

# CONCLUSION

**A**s documented in numerous studies at the national, regional and state levels, the economic impact of the arts streams in billions of dollars and produces millions of jobs, cumulatively, though it generally is true that arts budgets, at every level of government, are the first to be slashed during lean fiscal times. The role played by the arts in attracting corporate relocations or expansions is another often forgotten factor in calculating the full impact of the arts. Finally, beyond the intrinsic value of the arts, the manner in which the arts enhances the quality of life and the valuable role played by a thriving arts education program in fostering smarter, well-rounded children, are additional reasons for programs designed to create a thriving arts scene.

During the recent economic downturn, state arts agencies were forced to nimbly react to reduced appropriations by generating alternate revenue sources to sustain the arts programs in their states. Compounding the fiscal problems of these arts agencies was the fact that individual, corporate and foundation donations were dipping as well. For instance, states have sought to issue bonds to raise funds for arts and cultural projects; in recent years, borrowing has become an increasingly popular strategy to fund a range of state government projects. Another popular strategy adopted by a number of jurisdictions across the country involves earmarking a certain proportion of revenue flowing into the coffers of a government entity specifically for the arts. Some of the popular tax categories that often are earmarked are retail sales taxes, occupancy taxes on hotels and motels, taxes on rental cars and property taxes.

A number of jurisdictions across the country also have enacted 'percent-for-art-legislation' whereby a certain percentage of specified publicly funded capital improvement projects

are allocated toward arts-related projects. Public officials also have entered into innovative arrangements with corporate developers involved in multimillion dollar projects to enhance the image and economic potential of a city or downtown area. Under these arrangements, the arts community seeks allocations toward public art works by pitching it as an integral part of this economic expansion effort. During the fiscal downturn, universities surfaced as an unusual funding source for many arts agencies. In fact, these institutes of higher learning have resuscitated many arts agencies during the recent downturn by providing significant sums of money, particularly by commissioning and sponsoring new arts projects and works.

States also have begun promoting cultural tourism as a means to ignite interest in the arts and foster positive economic trends. In Louisiana, even before Hurricane Katrina's devastating impact, Lieutenant Governor Mitch Landrieu was focusing intensely on tapping his state's "multifaceted, deeply-rooted, authentic and unique culture" as a source of "economic energy."

Notwithstanding the reduced government contributions, the economic impact of the arts continues to be sizable at the local, state and national levels. In fact, a sampling of some of the economic reports described in greater detail in the report illustrates this feature. For instance, a December 2003 study noted that the arts industry stimulated \$270.2 million in business and consumer spending in Oklahoma; a January 2004 study documented the \$19.5 billion economic impact generated by the cultural arts, historic preservation and library services industries in Florida; and a November 2004 study described the \$4.7 billion in annual income produced by Missouri's creative industries. Beyond these sizable economic impacts, there is a growing sense that an animated and vibrant arts and cultural scene remains an essential element for a city, region and nation to be considered a world class venue.

While the arts continue to struggle for recognition as an important economic and revenue generator in most states' budgets, the growing strength of their collective contributions—as proven admirably during the most recent downturn, when they continued to create positive economic flows despite depleted budgets—there may come a time when policymakers think twice about substantially cutting funding during the next economic downturn. In fact, the ability of the arts and cultural sectors to contribute significantly to the economic vitality of local and state economies, despite the reductions in legislative appropriations, begs the question that the continuation of funding during an economic downturn could potentially ensure even greater levels of economic flows from these sectors.