

NATIONAL ARTS INDEX 2009

An Annual Measure of the Vitality of Arts and Culture in the United States





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Introducing The National Arts Index

Robert L. Lynch, President & CEO, Americans for the Arts

What a difference a half century of support for the arts makes. When Americans for the Arts was established 50 years ago, in 1960 . . .

there was no National Endowment for the Arts nor the \$5 billion in arts funding it has since invested over the years in the arts in America . . . Today's billions in corporate arts contributions was so small that it was listed among "other" in philanthropy reports . . . Fifty years ago, 13,000 bachelor's degrees were conferred in the visual and performing arts—70,000 fewer than in 2008 . . . There were less than 7,000 nonprofit arts organizations—compared to 104,000 today . . . We had just one-third of the 1,750 TV channels that we have today . . . The Library of Congress received 70,000 copyright registrations for musical compositions; today's annual figure of 131,000 is nearly twice that . . . There were just over 20,000 photography businesses in the entire U.S.—today we count that many in California . . . Five state arts agencies have blossomed to 50, and 400 local arts agencies to 5,000 . . . and who could have imagined technology would enhance art forms and create new ones—opera simulcasts, YouTube as a distribution network for concert music, or sports stars dancing in competitions on TV?

Broad measures and provocative anecdotes such as these paint an expansive picture of how the arts have grown. Yet, the arts are far from adequately represented through the kind of rigorous national research effort needed by the public, policy makers, and scholars to track their progress and public effectiveness.

Why measure? If something is important to us, we want to know as much as we can about it—progress and problems, how much of it there is, and how it is changing over time. That is why we set out to create a single indicator system that measures the health and vitality of the arts—similar to how United Way of America tracks "Goals for the Common Good" or The Conference Board tracks consumer confidence—a tool to stimulate public dialogue about the value of the arts as well as improve policy and decision-making.

The National Arts Index

After four years of research and development, I am pleased to announce a breakthrough for the arts: The National Arts Index. The Index is a highly-distilled annual measure of the health and vitality of arts in the U.S. using 76 national-level indicators of arts and culture activity. This report covers an 11-year period, from 1998 to 2008. This National Arts Index encompasses one of the largest collections of data on arts and culture in the U.S. ever assembled. The information has been gathered from reputable government and private sector sources and covering multiple industries—nonprofit and for-profit arts organizations, artists, funding and investment, employment, attendance and personal creation, and much more.

Readers can compare the 76 indicators and draw their own conclusions about the state of the arts, but as a comparative measure we have averaged all 76 indicators, which gives us a single number we can compare from year to year. As a baseline, we chose the year 2003 and set it at the number 100.

The 2008 National Arts Index score is 98.4, a decline of 4.2 points from its 2007 score of 102.6 (2003=100). A score of 105.5 would return the Index to its highest point, measured in 1999. In addition to a single summary score, we can track many themes and trends:

1. The arts follow the business cycle. The arts respond to the booms and busts of the nation's economy. Based on past patterns, we estimate that an arts rebound will begin in 2011.

2. Demand for the arts lags supply. Between 1998 and 2008, there was a steady increase in the number of artists, arts organizations, and arts-related employment. Nonprofit arts organizations alone grew in number from 73,000 to 104,000 during this span of time. That one out of three failed to achieve a balanced budget even during the strongest economic years of this decade suggests that sustaining this capacity is a growing challenge, and these gains are at risk.

3. How the public participates in and consumes the arts is expanding. Tens of millions of people attend concerts, plays, opera, and museum exhibitions, yet the percentage of the U.S. population attending these arts events is shrinking, and the decline is noticeable. On the increase, however, is the percentage of the American public personally creating art (e.g., music making, and drawing). Technology is changing how Americans experience the arts and consumption via technology and social media is also up.

4. The competitiveness of the arts is slipping. The arts, in many ways, are not stacking up well against other uses of audience members' time, donor and funder commitment, or spending when compared to non-arts sectors.

Many of us have experienced the realities these figures indicate. Only now, however, do we have the research to underscore our observations on a national scale, to track if conditions improve or worsen, and gauge the effectiveness of remedial efforts designed to strengthen the arts. We will publish Index updates every October, during the annual National Arts and Humanities Month.

A Time of Opportunity

The current economic crisis offers a unique and important opportunity to begin a national conversation about how we value the arts, as individuals, communities, and a nation. We need to rethink a nonprofit arts sector that has experienced drastic growth and success, yet in many ways remains tethered to support models that have remained unchanged for a half century.

- **How do we build greater demand for the arts? Declines in audience and the market share for some parts of the arts can only be reversed by greater engagement by citizens. Renowned violinist Isaac Stern said, "If nobody wants to go to our concert, nothing will stop them." Ample supply of the arts is only one part of the equation.**
- **Can the capacity issues be addressed by broadening the business structure opportunities beyond the 501(c)(3) using incubators, shared services and spaces, or better use of existing venues?**
- **Are public and private sector funders ready to embrace more fitting funding models for a new competitive world? Do funders need to examine their role in the arts and consider how arts programs need to be validated by the audience as well as by the institution?**
- **How do we help arts organizations—nonprofit, for-profit, and volunteer alike—who have much in common take advantage of their shared circumstances in the form of collaborations?**

The National Arts Index establishes an enormous opportunity to begin a conversation about the arts and their value to communities—one that is more considered and lacks the fervor often associated with the typical impetus for such conversations ("Funding cuts!" or "Public art controversy!"). It provides a common currency of language, a way for more people to talk about the health and vitality of the arts using similar information and similar terms. The National Arts Index makes it easier to talk in an informed manner about why change is occurring, where things are going in the future, and how the arts can stay vital.

As Americans for the Arts celebrates its 50th anniversary in 2010, we will use the findings from the National Arts Index and tackle these paradigm-changing questions. We will spend our 50th year listening and learning by travelling to communities across the country, hosting national-level conferences to exchange ideas, and engaging not just the artists and arts leaders, but a host of local, state, and national leaders from other sectors aimed at shaping a positive future for the arts in America.

I am grateful to the Rockefeller Foundation, Henry Luce Foundation, The Kresge Foundation, and the Ruth Lilly Trust for their support of this work and creating the opportunities made available by our new National Arts Index. At last we have the national-level longitudinal trends of meaningful data that will enable us to track and talk about the health and vitality of the arts in America. Let the conversation begin!

Overview and Major Findings

The arts are deeply embedded in America's society, economy, and everyday life. The presence of arts and culture is seen in the more than two million working artists, 100,000 nonprofit arts organizations and 600,000 more arts businesses, hundreds of millions of consumers and audiences, and billions of dollars in consumer spending. Given its significance to American life, the vitality of the arts and culture system is a matter of continuing interest, and good information about the condition of the arts is a critical element of that interest. There are many individual measures of artists, markets, and audiences that are used to track aspects of the arts industries, but very few on the whole arts system, and they are intermittent. This report addresses that gap by assembling a wide range of indicators about the arts into a single annual measure, the **National Arts Index**.

The National Arts Index, created by Americans for the Arts, is a highly-distilled annual measure of the health and vitality of arts in the U.S. using 76 equal-weighted, national-level indicators of arts and culture activity. This report covers an 11-year period, from 1998 to 2008. Similar to reports such as The Conference Board's tracking of consumer confidence or United Way's *Goals for the Common Good*, the National Arts Index views the arts as a dynamic system and provides reliable longitudinal information. The National Arts Index is unique when compared to other arts data systems in its scope, amount of data it presents, and annual publication. With easy-to-read tables, graphs, and analysis of five- and ten-year trends in the arts, the Index is a tool to stimulate public dialogue about the value of the arts as well as improve policy and decision-making.

Summary

The 2008 National Arts Index score is 98.4, sinking 4.2 points from its 2007 score of 102.6 (2003=100). The 2007 Index score of 102.6 was a 2.6 percent increase over the four years from 2003. A score of 105.5 would return the Index to its highest point, measured in 1999. While the arts industries in the U.S. have become increasingly creative and the number of working artists and arts organizations is growing, audience demand has failed to keep pace—causing the National Arts Index to drop to its lowest level in the 11 years tracked by Americans for the Arts.

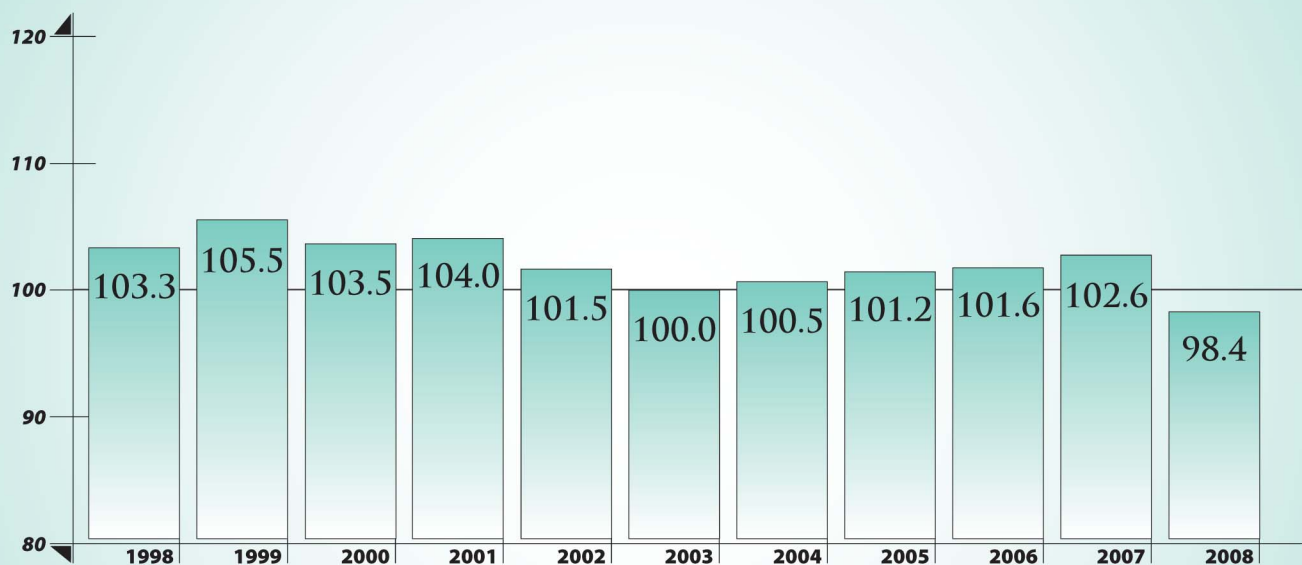


Figure A. National Arts Index 1998-2008 (2003 = 100.0)

The National Arts Index was strongest in the late 1990s and dipped following the recession in the early 2000s. It inched back between 2004 and 2007—though failed to regain its 1990s levels—before dropping again in 2008 during the recession. Every year is a mix of individual indicators that are either increasing or decreasing. In 2007, more than half of the indicators rose from the previous year, while just one-third increased in 2008.

There is no uppermost Index score, though higher is better. A score of 125 would convey that arts and culture are more highly valued as a fundamental component of society than during the past decade—characterized by strong financial health, ample capacity, innovation, vigorous participation, and a vital competitive position in American society.

What's Treasured is Measured

If something is important and vital, we want to know how much of it there is and how it is changing. We want to measure it and track it over time, as people do with their weight and income. The arts are a fundamental component of a healthy society, based on virtues that touch the individual, community, and the nation—benefits that persist even in difficult social and economic times:

- **Aesthetics:** The arts create beauty and preserve it as part of culture
- **Creativity:** The arts encourage creativity, a critical skill in a dynamic world
- **Expression:** Artistic work lets us communicate our interests and visions
- **Identity:** Arts goods, services, and experiences help define our culture
- **Innovation:** The arts are sources of new ideas, futures, concepts, and connections
- **Preservation:** Arts and culture keep our collective memories intact
- **Prosperity:** The arts create millions of jobs and enhance economic health
- **Skills:** Arts aptitudes and techniques are needed in all sectors of society and work
- **Social Capital:** We enjoy the arts together, across races, generations, and places

For these reasons, it is important to understand how the arts thrive and remain healthy, enabling them to deliver these valuable benefits. It is this health and ability to sustain itself over time that we refer to as the “vitality” of arts and culture.

Transforming Complexity to Simplicity

The difficulty faced by most individuals—even those within the arts—is synthesizing many sets of data into a concise, cogent portrayal of the arts. Indicators (from the Latin *indicare*—meaning to announce, show, or point out) are statistical measures that, quite simply, help people understand how things change over time (outputs, opinions, operations). Indicators are not one-time snapshots of current conditions. Rather, they are a systematic data collection initiative that is conducted regularly over time.

One need not look far to appreciate the ubiquitous presence of indicators in our society. In other areas of broad social interest, like the stock market or the overall economy, there are standard measures that provide a common language and understanding. If someone says that the “Dow” is going up or down, or that Gross Domestic Product (GDP) is rising or falling, we understand that these are broad measures of stock market performance or overall economic strength. Indicators are well understood and respected by public and private sector leaders as well as by ordinary citizens. They compress large amounts of data into one number that is calculated the same way every day (the Dow) and every year or calendar quarter (the GDP), making it easy to compare performance between time periods. The National Arts Index provides an annual measure of the arts with these same qualities, at annual intervals.

The National Arts Index offers an enormous opportunity to begin a conversation about the arts and their value to communities. It provides a “common currency of language,” a way for more people to talk about the arts using similar information and similar terms. By offering a consistent way to measure change over time, the Index makes it easier to talk about why change is occurring, where things may be going in the future, and how the arts can stay vital.

Benefits of Indicators

Communications: Indicators represent a language that is well understood and respected by community leaders. They transform complex information into communication tools that can be readily understood by policy makers and the public.

Evaluation: Indicators enable decision makers to assess progress toward explicitly stated values and goals. Longitudinal data is a marker for results-based accountability, performance standards, and other statistical tracking endeavors.

Policy Development: Reliable trend data play an important role in informing policy makers about community needs and contributing to improved programs.

A Foundation for Decision Making: A solid foundation of awareness about trends can give decision makers the confidence to take next steps and set goals. Indicators can provide early warnings—scanning the environment for emerging opportunities and crises (e.g., budget deficits vs. surpluses).

Community Dialogue: Some people simply like to be informed about the state of their community and how and why it's changing. Indicators provide a common currency of language among funders, policy makers, and industry professionals. They improve the quality of the public dialogue about the arts and culture by providing understandable quantitative components to what is often a visceral discussion.

Planning and Forecasting: Access to consecutive years of data about one or more specific areas make it easier to forecast the future path of activity in that area.

Building Partnerships: Developing indicators collaboratively can provide arts leaders with a better understanding of the values that drive the community—and how to incorporate the arts into that value system. Indicators help non-arts leaders better understand the value of the arts as a core element of their community which in turn can lead them to become more effective advocates for public support and better partners.

Arts and Culture: An Interdependent System of Industries

While the use of the term “the arts” is common, there is no single arts “industry.” The arts are, in fact, composed of millions of artists, hundreds of thousands of businesses, tens of thousands of nonprofits, and numerous government agencies and programs at every level, involving paid staff and volunteers. Artists work not only as sculptors, musicians, and poets, but also in automobile design, advertising, and video game animation. Arts organizations include theaters, symphonies, and museums as well as design, architecture, and publishing companies.

Adding to this complexity is the interdependence of these efforts. For example, while some artists are independent, they may depend on arts facilities in which to exhibit their work and audiences to purchase it. Philanthropic giving is a whole area of study, as is how arts organizations turn contributions into products and experiences to be consumed by an audience. Thus, the National Arts Index measures not just a single industry, but rather an entire interdependent system of arts industries. Some of the many elements captured in this system include personal creation, arts education, personal spending on the arts, private and public funding to the arts, attendance at performing arts events, museum visitation, the arts labor market, money flowing into arts and culture, arts retailers, technological effects of the arts, and more.

Context matters. The nation is constantly changing in ways that affect the arts. Some indicators in this report are adjusted to account for the effects of broad national change factors, such as population growth, in order to distinguish changes in the arts from shifts that affect all business sectors. For example, attendance at public performances is considered not solely as total numbers, but also as a share of the ever-growing U.S. population. If total attendance at a particular art form increases at a rate of 0.5 percent per year—while total population grows at a 1 percent rate—then that art form is effectively losing ground. That is, even though attendance numbers may be up, a shrinking portion of the population is attending. Reporting both the number of people attending as well as the population share provides a more broadly informative measure of activity.

- **The U.S. population grew by 34 million people from 1998 to 2008, an increase of 13 percent. Additionally, the population became more diverse, older, and clustered in metropolitan areas.**
- **Real Gross Domestic Product (GDP), a widely used measure of the economy that takes inflation into account, increased by 29 percent from 1998 to 2008, even with the steep drops between 2000 and 2002. Thus, the arts in that time period had access to an expanding economy.**

- **Inflation has a powerful effect when examined over the past 11 years. While small in each individual year, it totals 32 percent between 1998 and 2008. This creates a decline in purchasing power that puts pressure on the arts to produce for more people at a progressively higher cost. For this reason, almost all financial indicators in this report are in “constant” dollars with a base of 2003.**

Ten Key Findings from the National Arts Index

The overall National Arts Index score is only one of the big stories in this report. The accompanying detail supporting that score is another rich source of data and perspectives on the arts fields. Following are ten “sub-stories” from the Index—decade-long views illustrating trends in philanthropy, participation, and creativity as well as the relationship of the arts to other areas of American life, such as employment and education. They highlight the years from 1998 to 2007, and provide initial estimates for 2008. Since the purpose of the National Arts Index is to promote discourse about the arts, we offer several questions about each of these findings as a means to stimulate dialogue. (Additional detail on the specific indicators used in these views can be found in Appendix F.)

For those seeking a systems-based approach to analyzing the Index, Chapter 2 of this report presents the 76 indicators as components of a comprehensive system called the “Arts and Culture Balanced Scorecard.” This model groups the 76 indicators into four components: financial flows, capacity, participation, and competitiveness. Finally, the 76 individual indicators have their own compelling story. One-page reports about each of them—data, vintage, index score, and interpretation—are presented in chapters 3-6.

1. The arts follow the business cycle.

In general, the arts are responsive to changes in the economy, both positive and negative. This is not surprising, as the U.S. arts industries are composed of nearly 700,000 businesses, 2.24 million artists in the workforce, and count on billions in consumer spending. Thus, the arts are subject to the booms and busts that the whole economy experiences. The National Arts Index was strongest in the late 1990s and dipped following the recession in the early 2000s. It inched back between 2004 and 2007—though failed to regain its 1990s levels—before dropping again in 2008 during the recession. As there is no one single arts industry, at any given time some sectors of the arts are thriving while others falter. Motion pictures, for example, have historically done very well in a down economy. In 2007, more than half of the indicators rose from the previous year. In 2008, however, just one-third increased. Based on past patterns, including lags between overall economic changes and the fortunes of the arts, the arts may not “hit bottom” until 2011.

2. The number of artists and arts organizations has grown steadily over the past decade.

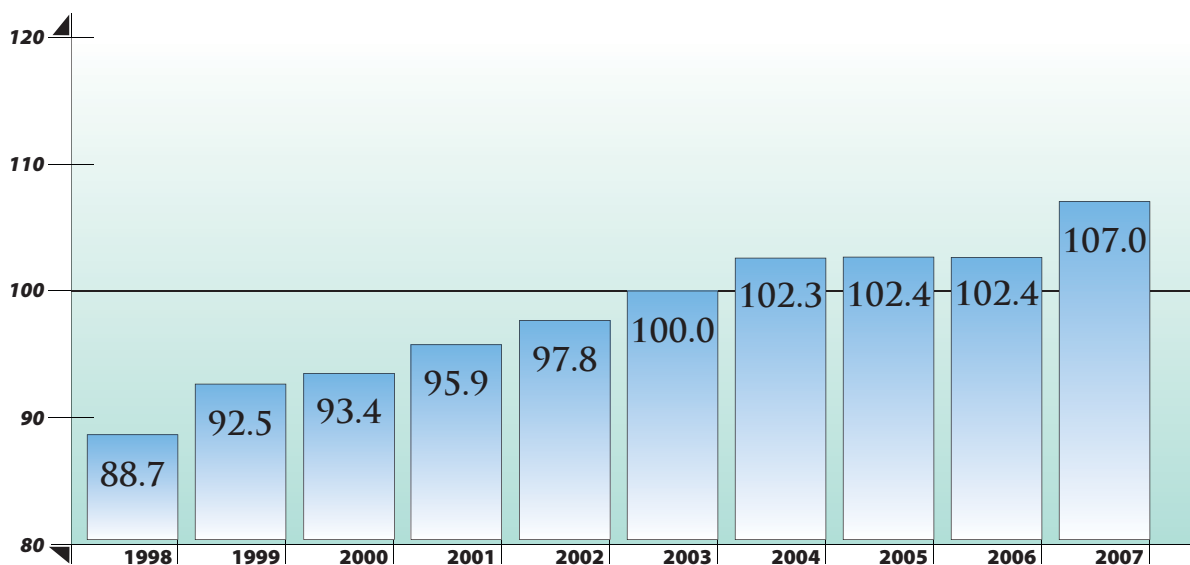


Figure B. National Arts Index Capacity & Infrastructure Measure (2003 = 100.0)

This finding illustrates one of the report's most striking results: the steady increase in the capacity of the arts industries. Capacity and Infrastructure indicators reflect the growth of entities—both individuals and organizations—that provide arts and culture in the U.S. Over the ten-year span from 1998 to 2007, the arts attracted more and more organizations, workers in artistic occupations, employees at arts businesses, and individual artists; raised more capital; and produced more aggregate payroll. This steady increase in supply was found in both the nonprofit and business sectors.

Americans have increasingly shown that they want to be artists, want arts organizations in their communities, and want to study and enjoy the arts—all of which is evidenced by the data. The concern for the future is that we don't know (1) if the current capacity is sustainable, or (2) how today's capacity—both physical and human—will match tomorrow's demand for the arts.

Questions for consideration:

- **How sustainable is the past decade's growth in capacity (i.e., are the arts "overbuilt?")?**
- **What businesses in your community are artists working in that are not typically considered an arts organizations (e.g., design, planning)?**
- **How can available facilities be used to deliver the arts as creation, exhibition, performance, preparation, collaboration, and education?"**
- **What will be the effects of continuing developments in technology on the capacity needed to deliver the arts?**

3. How the public participates in and consumes the arts is expanding.

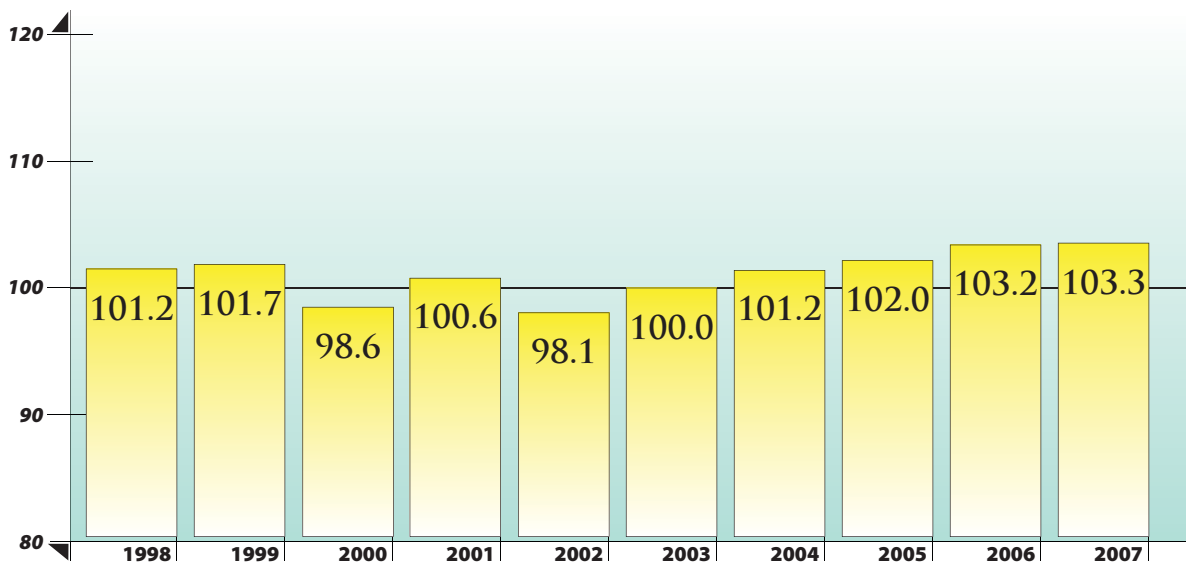


Figure C. National Arts Index *Participation Measure* (2003 = 100.0)

Arts participation has grown steadily between 2002 and 2007—with 2007 the highest of the 10 years. There are 22 indicators in the National Arts Index that comprise the arts participation measure. While there is greater participation overall, there are measurable shifts. This change is being driven by advances in technology, increased diversity and aging of the population, a growing interest in personal creation, and more direct audience engagement and interaction.

- **Attendance at mainstream nonprofit arts organizations is in a steady decline. Market data gathered by Scarborough Research (200,000 surveys annually in the largest 81 metropolitan areas) indicate the percentage of the population attending museums and performing arts events (symphony, dance, opera, theater) decreased 13 percent and 17 percent, respectively, between 2003-2008.**
- **The percentage of the American public personally creating art (e.g., photography, music making, and drawing) is growing slightly ahead of the growth rate of the U.S. population, up from 18.5 to 19.5 percent between 2003 and 2008. For example, the National Association of Music Merchants**

developed the Weekend Warriors program, designed to bring baby boomers back to active music making, which has yielded a significant increase in guitar sales.

- A greater percentage of total personal consumption was spent on arts and culture (e.g., theater, books, movies), growing from 1.78 to 1.83 percent.
- Community-based and culturally specific arts organizations are driving participation and vitality. The number of these organizations has grown faster than the rate of growth for all nonprofit arts organizations—and even faster than the rate of the minority population in the U.S. Additional analysis of their financial data reveals that they are more likely to complete their fiscal year with a surplus than the remaining universe of nonprofit arts organizations.
- Technology is changing both how the arts are accessed and consumed. The number of CD and record stores has been reduced by half in five years, while online downloads of singles and albums have grown four-fold in three years. This not only provides consumers with access to a vastly larger catalogue, but greater control of when and how to access their music. More arts organizations use the Internet to share program content with their audiences or market using social networking. For instance, the Metropolitan Opera has had great success with movie theater simulcasts. ArtsMemphis, a local arts agency, has created an app for iPhone users providing instant access to an interactive cultural calendar. Even within technology, there is variation (public radio listenership is up, while public TV viewership is down).

4. The subsidy model is struggling: nonprofit arts organizations are losing their “market share” of philanthropy to other charitable areas.

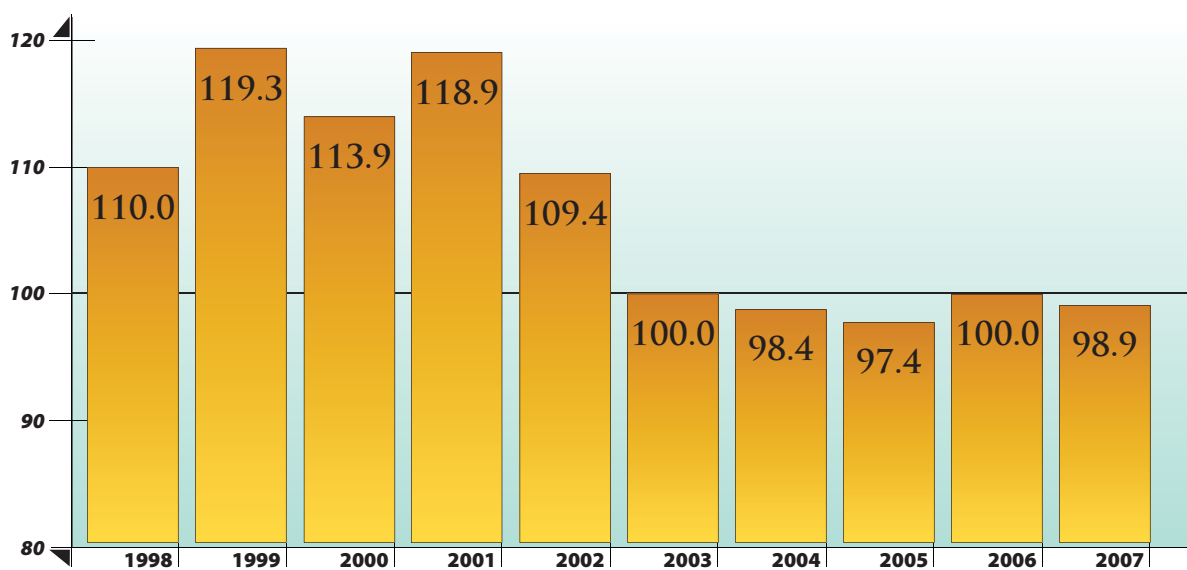


Figure D. National Arts Index *Contributed Support Measure* (2003 = 100.0)

This view averages the scores of 17 separate indicators of private philanthropic support of the arts by corporations, foundations, and individuals, plus government funding at the federal, state, and local levels. The typical nonprofit arts organization generates only half of its revenue from earned income (ticket sales, advertising), thus the other half raised through contributions and grants is vital.

In the public sphere, federal funding stayed level, and local government funding increased when adjusted for inflation. State government funding grew to record levels in the 1990s and then plummeted in the early 2000s. Private sector giving tracks very closely with the economy. The current economic turmoil complicates matters for arts organizations as the finance sector, severely hit in this economic downturn, has traditionally been the strongest arts funder in the corporate community.

The share of foundation and corporate funding being directed to the arts is in an unmistakable decline. Between 1998 and 2007, the percentage of foundation funding directed to the arts decreased from 14.8 to 10.6 percent. The corporate giving share to the arts decreased from 10.3 to 4.6 percent during the same period.

A preliminary estimate of 2008, using 12 of the indicators, shows that the Contributed Support measure declined to 96.0.

These data provoke some hard questions:

- **Is the failure of the arts to maintain market share among providers of contributed support a short-term problem related to increased social service, health, and educational needs, or will it persist?**
- **Are the funding losses a symptom of a more fundamental problem of donors and funders not valuing and appreciating the arts?**
- **How can available facilities be used to deliver the arts as creation,exhibition, performance, preparation, collaboration, and education?**
- **Is “art for art’s sake” a sufficient rationale any more, or will support depend on validation by audiences of serious potential for earned income? If the latter, what does that mean for the future of artistic creativity, the “R and D” of the arts?**

5. Arts employment has grown steadily over the past decade.

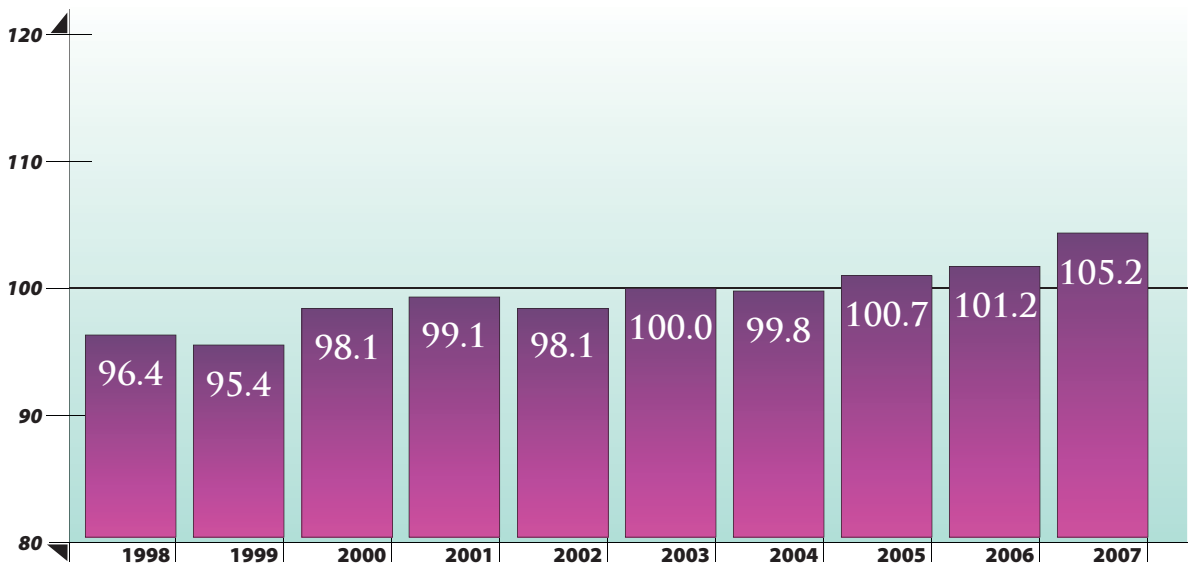


Figure E. National Arts Index *Employment Measure* (2003 = 100)

Eleven employment related indicators (numbers of artists, workers in arts industries, volunteers, labor organization, and artistic workers' income measures) show long-term growth in the number of people making a living as artists and as a result of arts businesses. Some of these employment indicators are based on occupation, using the kind of work that people do (according to their employer). There were 1.7 million such arts workers in 2007. Others are based on the kind of employer, some of which are in arts and culture industries. These employers have about 2.1 million workers in 2007, including some who do work that is not clearly artistic (e.g., the accounting staff in a theatre). A third approach is based on what people declare as their primary occupation. By that standard, the number of artists in the workforce is 2.24 million. The specifics of each measure help to explain the apparent contradiction. For example, there were almost 700,000 solo artists in 2007. They are arts workers, but not necessarily arts “employees.” Many artists also work only part-time as artists and supplement their income with other kinds of work.

There is notable growth in independent artist-entrepreneurs (509,000 to 680,000 from 2000 to 2007). There was a 17 percent increase from 1996 to 2008 in the number of working artists (1.9 to 2.24 million). Artists remained a steady 1.5 percent share of the total civilian workforce.

Using the six indicators out of 11 available at this time, the 2008 Employment measure is estimated at 105.3, practically equal to its 2007 score.

Despite this, the future holds many uncertainties for the arts labor market:

- **Continued entry into the arts labor force in the past is encouraging, as it shows how the arts have attracted different kinds of workers into different kinds of jobs. Now, the question is, how will the arts and culture labor markets rebound from the recession?**
- **Will the growing interest in fields like mobile applications and video gaming lead to additional hiring of designers and artists?**
- **Unemployment has been such a strong feature of the recession for all sectors of the economy. Recent NEA studies point out that artists have twice the unemployment rate of other professional workers. Will that gap widen or narrow?**
- **Part-time work is a growing part of every occupation and business. This is the case in the arts as well (as it has been historically). How will this affect the institutional structure of the arts?**

6. The number of nonprofit arts organizations grows annually, yet one in three fail to achieve a balanced budget.

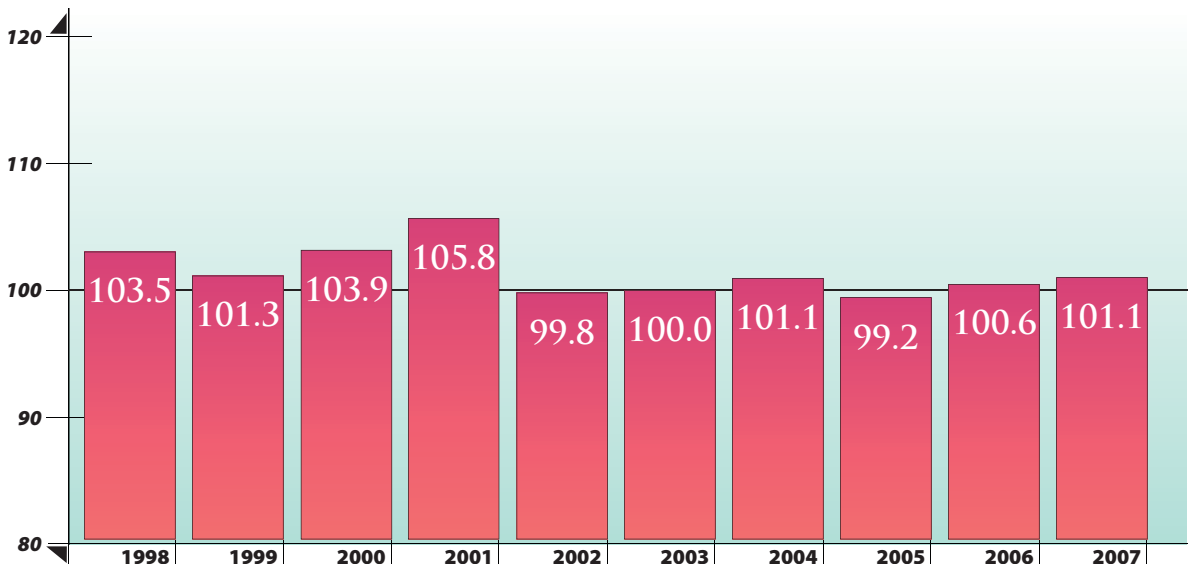


Figure F. National Arts Index *Nonprofit Measure* (2003 = 100.0)

This measure is composed of 22 indicators. Many of them are based on data collected by the National Center for Charitable Statistics at the Urban Institute as well as other information from national service organizations for art forms that are typically made up of nonprofit organizations (theatre, opera, symphony, and museum). Some indicators in this view are financial, others address attendance, volunteerism, and measures of philanthropy. The high numbers in the early years of the decade are largely driven by philanthropy, while increases in 2006 stem from the creation of new organizations, nonprofit arts revenue, and a strong influx of capital.

There has been a steady growth in the number of nonprofit arts organizations over the past decade (73,000 to 104,000). So rapid was this growth that between 2003 and 2008, there was a new nonprofit arts organization created every three hours. The challenge for these organizations is that even in good economic years, one in three failed to achieve a break even budget. So, it is not surprising to note that the estimate of the 2008 Nonprofit Organizations measure dropped significantly, to 92.1 (using 12 of the 22 indicators).

The challenges facing the nonprofit sector of the economy are mirrored in the arts, as has been widely reported. For the arts nonprofits in particular, some of the struggles are at the survival level:

- **In the face of declining levels of philanthropic support, is there a threat to the continued viability of the nonprofit structure as a home for the arts?**
- **For decades, nonprofit arts organizations have been venues of artistic entrepreneurship, organizations with imaginative, independent leaders. Will as many small entities be able to thrive in an environment with scarcer resources, and how will they respond to pressure to collaborate and even merge?**
- **As these threats to the nonprofit arts mount, what other kinds of social enterprise, and what other kinds of structures (such as umbrella organizations and incubators) will attract audiences and contributed support?**

7. Arts organizations continue to create new work; more of the American public is creating their own art.

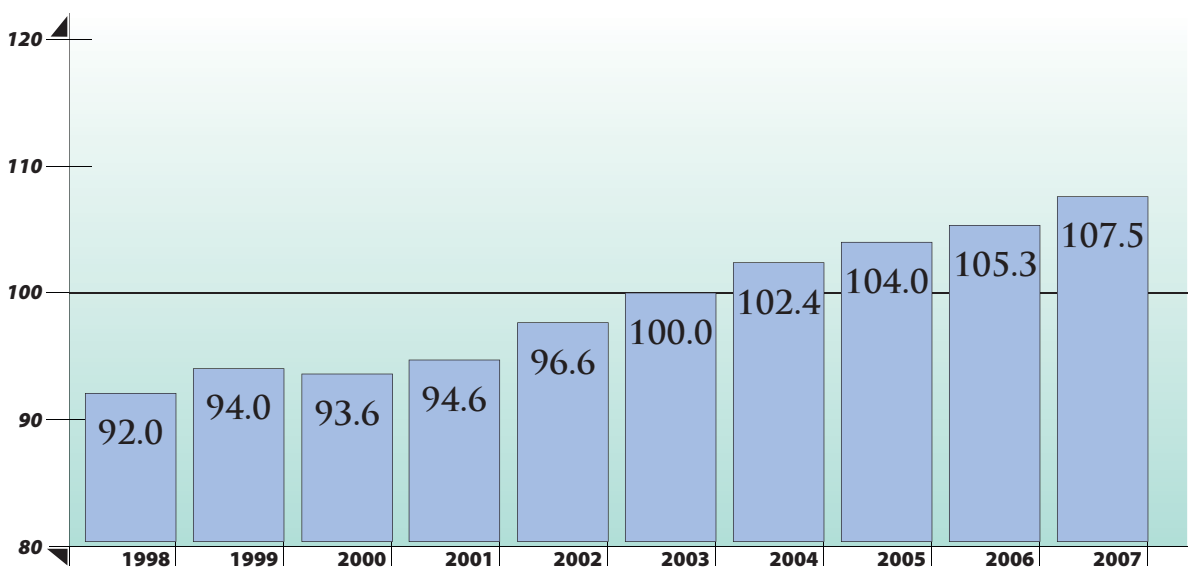


Figure G. National Arts Index Creativity Measure (2003 = 100.0)

This view is composed of eight indicators ranging from personal creativity to premieres of new works on the concert stage. The creation of new artistic work is critical to a successful arts ecology. Creativity is generally vigorous at the individual level, driven by entry into the field by individual artists and new organizations. We believe that this is only the “tip of the iceberg” for other kinds of activities that are harder to measure, such as music recording, photography, weekend rock bands, and increased amateur artistic endeavors (examples of the “curatorial me” trend described by Bill Ivey and Steven Tepper). The percentage of the American public personally creating art (e.g., ceramics, music making, and drawing) is growing slightly ahead of the growth rate of the U.S. population, up from 18.5 to 19.5 percent between 2003 and 2008.

The major performing arts disciplines continue to be exciting settings for the development and presentation of new work. Data on premieres by American theatre companies, symphony orchestras, operas, Broadway producers, and filmmakers are available from their trade associations: the Broadway League, League of American Orchestras, Motion Picture Association of America, Opera America, and Theatre Communications Group. These service organizations do valuable work in gathering information on their members’ activities and summarizing it for the public. They show over 1,100 new movies, plays, operas and symphonies premiered each year, a number that has grown annually since 2004. Premieres are often commissioned and planned years before the public sees them, so current economic problems are probably affecting the number of such new works that were planned in 2008 and 2009 for release in 2010 and beyond. While only five of the eight indicators are available to estimate the Creativity measure for 2008, they show a decline to 102.2.

Like so many other elements of the arts, personal creativity is both made easier and more challenging by technology. At a minimum, technology has made creativity easier to disseminate. But it creates difficulties for long-standing producers of the arts:

- **How do these changes in method affect the content of new art, and what kinds of artistic techniques will be valued?**
- **Aesthetic preferences are always in flux, but rarely as much as in the Internet era. Will this newfound ease of creation and distribution lead to even faster changes in what is considered to be “beautiful?”**
- **How can arts organizations capitalize on the increased interest in making art, and will Americans’ creativity be expressed on their own or through arts organizations?**

8. Demand for arts education is up.

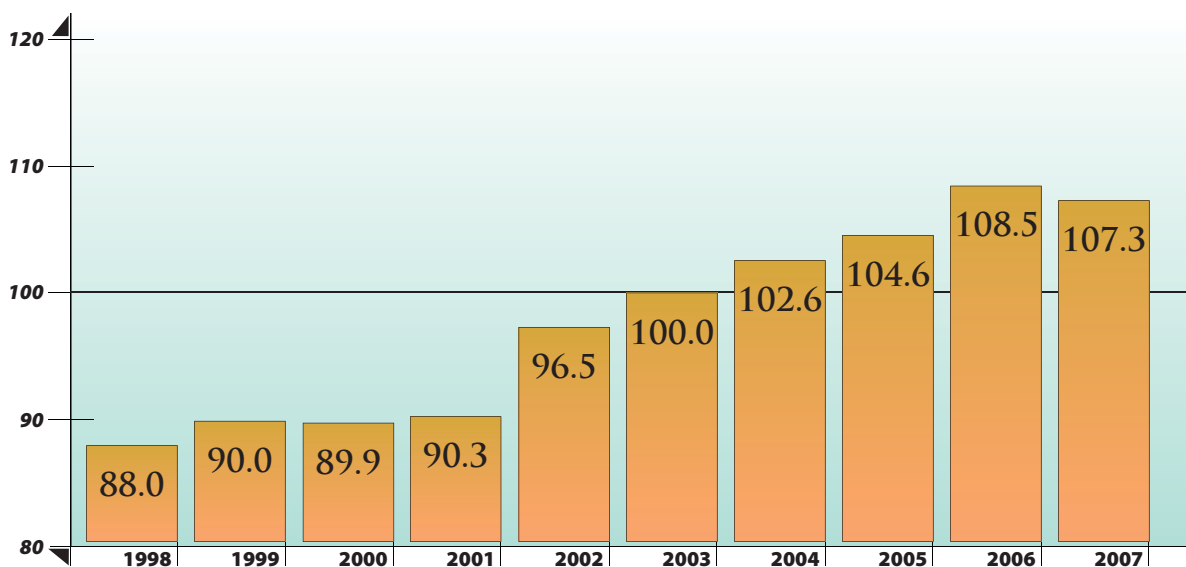


Figure H. National Arts Index *Educational Interest Measure* (2003 = 100.0)

Research by James Catterall at UCLA and others has demonstrated that students who are engaged in the arts perform better academically—higher grade point averages and standardized test scores, lower drop-out rates—a finding that cuts across all socio-economic strata. Yet, studies by the Center for Education Policy and the Council for Better Education have both shown a decrease in the amount of arts education taking place in the nation’s schools, with cuts ranging from 25 to 33 percent.

While much attention is focused on the travails of arts education, there is surprisingly little national data to measure how America’s students are learning about the arts. The National Assessment of Educational Progress, produced by the U.S. Department of Education, addresses the arts only sporadically. All of the anecdotal information about local and state arts education funding for levels K-12 has not been assembled into a single national statistic. By contrast, more information is available about student interests and choices as they enter college and when they graduate. This education measure uses five such indicators.

There is a clear increase in demand among college-bound high school seniors—the 1.5 million students who take the SAT 1 Reasoning Tests. Data from The College Board, which administers the test, show an unmistakable upward trend in the percentage taking four years of arts and music classes while in high school, and even an increase in the percentage who intend to pursue an arts-related degree in college. Many of them have lived up to that expectation, too, with a steady growth in the number of arts degrees conferred annually:

- **The percentage of all SAT test takers with 4 years of arts and/or music increased from 15.4 to 20.2 percent, between 1998 and 2009.**
- **Between 1998 and 2007, there was annual growth in the number of college arts degrees conferred annually (75,000 to 120,000) as well as growth in the share of arts degrees as a percentage of all degrees conferred (3.9 to 4.1 percent).**
- **The percentage of SAT test takers intending to pursue a college degree in the arts increased from 6.4 to 7.1 percent (1998-2008).**
- **Students taking four years of courses in art and music have higher SAT scores than those of students taking fewer years.**

Only three indicators are available for 2008, too few to provide an early estimate of the Educational Interest measure for that year.

These findings provoke additional questions about arts education, particularly at the high school and college levels:

- **Will these positive associations between arts education and college entrance scores help push education funders to reverse the slide in resources available for arts education?**
- **The number of intended arts majors and arts degrees awarded grew over the Index time period, both in numbers and as a share. Are institutions of higher education ready to manage that increased demand, with the faculty and other resources needed?**
- **As the share of degrees in the visual and performing arts grows, what will the labor markets hold, and will those graduates find work in the arts?**

9. The number of arts businesses is growing, but success is inconsistent over time.

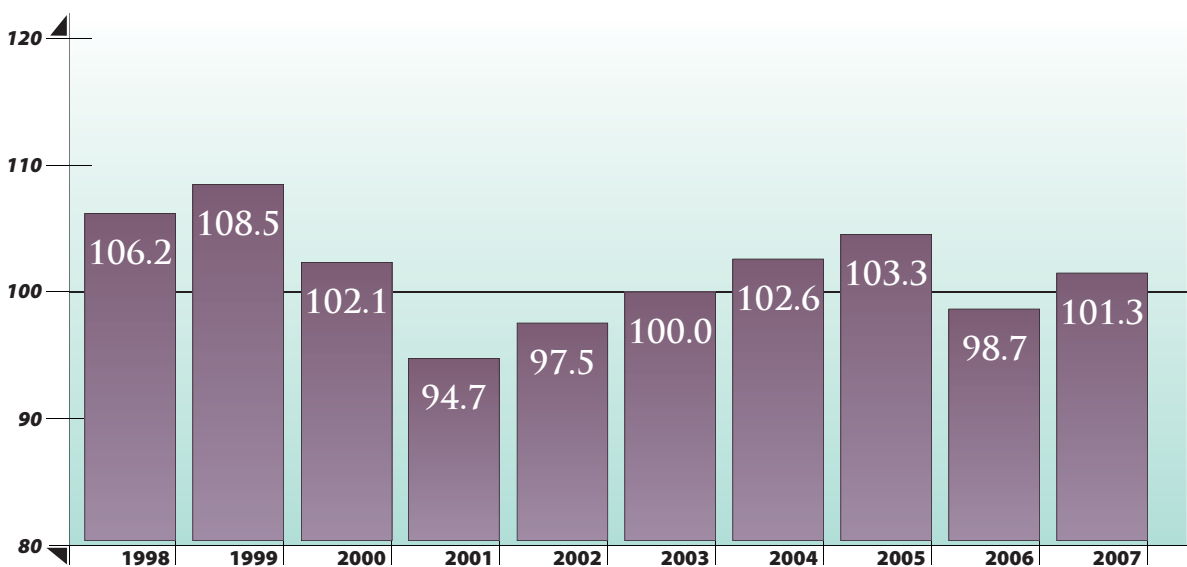


Figure I. National Arts Index Arts Business Measure (2003 = 100.0)

The Arts Business Measure is 15 indicators measuring activity of commercial, profit-seeking businesses in the arts, including their number, size, and performance. This overall measure largely tracks the nation's business cycle, which is not surprising given that analysis of Dun & Bradstreet data reveals about 600,000 "for-profit" arts businesses in the U.S. Many of the businesses are small. There are steadily growing numbers of solo artists, and composer's royalties and Broadway revenue are increasing. However, music and CD stores, attendance at pop music concerts, and recording revenues are all tipping downward. Profitability is also erratic.

Of the 15 indicators making up this view, 14 were available for 2008, and they show a sharp drop in the overall measure, to 93.1, a decline of 8.5 percentage points.

Questions about the business of the arts:

- **Some long-standing business forms (CD stores, bookstores, record companies) are facing the stresses of new technologies. What roles will be left for them in the face of an economic turnaround?**
- **Similarly, what new forms of cultural enterprise are emerging to channel artistic goods and services from their creators to audiences?**
- **While the number of small nonprofit arts organizations has grown, the businesses that dominate some arts sectors (such as record companies, media companies, and concert promoters) are large. Will an economic turnaround reinforce this concentration, or will it provide new opportunities for entrepreneurial arts businesses?**

10. The competitiveness of the arts for resources and investment is slipping.

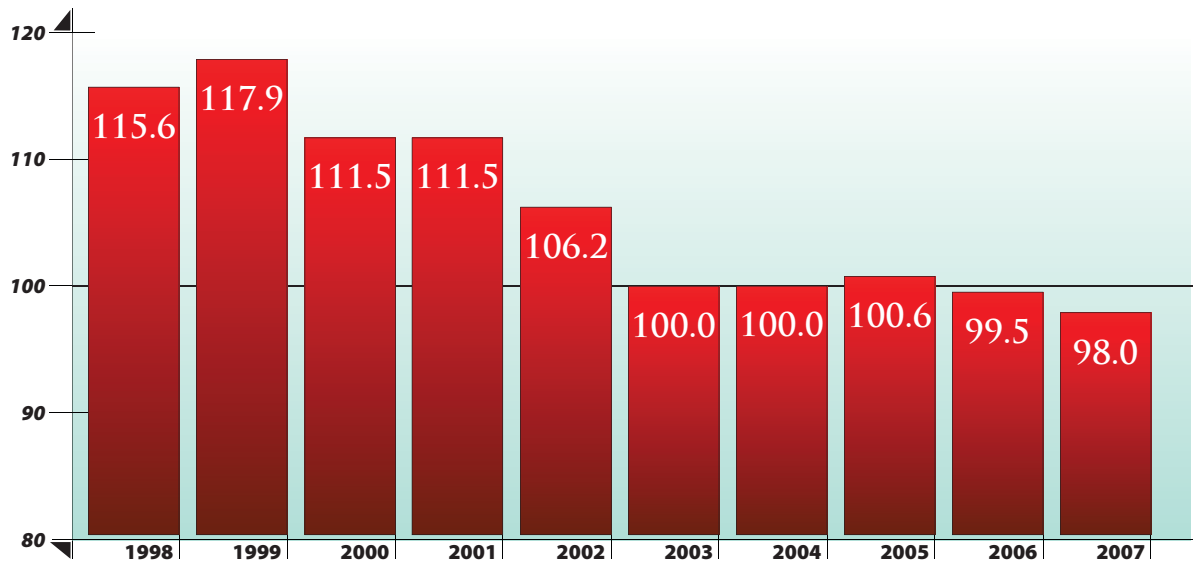


Figure J. National Arts Index *Competitiveness Measure* (2003 = 100.0)

The Competitiveness Measure is one of the most telling measures of the National Arts Index. As a gauge of how the arts stack up against other uses of audience members' time, donor and funder commitment, and spending, it shows that over the long term, the arts are struggling to stay competitive. The measure is an analysis of 25 indicators that contextualize the data against a broader backdrop, such as growth of the population or changes in the economy. In the case of arts philanthropy, for example, it is a measure of the share of all giving that is directed towards the arts. Of the 25 indicators in this measure, 10 declined between 2006 and 2007, and 17 of the 25 declined from their earliest observations.

The Competitiveness Measure is in many ways reflective of the "traditional" arts and culture forms (theater, symphony, museums) and forms of philanthropy, about which comparatively more data are available. As the data begin to better reflect changes in arts participation (e.g., amateur involvement in the arts and consumption via the Internet) the Competitiveness Measure may strengthen.

Looking Ahead

The National Arts Index offers an enormous opportunity to begin a conversation about the arts and their value to communities and a dynamic society. It makes available, for the first time, a highly distilled measure of the health and vitality of the arts in the U.S. While that vitality was more in evidence in the early years of the Index, the 2008 Index score is at its lowest level in the 11 years tracked during this project. Within individual views of the Index data, we see some of the elements that make up this drop.

The National Arts Index thus provides an evidence-based platform for genuine paradigm-changing conversations about key issues. It is reasonable, based on the economy in 2009 and the 2008 Index score, that 2009 will be another year of declining scores. So, the urgency in the need to build audience demand for the arts—to create more “want” by the American public—is one of the most potent takeaways from the Index. Alternative arts business models beyond the 501(c)(3) show promise as a means of easing the stress on capacity, such as arts and business incubators, shared services and spaces, hybrids, support for unincorporated entities, and better use of existing venues. Other funding models for a new competitive world can help funders evolve their role in advancing the arts. Should arts programs have to be validated by audiences as well as by the institutions? Arts organizations—even those in different industries, for-profit and nonprofit—have much in common. It is important to see how they can exploit their shared circumstances in the form of collaborations, especially those that build demand. There also may be social equity issues related to arts education that need to be addressed in further conversation: Who is being left out?

The arts are fundamental to the health of a successful society. By understanding how the arts thrive, we can better understand how to make communities thrive. The National Arts Index is the beginning of this conversation, not the end.

Americans for the Arts is the nation's leading nonprofit organization for advancing the arts in America. Celebrating its 50th Anniversary, it is dedicated to representing and serving local communities and creating opportunities for every American to participate in and appreciate all forms of the arts. From offices in Washington, D.C., and New York City, it serves more than 150,000 organizational and individual members and stakeholders.

Americans for the Arts is focused on four primary goals:

- 1. Lead and serve individuals and organizations to help build environments in which the arts and arts education thrive and contribute to more vibrant and creative communities.**
- 2. Generate meaningful public and private sector policies and more leaders and resources for the arts and arts education.**
- 3. Build individual awareness and appreciation of the value of the arts and arts education.**
- 4. Ensure the operational stability of the organization and its ability to creatively respond to opportunities and challenges.**

To achieve its goals, Americans for the Arts partners with local, state, and national arts organizations; government agencies; business leaders; individual philanthropists; educators; and funders throughout the country. It provides extensive arts-industry research and professional development opportunities for community arts leaders via specialized programs and services, including a content-rich website and an annual national convention.

Local arts agencies throughout the United States comprise Americans for the Arts' core constituency. A variety of unique partner networks with particular interests such as public art, united arts fundraising, arts education, and emerging arts leaders are also supported.

Through national visibility campaigns and local outreach, Americans for the Arts strives to motivate and mobilize opinion leaders and decision-makers who can make the arts thrive in America. Americans for the Arts produces annual events that heighten national visibility for the arts, including the National Arts Awards and BCA TEN honoring private-sector leadership and the Public Leadership in the Arts Awards (in cooperation with The United States Conference of Mayors) honoring elected officials in local, state, and federal government.

Americans for the Arts also hosts Arts Advocacy Day annually on Capitol Hill, convening arts advocates from across the country to advance federal support of the arts, humanities, and arts education.

For more information about Americans for the Arts, please visit www.AmericansForTheArts.org.

