

**Written Testimony in Support of FY10 Appropriations for the*/
National Endowment for the Arts**

Submitted by Jeremy Nowak

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House Appropriations Subcommittee on Interior, Environment & Related Agencies
“Arts, Culture, and Community Renewal”

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Mr. Chairman and Distinguished Members of the Subcommittee, thank you for inviting me to be here. My name is Jeremy Nowak. I am the President and CEO of The Reinvestment Fund (TRF), and I am here to support a \$200 million appropriation for the National Endowment for the Arts (NEA) in FY 2010.

It is my pleasure to come to Washington on behalf of Americans for the Arts on this Arts Advocacy Day. As someone that has invested more than a billion dollars into some of America's poorest communities, my interest in a well-funded National Endowment for the Arts is not only a matter of my appreciation for the intrinsic value of art, but is also rooted in what I have encountered over two decades of investing.

The theme of my testimony is simple: arts and culture are important to the development prospects of older American cities and communities and the work of the NEA ought to be viewed as one aspect of a more integrated approach to renewal and development that focuses on maximizing knowledge and creativity throughout our society.

The NEA's Economic Value

As you know, funding for the NEA since its founding more than forty years ago has been uneven. After moving steadily upward until the early 1990's when it reached \$176 million (1992), appropriations moved steadily downward until 2000, when it again began to move on an upward slope. The 2009 appropriation of \$155 million does not yet get us to the 1992 level in absolute numbers, let alone in inflation adjusted terms which would require an appropriation of more than \$260 million.

I am pleased that the NEA was included in the Recovery and Reinvestment Act passed by the Congress of the United States and signed by President Obama. Its inclusion ought to be viewed as recognition of its importance to our economic infrastructure and not as a side event to the real economy.

In fact, arts and culture is a vibrant part of the real economy, contributing billions of dollars of economic activity per year; \$166 billion based on the nonprofit sector alone. In many cities the hospitality and tourism industry is rooted in cultural consumerism. And the marketplace recognizes the importance of creativity in the design, production, and circulation of global goods.

Two decades of research document the enormous economic role of arts and culture in urban and metropolitan economies. It is a sector that can be quantified in jobs, sales, and real estate value. American's for the Arts has taken the lead nationally in documenting

arts and culture in these terms. By doing so, they have given the arts a voice in the public realm. Our meeting here today is a testament to this recognition.

We live in a nation that has sometimes overvalued complex financial instruments while undervaluing the creativity of ordinary Americans. We do so at our own peril. For the past fifteen months I have been a board member of the Federal Reserve Bank of Philadelphia. It has been a remarkable experience. Interestingly it has given me a new appreciation for the creative sector. A financial crisis such as the one we are undergoing forces us to ask very basic questions about what is important; what have we overvalued for short term returns and what have we undervalued that may result in longer term gain. We have an opportunity and an obligation to re-think this today.

Arts and Culture in Urban Economic Development

My belief that arts and culture are critical to the regeneration of urban places comes from decades of development experience. TRF has financed more than 18,000 housing units, more than 7.5 million square feet of commercial space, hundreds of businesses, as well as charter school buildings and childcare centers. We are rebuilding communities in Philadelphia and Baltimore, as well as those in towns such as Chester, Pennsylvania and Camden, New Jersey. In many of those communities arts and cultural institutions have served as key incubators of development. Let me cite a good example.

We financed the Crane Arts Building, partially through the use of Federal New Markets Tax Credits. A former plumbing supplies building, it is now 120,000 square feet of artist work and performance space in a very poor and partially de-populated section of North Philadelphia. Crane has artists and designers of every imaginable kind; it symbolizes how a once obsolete manufacturing building can be a site for new product development. My hunch is that important product development in the 21st century is more apt to come from the industrial arts, design, and techno-media businesses emerging in renovated mill buildings, than from the fast money trails of global finance.

Just as importantly, Crane is a hub of social engagement. Performances are held there that draw people from throughout the region. NEA support for events such as the Philadelphia Fringe Festival (with performances held at Crane) help to integrate the Crane community back into the regional economy. Audiences that would never have ventured to that area now attend events there and as a consequence re-think the boundaries of their personal *social geography*. Today, new buildings nearby are under renovation as the vision of the Crane entrepreneurs has become an economic success and now a community anchor.

I could give dozens of other examples in which we have financed community performance spaces in urban communities where NEA has provided grant funds for performances and installations. The key point here is that NEA support for new productions and installations is a business complement to the rebuilding of commercial and residential real estate in many communities.

This is certainly true of the new projects we are developing right now in the midst of the economic downturn: a movie studio near Chester Pennsylvania, an artist work space and housing complex in Baltimore, and a music center in Wilmington, Delaware.

I am particularly fond of the Wilmington project as it is a replication of Philadelphia's successful World Café Live, a wonderful performance space that provides arts and music classes for public school kids not able to use school-based facilities due to funding cuts. This is very common in many American cities. The arts centers are connecting to a broader audience – not only globally, but locally. The Clay Studio in Philadelphia, for example, runs a Claymobile that travels to homeless centers throughout the city providing educational support for the children of homeless families.

Artist work and performance spaces become community centers where a cross-section of Americans socialize, recreate, learn, and produce. The social network value of these spaces is critical to urban change and development. They create what economists refer to as positive externalities; value that cannot be captured through an immediate price but have benefits that accrue to the community and public at large.

A well funded NEA is important to the economy of the nation both directly and indirectly. Its direct impact can be counted in familiar economic terms and its indirect impact can be valued through longer term leverage. This longer term leverage turns out to be critical to the place-making process that energizes older towns and cities. Said differently, the rebuilding of our great cities is linked to how we creatively re-purpose the built environment and transform old liabilities into future assets. This is what the creative sector does so well.

Beyond Governmental Silos: The Potential of a Creative Public Sphere:

Governments organize streams of funding across a spectrum of organizational and content silos: housing, commerce, transportation, health, and so on. One of the unfortunate consequences of these divisions is the way they structure our sense of reality and our notion of possibilities. This is reinforced by the constituencies of each silo who support the reproduction of current systems; as in most instances it is their only choice. Art and culture funding has been on the defensive for some time and it is natural that we would be here today to advocate on behalf of what is a very small part of the federal budget dedicated to arts and culture.

I would like to suggest that we expand Federal support for creativity by infusing it within other parts of the budget. Take the opportunities that are afforded by transportation, parks, and housing investments. They offer immense possibilities for integrating art into public life. Many cities have a 1% or 2% rule where every development project that uses public subsidy must dedicate a percentage of the development budget to public art. What if we thought about budgets in these ways and saw to it that the next generation of American infrastructure could transcend the false dichotomy between function and aesthetic possibility.

And of course there is the matter of our educational priorities which increasingly are squeezing creativity out of the schoolroom, even though everything we know about childhood development tells us that this is a very short term view.

I will leave you with a brief anecdote. Today in Philadelphia the largest employer of artists is the mural arts programs which at last count had created 2800 murals on the vacant walls of buildings throughout the city. When the Prince of Wales visited Philadelphia a few years ago, after stopping by the usual historical sites – the Liberty Bell, Independence Hall – he wanted to visit an inner city community with dozens of wall murals. He saw what we all see – the ability of people to take ordinary brick and stone in tattered blocks and give it the kind of meaning that fuses physical beauty, individual achievement, and social organization.

Behind each of those murals is an invisible social contract constructed by neighbors who organized to get assistance from the mural arts program, made decisions regarding the content of the mural, formed partnerships between professional artists and local aspiring artists, and took responsibility for the maintenance of the wall after the mural was completed. The mural is simultaneously a piece of art, a community investment, an educational opportunity, and a platform for new social connections.

If we think of public budgets in as creative of a way, we will stop marginalizing art and culture as a peripheral component of the public good. It will become more central to all that we do.

I thank you for your time and wish you the best.