



The State Senate

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FINAL REPORT
OF THE
SENATE GRASSROOTS ARTS PROGRAM STUDY COMMITTEE

The Honorable Jack Hill
Chair
State Senator, District 4

The Honorable Nancy Schaefer
State Senator, District 50

The Honorable Ed Tarver
State Senator, District 22

Prepared by the
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EXECUTIVE SUMMARY

The Georgia Council for the Arts, GCA, administers four grant program areas: Art Education; Arts Services; Community Arts; and Traditional Arts. All of the grants and other funded programs administered by the GCA fall under one of these four program areas. The Grassroots Arts Program, GAP, is administered under the Community Arts program area. The GCA relies on a statewide network of organizations to provide the invaluable service of acting locally and regionally as GAP agencies to re-grant state funds and support Arts programming.

The GAP was developed to ensure that every county has access to state-supported Arts programs and funding, especially small and traditionally underserved rural communities. Central to the philosophy of GAP is the element of local control, allowing citizens to have a voice in how state Arts funding is distributed in their communities. The premise of GAP is to support emerging Arts organizations, and to diversify and expand Arts audiences.

In its 2004 Performance Audit of the GCA, the Department of Audits and Accounts (Department) noted that, although GAP was specifically established to make the Arts available to historically underserved areas, only 23 percent of the \$557,451 allocated in 2004 went to rural counties. Additionally, the review found that GCA's policy allowed regional organizations to retain a substantial percentage of the GAP funds for managing GAP.

In its July 2006 follow-up review, the Department notes that in Fiscal Year 2005, 26 percent of the GAP funds went to the state's rural counties and the amount regional organizations were allowed to retain for administration of GAP was reduced.

The GCA testified to the Committee that it believes strongly in the necessity and value of allocated Arts funding for every county in the state. The GAP agencies throughout Georgia have fueled the Arts and community development by administering GAP in cities, small towns, and rural areas alike. As a result of the combined effort between GAP agencies and the GCA, GAP funds have fostered community partnerships, economic development, cultural tourism, and an enhanced quality of life throughout the state.

After three meetings and several hours of testimony regarding the many benefits of Arts programs, and the challenges augmented by minimal funding that the GCA faces in obtaining their goals, the Committee recommends restoring GCA's funding to the 2002 level over the next two-year period, and supporting the Governor's initiative to create a public-private partnership for Georgia's Arts industry. The Governor's Fiscal Year 2008 budget includes \$200,000 for start-up expenses associated with creating the not-for-profit Georgia Arts Trust.

I. Introduction

The Senate Grassroots Arts Program Study Committee (Committee) was created by Senate Resolution 1389 during the 2006 Legislative Session. Pursuant to Senate Resolution 1389, the Committee was composed of three members appointed by the Senate Committee on Assignments: Senator Jack Hill, who was also appointed as the chairperson; Senator Nancy Schaefer; and Senator Ed Tarver. The executive director and other staff of the Georgia Council for the Arts were directed to assist the Committee by providing any data required for the Committee's deliberations.

Recognizing that the Arts enhance community life, provide valuable enrichment to Georgia's students, and serve as an economic engine for the state through the state's second largest industry, tourism, the Committee was created to review concerns impacting the success of the state's Grassroots Arts Program. Specific issues, including equitable funding among the state's counties, and a lack of Arts infrastructure in rural counties to manage grants, were specifically delineated. Finally, the Committee was directed to make any recommendations, including legislation, found necessary or appropriate.

The Committee held three public meetings at the State Capitol: September 7th; November 20th; and December 28th. The Committee heard testimony from: Ms. Susan Weiner, Director, Georgia Council for the Arts; Ms. Kathleen G. Williams, Chair, Georgia Council for the Arts' Advisory Board; Ms. Karen Paty, Community Arts Development Manager, Georgia Council for the Arts; Ms. Gladys Wyant, Executive Director, the Arts Council, Inc., Gainesville, Georgia; Ms. Jaymi Hampton, Executive Director, Georgia Heritage Center for the Arts, Tallulah Falls, Georgia; Mr. Kevin Grogan, Executive Director, Morris Museum of Art, Augusta, Georgia; Mr. Tim Chapman, Executive Director, Averitt Center for the Arts, Statesboro, Georgia; Mr. Tim Henderson, former Grassroots Arts Program Administrator, Tennessee; and, Mr. Sujit CanagaRetna, Senior Fiscal Analyst, Southern Legislative Conference.

II. Background

Capturing and quantifying the contributions of the Arts and art-related activities to our society and to us as individuals has become more important over the last several years as funding for the Arts, on both the federal and state level, has declined. Beyond the obvious benefits of the Arts, the enrichment of community and the lives of individuals, the Arts also generate a significant level of economic activity and growth.

The economic downturn five years ago that affected almost every state in the U.S. resulted in significant reductions in federal and state funding for the Arts. In Fiscal Year 2005, the 50 state legislatures appropriated approximately \$264.8 million to their respective state Arts agencies, less than one-half of one percent of the \$547.3 billion expended from their state general funds.

In contrast, a June 2002 report, *Americans for the Arts*, presented an economic study of the non-profit Arts industry and found that it generated approximately \$134 billion in economic activity, including \$24.4 billion in federal, state, and local tax revenues. The \$134 billion included \$53.2 billion in spending by Arts organizations and \$80.8 billion in event-related spending by Arts audiences. Interestingly, the \$53.2 billion also represents a 45 percent increase over the previous decade. The report estimates that the overall economic impact resulted in 4.9 million full-time jobs, \$89.4 billion in household income, \$6.6 billion in local government tax revenues, \$7.3 billion in state government tax revenues, and \$10.5 billion in federal income tax revenues.¹

Arts funding across the U.S. is decentralized; it includes box office receipts, federal, state, and local government funding, and private donations from individuals and corporations. In fact, earned income, such as box office receipts and ticket sales, may comprise as much as 50 percent of Arts funding.

Federal funding through the National Endowment of the Arts, NEA, as with other government funding, is volatile and dependent upon the economy. For example: in 1995, federal funding as appropriated to the NEA was \$162.3 million, and one year later in 1996, it totaled \$99.47 million. Although the 2005 federal appropriation to the NEA was \$121 million, the highest level of \$174 million was appropriated in 1992. As with government funding, private donations are also dependent upon the economy.

Georgia

Funding for the Arts in Georgia, as appropriated to the GCA, from Fiscal Year 2002 through 2005, steadily declined. The following chart depicts Fiscal Years 2001 through 2005, and specifically highlights the levels of appropriation, Arts funding amount per capita, and Georgia's rank nationally.

¹ Sujit M. CanagaRetna, *The Economic Impact of the Arts in the South: From Blues to Benton to Bluegrass*, A Special Report of the Southern Legislative Conference, 2005.

Fiscal Year	Appropriation	Per Capita Spending	National Rank
2001	\$4,835,331	\$0.59	40
2002	\$5,179,841	\$0.62	39
2003	\$4,478,490	\$0.52	41
2004	\$4,238,445	\$0.49	38
2005	\$4,054,234	\$0.47	39

In Fiscal Year 2001, Georgia appropriated \$0.59 per capita in Arts funding, and of the 16 Southeastern states in the Southern Legislative Conference, Georgia ranked 13th in funding. In Fiscal Year 2005, Georgia appropriated \$0.47 per capita and ranked 12th in the Southeast. Maryland is the highest ranked state for Fiscal Years 2001 and 2005, appropriating \$2.39 and \$2.00 per capita respectively.

In 2006, Georgia ranked 46th in the nation for Arts funding at \$0.43 per capita. Georgia had the lowest state allocation per capita in the South. The national average for per capita funding in 2006 was \$1.17. In the Fiscal Year 2007 budget, the GCA was appropriated \$3,980,960.

Georgia Council of the Arts, GCA

In 1953, a commission was established to determine the appropriate level of state involvement in supporting the Arts. Twelve years later, in 1965, soon after the establishment of the NEA, the Georgia Commission on the Arts was created. The Commission began funding programs in 1968 and functioned much as the GCA does today.

In 1972, the Georgia Commission on the Arts was replaced by the Georgia Advisory Council for the Arts, which was established as a division of the Governor's Office of Planning and Budget. The name was changed to the Georgia Council for the Arts and Humanities in 1976. The official name of the agency, Georgia Council for the Arts, was created by Legislation passed in 1986.

The Mission of the GCA is to encourage excellence in the Arts, support the Arts' many forms of expression, and ensure that Arts are available to all Georgians by providing funding, programming, and other services. Additionally, the GCA serves as an advisory body to the Governor regarding programs that will: stimulate and encourage the study and development of the Arts, as well as public interest; encourage public interest in the cultural heritage of the state; expand the state's cultural resources; encourage and assist freedom of artistic expression; assist the communities and organizations within the state in creating their own cultural and artistic programs; and survey public and private institutions engaged within the state in cultural activities including architecture, dance, folk arts, applied arts, crafts, literature, music, painting, photography, sculpture, and theater.

The GCA has four grant program areas:

- ▶ *Arts Education* grants are based on the belief that learning in the Arts has significant positive effects on student behavior, test scores, and learning in other academic subjects; and it has been shown to improve school climate and motivate achievement, lower drop-out rates and raise attendance rates.
- ▶ *Arts Services* grants are based on the economic aspect of the Arts, because the Arts provide jobs, improve the quality of life, and serve as destination locations for tourism, Georgia's second-largest industry.
- ▶ *Traditional Arts* grants recognize the changing character and increasing complexity of our state's cultural heritage, which is characterized by a wide array of traditional Arts, crafts, and performance traditions. These grants help to promote an awareness of and respect for Georgia's indigenous and immigrant traditional Arts and artists.
- ▶ *Community Arts* program grants are based on the belief that the Arts cultivate healthy, vibrant communities, rich in civic participation and economic prosperity, and that the Arts and artists have the power to foster both community and economic development. The Grassroots Arts Program falls under this grant program area.

The Grassroots Art Program

The Grassroots Arts Program was developed to ensure that every county has access to state-supported Arts programs and funding, especially small and traditionally under-served, rural communities. Central to the philosophy of GAP is the element of local control, allowing citizens to have a voice in how state Arts funding is distributed within their communities. The premise of GAP is to support emerging Arts organizations, diversify and expand Arts audiences, and encourage regional and multi-county Arts programming.

The funding amount for GAP is \$500,000 of the GCA budget. The formula operates in the following way: \$95,400 is allotted as Regional Development Funds, RDF, to improve or expand GAP in a given region. Half of the remaining \$404,600, (\$202,300), is divided by 159 counties and distributed equally; and the remaining \$202,300 is divided based on per capita.

The \$95,400 allotted as RDF is used by GAP agencies to improve or expand GAP in their given regions. The amount is based on \$600 per county and the funds may be used in one of four general categories: (1) Sub-Grantee Enhancement - RDF can be added to the county allocations to enhance the grant amounts awarded; (2) GAP Agency and sub-grantee capacity building - RDF can be used to hire a consultant to improve the capacity of either/or both entities; (3) Fiscal agent role, acting in a fiduciary capacity for the sub-grantee - the GAP agency spends these funds to support the sub-grantee's project; and (4) GAP agency administration - RDF can be used to augment the expenses of administering GAP.

III. Testimony

The Committee heard from the GCA, various Arts agencies from around the state, and the Southern Legislative Conference, on funding for the Arts and Georgia's GAP program.

A. Georgia Council for the Arts, GCA

Ms. Susan Weiner, Executive Director, GCA; Ms. Kathleen Williams, Chair of the GCA advisory board; and Ms. Karen Paty, Community Arts Program Manager for GCA, testified to the challenges the GCA faces in administering the GAP program and fulfilling their mission in supporting the Arts. Some of their general comments are provided below:

- ▶ The federal term “underserved” refers to “...when access to the Arts is limited due to geography, economic condition, ethnic background, disability, age, or other perceived or actual barrier.” Each of Georgia's thirteen Congressional Districts is deemed underserved by the federal government.
- ▶ Georgia ranks 11th in the nation for private donations to Arts organizations and 39th in the nation for state funding to the Arts.
- ▶ Georgia's rank of 11th in the nation for private donations substantiates the initiative to create the Georgia Arts Trust.
- ▶ The GCA served 149 counties last year and administered 503 grants totaling \$4.1 million.
- ▶ Two recent task force meetings asked grantees why they apply for GCA grants when the monetary value is generally very small; their most common answer was because GCA grants are analogous to obtaining a “good housekeeping seal of approval.”
- ▶ When donors see that an organization is a recipient of a GCA grant, they will lean more towards donating.
- ▶ Receiving a grant requires the grantee to have an organized business plan; this is attractive to donors because it shows business acumen.

Community Development – Economic Development

- ▶ Cleveland, Georgia received a GCA grant for its jazz festival with local artists; and in 2005, Sylvania, Georgia received GAP funding to paint a mural of its history – so now they have historic preservation in the Arts.
- ▶ Cultural heritage tourism is the fastest growing area of the tourism industry.
- ▶ Cultural heritage tourists are typically older, better educated, and want a destination vacation with culture. Typically, these tourists spend more money.
- ▶ The Arts industry employs at least 80,000, it is a creative economy.
- ▶ The Arts help build communities.

- ▶ Arts and recreation are among the top 10 reasons companies choose a certain location.
- ▶ Communities with Arts programs attract younger and better educated populations.
- ▶ Arts bridge the gap between cultures: over 50 percent of the attendees at the Black Arts Festival will not be black.
- ▶ Arts programs serve as an engine for downtown and small town re-development.

Educational Attainment

- ▶ Arts in education has proven to be an effective teaching tool.
- ▶ Research shows a direct correlation with higher achievement and involvement within the Arts.
- ▶ Students involved in Arts programs in school, whether it is band or other Arts programs, have higher graduation rates.
- ▶ Arts programs teach students life skills; to honor commitments, to be on time, etc.
- ▶ Arts programs reach students that might otherwise be lost.

Heritage Preservation

- ▶ The Arts allow man to preserve his history. For example: cave drawings show how people lived before they had language; they probably drew depictions on how to survive in order to teach their children.
- ▶ There are 111 historic theaters in Georgia.
- ▶ Architectural distinction, Arts, crafts, storytelling, oral histories, and dance can be found at community fairs and festivals throughout Georgia.

Challenges for GCA

- ▶ One of the most significant challenges, especially in certain areas of the state, is finding qualified GAP grantees, agencies that meet GAP requirements. The GAP agencies must be not-for-profit groups with the necessary staff capacity and/or interest to administer GAP.
- ▶ In Fiscal Year 2006, GCA had 30 GAP agencies covering 119 counties.
- ▶ The GCA is losing GAP agencies because of increased workload; finding qualified grantees and writing grant proposals for GAP funding is administratively cumbersome.
- ▶ The GCA does not have sufficient staff or budget for statewide travel to identify, promote, and train potential GAP agencies.
- ▶ The GCA operates administratively on 4 percent of their budget.
- ▶ One-third of GCA's staff is part time.
- ▶ The \$600 in RDF used by the GAP agencies for training and award enhancements does not cover the travel expenses of these agencies in multi-county areas. Twelve of 30 GAP agencies cover over five counties without sufficient resources.
- ▶ There is no money in the GCA budget for marketing the GAP program; this makes it very difficult to find Arts programs eligible for grant awards.

- ▶ Fewer than 50 counties have countywide local Arts agencies.
- ▶ Fewer than 10 counties/cities fund countywide Arts agencies.
- ▶ Re-granting state funds by GAP agencies requires a 50 percent match by the local initiative.
- ▶ Georgia's re-granting program is: mandated to reach statewide; decentralized to provide local control and decision-making; and, designed to enhance the state's cultural climate and assist emerging Arts organizations.
- ▶ Not every state mandates statewide coverage of funds.
- ▶ The GCA cannot provide technical assistance to all of the Arts organizations seeking funding – such assistance must be provided by local Arts agencies, and GAP agencies which sometimes cover numerous counties.
- ▶ The GAP agencies are working with the local Arts groups out of commitment – not because they get money to do so.
- ▶ Two of the 30 GAP agencies have notified the GCA that they will no longer serve as the GAP agency in their area – they do not have the resources.

B. Administrators for Various Arts Programs

The Committee heard from several administrators for various Arts programs from around the state. Each was very passionate about the Arts and the important role the Arts play in enhancing the quality of life for their community.

Ms. Gladys Wyant, Executive Director, Arts Council, Inc. Gainesville

- ▶ Ms. Wyant has been in the Arts business 36 years. When she first started, the Council's annual budget was \$5,000.
- ▶ The Council's annual budget today is approximately \$450,000. Most of the revenue is provided by private and corporate donations.
- ▶ Ms. Wyant provided the history of the Gainesville Arts Program; the Gainesville Arts Council bought property from the railroads in 1992. The Council raised funds to renovate the facility and property values increased immediately. The Council purchased the facility for \$600,000, it is now worth millions.
- ▶ A "main street" program was started; the downtown area is becoming revitalized.
- ▶ Grassroots Arts agencies provide opportunities for residents to learn about the history of their communities; and these agencies report increased interest in their counties and communities.
- ▶ Gainesville supports the smaller GAP agencies in their area and helps them obtain seed funding. They help smaller Arts initiatives and centers with the necessary paperwork to qualify for GAP funding. However, a new board of directors could change this part of their mission.

- ▶ Every county does not need an Arts council as one previous governor wanted, every county is not ready for and cannot afford that effort; but every county is ready for Arts initiatives.
- ▶ The Gainesville Arts Council helps beyond just their immediate area.
- ▶ The Gainesville Arts Council started an “Arts in School” program; prior to this program, there were no Art teachers in Hall County.
- ▶ The Council rents their facilities for events, which helps to raise revenue.

Ms. Jaymi Hampton, ED, Georgia Heritage Center for the Arts, Tallulah Falls

- ▶ Georgia Power allows them to use its building at Tallulah Gorge, so they do not have the expense of housing.
- ▶ The Center’s budget is around \$40,000 per year; small in budget, big in volunteers.
- ▶ The Center has 30 volunteers per week to keep the doors open.
- ▶ The Center sells memberships to the organization for \$25 per year to the local Arts community.
- ▶ The Center is a true grassroots organization and its mission is to promote all Georgia artists – predominately within a 100-mile radius of Tallulah Falls.
- ▶ The Center started a business initiative to support local businesses and raise money through a publication.
- ▶ The area was chosen as one of 19 sites to be part of a *National Geographic Magazine* article.
- ▶ The Center, like other non-profit organizations, cannot grow without professional help and most of its volunteers are artists – not fundraisers.

Mr. Kevin Grogan, ED, Morris Museum of Art, Augusta

- ▶ The Morris Museum of Art is very diverse – it has undertaken many initiatives.
- ▶ The Grassroots Arts Council provides seed money to local initiatives and the multiplier effect of such has done wonders.
- ▶ Morris Museum is the sole provider of Arts education for school students.
- ▶ Art is an economic development tool – look at the impact of the Georgia Aquarium and Washington D.C.’s monuments.
- ▶ People believe that the Arts create a better person, not just educated, better educated.

Mr. Tim Chapman, ED, Averitt Center for the Arts, Statesboro

- ▶ There should be a focus on developing cultural economies in rural Georgia.
- ▶ The Averitt Center has historic buildings in downtown Statesboro: the Old Bank of Statesboro; and the Georgia Theater.
- ▶ The stakeholders include the city, county, main street program, convention and visitors bureau, and patrons.
- ▶ The city used a SPLOST, private dollars, and \$45,000 in grant funding to complete a \$4.5 million project of the Arts center revitalization. Since

- then, many new businesses have come to the downtown area. The Averitt Center had over 21,000 visitors in the first fiscal year - last fiscal year, they had 31,000 visitors.
- ▶ Because of the Averitt Center's construction – in the last six years, there has been over \$13 million in private investments/developments in the area.
 - ▶ The Center has hosted three small conferences.
 - ▶ The Averitt Center creates traffic for the local restaurants. It employed over 34 artists in the last year. The Center has greatly encouraged economic development.
 - ▶ The GAP infrastructure is very poor. They are the GAP agency for seven counties with a population of 176,409. The population divided by its GAP grant equals \$0.07 cents per capita.

Mr. Tim Henderson, Former GAP Tennessee

- ▶ Receiving funding for Arts programs in rural areas is more difficult because often there is no one with the expertise to write grant applications, or to solicit donations.
- ▶ Donations are crucial to Arts programs.
- ▶ Educating citizens about the value of the Arts in education is important.
- ▶ Develop partnerships – it is a competitive process with each legislative district.
- ▶ Develop regional artist's directories that would maximize funds.
- ▶ Allocate more funding through the state budget to adequately serve all Georgians.
- ▶ Create an application process that encourages more contracts to deliver more services.
- ▶ Georgia ranks 4th in the nation for the number of students attending school in rural areas.

C. Mr. Sujit CanagaRetna, Senior Fiscal Analyst, Southern Legislative Conference, SLC

- ▶ For little investment by states into the Arts, there are big economic returns.
- ▶ History of the National Endowment of the Arts, NEA, funding to the states since 1966 (in five year increments) shows a high in 1991 of \$175 million. In 2005, funding was at \$121 million after climbing up from a low of \$99.47 in 1996.
- ▶ The art-related, non-profit business industry in the U.S. generates \$134 billion in economic activity.
- ▶ Texas has the highest number of art-related businesses, 44,373; and they employ 186,158 people.
- ▶ The economic impact of the Arts on all levels: nationally, regionally, and state-by-state shows billions of dollars from this industry; however, state

funding for the Arts is lean, and it is always cut first in economic downturns.

- ▶ Some states have provided alternative funding for their Arts programs: Charlotte, North Carolina taxes car rentals; Tennessee and Texas provide additional funding through license plate sales; and Ohio adds \$0.15 cents to its cigarette tax.

2005 Appropriations by SLC States

State	State Funds	Per Capita	National Rank
Alabama	\$3.1 million	\$0.70 cents	29
Arkansas	\$1.4 million	\$0.54	38
Florida	Unavailable	\$0.93	19
Georgia	\$4 million	\$0.47	39
Kentucky	\$3.6 million	\$0.87	20
Louisiana	\$4.7 million	\$1.16	14
Maryland	\$11 million	\$2.00	7
Mississippi	\$1.2 million	\$0.58	35
Missouri	\$ 500,000	\$0.09	49
North Carolina	\$5.9 million	\$0.70	28
Oklahoma	\$3.9 million	\$1.10	15
So. Carolina	\$3.1 million	\$0.74	26
Tennessee	\$6.9 million	\$0.34	44
Texas	\$4.5 million	\$0.20	46
Virginia	Unavailable	\$0.41	41
West Virginia	\$2.4 million	\$1.13	10

IV. Committee Findings

A. Conclusions

The Committee recognizes that the Grassroots Arts Program is a valuable tool for promoting the Arts, especially in Georgia's rural counties and communities. The challenges that the GCA faces in recruiting additional GAP agencies and identifying and funding Arts programs in rural areas are greatly intensified by the previous years' reductions in state funding. The Committee finds that Georgia's rank nationally, and in the Southeast, for funding of the Arts is not representative of Georgia's rich cultural environment and heritage.

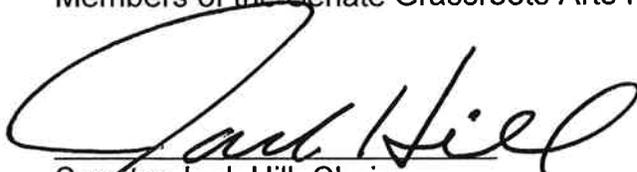
B. Recommendations

- ▶ The Committee recommends restoring GCA's funding to the 2002 Fiscal Year level over the next two fiscal years. The Fiscal Year 2002 appropriation to the GCA was \$5,179,847.

- ▶ The Committee also recommends supporting the creation of the Georgia Arts Trust, a public-private partnership for Georgia's Arts industry, by supporting the Governor's budget recommendation of \$200,000 for start-up expenses associated with creating the not-for-profit Trust. The Georgia Arts Trust will serve as both an endowment and a fundraising mechanism for the Arts, and provide additional resources to support Arts programming.

Respectfully Submitted,

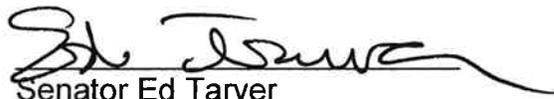
Members of the Senate Grassroots Arts Program Study Committee



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