

MAKING AN ARGUMENT FOR THE NONPROFIT ARTS BASED ON ECONOMICS

Tucked at the end of the South Carolina Arts Commission's (SCAC) mission statement, the commission articulates a goal of instigating "economic vitality for all South Carolinians."¹ While the general public may be skeptical about whether public funds allocated to the nonprofit arts actually prompt economic growth, studies indicate that taxpayers actually receive generous returns when their money gets invested in the nonprofit arts. Economic-based studies offer the most compelling justification for continuing to provide public funding for the nonprofit arts.

SOUTH CAROLINA

A 2011 South Carolina study, produced by the SCAC by analyzing data collected from 2008 and inspired by a related North Carolina study, quantified the value of what the study referred to as the "creative class."² The study used an economic model called the multiplier analysis to measure the creative class's economic impact, which is usually "amplified as [the creative class's] spending and hiring in the local economy creates multiple layers of income for other sectors."³ Using the multiplier analysis allowed the commission to measure the creative class's direct, indirect, and induced impact on the South Carolina economy.⁴

The report concluded that, in 2008, the creative class generated \$571.5 million dollars of revenue, and more than 100,000 jobs in the state.⁵ That year, the SCAC budget was about \$4 million dollars.⁶ To be fair, the former's impact does not originate exclusively from the latter's budget, but it is remarkable that such a small government program had direct ties to such a large source of state revenue.

NATIONAL STUDY

On a national scale, the Arts & Economic Prosperity IV report, a comprehensive study of the nonprofit arts and culture industry's impact, found that the nonprofit arts industry generates 4.1 million jobs, and \$22.3 billion dollars in revenue to local, state, and federal governments annually, while requiring just \$4 billion dollars in government funding.⁷

¹ Douglas Woodward, South Carolina Arts Comm'n, South Carolina's Creative Cluster: A Catalyst For Economic Development, back cover, (April 2011) *available at* <http://www.southcarolinaarts.com/economic/Creative%20Industries%20report%20Doug%20Woodward%20for%20the%20web.pdf>.

² *Id.* at 1.

³ *Id.* at 2.

⁴ *Id.* at 3.

⁵ *Id.* at 5.

⁶ South Carolina Arts Comm'n, The South Carolina Arts Commission Fiscal Year 2008 Accountability Report, 44, (S.C. 2008) *available at* <http://dc.statelibrary.sc.gov/handle/10827/7153>.

⁷ Americans For the Arts, Arts & Economic Prosperity IV: The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences (Summary Report), 2, *available at* http://www.artsusa.org/pdf/information_services/research/services/economic_impact/aepiv/AEP4_NationalSummaryReport.pdf.

In a rallying cry of sorts, the report goes into great detail on just how public funds for the nonprofit arts end up affecting the community. The report lists too many positive indirect economic effects that the nonprofit arts have on local communities to include here; but consider, as the report points out, that the dollars spent purchasing a gallon of paint are then re-spent over and over within that community.⁸ Additionally, according to the report, tourists attending art or cultural events spend more money and stay longer than other types of tourists.⁹ Moreover, nearly fifty percent of non-local tourists say they would have travelled to a different community if the art or cultural event were not happening.¹⁰ As the report points out, factors such as these tourist statistics and the way money invested in the arts is re-spent within that community helps to refute the common misconception that the community supports the arts, when in reality the arts help drive the local community.¹¹

CONCLUSION

Members of the Volunteer Lawyer's for the Arts can find state-by-state economic studies that describe the arts sector's economic impact at: <http://www.nasaa-arts.org>.¹² National Reports can be found at <http://www.artsusa.org>.

A major challenge VLA lawyers face is figuring out how to more effectively make these economic studies known and available to the general public and their government representatives. Continued pressure on state governments to cut the nonprofit arts' budget shows that, despite numerous economic-based studies, the general public has the wrong impression about the nonprofit arts as an investment of public funds. Thus, the greatest challenge for VLA attorneys might be to get artists to think about their cause, investing public funds in the nonprofit arts, in terms of simple economics. Thinking in terms of the economic motives would require most artists to step outside of their comfort zone but it would also be pivotal in order to change the public perception.

To gather more information about the economic impact of the nonprofit arts sector, universities might encourage their econ students to get out in the local community and conduct studies to follow where public funds spent on the arts actually go. University-supported assignments would give aspiring economists the benefit of practical experience, while the art community would get more data to help paint (pun intended) a better picture of their role in local economic development.

Finally, it might help to encourage the production and circulation of articles like Robert Lynch's *'Arts & Economic Prosperity IV' Proves That the Arts Industry is Resilient, Even in a Down Economy*, published in the Huffington Post, which converted the national report mentioned earlier in this article into layman's-terms, and is thus more likely to resonate with the general public.¹³

⁸ *Id.* at 7.

⁹ *Id.* at 13.

¹⁰ *Id.* at 12.

¹¹ *Id.* at 14.

¹² <http://www.nasaa-arts.org/Research/Key-Topics/Creative-Economic-Development/Economic-Impact-Studies.php>

¹³ http://www.huffingtonpost.com/robert-l-lynch/arts-and-economy_b_1588034.html

Realistically, there is probably will never be an absolute consensus on the importance of the nonprofit arts because some critics simply will not be convinced they are worthy of public funding. However, critics are probably more apt to be convinced by a discussion that utilizes numbers, more easily measured and compared, versus an argument based solely on emotional appeal.

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