



**Written Testimony in Support of FY'06 Appropriations for the
National Endowment of the Arts
Submitted by Robert L. Lynch, President and CEO of Americans for the Arts
House Appropriations Subcommittee on the Interior
March 10, 2005**

Americans for the Arts is pleased to submit written testimony to the House Appropriations Subcommittee on the Interior supporting FY'06 funding for the National Endowment for the Arts (NEA) at a restored level of \$170 million. The requested funding would:

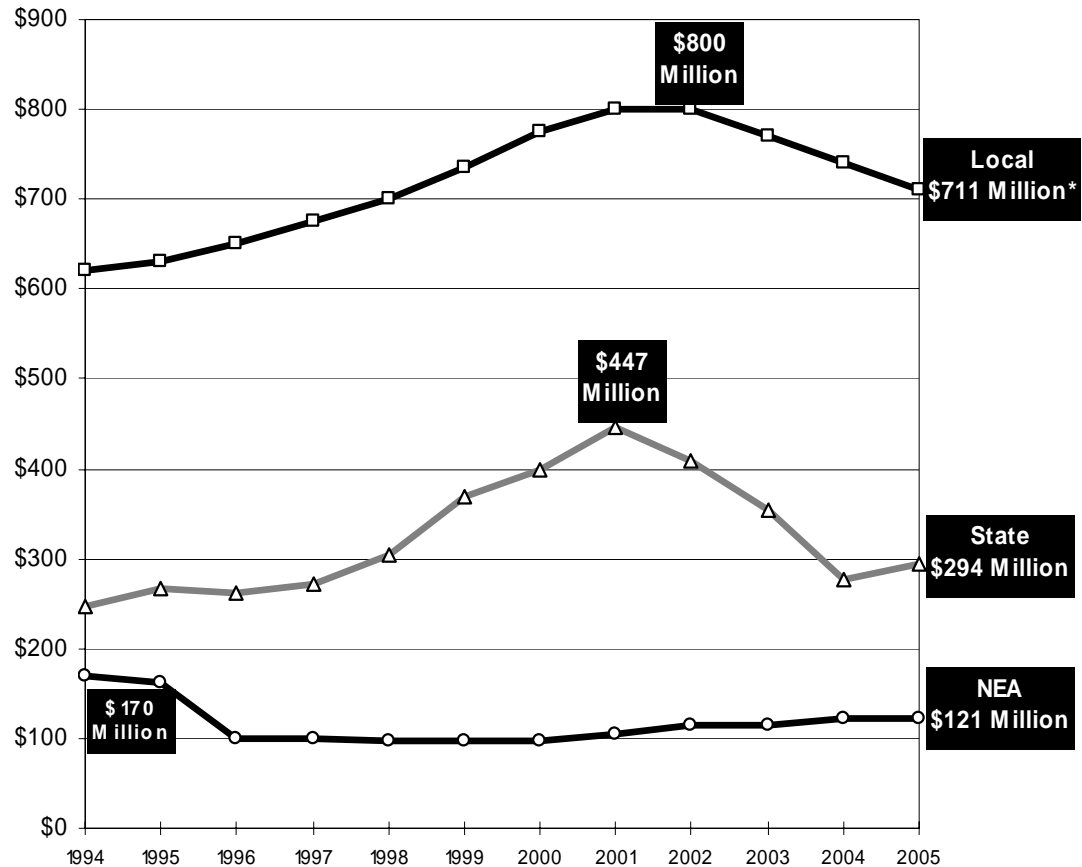
- restore the NEA's ability to perform its core mission of supporting the creation, preservation and presentation of the arts in America;
- strengthen the *Challenge America* initiative, which uses the arts to enhance America's communities through improved access to the arts for all Americans;
- expand *American Masterpieces: Three Centuries of Artistic Genius*; and
- cover increased administrative and grantmaking costs.

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

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

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

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



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

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

Local Arts Agencies and Challenge America

NEA is making a determined effort to bring the arts to all Americans through the *Challenge America* initiative. The initiative's broad-based goals are:

- To connect families and communities more closely to the arts,
- To provide access to the arts in underserved areas, and
- To reach communities not previously served by the NEA.

Since its initial funding, *Challenge America* has reached hundreds of rural communities and inner-city neighborhoods with limited arts resources. Using these grants, local arts agencies have partnered with other community organizations to tackle projects from developing economic cultural tourism plans and restoring historic structures to addressing the educational needs of a community. In other words, these grants help build local, sustainable arts infrastructure. In large part through *Challenge America*, NEA was able to directly fund projects in over 99 percent of all Congressional districts in FY 2004, up from about 75 percent in previous years.

Examples of recent *Challenge America* grants to local arts agencies include:

- **Bainbridge Island Arts and Humanities Council**, Bainbridge Isl., WA
To support a cultural facilities site feasibility study. Three sites will be re-examined as potential sites for the planned cultural center in downtown Winslow.
- **City of Red Wing, Minnesota**
To support the creation of an informational kiosk, and the installation of architectural lighting for the Sheldon Theatre. Built in 1904, the restored Sheldon Theatre is a historic landmark in southeastern Minnesota, and serves as a primary cultural venue for the local community.
- **Lucas Arts and Humanities Council, Inc.**, Lucas, KS
To support the commission and installation of public sculptures and a mural. The project's goals are to increase the community's awareness of grassroots artwork that incorporates recycled materials, and to encourage cultural tourism in the region.
- **Texarkana Regional Arts and Humanities Council**, Texarkana, TX
To support Jump, Jive and JamFest. The three-day festival celebrating Texarkana's rich heritage will showcase regional and national artists for the benefit of audiences drawn from both Texarkana, Texas and Texarkana, Arkansas.

Creative Industries and Jobs Are In Every Congressional District

Finally, we wish to bring to the Subcommittee's attention a new report, "Creative Industries", which provides a new, research-based approach to understanding the size and scope of the arts to the nation's economy, and demonstrates that the arts are among America's best tools for cultivating our nation's innovative workforce.

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

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

Using sophisticated mapping technology, the report reveals the extraordinary presence of the creative industries. Due to their size and scope, the creative industries are a significant portion of every congressional district's economic output. With the growth of the information age, the creation and distribution of the arts are now fundamental activities within the U.S. economy, and ones in which every congressional district and virtually every community has a role.

By way of illustration, in the districts just of Members of this Subcommittee alone, there are 16,180 businesses and 69,708 jobs in the Creative Industries. Here are the details:

		Employees	Businesses
Alabama 4 th :	Rep. Aderholt	1,611	488
Washington 6 th :	Rep. Dicks	4,962	1,729
California 4 th :	Rep. Doolittle	4,682	1,742
New York 22 nd :	Rep. Hinchey	5,333	1,488
Oklahoma 5 th :	Rep. Istook	8,604	1,216
West Virginia 1 st :	Rep. Mollohan	3,613	589
Virginia 8 th :	Rep. Moran	12,305	2,008
Massachusetts 1 st :	Rep. Olver	5,166	1,384
Pennsylvania 5 th :	Rep. Peterson	3,286	752
Pennsylvania 10 th :	Rep. Sherwood	2,345	806
Idaho 2 nd :	Rep. Simpson	5,926	1,585
North Carolina 11 th :	Rep. Taylor	5,201	1,367
Tennessee 3 rd :	Rep. Wamp	6,674	1,026

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

CONCLUSION

Local arts agencies are key players in improving community life, from offering in-school and after-school educational programs for children to working with local law enforcement to reduce crime. Similarly, local arts agencies are strengthening our communities' economies every day by increasing tourism, urban renewal, and attracting new businesses, all while contributing vital dollars in local, state and federal tax revenue. We urge this subcommittee to make a commitment to supporting education and community building projects through local arts agencies by restoring funding for the National Endowment for the Arts to \$170 million.