

# STATE POLICY BRIEFS

## Tools for Arts Decision Making

### WHY SHOULD GOVERNMENT SUPPORT THE ARTS?

Federal, state and local lawmakers have difficult jobs. They are expected to resolve some of the most wicked problems of our time: How can America ensure long-term economic growth? How can we solve chronic problems with education and health care? What public policies will strengthen America's global position? And what roles and responsibilities must our government assume—or shed—in order to best serve citizens?

In this environment, all areas of spending—including the arts—come under scrutiny, and every public dollar is competitive. Lawmakers may ask whether government has a legitimate role to play in the arts, or whether the arts should receive funds when so many other critical needs are pressing.

The answer to both questions is a resounding, evidence based "Yes." This Policy Brief helps lawmakers, civic leaders, businesspeople, educators and cultural advocates answer common questions about government arts funding. For more information, explore the [Research](#) and [Advocacy](#) sections of the [National Assembly of State Arts Agencies \(NASAA\) website](#) or contact the NASAA office at 202-347-6352.

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## WHY SHOULD GOVERNMENT SUPPORT THE ARTS?

### 1. Why are the arts a good public-sector investment? ([back to Contents](#))

The arts are an important community builder and prosperity generator for states. In addition to their inherent value to society, the arts offer a distinctive blend of benefits:

- ECONOMIC DRIVERS:** The arts create jobs and produce tax revenue. A strong arts sector is an economic asset that stimulates business activity, attracts tourism and expands a state's work force and tax base. The arts have been shown to be a successful and sustainable strategy for revitalizing rural areas, cities and populations struggling with poverty. ([Learn more.](#))
- EDUCATIONAL ASSETS:** The arts cultivate young imaginations and facilitate success in school, enhancing students' academic achievement in multiple subject areas. They provide the critical-thinking, communications and innovation skills essential to a productive 21st-century work force. ([Learn more.](#))
- HEALTH AND WELLNESS:** The arts foster physical, mental and emotional health, aiding recovery processes and contributing to well-being. Arts therapy is a medically and economically effective tool for treating aging adults, children and people suffering from trauma, including military combat personnel and veterans. ([Learn more.](#))
- CIVIC CATALYSTS:** The arts create a welcoming sense of place and a desirable quality of life. The arts also support a strong democracy, engaging citizens in civic discourse, providing forums for important issues and encouraging collective problem solving. ([Learn more.](#))
- CULTURAL LEGACIES:** The arts preserve culture and heritage, passing along a state's unique character and traditions to future generations of citizens. ([Learn more.](#))

"...governors and states are finding that arts, culture, and design can be important components of a comprehensive strategy for growth."

[National Governors Association](#)

Lawmakers recognize other value-added advantages to making the arts a part of public policy:

- Incorporating the arts improves the impact of other state policies and services.** Numerous states have incorporated the arts into economic revitalization, education, literacy, work-force development, tourism, community sustainability, social service and veterans-care plans.
- The arts are a dynamic contributor to the small-business sector.** The creative industries are composed of many talented workers who are self-employed, freelancers or employed by microenterprises. According to National Endowment for the Arts (NEA) analysis of U.S. Census occupational data, artists are nearly 3.5 times more likely than the total U.S. work force to be self-employed (33.6% vs. 9.8%).<sup>1</sup> Many nonprofit arts organizations, too, are small businesses and play an important role in training creative workers and incubating artistic enterprises.

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- **The arts make communities vibrant, welcoming and desirable.** Cultural places and events are magnetic, attracting not only artists but also families, travelers and businesses. Creative placemaking—the gravitational effect of culture on neighborhoods—positively impacts local economies and quality of life. It creates jobs and stimulates commercial traffic, all of which leverage neighborhood revitalization, attract diverse populations and strengthen communities. Capitalizing on these effects of creative placemaking requires strong public-sector support.
- **The arts are a hallmark of state innovation.** The arts are part of a state's creative capacity, spurring innovation and generating unique products and services. Creativity is part of any state's competitive edge in the global marketplace, where distinctive design and effective communications can spell the success or failure of a business or policy venture.
- **Public funding of the arts is an investment with high yields.** This starts from the top with federal funds: each \$1 in federal arts funds leverages another \$9 from other public and private sources, resulting in \$500 million in matching support.<sup>2</sup>

Leading public-sector organizations—including the National Governors Association, the National Conference of State Legislatures, the U.S. Conference of Mayors and the Education Commission of the States—have identified the arts as part of a strong state policy portfolio. Business leaders, economists, property developers, tourism officials and community planners have joined with parents, educators and civic leaders to promote public policies that strengthen the arts. They do so because they recognize the benefits that accrue to communities when government helps to foster a robust arts sector.

"Arts and culture are consistent sources of economic growth, during both good and difficult economic times. Specifically, arts and culture policies and programs increase economic development in states by attracting businesses, creating new jobs, increasing tax revenues and promoting tourism."

[National Conference of State Legislatures](#)

And American taxpayers concur. Indeed, 57% of them approve of state government providing funding to artists and arts organizations, while 58% support such investments from local government. Among "likely voters," this approval increases to 60% for state arts funding and 62% for local arts funding. Furthermore, a strong majority of Americans—55%—favor increasing federal investment in the arts.<sup>3</sup>

## 2. Does every state fund the arts? [\(back to Contents\)](#)

Yes. Like most areas of public spending, state appropriations to the arts have seen periods of growth and decline tied to state budget conditions. State governments have maintained a commitment to the arts by allocating funding—even during recessions—to state arts agencies and their programs.

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**3. What do states currently invest in the arts?** ([back to Contents](#))

See NASAA's interactive [Appropriations Explorer](#) to learn more about current public funding for your state arts agency, how that funding has changed over time and how it compares with other states.

Legislative appropriations to all state and jurisdictional arts agencies in fiscal year 2017 totaled \$368 million, or \$1.13 per capita.<sup>4</sup> This represents only 0.041%—less than one-half of one-tenth of one percent—of state general fund expenditures.<sup>5</sup> Yet the return on this investment is tremendous. State arts agencies support more than 21,600 projects undertaken by communities, organizations, schools, individual artists and others, making the economic, educational, civic and cultural [benefits](#) of the arts available across the United States.<sup>6</sup>

Over time, changes to legislative appropriations to the arts mirror the health of overall state budgets. State arts agencies operate with no reserves, dedicating all available resources to current constituent services. This means that even small-magnitude cuts to state arts funding tend to have a high-magnitude impact, resulting in fewer communities reached, numerous projects cancelled, loss of leveraged funds and gaps in services to the public.

**4. How do federal arts funds impact states?** ([back to Contents](#))

In addition to awarding direct grants to every state and congressional district in the country—more than 2,400 grants benefiting more than 16,000 communities in 2016—the National Endowment for the Arts, by law, dedicates 40% of its grant-making funds (\$47 million in 2017) to state and regional arts agencies.<sup>7</sup> This state-federal partnership has several important merits:

- **NEA partnership funds support state priorities.** The [Partnership Agreement program](#) is an exemplary model of federalism through which federal funds address the needs and priorities of local communities.
- **NEA funds incentivize state investment in the arts.** Federal partnership funds encourage state legislatures to make their own investments (\$368 million in 2017), ultimately expanding the support available to local communities.
- **NEA funds to states leverage additional matches at the local level.** State arts agencies combine federal and state dollars to award 21,600 grants each year. These grants, in turn, garner more than \$319 million in in-kind contributions and more than \$11 billion in cash matches from other sources (local governments, private donors and earned income).<sup>8</sup>

"In the advancement of the various activities which would make our civilization endure and flourish, the Federal government should do more to give official recognition of the importance of the arts and other cultural activities."

[President Dwight Eisenhower](#)

The NEA and state arts agencies also work together to realize a number of national initiatives with wide-ranging benefits. Through [Poetry Out Loud](#), for example, each year state arts agencies

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coordinate, in partnership with the NEA and the Poetry Foundation, a national contest of poetry recitation that involves 345,000 high school students. In addition, state arts agencies are supporting the expansion of [Creative Forces](#), a joint program of the NEA and the U.S. Department of Defense (DOD) that integrates creative arts therapies into medical treatment plans for wounded military service members. State arts agencies are helping the NEA and DOD implement the program in 12 clinical facilities around the nation, increasing access to community based therapeutic arts activities for service members, veterans and their families.

### **5. Can't we just use federal funds without any state funds?** ([back to Contents](#))

No. According to federal statute, NEA funding for state arts agencies cannot be used to supplant nonfederal funding.<sup>9</sup> This means that states may not use federal dollars to replace state dollars with the intention or effect of reducing state funding for a state arts agency.

Furthermore, a viable and effective state arts agency supported by state government is a prerequisite for receiving federal funds. States receive federal funds in the form of Partnership Agreements, which are flexible block grants from the NEA. Although a state arts agency may allocate these funds according to its own state's needs, the following criteria must be met:

- The state must have a state arts agency that is officially designated and financially supported by the state.
- The state arts agency must have its own board, council or commission.
- The agency must have a comprehensive statewide plan for the arts that includes input from the public and is responsive to the needs of the state.
- Funding and programming decisions must be made on criteria that take fairness and excellence into account.
- The agency must demonstrate leadership in providing public access to the arts and arts education as well as addressing the needs of underserved communities.
- The agency must maintain sound fiscal management, administrative procedures and accountability reporting.
- Federal funds must be matched on at least a 1-to-1 basis.<sup>10</sup>

In the 1960s, the federal government provided incentive grants designed to assist states in the creation of arts agencies. Since that time, however, state appropriations for the arts have far surpassed the initial federal investment, because states recognized the many benefits of investing in the arts and sought to maximize those returns. Today, legislative appropriations for the arts comprise 82.7% of total state arts agency revenue, whereas NEA dollars comprise just 9.3%.<sup>11</sup>

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**6. Why can't local government take on the responsibility?** ([back to Contents](#))

Local government support for the arts is an important ingredient of a healthy arts sector. Municipal and county governments often support the arts through local arts agencies, which provide a wide range of grants, programs and services designed to boost community cultural engagement.<sup>12</sup> Local government support alone, however, cannot meet the nation's needs. Some local arts agencies secure substantial public funding, but not all communities can afford to do so. Local arts agency budgets range from \$0 (for all-volunteer groups) to \$156 million.<sup>13</sup>

Furthermore, local arts agencies don't exist in every community. While there are about 4,300 local arts agencies in the United States, there are nearly 39,000 counties, municipalities and townships.<sup>14</sup> The cultural vibrancy of the many communities without a local arts agency depends on the investments of state arts agencies and the NEA.

**It takes all three levels of government—federal, state and local—to sustain the arts** and to make certain that all communities can benefit from what the arts offer. A complementary relationship exists between the three levels of government, each of which contributes critical dollars, leadership, knowledge and partnerships. America's physical infrastructure offers an apt analogy: our road system requires the coordinated efforts of federal, state and local governments in order to support commerce and function safely. America's cultural infrastructure requires similar coordination.

**7. Why can't the private sector do this job by itself?** ([back to Contents](#))

It takes a mixture of both public and private funds to support the arts. Although many private philanthropies and companies contribute to cultural activities, a solely private support model would leave too many Americans behind:

- **Philanthropic giving is geographically disproportional.** A U.S. Department of Agriculture analysis found that just 5.5% of foundation grant dollars go to rural areas, in which 15% of the U.S. population resides.<sup>15</sup> In comparison, 25% of state arts agency grants are awarded to rural areas.<sup>16</sup>
- **Public funding for the arts has a proven track record of reaching underserved communities, while foundation giving has not been as equitable.** Between 2003 and 2013—when the collective assets of U.S. foundations grew by \$321 billion and their grant making by \$6 billion—just 1 in 10 of America's largest 1,000 foundations awarded more than half their grant dollars to underserved communities.<sup>17</sup> In contrast, 54% of state arts agency grants are awarded to low-income areas and 40% of NEA-supported activities take place in high-poverty neighborhoods.<sup>18</sup>
- **Foundation support for the arts is highly concentrated in large awards.** Of the 1,000 largest foundations, just 25 foundations accounted for 37% of all foundation support for the arts in 2014, and grants of \$500,000 or more accounted for 58% of foundations' arts dollars. This

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concentrates support to a small number of grantees and excludes many smaller, grass-roots groups.<sup>19</sup>

- **The goals of individual or corporate philanthropists may be worthy, but they might not address broad community needs.** Personal passions or market exposure goals don't always align with the public interest. If arts funding supported only the most popular or commercially successful art forms, it could jeopardize cultural preservation and decrease the diversity of American culture.
- **The private sector won't fill gaps left by public investment declines.** A survey of foundations following the Great Recession found that 57% had not changed their grant-making priorities or strategies in response to lower levels of public arts funding.<sup>20</sup> As recently as March 2017, a leading foundation stated that it would not be able to compensate for cuts made in public support for the arts.<sup>21</sup>
- **Government investments in the arts are citizen-driven and beholden to the public interest.** They support inclusive experiences and community based activities that ensure everyone benefits from the arts.

Another responsibility of government is to ensure the long-term well-being of America's democracy. Encouraging inclusive dialogue, awareness of diversity and sympathy for fellow Americans are vital to a democratic, pluralistic society. While some philanthropy projects may foster democratic citizenship, that is no substitute for government's role in educating its citizenry.<sup>22</sup> The National Arts and Humanities Act of 1965 says as much, noting that it is necessary for government to support a "climate encouraging freedom of thought, imagination, and inquiry" because "democracy demands wisdom and vision in its citizens."<sup>23</sup>

"Why do we, as a free people, honor the arts? Well, the answer is both simple and profound. The arts and the humanities teach us who we are and what we can be.... We honor the arts not because we want monuments to our own civilization but because we are a free people. The arts are among our nation's finest creations and the reflection of freedom's light."

[President Ronald Reagan](#)

### 8. Shouldn't the arts just be supported by those who attend? [\(back to Contents\)](#)

Admissions and earned income already comprise the lion's share of arts revenues.<sup>24</sup> But the arts are a public good—not merely a consumer product—because everyone benefits from the the arts, not just those who choose to attend. A thriving creative sector creates a positive ripple effect throughout a community. We all benefit when neighborhoods are more livable, when kids do better in school, when our economy is more productive and when diverse populations come together—all of which result from inclusive access to arts activities and experiences.

### 9. Aren't there more serious issues government should address? [\(back to Contents\)](#)

The arts help America resolve some of our most serious public policy problems:

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- Economic growth:** The value of arts and cultural production in America is \$729.6 billion (4.2% of our gross domestic product), which is three times greater than the amount that the agriculture, forestry, fishing and hunting sector contributes to GDP.<sup>25</sup> There are 4.8 million workers in the arts and cultural sector, whose efforts helped create a \$26.4 billion trade surplus in arts and cultural products for the United States.<sup>26</sup>
- Effective education:** The arts help realize the goals of a 21st-century education. [Arts education](#) raises academic achievement because it encourages creative thinking, analytical reasoning, effective communication and collaborative work—all competencies important for career and life success.
- Effective health care:** The arts [facilitate healing and contribute to well-being](#) throughout a person's life. Not only can arts therapy reduce the length of in-patient medical care and reduce dependency on medications, but it also improves patients' satisfaction with health care, helps slow cognitive decline and serves as an effective tool for coping with mental and emotional health concerns.
- Supporting our troops:** Likewise, the arts are a cost-effective way to [help wounded warriors and combat veterans](#) recover from physical and emotional trauma. There is growing recognition among military leaders, arts therapists and doctors that the arts can be especially effective in helping patients suffering from [traumatic brain injury and/or post-traumatic stress](#).<sup>27</sup>
- Projecting America's strength:** As President George H.W. Bush said in 1990, the arts and humanities "distinguish America as a world leader rather than merely a world power."<sup>28</sup>

"With massive exports of U.S. entertainment, the arts and culture sector is a win for American trade."

[Fortune Magazine](#)

### 10. Don't arts funds mostly benefit big cities? [\(back to Contents\)](#)

No, which is another reason government support for the arts is so crucial: it ensures that the benefits of the arts accrue in all communities, not just urban areas. While the arts in all communities improve quality of life for residents, attract visitors and investment, and grow sustainable small businesses, in rural areas they also address unique challenges such as geographic isolation, infrastructure limitations and population flight.

**Grant funding:** While the rural communities that stretch across 72% of America's landmass are home to only 15% of the U.S. population, they receive 25% of all state arts agency grants. Collectively, state arts agencies make more than 5,100 direct grants to nearly 2,100 rural communities across the country.<sup>29</sup>

#### State Arts Agency Support for Rural Communities

- 25% of all state arts agency grants go to rural communities.
- 15% of the U.S. population lives in rural communities.

[National Assembly of State Arts Agencies](#)

## WHY SHOULD GOVERNMENT SUPPORT THE ARTS?

The extent of state arts agency investment in rural areas is amplified even further through regranting or [decentralization programs](#) present in 15 states.

**Equitable distribution:** Because state arts agencies administer both federal and state dollars, they are in a strong position to ensure that this combined investment reaches rural communities. Many rural arts organizations lack the capacity to apply for National Endowment for the Arts grants and instead rely on state arts agencies to share the federal funding they receive. This public investment is especially important given the uneven distribution of private support for the arts.

**Access to culture:** In areas without large museums, performing arts centers or other types of arts infrastructure, state arts agencies provide crucial services and programming through a variety of community facilities such as schools, community centers and other public venues. Nationwide, 21% of state arts agency grants in rural communities go to educational institutions and 7% to community organizations, whereas in urban areas educational institutions receive 15% of state arts agency grants and community groups 6%.<sup>30</sup>

**Leveraging rural resources:** State arts agencies form partnerships with federal, state and local programs that benefit rural communities. Partners include agriculture departments, cooperative extension networks, and city or county agencies. Examples of such partnerships include one between the Mississippi Arts Commission and the Mississippi Library Commission to facilitate access in underserved communities to creative experiences and state grants and services. In another example, the Iowa Department of Cultural Affairs, the Iowa Farm Bureau Federation and the Iowa Department of Agriculture and Land Stewardship cooperatively manage an agricultural art contest.<sup>31</sup>

### 11. Aren't the arts a pastime of the elite? [\(back to Contents\)](#)

No. The arts are a common human experience across cultures, and have been throughout history. The arts are inclusive: people with diverse backgrounds, education levels and economic status engage in cultural activities of all sorts,<sup>32</sup> thanks in part to public funding of the arts.

Government arts support ensures that low-income groups get their fair share of the educational and economic benefits offered by the arts. For example, 40% of state arts agency awards go to counties with a median household income below \$50,000. These low-income counties are home to 20% of the U.S. population.<sup>33</sup> The NEA, too, reaches low-income areas: 40% of NEA-supported activities take place in high-poverty neighborhoods, and 36% of NEA grants go to organizations reaching underserved populations (including veterans and people with disabilities).<sup>34</sup>

"A society that supports the arts and the humanities is not engaging in philanthropic activity so much as it is assuring the conditions of its own flourishing."

[President's Committee on the Arts and the Humanities](#)

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### 12. Why support the arts in hard times? [\(back to Contents\)](#)

Because the arts help states bounce back from adversity. Economic downturns require public officials to make the most of every asset and to adopt policies that maximize a state's recovery. The arts are a proven part of that mix. The creative industries diversify a state's economic base, which is especially valuable for states hit hard by declines in manufacturing or natural-resource extraction. The creative sector can mitigate economic problems by creating jobs and enhancing property values. Creative communities further help to stabilize a state's tax base by preventing the flight of skilled workers and families seeking good quality of life.

The arts also are central to community resiliency. Whether states are facing economic distress, natural disasters or other adversity, the arts are a powerful force for recovery and healing, a benefit that few other industries offer.

### 13. Will cutting the arts help balance government budgets? [\(back to Contents\)](#)

No. The National Endowment for the Arts receives a mere 0.004% of the total federal budget, less than one-half of one-hundredth of one percent. State arts agency appropriations, meanwhile, constitute just 0.041% of state general fund expenditures, less than one-half of one-tenth of one percent.<sup>35</sup> Cutting this funding would not achieve any significant savings—but it would drastically harm communities both urban and rural, wealthy and underserved. Furthermore, the arts return \$27.5 billion in tax revenue to federal, state, county and municipal governments.<sup>36</sup> **A strong arts sector makes it easier for our government to balance its books.**

"...direct grants do not finance the bulk of artistic activity in the U.S.; they fill gaps, enhance arts education, nourish arts creation, assist in the presentation and delivery of artworks, and enable preservation. These grants thus complement, and do not replace, other means of arts funding."

[National Endowment for the Arts](#)

State arts agencies and the NEA operate with modest financial resources, lean staffs and as little red tape as possible. Nationwide, the number of state arts agency staff members has declined by 22% since 2000.<sup>37</sup> Yet state arts agency grant making has remained relatively steady or even grown over much of the same period. State arts agencies are able to do a lot with a little due to sound management practices as well as citizen-engagement policies that involve the public and many partners in agency initiatives, [strategic planning](#) and funding decisions.

### 14. Does government arts funding cause dependence on public dollars? [\(back to Contents\)](#)

No. Arts organizations rely on a blend of funds, predominantly earned income and private contributions. Although the mix varies among different kinds and sizes of arts organizations, government funding is typically a very modest slice of the pie. Among state arts agency grantees, for instance, state grant funds amount to just 2.1% of their total revenue.<sup>38</sup>

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Despite its small size, that percentage accomplishes important goals. Government support ensures the accessibility of the arts, it aligns arts services with the needs of each community, it ensures accountability in spending, and it inculcates management and planning practices that contribute to long-term financial stability for grantees.

Furthermore, government funding helps to attract other investments. State arts agency grants typically come with a minimum 1-to-1 matching requirement, but matches often exceed that minimum. Dollars from a state arts agency provide a widely recognized "seal of approval" that helps grantees to raise additional funds from individuals, corporations and foundations and to attract partners in entrepreneurial and earned-income ventures. For every \$1 of total grant funds awarded by state arts agencies nationwide, more than \$11.4 billion in matching funds is secured from earned or contributed funds.<sup>39</sup>

### 15. Is support for the arts a partisan issue? [\(back to Contents\)](#)

"The Constitution was not just a statement of policy or procedure. It showed the depth of the Founders on learning and grasp of culture, without which they couldn't have produced the Constitution. It should come as no surprise, then, that the Founders viewed the arts as essential elements of the new American nation."

[President Ronald Reagan](#)

No, support for the arts is pan-partisan. Historically, arts funding increases and reductions have occurred in nearly equal measure under Republican and Democratic legislative leadership.

A multivariate statistical analysis conducted by NASAA in 2015 shows that the partisan affiliation of lawmakers—Republican, Democrat or Independent—does not determine decisions on state funding of the arts. State appropriations data from the past 30

years, a period with increasingly sharp partisan divides on a number of policy issues, yield no meaningful relationship between party control of a state's legislature and the amount appropriated to the state arts agency.<sup>40</sup>

In Congress, Republicans and Democrats alike have track records of supporting federal arts funding because they know it is wise economic policy and popular with constituents.<sup>41</sup> The last time a Republican President occupied the White House (2001-2008)—a period when Republicans had the majority in both houses of Congress for a number of years—federal appropriations to the NEA increased by \$40 million.<sup>42</sup>

No political party is "better" or "worse" for the arts. What drives decision makers to support the arts and culture isn't political affiliation, but rather the benefits of the arts that can be documented in a lawmaker's home district and the resources that are available to policymakers at any given time.

"The most fundamental unique asset of an SAA [state arts agency] is its authorization to represent the interests of the state in developing the arts as an important human activity and industry."

[Mark H. Moore,](#)  
[John F. Kennedy School of Government,](#)  
[Harvard University](#)

## WHY SHOULD GOVERNMENT SUPPORT THE ARTS?

**16. Why are state arts agencies essential?** ([back to Contents](#))

The presence of a strong state arts agency ensures that all communities—regardless of their geographic location, political affiliation or economic status—are systematically and equitably served. Other public funding mechanisms do not attain these same goals.

For instance, legislative earmarks are used in some states to supplement arts appropriations. While these line items can be a valuable source of funding, they inevitably exclude some communities. Local government funding is another key source of arts support, but it remains uneven, with more resources and opportunities available to residents of larger communities. Only state arts agencies are positioned to provide strategic and equitable leadership and support to all areas of a state.

- **State arts agencies possess specialized expertise related to creative business development and cultural planning.** These skills provide sound stewardship of resources and position state arts agencies to act as a locus of expertise and learning that benefits the arts community, other branches of government and the private sector, too.

### What Does State Government Get from State Arts Agencies?

State arts agencies offer a variety of services, including grants, marketing assistance, public information, technical assistance, training and research. Combined, these services:

- **make the economic, educational and civic benefits of the arts available to all communities** by broadening public access to the arts and reducing barriers to cultural participation
- **support academic success** by helping schools to tap the arts as a teaching and learning asset
- **promote the attainment of state education standards** for learning in key subjects
- **foster sound management practices** by requiring grantees to adopt rigorous planning, evaluation and financial management systems
- **hone a state's competitive edge** by fostering a creative work force, reinforcing a creative brand identity, and offering a climate appealing to businesses, investors, residents and travelers
- **support small business development** by providing catalytic funding and essential skills to creative entrepreneurs
- **preserve cultural heritage** as a legacy for future generations
- **build bridges across cultures, generations and geographies**, supporting civic engagement and involving citizens in community and civic life
- **leverage federal dollars** that can be used to address each state's goals
- **encourage other investments in the arts**, catalyzing tax revenues, public and private investment, and entrepreneurial business practices
- **demonstrate accountability and good government** by adhering to the highest management and accountability standards

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- **State arts agencies support functions that are overlooked by other funding mechanisms.** State arts agencies devote much of their funding to smaller organizations, community groups and schools, which may not be as competitive for federal arts funds as larger, well-established arts organizations. Corporations, in order to secure maximum marketing exposure, are most likely to sponsor blockbuster arts events or other highly commercialized activities. In contrast, state arts agency grant making emphasizes grass-roots arts development. State arts agency grants place priority on educational programming, community outreach, long-term planning and other activities consistent with the public interest. In addition, state arts agencies often provide operating grants and funding for individual artists—two important areas that few foundations or corporations routinely support and that the federal government, per statute, cannot.
- **State arts agencies are the designated vehicle for receiving Partnership Agreement funding** from the National Endowment for the Arts.

State arts agencies have demonstrated over time their ability to deliver value to the public. About half of the country's state arts agencies were established prior to the creation of the National Endowment for the Arts in 1965. The NEA incentivized the rest of the states to create arts agencies shortly thereafter. Since that time, state arts agencies have achieved periods of strong growth and have shared, along with the rest of state government, the pain of recessions. In good times and bad, however, state legislatures have continued a commitment to state arts agencies because of the singular combination of benefits that they provide to citizens and state government.

### 17. What the Research Says [\(back to Contents\)](#)

Research has documented numerous economic, educational, work-force, health, civic and cultural benefits of investing in the arts. The catalogue below offers a succinct summary of those research findings. Each section concludes with links to source materials and other publications with additional details.

#### ECONOMIC BENEFITS

**The arts help communities to prosper.** The arts are part of a well-diversified 21st-century economy. Along with nonprofit arts organizations, creative enterprises make significant contributions to state and local economies, generating employment and tax revenues and providing goods and services sought by the public. The value of arts and cultural production in America in 2014 was \$729.6 billion, amounting to 4.2% of gross domestic product. The arts contribute more to the national economy than do the construction, mining, utilities, insurance, and accommodation and food services industries.<sup>43</sup> As an industry, arts and culture is expanding, having grown 35.1% in its contribution to GDP between 1998 and 2014.<sup>44</sup> In addition, the U.S. exports more arts and cultural products and services than it imports—yielding a trade surplus of \$26.4 billion—benefiting creative industries as well as the overall

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economy.<sup>45</sup> (More: [National Endowment for the Arts](#); [National Endowment for the Arts](#); [National Governors Association](#); [Americans for the Arts](#); [U.S. Census/National Endowment for the Arts](#))

"Concentrations of cultural enterprises and creative workers in a geographic area provide a competitive edge, likely by elevating the quality of life, improving a community's ability to attract economic activity, and creating a climate in which innovation can flourish."

[American Planning Association](#)

**The arts put people to work.** By investing in the arts, the public sector is fostering a skilled work force of creative occupations that contribute to economic productivity. The arts employ people working in a wide variety of roles, including individual artists, managers, marketers, technicians, teachers, designers and carpenters. Like other occupations, arts jobs help to pay mortgages and send children to college. There are 4.8 million arts and cultural sector jobs in the United States, which, combined, pay \$355 billion.<sup>46</sup> The arts and culture industry produces substantial federal, state and local tax revenue—\$27.5 billion in 2015—and it continues to grow as a segment of the national economy.<sup>47</sup> Furthermore, for every arts job created, another 1.62 jobs are created in other sectors.<sup>48</sup> (More: [Americans for the Arts](#); [Americans for the Arts](#); [National Assembly of State Arts Agencies](#); [National Endowment](#)

[for the Arts](#); [National Endowment for the Arts](#); [National Governors Association](#); [U.S. Department of Commerce Bureau of Economic Analysis](#))

**The arts attract tourism revenue.** Cultural tourism is a huge market, with 76% of all U.S. leisure travelers participating in cultural activities. These nearly 130 million cultural travelers contribute more than \$171 billion each year to the U.S. economy. American cultural travelers spend on average 60% more than other types of travelers, about \$1,300 per trip compared to \$800 per trip. In addition, they take more trips per year than non-cultural travelers.<sup>49</sup> Furthermore, cultural tourists spend more than twice as much as local arts patrons.<sup>50</sup> Foreign visitors to the United States also partake in arts and cultural activities. In 2012, 28.4% of them visited an American art museum or gallery, while 18.4% attended a concert, play or musical.<sup>51</sup> (More: [Americans for the Arts](#); [Americans for the Arts](#); [U.S. Office of Travel and Tourism Industries](#))

**The arts are a sound rural development strategy.** The arts help to address some of the unique challenges faced by rural communities, including geographic isolation, infrastructure limitations and population flight. The arts can boost rural employment and help to diversify rural economies by creating sustainable small businesses, improving quality of life for residents, and attracting visitors and investment. (More: [National Assembly of State Arts Agencies](#); [National Governors Association](#); [U.S. Department of Agriculture Economic Research Service](#))

**The arts are a business magnet.** Arts organizations purchase goods and services that help local merchants thrive. Arts audiences also add to the local economy, buying admission

"The arts are unique in their ability to revitalize rundown sections of a city or create a new platform by which collaboration can be attained."

[Federal Reserve Bank of Atlanta](#)

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tickets but also spending money—more than \$102.5 billion in 2015—on transportation, food, lodging, gifts and souvenirs.<sup>52</sup> The arts act as a magnet for businesses, attracting companies that want to offer their employees and clients a creative climate and an attractive community with high amenity value. (More: [State Arts Agency Economic Impact Studies](#); [Americans for the Arts](#))

**The arts give industries a competitive edge.** American companies face an international marketplace in which value is increasingly determined by a product's artistic qualities, uniqueness, performance and design. Creative workers help businesses to innovate product lines and effectively market their services. In particular, arts and cultural goods and services drive industries primarily focused on producing copyrighted content, accounting for nearly half of their combined \$906 billion value.<sup>53</sup> (More: [National Endowment for the Arts](#); [National Governors Association](#))

**The arts enhance property values.** The arts make neighborhoods attractive places to live, work and play. The arts help to revitalize blighted areas and strengthen both commercial and residential housing markets. (More: [Social Impact of the Arts Project/The Reinvestment Fund](#))

### EDUCATIONAL AND WORK-FORCE BENEFITS

**Students engaged in the arts perform better academically.** Numerous longitudinal research studies have documented that students who receive arts education exhibit improvements on standardized test scores and in their performance in other subjects, including reading and math. (More: [National Assembly of State Arts Agencies/Arts Education Partnership](#); [The College Board](#); [Arts Education Partnership](#); [President's Committee on the Arts and the Humanities](#))

**The arts help kids to succeed in and after school.** Students who receive arts education have stronger social skills, improved motivation to learn, and more esteem for themselves and their peers. The arts encourage the ability to engage with new ideas and consider multiple perspectives. Arts education helps to create a positive school environment in which learning and human development can occur. (More: [National Endowment for the Arts](#); [National Endowment for the Arts](#); [Arts Education Partnership](#); [National Assembly of State Arts Agencies/Arts Education Partnership](#))

"When students have access to learning experiences in the arts in the home, school, and community, they are better prepared for success in school, work, and life."

[U.S. Conference of Mayors](#)

**Arts education helps close achievement gaps for disadvantaged students.** Research confirms that students from low-income families, English language learners and students with special needs all do better in arts-infused schools than in schools that do not have robust arts programming as a meaningful part of the curriculum. (More: [National Endowment for the Arts](#); [President's Committee on the Arts and the Humanities](#); [Arts Education Partnership](#))

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"Do we want students who are less likely to drop out of school and more likely to have academic success, particularly in math and science? Music and art deliver, especially for students likely to get lost in an education assembly line that can be more Pink Floyd's 'Another Brick in the Wall' than about creative thinking and problem solving."

[Former Arkansas Governor Mike Huckabee](#)

**Arts education provides skills critical to 21st-century success.** In a global economy that is driven by knowledge and ideas, arts education is a necessity. The best-paying jobs require workers with creativity and higher-order thinking and communication skills, and companies are increasingly looking for these qualities in the workers they recruit. In studying the arts, students hone their perceptual, analytic and interpretive skills while developing creative thinking, communications and problem-solving abilities. (More: [Education Commission of the States](#); [Arts Education Partnership](#); [National Governors Association](#))

**The arts address a shortage of creative workers.** The vast majority—85%—of business leaders say they can't find enough job applicants with creativity and innovation skills.<sup>54</sup> Arts education, K-12 and beyond, is part of the solution to this challenge. (More: [The Conference Board](#))

**The arts keep kids in school.** Dropout rates are causing serious academic and economic concerns for many communities. Numerous studies have found that arts education programs can help to reduce dropout rates, increase student engagement and raise educational attainment levels. (More: [Center for Arts Education](#); [National Assembly of State Arts Agencies/Arts Education Partnership](#))

**The arts raise aspirations for at-risk youth.** Participation in arts programs decreases young people's involvement in delinquent behavior and improves students' attitudes about themselves and their future. (Sources: [The James Irvine Foundation](#); [National Endowment for the Arts](#); [PolicyLink](#); [Social Impact of the Arts Project](#); [U.S. Department of Justice](#))

**Voters are committed to arts education.** The American public, by an overwhelming margin, believes the arts are vital to a well-rounded education. Studies also indicate that a majority of voters, regardless of political affiliation, are willing to cast their ballots against elected officials who oppose education programs designed to foster student imaginations. (More: [Americans for the Arts](#); [Lake Research Partners](#); [Harris Polling](#))

### HEALTH BENEFITS

**The arts promote physical health and expedite medical recovery.** According to the evidence, the arts have a positive effect on physical health for people of all ages. They facilitate the recovery processes of ill and injured people, and they are conducive to wellness care and other care models focused on "whole person" health. Arts engagement enhances patient resilience and coping skills, and it has been associated with cutting the length of hospital stays and decreasing health care related infection rates and the need for pain management. (More: [American Journal of Public Health](#); [Americans for the Arts](#); [Grantmakers in the Arts](#))

## WHY SHOULD GOVERNMENT SUPPORT THE ARTS?

**The arts contribute to healthy aging.** Research shows that seniors who participate regularly in the arts report better health, fewer doctor's visits and less medication usage. The arts can help ameliorate age related conditions such high blood pressure, dementia and cognitive decline. They promote emotional well-being by relieving stress, increasing social engagement and encouraging independence. As a result, they are beneficial in long-term health care settings like assisted-living facilities and nursing homes. For hospice, palliative and other end-of-life care, the arts can create highly personalized health care environments and help patients cope with their grief. (More: [George Washington University Center on Aging](#); [Grantmakers in the Arts](#); [National Endowment for the Arts](#); [National Center for Creative Aging/National Guild for Community Arts Education](#))

"Arts in medicine contributes to improved healthcare outcomes, better patient and staff satisfaction, and lower healthcare costs."

[Grantmakers in the Arts](#)

**The arts can help wounded warriors and trauma survivors.** The arts have been used cost-effectively to treat soldiers, combat veterans and survivors of physical and emotional trauma. Arts therapy is a noninvasive and efficacious means of fostering resiliency, recovery and community reintegration. A large majority (85%) of wounded military service members who received care at the Walter Reed National Military Medical Center's National Intrepid Center of Excellence credited arts therapy as facilitating their healing. Meanwhile, arts treatments for veterans could potentially reduce health care costs by more than \$1,000 per patient, yielding a combined savings of \$1.7 billion.<sup>55</sup> Furthermore, arts interventions help destigmatize post-traumatic stress, traumatic brain injuries and depression—the

"Art makes a difference in the quality of life for our wounded warriors and those around them."

[Rear Admiral Alton L. Stocks \(Retired\),  
Former Commander of Walter Reed  
National Military Medical Center](#)

hallmark wounds of the Iraq and Afghanistan wars—thereby enabling more people to seek treatment who otherwise might not.<sup>56</sup> Finally, arts based care of wounded warriors is popular, with 70% of Americans supporting government funding of arts and military programs.<sup>57</sup> (More: [Americans for the Arts](#); [National Assembly of State Arts Agencies](#); [Americans for the Arts](#); [National Center for Creative Aging/National Guild for Community Arts Education](#); [National Endowment for the Arts](#))

**The arts improve medical environments.** Arts opportunities for patients in hospitals and other medical environments generally increase their levels of satisfaction with the health care experience. As a result, they improve the working environments of medical professionals. (More: [Americans for the Arts](#); [Grantmakers in the Arts](#))

**The arts are good for mental and emotional wellness.** The arts can be an effective treatment tool for mental and emotional health issues. For example, the arts can reduce feelings of depression and anxiety, and they can increase self-esteem. The processes of creativity—brainstorming, planning, making and presenting—all engender self-efficacy. (More: [American Journal of Public Health](#); [Americans for the Arts](#); [National Center for Creative Aging/National Guild for Community Arts Education](#))

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CIVIC BENEFITS

**The arts contribute to community vitality.** A growing body of research points to the arts as an engine for civic renewal. Citizen engagement in the arts creates a strong shared identity, connectedness and pride. (More: [Arts Midwest](#); [PolicyLink](#); [The Reinvestment Fund/Social Impact of the Arts Project](#); [The Reinvestment Fund/Social Impact of the Arts Project/Rockefeller Foundation](#); [The Urban Institute](#))

"Creative placemaking is a significant economic development tool and can be highly transformative for a region in terms of income generation and job creation."

[Federal Reserve Bank of Cleveland](#)

**The arts make public spaces vibrant and bring them to life.** Artworks and arts activities make public spaces livable, attractive and distinctive, engaging residents in the creation of welcoming and sustainable places to live, work, play and raise families. Creative placemaking has been shown to have profound social, economic and civic benefits for local communities and their diverse residents. (More: [ArtPlace America/The Urban Institute](#); [The Reinvestment Fund/Social Impact of the Arts Project](#); [The Reinvestment Fund/Social Impact of the Arts Project/Rockefeller Foundation](#))

Experiences of arts and culture can create common understanding between citizens, can encourage empathy and critical thinking about the work, and can be used to address community development and equity issues ranging from youth at risk, homelessness, and illiteracy to economic vitality, neighborhood cohesion, and civic engagement.

[U.S. Conference of Mayors](#)

**The arts contribute to collective efficacy.** Research has shown that the arts build resiliency, foster social capital, strengthen interpersonal ties, empower residents, and encourage tolerance and other altruistic behaviors, all of which nurture the collective efficacy of a community to address major problems such as poverty. (More: [Americans for the Arts](#); [Artplace America/The Urban Institute](#); [Arts Midwest](#); [The James Irvine Foundation](#); [PolicyLink](#); [The Reinvestment Fund/Social Impact of the Arts Project](#); [The Reinvestment Fund/Social Impact of the Arts Project/Rockefeller Foundation](#); [Social Impact of the Arts Project](#); [University of Illinois at Chicago](#))

**The arts foster civic participation and a strong democracy.** The arts enhance our ability to illustrate viewpoints, to engage issues, to inspire action and to see things through the eyes of others—all necessary components of a thriving democracy. Americans who participate in the arts are more likely to engage in other aspects of community life, such as voting and volunteering. The arts also enhance civic dialogue, capturing the American experience and giving voice to our joys and aspirations as well as to the conscience of our communities. (More: [Americans for the Arts](#); [National Endowment for the Arts](#); [The James Irvine Foundation](#); [University of Illinois at Chicago](#); [Yale Journal of Law & the Humanities](#))

**The arts are a communications asset in a global society.** The arts build bridges among people. They facilitate intercultural understanding, increase tolerance, foster trust and provide a common lexicon for building relationships in an increasingly diverse and global society. (More: [The James Irvine Foundation](#); [National Governors Association](#); [Social Impact of the Arts Project/The Reinvestment Fund](#))

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### CULTURAL LEGACIES

**The arts create a distinctive state identity.** Along with a community's physical landmarks, its culture, traditions and character are part of its magnetism. A cohesive brand identity is an economic asset that can help both places and products to prosper. (More: [National Governors Association](#))

**The arts endow life with meaning.** Most Americans—87%—recognize that access to the arts is important to quality of life. Furthermore, 63% say that arts experiences are uplifting, and 73% think the arts contribute something positive to the world.<sup>58</sup> Additional research shows that the arts facilitate personal development, social cohesion and community empowerment. (More: [Americans for the Arts](#); [Arts Midwest](#); [The James Irvine Foundation](#))

"...in a pluralist democratic state, the government has an obligation to encourage citizens to reap the civic benefits of the arts."

[Daniel Reid, Yale Journal of Law & the Humanities](#)

**The arts bridge community differences, create shared cultural identities and foster social equity.** The arts, 67% of Americans believe, unify people despite race, ethnicity and age. Meanwhile, 62% value the arts for enabling cross-cultural understanding, and 60% think the arts bolster their community identity.<sup>59</sup> (More: [Americans for the Arts](#); [Arts Midwest](#); [The James Irvine Foundation](#); [PolicyLink](#))

**The arts are important to Americans.** More than half of all U.S. adults—about 120 million people—attended a live visual or performing arts activity in 2012, and 44% created, practiced, performed, edited or remixed art.<sup>60</sup> In 2015, 66.2% of Americans attended a least one visual or performing arts event or saw a film. The creative process and its results are stimulating, and people continue to seek out arts opportunities to grow personally, to engage with their communities, to contribute to cultural conversations and to find inspiration. This broad interest is reflected in the fact that 87% of Americans believe arts and culture improve their quality of life.<sup>61</sup> In addition, 63% oppose eliminating federal funding for the National Endowment for the Arts.<sup>62</sup> (More: [Americans for the Arts](#); [The Curb Center for Art, Enterprise & Public Policy at Vanderbilt University](#); [National Endowment for the Arts](#))

**America's cultural legacy is important to lawmakers.** Throughout American history, Congress has passed legislation and resolutions encouraging access to arts and culture, such as the bills creating the Smithsonian Institution in 1845, the National Gallery of Art in 1937 and the Kennedy Center in 1958. Congress elaborated on its commitment to supporting American culture by passing the Historic Preservation Act of 1966, in which it asserts that "the spirit and direction of the Nation are founded upon and reflected in its historic heritage" and that "the historical and cultural foundations of the Nation should be preserved as a living part of our community life."<sup>63</sup> And when Congress established both the National Endowment for the Arts and National Endowment for the Humanities in 1965, it explained, "It is vital to democracy to honor and preserve its multicultural artistic heritage as well as support new ideas, and therefore it is essential to provide financial assistance to its artists and the organizations that support their work."<sup>64</sup>

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The arts are also important to state policymakers. Lawmakers in all 56 states and jurisdictional territories legislatively created a state arts agency because they recognized the cultural, civic, economic and educational benefits of the arts. The Oklahoma Arts Council's authorizing legislation, for example, asserts that the "understanding, knowledge, enjoyment and practice of the arts serve to advance the development of our citizens and contribute to the general welfare of the state."<sup>65</sup> And to this day, states continue to value the contributions of their arts community—so much so that 42 states bestow a governor's arts award in order to celebrate and showcase their cultural legacy.<sup>66</sup>

### About the National Assembly of State Arts Agencies [\(back to Contents\)](#)

The National Assembly of State Arts Agencies (NASAA) is the nonpartisan membership organization representing the state and jurisdictional arts councils of the United States. NASAA is a clearinghouse for research about government support for arts and culture in America, providing statistical data, policy analysis and information on exemplary practices used to serve the public. Additional information on [state arts agencies](#) is available on the [NASAA website](#).

For more information on related research, or to request a Microsoft Word version of this document, please contact NASAA Research Manager [Paul Pietsch](#).

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