

Assessing the State of New York's Recovery Two Years After 9/11

Workforce and Jobs Recovery After 9/11
A Forum Hosted by U.S. Rep. Carolyn Maloney
& City Council Speaker Gifford Miller
3 September 2003

Testimony by Randall Bourscheidt, President
Alliance for the Arts

Thank you, Congresswoman Maloney and Speaker Miller, for the opportunity to speak to you today on the important topic of the role of arts in our city's economy and the effect of 9/11 on the entire sector. I am Randall Bourscheidt, the President of the Alliance for the Arts, an organization that has been conducting groundbreaking studies on the economic impact of the arts since the early 1980s.

Last year, a 2002 report by the firm McKinsey & Co. to the Alliance for the Arts updated our economic impact research. Here's what we found, looking at the arts industry in New York City:

Total economic impact:	\$15 billion
Total employment	130,000 (direct and indirect)
Taxes paid to New York City	\$221 million

By any measurement, this is big business. And the arts are key to the success of much larger industries, such as hotels and restaurants.

The immediate impact of 9/11 on the arts industry was severe. Unfortunately, all the information we have is anecdotal, as no formal survey on the effect of 9/11 on the arts has been published. What we do know is that attendance has dropped, and remains 20 percent lower than before. We know that corporate and foundation giving is down, and that state and local budgets have been cut every year post 9/11. According to a recent nationwide study by the Foundation Center and Grantmakers in the Arts, after peaking in 2001, foundation giving for arts and culture decreased 3.5 percent to an estimated \$4.05 billion in 2002; a loss of \$147 million.

While the City and State have struggled to maintain arts funding, the federal government has done almost nothing. It's fair to say that virtually none of the federal money intended to offset the effect of 9/11 has benefited cultural organizations. One exception to that is a one-time, \$1.4 million wage-subsidy program to 50 employers using federal funds administered by the Center for Workforce and Economic Development.

This spring, the Alliance for the Arts and New York Grantmakers in the Arts surveyed major New York City funders to assess the fiscal health of nonprofit organizations. The survey found that 71 percent of these arts funders saw a sizeable increase in the number of applications from New York City cultural organizations over the period of April 2002 to May 2003. These applications revealed increasing financial stress indicated by declining budgets, staff reductions, program reductions, and accumulated debts.

Attendance is a crucial part of a cultural organization's success. It indicates the level of public service being offered and provides a major source of income. Initially every cultural organization suffered catastrophic declines in attendance. This was attributed to a range of factors, including the total elimination of tourism, to a ban on school visits to cultural institutions. We have gradually recovered so that the Metropolitan Museum of Art now reports that attendance rates are 10 percent below the high point in 2000. This is about the same level of Broadway attendance, which this season was down 10 percent from its pre-9/11 level.

According to NYC & Company, 6.8 million international visitors came to New York in 2000. In 2002, this number dropped to 5.1 million, a loss of 25 percent. NYC & Company doesn't have numbers for 2003, but it is widely reported that international tourism remains below the pre-9/11 level. We know that nearly half of these foreign visitors come seeking New York's great cultural experiences—and leave behind millions of dollars for the local economy.

In conclusion, New York City's cultural community has shown its resilience by climbing back nearly to pre-9/11 levels of program activity and economic impact. It has done so, however, without any significant support from the national government—despite presidential pledges of help.