

## TESTIMONY TO NEW YORK STATE ASSEMBLY WAYS & MEANS COMMITTEE AND NEW YORK STATE SENATE FINANCE COMMITTEE JOINT LEGISLATIVE BUDGET HEARING ON ECONOMIC DEVELOPMENT

Wednesday, February 16, 2022

### Testimony to New York State Assembly Ways & Means Committee and New York State Senate Finance Committee Joint Legislative Budget hearing on Economic Development

By Dance/NYC

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Thank you for your consideration of this testimony, submitted on behalf of Dance/NYC ([dance.nyc](https://dance.nyc)), a service organization that reaches over 5,000 individual dance artists, 1,200 dance-making entities, 500 non-profit dance companies, and the many for-profit dance businesses based in the metropolitan New York City area. Its areas of service are of special benefit to BIPOC (Black, Indigenous, and Peoples of Color), immigrant, disabled, low-income and small budget dance workers. Dance/NYC is the only service organization for the dance sector in the metropolitan NYC area, and its action-oriented research and advocacy seek to represent and advance the interests of the dance field. It embeds the values of justice, equity, and inclusion into all aspects of its operations and frames the following requests through the lens of those values. Dance/NYC joins colleague advocates working across creative disciplines in thanking you for your leadership and requesting:

1. \$150 million in total baseline funding to the New York State Council on the Arts, including the creation of a Cultural Equity Fund;
2. \$150,000 in funding for the establishment of an Arts Education Coordinator position within the New York State Department of Education;
3. The provision of a \$150 million three-year relief and stabilization fund outside of NYSCA for COVID-related impacts on arts and cultural organizations; and
4. The ongoing prioritization of all new and existing funding and economic development programs for small budget arts and cultural organizations, inclusive of profit enterprises, nonprofit organizations, and sole proprietorships, led by and primarily serving communities experiencing the highest levels of pandemic impacts.

Economic development in New York State is synonymous with the economic engine of arts and culture. In addition to being the number one driver of tourism to the state, the arts and cultural sector generates \$123.2 billion in economic activity and accounts for 7% of value added to the New York State economy<sup>1</sup> and nearly 13% of New York City's total economic output.<sup>2</sup> In 2019, New York City's arts, entertainment, and recreation sector employed 93,500 people in 6,250 establishments to the tune of \$7.4 billion in wages.<sup>3</sup> Arts and culture is also a major national export industry, with \$1.6 billion generated by the expenditures of cultural tourists and the proceeds of touring companies.<sup>4</sup> Independent artists, writers and performers, performing arts companies, and promoters of performing arts are among the top five core industries within the arts and cultural sector.

A healthy arts ecology is interconnected with many other industries, and cultural event-related spending by arts audiences generates valuable revenue in the tourism and hospitality sectors and drives spending to local businesses. Nationally, the average arts attendee spends approximately \$31.47 per person per event beyond the cost of admission on meals, retail, parking, lodging, local transportation, childcare, and souvenirs.<sup>5</sup> These dollars provide vital income to local merchants, energize arts districts, foster a healthy residential real estate market, and pay salaries and wages in non-arts sectors. These findings clearly indicate the wide-ranging scope of the sector's direct economic impact, in addition to its power to drive growth, support local economies, and bring vibrancy to communities. State agencies and programs are essential to supporting the health of the sector, and budget allocations must be proportional to the contributions of the sector.

Just as the economic impact of the arts and cultural economy is essential to New York State's overall economic health, the losses in the arts and cultural sector during the pandemic have been and remain devastating. Due to the pandemic, 95% of cultural organizations nationwide canceled programming, 88% modified the delivery of their programs, and 11% had to stop providing products or services to their communities, resulting in losses of \$6.8 billion.<sup>6</sup> Dance/NYC found that dance organization, group, and project budgets in New York City shrunk by an average of 31% due to earned and contributed revenue losses, with the smallest organizations experiencing the greatest proportional impact, with budgets contracting by an average of 52%.<sup>7</sup> As a result, 18% of these groups believe that permanent closure is likely or extremely likely; 84% of those facing permanent closure have budgets under \$100,000. Dance/NYC recognizes at least 26 organizations and facilities in New York City that have permanently closed their doors due to the pandemic; the majority of which includes studio facilities which are primarily small businesses and beacons in their communities. Economic hardship remains an ongoing reality for the performing arts industry as pandemic surges and shifting regulations continue to interrupt program and service delivery. These challenges to organizational stability put dance workers and the arts and cultural sector as a whole at risk of losing capacity to contribute to the economy.

Arts workers, who are often independent contractors, entrepreneurs, sole proprietors, and small business owner-operators, remain among the most severely affected segment of the nation's workforce. High rates of self-employment and part-time employment among arts workers also contribute to economic insecurity due to irregular income and lack of access to worker benefits and protections. In order for arts and culture to preserve its power as an economic engine, arts workers must be able to live and thrive in New York. The effects of the pandemic and the ongoing affordability crisis is manifesting in a migration of arts workers from urban centers such as New York City. As of late 2020, 5% of the dance workforce had relocated permanently and another 17% were considering permanent relocation, with 43% considering long-term career options outside of dance.<sup>8</sup> Such trends are evidence of New York's high cost of living and the persistent underinvestment in arts and cultural workers. These impacts are felt most acutely by arts workers who identify as BIPOC, immigrants, and disabled, and among other communities with less access to capital reserves, which in turn stands to exacerbate historical inequities in the field. Sustainable investments in the arts and cultural workforce stand to reignite its economic power to drive the recovery and revitalization of the City, State, and nation.

The New York State Council on the Arts (NYSCA) is the only State agency dedicated to supporting arts and culture. An investment of \$150 million in NYSCA would bolster the agency's capacity to provide grants to organizations for operations and capital investments and put individual arts workers back to work through employment programs. NYSCA has long served as a lifeline for arts and cultural organizations to sustain their work and deepen their engagement with communities, and a substantial increase in baseline funding for NYSCA can allow its

provisions to adequately address the immediate needs of the sector and sustain its long term growth. The need in the arts and cultural sector far outweighs the resources currently available in NYSCA—in fiscal year 2022, NYSCA was allocated \$20 million for capital funding grants, though it received \$68 million in capital funding requests. Across its program areas, NYSCA can advance equity and accessibility through programmatic changes to application processes and fund distribution, such as increasing minimum award levels and disbursing grants in multi-year cycles to provide stability and reduce administrative burden on small organizations. Additionally, a reassessment of fund restrictions can support grantee organizational capacity for service delivery and the provision of living wages for workers. NYSCA's grant disbursements must ensure proper allocation and payment of the actual administrative costs required for the effective, equitable execution of programs. NYSCA can amplify its reach and impact by making its programs more accessible to small-budget organizations and independent entrepreneurial enterprises, which comprise the lion's share of the arts and cultural economy. The creation of a Cultural Equity Fund as a part of NYSCA's permanent programs can ensure that funding and programs reflect and serve the needs of historically marginalized and underinvested communities and the organizations that serve them.

For direct workforce support, the State can look to New York City's 2021 City Artist Corps program, through which the Department of Cultural Affairs administered the distribution of \$25 million in grants directly to over 3,000 arts workers.<sup>9</sup> Many of the City Artist Corps grantees were Dance/NYC constituents for whom the \$5,000 grants had immediate tangible impact on the sustainability of their artistic practice, financial viability, and personal well-being. A state-wide Artist Corps program would directly support the arts workforce by increasing individual capacity to contribute labor and value to the state's economy, as well as bolstering the economic health of the organizations that employ arts workers or otherwise contribute to their work. As the sector continues to recover from the devastating effects of the pandemic, it is crucial that the NYSCA budget reflect the ongoing needs of arts and cultural organizations and individual workers in order for the sector to move beyond an economy of survival and into a new era of thriving. A shift from reactive relief measures to proactive, future-oriented support can help move the arts and cultural sector as a whole into more sustainable models.

In addition to NYSCA's support of the sector, the New York State Education Department (NYSED) funds and administers arts education programming and partnerships with community-based arts organizations. New York is one of only 19 states that does not include the arts as a core subject in schools, which stands to be addressed by the passage of Senate Bill 4525<sup>10</sup> / Assembly Bill 1788.<sup>11</sup> The passage of this crucial legislation can ensure that New York State schools lead the way by advancing the arts as a core component of every student's education. In order to advance the representation and prioritization of arts education in the State, NYSED allocations outlined in the Governor's current budget can be supplemented by \$150,000 in funding toward the establishment of an Arts Education Coordinator position at NYSED and the further development of arts education programming in the State school system. Arts education directly contributes to economic development by employing arts workers as certified arts teachers and engaging in partnerships with arts organizations for in-school, after school, and extracurricular activities. The economic contributions of the arts and cultural sector are also driven and sustained by the generational learning and engagement that arts education provides.

The qualitative benefits of arts education are far-ranging and are of particular importance during the pandemic. Arts education supports social and emotional well being while fostering creativity, critical thinking, team-building, self-reflection, and communication skills. Arts programming cultivates a welcoming, creative school environment, and arts partnerships and after school programs support students and their families to participate as engaged members of their communities.<sup>12</sup> A well-rounded education in the arts opens diverse pathways to learning and expressions of knowledge for students with disabilities and English language learners, which provides students an outlet to recognize and express their social and cultural identities. These tangible benefits must remain at the forefront of NYSED's budget planning, with prioritized funding to support and execute the measures required to foster equity in the arts classroom, specifically in neighborhoods hit hardest by the pandemic. Teachers must also be supported with investments in training and certification for arts educators, with a particular focus on engaging BIPOC teachers through programs to encourage teachers to earn their arts content and supplementary certifications. By providing universal access to arts education and championing equity in its planning and execution, the State sends the message that the arts are a viable pathway to success for all students, which supports the cultural diversity of the arts workforce and the economic health of the creative industry.

During the pandemic, arts and cultural businesses were the first to shut down and are among the last to reopen, with performing arts organizations also being subject to restrictions on their activities through public health mandates. While the public health goals are laudable, their implementation without corresponding subsidies stands to cause economic hardship to the still struggling arts and cultural field, particularly for the hardest-hit small budget organizations. In addition to increased expenses related to mandate compliance, businesses are confronting ongoing revenue losses due to decreased attendance to programming, classes, and performances and massive waves of cancellations during pandemic surges. Relief funding to support additional staffing, equipment, supplies, and infrastructure related to compliance can ensure that arts and cultural businesses survive the implementation of mandatory public health regulations. A \$150 million three-year relief and stabilization fund outside of NYSCA to facilitate compliance with public health mandates can provide crucial support for organizational capacity to provide programming to patrons with safety and accessibility as priorities, as well as supporting the long-term resilience of these hard-hit organizations. Pandemic-related interruptions in programming, economic hardship, and permanent closures in the arts and culture sector result in a direct impact on related industries and community members, reaching far beyond the businesses themselves. For arts and cultural venues and institutions that provide services to independent arts workers, the repercussions are compounded; losing access to these spaces puts the working lives of arts workers and the art itself at risk. It is essential that affected businesses, particularly small budget organizations serving highly impacted communities, have access to funds to comply with public health mandates.

Small businesses are key drivers of local economic activity and serve as anchors in their communities. In the arts and cultural sector, the definition of a small business varies: Dance/NYC found that 74% of small budget dance organizations operate as nonprofits, with only 3% operating as for-profit commercial enterprises, in addition to the many independent dance workers operating entrepreneurial ventures as sole proprietors.<sup>13</sup> Relief and recovery for the sector must reflect the realities of how arts and cultural businesses operate and contribute to the economy. Nonprofit organizations and sole proprietors are small businesses: they are employers, revenue generators, and service providers that are essential to the economic prosperity and quality of life within their communities. Small budget arts and cultural nonprofits and independently-operated businesses are particularly influential in their communities at a grassroots level, and these organizations continue to wrestle with historical inequities in addition to the peril and precarity of the pandemic.

Through all State agencies and programs, inclusive funding in the form of grants, loans, and emergency relief must prioritize the needs of small budget nonprofit organizations and independently-operated enterprises led by and primarily serving BIPOC, disabled, immigrant, and other historically marginalized communities in order to advance equity and grow the capacity for these organizations and their communities to thrive into the future. These programs require comprehensive oversight, evaluation, and review processes in order to permanently serve the needs of arts workers and organizations in responsive and sustainable ways. Programmatic changes to eligibility requirements for relief funding, small business support, and economic development initiatives stand to advance the economic viability of arts and cultural organizations and workers that remain deeply affected by the pandemic.

Overall, equity must be at the center of all budget allocations and funding programs across State agencies. Communities of color, disabled people, and immigrants continue to endure disproportionate economic and social impacts of the pandemic. Individual arts workers and small-budget organizations serving these historically underinvested communities should be prioritized throughout the State's programs to support pandemic recovery and overall economic development. Dance/NYC joins the arts and cultural sector in asking the State to ensure the vitality and sustainability of the creative sector. Arts and culture can lead New York's economic recovery and these investments can help ensure their resilience, growth, and long-term survival.

For Dance/NYC and its constituents, the most urgent priorities are:

1. \$150 million in total baseline funding to the New York State Council on the Arts, including the creation of a Cultural Equity Fund;
2. \$150,000 in funding for the establishment of an Arts Education Coordinator position within the New York State Department of Education;
3. The provision of a \$150 million three-year relief and stabilization fund outside of NYSCA for COVID-related impacts on arts and cultural organizations; and
4. The ongoing prioritization of all new and existing funding and economic development programs for small budget arts and cultural organizations, inclusive of profit enterprises, nonprofit organizations, and sole proprietorships, led by and primarily serving communities experiencing the highest levels of pandemic impacts.

The above measures stand to support arts and culture as an essential driver of New York's economic development. Dance/NYC expresses gratitude to the Governor, State officials, and dedicated workers who have contributed to the recovery of the arts and cultural sector. Now is the time to act so that arts and cultural institutions, organizations, and workers continue to thrive for years to come. Dance/NYC thanks you for your consideration and commends your leadership and ongoing efforts to ensure that New York remains a capital for arts and culture.

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#### Footnotes

- <sup>1</sup> Bureau of Economic Analysis. Arts and Cultural Production Satellite Account, New York, 2019 <https://apps.bea.gov/data/special-topics/arts-and-culture/summary-sheets/Arts%20-%20New%20York.pdf>
- <sup>2</sup> Office of the New York City Comptroller. The Creative Economy: Art, Culture and Creativity in New York City, 2019. <https://comptroller.nyc.gov/reports/the-creative-economy/>
- <sup>3</sup> Office of the New York State Comptroller. Arts, Entertainment and Recreation in New York City Recent Trends and Impact of COVID-19, 2021. <https://www.osc.state.ny.us/reports/osdc/arts-entertainment-and-recreation-new-york-city-recent-trends-and-impact-covid-19>
- <sup>4</sup> Americans for the Arts. The Arts As an Industry: Their Economic Importance to the New York-New Jersey Metropolitan Region. <https://www.americansforthearts.org/by-program/reports-and-data/legislation-policy/naappd/the-arts-as-an-industry-their-economic-importance-to-the-new-york-new-jersey-metropolitan-region-0>
- <sup>5</sup> Americans for the Arts. Arts & Economic Prosperity 5. <https://www.americansforthearts.org/by-program/reports-and-data/research-studies-publications/arts-economic-prosperity-5/learn/national-findings>
- <sup>6</sup> SMU Data Arts and the New York City Department of Cultural Affairs' COVID-19 Impact on Nonprofit Arts and Culture in New York City. <https://culturaldata.org/pages/covid-19-impact-on-nonprofit-arts-and-culture-in-new-york-city/>
- <sup>7</sup> Dance/NYC. Coronavirus Dance Impact Study Informational Brief. 2021. <https://www.dance.nyc/uploads/Covid-Impact-Study-Brief-210316.pdf>
- <sup>8</sup> Dance/NYC. Coronavirus Dance Impact Study Informational Brief. 2021. <https://www.dance.nyc/uploads/Covid-Impact-Study-Brief-210316.pdf>
- <sup>9</sup> Department of Cultural Affairs press release, August 27, 2021. <https://www1.nyc.gov/site/dcla/about/pressrelease/PR-2021-08-27-CAC-Awards.page>
- <sup>10</sup> New York State Senate Bill 4525 <https://www.nysenate.gov/legislation/bills/2021/s4525>
- <sup>11</sup> New York State Assembly Bill 1788 <https://www.nysenate.gov/legislation/bills/2021/a1788>
- <sup>12</sup> New Victory Theater. Spark Change: Investing in performing arts education for all <https://bit.ly/NewVictorySparkChangeReport>
- <sup>13</sup> Dance/NYC. Defining "Small-Budget" Dance Makers in a Changing Dance Ecology. 2020. [https://www.dance.nyc/uploads/DanceNYC-Report-SBDM-FINAL-\(acc-hi\).pdf](https://www.dance.nyc/uploads/DanceNYC-Report-SBDM-FINAL-(acc-hi).pdf)

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