

Arts funding deserves a standing ovation

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BY TED PINCUS

Facing a \$5 billion deficit in next year's state budget, the folks in Springfield are in a cost-cutting frame of mind. No cows will be sacred. Both the governor's office and Legislature will be sorely tempted to slash state funding--especially of what they'll term the "non-essentials."

But if one target is state support for the non-profit arts, they may wish to re-think the term "non-essential," and take a close look at the way reductions in state support may backfire.

In Illinois, the grants issued to arts groups by the National Endowment for the Arts peaked in 1995 at \$4.6 million, and have dropped to about \$2.6 million. Meanwhile, state aid to non-profit arts activities peaked in 2000 at \$22.6 million, according to Alene Valkanas, executive director of the Illinois Arts Alliance. Currently, \$20.2 million is shared among 1,700 recipients in the performing arts and fine arts. This has exacerbated a dilemma in which many corporations--under recessionary pressures--have cut their funding support by more than 50 percent. Many museums, theater companies and other non-profits are running deficits, and 40 percent report that private support has declined.

ROI in the arts

Reduced spending in the arts can backfire because of the remarkably high return-on-investment that the arts in Illinois yield. Consider that while the state has suffered job attrition, the number of arts-related jobs has risen 22 percent, climbing to 128,107 in 2002 from 105,165 in 1995, according to figures compiled by the Alliance. In the study, sponsored by the Sara Lee Foundation, findings showed that the non-profit arts today are an annual \$2 billion industry in Illinois, and have doubled in six years. Over the period, the sector contributed \$10.2 billion to the Illinois economy, of which \$4.6 billion was generated in personal earnings. These are not merely funds we've spent on our own enjoyment. Out-of-staters visiting our local art events have contributed almost \$5 billion of that amount, the study says.

Obviously, Chicago has been the primary beneficiary of this payback. Of the arts-related jobs, 99,779 or 78 percent are in Chicago, which is the home, for example, of more legitimate theater productions (140) than any other city in America (including New York) and whose stages are grossing \$147 million.

Talk about ROI, Marj Halperin, executive director of the League of Chicago Theaters, estimates that for every dollar spent on theater tickets here, another \$3 to \$7 is spent on hotels, restaurants, baby sitters and other amenities, all before additional spending in our stores.

With ticket sales never covering more than 50 percent of operating costs, arts organizations are hugely dependent on government and private contributions. These in turn have been hit by the quadruple recession-induced reductions in individual savings, corporate profits (Sara Lee gives 2 percent of its annual pretax to its communities), foundation-and-endowment portfolio values and government agency funds.

"If our arts industry is weakened," says Art Alliance's Valkanas, "we lose more than cultural heritage. We lose an economic engine that benefits everyone in Illinois."

Considering the leverage that engine provides, it would be folly for the General Assembly to make further cuts. By slashing the investment, the returns are slashed far more.

No where is this more critical than among our major cultural powerhouses, each of whom faces mounting costs and a challenge to maintain current service levels. They're some of our biggest drawing cards.

Budget gaps

At the world-class Chicago Symphony Orchestra, even after a staff layoff of 25, this year's operating budget of \$60 million may not be matched in 2004 without a surge in support. The same with the Goodman Theater's 2004 budget of \$14.4 million. The same with Steppenwolf Theater Company's 2004 budget, which may not match its current \$10.6 million. The Art Institute has lowered its budget this year to \$176 million from \$184 million in the prior fiscal year, and is experiencing an operating deficit. Likewise, the Lyric Opera, says Susan Matheson, will witness its first operating deficit in 16 years, forcing a likely budget reduction from the current \$49.8 million.

It's time for not just applause but renewed investment.

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