Today’s Presentation

- Coalition- Who we represent
- Arts & Culture: An Economic Driver
  - U.S.
  - CT
  - SECT
- State Budget’s Impact on SECT
- Recommendations
Southeastern CT Cultural Coalition

- Formed in 2012
- Established as an independent nonprofit 501c3 in 2013
- Public Launch Jan 2014
- Role: Regional arts, cultural and heritage alliance
- Last and final Designated Regional Service Organization (DRSO) for the CT Office of the Arts to support DECD
- Mission: Foster region-wide economic growth in New London County by optimizing existing and new arts and cultural activities to assure that the cultural sector and creative business assets are central to the vitality of the region.
The SECT Cultural Coalition represents 350+ Partners

- Visual and Performing Artists, 105
- Performing Arts Organizations, 27
- Creative Retail or Service Businesses, 61
- Arts Centers and Museums, 19
- Educational Institutions, 11
- Historical Societies/Sites, 33
- Libraries, 10
- Municipality or Municipal Dept, 11
- Other Organizations, 23
- Other, 25
- Social or Community Service Organization, 19
## Partner Demographics

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<th>Location</th>
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**TOTAL** 344 (March total)
Arts and Culture
An Economic Driver in the United States
What is the economic value of THE ARTS?

- Top Arts and Culture Industries:
  - Broadcasting
  - Motion Pictures and Video
  - Publishing
  - Arts/Culture Retail
  - Performing Arts and Independent Artists
  - Advertising

- The arts and culture trade surplus in 2012 was $25 billion.

- 4.7 Million workers in the arts and cultural sector.

- $334.9 Billion total compensation of arts and culture workers.

- $698 Billion what the arts contribute to the U.S. economy (4% of GDP).

- $105 Billion total capital investments in arts and culture.

- $869 Billion contribution to GDP from copyright-intensive industries.

- 62 additional jobs created for every 100 from new demand for the arts.

Source: National Endowment for the Arts
Arts and Culture
An Economic Driver in CONNECTICUT
In Connecticut

- Over **22 million people per year** experience CT’s cultural attractions
- Nonprofit arts and culture is a **$653 million** industry
- **$59.1 million** in local and state government revenue
- Arts and cultural sector generating **$3.8 billion** in gross state product annually
- Nonprofit arts and culture organizations spend **$455.5 million** annually
- **$197.5 million** in additional audience spending - vital revenue for restaurants, hotels, retail stores, parking garages and local businesses
- Arts and cultural organizations **employ 40,000 people** - 18,314 full-time equivalent jobs

**The arts mean business!**

Source: CT Arts Alliance and Arts & Economic Prosperity IV in the State of CT/Americans for the Arts
Arts & Culture DRIVE Tourism

Top Tourism Attractions in CT

- **Art & Culture**
  - Historic Sites, Museums, Old Homes/Mansions

- **Adventure Sports**
  - Hiking

- **Nature/Outdoor Activities**
  - Beach, Nature Travel/Ecotourism, Wildlife Viewing

- **Entertainment/Amusement**
  - Casino/Gaming, Fine Dining, Shopping

Source: CT Office of Tourism 2015 Outreach Meetings
Economic Impact of Travel in CT 2013

- $14 billion in traveler spending
  - 3% growth over 2012

- 118,500 jobs
  - Includes 80,000 direct jobs
  - 2.5% growth over 2012

- $1.6 billion in taxes
  - Includes $523 million in state & $345 million local

- Average spent on CT trip in 2011 $677
  Average spent on CT trip in 2014 $875

- Still Revolutionary tourism marketing investment to date $32M Incremental tourism revenues to date $393M, 12.3 return on investment

Source: CT Office of Tourism 2015 Outreach Meetings
CT Tourism Marketing in 2013

- Still Revolutionary marketing
  Investment to date $32M

- Tourism Revenues to date $393M

- 12.3x return on investment to date

Source: CT Office of Tourism 2015 Outreach Meetings
New London Country generates the most of any county statewide in CT traveler spending (27.1%)
Southeastern CT’s arts, culture and tourism have proven to be major economic drivers for the region and State.

Source: CT Office of Tourism 2015 Outreach Meetings
Arts and Culture & the State of CT Budget

“Hunger Games for Nonprofits”
Governor’s 2016-17 Proposed Budget

- Arts, Culture and Tourism is 53% of DECD’s annual budget
- Total DECD budget is proposed to decrease by 20%
- 88% of that decrease is on the backs of arts, cultural and tourism agencies
- In addition, the State Library budget proposes nearly a 30% cut and would:
  - Eliminate CT Humanities
  - Eliminate 5 long standing statewide programs

Source: CT Arts Alliance and DECD
CT Association of Nonprofits-Related to Arts & Culture Organizations

- “The Governor’s proposed Biennial Budget has been devastating to most subsectors of the nonprofit community, with a particularly disproportionate impact on the DECD funded Arts and Culture sector.”

- “The reductions specific to the Arts and Culture sector are extremely damaging, but the process by which the funding streams have been reconfigured contributes to an even greater, negative impact moving forward.”

- The Arts and Culture sector increases the quality of life for individuals and communities and provides ongoing, positive economic impact.

Source: CT Association of Nonprofits February 2015
Governor’s 2016-17 Proposed Budget - Arts Funding

- The Arts sector has on average been flat-funded since 2004
- Total funding for the Arts in the current year is 34% less than FY2008
- In the Governor’s proposed budget the Arts would receive 43% less than 2008
- Current arts funding of $6.7 million is .03% (3/100ths of 1%) of the entire State operating budget

Source: CT Arts Alliance
Arts and Culture
& Southeastern CT
Direct Impact of Arts & Cultural Budget Cuts on SECT

- **13%** of proposed total arts budget cuts affect organizations in SECT directly

- **20%** of proposed total cultural budget cuts affect SECT directly

Total proposed direct arts & cultural cuts to SECT: $1,319,106 (5 line items) *does not include marketing & tourism or library
Regional Impact of Budget Cuts - Tourism and Marketing

- Reduction of Statewide Marketing by $2M
- Elimination of Eastern CT Tourism District
  - Jobs/staff
  - Represents 1,200 tourism businesses
  - Represents 42 towns
  - 150,000 Mystic Country Visitor Guides
  - 30,000 annual direct consumer inquiries
  - Robust calendar of events
Regional Impact of Budget Cuts- CT Humanities (CTH)

- 11% of CTH 2014 budget came directly to SECT
- 28 grants/$207,223 to organizations and municipalities to support humanities-based projects in SECT
- CTH provided 22 programs or program series to communities in SECT
- CTH runs the statewide Poetry Out Loud competition for high school students with support from the Office of the Arts. Over 800 students in SECT participated in 2014/15

Source: Connecticut Humanities
Proposed Competitive Granting-Arts Catalyze Placemaking (ACP)

FY2015 Arts Leadership:
CT: $967,466  
SECT: 1 of 42 Grantees, total of $3,500  (0.003%)

FY2015 Supporting Arts in Place:
CT: $501,103  
SECT: 6 of 77 Grantees, total of $30,458.65 (6%)

FY2014 Arts Leadership
CT: $589,907  
SECT: 7 of 43 Grantees, total of $74,447 (12.6%)

FY2014 Supporting Arts in Place
CT: $240,082  
SECT: 5 of 61 Grantees, total of $20,391.61 (8%)
Regional Impact- Budget cuts **DIRECT** impact:

- Loss of Jobs (at least 8 full and/or part-time positions)
- Loss of Programs (less investment in programs that are income & growth generating)
- Decrease in Arts Education (programs with schools and students across region)
- Decrease in Marketing, Advertising and ability to attract Patrons and Visitors
- Decrease in Community Partnerships & Sponsorships with other organizations
- **Impact: Decrease in Economic Activity** in a sector and, more important, in a region that has a proven track record of being an enormous contributor to the economy
Regional Impact- Reduction of Investment **INDIRECT** and **INDUCED** impact:

Ripple effect on the economy:

- Decrease in payroll taxes
- Decrease in local and regional expenditures
- Decrease in visitors and visitor spending
- Decrease in gas and sales tax
- Less visitors = less hotel tax and hotel occupancy on an already stressed hotel industry

- **Multiplier effect on economic activity and job loss**
Why invest?

Tourism, which is driven by arts and culture, is part of SECT’s and CT’s economic development strategies.
State of CT’s Plan of Conservation & Development


Culture and tourism as “important contributors to the state economy and to the communities in which they are based.”
Industry clusters are the primary drivers in our region’s economy

“Industry clusters by definition are economic strengths and critical to a region’s overall vitality.”

Creative Arts & Technology and Tourism are TWO of the SIX industry clusters (1/3) in SECT
Other clusters: Defense, Maritime, Bio-Science & Healthcare and Agriculture
Now is **NOT** the time to decrease investment
SECT CT Lags Behind the Rest of the State and Nation in Economic Recovery

Article from The Day 2 days ago, *Post-recession, local economy is still among the hardest hit nationwide*:

- Norwich-New London ranked 364th in terms of economic growth out of 379 metropolitan areas nationwide ranking attractiveness to businesses as a location
- Norwich-New London has dubious distinction last month of hitting its post-recession low in employment
- Region lost 500 positions last month- no growth in employment at all
- Stephen Lanza, Economist, Univ of CT, “*There’s promise and possibility in the Norwich-New London economy. The question is ‘Can the region capitalize on that?’*”

Source: The Day, April 7, 2015 “Post-recession, local economy is still among the hardest hit nationwide” by Lee Howard
Conclusion

- Southeastern CT’s arts, culture and tourism have proven to be major economic drivers for the region and State

- Arts & Culture add to our quality of life

- Robust and healthy Arts & Cultural institutions and activities attract new businesses and residents

- Investment is needed in SECT to capitalize and leverage the positive economic contributors

- The enormous return on investment is proven
Recommendations

The Coalition supports the recommendations of the CT Arts Alliance (CAA), which are:

- **Maintain the funding for the state-designated competitive grant programs** in the Arts Commission to at least the current amount of $1.8 million.

- **Ensure that Arts Commission grant-making policies are consistent, fair and comprehensive** and support and preserve existing cultural assets.

- **Maintain support for legislatively designated annual funds** for arts producing, presenting and service organizations by returning the $4.8 million in arts line items cut in the Governors’ Budget.

- CAA will develop a long-term plan for the sustainability of arts funding that will have broad constituent buy-in by Spring 2016.
Conclusion

- Southeastern CT’s arts, culture and tourism have proven to be major economic drivers for the region and State.
- Investment is needed in SECT to capitalize and leverage the positive economic contributors.
- The return on investment is enormous.

**INVEST IN ARTS, CULTURE AND TOURISM- A PROVEN ECONOMIC DRIVER FOR SECT AND THE STATE OF CT**