts as one of the 10 points.

Another thing that is very important for this committee, arts education. Arts education is at the core of creating those audiences and helping to create the actual artists themselves. And the Conference Board recently, the organization that all of business goes to for its information, came forward with a study that said that the businesses in the 21st Century, number one thing they want is creativity, creative 21st Century workers. But what was even more interesting is that they thought that, along with the superintendents of schools and other leaders in education, that the top of the list for creating creativity was having arts education in the schools. This is from the business community, not from Americans For the Arts. And I think that is very significant.

If I turn to the not-for-profit community, 100,000 of those 686,000 businesses are not-for-profit businesses. Museums, theaters and dance companies in every corner of the country, in every one of your districts, 5.7 million jobs come out either directly or indirectly out of that nonprofit business. You heard Congresswoman Slaughter mention it as a \$166 billion economic impact, returning \$29 billion to Federal, State and local tax coffers.

One thing that I thought you here in this committee should realize is that that growth industry largely was helped in 1965 when you launched the current infrastructure of support in the arts in America today, the National Endowment for the Arts coming out of this committee, the State structure or State arts agencies and the local arts agencies across the country. The infrastructure of support as we know it today. What I think is exciting there is that there is proof with those figures that the arts mean business, big business in this country.

Now for some tough news, 10,000 of those organizations are at risk in America; 10 percent of those organizations are at risk of going out of business entirely; 260,000 jobs would be lost if that were the case. The other 90 percent are having trouble as well, and there is a job loss there as well, but those figures get even bigger, bigger than we would want to actually look at as a loss in this country.

You have heard already that artists are unemployed currently at twice the rate of other professionals, the National Endowment for the Arts. Where does the money for the arts come from in America? We have talked about a number of things here. But it is basically pretty simple. Those 100,000 nonprofit organizations get their money from three sources. Half their money comes from earned income. That means the ticket buyer, the person who attends an event is, important. And disposable income is down. So that is being hurt. Forty percent comes from the private sector, donations, corporate individual foundation. With portfolios down, that money is hurt. The last 10 percent comes from government, most of it from local government and then State government and a tiny piece from the Federal Government. But that Federal Government piece has been the part that has leveraged all the rest over the last half century. So I think that it is important to understand that dynamic

and then look at all of—I am not going to read the list of hundreds of organizations that I have here that are actually going out of business across the country or at risk, but I will submit that as part of the testimony.

Chairman MILLER. Thank you.

Mr. LYNCH. What I want to say is, there is hope on the horizon. And you have given the hope. The omnibus bill, \$10 million more for the National Endowment for the Arts; the economic recovery bill, \$50 million more going out through that mechanism across the country. That hope is important. And what it says to me is that the arts are important; arts jobs and arts and economic impact are important and bigger than most people realize. The arts in America are at risk. And I ask the committee to help others understand that the arts are not part of the problem but part of the solution to America's problems. Thank you.

[The statement of Mr. Lynch follows:]

**Prepared Statement of Robert L. Lynch, President & CEO,  
Americans for the Arts**

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.

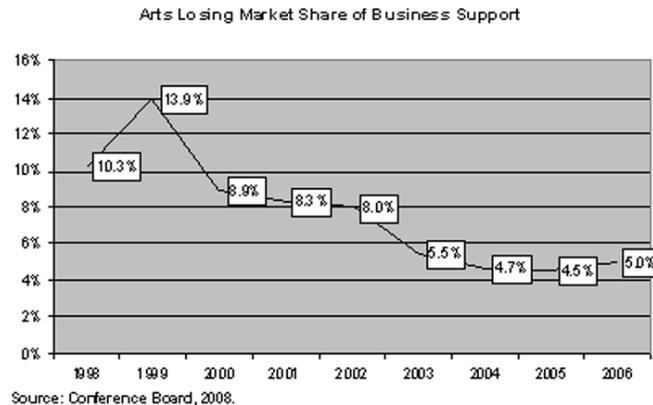
A monthly tracking survey of major performing arts centers conducted by AMS Planning & Research Corp of Fairfield, CT shows that a sample of major performing arts centers went from only 16% being behind on meeting their foundation contribution target in November 2008 to 58% of the centers falling behind 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.



#### *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

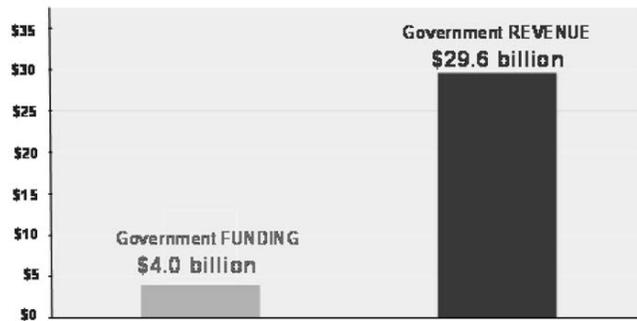
shrinking resources. They worry about jobs and the economic performance of their community. How well are they competing in the high-stakes race to attract new businesses? Is their region a magnet for a skilled and creative workforce? I am continually impressed by the commitment to doing what is best 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.

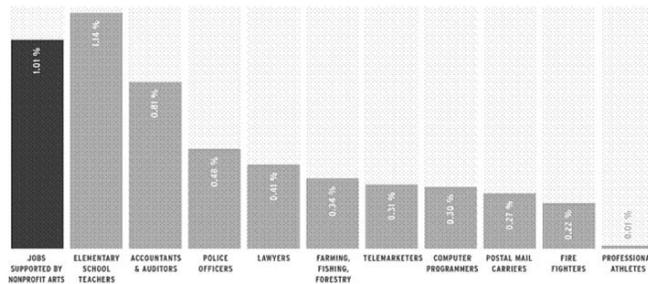
*Arts & Economic Prosperity Study*

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 fire-fighting, 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.

Chairman MILLER. Thank you.  
Mr. Spring.

**STATEMENT OF MICHAEL SPRING, DIRECTOR, MIAMI-DADE  
COUNTY DEPARTMENT OF CULTURAL AFFAIRS**

Mr. SPRING. Thank you for this opportunity to talk about the economic and employment impact of the arts from a local perspective.

For the past 27 years, our Miami-Dade County Department of Cultural Affairs has been at the center of one of our Nation's most dynamic, diverse, and rapidly growing arts communities. In 1982, there were a little more than 100 nonprofit arts organizations in Miami. Today there are more than 1,000 arts businesses.

I want to begin with a short story about just one of these arts organizations, Miami City Ballet. Each season, this 23-year-old company employs hundreds of people, not just the more than 50 dancers who have established the ballet as one of our Nation's great dance companies but also company administrators, accountants, carpenters, stage hands, seamstresses, teachers and physical therapists. Two months ago, Miami City Ballet made its triumphal appearance at City Center in New York City. The Times raved about the appearance saying, "this is as good an advertisement for its home city as any ballet company in America."

Less than 2 weeks later, back in Miami, the ballet announced that, due to the worsening economy, it was laying off dancers and reducing its budget by more than 25 percent for next year. There are more layoffs likely to come. Now I could have told this story from a human-interest perspective in a shameless attempt to pull on your heart strings. But that is not the point of my testimony today.

Instead, this story points out that our cultural sector is a major player in promoting Miami's new image for business and tourism. And it underscores the fact that arts organizations are subject to the very same forces affecting America's and the world's economic viability, job loss, and downsizing.

So what did you really expect from a guy from Miami? Perhaps testimony about the economy's impact on South Beach hotels and on our ocean-view condo market. Instead, you got a story about the ballet and jobs. Well, Miami-Dade County is an endlessly surprising place, even for those of us who grew up there. Our county government is investing more than \$1 billion in cultural infrastructure that is being matched multifold by businesses and individuals. Our Department of Cultural Affairs is one of the largest, in terms of budget size, in the United States.

Why is Miami-Dade County investing so aggressively in the arts? Well, the answer is really simple. Our local elected officials, our business leaders and the public understand that a community's culture is the cornerstone of its economic vitality. We have the facts to support this. Our recent report on the arts and the local economy documented a \$922 million impact by our arts and cultural industry each year. Our nonprofit cultural organizations employ more than 23,000 workers. The more than 12 million people who attend cultural events each year spend more than a half a billion dollars beyond just buying a ticket to performances. They park their cars in garages. They spend their money in restaurants, hotels and

shops before and after being energized by great theater, dance, and exhibition.

These days, rhetoric in Miami that attempts to stereotype the arts as a frill is drowned out quickly. There is overwhelming evidence all around us that cultural facilities and nonprofit arts organizations are employing people, making our community better, improving kids' lives and playing a catalytic role in neighborhood and business redevelopment.

Now, I know the people who work in our cultural industry. They are passionate about what they do, and they have to be, or they wouldn't be in this business. The average cultural worker in our community makes about \$28,000 a year. That is approximately 30 percent less than the community's overall average salary. And like many other American workers, our arts employees work more than one job to make ends meet.

Now, my mayor and the 13 members of our county commission see this phenomenal commitment every day. The budget for our Department of Cultural Affairs has more than quadrupled over the past decade. Even my exceedingly loyal staff of public servants knows that this is not just attributable to my charm and good looks. It is a recognition by our local elected leaders that the arts are a great investment for our community. The signal that our county is sending to our cultural workforce and to the business and individuals who support the arts is powerful. It is akin to the signal that this Congress recently sent across our Nation when \$50 million was approved for the NEA as part of the American Recovery and Reinvestment Act. It says that you understand that, like other industries, jobs in the cultural sector are being lost and jeopardized. It says to us that artists and cultural businesses are part of the solution for restarting our economy and rekindling the creativity and the character that continue to make America great.

I urge you to reinvest even more significant resources in the arts to help achieve America's economic and human recovery and revival. Thank you very much.

[The statement of Mr. Spring follows:]

**Prepared Statement of Michael Spring, Director, Miami-Dade County  
Department of Cultural Affairs**

My name is Michael Spring and I serve as Director of the Miami-Dade County Department of Cultural Affairs. I am responsible for supervision of a public arts agency in Miami, Florida with an annual budget of more than \$26 million and a staff of 35. Thank you for this opportunity to talk about the economic and employment impact of the arts from a local perspective.

For the past twenty-seven years, our Miami-Dade County Department of Cultural Affairs has been at the epicenter of one of our nation's most dynamic, diverse and rapidly growing arts communities. In 1982, there were a little more than one hundred non-profit arts organizations in our County; today, there are more than one thousand arts businesses.

This growth has occurred at every level—from grassroots, neighborhood groups energized by our tremendous diversity to major cultural institutions like the New World Symphony and the Miami Art Museum. We have been enriched by the waves of immigration that have brought new artists and arts supporters to our community and by the evolution of our County from a vacation and retirement spot to a major international center for commerce and tourism. Recognition of Miami's cultural stature has been accelerated by the accomplishments of our artists across the world and by recent phenomena like Art Basel Miami Beach, where thousands of arts travelers and members of the international press arrive in our community every December for the country's most exciting visual arts fair.

A one thousand percent growth rate is phenomenal for any sector of our economy. Our first generation arts enterprises are producing new work with a distinctive Miami “voice” and are helping to create a bold new city. Our community’s goal for investing in the arts is not modest; it is nothing less than establishing our place prominently in the global entertainment and economic marketplace.

I want to offer a short story about just one of our many outstanding arts organizations—Miami City Ballet. Each season, this 23-year old company employs hundreds of people—not just the more than fifty full-time dancers who have established Miami City Ballet as one of the nation’s great dance companies, but also company administrators, accountants, carpenters, stagehands, seamstresses, teachers and physical therapists. Two months ago, Miami City Ballet made its triumphal appearance at City Center in New York City. The New York Times raved about the performances saying, “this is as good an advertisement for its home city as any ballet company in America.” Less than two weeks later, back in Miami, the Ballet announced that due to the worsening economy, it was laying off 8 dancers and reducing its budget next season by more than 25%. There are more layoffs likely to come.

I could have told this story from a “human interest” perspective of dancers who have trained a lifetime and have mortgages and car payments to make. Or I could have talked about the legendary Edward Villella, the company’s artistic director, who has put his heart and soul into building this company. This would have been a shameless attempt to pull on your heartstrings; but that is not the point of my testimony today. Instead, this story points out that our cultural sector is a major player in promoting Miami’s new image for business and tourism. It also demonstrates that the non-profit arts industry, as an employer, is an integral part of our local economy. And it underscores the fact that arts organizations are subject to the very same forces affecting America’s and the world’s economic viability. The results—job loss and downsizing—are jeopardizing our ability to employ people and sustain this cultural segment of the economy.

Miami-Dade County is an endlessly surprising place, even for those of us who grew up there. It amazes visitors and even some residents that we are building one of the newest, major cultural centers in the world.

Our County government is investing more than one billion dollars in cultural infrastructure that is being matched multifold by businesses and individuals. Our Department of Cultural Affairs is one of the largest in terms of budget in the nation. Recently, we opened a major new, \$481 million performing arts center in downtown Miami. We are upgrading and building dozens of neighborhood cultural facilities. And just four years ago, the voters of our community passed a referendum by a two to one margin to approve more than \$450 million in general obligation bonds for cultural facilities building projects—including new downtown, bayfront art and science museums.

Why is Miami-Dade County investing so aggressively in the arts? The answer is very simple: our local elected officials, our business leaders and the public understand that a community’s culture is a cornerstone of its economic vitality.

We have the facts to support this. Our recent report on the arts and the local economy documented a \$922 million impact by Miami-Dade County’s arts and cultural industry each year. Our non-profit cultural organizations employ almost 23,000 workers. The more than 12 million attendees to cultural events each year spend more than a half a billion dollars beyond buying tickets to performances. They park their cars in garages and spend their money in restaurants, hotels and shops before and after being energized by theater, dance and art exhibitions. Our neighborhood businesses rely on the “traffic” created by our non-stop calendar of arts activities.

There is another powerful economic effect of the arts in our community. Cultural facilities and their performances and exhibitions are revitalizing our neighborhoods. Our Mayor and County Commission have seen the transformative effect of the arts on some of the most abandoned and neglected parts of our community. Miami-Dade is a living laboratory demonstrating how pioneering arts groups and artists have helped to transform places like Lincoln Road, South Beach and Little Havana from once forbidding to now thriving and safe neighborhoods. In fact, we designated our new performing arts center as the catalytic project for the tax increment district in the north part of downtown Miami. The Center’s effect on revitalizing this area has far exceeded even the most optimistic projections. Tax increment funds have grown ten times as much as expected. What was a part of downtown that people avoided is being transformed into a vibrant entertainment, education and business district.

These days in Miami, attempts at rhetoric that stereotype the arts as a “frill” are drowned out quickly. There is overwhelming evidence all around us that cultural facilities and non-profit arts organizations are employing people, making our com-

munity better, improving kids' lives and playing a catalytic role in neighborhood and business redevelopment.

In fact, the John S. and James L. Knight Foundation affirmed the power of the arts last year when they announced the investment of \$40 million of the foundation's funds in our community through the Knight Arts Challenge. In considering the most promising way to continue to transform Miami into one of the great 21st century cities, the Knight Foundation selected the arts as its one strategic area for this significant infusion of private funds.

Our burgeoning cultural life also is a strategic element of promoting Miami as a tourism destination. Our Greater Miami Convention & Visitors Bureau gets it. They understand that a community's cultural assets give it a competitive edge in attracting tourists and conferences. When we vie with the Caribbean for vacationers, submit our successful bids to host Super Bowls or compete for major conventions, we sell our destination as the "sophisticated tropics"—featuring fabulous beaches, great shopping and cuisine, America's preeminent cruise ship port and an art scene that entertains 24/7.

What do our business leaders think about the arts? Our local economic development agency, the Beacon Council, did a survey of Miami businesses last year. They found that more than 75% of our local businesses consider having vibrant cultural activities as important or very important to their companies. Almost 80% support the arts through employee participation on boards or as volunteers with cultural organizations.

In a survey of citizens undertaken by Miami-Dade County last October, 60% of our residents were very satisfied or satisfied with the quality of the cultural offerings in our community. This was up by more than 10% from the 2005 survey results. This is remarkable given the youthfulness of our cultural life and the newness of most of the population of our County. The vast majority of Miami-Dade's cultural organizations are less than a generation old; most of the residents of our community were not born here. In spite of the youth of our cultural community and its audiences—and the fact that in Miami, traditions of arts-going have not yet had generations to take hold—our citizens are increasingly recognizing the quality and diversity of our arts activities.

Even today, at a moment when disposable income for our citizens is at a premium, attendance by Miamians at concerts, museums, plays and dance performances is reported as "up" this season. People are expressing their priorities by what they are willing to purchase as their buying power diminishes. Admittedly, ticket sales do not make up for the significant downturn in contributions by individuals and businesses but our enthusiastic audiences are demonstrating that people value the arts as an integral part of their lives.

For our young city, the job of reaching the children of our community is critically important. Like other local arts agencies across America, our Department focuses resources on making the arts affordable and accessible for families and kids. Cultural activities supported by our Department serve more than 2 million children annually. Our Department directly reaches thousands of kids each year with a scholarship program to make summer arts and sciences camps available to those who might otherwise not have the means or opportunity to go. In addition, through our Culture Shock Miami program, high school and college students, ages 13-22, can buy tickets for only \$5 to almost any arts event in town. Thousands of students are online buying these tickets to the arts and discovering the wonder of live performances and learning about the richness of our diverse cultures. In our day care centers, in our schools and on standardized tests, we are seeing a direct correlation between a child's involvement in the arts and success in the classroom. The arts are an essential part of preparing students to excel in an increasingly complex, competitive and sophisticated job marketplace.

I know the people in our cultural workforce. They are passionate about what they do. They have to be or they would not be in our business. The average cultural worker in Miami-Dade County makes about \$28,000 a year—that's approximately 30% less than our community's overall average salary. Like other American workers, many arts employees work more than one job to make ends meet. Most artists and arts administrators work without the kinds of benefits that are offered to their peers employed by the for-profit sector or even government. And they are committed beyond reason to making sure that only the best quality product reaches our stages and gallery walls. They believe deeply that the arts can change lives and put this into action by producing programs for school kids even when money is scarce to do this.

Miami-Dade County Mayor Carlos Alvarez and the thirteen members of our County Commission see this kind of phenomenal commitment every day. The budget for our Department of Cultural Affairs has more than quadrupled over the last decade.

This is an explicit recognition by our elected leaders that the arts are a great investment for our community. Last year, due to the enactment of statewide property reform measures, our County government had to reduce its budget by more than \$200 million. Now that's a lot of money where I come from. I am proud to report that the budget for our Department of Cultural Affairs was not reduced.

The signal that our County is sending to our cultural workforce and to the businesses and individuals who support the arts is powerful. It is akin to the signal that this Congress recently sent across our nation when \$50 million was approved as a part of the American Recovery and Reinvestment Act. It says to me and the thousands of people who support and work in the arts in my town that you recognize the contributions that we are making every day to the economy. It says that you realize that non-profit cultural groups employ people in our cities who work hard, day and night, weekdays and weekends, to make a better life for our families and kids. It says that you understand that like other industries, jobs in the cultural sector are being lost and jeopardized. It says that progressive governments understand the amazing return on investment that adequate support for the arts produces—for our cities and for our people. It says to us that artists and cultural businesses are part of the solution for restarting our economy and rekindling the creativity and character that continue to make America great.

I thank you for your support of the arts and urge you to reinvest even more significant resources as a strategic and productive way to help achieve America's economic and human recovery and renewal.

I am proud offer this testimony along with our nation's leading non-profit organization for advancing the arts in our country, Americans for the Arts, where I serve as a board member. Together, we attest to the vitality of the arts across our country and to the essential role of local arts agencies, artists and arts organizations in cities and towns throughout America. We also affirm the remarkable returns being realized by progressive governments in setting policies and investing support in the work of non-profit arts organizations and artists.

For an online copy of "The Impact of the Arts in Miami-Dade County" study please go to [www.miamidadearts.org/Documents/Publications/2008%20Arts%20Economic%20Impact%20Study.pdf](http://www.miamidadearts.org/Documents/Publications/2008%20Arts%20Economic%20Impact%20Study.pdf)

For more information about the Miami-Dade County Department of Cultural Affairs, please go to [www.miamidadearts.org](http://www.miamidadearts.org).

To see the Miami-Dade County Department of Cultural Affairs' discount ticket program for high school and college students, Culture Shock Miami, please go to [www.cultureshockmiami.com](http://www.cultureshockmiami.com).

For information about the thousands of intrepid local arts agencies throughout our nation making America's communities more vibrant and economically successful, please go to [www.americansforthearts.org](http://www.americansforthearts.org).

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Chairman MILLER. Thank you.  
Mr. Bahr.

**STATEMENT OF MICHAEL BAHR, EDUCATION DIRECTOR,  
UTAH SHAKESPEAREAN FESTIVAL**

Mr. BAHR. Chairman Miller, members of the committee, I am Michael Bahr, the education director for the Utah Shakespearean Festival, and I am grateful for this opportunity to share the impact the festival has on its community and the challenges that are affecting not only us but our sister organizations across the country.

The festival has played a large role in defining the rural town in which we live, and therefore, the present status of the economy threatens not only the arts and industry but Cedar City, Utah, itself.

Let me share a little bit about the festival. The Utah Shakespearean Festival, now in its 48th year, is a destination theater that produces Shakespeare and other classic plays in repertory, and is located in rural Iron County in Cedar City, Utah, a town of 28,000 people. The festival produces nine plays in repertory for 130,000 attendees a year.

The average patron travels over 200 miles one-way to attend, with primary audiences coming from Utah, Nevada, Arizona, and Idaho. These patrons generate from \$30 million to \$35 million for the local economy through lodging, dining, shopping, fuel, and recreation. The festival's budget for 2008 was \$6.7 million. Our funding is approximately 75 percent earned income, that is ticket sales, concession, and merchandise; and 25 percent unearned income, that is grants, foundations, and gifts.

I would encourage you to read the minutes we have before you about our lovely history. Let me get to the good stuff, or shall I say the bad stuff.

Sales for our 2009 season are currently nearly 20 percent behind where we were last year. Foundations have already significantly reduced their gifts because of shrinking or nonexistent portfolios. Consequently, our budget, which was \$6.7 million for the 2009 year, is now \$5.9 million. At \$5.9 million, we have cut about \$800,000 in total cost, but in reality, the cuts are much deeper. These cuts include the following: three full-time positions from a 28-member staff to 25, but what really hurts is 55 seasonal positions. We have a staff of 390 total employees which is now down to 335. Those are actors, electricians, costumers, carpenters, company managers, et cetera, because for every one actor, there are seven people that support those one actors. All live musicians for the present season have been cut. One-week reduction in the summer season, one-week reduction in the fall season, and a two-week reduction in rehearsal times. Our fall season, which includes *Pericles*, a very large wonderful Shakespeare play, has now been reduced to Tuesdays with *Morrie* and the *Complete Works of William Shakespeare*, and *Women in Black*, all two- and three-person shows.

Our theater, like other businesses, is required to pay unemployment. When an employee does not find a job after his work is finished with us, he goes to another part of the country. And when unemployment is found, we have to pay that unemployment. In an average year, we have paid approximately \$60,000 to \$70,000 annually in unemployment fees. Last year we saw that double to \$130,000, and just in the month of February alone, we have paid \$14,000 in unemployment for actors outside of our area after they have left our area.

Cedar City merchants and civic leaders have already expressed great concerns about these cuts. We think it is clear that by cutting 2 weeks from our season, cutting the size of our shows and the amount of material we buy to produce them, by cutting the number of employees we hire, the economic benefit to our community will decrease measurably.

Cedar City benefits economically from the many visitors who travel to the festival each year. Various economic impact studies have been done. In 2002, the International Festival and Dance Association estimated the economic impact from the festival on our community was \$64 million, and Americans for the Arts, in 2007, found that the nonprofit arts were \$22.47 million. We see that and in talking with our Chamber of Commerce as about \$30 million to \$35 million. In addition to serving our own county, the festival,

through its education department, has a strong relationship with educational entities.

We are part of the National Endowment for the Arts Shakespeare for a New Generation and serve 70 schools and 30,000 students annually. They have also contacted us and are worried about cuts happening within this area.

Perhaps the most revealing story of the impact of the festival on Cedar City is the building of a new theater during the 1980s recession. And I think this is relevant now. For many years, Cedar City's economy had been bolstered by active iron mines around the town. As the bottom fell out of the iron market during the 1980s, the mines were closed and jobs were lost. But the festival was still running at 98 percent in attendance. And so the city fathers and the festival said, let's throw our money into this. And with help from Housing and Urban Development, we had \$2.3 million that we invested in a \$7.5 million new theater. Within 5 years, we recouped all of that cost through increases in sales and property taxes alone within our area.

Art in Cedar City is not luxury. It is business. It feeds our souls and our families. It hires an educated and talented workforce. It provides positive economic impact far beyond the theater. Around 1590, a farm boy from the country whose father dealt in sheep and gloves travelled to the big city of London and started writing plays. His plays became successful. He bought interest in his theater. He was a businessman, and it was good business.

He said, "The man that hath no music in himself, nor is not moved with concord of sweet sounds, is fit for treason, strategems and spoils \* \* \* let no such man be trusted. Mark the music."

May we preserve and mark the music, art, theater and dance that moves us and keeps us all human.

Thank you.

[The statement of Mr. Bahr follows:]

**Prepared Statement of Michael Bahr, Education Director,  
Utah Shakespearean Festival**

Chairman Miller, Members of the Committee, I am Michael Bahr, the education director for the Utah Shakespearean Festival, and I am grateful for this opportunity to share with the Committee on Education and Labor the impact the Festival has on its community and the challenges that are affecting not only us but also our sister organizations across the country. The Festival has played a large role in defining the rural town in which we live; therefore, the present status of the economy threatens not only the arts and our industry, but consequently the community I live in.

*Background*

Let me share some background about our organization so you can understand our present challenges: The Utah Shakespearean Festival, now in its forty-eighth season, is a destination theatre that produces Shakespeare and other classic plays in repertory. It is located in rural Iron County and is hosted on the campus of Southern Utah University in Cedar City, Utah, a city of 28,000 people. The Festival produces nine plays in repertory for 130,000 attendees a year. The average patron travels over 200 miles one-way to attend, with the primary audience coming from Utah, Nevada, Arizona, and Idaho. These patrons generate 30 to 35 million dollars for the local economy through lodging, dining, shopping, fuel, and recreation. The Festival's budget for 2008 was \$6.7 million dollars. Our funding is approximately 75 percent earned income (ticket sales, concessions, and merchandise) and 25 percent unearned income (grants, foundations, and other gifts).

*History*

In 1962, Fred C. Adams, the Festival's founder, was a college theatre professor in Cedar City who had a dream of creating a Shakespearean festival in the heart

of the red rocks of southern Utah. With \$1,000 donated from the local Lion's Club, Adams started his first season. The first season ran for two weeks and yielded \$3,000 in ticket sales. This left Adams with a budget of \$2,000 for his second season. The Festival grew in size and scope with professional actors, designers, artisans and directors joining the company. The community also rallied around and caught the vision. Today, the Festival performs nine plays in three theatres from late June to late October.

The Festival has received numerous accolades and national praise, including the prestigious Tony Award in the year 2000 for Outstanding Regional Theatre, the 2001 National Governors Association Award, and the Utah Best of State Award in 2003.

#### *Economic Challenges Result in Cuts*

Now, nearly 50 years later, sales for our 2009 season are currently nearly 20 percent behind where we were last year. And some foundations have already significantly reduced their gifts because of shrinking or non-existent portfolios. Based on what we are projecting for 2009, and our steadily increasing costs, we cut deeply our 2009 budget. When the cuts were finished we had dropped from a budget of 6.7 million to 5.9 million. These cuts are even deeper than they appear because of the many fixed cost that could not be reduced. While it appeared to be a cut of \$800,000, in reality it was much deeper. These cuts included the following:

- Three full-time positions (from 28 to 25)
- 55 seasonal positions, including actors, electricians, costumers, carpenters, company managers, etc. (from 390 to 335; for every one actor it takes seven employees to support them)
- All live musicians (requiring recorded music instead)
- A one-week reduction in the summer season
- A one-week reduction in the fall season
- A two-week reduction in rehearsal time
- The replacement of two fall play titles, Pump Boys and Dinettes and Pericles with the much smaller and less expensive Tuesdays with Morrie and The Complete Works of William Shakespeare (abridged)
- The closing of two buildings
- The elimination of cell phones (except for three positions)
- The establishment of a shared housing policy for company members
- The elimination of vocal coach and dramaturgy positions in the fall season
- Shorter ticket office hours
- Reduced travel for recruitment, training, conferences, etc.
- Reduced custodial and building maintenance

In addition, the bad economy has caused some costs to skyrocket: especially unemployment. Our theatre, like other businesses, is required to pay unemployment when an employee does not find a job after his work is finished with us. Thus when another theatre closes or downsizes in another part of the country, it affects us because the artists that work for us can't find another job. In the past we have paid approximately \$60,000 to \$70,000 annually in unemployment claims. In 2008 that number doubled to to \$130,000. In 2009 we have budgeted for a similar amount; we can only hope it is enough.

#### *Community Economic Impact, Then and Now*

Cedar City merchants and civic leaders have already expressed great concern about these cuts. We have heard from many who are worried about the loss of two weeks of revenue from patrons and four weeks of revenue from Festival seasonal employees. We think it is clear that by cutting two weeks from our season, by cutting the size of our shows and the amount of materials we buy to produce them, by cutting the number of employees we hire, the economic benefit to our community will decrease measurably.

Cedar City benefits economically from the many visitors who travel to the Festival each year. Various economic impact studies have attempted to track this benefit. One study, completed in 2002 by the International Festival and Events Association estimated that the economic impact of the Festival was \$64,321,873. In 2007, American for the Arts in The Arts and Economic Prosperity III found that the nonprofit arts were a \$22.47 million industry in Iron County. However, this study surveyed only the full-time jobs of the nonprofit industry, leaving out the vast impact of our seasonal employees. We at the Festival feel that the real number is somewhere between these two. But, whatever the number, the economic benefits will definitely decrease.

*Regional Impact*

And the pain may spread. In addition to serving Iron County, the Festival, through its education department, has a strong relationship with educational entities across the Intermountain West. Various programs serve multiple ages and provide professional, educational outreach. For example, we are honored to be a member of the National Endowment for the Arts Shakespeare for a New Generation program. Through this program we are able to reach 30,000 students annually, from seventy schools in Utah, Nevada, Arizona, and Idaho. Many rural communities have called, fearful that our outreach programs might be cut by our budget challenges. We hope not, but the future is uncertain at best.

*A New Theatre Brings Revenue to Town*

Perhaps the most revealing story of the impact of the Festival on Cedar City is the building of a new theatre during the 1980s recession. For many years, Cedar City's economy had been bolstered by active iron mines west of town. As the bottom fell out of the iron market, the mines were closed, jobs were lost, houses were put up for sale, the economy slumped. At that time, the Festival performed primarily in only one theatre, the Adams Shakespearean Theatre, which, despite the recession, was still operating at 98 percent capacity. The Festival and the city proposed an additional theatre, and in 1987/88, 2.3 million dollars were obtained from Housing and Urban Development to assist in building the 7.5 million dollar facility. Mineral lease funds, revenue that had been generated from the mines, were also used. Within five years of the opening of the new Randall L. Jones Theatre, Joe Melling, Cedar City manager, said that the money invested in the building had been recouped through an increase in sales and property tax alone.

*Art Is Not a Luxury*

Art in Cedar City is not a luxury; it is business. It feeds our souls and our families. It informs and educates our citizens. But it also fills our dinner plates, pays our mortgages, and enhances our standard of living. It hires an educated and talented workforce. It fills our hotels, our restaurants, our shops. It provides positive economic impact far beyond the theatre.

Around 1590, a farm boy from the country whose father dealt in sheep and gloves traveled to the big city of London and started writing plays. He became so successful he bought interest in his own theatre; hmmm, he was a businessman. And of course it was good business, because everyone wanted to see the plays, because they were about US. His plays had a resonance for he knew the common man. He said:

*The man that hath no music in himself,  
Nor is not moved with concord of sweet sounds,  
Is fit for treasons, stratagems and spoils;  
The motions of his spirit are dull as night  
And his affections dark as Erebus:  
Let no such man be trusted. Mark the music.*

The Merchant of Venice, Act V, Scene 1

May we preserve and "Mark the music," art, theatre, and dance that moves us and keeps us human.

Chairman MILLER. Thank you very much.  
Mr. Daly.

**STATEMENT OF TIM DALY, ACTOR AND CO-PRESIDENT, THE  
CREATIVE COALITION**

Mr. DALY. Thank you, Chairman Miller, members of the committee.

My name is Tim Daly. I am here as an actor, producer, director, and co-president of The Creative Coalition, which is a nonprofit, nonpartisan public advocacy organization of the arts and entertainment community.

I want to thank you for holding this hearing and for allowing me to testify and echo a lot of the things that my fellow testifiers/testifees have said.

I am not sure that enough people understand that millions of Americans earn their livelihoods through the arts and ancillary

professions or that the entertainment—entertainment is America's second largest export. Too often we look at the arts as something extra, something outside of our daily lives, as a luxury item. And I am here to—I am on a mission to make people understand that arts are part of our cultural, educational and economic main course. They are not dessert.

So today I would like to show you how I see things firsthand as a working actor in the commercial sector. I would also like to leave you with a couple of thoughts about ways I think we can ensure that our arts economy remains vibrant. First, a little background about how arts has impacted my own family.

After serving in World War II in the Navy for 5 years, my dad moved to New York where he made his living working on Broadway and off Broadway in the theater and then later in television. Decades before I played a doctor on "Private Practice" he was known as Dr. Paul Lochner on a TV series called "Medical Center." And of course my sister Tyne Daly is a wonderful and well known actor, and now a third generation is entering the business, including Tyne's daughter and my own son; God help them both. My son needs a job, by the way.

So my family accounts for a few of the 45,000 professional actors that the Bureau of Labor statistics estimates are working in the United States. But that number does not begin to capture the real employment impact of the entertainment industry. For instance, when a studio green lights a movie, the press is filled with news about the star, but the real story is the thousands of people that are put to work on that production. The next time you are in the movies, stay in your seat and watch the entire credits role to the end, and you will get an idea about the number of people who worked so hard to bring that film to the screen. And the economic impact on the community is enormous.

My show "Private Practice" for instance, which is an hour-long TV drama, it takes us 9 days to shoot an episode. We employ 200 people full time during that production season. For two of those 9 days, we have an additional crew of 50 people on the set and each episode can have between 100 and 300 extras.

But beyond that, in any single 9-day period, the show spends about \$20,000 on food for caterers; \$25,000 to \$40,000 on clothes and costumes; \$15,000 on sets and furniture; and \$2,500 on dry cleaning, which is, I mean, that could keep a dry cleaners open, one TV show. And yet people seldom make that connection. But if you add up the numbers and the tax revenue and the money spent in the community by those employed on the show, you will quickly see how big the economic impact is.

But I think the story is, there is a lot more to it. I have been thinking a lot lately about the iPod. A recent study by researchers at UC Irvine estimate that 14,000 jobs with wages of \$753 million were created in the U.S. as a result of the iPod in 2006. The innovation, engineering, technology and manufacturing of this ubiquitous product would not exist without people's desire to enjoy music in their daily lives. Without art, there is no iPod. So we have to take those jobs into account.

Art and entertainment are important engines of our economy, and we can't take that for granted. We have to invest in it like we

invest in any other sector. And here are a couple of ways we can do that. First, Federal support for the arts plays a pivotal role. We are really grateful for the expanded NEA funding in the stimulus, and we encourage continued and strong and growing support for the nonprofit arts sector. Investment is so small when one looks at the returns both to society and both culturally and economically.

Second, we have got to nurture the next generation by giving our kids access to art in schools. I know that is primarily a State responsibility, but the economic consequences of letting arts in schools atrophy will be felt nationally. In rough times, arts is usually the first things to go. We need to give our kids the chance to exercise their imagination so that they can be the most creative and innovative thinkers that they can be, whether they wind up as artists, engineers, scientists, mathematicians, politicians, we need creative thinkers to compete in the global economy.

And arts train the creative mind. If just one person's creative spark catches fire, the economic impact can be enormous. I am thinking of the artistic vision of Shonda Rhimes, who created both the hit series "Grey's Anatomy" and "Private Practice." She is essentially an inventor who started two successful companies, two television shows. She is a storyteller. But what she has done is provided good jobs, pumped millions of dollars into our economy each week. And if a businesswoman were to open a factory employing thousands of people, we would hail her entrepreneurial spirit and see how we could support her with public policy, replicate her success. And artists can have the same economic impact. Yet we see her as a creator of stories and not as a creator of jobs. And we have got to change that misconception.

Yes, arts inspire us. They entertain us. They reflect back to us our triumphs, our failures. They bring us beauty and joy. They challenge our beliefs. And at best, they nourish our souls. But we have also got to recognize that arts employ our neighbors. They support small businesses, create jobs and foster innovations. We have got to start discussing arts as part of our daily lives. And they are part of our culture and our education and our economic main course.

Thank you for giving me the opportunity to testify. I really do look forward to answering your questions if you have them. And I mean that.

[The statement of Mr. Daly follows:]

**Prepared Statement of Tim Daly, Actor and Co-President,  
the Creative Coalition**

Chairman Miller, Ranking Member McKeon and members of the Committee, my name is Tim Daly, and I am here today as an actor, producer, director, and as co-president of The Creative Coalition. The Creative Coalition is the non-profit, non-partisan public advocacy organization of the arts and entertainment community. Our members are actors, directors, producers, writers, musicians, dancers, painters and others who make their living in performing and fine arts. I would like to thank you for holding this hearing and recognizing the important role that arts play in our economy.

I don't believe it is commonly known that entertainment is America's second largest export, and millions of Americans earn their livelihoods through the arts and in ancillary occupations. Despite that fact, it seems to me that we too often look at art as something extra, a luxury item, something that is disconnected from our daily lives and our economy. It is my mission to make America understand that the arts are part of our cultural and economic main course; they are not dessert.

Today, I want to talk with you as a working actor about how I see the economic impact of the entertainment industry today. I'd like to follow that discussion with three concrete things we can do to ensure that America's arts economy remains vibrant in the years ahead.

Let me start with a few words about the impact of the arts on my own family. After serving for five years in the Navy during World War II, my father came to New York City and supported our family as an actor in the theatre, both on and off Broadway, and later, on television. Decades before I began playing a doctor on *Private Practice*, my father starred as Dr. Paul Lochner on the television series *Medical Center*. My sister Tyne is a well known actress. And now a third generation of Dalys, including Tyne's daughter and my son, has entered the profession. We have been blessed to work in the theatre, both on and off Broadway, in non-profit regional theatre, in film, radio, and on television. But the story is larger. My family is inundated with artists. We make our livings as musicians, writers, composers, painters, animators, photographers, actors, directors and performance artist. We owe everything to the arts and to our pursuit of artistic expression.

According to the federal Bureau of Labor Statistics, I'm one of roughly 45,000 working professional actors in the U.S., but that number doesn't begin to capture the employment impact of the entertainment industry. When an A-list star, like Julia Roberts, agrees to do a movie, the press is filled with the news about that individual. But the real economic story is about the thousands of people put to work when that movie is produced.

Each production—whether a movie, television show or play—takes an incredible amount of support and behind-the-scenes labor and talent. Next time you watch a movie, stay in your seat until the credits stop rolling, and you'll get a sense of the huge number of actors, craftsmen, editors, technicians and others who work so hard to bring that film to the screen.

More importantly, take a look at the economic impact that the entertainment industry can have on a community. For example, my show, *Private Practice*. We just finished shooting our second season, and I'd like to try to give the members of the Committee a sense of the economics at work on an hour-long network drama. It takes us nine days to shoot one episode of *Private Practice*. We employ about 200 people day in and day out during production season. For two of those nine days, we have a second crew of 50 people on set, in addition to those regularly working on the show, and each episode can have 100 to 300 extras.

Look beyond those employed on the show and you'll see the ripples spread still farther across the economy. In that nine-day period, the show spends about \$20,000 on food from outside caterers. \$25,000 to \$40,000 is spent on clothes and costumes, \$2,500 on dry cleaning, and \$15,000 on furniture for the sets. Again, those numbers are for a single episode. Add up the numbers and the sales tax, and the money spent in the community by those employed on the show, and it quickly becomes apparent how big the impact on the local economy can be.

Even those numbers, though, don't give us a complete picture of the jobs created. I think the employment impact needs to be viewed through a much broader lens. Take a technology like the iPod, for example. Here is a blockbuster product that exists to deliver entertainment to individuals. A recent study by researchers at the University of California, Irvine, estimated that 14,000 jobs were created in the U.S. as a result of the iPod in 2006, with \$753 million in wages generated as a result. The engineering, innovation, technology and manufacturing of this ubiquitous product would not exist without people's desire to have music in their daily lives. Without the art, there would be no iPod.

In ways large and small, obvious and obscure, art and entertainment are important engines of our economy. But we cannot take this for granted. We must take steps to ensure the continued vibrancy of our arts and entertainment. We have to invest in the future. Here are three ways we can do that.

First, federal support for the arts continues to play a critical role. The Creative Coalition strongly supported Congress' decision to expand funding for the National Endowment for the Arts in the recently passed stimulus package, and we encourage continued strong support for the not-for-profit arts sector. The investment is so small when one looks at the tremendous returns that arts and entertainment pay back to society both culturally and economically.

In these troubled times, we should look to President Franklin Roosevelt's example. The New Deal's arts programs created much-needed jobs and fostered great talents that otherwise may have been lost. The contributions of those artists to our culture endure, and their successful careers resulted in employment for many others in the years that followed.

Second, it's vitally important that we nurture the next generation by giving our kids access to art in schools. I know this is primarily a state responsibility, but the

economic consequences of letting arts in schools atrophy will be felt nationally. In tough times, arts education can be the first thing to go. Again, I think we make a fatal mistake if we view the arts simply as a luxury. We don't need to promote a career in the arts, but we do need to give our kids a chance to exercise their imaginations so that they can be the most creative and innovative thinkers they can be. We need creative engineers, and mathematicians, and scientists, and yes, politicians in order to compete in the global economy. Arts train the creative mind.

Third, it's imperative that we change the discussion about the arts in our culture. We must acknowledge not only that arts inspire us, reflect back to us our triumphs and mistakes, bring us beauty and joy, challenge our beliefs, and enrich our souls, but also that we are surrounded by the work of artists every day. The arts are interwoven with engineering, with innovation, with technology, and these creators are part of our economic and cultural main course.

In conclusion, I'd like to tell you about Shonda Rhimes, a writer who is the creator of both *Grey's Anatomy* and *Private Practice*. It's amazing to think that all of the economic activity I described surrounding *Private Practice* stems from her artistic vision. She is essentially an inventor who started two successful companies—these two television shows—that provide good jobs and pump millions of dollars each week into our economy. If a businesswoman were to open a factory employing a thousand people, we would hail her entrepreneurial spirit. In the arts, someone like Shonda Rhimes has the same economic impact. Yet we often forget that these artists are not only creators of stories, but also creators of jobs for a broad sector of our society.

I thank the Committee for giving me this opportunity to testify. I look forward to answering any questions you may have.

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Chairman MILLER. We will take that direction.  
Mr. Ridge.

**STATEMENT OF BRUCE RIDGE, MUSICIAN AND CHAIRMAN,  
INTERNATIONAL CONFERENCE OF SYMPHONY AND OPERA  
MUSICIANS**

Mr. RIDGE. Good morning Chairman Miller and members of the committee.

My name is Bruce Ridge. I am chairman of the International Conference of Symphony and Opera Musicians, or ICSOM, which is a conference of the American Federation of Musicians. I am also a double bassist in the North Carolina Symphony.

On behalf of ICSOM's thousands of members and AFM's tens of thousands of members, comprising over 230 affiliated locals across the country, including Local 367 in Vallejo and Local 424 in Richmond, in your district, Mr. Chairman, I thank you for your attention to this issue.

Chairman MILLER. So do they.

Mr. RIDGE. In 1932, my orchestra was founded by the WPA. That was also a time of economic crisis. But instead of cutting back, we invested in the arts.

Critics sometimes say that classical music is just for the elite, but as an orchestral musician, I know how much everyone loves to hear us play. And the numbers bear this out. Opera attendance has increased 40 percent since 1990. Classical music accounts for 12 percent of sales on iTunes, and music schools across the country are seeing an all-time high in the numbers of applicants.

Musicians don't do it for the money. We are ultimately the Nation's biggest donors to the arts. And we are the ones who sacrifice to keep orchestras alive in hard times. We happily give to the arts. But we must still pay doctors' bills, make rent, and feed our families.

I have been fortunate in my career. I started playing at age 10. And I have worked steadily as an orchestral musician for 30 years. By age 15, I was a working professional in the Virginia Symphony. I would go from school to symphony and then play in late-night jazz clubs I was too young to legally get into otherwise. Back home by 3:00 a.m., I would be sitting in school just a few hours later.

Although I may have started a bit younger than others, my story is not atypical. Many classical musicians work several jobs, driving from town to town as members of a Freeway Philharmonic. Some members work in as many as four different orchestras, each a different 2-hour commute from home and each with its own set of concerts, rehearsals and community involvement.

In today's economic climate, the challenges for working musicians are growing ever more serious. Many orchestras face the prospect of reduced seasons, layoffs, lower wages and higher health care premiums. This is a national problem. The musicians of the Cincinnati Symphony, one of the world's finest orchestras, recently accepted an 11 percent pay cut. The Baltimore Opera Company has filed for bankruptcy. The Santa Clarita Symphony in Congressman McKeon's district cancelled its 2009 season. The musicians of the Honolulu Symphony are now 7 weeks behind in paychecks. On a daily basis, my phone rings with more news of yet another orchestra's financial crisis.

For musicians, the losses are immeasurable. Some must sell their instruments to make ends meet, while others face the loss of their careers all together. Many of these musicians have children or spouses who depend on them and who also suffer from these cutbacks. How could I respond when a woodwind musician asked me how she could afford to take her child to a doctor after her orchestra's proposed cutbacks?

Our losses are everyone's losses. If musicians can't afford to stay in the profession, the Nation will lose its music. Musicians are small business people, patching together royalties, concert fees, and union benefits like session fees, pension, and health care to come up with a decent living. On Broadway, musicians face replacement by recorded music substituted for live music. In Hollywood, outsourcing film scores to musicians abroad threatens the livelihood of American musicians.

Congress can make and indeed already has made a big difference in these musicians' lives. The American Jobs Creation Act helped our recording musicians by providing tax incentives for domestic film production. Pension reform legislation has also helped the AFM keep its pension plan available to musicians.

And Chairman Miller, we thank you for your leadership on this important issue.

Several members of this committee have cosponsored H.R. 848, the Performance Rights Act, which gives recording artists the right to royalties when their performances are played over AM-FM radio. Recorded music makes money for radio, whereas radio doesn't pay performers a single cent. The Performance Rights Act would correct this inequity. And we ask you to consider supporting this legislation.

Indeed, entertainment is America's second largest export. And music is essential to nearly all of its forms, either standing alone

or as part of theater, film, and television. We can count the dollars, but we can't count the value of music to the American spirit. We saw it when the New York Philharmonic traveled to North Korea on a mission of diplomacy and artistry, and the Nation and the world were electrified by those images. And we see it here at home when my own WPA-founded North Carolina Symphony plays free concerts for tens of thousands of school children every year. I can't even go to the grocery store without people telling me how much it meant to them when the North Carolina Symphony played at their school. The value of these experiences cannot be measured and must not be lost. And on behalf of musicians everywhere, I thank you for this opportunity to address the committee.

[The statement of Mr. Ridge follows:]

**Prepared Statement of Bruce Ridge, Chairman, International Conference of Symphony and Opera Musicians, American Federation of Musicians of the United States and Canada (AFL-CIO)**

Good morning, Chairman Miller, Ranking Member McKeon and members of the Committee. My name is Bruce Ridge. I am Chairman of the International Conference of Symphony and Opera Musicians, or ICSOM, which is a conference of the American Federation of Musicians, or AFM, and I'm also a double-bassist in the North Carolina Symphony. On behalf of ICSOM's thousands of members and AFM's tens of thousands of members—comprising over 230 affiliated locals across the country, including Local 367 in Vallejo, CA and Local 424 in Richmond, CA in Chairman Miller's district—I thank you for your attention to the impact of the economic crisis on the working musicians and performers ICSOM and the AFM represent.

As you have already heard, the arts help drive the economy, build communities, and educate future generations. Too often forgotten, however, are the artists who make these contributions possible.

As an orchestral musician, I know how much people love to hear us play; and we love to play for them. The numbers bear out this popular commitment to the arts: Opera attendance has increased 40% since 1990. Classical music accounts for 12% of sales on I-Tunes, and music schools across the country are seeing an all-time high in numbers of applicants. America's talented young people are seeking opportunities to pursue their dreams of artistic excellence in record numbers.

Musicians love their work. None of us do this for the money. It takes years of hard work and dedication to perfect our craft. But we must still pay doctors' bills, make rent, and put food on our families' tables.

I've been fortunate in my career. I started playing at age 10, and I've worked steadily as an orchestral musician for 30 years, the past 22 of which I've spent in the North Carolina Symphony. But finding this stability has not been easy. By age 15, I was a working professional in the Virginia Symphony. I would go from school to symphony, then play in late-night jazz clubs I was too young to legally get into otherwise. Back home by 3 am, I'd be sitting at a desk in school just a few hours later. Although I may have started a bit younger than others, my story is not atypical. Many classical musicians work several jobs, driving from town to town as members of a "Freeway Philharmonic." Some members work in as many as four different orchestras—each a different two hour commute from home, and each with its own set of concerts, rehearsals, and community involvement.

In today's economic climate, the challenges for working musicians are growing ever more serious. Some orchestras have already folded, and many more face the prospect of reduced seasons, layoffs, lower wages, and higher health care premiums. This is a national problem. The musicians of the Cincinnati Symphony, one of the world's finest orchestras, recently accepted an 11% pay cut. The Baltimore Opera Company has filed for bankruptcy. The Santa Clarita Symphony, in Ranking Member McKeon's district, cancelled its 2009 season. The musicians of the Honolulu Symphony are now seven weeks behind in paychecks. On a daily basis my phone rings with more news of yet another orchestra's financial crisis.

For musicians, the losses are immeasurable. Some must sell their instruments to make ends meet, while others face the loss of their careers altogether. Many of these musicians have children or spouses who depend on them and who also suffer from these cutbacks. What could I say, when a woodwind musician whose orchestra faced reductions in pay and healthcare benefits asked me how she would be able to take her child to the doctor with the orchestra's proposed cutbacks?

The problems extend beyond orchestral music. Musicians of all types are small businesspeople, patching together royalties, concert fees, and union benefits like session fees, pension, and health care to come up with a decent living. On Broadway, musicians face replacement by “virtual orchestras”—recorded music substituted for live music. In Hollywood, outsourcing film scores to musicians abroad threatens American musicians’ livelihood.

Congress can make—and indeed already has made—a big difference in these musicians’ lives. The American Jobs Creation Act helped our recording musicians by providing tax incentives for domestic film production. Congress has also helped the AFM keep its defined-benefit pension plan available to its members, and we thank you for your leadership on this important issue.

Congress continues to help working musicians. Several members of the Committee have co-sponsored H.R. 848, the Performance Rights Act, which gives recording artists a right to royalties when their performances are played over AM-FM radio. Most recording artists aren’t household names. They’re background performers and session musicians—the behind-the-scenes artists who make music happen. Even the more well-known recording artists often have a narrow window of popularity; their songs are then played over the radio for years thereafter. But unlike other copyright holders, performing musicians never receive a single cent when their recordings are played over the AM-FM radio. The Performance Rights Act would rectify this inequity, and we ask you to consider supporting this important legislation.

Entertainment— theater, film, video games, recordings, etc.—is America’s second-largest export, and music is a central part of that economic enterprise. But music’s value as a symbol of the American spirit is incalculable. We saw it when the New York Philharmonic, an ICSOM and AFM-represented orchestra, traveled to North Korea on a mission of diplomacy and artistry. We see it here at home when my own North Carolina Symphony—founded during another time of economic crisis, the Great Depression, as part of the WPA—plays free concerts for tens of thousands of schoolchildren each year. Our performers cherish at these opportunities, but they also need to make a living.

Thank you for your attention.

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Chairman MILLER. Thank you.  
Ms. Florino.

**STATEMENT OF JOANNE FLORINO, EXECUTIVE DIRECTOR,  
TRIAD FOUNDATION, INC.**

Ms. FLORINO. Good morning, Chairman Miller, Mr. Guthrie, and members of the committee.

Thank you for the opportunity to testify before you on the value of foundation giving to the arts and potential threats to that giving.

My name is Joanne Florino. I am the executive director of the Triad Foundation. We are based in Ithaca, New York, and we are a family foundation. We make over \$9 million in grants each year, and a significant portion of our grantmaking goes toward arts education and cultural programs in the States of New York, North Carolina, and Florida.

Additionally, I am here on behalf of the Alliance for Charitable Reform. The Alliance was founded in 2005 as a project of the Philanthropy Roundtable, which represents over 600 private foundations across the United States. ACR was formed to respond to legislative proposals on Capitol Hill that affect foundations and the charities they serve.

As I know you are aware, the arts community relies heavily on private contributions. According to recent data by the National Endowment for the Arts, private contributions accounted for 43 percent of arts organizations financing, or \$13.5 billion, compared to 13 percent from government.

The Triad Foundation is proud to be among the many foundations who give generously to these causes. And in our grantmaking,

we seek to expand access to the arts, expand the audience to the arts and expand the pool of current and future donors for the arts. An example is a \$1 million challenge grant which Triad made to ImaginOn in Charlotte, North Carolina. That grant stimulated a \$1 million match by other donors in that city. ImaginOn is now the home of the Children's Theater of Charlotte and the public library of Charlotte and Mecklenburg County Youth Services Department. The opportunity to co-locate those two organizations has resulted in outstanding programming and more accessible arts and cultural education programs for the youth of Charlotte, North Carolina.

As you know, there is a proposal in President Obama's 2010 budget that could have a chilling effect on private giving, particularly as it relates to arts organizations. The proposal would essentially make it more expensive for individuals to contribute to charities, either directly or through foundations, by limiting the value of the itemized deduction individuals receive for making such gifts. In fact, Indiana University Center for Philanthropy estimates that the proposal would represent a 20 percent increase to the cost of giving.

On behalf of both the Triad Foundation and the Alliance for Charitable Reform, I believe this proposal is a step in the wrong direction and comes at a time when Americans and the government are relying more, not less, on the nonprofit sector.

The House Budget Committee released their budget proposal yesterday. And fortunately, their proposal excluded President Obama's proposed limit on the charitable deduction. It is clear that this proposal is troubling to both Members of Congress and the charitable community. I do want to thank the members of the House Budget Committee for excluding that proposal.

Deteriorating economic conditions are forcing charities to face higher demands for services with fewer resources. When we look at human services, we see the example of the Midnight Mission Shelter in Los Angeles, which estimates that the downturn in the economy is leading them to provide 15,000 more meals each month even though donations are down \$200,000 from the previous year.

The arts community faces the same challenges. The Wall Street Journal reported that the Baltimore Opera's board recently voted to liquidate the organization. And I have to say that those of us who work with nonprofits know that resurrecting a dead nonprofit is far more difficult than maintaining one.

The Detroit Institute of the Arts reduced 20 percent of its staff as part of a \$6 million budget cut. So this new budget proposal comes at a terrible time.

According to a January 2009 study by MetLife, cash flow concerns have forced 40 percent of Americans to give less often to charities. And I have to believe that that is also causing the drop in arts audiences.

On top of that, the Tax Policy Center estimated that the administration's itemized charitable deduction proposal coupled with higher rates on individuals would result in a \$9 billion drop in giving for 2011, roughly triple the yearly budget of the American Red Cross.

Who loses under this proposal? Those that rely most heavily on private giving. Organizations dedicated to arts education, music and cultural programs.

Foundations have not been immune from financial losses either. Far from it. The philanthropic sector has sustained losses of 20 to 45 percent of its assets. Now more than ever it is time to encourage as much private giving as possible.

We respectfully request that Congress enact their policies to do just that, and Congress can take immediate and responsible steps to put more dollars in the hands of charities.

First, we ask that Congress reduce the excise tax private foundations pay on their net investment income from 2 percent to 1 percent. The two-tiered excise tax creates a disincentive for foundations to give more in times of great need, like now. A reduction in the excise tax rate for all private foundations would make more dollars available for charities.

Second, Congress should extend and expand the popular IRA charitable rollover provision, which is scheduled to expire at the end of 2009. That provision drives more dollars to charity by allowing Americans over the age of 70.5 to contribute up to \$100,000 from their individual retirement accounts to charity without having to declare the contribution as income for the year.

Both of these provisions would stimulate and encourage additional giving to nonprofit organizations who are in desperate need of resources. By further incentivizing charitable giving and not discouraging it, Congress can ensure that Americans will continue to have access to the important and valuable services they rely on from our nonprofit sector. I appreciate the opportunity to appear before this committee and share my thoughts on these issues and welcome any feedback or questions you might have.

Thank you.

[The statement of Ms. Florino follows:]



**Testimony of Joanne V. Florino  
Executive Director  
Triad Foundation, Inc.**

**“The Economic and Employment Impact of the Arts and Music Industry”  
U.S. House of Representatives Committee on Education and Labor  
10:00 a.m., March 26, 2009  
2175 Rayburn House Office Building  
Washington, D.C.**

Good morning Chairman Miller, Ranking Member McKeon and Members of the Committee. Thank you for the opportunity to testify before you on the value of foundation giving to the arts community and potential threats to that giving.

My name is Joanne Florino and I am the Executive Director of the Triad Foundation. Based in Ithaca, New York, Triad Foundation is a family foundation which makes over \$9 million in grants each year – a significant portion of our grantmaking goes towards arts education and cultural programs in the states of New York, Florida and North Carolina.

Additionally, I am here on behalf of the Alliance for Charitable Reform, founded in 2005 as a project of The Philanthropy Roundtable which represents over 600 private foundations across the United States. Specifically, ACR was formed to respond to legislative proposals here on Capitol Hill that affect foundations and the charities they support.

The arts community, as I’m sure you’re aware, relies heavily on private contributions. In fact, according to the National Endowment for the Arts’ most recent data, private contributions accounted for 43% of arts organizations’ financing, or \$13.5 billion, compared to 13% from government.<sup>1</sup> The Triad Foundation is proud to be among the many foundations who give generously to these causes. For example, Triad Foundation made a \$1 million challenge grant, which stimulated a \$1 million match by several donors in Charlotte. ImaginOn is the home of the Children’s Theater of Charlotte and the Public Library of Mecklenburg County. The opportunity to co-locate these two outstanding organizations has resulted in increased and more accessible arts and cultural

<sup>1</sup> Cowen, Tyler. *How the United States Funds the Arts*. Publication. Comp. Sunil Iyengar, National Endowment for the Arts. Jan. 2007. National Endowment for the Arts. <<http://www.nea.gov/pub/how.pdf>>.

education programs for the youth of that community – a priority of the Triad Foundation.

As you know, there is a proposal in President Obama's FY 2010 budget that could have a chilling effect on a significant portion of private giving – particularly as it relates to arts organizations. The proposal would, in essence, make it more expensive for individuals to contribute to charities, either directly or through foundations, by limiting the value of the itemized deduction individuals receive for making such gifts. The proposal is intended to raise revenue to help pay for the President's health care reforms.

For those individuals earning over \$200,000 and families over \$250,000 – many currently taxed in the 33% or 35% income tax brackets – the proposal would limit the value of the deduction to 28%. For example, under current law, if a donor in the 35% income tax bracket makes a charitable contribution of \$1,000, the donor would receive a maximum deduction of \$350. Under the Administration's proposal, using the same example, the itemized deduction would be reduced to a maximum of \$280. According to the Indiana University's Center on Philanthropy, the proposal represents a 20% increase in the cost of giving for every dollar contributed.<sup>2</sup>

On behalf of both the Triad Foundation and the Alliance for Charitable Reform, I believe this proposal is a step in the wrong direction at a time when Americans and the government are relying more – not less – on the nonprofit sector.

Deteriorating economic conditions are forcing charities to face higher demands for services with fewer resources. For example, the Midnight Mission Shelter in Los Angeles estimates that the economy is forcing them to provide 15,000 more meals each month, even though donations are down \$200,000 from the previous year.<sup>3</sup> As you know, the arts community is not immune to these budgetary challenges. The *Wall Street Journal* reported that the Baltimore Opera's Board recently voted to liquidate the organization and the Detroit Institute of the Arts reduced 20% of its staff as part of a \$6 million budget cut.<sup>4</sup>

Others in the community are echoing this sentiment and, in fact, the head of development for the American Red Cross, Jeffrey Towers, called this "the worst fundraising environment he's ever worked in."<sup>5</sup> To further illustrate this point, a January 2009 study by MetLife concluded that cash flow concerns have trumped charitable giving - 40% of Americans are now giving less often to charities.<sup>6</sup> And, a recent survey conducted by the Council of Foundations concluded that

<sup>2</sup> Rooney, Patrick - Indiana University Center on Philanthropy. "Obama's Charitable-Giving Plan: What It Means for Nonprofit Groups Online Discussion." Interview. *The Chronicle of Philanthropy*. 11 Mar. 2009. <<http://philanthropy.com/live/2009/03/obama/index.shtml>>.

<sup>3</sup> Tracy, Ben. "Obama's Budget to Heavily Tax Wealthy." *CBS News Report*. 26 Feb. 2009.

<sup>4</sup> Specter, Mike. "Arts Groups Lose Out in Fight for Funds." *The Wall Street Journal* 18 Mar. 2009.

<sup>5</sup> McCoy, Kevin, and Oren Dorell. "It's a hard time to be a charity." *USA Today* 27 Oct. 2008.

<sup>6</sup> MetLife. *The 2009 MetLife Study of the American Dream: An Opportunity for Policymakers to Help Keep the Dream Alive*.

foundation assets have, on average, dropped 28% over the past year due to market shortfalls.<sup>7</sup>

At Triad, we have seen similar losses. Since October 2007, our foundation's assets have declined by approximately 40%. In order to honor our current multi-year commitments and, at the same time, provide funding for emergencies, unmet needs, and unexpected opportunities, my Board has agreed to give out a more significant percentage of our assets this year than in previous years. That said, this decision has raised questions to our long-term sustainability. But, as an organization, we are committed to stepping up to the plate.

The Administration's budget proposal comes at a terrible time. Recently, the Tax Policy Center, a joint venture between the Brookings Institute and the Urban Institute, estimated that the itemized charitable deduction (coupled with higher tax rates on individuals) would result in a \$9 billion drop in annual giving in 2011<sup>8</sup> – which is roughly triple the annual budget of the American Red Cross.<sup>9</sup>

Who loses under this proposal? Those that most heavily rely on private giving – specifically, those dedicated to arts education, music, and cultural programs which are reported to receive 43% of their financing from private giving.<sup>10</sup>

According to a recent survey commissioned by The Philanthropic Collaborative, the investment made by foundations in the charitable community generates tremendous economic activity. Specifically, for every dollar provided in grants and support across the country, there was an average estimated return of \$8.58 in direct and indirect economic benefits.<sup>11</sup> Looking at the arts community in particular, the study estimates that for every foundation dollar invested in these programs, the average estimated return on this investment was \$9.44.<sup>12</sup> Clearly, given the current environment, we need to do more to incentivize this type of giving that has proven, thus far, to be so effective.

Now, more than ever, is the time to ENCOURAGE private giving. We respectfully request that Congress enact policies to do just that. In contrast to the Administration's proposal, responsible incentives should be enacted to stimulate giving across the country to strengthen the nonprofit sector – from our local museums to soup kitchens.

<sup>7</sup> Council on Foundations. *Asset Declines and Investment Strategy Changes by Family, Independent, and Public Foundations*. Publication. 2 Feb. 2009. Council on Foundations.

<<http://www.cof.org/files/Documents/Conferences/09FamPhilCon/EconSurvey4.pdf>>.

<sup>8</sup> Burman, Len. "Would Obama's Plan to Curb Deductions Hurt Charities?" Weblog post. *Tax Vox: the Tax Policy Center Blog*. 3 Mar. 2009.

<[http://taxvox.taxpolicycenter.org/blog/\\_archives/2009/3/3/4110968.html](http://taxvox.taxpolicycenter.org/blog/_archives/2009/3/3/4110968.html)>.

<sup>9</sup> Schwinn, Elizabeth. "Budget Woes Force Red Cross to Lay Off Many Employees." *Chronicle of Philanthropy*. 24 Jan. 2008.

<sup>10</sup> Cowen, Tyler. *How the United States Funds the Arts*. Publication. Comp. Sunil Iyengar, National Endowment for the Arts. Jan. 2007. National Endowment for the Arts. <http://www.nea.gov/pub/how.pdf>.

<sup>11</sup> Shapiro, Robert J., and Aparna Mathur. *The Social and Economic Value of Private and Community Foundations*. Rep.2009. The Philanthropic Collaborative.

<sup>12</sup> Shapiro, Robert J., and Aparna Mathur. *The Social and Economic Value of Private and Community Foundations*. Rep.2009. The Philanthropic Collaborative.

Specifically, Congress can take immediate steps to put more dollars in the hands of charities. First, Congress should reduce and simplify the excise tax private foundations pay on their net investment income from 2% to 1%. This two-tiered excise tax effectively creates a disincentive for foundations to give more in times of great need – like now. A reduction in the excise tax rate to 1% for all private foundations would make more dollars available to be given to charities. ACR supports legislation to roll back this tax.

Second, Congress should extend and expand a popular incentive enacted after Hurricane Katrina – to drive more dollars to charities. The IRA Charitable Rollover provision would allow Americans over the age of 70 ½ to contribute up to \$100,000 from their individual retirement accounts (IRA) to charity, without having to declare the contribution as income for the year. This incentive is scheduled to expire at the end of 2009. We recommend it be extended and expanded to encourage additional private giving.

Both of these provisions would stimulate and encourage additional giving to nonprofit organizations, including arts organizations, in desperate need of resources. By further incentivizing – not discouraging – charitable giving Congress can ensure that Americans will continue to have access to these important and valuable services that they have come to rely upon from the nonprofit sector.

I would like to close with this – foundations have served as indispensable laboratories for innovation and entrepreneurship, addressing many of society's greatest challenges. We offer creative solutions to meet unique and diverse needs of America's communities. They are, and will continue to be, a vital part of our society and our economy.

I appreciate the opportunity to appear before the Committee and share my thoughts on these issues and would welcome any feedback or questions that the Committee may have for me.

*The Alliance for Charitable Reform is a project of The Philanthropy Roundtable, a 501(c)(3) tax-exempt organization. ACR represents charitable organizations, including private foundations, family foundations, and public charities.*

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Chairman MILLER. Thank you.  
Mr. Thomasian.

**STATEMENT OF JOHN THOMASIAN, DIRECTOR, NATIONAL GOVERNORS ASSOCIATION, CENTER FOR BEST PRACTICES**

Mr. THOMASIAN. Thank you, Mr. Chairman, members of the committee. My name is John Thomasian. I am director of the National Governors Association Center of Best Practices.

I appreciate the opportunity to appear before you today. I am going to talk briefly about a report we recently published entitled, "Arts and the Economy: Using Arts and Culture to Stimulate State Economic Development."

As director of the NGA Center of Best Practices, our mission is to provide Governors with advice and innovative ideas on the full range of domestic policy issues, including economic development. With regard to State economic strategy, our approach has been to help Governors inventory their natural assets and identify the competitive industries in their States. When we do this, it becomes clear that creative industries are valuable components of all State economies.

Estimates in the number of workers employed within these industries vary widely. We heard Representative Slaughter today talk about 5 million. That may be a lower bound. Others have estimated it to be as high as 40 million when you look at those who add creative content to product. A number of Governors have documented the economic impact of the creative industries.

Arkansas, for example, found that the arts and cultural-related firms employ nearly 27,000 individuals and generate almost \$1 billion in personal income for Arkansas citizens.

In North Carolina, creative industries infused \$3.9 billion into the State's economy in 2007.

And in Massachusetts, the cultural sector contributed well over \$4 billion.

Recognizing these positive impacts, Governors have led efforts to foster the arts and creative industries in their States, and they generally employ four broad tools: grants; tax incentives; financial aid to education and workforce training institutions; and technical assistance to artists and arts-related businesses.

Small, targeted grants are a frequently used tool. In Mississippi, for example, after Katrina, grants to artists in the order of approximately \$5,000 were given to help the artisans and artists get back into their businesses. The program also included a series of workshops on business plan development and accounting to help artisans sustain their efforts.

Tax incentives are another strategy Governors have used to spur cultural enterprises. Maryland designates arts and entertainment districts that receive property tax credits for construction of arts-related spaces, exemptions from the State's amusement and entertainment tax, and income tax deductions for artistic works sold by artists that reside within the district. As of 2008, at least eight other States had similar measures.

Enhancing workforce skills through State universities and community colleges are another way Governors can assist the creative industries. Connecticut offers a film industry training program at several community colleges. The program teaches individuals the basics of feature film and episodic television production and also how to pursue entry-level freelance work in the industry.

State universities also can bring artists and traditional industries together to stimulate new thinking and new lines of product. The University of California in Santa Cruz has partnered with local industry in the city of Santa Cruz to establish the Santa Cruz Design Plus Innovation Center. The center leverages local design talent to grow and attract design-based businesses. Innovation, such as the camera phone and carbon fiber bicycle frames, have sprung from these activities.

Finally, some programs focus on simply providing technical assistance to artists and artist entrepreneurs who are establishing arts-related businesses. The Alaska Native Arts Program provides workshops and business courses in centralized locations to address issues important to any small business, such as quality control, market analysis, pricing, and Federal and State regulations. Other program activities help individuals network, identify funding opportunities and reach larger markets for their work.

In conclusion, these examples and others highlight the fact that the Governors are leading efforts to capitalize on the benefits creative industries can offer. Creative industries can create jobs. They can attract investments. They can generate tax revenues and stimulate local economies. A creative workforce, as has been discussed here, also can contribute to product innovation and improve the competitiveness of traditional industries.

I appreciate the opportunity to talk with you today. And I look forward to answering any questions. Thank you.

[The statement of Mr. Thomasian follows:]

**Prepared Statement of John Thomasian, Director, Center for Best Practices, National Governors Association**

Chairman Miller, Ranking Member McKeon, and members of the committee, my name is John Thomasian and I am the director of the National Governors Association Center for Best Practices (NGA Center). I appreciate the opportunity to testify before you today on the recent NGA Center report, *Arts & the Economy: Using Arts and Culture to Stimulate State Economic Development* and to discuss governors' work to maximize the economic benefits of the creative industries.

The NGA Center develops innovative solutions to today's most pressing public policy challenges and is the only research development firm that directly serves the nation's governors. The NGA Center's policy experts provide governors advice and examples on a full suite of policy issues, including education, health care, homeland security, the environment, public safety, and economic development.

*Overview*

Conservative estimates of the number of workers employed nationwide by arts and culture-related industries—also known as “creative industries”—reveal more than 612,000 arts businesses, which employ nearly 3 million workers.<sup>1</sup> These figures represent workers employed strictly by arts-centric sectors such as museums; performing arts (including music); visual arts; film, radio, and television; design and publishing; and arts schools and services. However, artists and other creative workers can be found in a multitude of industries, from tourism and agriculture to technology and consumer products. Broader definitions of the creative industries—or “creative class” as coined by Richard Florida—encompass those whose economic function is to create new ideas or creative content. By this definition, around 40 million Americans—or 30 percent of employed people—are creative sector workers.

Creative industries are far broader than many might initially assume. Today, you will find artists employed by numerous sectors critical to economic development and international competitiveness. The technology sector, for instance, includes workers who specialize in graphic and web design, animation, and media arts. Corporations that develop consumer products rely on artists to enhance the design, look, and feel of their products.

In fact, creative workers are key to America's economic competitiveness in a global market. The market value of products is increasingly determined by a product's uniqueness, performance, and aesthetic appeal, making creativity a critical competitive advantage to a wide array of industries. Apple Corporation's popular iPod is developed through the company's iPod Engineering team, which includes not just engineers, but also two design teams, whose job it is to conceive, design, and produce

<sup>1</sup> Americans for the Arts, *Creative Industries in 2008: The State Report*, (Washington, D.C.: Americans for the Arts, 2008). [www.americansforthearts.org](http://www.americansforthearts.org)

new iPod products. The company includes “creativity” among the six skills it most desires in its iPod Engineering employees.<sup>2</sup>

For the last several years, the NGA Center has been helping governors understand their state economies in terms of natural assets and clusters of competitive firms. Clusters are simply groups of related producers, suppliers, distributors, and intermediaries that draw advantages from their mutual proximity and relationships. Creative industries represent in several types of clusters, including specialty tourism, graphic and web design businesses, film making industries, and unique agricultural products (wine making for example).

Today, governors recognize that creative industries are valuable components of state economies:

- Creative and new media industries are growing in number and playing increasingly prominent economic and social roles;
- Companies’ decisions about where to locate their businesses often are influenced by factors such as the ready availability of a creative workforce and the quality of life available to employees; and
- Many businesses today require collaboration with artists, designers, and media specialist to develop innovative products.

In addition to strengthening a state’s competitive edge and contributing revenue for states’ economies each year, creative industries can help revitalize weak economic areas, attract a skilled workforce, and bring in tourism dollars. For instance, in Louisiana the tourism industry—the state’s second-largest industry, employing around 144,000 people—capitalizes on the state’s rich history and culture as well as its unique musical and culinary heritage. The tourism industry partners with local musicians and artists each year to draw thousands of tourists to New Orleans, not for Mardi Gras, but for the New Orleans Jazz & Heritage Festival. The festival celebrates the cultural heritage of Louisiana through a showcase of music of every kind—jazz, gospel, Cajun, zydeco, blues, R&B, rock, funk, African, Latin, Caribbean, and folk to name a few—as well as through presentations of crafts by local artists, folklife exhibitions, and distinctly local culinary creations.

In recognition of the impact creative industries have on state economic development, numerous governors have adopted a wide range of strategies designed to foster arts and culture and tap into the resulting economic benefits.

#### *The NGA Center’s Report and Findings*

In January, the NGA Center for Best Practices released a report, *Arts & the Economy: Using Arts and Culture to Stimulate State Economic Development*.<sup>3</sup> The National Endowment for the Arts funded the report, which highlights the governors’ efforts to maximize the economic impact of creative industries. A copy of the full NGA Center report is attached to my written testimony.

In summary, the NGA Center report found that governors are taking action to develop creative industries by supporting businesses and entrepreneurs; partnering with universities to train creative workers; encouraging collaborations between artists and traditional industries; improving local development by incorporating arts into community planning; and attracting tourists to their states by promoting cultural assets and products.

The NGA Center report is not an advocacy piece for arts and culture. Rather, it aims to shed light on the creative cluster that many governors have identified through studies of their statewide and regional economies. Creative workers and businesses comprise a significant portion of the economy in many states. For example, creative industries in Arkansas employs nearly 27,000 individuals and generates \$927 million in personal income for Arkansas citizens. Creative enterprises are the state’s third largest employer—after transport and logistics and perishable and processed foods. In North Carolina, the wages and income of workers employed by creative industries infused \$3.9 billion into the state’s economy in 2006. And in Massachusetts, the 17.6 percent yearly growth of the cultural sector contributed \$4.23 billion to the state’s economy.

As governors identify the extent to which creative industries contribute to state economies, they work to support creative industries through businesses, entrepreneurs, and networks and by developing a skilled workforce for the sector to draw upon. Governors incorporate arts and culture into community development plans through the use of grants, enterprise zones, and by supporting development of art

<sup>2</sup>Apple.com, Job Opportunities: Skills You’ll Need, (Web site). <http://www.apple.com/jobs/us/pro/ipod/skills.html>.

<sup>3</sup>Chris Hayter and Stephanie Casey Pierce, *Arts & the Economy: Using Arts and Culture to Stimulate State Economic Development* (Washington, D.C.: National Governors Association Center for Best Practices, 2009). <http://www.nga.org/Files/pdf/0901ARTSANDECONOMY.PDF>

space. Finally, they include arts and culture in state tourism strategies, particularly through efforts that promote unique cultural heritage or local products.

#### *Developing Creative Industries*

Governors are leading many different approaches to develop and strengthen states' creative industries.

North Carolina, for example, focuses energy on developing and expanding its crafts industry. HandMade in America in North Carolina—established in 1993 with assistance from the North Carolina Arts Council—encourages and enables product development among local craft artisans. HandMade hosts a business boot camp to teach business planning, marketing, and entrepreneurship skills to artists. HandMade links more than 320 regional artists, crafts producers, bed and breakfasts, farm tours, restaurants, and other businesses through a 200-mile-trail system that is part of a larger tourism marketing campaign.

Ohio bolsters its arts-focused nonprofits through the Ohio Arts Council's Sustainability grant program, which provides two-year grants to nonprofit organizations that offer broad-based, ongoing arts programs within their communities. In Texas, the Commission on the Arts couples grants with technical assistance to help nonprofit arts organizations build organizational capacity and strengthen business management practices. Likewise, Virginia's Commission for the Arts provides Technical Assistance Grants to support nonprofit management and operations training.

Creative industries encompass a number of small businesses and individual entrepreneurs as well as nonprofit arts organizations. In Mississippi, grants to artist-entrepreneurs emerged as a formidable post-Katrina revitalization strategy. The state's Business Recovery Grant Program, awarded \$5,000 grants to small arts businesses, self-employed artists, and craft enterprises affected by the storm. Recipients used the grants to purchase tools, equipment, and supplies to create and sell arts or crafts. The program, which included a series of workshops, including business plan development, accounting practices, and insurance needs, was featured in Governor Haley Barbour's Recovery Expo, a 2006 forum on recovery strategies and resources.

Working with state universities and community colleges, governors also are bolstering the business acumen of artists, to maximize economic impact. In Alaska, the University of Alaska Rural Extension Program provides support for artist-entrepreneurs in rural communities through the Native Arts Program, which provides workshops and business courses to address issues important to entrepreneurs, such as quality control, market analysis, pricing, and federal and state regulations. Another example is Connecticut's Film Industry Training Program at Middlesex Community College, Norwalk Community College, and Quinnipiac University, offered by the Connecticut Office for Workforce Competitiveness in partnership with the Commission on Culture & Tourism. The program trains individuals who want to learn the basics of feature film and episodic television production and pursue entry-level freelance work in the industry.

Increasingly, governors realize a competitive edge by encouraging collaborations among artists, designers, and product engineers in a variety of manufacturing and high-tech industries, especially in product design. These collaborations stimulate new thinking, encourage new product development, and make the most of a state's collective creative and business resources. For example, The University of California Santa Cruz, part of the state university system, partnered with local industry and the city of Santa Cruz to establish the Santa Cruz Design + Innovation Center. The center leverages local design talent to grow design-based business and attract new businesses to the area. It seeks to create opportunities for networking and interdisciplinary collaboration as well as a space for teams to tackle cutting-edge design challenges.

In Wisconsin, the John Michael Kohler Arts Center Arts/Industry Residency Program offers artists access to industrial technologies through residencies, workshops, and tours. The primary component of Arts/Industry is a residency program at Kohler Company, the nation's leading manufacturer of plumbing hardware, where artists have the opportunity to spend two to six months creating works of art using industrial equipment and materials—pottery, iron, brass, and enamel—and exploring forms and concepts not possible in their own studios. The Kohler Company, in turn, is given fresh ideas for its product lines. For example, Kohler's "Artist Editions" collection of surface-decorated plumbing fixtures grew directly out of the Arts/Industry program.

#### *Community Development*

Arts also can play a major role in community development and redevelopment through job creation and improving the quality of life. Governors are helping local-

ities incorporate arts into community development plans through grants to communities, technical assistance, and financial or tax incentives. Governors also designate select areas as “arts districts” to target their cultural economic development dollars.

Utah’s Creative Communities Initiative awards grants to communities to help connect the arts to community building, civic engagement, community planning, and use of public space. These “Utah Creative Communities,” and received access to leadership training to help them leverage additional funding and community buy-in. The measurable economic impact from initiative projects was \$4,500 to \$13,500 per community.

Another approach used by governors is the cultivation of strong local leadership for incorporating the arts into local development. The South Carolina Design Arts Partnership (SCDAP) is a joint initiative of the South Carolina Arts Commission and Clemson University. The initiative improves the quality of the state’s built environment through design education and leadership training. South Carolina’s institute provides training for the state’s mayors and municipal and county planners for applying design principles to planning, development, and transportation.

Tax credits are another strategy governors employ to spur economic activity through cultural enterprises. For instance, Maryland created a program that designates Arts and Entertainment Districts. These districts receive property tax credits for construction of arts-related spaces, exemptions from the state’s amusement and entertainment tax, and income tax subtractions for artistic work sold by artists residing within the designated district. In return, the districts become focal points that attract businesses, stimulate cultural development, and foster civic pride. Maryland’s Arts and Entertainment Districts have achieved significant increases in retail occupancy rates, property value, and tourist traffic. As of 2008, seven other states—Indiana, Iowa, Louisiana, New Mexico, Rhode Island, Texas, and West Virginia—had similar policies in place, leading to the establishment of 58 local arts or cultural districts across the nation.

The presence of cultural facilities is a key component of a productive infrastructure for economic activity through the arts. The Florida Division of Cultural Affairs’ Cultural Facilities Program funds the construction, renovation, and acquisition of cultural facilities in Florida. One of the most recent cultural facilities programs among states is the Massachusetts Cultural Facilities Fund. Created in 2006 as part of a major economic stimulus bill in Massachusetts, the fund aims to increase investments from both the public and private sectors to support the planning and development of nonprofit cultural facilities in the state.

#### *Tourism*

A major focus of governors’ art strategies is strengthening tourism. Many travelers pick vacation spots not only for their natural resources but also for their cultural offerings. Governors use a number of innovative strategies to tap into their states’ unique cultural resources as tourism assets. By encouraging cultural tourism and marketing their unique arts assets, governors are attracting more visitors and augmenting the impact of tourism as a contributor to state economies.

Through the New York State Heritage Area Program, New York is able to offer state-level coordination of its cultural, natural, and historical resources. The program includes 19 “heritage areas,” which encompass more than 425 municipalities. The Heritage Area Program aims to promote and preserve cultural and historical areas throughout New York through a state-local partnership. The New York State Office of Parks, Recreation and Historic Preservation offers a guide and a brochure to promote the state’s heritage areas.

Connecticut has recently instituted Culture & Tourism Partnership Grants to encourage interdisciplinary collaborations among arts, historical, film, and tourism organizations with the goal of helping localities build relationships and develop strategies to generate revenue and attract visitors. The Arts Division of the Connecticut Commission on Culture & Tourism administers the grants, which can be as much as \$3,000. In 2006, projects funded by the grant program included an arts festival, a family-friendly museum exhibit “trail,” a film festival, a historic garden trail, a Halloween craft and event festival, and a theater package.

Branding is an important marketing technique used in Montana to promote unique homemade and homegrown products of Montana artists and farmers. The Made in Montana (MiM) program was established in 1984 to help market products created, produced, or enhanced in the state by Montana residents. Likewise, the Kentucky Craft Marketing program uses a unique brand to help promote products crafted by Kentucky artists. In addition, the program supports efforts to market the products themselves to wholesale trade outlets, the tourism industry, and the public. It uses an annual exhibition that connects Kentucky artists and craftspeople

with national buyers for their products and serves as an information clearinghouse to help artisans locate sales opportunities, materials, and funding.

New Jersey is another state that uses branding to attract tourist dollars and bolster the sales and marketing of resident artists and arts organizations. Discover Jersey Arts is a statewide campaign to promote cultural tourism, build arts audiences, and generate revenue for arts organizations. Sponsored by the New Jersey State Council on the Arts and local partners, Discover Jersey Arts uses its Web site, a toll-free hotline, the Jersey Arts Guide, a Jersey Arts Ticket member card program, and other cooperative marketing programs to promote the Discover Jersey Arts brand.

Other states, like New Mexico, attract visitors by promoting unique cultural destinations. The New Mexico Fiber Arts Trails is a collaboration between the state and a network of fiber artists. The program promotes New Mexico's heritage while boosting tourist traffic and creating opportunities for New Mexican artists. This program allows rural artists to practice their heritage and remain in their homes, which helps develop rural areas of the state.

#### *Conclusion*

As these examples—and others highlighted in the NGA Center report—demonstrate, governors are leading efforts to capitalize on the numerous benefits creative industries can offer to state economies. Through creative industries, states can create jobs, attract investments, generate tax revenues, and stimulate local economies through tourism and consumer purchases. In addition, creative industries are playing a key role in the contemporary workforce, making creative contributions to industries' products and services, and infusing culture into community development.

Thank you for having me here today to discuss the impact of creative industries on economic development and jobs. I look forward to answering your questions about the NGA Center Report.

#### ATTACHMENT

NGA Center Report: Arts and the Economy: Using Arts and Culture to Stimulate State Economic Development. Available at: <http://www.nga.org/Files/pdf/0901ARTSANDECONOMY.PDF>.

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Chairman MILLER. Thank you very much. Again, thank you to all of the witnesses for your testimony.

Let me say at the outset that I may be in a minority here, but I think President Obama has raised a very fundamental question about fairness. That question is very simple: A family that doesn't itemize its deductions gives \$100 to the arts, and it costs them \$100. A family in the 25 percent bracket, it would cost them \$75 to give that \$100. And the family that is in the 35 percent bracket, it costs them \$65 to give that \$100. And the question is, should we cap it at 28 percent? Why would we subsidize wealthy people with taxpayer money to give more money to the arts than people who are working and make a decision, and in fact, I think about half of this comes from people in the lower brackets when you add it all up. Despite the remarkable generosity of wealthy people in terms of the arts, there is a huge slew of people there that are in that position. That is a debate for the Ways and Means Committee for the moment, not for us, and the Budget Committee last night. I just want to make that point that I think it is a question to be raised about tax fairness and that policy.

Let me begin by thanking you. You make a remarkable case, a case that I have always believed has existed. And I see the case in my own district and obviously in California of the fact that the arts are a huge engine for economic activity however you want to describe it, and each of you have described it a little bit differently in terms of the economic activity to small businesses in Cedar City

or to a large community in Miami-Dade, to that list of credits that you talked about, Mr. Daly.

When you see the TV program, you see the movie or the stage play, you only see the people in front. And you realize what is going on behind the scenes. We used to have a great tour of New York City with the Arts Caucus for many years for Members of Congress so that people could go behind and see what it took to manage all of that.

Why does music come so late in the credits?

Mr. DALY. I don't know. It is a very interesting—

Chairman MILLER. It is such an integral part of a movie and can be overwhelming, and it comes so late. We will take the answer off the air, unless you really have got the answer.

Mr. DALY. My brother-in-law is a very well known composer and has made his living for a long, long time composing music for television and for movies. He has been nominated for I think 23 Emmy awards, never won, and a Cesar award, which is the French Oscar. And he would be better equipped to answer that question.

Chairman MILLER. It is just something I wondered.

Mr. DALY. But I don't know. It is too bad because, you know, honestly, music can make or break a movie. I actually saw a movie that my son did the other day. I saw it first at the Tribeca Film Festival, and it had a lot of music in it that was source music, music that set the tone. And of course, when it was released, they couldn't afford to pay for all that music. So it had a different score. And I have to say, honestly, it damaged the movie considerably. So I guess, I don't know, that is probably a bad thing to say. I shouldn't say that publicly. But you know, music is such an important part of film.

Chairman MILLER. Thank you.

Mr. Bahr, in Cedar City, you have obviously made a decision that you are going to dramatically reduce the size of this generator that has brought, you say you think it is around \$35 million in economic activity to the community. That is mainly because of the loss of foundation assistance. You have talked to the foundations. Obviously, we have witnessed not only people's individual retirement accounts but foundation investments of all kinds have dropped dramatically.

Mr. BAHR. There are actually three reasons. And our foundations have actually hung with us. But our board, in November, a lot of movers and shakers within the State of Utah and Las Vegas area, they said, with the economy doing what it is doing, we will not approve this budget unless you cut by 15 or 20 percent. And so we went back in necessity, and then we started looking at our presales and our ticket sales and what the economy was doing. So the three reasons were: First of all, reductions in foundations; number two, the recommendation from the board; and just the reality of the economy.

Chairman MILLER. So the signals you were seeing when you look toward the summer season, the signals what you were seeing—

Mr. BAHR. Correct. And knowing we wouldn't be good stewards, that we wouldn't be able to pay the others. And it was a very, very painful process. The hardest thing for me to read there, since we brought up music, it costs \$50,000 for us to have a pit for a live

orchestra. We, since our inception, have had a live orchestra. And to make that—I think that strengthens the case of the musicians over here—was terribly painful. But when we through the \$50,000—when we were trying to feed nine shows, because we have nine shows, and those nine shows feed all of those different professions, we chose to cut and pay a synthesizer and a man to orchestrate it for \$24,000. So it is a major artistic loss for us. But the major thing that caused us to do that was the board wisely saying, if we don't prepare for this, there will be a problem here.

Chairman MILLER. Thank you.

I have a zillion other questions. But I know we are going to get jammed up so I want to give my colleagues time here.

Mr. Platts.

Mr. Platts is a cochair of the Arts Caucus. He had a conflict and was unable to be with Ms. Slaughter at the opening, but you are recognized for 5 minutes.

Mr. PLATTS. Thank you, Mr. Chairman.

First, I appreciate you holding this very important hearing and all of our witnesses and do regret that I wasn't able to be here for my cochair's testimony as well as the interaction with her Q&A.

But I do appreciate all of our witnesses for both your work regarding the arts and your testimony, both written and oral, here today.

If I had a chance to show you my office, it is what I call my children's private art gallery. I have got a 10-year-old and a 12-year-old. And it is my sanctuary down here. I am one of the lucky ones. I commute from my district in Pennsylvania each day. And down here, my office, between my kids' photos and their artwork, and it is interesting how it has progressed from finger painting to now pottery and more engaged pieces of art, paper-mache projects and things, and a great respite, including the performing arts.

I meant to bring along, too, what I will call their playbills or programs. My two children, with children in two other families, have on a number of occasions put on their own performances with my wife and two other moms, and where they do invite family and friends to come in and actually watch performances. So we are very blessed in them having that exposure. Thankfully, they have gotten my wife's genes when it comes to artistic talent, not mine, because I don't have any.

The testimony, I want to very much associate myself with Congresswoman Slaughter's testimony, and three points in particular. First, her focus on tourism and urban renewal. I have seen that in my hometown of York, Pennsylvania. A great mayor, Democratic mayor, Mr. Chairman, you will appreciate, who has done a great job of economic revitalization, and the arts community has been a critical part of that.

The arts district that he has created has really revitalized that part of the town and gotten, not just artists there; they have a tax credit for artists who come and live at their place of business above their studios and things, but it has gotten people like my wife and I to get down and not just visit those art shops, but also spend money in restaurants and things in that area as well. So the investment is very important and has a good return.

A number of you—and Mr. Daly, I think in your testimony, especially your second point, arts in education, the importance of exposing our children. We are lucky to be in a school district that my kids do have art every week, several times a week, and have had that since kindergarten, and complementing what we do at home. And we know how it has benefited their creative spirit and how that transforms itself then. So the focus on education, and Congresswoman Slaughter talked about that as well.

And then the third point in her testimony, and it really relates, Ms. Florino, to your comments on the charitable giving and a concern I do have.

And I certainly, Mr. Chairman, respect your concerns about tax inequity.

And that is not just in the area of charitable contributions but lots of areas of inequity in our Tax Code and the complexity of it. But I would mention, I think, one thing in response, and that is, whether you—there may be an argument that someone in a higher bracket gets a better benefit because of their tax bracket. A lot of those dollars, I know in our community, go to benefit low-income children, programs that they could not otherwise afford to attend, Shakespearean program or others, and we target that assistance to low-income families and their children so they can come and participate in the arts. So there is a return, maybe not to the Tax Code, but to the performers themselves from the generous—and I guess longwinded introduction here to the question on the charitable aspect.

Because I see this as a partnership where we need to make investments. And I will be testifying next week for an increase to NEA in the 2010 appropriations bill in joining my cochair and feel strongly about that. But I do see it as a partnership where it is not just the public doing it, meaning government in this sense, but partnering with the private sector. And that that is the charitable donations.

And Ms. Florino, your testimony lays it out, the \$9 billion projected loss from all charitable giving which will translate. My question really is to the other members of the panel who are involved with organizations that are a recipient of those dollars. Do you share that concern that if we go forward with that proposal, that your organizations and the artistic community in the broad sense are going to see a loss if we do embrace a tax policy that discourages charitable giving? And whoever would like to respond. Maybe we will start on the left and just go quickly. I realize I have used up most of my time with the question.

Mr. LYNCH. I would just point out that the arts, as I said in my testimony, are funded by a very fragile ecosystem of support, a very fragile ecosystem. Half of it from earned income; 40 percent from private sector; 10 percent from government. They need every break they can get from every sector, essentially. Earned income, we want a better economy. That is probably the most important thing. So the things that you are doing to create a better economy, more disposable income.

Government is the great stimulator. And it has been that way for 50 years. And in my testimony, I talked about how that worked. We need the kinds of things that you have been doing there.

But on the private sector, the information that comes—it needs to be looked at more as to what incentives work. And I have heard some different arguments here one way or the other. But whatever will continue to provide more dollars is what we need.

Mr. PLATTS. In the interest of time, to the Chair—

Chairman MILLER. If you could supply the answer to Mr. Platts' question in writing, it would be helpful. We can contact you. We are going to vote soon.

Mr. PLATTS. Thank you, Mr. Chairman.

Chairman MILLER. Thank you, Mr. Platts.

If I might, if we could ask if members, if we go to 3 minutes, we might get everybody in before the votes, because I have been given a note that we are going to have votes soon. So if you just limit yourself to one question or statement, I don't care what you do. But that way we may get through. And I know you came here interested and want to ask a question.

Mr. KILDEE.

Mr. KILDEE. Thank you, Mr. Chairman.

I think that is a good idea. I want to expatiate on something you said. You talked about the importance of music in movies. Several months ago, my wife and I watched a program in which they showed a scene from a well-known movie without the music, and then with the music. And it was very revealing, really very—can you imagine watching *Gone With the Wind* without the music? That is an extremely integral part of that movie. So I can't play a note. I am probably tone deaf. But all my kids are musicians.

And I yield back the balance of my time.

Chairman MILLER. Mr. Polis.

Mr. POLIS. Thank you, Mr. Chairman.

I really appreciate this testimony today. In growing up, arts put food on my table. My mother, Susan Polis Schultz, is a poet, and my father is a graphic artist. And as a result of my life experiences and background, I have always been a strong supporter of the arts.

And I particularly appreciate this testimony today regarding the diversity of the arts and also clarifying some of the commonly held misconceptions with regard to this very important sector in our economy.

My only quick question is with regard to arts in rural areas. If somebody would like to address how sometimes one of the misperceptions is, when people say arts, they think cities only. A couple of you touched upon this. But talk about how this is really a national issue and how it benefits rural areas.

Mr. BAHR. I am really, really glad you bring that up because that is a misconception. The arts are vibrant and alive and necessary in rural areas. And particularly by my testimony, I mean Cedar City, it is important. But to go even smaller than Cedar City, there are, I mean, community theaters and symphonies in those areas. And I want to echo the importance of Federal and State dollars, because they help leverage the much larger private dollars and especially in rural areas, particularly Idaho, Utah, Nevada.

Mr. RIDGE. If I could add to that, as a member of the North Carolina Symphony, we play all over the State. Perhaps one of the more gratifying things we do is, every year, we do a holiday pops tour where we are sure to get to the smallest communities in the

State that raise money for once a year, and the entire town turns out. They cook for us backstage. And it is a huge event. So we play for, apart from all the school children all over the State, we try to reach every community in the State. It is a really remarkable situation to see.

Mr. POLIS. Thank you, Mr. Chairman, I yield back the remainder of my time.

Chairman MILLER. Congresswoman Fudge.

Ms. FUDGE. Thank you, Mr. Chairman.

Thank you all. I have two very quick questions.

Mr. Lynch, this is to you. Have you seen a shift over the years in response to your organization's arts and economic prosperity report? And what do you think that shift has been?

And the second question is to Mr. Daly. You have recommended in your testimony that there needs to be a change in the discourse about how we deal with arts in our culture. And I would like to know how you think we can start that discourse.

Mr. LYNCH. I have definitely seen a shift as we have been using economic data. That is not what the arts are about. The arts are about inherent value, beauty, ugliness, insight. That is what they are about. But it is always a question that we get from the business community or the government. And as we have had more information about jobs and economics, we have seen at the State level, as has been talked about at the local level and at the Federal level, and more interest in investment, more understanding. So it has made a huge difference.

Mr. DALY. That is an interesting question. You know, I was listening to NPR the other day, and some Wall Street guy was asked to name something in the stimulus package that he thought was pork. And he went right to the \$50 million for National Endowment for the Arts. And frankly, it pissed me off because it is such a minute portion of the budget. And that \$50 million divided up among the many organizations will go to generate so much private giving and gives so many people so much joy, and it employs so many people. There are good investments and bad investments. And that is really a good investment.

But I think the main thing that, you know, a lot of times, I think artists themselves, when they talk about the arts, they are a little bit embarrassed, and there is a little bit of confusion between what we see in the tabloid news and on TV programs that focus on entertainment and about the arts. You know that—when we see, you know, these young women sort of self-emulating on TV, which is horrible and a horrible example for my daughter, that does not represent the broader spectrum of artists who are out there. Most artists are hardworking, disciplined people who are vital members of our society.

So we have got to start talking about it the way we talk about manufacturing cars and the way we talk about, you know, other important industries and not be sort of embarrassed and not confuse the tabloid elements of, you know, our artistic community with the meat and potatoes of it, you know, which is my point. It is on the—it is spinach. You know, it should be on the plate with the meat and potatoes.

Ms. FUDGE. Thank you.

Chairman MILLER. Mr. Hare.

Mr. HARE. A quick statement and a quick question for you, Mr. Daly.

I have a son, by the way, who has a masters degree in teaching theater and is an actor. So if anybody is looking for somebody, you want to give me a call later, I would appreciate it.

Mr. Daly, I just want to know, given this bad economic climate that we are in, have you seen the effect it has on TV production of shows, like "Private Practice"? And with these difficult times, who or what are the first resources that get cut?

Mr. DALY. As with most businesses, nowadays it seems the first people to get squeezed are the smallest; the people that need the employment the most, that make the least money and whose income depends on paying their mortgage or their rent every month are the first people to get squeezed. And I don't think the entertainment industry, you know, the commercial part of it is immune to that. I think that happens in a lot of industries. But also there is an element of fear because there is less production. For instance, I mean, we could argue about this a lot. But when a company like NBC decides to put Mr. Leno on for 5 nights a week at 10:00, you know, that might be a good business decision on one level. But it puts literally tens of thousands of people out of work, not just the creative people. But that is, you know, 5 hours of television every week where the technicians, the carpenters, the painters, the designers, the actors, the drivers are not hired. So, you know, it is tough. And I don't want to imply—I mean, there are parts of the entertainment industry that are very healthy. You know, people still do very well. But the little guy is getting squeezed very hard and is very fearful.

Mr. HARE. Thank you, Mr. Chairman.

Chairman MILLER. Congresswoman Clarke.

Ms. CLARKE. Thank you, Mr. Chairman, and thank you for your vision.

Like Mr. Daly, I was a bit appalled when we went through the American Recovery and Reinvestment Act and the whole issue of funding for the NEA came up, and it was kind of held with contempt by many in the political circles and spheres and on-upmanship. But I clearly recognize how vital a part of our economy the work of the community of arts and culture has been.

I am from Brooklyn, New York, where it is a major source, not necessarily the high publicity end of things but certainly a major part of the growth and development, the stimulation of the communities that I serve. And so today's hearing is very vital, I think, to bringing to the forefront for people how critical a component of our lives and our culture, our arts actually are.

I would like to raise the question with both Mr. Lynch, Mr. Daly, and any others who can respond in a quick manner, what do you think that the diminishing of our arts and support for it means for us on a global scale? As oftentimes, people forget that there is something called global competition. And for so long, the United States had been seen almost in a preeminent position, even though we interact across cultural and global lines, we have been very much a part of a movement that the rest of the world had em-

braced and then had come around with. So I would like to hear some feedback with regard to that.

Chairman MILLER. One of you is going to get 30 seconds to answer the question.

Mr. LYNCH. Mayors are critically interested in the arts because they stimulate competition, their city attracting people from other parts of the world. That is why. And international cultural diplomacy, visa laws, money at the State Department all mitigate against that because there is not enough of those things.

Chairman MILLER. Thank you.

Mr. Tonko.

Mr. TONKO. Thank you, Mr. Chair.

The arts build the crescendos in life. Without that, life is flat.

That being said, in our earliest settings in schools, while in the New York State legislature, I promoted certification only for those teachers who can exchange the message of the arts with students. What can we do to inspire greater participation in our schools, to grow that group of artists out there, because we are such a—I think we are devoid at times of cultivating the arts in our students?

Mr. BAHR. That is a huge, huge, and I love—very passionate about that. Every kid has to perform, so it is about encouraging performance and creation of art at a young, young level. And I think you see that—there are some great programs that are out there right now that I am sure they can talk about, and also the NEA sponsors a number of programs that way, too. But just celebrating the programs that are presently existing out there in the schools, I am sure you can all think of a great teacher that you have had in the past who taught your students or taught you because of those performances.

Now with regards to a Federal answer, I know statewide, we actually have, in the State of Utah, the arts are huge, and it is actually part of the Utah State Office of Education to train every teacher on how to use art in the classroom. It is part of our core. And it is required as part of the core. It is as necessary as math and science. And that needs to be done nationally. But the State of Utah, I think, is leading the charge that way and see that as a necessary vitamin, as necessary as the spinach that Mr. Daly shared.

Mr. DALY. I also think that it is important for all of us on this panel, for politicians and for people in the business community, to start acknowledging the arts in our daily lives. I mean, I defy anyone in this room to look around them and not see something, a tie, these paintings, you know, the curtains behind the chairman, every one of these things, designed by an artist. And the chairman himself, a work of art.

These things are tied in with technology and design and innovation and manufacturing. It is not something else. It is everywhere we are.

Chairman MILLER. Ms. Florino, you wanted to quickly say something.

Ms. FLORINO. Yes, very quickly. I think one of the problems is we have kept the arts in a silo and we haven't seen the impact on math education and English education. And we know that there

are plenty of studies that prove that, in fact, musical skills and math skills are very connected.

And I just want to say that I think we as a foundation, along with many individual donors, have been looking to out-of-school experiences to make that integration. One example I want to give you is a family reading partnership program in Ithaca, New York, which we have funded for a long time and which would be categorized in many places as a literacy program. But the director of that program has been insistent that children not only be given books at birth and given books in early years but that they be given beautiful books. So the art of those children's books has been as important in generating their interest in reading as the words on the page. I think the more of that we can do, the better we will be in the future.

Chairman MILLER. Ms. Woolsey.

Ms. WOOLSEY. Thank you.

You are a perfect straight woman for me, Ms. Florino. One of our other efforts here on this committee is elementary, secondary education and which we will be reauthorizing. Secretary Dick Riley under Bill Clinton has been very—and many others—instrumental in our writing art and music back into the curriculum. And so knowing that, I am going to ask, Mr. Daly and any of you, when I go to the movies and I see the credits, because one of our responsibilities here is equality for girls and women, the ratio of man to woman is just not equal at all. I want to know why that is. Are we doing something in our education system? Is NEA doing something that is making it way more possible for men to survive? Or do you know anything about that?

Mr. DALY. Well, that is a tough one. I do know that, since the dawn of drama, men have dominated, you know, theater and storytelling. And I don't know why that is. Shakespearean plays are predominantly men. Greek plays are predominantly men. That is a good and, you know, really valid question. I am not sure what the answer is.

Ms. WOOLSEY. Does anybody have—

Mr. BAHR. Refreshing, though, every one of our stage managers are females. And I think there is a reason for that. They know how to manage people. They know how to get stuff done. I don't think it is an accident. Occasionally, you will have a male stage manager that will sneak in there. I do think that is something that needs to start down at that lower level, elementary to say, hey, women, this is something you can do. This is an industry that you can do, too.

Ms. WOOLSEY. It isn't because stage managers are underpaid?

Mr. BAHR. Actually, all of our stage managers that work at that level are equity stage managers; they receive the same wage.

Mr. DALY. I also should say that my show, "Private Practice," is women-run. It is an estrogen heaven over there.

Ms. WOOLSEY. I watch it. I love it.

Mr. DALY. Women are running the whole show over there.

Chairman MILLER. They often ask the Speaker of the House how she can run the Democratic Caucus in the House. She says, mother of five, grandmother of seven, now, I think, and I use my mother-of-five voice every now and then. So it seems to work.

Mr. Platts, any final comment?

Mr. PLATTS. Again, just my thanks for your hosting the hearing and all of the great testimony we have received. Hopefully partnering all together, we will do right by the arts.

Chairman MILLER. Let me thank all of you for your testimony. We wanted to make and the President wanted to make and the Speaker wanted to make an important statement about the arts in the stimulus act, that this is an important part of our economy. This act was about going to those sectors of our economy where we could stimulate economic activity, where we could have a multiplier effect, whether it was construction jobs or in teaching jobs or in the arts. And that is what we wanted to be able to do. I think we did it right. Those who suggested that this was \$50 million in pork, those are the same people that said it was pork to try and repair and keep from sinking into the Potomac River the Lincoln Memorial and the Jefferson Memorial, so their value systems kind of coincide and meet at that point.

This has been a wonderful opening night, if you will. This is in a series of hearings. We are going to move on to education. We are going to move on to other aspects of the arts in our society and the importance of them. And thank you, all of you, for the work you do with education groups in your areas and in your cities and your industries.

It is a remarkable thing to watch children be engaged with the arts. And it is not just studies. I spend a lot of time in classrooms around the country. I can take to you where the music and arts have changed the educational performance and the opportunities for those young children. They say the two best ways to engage children in fractions is with a ruler in wood shop and a baton in a music class. And then they will start to appreciate and understand fractions, which they always seem to stumble on, as I did. No wonder I was a bad French horn player.

Geez, all these things that get revealed up here sitting as chairman. This is tough.

But thank you so much for your time. It is valuable. It is important to us, and we are glad that you shared it with the committee.

Before adjourning, I have got to make a unanimous consent request to open the record of last week's hearing on the importance of early childhood development, later in the arts, through Tuesday, March 31, 2009, 14 days from the date of the hearing, during which members may submit extraneous material.

So I don't have to do that in the next hearing, I will request today, without objection, all members will have 14 days to submit extraneous material and questions for the hearing record.

Members may want to submit questions to you. We hope that you would agree to respond to those questions. And again, thank you so much for what you do for the arts, for our communities, for our economy and for this committee with this morning's hearing and your participation.

With that, the committee will stand adjourned. Behind you, what is going on is it is a little bit like off-track betting here. I am trying to see if I can beat the other 208 people who haven't voted yet. Although the clocks run out, the race is still on. And because I am old and fast, I think I can still do it. Thank you very much.

[The statement of Mr. McKeon follows:]

**Prepared Statement of Hon. Howard P. “Buck” McKeon, Senior Republican Member, Committee on Education and Labor**

Thank you, Chairman Miller and good morning.

One of the benefits of living in a free society is that its citizens are free to create.

This freedom has given birth to art forms that Americans—and people around the world—have enjoyed for decades.

Take music: Blues. Country. Jazz. Rock ‘n’ roll. All of them come from America.

Then there’s Broadway and Hollywood. For more than a century, American films, plays, musicals and TV shows have been loved and respected the world over.

Mr. Chairman, we should be proud of our artists, but not just for their creative achievements. After all, they are in show business. It’s a real industry that has ups and downs like any other.

And what helps support this industry?

In large measure, non-profit and charitable foundations.

When you look beyond the superstars with their mansions and their millions, you find that many talented working artists across the country are supported this way.

Experts say the \$43 billion that foundations give out help generate more than a half trillion dollars in household income. It also contributed some \$145 billion in tax revenues.

That’s music to a lot of people’s ears—especially in these times. But it seems President Obama wants to stop the music and send the band home.

The Obama Administration’s new budget would limit charitable deductions in the tax code.

These tax deductions allow—even encourage—people to give to foundations and charities. Whether they contribute 25 dollars or 25 million, a deduction applies to them.

And foundations need these donations. Usually, individual contributions are often their sole source of income.

So, if you limit charitable deductions, you limit support of the arts—and other worthy causes.

It’s that simple. But don’t take my word for it.

Ask Martin Feldstein. He’s an economics professor from Harvard University. He wrote an op-ed piece in The Washington Post yesterday about this very subject.

In his article, Feldstein says President Obama’s proposal would effectively transfer \$7 billion a year from the nation’s charitable institutions to the federal government.

This transfer, Feldstein says, would basically be a nationwide tax on charities.

After speaking with Professor Feldstein, go talk to the Association of Performing Arts Presenters.

In a report out this month, the association says that more than half of the performing groups with theaters and facilities have failed to meet their fundraising goals.

As the Obama Administration tinkers with the tax code, it’s important that we, as members of Congress, understand how it affects non-profits and foundations.

Whether it’s supporting a local theater group, homeless shelter or children’s hospital, non-profits and charities play a starring role in American life.

We should create policies that best increase philanthropy and private resources available for charities, including support of the arts.

Finally, we should highlight how private charities are independent, effective and innovative—just like American artists, including the ones with us today.

Thank you, Chairman Miller. I yield back.

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[The statement of Mr. Hodes, submitted by Mr. Miller, follows:]

**Prepared Statement of Hon. Paul W. Hodes, a Representative in Congress From the State of New Hampshire**

I would like to thank Chairman Miller and Ranking Member McKeon for holding this hearing on the importance of arts and music in the economy. Investing in the artistic culture of our nation is critical to preserving the incredible diversity in America and bolstering our creative economy. The artistic community is an essential part of the American workforce that creates jobs, generates revenue, and brings communities together.

From classic poetry to modern opera to reggae, the arts create a unique space for expression, passion, and education. Artists express their ideas through new mediums and innovative ways to interact with the community.

In previous difficult economic times in America, the Federal Government has recognized the importance of the creative economy, and supported artists and those who work in the arts. As a part of the New Deal, the Federal Art Project was established in 1935 and helped to create over 5,000 jobs for artists, including painters, sculptors, muralists and graphic artists. The project produced over 225,000 works of art for the American people across the country. The works can still be seen in the murals that adorn the walls of United States Post Offices all over the country.

I strongly supported the \$50 million for the National Endowment for the Arts that was included in the American Recovery and Reinvestment Act. This funding will help members of the artistic community keep their jobs and maintain the creative economy. According to the NEA, nonprofit arts organizations and their audiences generate \$166.2 billion in economic activity every year, support 5.7 million jobs, and return nearly \$30 billion in government revenue every year. The NEA additionally reported that for every \$1 billion spent by nonprofit arts and culture organizations nearly 70,000 full-time-equivalent jobs are created.

As we work together to help strengthen our economy, encouraging art and artists can help develop and allow for cultural centers to continue thriving. In New Hampshire, I worked hard with my community to rebuild the Capitol Center for the Arts and helped revitalize downtown Concord. The Capitol Center for the Arts is a performing arts center and has consistently brought jobs, created an artistic outlet, and has been a central location for events and programming for the community, bolstering the Concord economy.

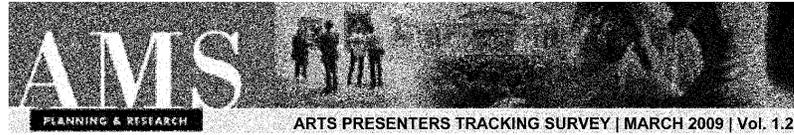
The Capitol Center for the Arts has also faced challenges in this difficult economy. In addition to cutting their workforce by 10 percent, the Capitol Center has also had a 20 percent drop in ticket sales this year. As a result, the artists, backstage crews, restaurants, hotels, and local businesses are also being negatively affected and losing revenue.

This example is one of many artistic communities around the country which is feeling the pinch of our economic downturn and only demonstrates further why it is crucial that we continue to support and fund the arts. Arts funding encourages local economic growth and infuses money directly into our communities. As Congress continues to increase job opportunities in our cities and towns across the country, it is essential that artists and the creative economy not be overlooked. Artists not only enrich the cultural heritage of our country, but also bring Americans together to a shared community and experience.

I appreciate the attention the Education and Labor Committee has brought to the important topic of arts and music in our economy. With the right support, artists can continue to bring jobs and revenue to our country during these tough economic times.

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[Additional submissions of Mr. Platts follow:]



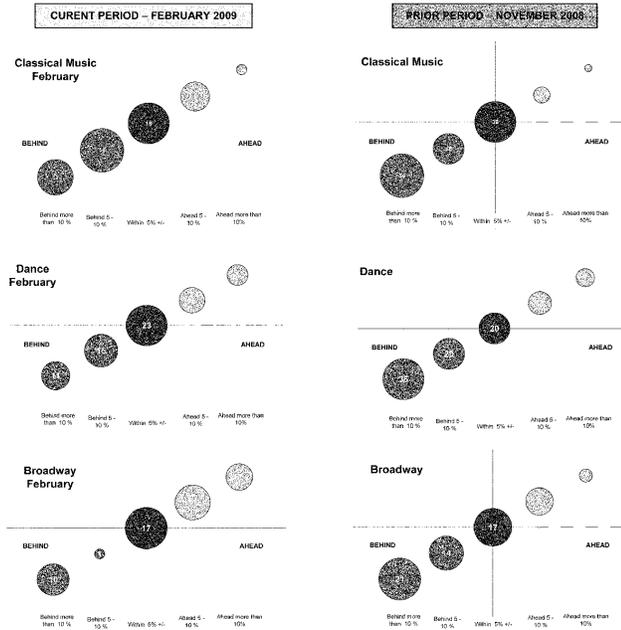
In this second edition of the Arts Presenters Tracking Survey we examine the continuing impact of the economic downturn on Arts Presenters Members. This short online survey explores impacts on activity, ticket sales and fundraising among presenter members of the Association of Performing Arts Presenters. The information provided in this report was collected in February and reflects the prior thirty-day period. A total of 173 organizations responded to the survey. Of these, nearly all (141 or 82%) were presenters with their own facilities while approximately 15% (22) were independent presenters and the balance (10 or 3%) were artist managers. The later two categories are not reported on in this edition due to the small sample size.

As a reminder, the next survey will be issued in mid-April. If you have any questions, please do not hesitate to contact us at 203-256-1816 or [ams@arts-online.com](mailto:ams@arts-online.com). Thanks again for your participation; we trust you will find this information useful.

**ACTIVITY AND ATTENDANCE STABILIZE WHILE FUNDRAISING IS A CONCERN**

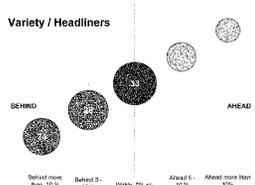
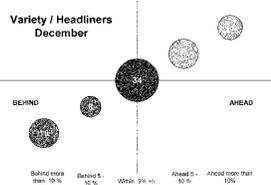
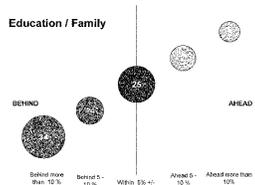
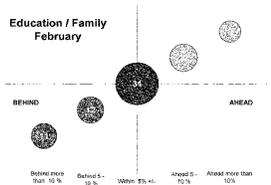
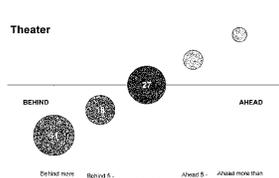
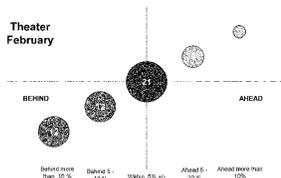
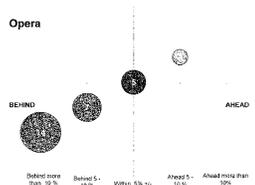
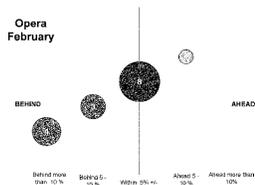
Across the arts sector organizations and their leaders are working hard to manage the effects of the economic slowdown. While in many cases there is still an expectation that the impact of the "economic crisis" is yet to be fully felt, the data suggest one possible direction. By comparing data from late last year with information collected in December we can see that some categories of programming are stabilizing or even improving (largely popular, headliner and variety entertainment) while others continue to struggle. More disconcerting is the rate at which fundraising targets are not being met. While slightly more pessimistic that 3 months ago, the largest number of presenters now expects the situation to remain the same or improve over the next six months. Most responding presenters are taking some steps to manage their risk but being careful not to over-react.

**PROGRAMMING** Respondents with facilities show a decrease in the number of program categories that are behind their budget targets and a slight gain in those that are within 5% or ahead. The only categories in which more organizations are meeting or exceeding budget is Broadway and variety and headliner acts.

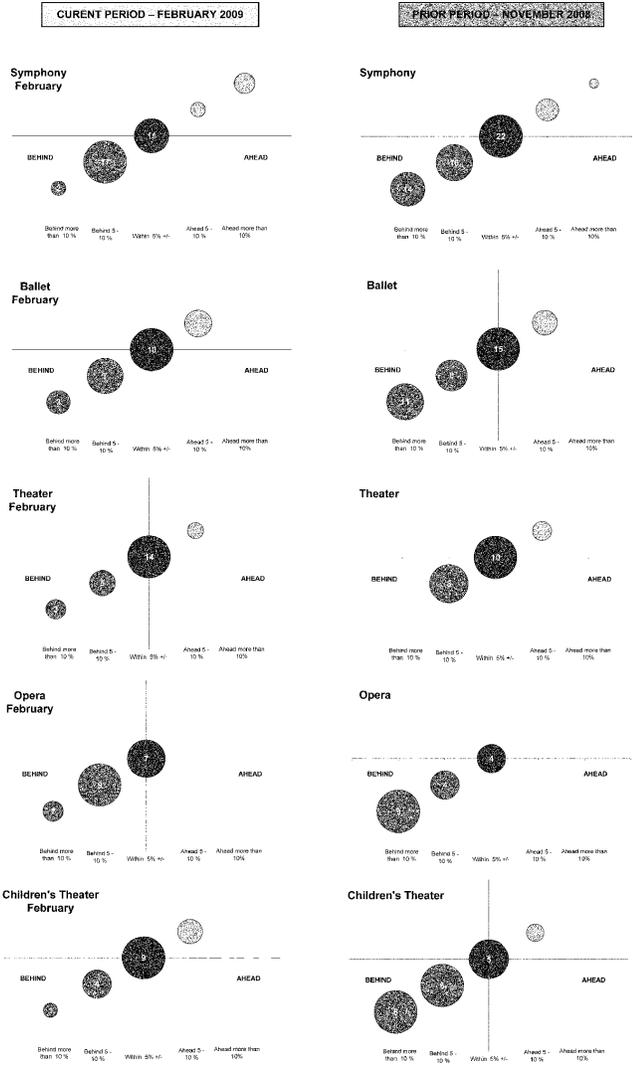


CURRENT PERIOD - FEBRUARY 2009

PRIOR PERIOD - NOVEMBER 2008



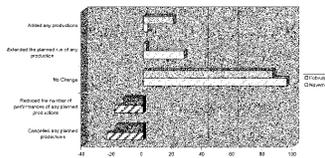
**RESIDENT COMPANY PROGRAMMING** Approximately 30% of respondents with facilities reported on resident company activity. In all cases except theater, the majority of organizations are reportedly behind their budget forecasts.



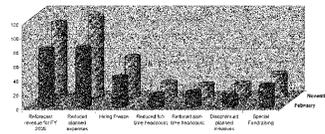
**Managing Change**

During the past thirty days, approximately 30% of presenters with facilities made some change to their production calendars. 15% either added productions or extended the run of productions. Most of the additional events are popular events: "we've added three pop music programs and one celebrity personality event," said one presenter. Just over 30% either reduced or eliminated planned productions, typically noting: "Cancelled one ... program due to extremely low sales." During the same time period, management

**Center Programming Actions**



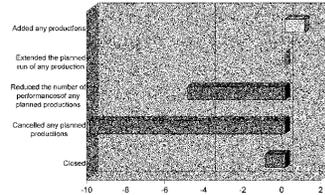
**Management Actions**



continues to take a variety of operational actions. A majority (57% of presenters with facilities) have reforecast revenue while 58% have reduced some planned expenditures. Just under one-third have instituted a hiring freeze while 11% have reduced fulltime headcount and 14% have reduced part-time headcount. Consistent with the last survey, 1 in 5 in both categories have initiated some type of special fundraising efforts.

During the past thirty days, presenters with facilities reported that one resident company closed while 10 cancelled planned productions and 5 reduced the number of planned performances. One presenter noted: "[the] ... Opera canceled one 09/10 production, [the local] Ballet ... cancelled 2 weekend runs for 09/10, [and the touring] ... Ballet cancelled Nutcracker [for] Dec 09. Only two Resident Companies added activity.

**Impact on Resident Companies**

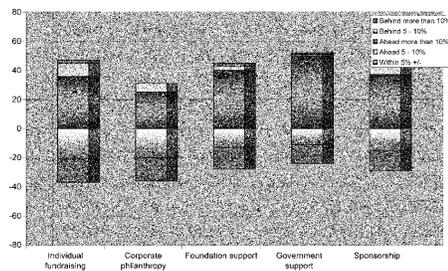


**Fundraising Results**

During the past thirty days, fundraising has been significantly affected. Among presenters with facilities over 50% reported that fundraising efforts have failed to meet

budgeted goals in one or more categories. Corporate philanthropy is the hardest hit category with 54% behind. 44% indicated that they are behind in individual fundraising while between one-third and forty percent indicated that Foundation support and/or sponsorship are behind goal. In a small number of cases (less than 10%), fundraising is ahead of budget. Comments are contradictory, with one successful presenter reporting: "At this moment we are tracking ahead of current campaign and soliciting renewals for 09-10 season. Current campaign renewal rate is 93.4%; highest ever (but fingers and toes are crossed) and corporate renewals of major sponsors are renewing at 100% right now representing about 50% of the campaign total. Very loyal community but not sure when we will hit a 'bottom' while another said: "Ticket sales are fine. Fundraising fell off a cliff."

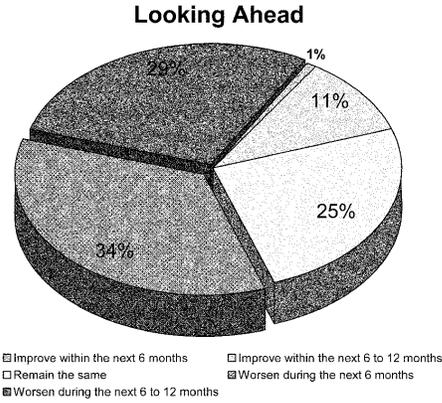
**Fundraising Results - February**



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**Looking Ahead**

While nearly two-thirds of respondents still expect the economy to get worse over the next year, there is a slight improvement in the number from the prior survey who expect it to improve (from 30% to 36%) within the next year and a larger share now expecting the downturn to worsen only over the next six months.



**Closing thoughts**

The overall trend in the data for February is negative. That said, there are interesting contradictions that suggest some presenters are enjoying more success than others, and more clearly, resident companies are suffering more than presenters who operate venues. Most respondents are “waiting for the other shoe to drop” as subscription renewal windows open and prior funding commitments from governments, foundations and donors are fulfilled but new commitments not yet made. So the real impact continues to be an unknown. Many presenters are taking advantage of opportunities to present “popular” programming as these events still seem to be drawing strong audiences; remaining alert and proactively managing for success is critical. Over the next several months, we will continue to monitor the situation and report trends as they emerge. The situation is well-summarized as follows:

*“I expect the next 6 months to be about the same - I am not certain that the Federal economic stimulus plans will have any immediate change +/- in our county (I think it may take longer). I think many businesses are experiencing some level of paralysis - holding their breath - hoping for improvement and anticipating dire circumstances. Although our calendar (booked 2 years out) remains very full, I expect that next season (FY10) is when we will really feel the impact from a reduction in government and sponsor support. We are anticipating a reduction of approximately 10% in government support and sponsorships could be reduced by 25% or more. We will certainly feel that decrease in revenue, but can weather it if it lasts 1 – 2 years.”*

[Press release of the Association of Performing Arts Presenters]

**Field at a Glance: Economic Impact on Arts Presenting Activity and Attendance Stabilize While Fundraising Is a Concern**

Arts Presenters' latest tracking survey\* of presenting organizations and performing arts facilities examined the continuing impact of the economic downturn on the field of arts presenting during the month of February 2009. The scope, focus and breadth of this survey explored the economic impact on activity, ticket sales and fundraising among 'presenter' members of the Association of Performing Arts Presenters. The response pool for the recent survey includes 173 member organizations, of which 141 member organizations are presenters with their own facilities. Our members and the wider field are concerned with the overall impact the current economic shift has on the performing arts field's operating environment and the increase in the difficulty of resolving many of the challenges presenting organizations had already been facing on the whole. These challenges include audience erosion, organizational sustainability and capacity building, adaption of multi-media and new technologies and leadership development.

**Managing Change:** During the month of February, approximately 30% of presenters with facilities made some change to their production calendars. Over 30% either reduced or eliminated planned productions and a majority (57%) has reforecasted revenue, while 58% have reduced some planned expenditures. Nearly 40% of respondents instituted a hiring freeze; 11% have reduced fulltime headcount; and 14% reduced part-time headcount.

**Fundraising:** Among presenters with facilities, over 50% reported that fundraising efforts have failed to meet budgeted goals in one or more categories. Corporate philanthropy decline has affected 54% of this sample population, while 44% indicated they have not been able to meet individual fundraising goals. Similarly, 40% of those surveyed were unable to meet financial goals through foundation giving, government support and/or sponsorship contributions.

**Resident Company Programming:** In all cases except theater, the majority of resident organizations in performing arts centers are reportedly behind their budget forecasts.

**Arts Presenters' Member Information:**

- Representing an industry of more than 7,000 nonprofit and for-profit organizations, Arts Presenters members hail from all 50 states and 28 countries on six continents across the globe;
- Member organizations range from large performing arts centers in major urban cities, outdoor festivals and rural community-focused organizations to academic institutions, artists, artist managers, agents, as well as independent producers, producing and touring companies;
- Our membership includes a range of organizations with multi-million dollar budgets to individuals who are artists or performing arts professionals; two-thirds of the membership and wider presenting field are organizations with small budgets under \$1.5 million (the largest segment of which is under \$500,000)
- Arts Presenters members bring performances to more than 2 million audiencegoers each week and spend in excess of \$2.5 billion dollars annually;
- Arts Presenters represents a diversity of fields including: all forms of dance, music, theater, family programming, puppetry, circus, magic, attractions and performance art.

[Additional submissions of Mr. Lynch follow:]

**Folk & Traditional Arts Summary**

The health of the nation's living cultural heritage is at risk.

This is the message of a February 2009 national survey of the field of folk arts conducted by the Alliance for California Traditional Arts and the Fund for Folk Culture. 487 respondents (294 non-profit organizations and government agencies, 158 individual artists, and 35 independent folk arts specialists) from 44 states provided data leading to these preliminary conclusions:

1. Overall income is declining and job losses are increasing among artists, practitioners, cultural organizations, and funders. 74% of all respondents reported a decrease in overall income for 2008. 86% expect overall income to decrease in 2009. Organizations reported 7% loss of full-time jobs in 2008 and expect a 9% loss in 2009 from layoffs and attrition. Nonprofit organizations with budgets under

\*AMS Planning and Research (Fairfield, CT) conducted this survey

\$100,000 are experiencing the earliest and greatest losses, and have the least capacity to respond.

2. A field already stretched thin is becoming increasingly fragile. 50% of the organizations responding have budgets under \$100,000; 80% under \$500,000. 38% have no cash reserves, and only 11% report cash reserves for more than 6 months. 11% have suspended operations, or are considering suspending operations or merging with another organization. 91% of folk arts programs at government agencies are experiencing budget cuts or expect cuts, while the demand for their support from artists and nonprofits has increased sharply.

3. Traditional artists, cultural practitioners, and contractors are losing income and turning to other income-generating activities. 82% of artists report a decrease in overall income. 65% report a decreasing demand for services, the single most important source of income for artists. 37% are seeking work outside the arts.

4. Revenue and job losses are causing sharp reductions in services and programs. Job losses in small-budget organizations have been the most severe, with an estimated loss of over 43% of the work force between 2008 and 2009. Organizations with budgets over \$1 million are also struggling: 80% report decreases in income in 2008, rising to 90% in 2009. The top two sources of income for nonprofits are government and foundation grants. 68% of nonprofits report decreases in 2008 grant funding; thus far in 2009, 83% report declines. Cost-cutting by nonprofits is weakening the capacity of organizations: 25% report reductions in force and 33% reductions in programming.

5. The support network of funding agencies and intermediary organizations is diminishing. State arts agencies, the primary funding and support resources for nonprofits involved in the folk arts, are facing drastic reductions in funding, staff positions and services. 50% of government and nonprofit funders report an average of 18-20% declines in their funding from 2008 to 2009; most are expecting additional cuts in 2010. 4 cite 90-100% cuts. The Fund for Folk Culture, the only national nonprofit providing dedicated grant support to the folk and traditional arts (including the Artists Support Program), is closing its doors after 17 years. Four other private foundations providing dedicated regional support for individual folk artists report declines in their support. One of the four is putting its program on hiatus, pending further review.

#### *Unique Challenges for the Folk Arts*

The entire nonprofit arts sector is facing drastic declines, but in the folk arts, funding and services are often administered by a single position housed in a state arts agency or nonprofit organization. Therefore, when that single position is lost—and this is happening more and more often—an entire state's delivery system of grants and services is gone. The majority of artists and professionals in folk arts work in grassroots organizations with budgets under \$100,000, and these smaller organizations have been experiencing the earliest and greatest negative economic impacts. While many continue to survive, as they have in the past, with high rates of volunteer support, the survey indicates that volunteerism rates are down as people increasingly need to take on extra paid work. Without budget cushions or cash reserves, these diverse dance and music ensembles, crafts collectives, and community-based presenters are in the greatest danger of disappearing unless effective funding interventions are enacted quickly. Local arts councils and other mainstream arts agencies often do not adequately serve these grassroots groups, so special strategies will be necessary to address their needs via the network of public folk arts programs serving at local, state and national levels.

*Submitted by Julia Olin, National Council for the Traditional Arts (NCTA), on behalf of Preserve America's Cultural Traditions (PACT), a consortium of major folk arts organizations. To obtain a copy of the full survey report, contact Amy Kitchener of the Alliance for California Traditional Arts at 559/237-9813 or akitch@actaonline.org.*

### **Impact of the Economic Downturn on the Music Education Workforce and Concepts for a Positive Response**

#### *Observations*

1. The workforce of professional music educators in the schools is subject to the same contracts, and hence the same economic issues, that face educators in other subjects. This means that shortfalls in local property taxes (still the primary source of school funding across the United States) can have a devastating effect on local schools, and hence the music education workforce. The American Recovery and Reinvestment Act (ARRA) has devoted significant Federal funds to ameliorate this problem, but the strength of public schools is still dependent largely on the strength

of local economies in general. The number of layoffs that have been experienced in the current downturn is unknown; according to a survey of music supervisors in local districts conducted by MENC in November/December 2008, the majority of schools are planning cuts in support and organizational staff for the coming year. Note that this was an informal web survey, so should not be understood as limited in accuracy.

2. The workforce of professional music educators in the schools may be, in some cases, subject to cuts that go beyond those for the education workforce in general. According to the survey noted above, 60 percent of respondents expect cuts to effect music programs specifically—and 15 percent expected those cuts to disproportionately target music programs.

3. Anecdotally, reports from music teachers in the field lead us to believe that the current environment, while not leading necessarily to wholesale cuts of entire programs, is leading to cutbacks in services to children. For example, instructors who were on 11-month contracts, allowing them to provide summer music experiences to students, are being told in some cases that they are now limited to 9-month contracts. This means less income for them and less education for the students.

4. Some principals are resorting to offering commercially-provided afterschool experiences in lieu of education during the day. (See the February 2009 GAO study, "Access to Arts Education," which was based on an elementary-school sample.) It is unclear whether this method will allow a significant number of students to gain the benefits of music education in light of other commitments on their afterschool time; also unclear is the extent to which this will impact the employment of music educators.

#### *Concepts for Positive Response*

1. Make certain that all local decision-makers understand that ARRA education monies are applicable to education in music as well as to other core academic subjects. Strong music programs help schools attain well-accepted stimulative goals, such as high graduation rates, high attendance rates, and high levels of educational attainment. This message needs to be sent as strongly as possible to local decision-makers, who are faced with difficult fiscal decisions.

2. Require that the status of arts education programs be reported to parents, so that local communities can make informed decisions about the provision of arts education to their children.

3. Ensure that all after-school programs (at least those funded by the Endowment) supplement, but do not supplant, in-school offerings. This is essential because after-school programs are not always available to all students and undermine the statutory "core academic subject" status of the arts.

4. Refine, as indicated by data from the Endowment survey currently in the field, the process for selecting and reporting grants in education. Expand the research process by looking at best practices in professional development of arts educators in general.

### **Impact of the Economic Downturn on Museums**

#### *Why Museums Are Vital to Communities, Local Economies and Education*

- Museums employ more than a half million Americans.
- U.S. museums spend more than \$14.5 billion a year, spurring local economic growth.
- There are 850 million visits per year to American museums, more than the attendance for all professional sporting events and theme parks combined (478 million in 2006).
- More than one-third (35%) of U.S. museums are always free to the public, and more than 97% of the rest offer discounts, special fee schedules, or free admission days.
- Museums spend more than \$1 billion annually on K-12 educational programming, and receive more than 90 million visits each year from students in school groups.
- Museums tailor educational programs in coordination with state and local curriculum standards.

#### *Examples of How the Economic Downturn is Affecting Museums*

- The Pacific Asia Museum in Pasadena will cut its budget by 20% this year—and will have to raise its \$7 admission fee and begin charging for community education programs.
- The Bowers Museum in Santa Ana will cut its budget by 10% by laying off employees and canceling or delaying exhibitions.

- To close a \$2 million budget gap, the Mystic Seaport is laying off at least a dozen employees. Nearby Mystic Aquarium is also laying off 12 people.
- The Museum of Florida History has suffered a cut back in staff and have had to pull back on “outreach” programs, some that previously reached senior centers and retirement homes.
- The New York Coalition of Living Museums (CLM), which provides support to 112 state organizations is facing a potential 55 percent cut in its budget. Living collections are at great risk with budget cuts, because a living museum cannot simply close a wing.
- At the New York Botanical Garden, earned income is down a whopping 20%. The garden is planning to reduce its full-time workforce of 480 by 10% and has already eliminated about 30 jobs. The rest will be achieved through attrition and layoffs, canceled exhibitions and reduced hours.
- 29 historic sites in Ohio have had to reduce access by two days a week.
- The Virginia Air & Space Center is seeing record attendance, but corporate giving and school trips—which were hard hit by high gas prices earlier this year—have faltered. They will now be closed on Mondays, restricting public access.

*How Museums Are Part of the Solution*

- The Miami Art Museum is collaborating with Miami-Dade County schools to offer free school programs and teacher workshops to meet curricular guidelines. They’re also looking for other ways to help the students get there, as well as ways of getting art to students in the schools.
- The Children’s Museum of Indianapolis is expanding its offerings for underserved (ACCESS pass providing \$1 admission for those on statewide assistance, food stamps, etc.,) in partnership with city/county and state.
- The Detroit Historical Society raised \$190,000 at their annual gala to provide admission, tours and transportation to schools in the Detroit area that cannot afford school trips.
- The Minnesota Children’s Museum is working to maintain its access program which includes admitting 1/3 of its visitors at free or reduced admission and partnering with over 50 community groups and schools.
- The Schenectady Museum & Suits-Bueche Planetarium is offering free memberships to low-income families for each new paid membership they receive.
- The Stuhr Museum and the Hastings Museum competed during the holidays to collect the most nonperishable food for local pantries in a food drive called “Sharing Through the Season.”
- The Idaho Museum of Natural History offered free admission to anyone who brought in a new unwrapped gift for the Toys for Tots program this past holiday season.
- The Please Touch Museum in Philadelphia, PA increased outreach efforts and focused on helping other organizations whose funding has been substantially cut. The museum—which has long worked to serve low-income and minority communities—created new programs and revamped existing ones to reach even broader portions of those communities more effectively. Additionally, the museum is working with both the City of Philadelphia and Free Library of Philadelphia to use museum programs to meet community needs that will result from the announced closures of 11 branch libraries in 2009.

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[Questions for the record and their responses follow:]

U.S. CONGRESS,  
2181 RAYBURN HOUSE OFFICE BUILDING,  
Washington, DC, April 1, 2009.

Mr. TIM DALY, *Co-President,*  
*The Creative Coalition, New York, NY.*

DEAR MR. DALY: Thank you for testifying at the March 26, 2009 hearing of the Committee on Education and Labor on “The Economic and Employment Impact of the Arts and Music Industry.”

Representative Jared Polis (D-CO), member of the Early Childhood, Elementary and Secondary Education Subcommittee, member of the Healthy Families and Communities Subcommittee and member of the Health, Employment, Labor and Pensions Subcommittee has asked that you respond in writing to the following question:

As a result of my life experiences and background, I am a strong supporter of the arts and have been a longtime advocate of arts education. My father is an artist and my mother is a poet. In addition to their inherent intellectual, spiritual and creative contributions and effects, the arts are clearly an economic engine that

strengthens and revitalizes our communities. The multiplier effect of arts spending is impressive: every dollar in cultural spending returns nine in federal income taxes. And every National Endowment for the Arts (NEA) dollar leverages seven dollars from other sources. In my district, we have 2,670 arts-related businesses that employ 8,292 people. These businesses stimulate innovation and play a critical role in building and sustaining our economy: they employ a creative workforce, spend money locally, generate revenue for government, attract tourists and enrich our local culture.

1. What can we do to support artists and workers employed in the creative industries during these difficult economic times in addition to increasing funding for NEA? I am particularly interested in job training initiatives and professional development opportunities that our committee should consider during the reauthorization of the Workforce Investment Act.

Please send an electronic version of your written response to the questions to the Committee staff by close of business on Wednesday, April 8, 2009—the date on which the hearing record will close. If you have any questions, please do not hesitate to contact the Committee.

Sincerely,

GEORGE MILLER, *Chairman.*

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### Mr. Daly's Responses to Questions for the Record

As a result of my life experiences and background, I am a strong supporter of the arts and have been a longtime advocate of arts education. My father is an artist and my mother is a poet. In addition to their inherent intellectual, spiritual and creative contributions and effects, the arts are clearly an economic engine that strengthens and revitalizes our communities. The multiplier effect of arts spending is impressive: every dollar in cultural spending returns nine in federal income taxes. And every National Endowment for the Arts (NEA) dollar leverages seven dollars from other sources. In my district, we have 2,670 arts-related businesses that employ 8,292 people. These businesses stimulate innovation and play a critical role in building and sustaining our economy: they employ a creative workforce, spend money locally, generate revenue for government, attract tourists and enrich our local culture.

1. What can we do to support artists and workers employed in the creative industries during these difficult economic times in addition to increasing funding for NEA? I am particularly interested in job training initiatives and professional development opportunities that our committee should consider during the reauthorization of the Workforce Investment Act.

*Response:* As I emphasized in my testimony before the Committee, the arts is an enormous creator of jobs for American citizens. From what I know of the Workforce Investment Act, the statute does recognize arts training as qualified job training. Given that, it seems to me that there are two distinct areas to consider as the Committee reauthorizes the Act.

First, with respect to those already working in the arts who may lose their jobs in this economic downturn, I think it is essential that federal aid be available to those individuals. In some instances, those individuals may benefit from further arts training. In other instances, it may be necessary for those individuals to learn skills outside the arts to provide for themselves and their families. The Act should provide both options.

Second, with regard to disadvantaged youth who receive training under the Act, I believe Congress should encourage training in the arts. Arts training for younger people can lead to good jobs, and America will continue to need those with creative talents as well as those who can work behind the scenes in our arts and entertainment industries. Many of these jobs require very specialized skills, and it is essential that we train the next generation if we are to maintain our preeminent position as a creator of arts and entertainment for the rest of the world.

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U.S. CONGRESS,  
2181 RAYBURN HOUSE OFFICE BUILDING,  
Washington, DC, April 1, 2009.

Mr. ROBERT L. LYNCH, *President and CEO,*  
*Americans for the Arts, Washington, DC.*

DEAR MR. LYNCH: Thank you for testifying at the March 26, 2009 hearing of the Committee on Education and Labor on "The Economic and Employment Impact of the Arts and Music Industry."

Representative Jared Polis (D-CO), member of the Early Childhood, Elementary and Secondary Education Subcommittee, member of the Healthy Families and Communities Subcommittee and member of the Health, Employment, Labor and Pensions Subcommittee has asked that you respond in writing to the following question:

As a result of my life experiences and background, I am a strong supporter of the arts and have been a longtime advocate of arts education. My father is an artist and my mother is a poet. In addition to their inherent intellectual, spiritual and creative contributions and effects, the arts are clearly an economic engine that strengthens and revitalizes our communities. The multiplier effect of arts spending is impressive: every dollar in cultural spending returns nine in federal income taxes. And every National Endowment for the Arts (NEA) dollar leverages seven dollars from other sources. In my district, we have 2,670 arts-related businesses that employ 8,292 people. These businesses stimulate innovation and play a critical role in building and sustaining our economy: they employ a creative workforce, spend money locally, generate revenue for government, attract tourists and enrich our local culture.

1. What can we do to support artists and workers employed in the creative industries during these difficult economic times in addition to increasing funding for NEA? I am particularly interested in job training initiatives and professional development opportunities that our committee should consider during the reauthorization of the Workforce Investment Act.

Please send an electronic version of your written response to the questions to the Committee staff by close of business on Wednesday, April 8, 2009—the date on which the hearing record will close. If you have any questions, please do not hesitate to contact the Committee.

Sincerely,

GEORGE MILLER, *Chairman.*

#### **Mr. Lynch's Responses to Questions for the Record**

It was an honor to appear before you and your committee as a witness on March 26, 2009. As a representative of the non-profit arts community, I greatly appreciated the opportunity to share with you our perspective on the status of the arts workforce. I am very pleased that you have such a significant connection to the arts and appreciate your follow-up inquiry.

Your question as to how the Congress can support artists and workers employed in the creative industries beyond the National Endowment for the Arts (NEA) is a key one to this growing workforce. As you know, the NEA provides grants to non-profit arts organizations to produce and support artistic programs. However, the needs of the creative workforce, and of the small businesses that provide these jobs, extend beyond the support that the NEA can give.

During the consideration of the economic recovery package, Americans for the Arts developed a number of policy recommendations for Congress (attached) that would provide assistance to the creative workforce. I'd like to highlight the following one in response to your question:

Make Human Capital Investments in Arts Job Training The U.S. Department of Labor's Adult, Dislocated Worker and Youth Program is currently administered by the states to "help up-skill workers and provide employment services and support that will increase worker employability and earning power." We support that effort with an interest in expanding the services available to workers in the creative sector and through arts institutions that can provide professional development training.

Programs such as Gallery 37, managed by the Chicago Mayor's office but funded through the Workforce Investment Act, utilize the arts as an arena in which future workplace skills are taught by professional artists and acquired by the program recipients. Gallery 37 is an award-winning public works program that has been replicated around the country. It is an example of a progressive way to utilize workforce funds for training new skills and providing immediate benefits to localities and downtowns as well.

As the national workforce becomes more focused on innovation, employees with skills in creativity will become more in need. Federal labor programs that can adapt to this change in workforce skills will better assist the communities they serve. Future consideration of the Workforce Investment Act should direct state and local workforce investment boards to pursue guidance that results in creative workforce training programs like Gallery 37.

I hope you will keep Americans for the Arts in mind as you gather information and consider policy solutions towards the creative industries. We are more than willing to help work on this. Thank you for your leadership on this issue.

### Folk and Traditional Arts Summary

The arts mean jobs and tremendous economic activity in America and must be part of our country's economic recovery. Nationally, 100,000 nonprofit arts organizations are members of the business community—employing people locally, purchasing goods and services within the community, and involved in the marketing and promotion of their cities and communities. Nonprofit arts organizations and their audiences generate \$166.2 billion in economic activity every year, support 5.7 million jobs, and return nearly \$30 billion in government revenue every year—proving that the arts are an economic driver in their communities that support jobs and generate government revenue. Every \$1 billion in spending by nonprofit arts and culture organizations—and their audiences—results in almost 70,000 fulltimeequivalent jobs.

By investing in the arts, we're supporting an industry that is built on innovation and creativity, economic development, and the revitalization of America's communities and downtowns. When we increase investment in the arts, we are generating tax revenues, jobs, and a creativitybased 21st century competitive economy.

With these facts in hand, Americans for the Arts calls on Presidentelect Obama and Congress to support the following nine federal programs and proposals in their consideration of an economic recovery package.

*(1) Include Artists in Proposal for Unemployment & Healthcare Benefits for PartTime Employees*

The creative economy relies heavily on professionals that make a living from non-traditional employment structures. Artists are disproportionately selfemployed, and many work multiple jobs in volatile, episodic patterns; the ability to have access to unemployment insurance and healthcare benefits would offer critical assistance to this population.

*(2) Boost Arts Projects in Community Development Block Grants (CDBG)*

Provided by the U.S. Department of Housing & Urban Development (HUD) to mayors' community development offices, the CDBG program provides "bricks & mortar" funding for a variety of state and municipal projects and is a primary government source for local arts institutions of all disciplines. Further streamlining of the application process would allow grant applicants to work more effectively with their mayor's community development office to better prioritize cultural projects. We join with the U.S. Conference of Mayors in their call for \$20 billion in CDBG funding and seek at least \$2 billion in artsspecific projects to modernize, rehabilitate, and construct our nation's cultural facilities.

*(3) Provide Economic Recovery Support to Federal Cultural Agencies*

Americans for the Arts calls for increasing FY 2010 annual support to the National Endowment for the Arts (NEA) to \$200 million, a similar amount for the National Endowment for the Humanities, and IMLS to \$269 million. All three agencies should receive economic recovery emergency funding to increase current grantee projects.

In terms of the economic recovery proposal, the NEA should be allocated at least \$1 billion for formula grants, based on population, to be administered through its current Local Arts Agency program to designated local arts agencies. LAAs are a unit of city or county government or designated to operate on behalf of its local government as defined in federal statute. Grants of this kind would be for the purposes of producing cultural and artistic programming and public art initiatives in 2009. These grants awarded to LAAs would a) speedily disburse local funding to all the arts disciplines; b) employ artists and the cultural workforce and c) serve to increase access to the arts in order to leverage spending by audiences.

*(4) Include Cultural Planning Through Economic Development Administration (EDA)*

Through the U.S. Department of Commerce, the Economic Development Administration's Research, National, and Local Technical Assistance grant programs are essential to a community's thoughtful planning and economic development investment process. These programs should meet the increasing need for local cultural district planning and assisting municipalities with developing the creative economy in their communities.

*(5) Increase Cultural Facilities Support in Rural Development Program (USDA)*

Through the U.S. Department of Agriculture, the Housing and Community Facilities program funds the construction, rehabilitation, or acquisition of "essential facilities" which includes cultural facilities. Since its inception, about nine percent of the Community Facilities funding has been directed to education and cultural facili-

ties—an amount that should be increased to address the infrastructure needs of these rural cultural communities.

*(6) Link Transportation Enhancements (TE Program) With State Arts Agencies*

The U.S. Department of Transportation's Transportation Enhancement program funds 12 general transportation enhancement activities including pedestrian and bicycle facilities, historic preservation, and public art projects. This program, administered by state transportation departments, should receive an increase in funding and all projects should be developed and implemented in coordination with the state arts agency.

*(7) Create the Artist Corps*

President-elect Obama's proposal of an "Artists Corps of young artists trained to work in low-income schools and their communities" is a proven strategy to provide jobs to artists seeking to share their skills, provide mentoring, and professional development to students and individuals seeking work in the creative economy. This proposal should be acted upon quickly to establish the Artists Corps as a national training initiative.

*(8) Make Human Capital Investments in Arts Job Training*

The National Governor's Association (NGA) has proposed a \$1.5 billion increase to the U.S. Department of Labor's Adult, Dislocated Worker and Youth Programs and Wagner-Peyser Act administered by the states to "help upskill workers and provide employment services and supports that will increase worker employability and earning power." We support that effort with an interest in expanding the services available to workers in the creative sector and through arts institutions that can provide professional development training.

*(9) Appoint a Senior-Level Administration Official with Arts Portfolio*

The president should name a senior-level administration official in the Executive Office of the President to coordinate arts and cultural policy, guiding initiatives from federal agencies responsible for tourism, education, economic development, cultural exchange, intellectual property policy, broadband access, and other arts-related areas. The U.S. Conference of Mayors and others have made similar proposals.

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U.S. CONGRESS,  
2181 RAYBURN HOUSE OFFICE BUILDING,  
Washington, DC, April 1, 2009.

Mr. MICHAEL BAHR, *Education Director,  
Utah Shakespearean Festival, Cedar City, UT.*

DEAR MR. BAHR: Thank you for testifying at the March 26, 2009 hearing of the Committee on Education and Labor on "The Economic and Employment Impact of the Arts and Music Industry."

Representative Jared Polis (D-CO), member of the Early Childhood, Elementary and Secondary Education Subcommittee, member of the Healthy Families and Communities Subcommittee and member of the Health, Employment, Labor and Pensions Subcommittee has asked that you respond in writing to the following question:

As a result of my life experiences and background, I am a strong supporter of the arts and have been a longtime advocate of arts education. My father is an artist and my mother is a poet. In addition to their inherent intellectual, spiritual and creative contributions and effects, the arts are clearly an economic engine that strengthens and revitalizes our communities. The multiplier effect of arts spending is impressive: every dollar in cultural spending returns nine in federal income taxes. And every National Endowment for the Arts (NEA) dollar leverages seven dollars from other sources. In my district, we have 2,670 arts-related businesses that employ 8,292 people. These businesses stimulate innovation and play a critical role in building and sustaining our economy: they employ a creative workforce, spend money locally, generate revenue for government, attract tourists and enrich our local culture.

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Please send an electronic version of your written response to the questions to the Committee staff by close of business on Wednesday, April 8, 2009—the date on

which the hearing record will close. If you have any questions, please do not hesitate to contact the Committee.

Sincerely,

\_\_\_\_\_  
GEORGE MILLER, *Chairman.*

[Whereupon, at 11:40 a.m., the committee was adjourned.]

