

Position Paper on Support for the Arts

**Submitted to the Mayor and City Council
Of the City of San José by**

San José Arts Commission

April 2003

The Arts Commission recognizes that the City of San José faces an extraordinary funding challenge for fiscal year 2003-04 and beyond. The General Fund shortfall of some \$77 million, coupled with the threat of additional shortages that will be occasioned by actions that may be taken to solve the California State budget crisis, may require the City to make painful choices and to reduce funding to many worthwhile programs and services. This paper is submitted to the Mayor and City Council to inform their decision-making process with respect to funding support for the arts and cultural programs of the City.

Specifically, the Arts Commission requests that the Council consider the following principles as it institutes potential reductions in support for arts and cultural programs:

- That funding reductions be strategic, minimizing long term impacts, including any reductions for operations and maintenance support for cultural facilities;
- That reductions in funding for arts and cultural programs not be disproportionate to reductions taken elsewhere in the City;
- That the City commit to aggressive restoration of arts and cultural funding as soon as economic conditions permit;
- That the City work with the arts and cultural community to explore strategies for long-term stabilization of arts and cultural funding;
- That the arts and cultural programs maintain their visibility and stature within the City organization; and
- That the City reaffirm its commitment to a baseline of City grants through the Transient Occupancy Tax devoted to arts and cultural support.

Introduction

After a period of significant growth in the 1990s, the arts and cultural institutions of San José face an unprecedented economic crisis. The sudden downturn in the local economy has dramatically reduced the resources available for supporting arts and cultural programs and activities. In what has been described as a “perfect storm,” all of the traditional sources of cultural support – earned income, contributed income from corporations, foundations and individuals and public support have experienced major reductions. Earned income by San José arts and cultural organizations has always been higher than national averages. According to Cultural Initiatives Silicon Valley, local

“organizations earned 60% of revenues compared to a national average of 50%.”¹ While local corporate support of the arts has, throughout the 1990s, exceeded national averages, cultural groups report that in the past two years, corporate support of the arts has fallen by more than 50%. Foundation support of the arts has faced a similar scenario – dropping 45% in just two years. Illustrative of that fact is the Packard Foundation. In 2000, Packard distributed \$15 million in arts support. Currently, 2003 distributions stand at \$3 million and Packard no longer identifies arts and cultural funding as a priority for the Foundation. Individual contributions are falling in a sector where Silicon Valley has traditionally lagged. In 2000, individual donations accounted for just 35% of all arts contributions, compared to a national average of 61%.² Moreover, the share of total charitable giving in Silicon Valley which is directed to the arts is less than 3%, compared to 6% nationally.³

The results of this multi-faceted downturn have been no less than devastating to the cultural life of San José. In September of 2001, the venerable San Jose Symphony ceased operations after 127 years. While valiant efforts were made to revitalize it, in December of 2002, it filed for Chapter 7 bankruptcy. More recently, Ballet San Jose Silicon Valley has weathered a crisis that nearly caused it to close its doors. Falling earned income from low ticket revenues left it with a \$450,000 shortfall from the *Nutcracker* alone. Moreover, virtually every arts and cultural group in San José is suffering. Preliminary data from the 2003-04 grant applications to the City indicate that, on the average, cultural groups have slashed their budgets by one quarter over the past two years in order to survive in an era of diminished resources.

In terms of support for arts and cultural programs from the City of San José, funding has been remarkably consistent. While there was a dramatic up-tick in funding during fiscal years 1999-2000 and 2000-2001 and an equally dramatic downturn during 2001-2002 and 2002-2003, the level of City support for its cultural organizations has been stable at about 10% of the average institution’s budget for more than a decade. The dedicated portion of the Transient Occupancy Tax (TOT) has been an important stabilizing factor in local arts funding for nearly 30 years. This stake in the success of the city in attracting visitors and conventioners led the cultural institutions to be active and persuasive participants in the recent Measure F campaign. Figure 1 on page 3 illustrates the history and upward trend line of TOT-supported arts funding in recent years. In addition, the City has developed a nationally acclaimed public art program that allocates 2% of capital improvement projects for the inclusion of public art (1% is allocated for

“...the U.S. Conference of Mayors urges mayors across the country to invest in nonprofit arts organizations through their local arts agencies as a catalyst to generate economic impact, stimulate business development, spur urban renewal, attract tourists and area residents to community activities, and to improve the overall quality of life in America’s cities.”
-- U.S. Conference of Mayors Official Policy Resolution, adopted unanimously June 17, 2002, at the 70th annual meeting of the U.S. Conference of Mayors.

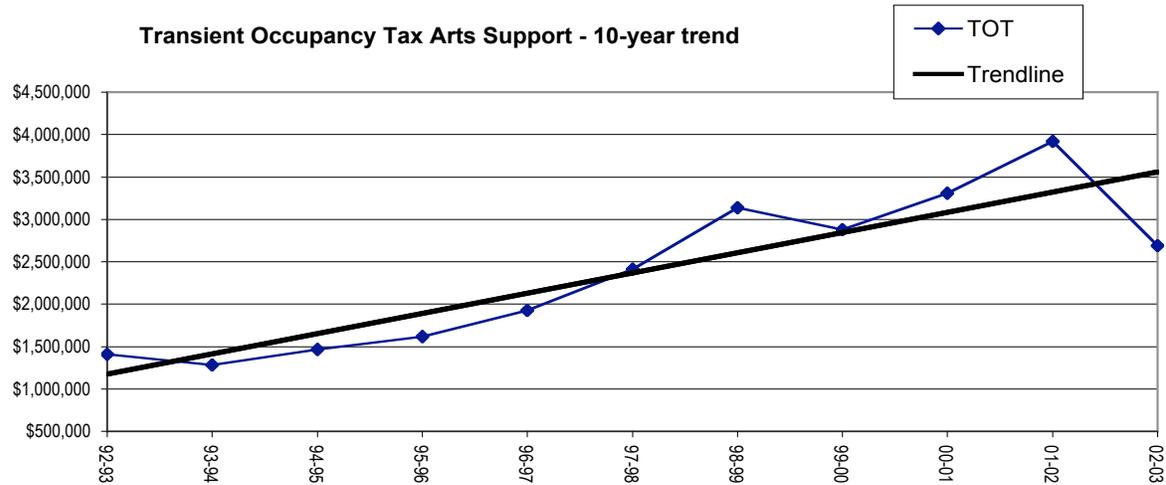
¹ *Creative Community Index*, Cultural Initiatives Silicon Valley, July 2002, p. 26.

² *Op cit.*, Cultural Initiatives, p. 27.

³ *Op cit.*, Cultural Initiatives, p. 26.

private development projects that are funded in part with money from the San José Redevelopment Agency.)

Figure 1. TOT Funding Trendline



The arts enjoy a high level of support from local residents. A 1997 survey indicated that 30% of San Joséans report that the arts play a “major role in their lives.” Two-thirds stated that they attended three or more cultural events annually (almost 25% report that they attended 10 or more events per year.) Almost 85% of all respondents either strongly agreed or somewhat agreed that “local arts organizations are doing a good job of serving the community.” The perception that arts and cultural activities are only for the elite and wealthy was widely debunked, with 70% strongly disagreeing. San José citizens expressed their willingness to support the arts with local tax dollars, with 66% indicating they would be willing to spend \$5 in additional annual tax dollars to support the arts and 51% expressing a willingness to spend \$25 more in local taxes.⁴

The arts and cultural program contributes to the economic vitality of San José.

The Arts and Cultural Roundtable, a consortium of the eight largest cultural organizations in San José, recently conducted a study of the economic impact of the City’s arts and cultural industry. The study concluded that the arts have a significant impact on the local economy. During fiscal year 2001-02, expenditures by local nonprofit arts and cultural organizations and their combined audiences of 3.8 million contributed more than \$177 million to the local economy, directly and indirectly generating over 5,800 full-time equivalent jobs. These San José organizations also generated \$18.2 million in tax revenue in California, \$7.6 million for local government and \$10.6 million for state

⁴ 20/21 *A regional Cultural Plan for the New Millennium, Part 3 Research Reports*, Wolf, Keens & Company, May 1997, p 34-35.

government. Furthermore, the nonprofit arts industry attracted and leveraged an additional \$25.2 million in contributed income from other public and private resources. This study has been reviewed and formally adopted by the Arts Commission. A copy of this economic impact study is attached for your review.⁵

These local economic data track closely with national impact data generated by Americans for the Arts, a national arts service and advocacy organization that studied 91 communities in the country to track spending and economic impact of the arts in 2000. Their data show that the arts generated \$134 billion in total economic impact, creating 4.85 million full-time equivalent jobs, filling local government coffers with more than \$6.6 billion in tax revenues.⁶

In recent research conducted during the development of new booking guidelines for the Center for the Performing Arts and Montgomery Theater, restaurant survey respondents cited business increasing by 10% to more than 100% on nights when downtown performing arts events were occurring. According to the study, there was “general consensus among restaurateurs that performances are ‘the only thing keeping downtown alive.’”⁷ Unlike retail and office development, arts and cultural programs have been proven to be effective means of making downtown an evening and weekend destination.

Moreover, the arts and cultural amenities of a city can be an important asset in promoting tourism. According to research by the Travel Industry Association, 65% of all adult travelers included a cultural event while on a trip of 50 miles or more away from home in 2000, 32% of which extended the duration of their trip because of that event. Of the group that extended their trip because of arts and culture, 57% extended their trip one or more nights.⁸ Travelers who include cultural events on their trips differ from other U.S. travelers in several important ways – they:

- Spend more: \$631 vs. \$457 (per day)
- Book nights in a hotel, motel, or B & B: 62% vs. 56%
- Are more likely to shop: 44% vs. 18%⁹

The City’s arts and cultural programs have been an important component in the revitalization of San José’s downtown and its diverse neighborhoods. It is widely acknowledged that the cultural programs offered in San José were the only game in town during the late 1980s and 1990s when massive redevelopment efforts were occurring. The significant growth in arts programs and festivals has led many San José residents to rediscover their city, making the downtown a destination in the evenings and on weekends. It should be noted that more than 250,000 of the 3.8 million arts attendance in San José took place in neighborhood settings outside downtown.

⁵ *White Paper on the Economic Impact of the Arts and Culture Industry in San Jose*, San Jose Arts and Culture Roundtable, February 2003, p. 2.

⁶ *Arts and Economic Prosperity*, Americans for the Arts, 2002, p. 4.

⁷ *Booking Guidelines Research for the Montgomery theater and Center for the Performing Arts*, Wright Consulting, October 2002, p. 6.

⁸ *The Historic/Cultural Traveler 2001* (Travel Scope Survey), Travel Industry Association, 2001.

⁹ *Arts and Economic Prosperity*, Americans for the Arts, 2002, p. 9.

San José’s nationally acclaimed public art program has enhanced the image of the City, increasing its attractiveness to both residents and visitors alike. In the recently published book, *Creating the World’s Greatest Public Art*, San José was one of eight cities nationally that was recognized for the quality of its public art program.¹⁰ Through the recent bond issues for Parks, Libraries and Police and Fire facilities, the public art program has begun to support neighborhood revitalization throughout the city, fostering community pride and identity. Public art is a mirror that reflects the local environment, cultural values and the artistic vitality of the community. At its best, public art is more than just art installed in public places. It is a community-based process of dialogue, involvement and participation. Public art promotes the quality of life for citizens by encouraging a heightened sense of place, enhancing a community’s prestige and enlivening the visual quality of the built environment.

The arts and cultural program provides critical services to youth and school children.

The value of arts and cultural education in the K-12 learning environment has been validated by numerous studies conducted in the last decade. In 1997, a multi-year study of more than 25,000 students was sponsored by the U.S. Department of Education. This study compared academic performance of public school 10th-graders in two groups – high arts involvement and low arts involvement. This table summarizes the findings:

Grade 10 Academic Performance/Behaviors	High arts	Low arts
Scoring top 2 quartiles on composite standard tests	72.5%	45.0%
Scoring top 2 quartiles in reading	70.9%	45.1%
Scoring top 2 quartiles in history, citizenship, geography	70.9%	46.3%
Consider community service important or very important	46.6%	33.9%
Television watching weekdays, 1 hour or less	28.2%	15.1%
Television watching weekdays, 3 hours or more	20.6%	34.9%

Figure 2. Comparisons of Academic Performance/Behavior of High Arts vs. Low Arts Students¹¹

Recent research has documented the correlation between music education and high math proficiency. One study of public high school students from families classified as low socio-economic status demonstrated that such students were twice as likely to score high on math proficiency exams if they had involvement in instrumental music training.¹² Other research has documented the dramatic correlation between involvement in theater by students and their self-esteem and their tolerance and empathy for other racial and ethnic groups.¹³

¹⁰ *Creating the World’s Greatest Public Art*, Garrison Roots, 2002.

¹¹ *Champions of Change: the Impact of Arts on Learning*, President’s Committee on the Arts and Humanities, 1998, p.3.

¹² *Op cit*, President’s Committee on the Arts and Humanities, 1998, p.13.

¹³ *Op cit*, President’s Committee on the Arts and Humanities, 1998, p.15.

The importance of arts and cultural education in Silicon Valley is well recognized in the region. In a 1977 survey conducted as part of the 20/21 Cultural Plan, over 70% of local residents *strongly agree* that “public schools in our community should offer arts education in the curriculum.” More than half of the respondents would pay an average of \$23 annually in local taxes for arts education and youth programs in the arts.¹⁴ In 2002, Cultural Access Group, a Los Angeles survey research firm, conducted a random survey in English, Spanish and Vietnamese at 18 locations throughout Santa Clara County. It found that 95% of local residents believe that students should receive at least one hour of arts education each week and 54% believe they should receive at least five hours per week. Unfortunately, in the aftermath of Proposition 13, the amount of arts instruction locally lags far behind the national average. Data collected from two-thirds of local school districts show that only 36% of local elementary students receive one hour of arts instruction weekly. While almost 92% of public schools nationally provide music education, only 50% of Silicon Valley public schools provide that opportunity.¹⁵

“High-arts youngsters were far more likely than their low-arts counterparts to think of themselves as competent in academics. They were also far more likely to believe that they did well in school in general, particularly in language and mathematics.
-- *Champions of Change: The Impact of the Arts on Learning*, page 40.

It has fallen on local nonprofit arts and cultural institutions to fill in the gap. A survey of local arts groups conducted by Cultural Initiatives showed that 52% of those organizations report working with K-12 schools on an ongoing basis. Of the 17 largest organizations with budgets of \$1 million or more, 85% reported having programs aimed at K-12 schools. Outreach programs are currently provided by a wide range of cultural groups, including the San Jose Museum of Art, Children’s Discovery Museum, San Jose Repertory Theater, Mexican Heritage Corporation, Opera San Jose and Children’s Musical Theater, among others. In the 2001/2002 academic year, 347,279 students and youth participated in these educational outreach programs.¹⁶ Cultural Initiatives Silicon Valley, an arts education support organization that was established as a result of San José’s 1997 cultural master plan, provided additional services to almost 130,000 students.

City of San José programs have augmented this effort. The Arts Express program, begun in 1978, packages and subsidizes performances in venues outside the schools and visits to galleries and museums for young people grades 4-12. In 2001/2002, Arts Express served 25,000 students through 117 performances by 36 organizations (dance, drama and music) primarily in downtown San José cultural facilities. The approximate cost of this program to the City includes \$35,000 for free use of the facilities and \$55,000 for contracted services, leveraged by \$498,600 of arts organization expenditures.¹⁷ In the 2002

¹⁴ *20/21 A Regional Cultural Plan for the New Millennium, Part 3 Research Reports*, Wolf, Keens & Company, May 1997, p 3.

¹⁵ *Op cit*, Cultural Initiatives, p. 22.

¹⁶ Research conducted by AMH Consultants, Inc., February 2003..

¹⁷ *Assessment/Evaluation of Arts Programs, City of San José*, The Bay Group, August 14, 2002, p 16.

assessment of arts programs, two-thirds of participating organizations agreed that Arts Express has been important to meeting organizational goals and outreach.¹⁸

The Office of Cultural Affairs manages the principal arts component of the Parks, Recreation and Neighborhood Services' LEARNS program ("Literacy, Education, Arts & Recreation Nurture Students"), which has recently completed an initial three-year funding cycle and has been awarded continued funding from the California Department of Education. The LEARNS arts component provides 8-week workshops in visual and performing arts to elementary and middle school students after school. In 2001/2002, OCA arranged for six organizations to supply 42 workshops for 2,280 students at 19 elementary school sites.

ArtPath began as an OCA-generated project to provide arts education activities at school sites and was eventually spun off as a private, nonprofit program. ArtPath provides curriculum-related arts education programs and training, mainly through an in-school residency program integrating art into existing curricula. With continuing support from the City, ArtPath provides programs for 5,250 children and 210 teachers at 12 schools.

The arts and cultural program provides opportunities for expression of San José's diverse peoples and cultures and can be a powerful tool for building a sense of community.

One of the defining characteristics of San José is its extraordinary diversity. According to the 2000 census, San José has a population of 894,943, of which 425,017 are white, 269,989 are Latino, 240,375 are Asian-American, 31,349 are African-American and 6,865 are American Indian. More than 45,000 identified themselves as representing two or more ethnic groups, and 142,691 listed their ethnic heritage as other.¹⁹ Over 90 languages are spoken by San José school children, with 45% of households speaking English as a second language.

Robert Putnam in his report of the Harvard-based Saguaro Seminar, *Better Together*, noted that "the arts represent the most underutilized form for rebuilding community in America." He goes on to state that "while policy makers have begun to understand the economic benefits of a strong cultural sector, they have not fully understood the civic benefits." In its conclusion, the Saguaro Seminar attests to the arts as a "powerful force for illuminating civic experience through its ability to create indelible images, to express difficult ideas through metaphor, and to communicate beyond the limits of language."²⁰

The arts and cultural programs of San José are an important means by which the community expresses this diversity and preserves the cultural traditions represented by these cultures. In 2001, through its arts grants program, the City supported 27 multicultural arts organizations (a 125% increase over 1992.) These organizations received

¹⁸ *Op cit, The Bay Group, p. 18.*

¹⁹ *2000 U.S. Census, U.S. Census Bureau website, 2003.*

²⁰ Quoted in *Creative Community Index, Cultural Initiatives Silicon Valley, July 2002, p. 12.*

more than \$590,000 in funding support in 2001 (a 334% increase over 1992.)²¹ Funded organizations include Abhinaya Dance Company, Flamenco Society, Kaisahan, Los Lupeños, MACLA and Teatro Vision, among many others.

This support was augmented by the City's support for Festivals, Parades and Community Celebrations in the amount of \$445,000, supporting 28 organizations to present 35 events with total attendance of 1,409,324. In addition to funding support, OCA provided coordination, technical assistance and permitting for more than 400 special events annually. Many of these culturally significant events have long standing in San José, including the Vietnamese Tet Festival (20 years), the Juneteenth Festival (21 years), the Gay Pride Festival and Parade (25 years), the Nikkei Matsuri Festival (26 years) and Fiestas Patrias Parade and Festival (18 years), to name a few.

In 1990, the Arts Commission recommended establishment of the Multicultural Arts Incubation Program (MAIP), responding to *The Mayor's Task Force on Multicultural Development Vision 2000*. MAIP assists San José-based multicultural arts groups with administrative, organizational and leadership development through technical assistance grants, workshops and direct staff assistance by OCA. Most organizations in this program are volunteer-run. The Arts Development Center (ADC), a nationally-recognized arts incubator, supports organizations as they progress beyond MAIP. The Center, located on North Second Street, provides office space, meeting rooms, shared equipment (including computer workstations) and extensive technical support. The Center accommodates up to eight developing arts groups. Twenty-four organizations have participated in MAIP and ADC during their first decade. One hundred percent of participating organizations strongly agreed that "the Incubator program was/is important to our organization's development."²²

Since 1991 the City has supported multicultural organizations with two specialized programs, the Downtown Arts Series (DAS) and the Performing Arts Series (PAS). DAS provides emerging multicultural groups with production support and an entry-level professional performance space at the 200-seat San Jose Stage. Support includes facility and rehearsal subsidies, box office coordination, group marketing and printed promotional materials. OCA contracts out the program's production and management responsibilities to San Jose Stage. In the spring of 2002, eleven groups participated, drawing almost 2,000 attendees. The PAS, held in the 500-seat Montgomery Theater serves more established multicultural organizations, offering workshops and training, performance facility subsidies and marketing assistance, culminating in a one-month program. OCA contracts with an outside producer for marketing and management of the series. Typically, ten arts groups participate in PAS, drawing almost 4,000 attendees.

The City's public art program has also played an important role in providing expression of San José's diverse culture. Over the past five years, major artworks have been installed that represent the peoples of San José, including works such as the *Dr. Ernest Galarza Commemoration*, *The Founding of the Pueblo*, *Quetzalcoatl*, the *Agricultural*

²¹ *Op cit*, Wright Consulting, p. 27.

²² *Op cit*, The Bay Group, August 14, 2002, p 29.

History of the Valley, Captain Thomas Fallon, The Ohlone Way of Life, the Japanese Internment Memorial and others.

The arts and cultural program fosters the culture of creativity that is critical to the innovative nature of Silicon Valley.

Silicon Valley prides itself as a center of technological innovation. Indeed, this region leads the world in advances that have created the Information Economy. “In 2001, 8,646 patents were issued to Santa Clara County companies and individuals – a growth of more than 100% over the preceding four years. On a per capita basis, Santa Clara County leads the nation and is granted 300 patents for every 100,000 residents. The closest significant competitors are Boulder, CO (167), Rochester, NY (162), and Austin, TX (130).”²³ This is powerful evidence of Silicon Valley’s global leadership in creativity.

Kim Walesh, of the San José Office of Economic Development, has noted that “Even as the importance of creativity has expanded beyond the realm of the artist, artistic creativity is becoming more important in technology industries generally. The first wave of technology featured large companies producing computers, semiconductors, and communications equipment(‘hard’ technology). The emerging second wave (‘soft’ technology) emphasizes smaller-scale activities that incorporate artistic and creative skills such as media, design, animation, advertising and software.”²⁴

Walesh contends that creative cities will foster a “creative community” that emerges from the intersection of creative services companies, a creative workforce and nonprofit arts/cultural organizations. The ability of a city to compete successfully in the future will depend on the entrepreneurial, technical and creative talent needed to drive the next technological revolution. Collaborative Economics, a local research firm, notes that there is an important direct relationship between knowledge workers and their demand for quality of life as expressed by the arts and cultural amenities of a region. As noted in the recent Economic Impact paper by the Arts and Culture Roundtable, “...visionary leaders in planning and economic development believe that companies and communities most likely to thrive in the coming years are those that can generate and apply new ideas. According to Bruce Chizen, President and CEO of Adobe, ‘The arts industry is a vibrant and vital force in San José and nurtures the creative spirit that drives the larger Silicon Valley economy and helps retain and attract our innovative workforce.’ ”²⁵

Local arts and cultural organizations have been leaders in the development of creative new works. “During the past five years, 65% of Silicon Valley arts groups developed some form of new work. These activities included original visual art exhibits, commissioning of new music compositions and commissioning of new plays, original choreography of new dance pieces and development of original works for

²³ *Op cit*, Cultural Initiatives Silicon Valley, p. 10.

²⁴ *The Creative Economy*, Doug Henton and Kim Walesh, Grantmakers in the Arts Reader, 2002.

²⁵ *Op cit*, Arts Roundtable, February 2003, p. 2.Roundtable, February 2003, p. 6.

storytelling....Forty-three percent of local arts organizations described their new works as having a ‘specific or unique connection to the local....community.’²⁶

In 1999, Mayor Ron Gonzales proposed the creation of a new Arts Venture grants program that would challenge cultural groups to develop new works. Examples include:

- American Musical Theater was awarded support to create and develop a world premiere production that will be composed by a world-renowned composer.
- Teatro Vision was awarded support to commission, workshop and produce a new play by award-winning California playwright and director, José Cruz Gonzalez, for a world-premiere production during the 2001-02 mainstage season.
- Vietnamese Cultural Heritage Garden Association was awarded support for the creation by original artisans of a replica of one of the Nine Bronze Urns of Hue, to be sited at the Vietnamese Cultural Heritage Garden in Kelley Park.
- Young Audiences was awarded support for a three-year plan to create and launch *Arts for Learning*, an innovative educational initiative designed to improve student learning in and through the arts.

The Arts Venture grants program was suspended this year, due to declining City funding. And, as an unfortunate result of the current economic situation, many arts institutions have been forced to move away from the commissioning of new works. San Jose Repertory Theater recently announced it is suspending its annual summer New Playwrights Festival. The planned 2005 Renaissance Festival of Art and Technology has been placed on hold.

The arts and cultural program has promoted the development of new cultural facilities and infrastructure.

Over the past fifteen years, the City of San José, in partnership with nonprofit cultural institutions, has invested almost \$325 million on major cultural facilities, as follows:

Cultural Facility	City/RDA Investment	Private Investment	Total Investment:
Children’s Discovery Museum	\$ 8,684,551	\$ 4,250,000	\$ 12,934,551
San Jose Museum of Art	19,326,750	8,704,750	28,031,500
Tech Museum of Innovation	50,021,081	68,500,000	118,521,081
San Jose Repertory Theater	28,517,457	5,000,000	33,751,457
Mexican Heritage Plaza	28,946,835	4,339,926	33,286,761
History San Jose	10,000,000	5,000,000	15,000,000
Peralta Adobe & Fallon House	6,888,383	1,000,000	7,888,383
Fox Theater	54,333,000	20,667,000	75,000,000
Total:	\$206,718,057	\$117,461,676	\$324,179,733

Figure 3. Investment in New/Renovated Cultural Facilities, 1988 – 2003.

²⁶ *Op cit*, Cultural Initiatives Silicon Valley, p. 13.

As part of the 2003-04 budget process, OCA has requested each of the cultural institutions to prepare impact statements for O&M funding reductions at the 15% and 25% levels. Those impacts are currently being compiled. In general, the cultural organizations express doubt that they will be able to recoup these losses through earned income or private contributed dollars from foundations, corporations or individuals. All of these funding streams have shown a significant downward trend as the local economy has deteriorated. The reductions, if they are necessary, will come from program reductions, lowered public service levels, curtailed hours of operation and deferral of maintenance.

The Conventions, Arts and Entertainment (CAE) Department also operates two cultural venues directly – the Center for Performing Arts and the Montgomery Theater. These important performance venues provide access to high quality performing arts programs for hundreds of thousands of residents each year. These facilities, too, require maintenance and operations dollars to function. While much of the cost of operating these theaters is recouped through rentals, some subsidy has been necessary. Currently, it is estimated that the City, through CAE, will underwrite these venues in an amount of \$441,498 in 2002-2003. When the Fox Theater comes on line in fall 2004, additional maintenance and operations dollars will be needed.

Conclusion

San José is a vibrant regional arts center: its performance organizations celebrate and serve the diverse populations comprising our community with innovative, quality programming; its museums educate and challenge and bring thousands of visitors to our City annually; and its nationally acclaimed public art program installs high quality works of art in our public places while involving the community in the creative process. The impact of the City's arts programs has been dynamic, providing arts education for thousands of children, engaging the creative work force that is so important to our region, and pumping millions of dollars into our economy. Support from the City of San Jose – both through its grants programs and the expertise and leadership of the Office of Cultural Affairs – has been a vital factor in building the programs that are described in this paper.

We believe in this time of economic hardship that it is critical that the Transient Occupancy Tax foundation upon which the City has built its arts and cultural program not be disturbed. Where cuts are required, we urge that they be made so as to minimize the long-term impact on our cultural facilities and in any event not be disproportionate to reductions taken elsewhere in the City. We further urge that arts and cultural programs maintain their stature and visibility within the City organization, and that the Council commits to full restoration of arts and cultural funding as soon as economic conditions permit.

Finally, we on the Arts Commission would welcome the opportunity to work with you in exploring new strategies to ensure the long-term stabilization of arts and cultural funding.

Respectfully submitted,

San Jose Arts Commission

Ben Miyaji, Chair
Natalie A. Hala, Vice Chair
Richard B. Ajluni
Jill Arnone
Sunil Baliga
Steve Belkin
Maxwell Crumley
Francis Paul Czyz
David Eisbach
Sharon S. Gustafson
Dennis Martin
Stephen S. McCray
Eugene H. Sakai