



# Window on State Government

Susan Combs Texas Comptroller of Public Accounts

Music, arts and culture generate billions in state

## The Arts Economy

When it comes to spending on the arts, \$1 is really \$98, according to Ricardo Hernandez, executive director of the Texas Commission on the Arts (TCA).

To fully appreciate the financial impact of Texas' public investment in arts, music and cultural programs, it's important to examine the "real money match," or the revenue that state and local economies earn as a result of that investment, Hernandez said.

"It's just good business," Hernandez said. "If you wash away all the outside economic impact activities not directly related to an activity, for every dollar that we award there is \$98 return of real economic activity that is exclusive to the activity itself."

During fiscal 2006, TCA will award 474 grants totaling \$2.4 million to applicants that successfully competed in the 2005 panel process and provided funding to leverage grant money.

A 2001 study by economist Ray Perryman for the Texas Cultural Trust Council found that arts funding generated \$63.7 billion in total expenditures. The report also found that arts funding generated \$31.5 billion in gross product; \$18.7 billion in personal income; \$9.2 billion in annual retail sales; and created more than 600,000 permanent jobs.

New reports also show the economic impact of arts on parts of the state. A 2006 report by Deloitte & Touche LLP found the impact of the arts in the North Texas area in 2004 was about \$700.7 million. In 2003, a report by San Antonio's Economic Development Department and other sponsors found that the city's "creative industry," including artists, museums and cultural organizations, had an economic impact of \$1.2 billion. Austin's cultural sector, including music, film, visual arts and related tourism, contributed more than \$2.2 billion in economic activity in 2004, according to a 2006 report by TXP Inc.

### **Tunes and tinsel**

While much of the economic activity from the arts comes from the private sector, it requires logistical help from local governments. Thousands of musicians and tourists from around the world flood Austin during its annual South By Southwest Music and Media Conference and Festival (SXSW) in March and the Austin City Limits Festival (ACLF) in September.

In 2006, SXSW generated \$38 million for the local economy, and ACLF generated \$26.3 million in 2005, according to the Austin Convention and Visitors Bureau. The ACLF was voted the nation's best music festival in 2005 by the Pollstar Concert Industry Awards. The total economic activity generated by Austin's music industry in 2005 was more than \$600 million. It created nearly 11,200 jobs and \$11 million in sales tax revenue.

Since 1910, more than 1,300 film and television projects have shot on location in Texas. One of the most notable films was "Giant," starring Rock Hudson, Elizabeth Taylor and James Dean. Shot in 1955 in Marfa, "Giant" generated an estimated \$2.5 million in revenue

for the local economy. In 2003, Disney's \$90 million production of "The Alamo" was shot on locations in Austin, Dripping Springs and Bastrop.

"As any town that has hosted on-location filming will tell you, film projects bring a tremendous economic boost to the local economy," said Carol Pirie, deputy director of the Texas Film Commission (TFC).

Half of a film's budget goes into local economies, providing income for hotels, restaurants, dry cleaners, car services and other businesses, according to TFC. Over the last decade, the film industry contributed \$1.3 billion to the Texas economy, according to TFC.

Paramount Pictures will begin shooting two films in Marfa in May and June. The first is about the early days of the oil industry called "There Will Be Blood." The second, "No Country for Old Men," stars Oscar-winning Texan Tommy Lee Jones.

Other upcoming feature films include "The Hitcher," set to start filming in Austin in May. Portions of the "Lonesome Dove" prequel, "Comanche Moon," are set to start filming in the Del Rio area in June, Pirie said.

"It's great to see West Texas getting so much business this spring," said Pirie. "Filmmakers often substitute one location for something similar, but let's face it--if you want your movie to look like Marfa, then Marfa is where you have to be."

### **Cultural contributions**

From big cities to small towns, cultural events also contribute to the Texas economy.

Amarillo hosts the Cowboy Roundup USA, an annual charitable event that celebrates and educates the public of its ranching heritage. The June event includes a chuck wagon cooking competition, junior ranch roping and horsemen competitions.

The city of El Paso hosts a series of free summer concerts called the Music Under the Stars World Festival. While organizers don't have estimates on the event's economic impact, the event attracts 95,000 people, said Angela Mora, liaison for Cultural and Heritage Tourism for the city of El Paso.

"The event attracts visitors throughout the region, including Chihuahua, Mexico; and New Mexico residents in Las Cruces, Silver City and others," said Mora. "Several local artists perform at the events throughout the season, and local food vendors sell their products at the events."

The Institute of Texan Cultures will host the 35th annual Texas Folklife Festival in San Antonio from June 8 to 11. The festival highlights 40 different cultures, 50 ethnic dance groups, 150 ethnic foods and 65 music groups.

The festival, which attracts 70,000 people each year, has an economic impact of about \$11 million for the city, according to Jo Ann Andera, the festival's director for 25 years.

### **Education and economics**

The benefits of arts go beyond the economy, according to the Texas Music Educators Association (TMEA).

"Participation in fine arts programs positively impacts student success in many areas," said TMEA Executive Director Robert Floyd. "For example, students who participate in fine arts programs score higher on standard achievement tests, have a lower school dropout rate, and according to the College Board, are better prepared for college success."

Americans for the Arts, a national nonprofit that advocates arts in public education, joined the National Endowment for the Arts and the U.S. Department of Justice in a controlled research study for students at risk of dropping out of school in Atlanta, Portland and San Antonio in 2000.

The YouthARTS Development Project shows that studying the arts increases students' ability to express anger, communicate effectively with adults and peers and work cooperatively with others.

The Sunset Advisory Commission, a state entity that assesses state agencies and makes recommendations to the Texas Legislature, published a report on TCA in February. The report confirmed that the arts stimulate tourism and the economy and provide social and intrinsic benefits to Texans. While the commission recommended several changes to the agency's structure and mission, it also suggested that the Texas Legislature allow TCA to continue its mission.

Richard Von Hatten