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## **The State of the Arts – Introduction**

As new leadership takes over at the Texas Commission on the Arts, as the Texas Cultural Trust Council redefines its mission and as Texans for the Arts re-energizes grassroots arts advocacy, it's time to take a fresh look at the arts in Texas. This document is intended as a reference tool for all who will speak and advocate for the arts prior to and during the 81<sup>st</sup> Legislative Session.

Prior to the start of the 80<sup>th</sup> legislative session, the Legislative Budget Board, the Governor and the both houses of the Legislature had lost confidence in the TCA. By the end of the session, the agency had a six-year life extension and the hope that a new day would dawn.

Indeed it has. The Texas arts world begins 2008 with a new unity and an eagerness to speak with one voice about the role the arts play in our state's economy and the essential need for greater state support. The Texas Cultural Trust and Texans for the Arts have joined together both to raise private funds and private support for the work of arts groups and the TCA.

As Texas Commission on the Arts faces the new year, it has a new executive director, a new chair and as many as six new commissioners. Its finances are clear and its business operations are more transparent. The new leadership has vowed to be responsible stewards of the role of the arts in Economic Development, cultural tourism and arts education. This spring, the staff will undertake a strategic planning process that will gather information and interest from all its constituencies: arts groups, legislators, community leaders and advocates.

In the meantime, TFA will be educating the public and our elected representatives about the importance of the arts and need to provide financial support.

## The State of the Arts – An Overview

Across Texas, as in the rest of the country, the arts are gaining recognition as a major economic engine. The pendulum is swinging; no longer are the arts seen merely as enrichment, something reserved for a privileged few, but now are recognized across the nation as essential ingredients for a thriving economy.

The **economic impact of the arts** can be seen in

- adding to state coffers, or
- increasing the economic health of our cities and towns, or
- attracting tourists and increasing the dollars they spend, or
- turning at-risk youth from violence to productivity, or
- job creation, or
- improved educational success, or
- attracting the Creative Class to our cities to work.

If none of that were considered, if the arts were viewed only through the recreational prism, research shows that the **real dollars spent on admissions to the performing arts rival the dollars spent on spectator sports.** <sup>1</sup>

Business leaders, local officials, even economists tout these facts. Houston Mayor Bill White talks of the early 1970s when Shell Oil almost didn't relocate its headquarters to his city because of the paucity of cultural activities. When civic leaders learned of that "near-miss," they jumped in and began to build what is unquestionably one of the three or four leading U.S. cities for arts and cultural pursuits.

The North Texas regional business association and cities as diverse as Abilene, Austin and Houston have paid consulting firms and professional associations to evaluate the economic impact of the arts in their cities. One economist who has evaluated **the arts** in Texas, has dubbed it an economic engine for the entire state and "**an incubator for progress.**"

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<sup>1</sup> National Endowment for the Arts research, August 2006

The **Southern Legislative Conference** has cited Texas as an example of a state that can show economic gains from the arts. The state's arts events, the conference reported in 2006, "draw the attention of visitors and tourists from every part of the country and the globe. The throngs that attend these various arts activities contribute significantly to the economic bottom line of the local and state economies at a level that far surpasses the level of appropriation provided by both the state and federal governments."

Yet, legislative appropriations for the arts are not on a scale consistent with the arts' contributions to the state's economy. While legislators may believe theirs' is a prudent response to their stewardship of public dollars, they are, in fact, cheating the state and its citizens. Based on a review of past grant records, we know that TCA grants result in a 30 percent return on investment. This is because most TCA grants require a match up to as much as \$3 for each state dollar invested.

Each public dollar lost, leads to a lost capacity to generate even greater dollars from the private sector.

When legislators refuse to allocate public funding for the arts, they leave private funding on the table and miss the opportunity to fuel local economies.

First, an understanding of where it all started, how we got to where we are, how the system works now and what changes in funding would do for the state.

### **The Texas Commission on the Arts**

The TCA's mission is to develop a receptive climate for the arts in Texas. To accomplish that, it awards grants, promotes the arts, and raises funds to enhance support of the arts in Texas. A 17-member Commission, representing a range of arts disciplines and geographic regions of the state and appointed by the governor, oversees the agency, with its 17 employees and 5.3 million annual budget (\$10.6 million biennial per biennium) budget for fiscal years 2008/2009. TCA distributes **more than 1,000 grants to arts and cultural organizations totaling more than \$3 million each fiscal year.**

The Legislature established the Texas Fine Arts Commission in 1965, later renamed the Texas Commission on the Arts (TCA), so that the state could receive federal funding from the then-newly created National Endowment for the Arts (NEA), and to encourage appreciation of the arts in Texas.

In 1968, TCA began operating from funds appropriated by the 60<sup>th</sup> Legislature. Before that time, the NEA was the only source for public funding for the arts in Texas.

In **1993**, the Texas Legislature created the **Texas Cultural Endowment Fund** to provide a stable funding source for the arts in Texas, and the **State of the Arts license plate** as a way for TCA to generate additional revenue. The legislature also placed an obscenity clause on TCA's enabling legislation in order to avoid content issue situations such as those experienced by the NEA.

Early on, TCA primarily focused on supporting the arts in the state's large urban areas, such as Dallas and Houston. However, in 1991, the Legislature directed TCA to more equitably distribute arts funding to all geographic, cultural, and ethnic groups and regions of the state, and the Equity Mandate was made part of TCA's enabling legislation. Each year, the TCA allocated monies to those cities and regions that had established arts councils that in turn distributed the grants locally. During the budget crunch of '03, as the state looked for ways to cut budgets, the TCA saw

**state funding support decline. The agency became responsible for earning a larger percentage of its total budget** By early 2004, organizations that had previously been funded through the organizations' decentralized funding program, were instructed to once again apply directly to the TCA for project specific grants. As a result of these funding cuts, applicants saw an across-the-board reduction in TCA support.

In addition to grants evaluation and administration, the TCA provides numerous services to arts constituents.

**TCA promotes the arts by providing information to the public** and its constituents. TCA's website serves as a clearinghouse of information for the arts. The public can also access information on arts events through [www.artonart.com](http://www.artonart.com), TCA's online calendar highlighting cultural events throughout the state.

**TCA conducts a comprehensive publicity campaign** to promote the arts and cultural tourism in Texas. TCA regularly issues press announcements highlighting newsworthy issues such as the call for nominations for Texas State Artists and events related to *Texas Original*, a marketing and public relations initiative intended to highlight Texas' traditional craft arts.

**TCA was instrumental in the development, production and promotion of *Uniquely Texas***, a cultural and heritage tourism project that now serves as a prototype to the tourism industry. TCA's *Destination Texas* was an initiative in which Texan performers provided free entertainment in airports around the state.

**TCA's professional staff members routinely provide information to the field** via telephone and email communications. Staff members also spend a great deal of time in the field meeting with constituents and appearing at workshops, conferences and other special events. Several TCA staff members are recognized as experts in the field, and the agency receives numerous requests for these staff members to appear at speaking engagements. This public interaction allows the agency to provide

information, answer questions, and increase understanding of the agency's programs and services.

The commission underwent **Sunset Review** prior to the 80th legislative session. The original Sunset Recommendations included an extension of the commission for 12 years; the final version recommended **a six-year extension**. The final report had two other recommendations: Require the Commission to adopt rules governing the acceptance of private funds to ensure that the funds support the agency's key functions. The bill requires TCA to **adopt rules that require staff to fully evaluate any gift, grant, or donation to determine if its purpose supports the agency's priorities** as set by the Legislature. And, the third recommendation was that the commission should be required to adopt **rules to ensure accountability of TCA's special initiative grants** (for cultural connections, touring programs, etc.). These rules would govern the review, approval, and oversight of these grants.

### **How TCA Grants Work**

The Texas Commission on the Arts supports grants for the arts and cultural industries in Texas by providing the financial, human and technical resources necessary to ensure viable arts and cultural communities. TCA utilizes Advisory Panelists to evaluate grant applications. Based upon scores received in the Advisory Panel process, TCA distributes **grants for production, performance, exhibition, touring, and administration** to arts and cultural organizations; and monitors grants for contract compliance. TCA also distributes **grants for curriculum development, student achievement, and teacher training**.

To receive federal arts funding, Texas must have an agency to support the arts. TCA receives both block and competitive grants from the **National Endowment for the Arts** that help support its grant programs. In fiscal year 2007, TCA received a total of **\$865,500 in federal funding**, representing about 17 percent of the agency's overall funding. Without a state arts agency, Texas would lose this federal funding.

TCA distributes funding to support arts activities and organizations

throughout Texas. In fiscal year 2007, TCA awarded over a thousand grants totaling approximately \$3.3 million, with an **average grant amount** of approximately **\$3,000**. Of that, more than **\$1.5 million was awarded for arts education** programs throughout the state.

It is important to note that approximately 55% of TCA grants are awarded to organizations with an arts-based mission. The remaining 45% are awarded to other non-profit entities utilizing the arts for the betterment of their local communities. These include schools, libraries, economic and tourism development councils, health and human service providers, and local governments.

TCA reviews, scores, and funds grant applications at open public meetings and conducts audits to ensure that grantees comply with grant contracts. TCA was one of the first state arts agencies to automate its grants administration process, and has placed its entire grant application process online.

## **The Texas Cultural Endowment Fund**

### **The Texas Cultural Trust**

In 1993 the Legislature established the **Cultural Endowment Fund** with the intent that it become a stable funding source for the arts. The goal was to raise \$200 million by 2005. Furthermore, the legislation that created the Endowment (HB 2223, 73<sup>rd</sup>) also directed the appointment of a joint interim committee “to study the options available to provide a dedicated source of funding” to the Endowment. The committee was to report its findings and recommendations to the 74<sup>th</sup> Legislature. However, a funding source was never identified.

At the end of fiscal year **2006**, the Fund totaled approximately **\$13.7 million**. Statute permits the Legislature to appropriate the Fund’s interest income to TCA, but not its principal.

The Texas Cultural Trust is a 501(c)3 nonprofit organization that raises private dollars statewide to elevate the importance of art education and heighten arts awareness. When it was established, it was intended as the fundraising vehicle for an endowment to support the TCA. It was expected that once the \$200 million goal was achieved, the TCA would no longer need government funding.

From fiscal years **1998 to 2003**, the Legislature appropriated nearly **\$2.7 million in interest income<sup>2</sup>** from the Fund to the TCA. But when the budget squeeze of 2003 hit, the TCA, rather than cut its budget as it was asked to do, recommended the legislature keep the trust interest income. So, the 78th Legislature did not appropriate the interest to TCA, and the 79th Legislature appropriated only enough interest to provide the match needed to avoid placing existing private sector contributions at risk. Without access to the Fund’s interest, TCA has no means for using the Fund to support the arts.

Due to the uncertainty of the Endowment Fund, in 2007 the Texas Cultural Trust Board of Directors decided to no longer raise money for the fund. Today, the Texas Cultural Trust supports the programs of the Texas

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<sup>2</sup> Sunset Commission Report, 2007

Commission on the Arts and other qualifying state agencies. **The Trust** has raised dollars for program support and **has contributed \$298,725** to the Texas Commission on the Arts. The Texas Cultural Trust has also contributed to the Texas Film Commission and Texas Music Office through the Texas Women for the Arts giving circle.

In addition to the biennial Texas Medal of Arts Awards, some of the Trust's other programs include the Young Masters Scholarship Program, *Adventures in the ARTS* children's book, Texas Women for the Arts, Founders for the Arts, Create Texas and strataTX. For more information, visit [www.txculturaltrust.org](http://www.txculturaltrust.org).

**The Texas Cultural Trust** has raised and contributed approximately **\$3.1 million to the Texas Cultural Endowment Fund.**

Dollars raised through the **Texas Medal of Arts Awards** are used as follows:

- Texas Cultural Trust operational support
- Young Masters Scholarship outreach and awareness
- Arts Education Initiatives
- Special projects of the Texas Commission on the Arts, the Texas Film Commission and/or the Texas Music Office
- *Create Texas, Put your ART into it* – Arts Awareness Campaign

The **Young Masters**, a partnership between the Texas Cultural Trust Council and the Texas Commission on the Arts, that provides scholarships of up to **\$2,500 per year to students in grades 8 through 12** for advanced arts training. Since the program was established in 2002, **52 students have received scholarship awards totaling \$267,500** to train in disciplines such as music, dance, literature, media arts, and visual arts.

TCA uses interest income from the Fund to meet match obligations required by donors who support this program. For fiscal years **2006 and 2007**, the Legislature appropriated **\$83,745 in interest** to TCA each year so that the agency can meet matching obligations for this program.

It is difficult to solicit contributions to the Endowment Fund since the money cannot be used to support the arts. In fact, the **original Sunset Review** report included a fourth recommendation – **not included in the final legislation** - which was to **eliminate the fund**. The recommendation was:

*Dissolve the Cultural Endowment Fund, and return contributions to private donors and the Legislature. Under this recommendation, the Cultural Endowment Fund would cease to exist. As required by law, TCA would return the balance of the Fund to its donors – in this case, private donors and the Legislature. Private donations would be returned to the Texas Cultural Trust Council, who would use the returned money as donors wished. Donors could take back their money or use the money as a gift to support the arts or TCA programs. The remainder of the Fund balance would be returned to the Legislature, who could use it to pay for TCA’s appropriation for the next biennium or any other State fiscal need as it deems necessary. Although the Fund would no longer exist, the Trust Council could still raise money for the arts as a private nonprofit endowment, and TCA could still receive funds raised by the Trust Council as a gift. TCA could also still receive gifts directly from private donors, as allowed by the agency’s statute.*

While the Sunset recommendation to eliminate the fund did not come to pass, the 80<sup>th</sup> Legislature did make a significant change related to the Endowment Fund. TCA’s FY 2008/09 budget includes a \$3.4 million biennial decrease in General Revenue (GR) as compared to FY 2006/07. The decrease in GR is to be supplanted with interest earnings from the Texas Cultural Endowment Fund. Additionally, TCA must raise more than \$530,000 each year of the biennium in order to reach the agency’s total appropriation of just over \$5 million annually. TCA is now considered to be “self funded” and must draw down interest earnings on the Endowment as legislatively mandated. Endowment dollars are used today to fund TCA grants and services and also to cover agency administrative costs.

Please see addendum with historic timeline. Page 37

## How The Arts Are Funded – in Texas

### TCA Budget and Appropriations

In FY 07, the **actual expended** budget for TCA was \$4.8 million:

- \$ 2,343,431 million from General Revenue appropriation
- \$ 386,131 from State of the Arts license plates
- \$ 166,235 from restricted donations
- \$ 68,983 from the interest on the Endowment Fund
- \$ 865,500 from the National Endowment for the Arts
- \$ 980,000 from Interagency contracts (DOT, TEA)

In FY 08, the **appropriated budget** for TCA is \$5.4 million:

General Revenue appropriation	
	\$ 159,750
State of the Arts license plates	\$384,096*
Restricted donations	
	\$513,313*
<b>Endowment Fund interest</b>	<b>\$ 2,034,988</b>
National Endowment for the Arts (federal funds)	
	\$ 863,500
Appropriated Receipts*	
	\$ 530,405*
<b>Interagency Contracts (TEA and TxDOT)</b>	<b>\$ 980,000</b>
<b>TOTAL:</b>	<b>\$ 5,466,052</b>

IMPORTANT: TCA is now considered to be a “self-funded” agency and must assume the cost of all employee benefits. For this reason, TCA has transferred \$214,000 of the FY 2008 budget to the Comptroller to pay employee benefits. This leaves a FY 2008 budget totaling \$5,252,052.

*\* These are funds that must be raised by the Texas Commission on the Arts.*

In FY 09, the **appropriated budget** for TCA is \$5.1 million:

General Revenue appropriation	
	\$ 1,154,405
State of the Arts license plates	\$384,086*
Restricted donations	
	\$513,313*
<b>Endowment Fund interest</b>	<b>\$ 730,201</b>
National Endowment for the Arts (federal funds)	
	\$ 863,500
Appropriated Receipts*	
	\$ 530,405*
<b>Interagency Contracts (TEA and TxDOT)</b>	<b>\$ 980,000</b>
<b>TOTAL:</b>	<b>\$ 5,155,910</b>

IMPORTANT: TCA will transfer \$120,000 of the FY 2009 budget to the Comptroller to pay employee benefits. This leaves a FY 2009 budget totaling \$5,035,910.

It is important to note that TCA does not receive any Hotel Occupancy Tax funding.

### **A Comparison**

**Florida**, with similar Republican leadership and no state income tax, may provide a good comparison. With **17.7 million people**, it ranks just a tad smaller than Texas (with 23 million people) but not as large as New York (with 19 million) and with far more similarities to Texas than the Northeastern state that is more liberal and more known for its arts economy. Texas ranks first among the 16 Southern states in the **number of businesses and employees in the arts; Florida ranks second.**

In FY 2007, **Florida** appropriated **\$40.9 million to the arts, or \$2.30 per capita** (compared to **Texas' .17 cents per capita**). Florida's legislative funding for the arts is very line item-oriented with specific direction and

control over the use of funds; there are separate appropriations for various aspects of operations (salary, expenses, temporary staff etc.) and separate appropriations for most of the grant funds. In addition, some additional funding is given in the form of special appropriations (e.g., earmarks). Private foundations in Florida appeared to have matched Texas foundations in their generosity to the arts.

### **Other Revenue Sources**

The Texas Commission on the Arts strives to secure necessary resources from public and private sector sources to ensure a stable source of funding for the arts and cultural community. TCA also works to create public/private partnerships to build the Texas Cultural Endowment Fund.

TCA's **State of the Arts specialty license plate** has been the best selling specialty plate in Texas for 10 years. TCA has generated more than **\$4 million in revenue** from the plate to support the arts in Texas while increasing visibility of the arts throughout the state.

TCA enjoys **several partnerships** that also provide additional income to support agency grants to the field. These include the Meadows Foundation, Houston Endowment, Texas Cultural Trust Council, Texas Women in the Arts, the Texas Music Project, and others. Most of the funds generated from these sources must be expended for specific purposes. For example, dollars received through the Texas Music Project must be directed to support music education grants in Title I, economically disadvantaged Texas schools. Interagency funding comes from the Department of Transportation and the Texas Education Agency for cultural tourism and arts education respectively, are similarly are restricted to specific expenditures.

### **Hotel Occupancy Tax**

While the Texas Commission on the Arts is not funded with Hotel Occupancy Tax (HOT) dollars, many arts organizations throughout the state are funded at the local level with HOT funds. It is difficult to put a precise figure on the amount of cities' HOT revenue that devolves to the arts statewide, but state statutes allow up to 15 percent of a municipality's collected revenues to be dedicated to the use of the arts as a tourism

promotion. **44 of the 125 local arts agencies** that receive HOT revenue reported in 2003 receiving a total of **\$18 million**. In 2001, it was estimated that all of the local arts agencies earned about **\$32 million**. 500 Texas cities levy the tax, but not all, obviously, allocate a portion of the revenue to the arts. It is important to note that the Texas Hotel and Lodging Association complains that Texas has one of the highest HOTs in the country making it difficult competitively for large Texas cities to attract conventions.

### **Private Foundations**

There is ample evidence in every community of the importance of the arts to our state's leading families and citizens. **Six of the largest foundations** in Texas – from the Houston Endowment to the Amon G. Carter – made a total of **\$80 million** in grants to the arts in Texas in 2006, much of this in the form of matching money.

Yet, private donors cannot be relied on to provide stable funding for TCA and the arts. The Sunset Review Commission noted that, beginning in fiscal year 1998, the Legislature directed TCA to fundraise to help develop the Cultural Endowment Fund, and **appropriated interest income** totaling about **\$2.3 million** from fiscal years 1998 to 2003 **to pay for fundraising** activities, including fundraising services, staff salaries, and operating expenses related to fundraising. To facilitate fundraising, TCA contracted with the Texas Cultural Trust Council for fundraising services from fiscal years 1998 to 2003, and paid \$1.1 million for services during that time. When the Trust Council first began soliciting donations for TCA, it found that **prospective donors did not want to contribute money to support state agency operations**, or even existing agency grants. Despite these difficulties, during its contract with TCA, the **Trust Council** raised about **\$2.5 million in private contributions** for the Fund. Unfortunately, this level of funding falls significantly short of the amount needed to build the Fund's principal.

## **The Arts in Texas Today**

A 2006 study by the nonprofit Americans for the Arts and other economic impact studies provide a picture of the economic impact of the arts in Texas in the 21<sup>st</sup> century.

It is estimated there are **1100 nonprofit organizations** operating in the arts, humanities and culture arena in the state today. This nonprofit segment of the arts brings a net benefit to Texas of:

- \$19.0 billion in total expenditures,
- \$9.5 billion in gross product,
- \$5.9 billion in personal income,
- more than 200,000 permanent jobs.
- And, for every \$1 spent on those activities, more than \$298 of long-term cultural impact on the economy occurs, as well as \$9.20 in State revenues.

Also, Americans for the Arts found within our state more than **40,000 for-profit** arts businesses, from performing arts to visual arts (including photography), film, radio, television, design and publishing and art schools and services. Together these for-profit and nonprofit organizations account for:

- \$190.2 billion in total expenditures (12.3% of the state total).
- \$98.4 billion in gross product,
- \$61.7 billion in personal income
- 1.918 million permanent jobs (15.7%).

(As a comparison agricultural jobs account for 14 percent of all jobs in the state, yet **legislative appropriations** for this declining industry totaled **\$57.7 million** in the last budget.)<sup>3</sup>

Approximately **5.5% of the economic impact** of traditional cultural arts occurs in **rural segments of the state**. **Rural regions** of Texas enjoy **6.6% of all nonprofit arts activity**.

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<sup>3</sup> 80<sup>th</sup> Legislative Session, biennial budget; Southern Legislative Council 2006.

AMS Planning and Research, conducting a recent economic impact study for the Houston Partnership, found that the nonprofit arts are a \$626.3 million industry in that city, supporting 14,000 jobs and generating \$69.5 million in local and state government revenue. This is equal to the estimated economic impact of four Superbowls.

The **City of San Antonio** receives approximately **\$1.8 million in sales taxes** from products and services sold by the arts industry. The San Antonio arts industry pays approximately **\$191 million in wages to 9000 employees.**

The **North Texas Business for Culture and the Arts** reports that current **capital, endowment and renovations campaigns** in its region total **\$1.3 billions and involve 39 organizations.**

## **Why Should We Care About Public Funding for the Arts**

As someone once said, "It's the Economy, Stupid."

In the 21<sup>st</sup> Century, the arts serve as high-impact economic development programs. Early in this new century, the **National Governors Association** touted the arts as a way for state executives to:

- Leverage human capital and cultural resources to **invigorate underperforming regions** through tourism, crafts and cultural attractions;
- Restore and revitalize communities by use of the arts as a **centerpiece for downtown redevelopment and renewal**;
- Contribute to a region's "**innovation habitat**" - making communities more attractive to highly desirable, knowledge-based employees and permitting new forms of production to grow up.

And the governors were admonished to do this through new partnerships among state agencies, communities and the business sector and in so doing would see results in improved urban quality of life, and expanded business and tax revenue base.

### **Jobs Creation**

In terms of understanding jobs, it may be helpful to understand what is art. Architecture, broadcasting, recording, photography, movies, theatrical productions, books and software products contribute **6 percent to our gross national product**,<sup>4</sup> which is more than food, apparel, chemical and refining industries combined. It is reasonable to assume that more public investment in the arts will lead to even greater gross national product.

### **Creative Industries**

Our creative industries are our **nation's leading export with over \$60 billion** annually in **overseas sales**. Workers with arts-related skills are critical to software development and Web site design companies, advertising firms, and other business seeking workers with high-level communications, computer and creative problem-solving skills.

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<sup>4</sup> Arts & Business Quarterly, Spring 2001; National Endowment for the Arts, Research Note #77, 2001

### **Community Building or Quality of Place**

The arts have a critical role in making communities attractive for re-location decision-making by New Economy workers and their companies. According to a **KPMG** survey, **investment in the arts** may be among the most **innovative workforce development tools** at the disposal of state governments.

Highly mobile knowledge workers value “quality of place” above nearly all other factors – including job market conditions – in choosing where to locate. Professor Richard Florida of Carnegie Mellon, who coined the term “creative class,” says four factors determine quality of place: **environmental quality, a vibrant music and arts scene and natural and outdoor amenities.**

**Austin**, which received more TCA grant money than any other city in the state (according to a Dallas Morning News report in June 2007), has also been **held up by the National Governors Association** as an example of a city that recognized “early that its unique **cultural environment** was a **competitive asset to the New Economy**. Through deliberate and strategic action, Austin has built a world-class high-technology economy on the base of a thriving cultural center recognized for its outstanding quality of place.”

The arts have even sparked economic surges in **West Texas**. An artists’ enclave has formed in **Slayton**, 15 miles south of Lubbock. On any given weekend, hundreds of art enthusiasts pack into the small town’s downtown square. Slayton’s mayor told the Dallas Morning News this fall, “All of these little towns on the South Plains are going to have to **reinvent** themselves. **We hope the arts are going to help us in that process.**”

### **Education**

TCA gives grants for curricular development, integration of the arts into core subject matter, teacher training and development, and the provision of hands-on experiences for students. TCA programs bring artists to schools for performances, classes and workshops to enhance educational experiences through the arts.

This is basic. At the turn of the century, the **President's Committee on the Arts and the Humanities** found that in a national sample of 25,000 students, those with **high levels of arts learning experiences earned higher grades and scored better on standardized tests** than those with little or no involvement in the arts, regardless of socioeconomic status.

Students of the arts continue to outperform their non-arts peers on the SAT, according to reports by the College Entrance Examination Board. In 2002, **SAT takers with coursework or experience in music performance scored 57 points higher on the verbal portion of the test and 41 points higher on the math** portion than students with no exposure to the arts.

There are other examples of how the arts, connected to education, have enhanced our children's learning. **Big Thought of Dallas**, is a learning partnership inspiring, empowering, and uniting children and communities through education, arts and culture. It has been recognized nationally for its ArtsPartners in the Dallas public schools. "The big thought is that **a community, working together, can lift children up and better their lives using arts and culture as tools and catalysts**. Big Thought supports community partnerships, cultural integration for academic achievement, youth development and family learning."

A first-grade teacher said of the program, "I still think about how the arts sparked connections for my students and how engaged they became in learning. I use the ArtsPartners work as a kind of model or goal for working with my first graders. The experience of being a part of this study became part of who I am as a teacher."

#### **At-Risk Youth**

For young people at risk of delinquency, substance abuse, teen pregnancy and other problems, **involvement in the arts** has been shown to **improve academic performance, reduce school truancy and alter attitudes**.

The **Juvenile Gang Prevention Program**, initiated in 1991 by the **Dallas** parks and Recreation Department, offers free classes at four city recreation centers where youth between the ages of 10 and 18 create plays and visual arts. The program has an **80 percent attendance rate** and is noted as a place where rival gang members work together on projects.

In the late 1990s, a three-year study of arts-based delinquency prevention programs in three cities, including **San Antonio**, showed **that at-risk youths' participation** in arts programs **improved their behaviors, academic performance and attitudes and decreased delinquent behaviors.**

The Maricopa County (Arizona) prosecutor says he gives federal racketeering funds to after-school arts and social programs for at-risk children because he believes that “children whose hearts and minds are nourished and challenged in wholesome ways are much less likely to succumb to the lure of crime.” The past-chairman and CEO of Warner Bros., says it more succinctly: **“Kids who create don’t destroy.”**

### **Tourism**

Tourism is America’s third-largest retail sales industry. In Texas it is a **\$53 billion plus industry**. And year after year, the annual survey conducted by the Travel Industry Association of America shows that a consistent 65 to 70 percent of adult travelers say they included a cultural, arts, heritage or historic activity while on a trip of 50 miles or more from home. Of those, about a third say they added extra time to their trips because of the cultural activity. Recognizing that the arts reflect a distinctive state identity and brand, many states have made cultural and heritage attractions central to their tourism planning and marketing efforts. According to Gov. Rick Perry’s office, 7 percent of the visitors to our state view an art exhibit or visit a museum, which is comparable to those who attend a sporting event. In fact, compared to other states, visitors to Texas are more likely to rank visiting a museum in their top five activities. In 2005, **cultural tourists to Texas** were calculated to have **spent \$103.50 per day** per person compared to the **\$81.20 spent per day** by general leisure travelers.

### **Reasons/Strategies to Promote the Arts**

Simply put, the arts are necessary for sustained growth in the new economy. They are critical to community renewal and downtown revitalization, to developing a marketable workforce and to creating innovative business climates.

As the level of private giving in Texas shows, the arts may garner enough support to survive, but not thrive without the explicit support of state revenues. But it seems clear that today the relationship between the state and the arts is quickly becoming a two-way street: just as the arts need state support, it is becoming apparent that, the state needs the arts, particularly as a tool where traditional economic development strategies haven't worked.

**Commissioners**  
**Texas Commission on the Arts**

**Billye Proctor Shaw**, Chair, Abilene

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**Texas Commission on the Arts**  
**Grants by City for FY 2007** (Sept. 1, 2006 – August 31, 2007)

Abilene	\$ 75,829
Addison	5,412
Albany	7,000
Allen	4,123
Alpine	2,000
Amarillo	35,612
Arlington	35,359
Aubrey	372
Austin	476,312
Bastrop	1,975
Beaumont	65,693
Bedford	20,517
Boerne	2,779
Brackettville	1,875
Brady	500
Brenham	1,978
Bridgeport	600
Brownsville	21,453
Brownwood	750
Bryan	14,962
Buffalo Gap	100
Canyon	8,494
Carrollton	285
Carthage	4,200
Cedar Park	650
Claude	1,625
Coleman	1,500
College Station	5,950
Columbus	500
Coppell	1,465

Copperas Cove	437
Corinth	200
Corpus Christi	51,628
Corsicana	6,004
Crockett	6,062
Crosby	222
Crowley	610
Cypress	413
Dallas	310,216
Del Rio	12,679
Del Valle	463
Denton	54,406
DeSoto	278
Dripping Springs	226
Eagle Pass	13,500
Edinburg	4,552
Edna	545
El Paso	98,878
Elgin	175
Encinal	13,339
Ennis	1,137
Era	550
Eules	212
Falfurrias	1,753
Floresville	364
Flower Mound	2,601
Fort Worth	221,952
Gainesville	5,585
Galveston	42,371
Ganado	180
Garland	12,591
George West	4,198
Georgetown	8,469
Gilmer	2,782

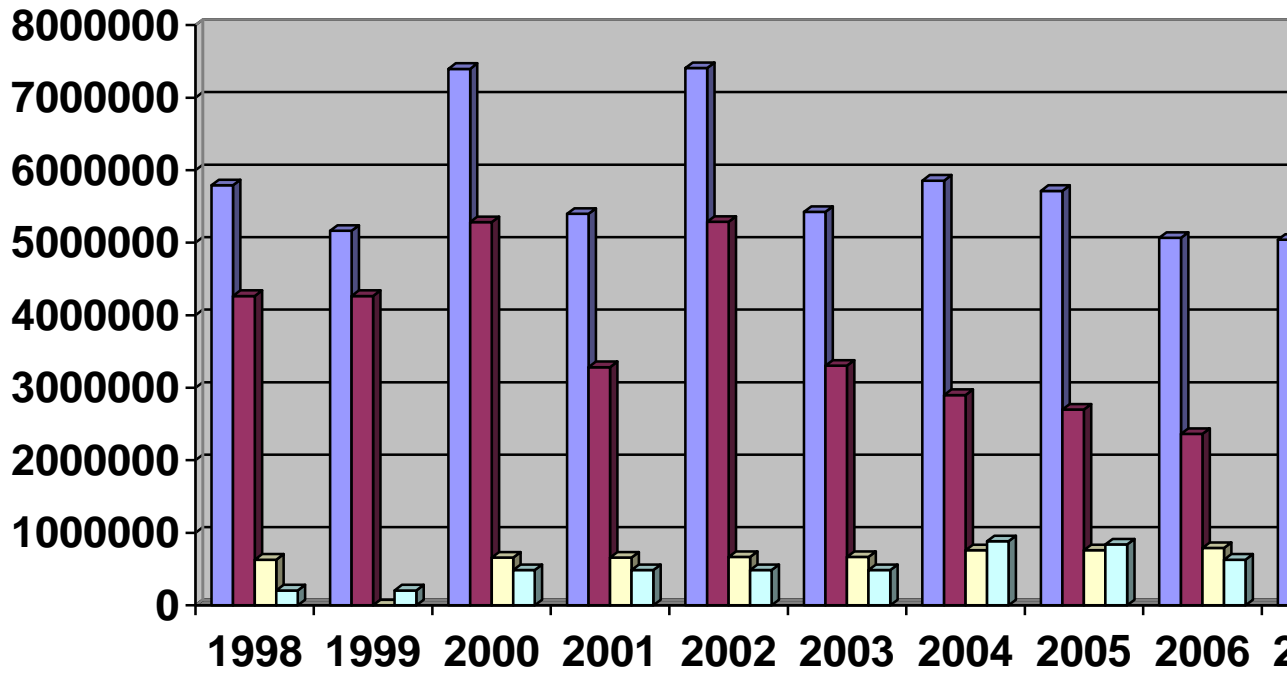
Graham	4,725
Grand Prairie	4,187
Grapevine	20,000
Groves	6,210
Harker Heights	1,406
Harlingen	12,532
Hawkins	2,135
Hebbronville	3,000
Helotes	10,000
Hidalgo	2,000
Hondo	374
Houston	541,590
Humble	250
Hurst	2,400
Ingram	3,488
Irving	20,105
Jacksboro	250
Jacksonville	2,000
Kansas City, Missouri	100,000
Kemah	1,000
Kerrville	13,396
Kilgore	5,177
Killeen	18,494
Lago Vista	338
Lamesa	2,000
Lancaster	1,250
Laredo	7,061
League City	700
Leander	1,466
Leon Valley	200
Lewisville	438
Liberty Hill	767
Linden	924
Longview	7,617

Lubbock	33,893
Lucas	1,287
Lufkin	2,584
Marble Falls	3,742
Marfa	14,635
Marshall	21,188
McAllen	13,821
McKinney	1,350
Medina	325
Mercedes	700
Mesquite	6,825
Midland	39,512
Mineola	1,753
Mt. Pleasant	1,753
Mullin	442
Murphy	900
N. Richland Hills	4,552
Nacogdoches	2,192
Nash	700
Nassau Bay	1,813
New Braunfels	500
Odessa	23,132
Orange	4,758
Orange Grove	353
Pampa	1,500
Panhandle	2,859
Pasadena	10,150
Pecos	3,000
Pflugerville	662
Pharr	1,405
Plano	21,251
Port Aransas	925
Port Arthur	2,490
Port Isabel	9,069

Post	9,047
Poteet	498
Quitman	2,822
Red Rock	250
Refugio	500
Rhome	2,000
Richardson	12,410
Roanoke	170
Rockport	1,500
Round Rock	4,162
Round Top	10,415
Salt Flat	1,250
San Angelo	34,644
San Antonio	202,873
San Benito	1,700
San Marcos	600
Sarita	3,000
Schertz	1,222
Seguin	11,081
Seminole	1,300
Seven Points	1,800
Sherman	3,840
Smithville	293
Snook	203
South Houston	1,375
South Padre Island	500
Spicewood	250
Spring	2,692
Spring Branch	388
Stafford	2,192
Stephenville	1,753
Sugar Land	342
Sulphur Springs	2,254
Temple	9,045

Terrell	150
Texarkana	35,224
Throckmorton	550
Tomball	5,809
Troy	2,000
Tyler	38,075
Universal City	262
Victoria	14,051
Waco	12,994
Wake Village	700
Washington	20,000
Water Valley	200
Waxhahchie	3,860
Weimar	175
Wichita Falls	3,382
Winfield	1,930
<b>TOTAL</b>	<b>\$ 3,180,682</b>

**TCA Funding  
The Historic Perspective**



**TCA Appropriations by year:**

- 1998 - 5,793,029
- 1999 - 5,165,129
- 2000 - 7,397,935
- 2001 - 5,397,935
- 2002 - 7,409,076
- 2003 - 5,424,835
- 2004 - 5,856,666
- 2005 - 5,714,666
- 2006 - 5,066,272
- 2007 - 5,040,265
- 2008 - 5,466,052
- 2009 - 5,155,910

FYI - in 2000 and in 2002, the legislature gave TCA the \$2 million they used to appropriate for the endowment in the first year as opposed to \$1 million each year. That is why you see appropriations of over \$7 million in those years. The idea was to give TCA an opportunity to earn the most interest possible over the biennium. During the 2003 leg session, the state suspended their contribution to the endowment altogether, and the TCA still does not receive those funds.

## **An Historic Timeline**

**1993** – The Texas Cultural Endowment Fund was created under House Bill 2223 as a public/private initiative to provide a stable source of funding for the Texas Commission on the Arts (TCA). The intent was to create a fund that would generate enough interest income to meet the public sector needs of the arts community and allow the TCA to operate without continued state general revenue.

**1995** – The Texas Cultural Trust Council was established as a 501(c)(3) non-profit organization with the mission to generate revenue from the private sector for the Texas Commission on the Arts through fundraising and public awareness activities. The Texas Cultural Trust Council was under contract with the Texas Commission on the Arts (TCA) to fulfill this mission.

### **2001 – Major Donors**

The SBC Foundation of San Antonio awarded a \$1,000,000 gift to the Texas Cultural Trust, portion of which was dedicated to aid in funding the Young Masters Scholarship Program on a statewide basis.

The Houston Endowment awarded the Texas Cultural Trust \$1.5 million over three years. This gift is unrestricted and dedicated on a statewide basis for the advancement of the cultural arts.

**April 2001** – Texas Medal of Arts Awards was established and first recipients honored.

**April 2003** – Second Texas Medal of Arts Awards.

**May 2003** – Texas Legislative action redirected Endowment interest earned from the Texas Commission on the Arts to the corpus for the current biennium, thereby nullifying the funding (both public and private) for the Young Masters program, development and marketing of TCA programs, and direct grant enhancements.

The contract with the TCA for the Texas Cultural Trust to raise money for the Endowment was canceled due to Legislative action. The Texas Cultural Trust Board adopted a policy to withdraw 18% of each donor's funds for operational use.

**September 2003** – A request was submitted for an Attorney General’s opinion regarding the authority of the Texas Legislature to appropriate funds from the Texas Cultural Endowment Fund.

**January 2004** – The Trust received permission from private donors to hold \$497,500 raised for the Endowment in a restricted account pending resolution of redirected Endowment interest.

**November 2004** – Attorney General’s office released an opinion that “the State is obligated to honor a private donor’s specific intent regarding a contribution . . .with respect to the use for which the money may be expended. . . .if a donor’s specific intent cannot be honored by the State, the State has an obligation to return that contribution to the donor, unless the intent of the donor provides otherwise.”

**April 2005** – Third Texas Medal of Arts Awards

**February 2006** – Texas Sunset Advisory Commission Staff Report reviewing the Texas Commission on the Arts recommended dissolving the Endowment and returning the private dollars to the private sector.

**May 2006** – Texas Sunset Advisory Commission voted to maintain the Endowment and ask the Legislature to authorize the TCA to expend the interest for grants only.

**September 2006** – The Texas Cultural Trust Board of Directions formally voted to no longer raise money for the Texas Cultural Endowment Fund, but instead raise funds directly for the Texas Commission on the Arts, other state agencies and art education initiatives as appropriate.