

Kevin Spacey's Hardball Facts and Figures

Quote: "\$167 million, which while that isn't a huge amount of money, what people have to understand is that there is then matching state funding and other kinds of money that comes in."

The federal appropriations level of the National Endowment for the Arts in FY 2010 is \$167.5 million. The federal government's fiscal year runs from Oct. 1, 2009 to Sept. 30, 2010. Congress and the President were never able to reconcile the appropriations for the entire federal government (including the NEA's budget) for FY 2011 (Oct. 1, 2010 to Sept. 30, 2011), so it has been operating on a series of Continuing Resolutions (CR) until a deal can be struck. The current short-term CR maintains the NEA's budget at \$167.5 million and this CR expires at midnight tonight. If a resolution is not reached, the federal government will shut down. When the House made an attempt at a longterm CR this past February, one of the many federal agencies that was targeted for deep, disproportionate cuts was the NEA. On the House floor, GOP members passed an amendment to reduce the NEA's FY 2011 appropriations to \$124 million. The Senate's longterm CR was very different so an attempt to reconcile the two were abandoned and Congress has been passing a series of short term CRs ever since. However, the White House, House Speaker Boehner, and Senate Leader Reid have been attempting to negotiate a longterm CR over the last four days to no avail yet.

Within the NEA's authorization language, the NEA is required to give 40% of its budget proportionately to every state arts agency in the country as long as that state arts agency matches the federal dollar with new state dollars at a minimum of a 1 to 1 ratio. It is because of this incentive language that every state in the country and the 6 U.S. territories created their own state arts councils and contributed their own state treasury funds in to supporting the arts. Today, state arts councils contribute \$272 million of state treasury funds annually to the nonprofit arts. (Source: National Assembly of State Arts Agencies) While the minimum match is 1:1, the net result ends up yielding an even better 4:1 match.

This same matching requirement was administered to local governmental arts councils. In fact, in the mid-80s, the NEA actually required a 4:1 match of federal to local government dollars. This incentive created huge growth in the local arts council movement. Today, local governments invest \$688 million annually to local nonprofit arts organizations. (Source: Americans for the Arts and the United States Conference of Mayors).

Additionally, when a private, nonprofit arts organization receives a direct grant from the National Endowment for the Arts, federal government requires that organization to match the NEA dollars with private donations, thereby creating incentives for private giving to the arts. It is a phenomenal fundraising model. While the minimum matching requirement is 1:1, private matches have averaged yields of 7:1. (Source: National Endowment for the Arts)

Quote: "And it actually escalates to about \$1 billion, maybe even a little bit over a billion in terms of the amount of funding for arts that goes out across the country."

If you add up the three sources of public funding of the nonprofit arts (via direct awards), it equals \$1.127 billion annually. (\$167 million federal + \$272 million state + \$688 million local)

Quote: "And then, the return on that investment—and this is something that I think a lot of people in the country aren't aware of—is \$29 billion come back into the coffers of the state and local governments. So, it is a huge return on that kind of investment."

This quote is in reference to the national economic impact study of the nonprofit arts sector "Arts and Economic Prosperity" that is produced by Americans for the Arts and conducted by Georgia Institute of Technology University (preeminent school of economics) every five years. The study is based on the Nobel Prize-winning economic "input-output model." This model is NOT a multiplier. It is based on ACTUAL expenditures based on capturing the direct expenditures of 6,080 nonprofit arts organizations in 156 communities and representing all 50 states and the District of Columbia, along with detailed intercept surveys of expenditures incurred by 94,478 audience members attending various events of these nonprofit arts organizations. These findings are then extrapolated to a national model, which is accepted procedures by newspapers, government agencies, and scientific journals. National partners in the Arts and Economic Prosperity Studies included The United States Conference of Mayors, the National League of Cities, the National Association of Counties, the National Conference of State Legislatures, and the National Lt. Governors Association) . The last Arts and Economic Prosperity Report was published in 2007 and found the following:

- Nonprofit arts organizations spend \$63 billion annually and the related spending of their audiences to attend events generates an additional \$103 billion of spending to equal \$166 billion of economic activity each year
- This \$166 billion of economic activity supports 5.7 million full-time equivalent jobs annually
- These 5.7 million FTE jobs represent \$104.2 billion in family household income
- The \$104.2 billion in household income generates \$29 billion in government revenue annually (examples include federal, state, local payroll taxes, sales taxes, property taxes, etc.)

Quote: "Cultural center[s] brings economy to all the surrounding businesses. If you go to any place in this country where there's a ballet company or a theater or jazz club or, you know, a comedy store, any place people gather, it brings economy to all the surrounding businesses."

The arts and culture industry, unlike many industries, leverages a significant amount of event-related spending by its audiences. Attendance at arts events generates related commerce for local businesses such as restaurants, parking garages, hotels, and retail stores. Data collected from 94,478 attendees at a range of events reveal an average spending of \$27.79 per person, per event—in addition to the cost of admission. This spending generated an estimated \$103.1 billion of valuable revenue for local merchants and their communities in 2005. (Source: Arts and Economic Prosperity Report by Americans for the Arts)

Quote: "The restaurants are filled, the airlines are filled because as many people probably don't know, the single largest money making tourist attraction in the United States is Broadway."

Cultural travelers to the United States out-stay, out-travel and out-spend other types of international tourists. A 2005 report by the U.S. Department of Commerce states that in 2004 the international cultural tourist visitor's length of stay was just over 3 nights longer than the general international visitor's. A 2003 U.S. Department of Commerce report reveals that within this extended stay, cultural travelers "reported a greater number of states and destinations visited than general visitors". In 2003 these statistics represented 5.57 million travelers, or one in three international tourists.

Additionally, according to the Arts and Economic Prosperity Study, non-local audiences spend nearly twice as much as local attendees on related consumer spending (in addition to ticket prices) as a result of attending a cultural event. Specifically, non-local audiences spend an average of \$40.19 per person on related spending, compared to \$19.53 per person among local audiences.

According to the Broadway League economic impact study of the 2008-2009 season the Broadway industry contributed \$9.8 billion to the economy of New York City and supported 84,400 jobs. This amount consisted of direct spending in three areas: spending by producers to produce and run shows; spending by theatre owners to maintain and renovate venues; and ancillary purchases by non-NYC residents who said that Broadway was an important reason for their trip to the city.

For more information here is a link to Americans for the Arts Executive Study that you can download:

http://www.americansforthearts.org/information_services/research/services/economic_impact/default.asp

FAQ

http://www.americansforthearts.org/information_services/research/services/economic_impact/003.asp

April 12, 2011: The House Appropriations Committee publicly released the final budget agreement for FY 2011 negotiated by President Obama with House and Senate leaders, which includes **\$155 million in funding for the National Endowment for the Arts**. This represents a cut of \$12.5 million from the FY 2010 enacted level of \$167.5 million, which is significantly better than the previous House-approved level of \$124.4 million. Also included in this bill is \$25.5 million in funding for the **Arts in Education programs at the U.S. Department of Education**, which had been zeroed-out in a previous Continuing Resolution. This compromise legislation is set to go to the House floor later this week before moving on to the Senate for final approval.