

October 27, 2023

Dear City of La Crosse Council Members,

My name is Zachary Stensen, and I am a La Crosse resident, UWL Department of Art Faculty Member, and Chair of the City of La Crosse Arts Board. I am writing to thank you in advance for your time and to encourage your support of the [upcoming legislation](#) to approve \$75,000 of American Rescue Plan Act (ARPA) funding for our city's Arts Board. I firmly believe these funds will play a pivotal role in helping our community's arts and culture sector further recover from the negative impacts of COVID-19, while enabling the Arts Board Annual Grant Program to continue empowering and supporting individual artists and non-profit groups whose projects directly impact the vibrant visual and performing arts scene within our city.

Discussions surrounding the allocation of public funds for arts and cultural endeavors often revolve around demonstrating their value, with creators needing to justify the economic impact they provide to a community. When evaluating this legislation, it is essential to acknowledge the data highlighting the economic significance the creative sector contributes to the state. In spring 2021, the U.S. Bureau of Economic Analysis released a report (***please refer to the attached document***) stemming from a study that assessed the contributions of the arts and cultural sector to the U.S. economy. The findings unveiled that Wisconsin's creative sector wields a staggering \$10.8 billion economic influence on our state, leading to the generation of 87,000 jobs. This surpasses the contributions of the beer, biotech, and papermaking industries. Beyond its economic impact, the creative sector enriches our lives by providing quality experiences, amenities, and cultural richness—crucial elements in the decision-making process for potential city residents.

Acknowledging the considerable economic influence of Wisconsin's creative sector, it is imperative to underscore the profound effects of COVID-19 on jobs within the arts and culture sphere. As indicated in a report published by the Wisconsin Policy Forum in August 2020 (***please see the attached document for further details***), the study revealed that a staggering 33.9% of individuals employed in the arts, entertainment, and creative sectors filed for state unemployment during the pandemic. This already dire situation was exacerbated by the fact that, on a per-capita basis, Wisconsin allocates fewer resources to the arts than our neighboring states, and we rank last among all U.S. states in arts funding.

The American Rescue Plan Act is designed to aid states, counties, cities, and tribal governments in addressing escalating expenses, recouping lost revenue, and alleviating economic hardships stemming from COVID-19. Given the substantial economic impact of the creative sector on our state and the adverse effects the pandemic had on individuals employed in arts and culture professions, our request for \$75,000 in Rescue Plan Act funding for the Arts Board strongly aligns with ARPA's objectives. It is also important to note that this request follows a precedent: [The League of National Cities](#) has established a website resource for visitors to research various programs supported by local cities and governments through ARPA. I encourage La Crosse Council Members to visit this website and conduct a search for "art" in the "search by city action" section to discover countless instances of ARPA funds being utilized to bolster arts and culture initiatives. Using our own state as an example, in October 2021, [Green Bay, Wisconsin, Mayor Genrich proposed spending](#) one million dollars on arts, culture, and tourism, and the city invested \$150,000 of those funds into their [Arts Grant Program](#).

In closing, I am proud to call La Crosse my home, and I'm excited to work with the Arts Board to further support artistic activities and cultural programs in our community as a way to enhance the quality of life for all residents and visitors. It's important, however, to acknowledge that from our unique position along the bluffs of the Mississippi River, we can see the state of Minnesota with our own eyes—a neighbor that allocates \$7.34 per capita to support state art organizations while Wisconsin's contribution is merely \$0.14. Ask yourselves, why would someone who makes a living by working in the creative sector choose to live in La Crosse when they can instead move to the other side of the river and gain access to more funding opportunities and support? This resolution presents an opportune moment for the City of La Crosse to recognize the invaluable role the arts play in our state's economy and culture, change the status quo, and invest in the future creative and economic development of our community.

Sincerely,



Zachary Stensen

# Arts and Cultural Production Satellite Account (ACPSA)



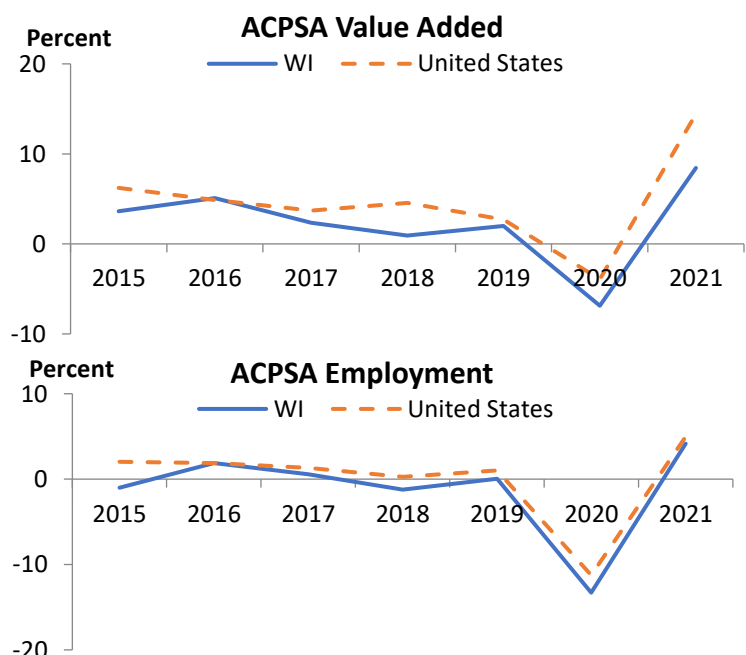
## Wisconsin—2021

ACPSA value added	Share of state value added	ACPSA employment	Share of state employment	ACPSA compensation	Share of state compensation
<b>\$10.8 billion</b>	<b>2.9%</b>	<b>87,185 jobs</b>	<b>3.0%</b>	<b>\$6.3 billion</b>	<b>3.0%</b>
			Value added (thousands of dollars)	Employment (jobs)	Compensation (thousands of dollars)
<b>All industries</b>			<b>368,611,300</b>	<b>2,949,218</b>	<b>209,268,255</b>
<b>ACPSA industries</b>			<b>10,828,800</b>	<b>87,185</b>	<b>6,291,380</b>
<b>Top 5 ACPSA industries by value added</b>					
Government			2,250,441	24,672	1,891,849
Publishing			2,067,594	8,243	1,219,158
Broadcasting			1,615,650	5,577	478,918
Retail industries			640,924	13,875	422,267
Advertising			592,751	2,328	140,365
<b>Core arts and cultural industries</b>			<b>2,156,557</b>	<b>D</b>	<b>D</b>
<b>Top 5 core arts and cultural industries</b>					
Advertising			592,751	2,328	140,365
Architectural services			291,421	1,806	214,110
Graphic design services			179,260	1,029	110,212
Promoters of performing arts and similar events			159,388	1,861	60,938
Photography and photofinishing services			154,263	D	D

### Trends in arts and cultural production: 2020—2021

In 2021, Wisconsin ranked 21st among all states in ACPSA value added and 41st among all states in ACPSA value added growth. Since 2020, ACPSA value added has grown 8.44 percent in Wisconsin, compared with an increase of 14.43 percent for the nation.

In 2021, Wisconsin ranked 18th among all states in ACPSA employment and 30th among all states in ACPSA employment growth. Since 2020, ACPSA employment has grown 4.15 percent in Wisconsin, compared with an increase of 4.96 percent for the nation.

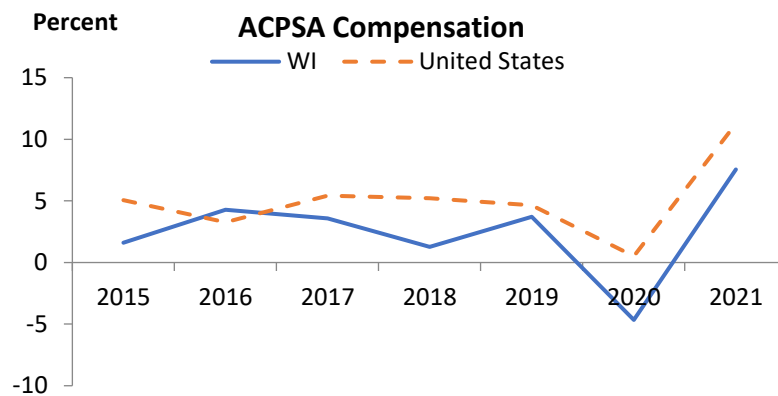


Note. BEA's ACPSA statistics are supported by funding from the National Endowment for the Arts.

# Arts and Cultural Production Satellite Account (ACPSA)

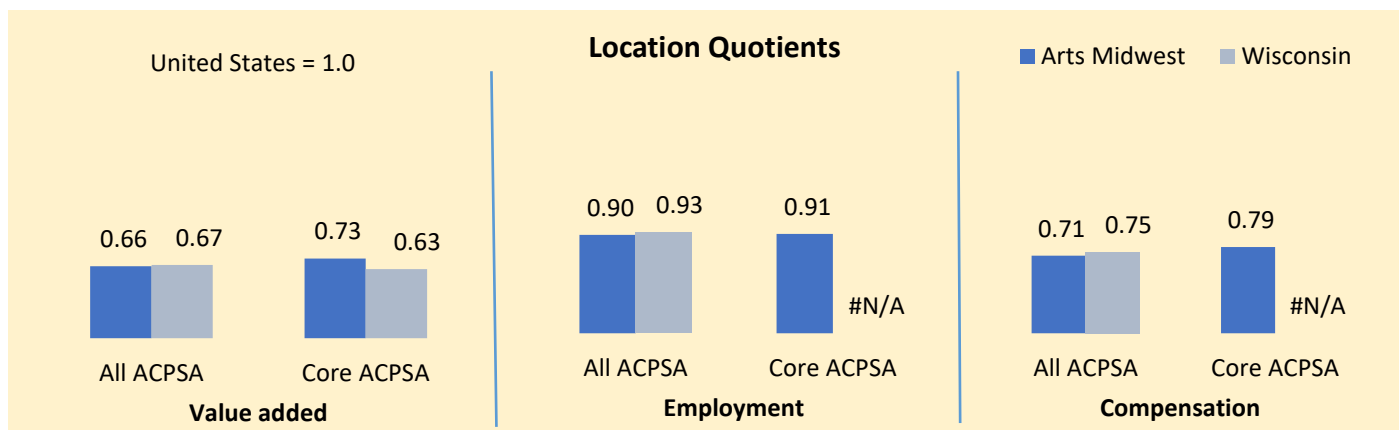


In 2021, Wisconsin ranked 20th among all states in ACPSA compensation and 35th among all states in ACPSA compensation growth. Since 2020, ACPSA compensation has grown 7.55 percent in Wisconsin, compared with an increase of 11.27 percent for the nation. Average compensation per wage-and-salary job in Wisconsin's ACPSA industries was \$72,161 in 2021, compared with \$70,957 for all salaried jobs in the state.



## Location quotients (LQ)

- In 2021, Wisconsin ACPSA value added was 33 percent below the national average. By comparison, the LQ for ACPSA value added in all states belonging to the U.S. Regional Arts Organization Arts Midwest (of which Wisconsin is a member) was 0.66, or 34 percent below the national average.
- As for employment in 2021, Wisconsin and Arts Midwest had an LQ of 0.93 and 0.9 respectively.
- And for compensation in 2021, Wisconsin and Arts Midwest had an LQ of 0.75 and 0.71 respectively.



**ACPSA value added** consists of the gross output of an industry less its intermediate inputs; the contribution of an industry to gross domestic product.

**ACPSA employment** consists of all wage-and-salary jobs in which the workers are engaged in the production of ACPSA goods and services.

**ACPSA compensation** consists of the remuneration (including wages and salaries as well as benefits, such as employer contributions to pension and health funds) payable to employees in return for their ACPSA work during a given year.

**“Core” ACPSA industries** are originators of ideas and content associated with the creation of arts and culture. “Supporting” industries produce and disseminate arts and cultural commodities.

**Location quotients** measure an industry’s regional concentration of value added, employment, or compensation relative to the U.S. industry’s share. For example, an employment LQ of 1.2 indicates that state’s employment in the industry is 20 percent greater than the industry’s national employment share. An employment LQ of 0.8 indicates that state’s employment in the industry is 20 percent below the industry’s national employment share.

**Arts regions**, for the purpose of this brief, are defined by the geography groupings for the six U.S. Regional Arts Organizations (RAOs). RAOs are nonprofit organizations that partner with their constituent state arts agencies and with the National Endowment for the Arts on planning and program delivery.

The Arts Midwest RAO contains the states (IL, IN, IA, MI, MN, ND, OH, SD, WI).

Please contact [ArtsandCulture@bea.gov](mailto:ArtsandCulture@bea.gov) with any questions.

# ARTS AND CULTURE IN A PANDEMIC: An Existential Threat

*COVID-19 has created huge challenges for artists and arts and cultural organizations in Wisconsin, which play an important role in the state's economy and quality of life. These challenges come on the heels of a pre-pandemic employment decline in the sector and declining state support, with Wisconsin allocating fewer state dollars per-capita to arts and culture than any other state. Several Midwest states are now providing emergency support for arts and culture in response to the COVID-19 crisis. Though Wisconsin faces many other compelling needs, the severity of the challenge for the arts and culture sector, which is likely to be among the last to normalize, may merit consideration of a similar response here.*

As the COVID-19 pandemic has disrupted work and daily life in Wisconsin, arts and cultural organizations and individual artists have been among the hardest hit. Theaters, museums, and other cultural and entertainment venues throughout Wisconsin and nationally have been shuttered for several months, resulting in thousands of canceled visits, events, and performances.

The loss of arts and cultural experiences not only has negatively impacted quality of life in Wisconsin communities, but it also has inflicted economic damage. Ticket sales have largely vanished while thousands of individuals who work in arts and culture have joined the ranks of the unemployed. Some arts and cultural [organizations](#) and [venues](#) that play unique and important roles in Wisconsin and nationally now face an existential threat.

Though only one of many ways arts and cultural venues and organizations enrich Wisconsin, we take a closer look here at their economic impacts. To do so, we analyze data from the U.S. Bureau of Economic Analysis (BEA) that provide insight into the contributions of arts and culture to overall production and employment in Wisconsin and nationally. The BEA's [Arts and Cultural Production Satellite Account](#) (ACPSA) is designed to capture all economic activity directly tied to arts and culture, such as performing arts, museums, design services, and fine arts education, regardless of industry or occupation. For example, the advertising and printing sectors are not included in their entirety, but activities

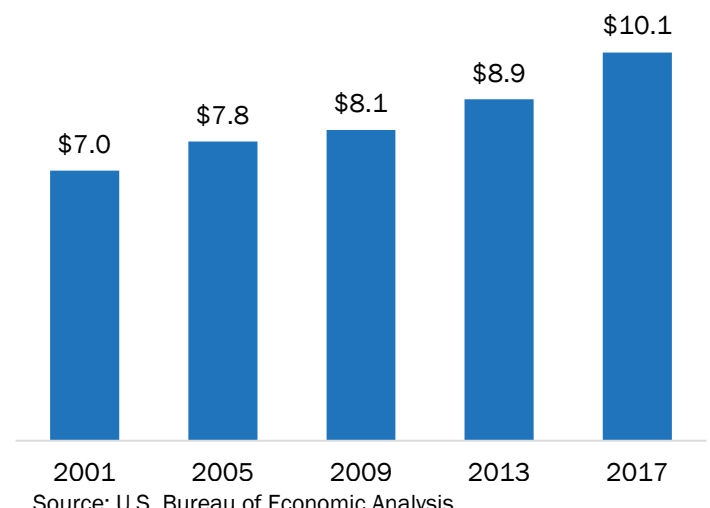
and workers that produce ads and materials for arts and cultural activities are included.

We also consider state and federal funding support for arts in culture in Wisconsin and in neighboring states, including temporary emergency support provided to help arts organizations overcome the impacts of COVID-19.

## ECONOMIC IMPACT CONSIDERABLE, BUT GROWTH SLOW

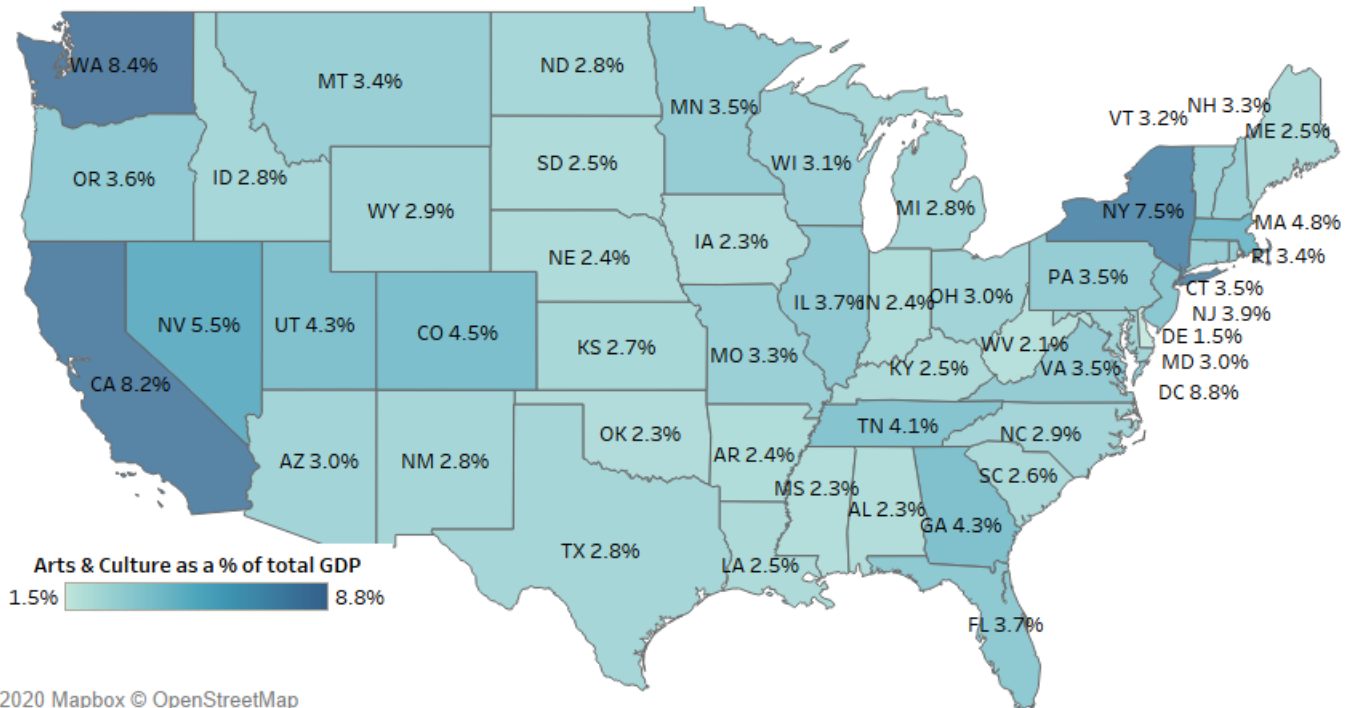
According to the most recent BEA data available, the value added by arts and cultural activities to Wisconsin's economy was \$10.1 billion in 2017, which

**Figure 1: Impact of arts & culture on Wisconsin's economy (in billions)**



Source: U.S. Bureau of Economic Analysis

**Figure 2: Arts & cultural production as share of state GDP, 2017**



was a 44% increase from \$7 billion in 2001 in non-inflation-adjusted dollars (see **Figure 1**). However, that growth did not keep pace with the roughly 71% overall growth in the state’s gross domestic product (GDP), which measures the value of all goods and services produced in all sectors; and it lagged the 86% increase in the value added by arts and cultural nationally.

Nevertheless, the impact of arts and cultural activities in Wisconsin is substantial. For context, arts and cultural activities accounted for roughly 3.1% of the state’s overall GDP in 2017, which was higher than accommodation and food services (2.4%), hospitals (2.9%), and transportation and warehousing (3.0%) and not far behind construction (4.1%). The way the ACPSA is created means some activities and employment within these sectors may also be included as arts and cultural activities, so there may be some overlap.

The share of Wisconsin’s GDP that [comes from arts and cultural activities](#) is lower than in neighboring Illinois and Minnesota but higher than in many other Midwestern states including Iowa, Indiana, and Michigan (see **Figure 2**). In Wisconsin, that share dipped from 3.7% in 2001 to 3.1% in 2017. Nationally, arts and cultural economic activity accounted for 4.5% of gross domestic product in 2017, which was roughly the same as in 2001. The higher proportion of arts and

cultural production nationally is likely driven in large part by a few large states with strong concentrations of those jobs and large economies, including California (8.2%) and New York (7.5%).

In 2017, 96,651 people were employed full-time or part-time in arts and cultural production in Wisconsin, which accounted for 3.2% of total employment. Nationally, jobs in arts and culture represented 3.4% of all jobs in 2017, meaning Wisconsin tracks relatively close to the national average. The state’s 2017 employment figure was up slightly from 2013 but down 24% since 2001 (see **Figure 3**). Employment in arts and culture declined by 11% nationally between 2001 and 2017, meaning Wisconsin lost these jobs at more than double the national rate.

The COVID-19 pandemic has caused unemployment to increase sharply in Wisconsin across many sectors, with arts and culture among the hardest hit. State estimates show 33.9% of those employed in the arts, entertainment, and recreation sector in Wisconsin [filed initial claims for unemployment](#) between March 15 and July 5, which was the third highest among all sectors behind only accommodation and food services (39.1%) and manufacturing (37.1%). While the jobs included in the arts, entertainment, and recreation sector do not





align perfectly with those in the federal ACPSA data, they nevertheless provide perspective on the scale of the pandemic's impact on arts and culture employment in Wisconsin.

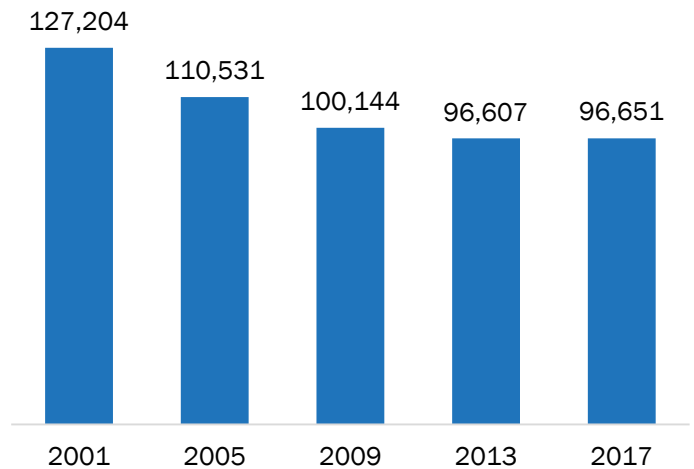
### LESS PUBLIC FUNDING FOR ARTS & CULTURE IN WISCONSIN

Because of the quality-of-life value that arts and culture convey to all residents, it is a sector of most states' economies that receives at least some modest public support. For that reason, in considering the role of arts and culture in the state's economy, it is also worth considering the direct support it receives from the state and federal government. Though small in relation to the entire sector, this public support may help to support activities and institutions that would be difficult to sustain through private means alone.

Most U.S. states have an agency dedicated to supporting arts and cultural activities. In Wisconsin, that agency is the [Wisconsin Arts Board](#). These organizations use grants to distribute state, federal, and smaller miscellaneous funds to individual artists and arts organizations. To receive federal funds channeled through the National Endowment for the Arts (NEA), a state must at a minimum match the federal grant amount.

Compared with surrounding Midwestern states, Wisconsin provides the least amount of state aid in support of arts and cultural activities. The state appropriated \$1.6 million to the Wisconsin Arts Board in 2020, comprised of general fund, federal, and smaller,

Figure 3: Employment in arts & culture in Wisconsin

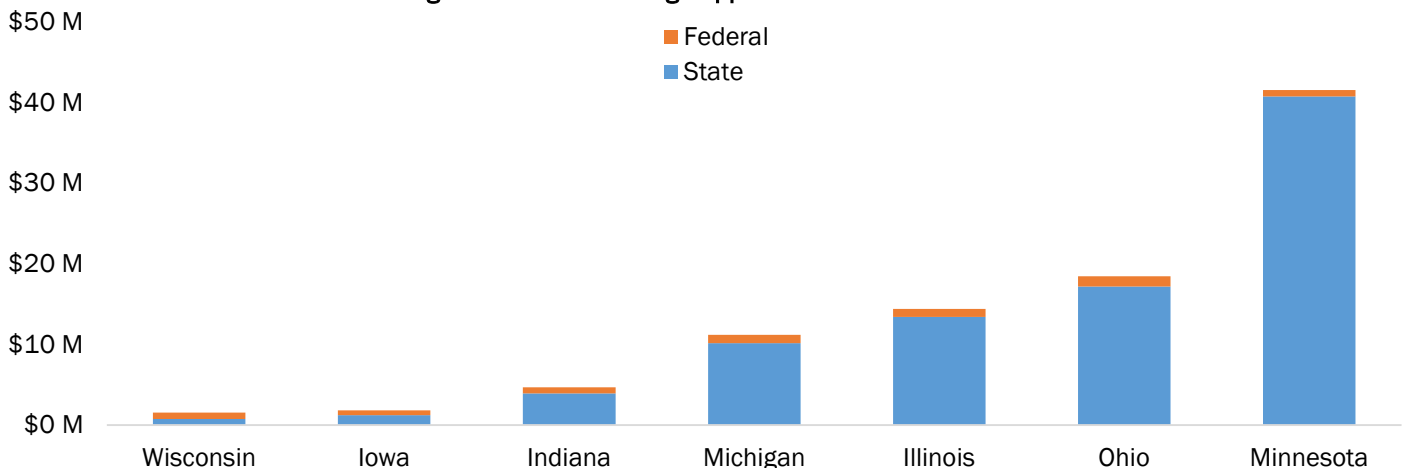


Source: U.S. Bureau of Economic Analysis

miscellaneous revenues. Of that amount, the \$770,000 allocated from the general fund was the minimum state match required to qualify for federal NEA funds. The 2020 allocation is 58% less than the \$3.7 million allocated in 2010, without adjusting for inflation. In that year, \$2.4 million was appropriated from the state's general fund, \$759,000 from the federal government, and \$546,000 from other sources.

As shown in **Figure 4**, state funding allocations for arts and culture in surrounding states varied widely in 2020. Iowa appropriated a similar amount of state funds as Wisconsin, while each of the other states provided substantially more. Minnesota offered the greatest support for arts and culture, allocating \$41

Figure 4: Public Funding Support for Arts and Culture\*

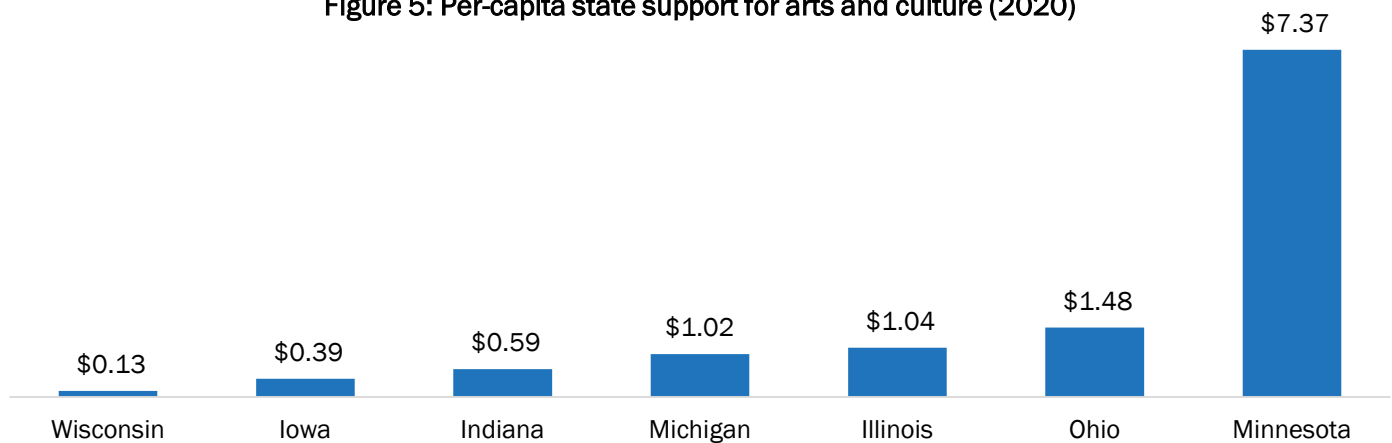


Sources: State budget documents; state arts and culture agency websites

\*Excludes appropriations for film promotions, which often support out-of-state film arts businesses.



Figure 5: Per-capita state support for arts and culture (2020)



Sources: State budget documents; state arts and culture agency websites

million by drawing upon its general fund as well as a special Arts and Culture Heritage fund. Among the Midwestern states we analyzed, Minnesota’s [Arts and Cultural Heritage Fund](#) is a unique form of state support generated through a portion of “Legacy Amendment” sales tax revenues that were [approved through a voter referendum](#) in 2008 and are in effect until 2034. The tax revenues are also directed to activities that protect, restore, or enhance natural and wildlife resources and habitats, parks, and trails.

On a per-capita basis, Wisconsin provides less state support than its neighboring states and in fact [ranks last among all U.S. states](#). As shown in **Figure 5**, general fund dollars allocated to arts and culture in 2020 amounted to 13 cents per capita in Wisconsin (excluding federal or other minor sources of revenue). Iowa and Indiana stood somewhat higher at 39 cents and 59 cents per capita, respectively. At \$7.37 per capita, Minnesota was once again the outlier providing the greatest support.

With COVID-19 devastating the arts and culture sector, several neighboring states have taken additional steps to provide emergency support in 2020. For example, Illinois created the [Arts for Illinois Relief Fund](#), which by April 1 had raised \$4 million in public and private sector funds to provide grants for arts organizations and individual artists. Similarly, Iowa created the an [Arts & Culture Emergency Relief Fund](#), with funding for the first round of grants appropriated by that state’s Legislature. The Minnesota State Arts Board has proposed [two new pilot grant programs](#) for 2021 to provide additional support for artists and arts organizations impacted by

COVID. Wisconsin and several other neighboring states have not taken similar actions to date.

These state efforts complement federal assistance provided through the NEA. The Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was enacted in March 2020, provided \$75 million to the NEA to distribute emergency grants to regional, state, and individual arts organizations for general operating expenses. Those grants do not require a state match. The Wisconsin Arts Board [received and redistributed](#) in July approximately \$466,000 from the CARES Act and an additional \$78,000 it received from Arts Midwest, a regional arts support organization. The NEA also provided a total of \$600,000 in grant funding directly to a dozen Wisconsin arts organizations. These funds provided a combined total of more than \$1.1 million in emergency relief.

Many arts and cultural organizations in Wisconsin also sought and received direct assistance from the federal Paycheck Protection Program (PPP), which was part of the CARES Act. For example, the Milwaukee Symphony Orchestra [secured a loan](#) valued at over \$2 million – the largest such PPP loan received by an arts organization in Wisconsin. The Milwaukee Art Museum, Milwaukee Repertory Theater, and Marcus Center for the Performing Arts in Milwaukee and the Overture Center Foundation in Madison each received loans of at least \$1 million. Most arts organizations in Wisconsin that secured loans did so for much smaller amounts.

Congress is currently considering at least three bills that would provide additional assistance for arts and cultural organizations and venues. The ENCORES Act, which was





introduced by Wisconsin Congressman Ron Kind in the U.S. House of Representatives, would provide smaller performing arts venues with a 50% tax credit for the value of refunded tickets provided they offer vouchers to customers. In the Senate, the Save Our Stages Act would provide grants to support independent performing arts venues and promoters, while the [RESTART Act](#) would create a loan program for businesses affected by COVID-19 and extend the loan forgiveness period for the PPP program for the hardest hit businesses.

## ARTS ORGANIZATIONS SUFFERING IN MILWAUKEE

For additional perspective on how local arts organizations have been affected by COVID-19 and their outlook for the future, we analyzed data collected by Milwaukee’s [United Performing Arts Fund](#) (UPAF) through a survey of its member organizations. UPAF’s members include both professional and youth-oriented dance, music, and theater organizations with budgets that vary widely in size. UPAF’s survey asked about COVID-19 impacts on staffing, performances, youth programming, and organizational finances and covered both actual impacts on the 2019-20 season and projected impacts on the 2020-21 season. While UPAF’s member organizations represent only one slice of the state’s broader arts and culture sector, their responses show the stark challenges many of these organizations face.

### Staff Reductions

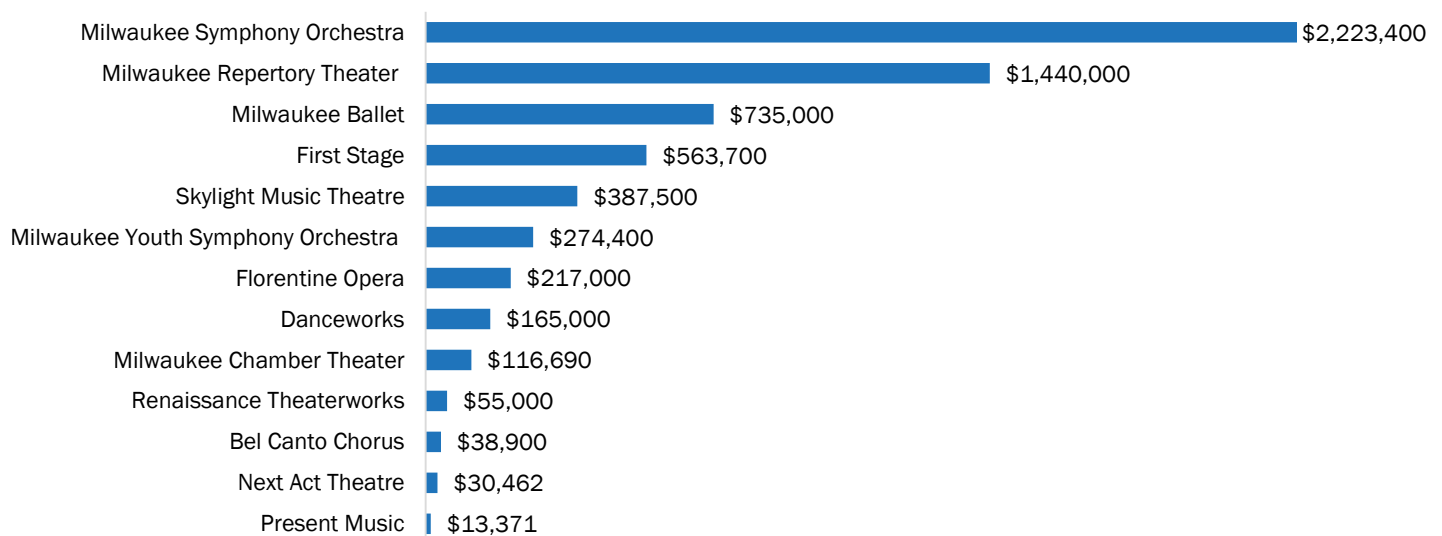
Twelve of the 13 organizations that responded to UPAF’s survey (identified below in **Figure 6**) indicated they have had to lay off, furlough, and/or reduce the salaries of some or all of their employees, affecting a total of 554 workers. Looking to the 2020-21 season, at least 10 organizations expect continued staffing reductions, with the number of affected employees and artists projected to rise to at least 1,033.

### Cancelled Performances

Although Wisconsin’s [Safer at Home order](#) ended on May 13, most performing arts venues remain closed, with many planned performances and new productions postponed or cancelled. Both arts organizations and the public remain wary of returning to indoor events with large groups of people. At the same time, arts organizations often cannot make the financing work to carry on with performances in theaters that are only half full.

UPAF organizations cancelled a combined total of 483 performances during the 2019-2020 season (which ended June 30, 2020 for most organizations), with every survey respondent reporting at least some cancellations. Those cancellations meant that nearly 168,000 patrons did not experience those performances or contribute ticket sale revenues. Eleven of the 13 respondents expect to cancel a projected 1,090 additional events during the 2020-21 season.

**Figure 6: PPP loans received by UPAF organizations**



## Cancelled Educational Programming

Several UPAF organizations are entirely youth-focused while all but one of the others provide at least some educational programming for youth. Survey respondents reported that a combined 65,912 students did not receive educational programming due to the pandemic during the 2019-20 season, which included a total of 2,994 cancelled classes. In 2020-21, the organizations project that 83,940 students will miss out on programming and at least 2,834 more classes will be cancelled.

## Financial Impacts

With every UPAF organization cancelling events due to COVID-19, it is unsurprising that all reported revenue losses as well. Those losses totaled \$6.7 million for the 2019-20 season but were partially made up through savings due to reduced operating expenses. Still, eight of the 13 respondents reported combined net losses of \$3.1 million for the season and their employees and partners would have suffered additional losses. For the five reporting positive net profits (which include unrealized expenses like foregone performance facility rentals and furloughed staff), the combined total was \$623,000.

Across the board, net losses would be much higher if not for federal relief. All UPAF member organizations secured federal Paycheck Protection Program (PPP) loans, which have helped them to weather the pandemic through salary, wage, and operational support (See **Figure 6**). The combined value of the loans was roughly \$6.3 million, and the organizations reported spending a combined \$5.5 million of that (88%) by June 15.

With funding from the PPP loans nearly spent and performances expected to be cancelled well into the future, UPAF organizations expect financial losses to continue in the 2020-2021 season. Nine organizations project net losses of a combined \$2.9 million. The remaining four also project revenue losses due to COVID-19, though lower expenses attributable to the pandemic are expected to offset the losses at a sufficient amount to realize a net profit. Those combined net profits are projected to total \$764,000.

Another useful metric for understanding an organization's financial solvency in an emergency situation is its "defensive interval ratio," which is the

## ARTS & CULTURE IN A PANDEMIC



Summary of COVID-19 impacts on 13 arts organizations supported by Milwaukee's United Performing Arts Fund (UPAF). Figures represent actual impacts on the 2019-20 season.



number of days it can operate using only liquid assets or similar resources, such as cash, investments, and lines of credit. The UPAF organizations vary in the number of days they can operate at full capacity, ranging from 34 days to 395 days. Six of the 13 UPAF organizations do not have the resources to sustain normal operating expenditures past 180 days (six months). Only two could operate using liquid assets for a full year or more.

This assessment is based on normal annual expenditures and does not account for adjusted annual expenses in the 2020-21 season given recent furloughs, layoffs, and other operating changes to offset revenue losses caused by the pandemic. Those changes may increase the number of available operating days using only liquid assets. It also does not account for the fact that organizations with large endowments may rely on a percentage of annual earnings from their investments and endowments to operate, and therefore may be unwilling to spend down those assets beyond a certain point. In any case, it is clear that the long-term financial health of some UPAF organizations is precarious.

Some organizations or segments of the arts and culture sector in Milwaukee and statewide may struggle to survive COVID-19 more than others due to their heavier reliance on earned revenue. For example, ticket sales and concessions account for 52% of the Milwaukee Repertory Theater's total revenue compared with only 11% of total revenue for the Milwaukee Symphony



Orchestra, which traditionally receives considerable support from grants and donations.

While UPAF's member organizations are all in the Milwaukee area, similar situations are playing out across the state, as evidenced by the economic impact and job loss data provided earlier in this report. Arts and cultural organizations are unable to operate at normal levels due to the pandemic, and many likely do not have the financial reserves to weather a sustained loss of revenue.

## CONCLUSION

COVID-19 has brought about unprecedented challenges for arts and cultural organizations and individual artists throughout the U.S. The problem may be particularly acute for Wisconsin where, even before the pandemic, growth in arts and cultural production was not keeping pace with national growth, and employment in arts and culture was declining at a faster rate than nationally. Wisconsin also has allocated state funds in support of arts and culture at levels well below its neighboring Midwest states.

Looking ahead, even with some economic sectors starting to rebound as pandemic-related restrictions have been relaxed, arts and cultural activities may be among the last to normalize. Continued social distancing guidelines and restrictions on large gatherings, the public's discomfort with such gatherings even where they are allowed, and the job cuts and economic conditions that have reduced the discretionary spending of many households all will continue to negatively impact museums, performing arts venues, and other arts and cultural facilities and organizations for the foreseeable future.

The availability of arts and cultural activities and amenities contributes to Wisconsin's economy and quality of life and helps ensure the state can attract and retain both businesses and talent. While there are other sectors that some may believe are in greater need of immediate attention – like child care and health care – the negative impacts on the arts and culture sector clearly are severe and likely surpass most others. Lawmakers in neighboring states have taken action to ease the pain, and such consideration may now be merited by state policymakers in Wisconsin.

