

# THE NATIONAL OPERA CENTER AMERICA

Written Statement of  
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Committee on Ways and Means, United States House of Representatives  
Hearing on Tax Reform and Charitable Contributions  
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Mr. Chairman and distinguished members of the Committee, I am grateful for the opportunity to submit testimony on behalf of OPERA America, its Board of Directors and its 2,000 organizational and individual members. We strongly urge you to preserve charitable giving incentives, including the charitable deduction and the IRA Charitable Rollover, provisions that encourage individuals to support nonprofits that make their communities healthy and increase the quality of life. The testimony and the examples from members described below are intended to highlight the importance of the role these giving incentives have on nonprofit arts organizations, so critical to sustaining a vibrant cultural community throughout the country.

The opera field has grown continuously and the productions, education, and community support that opera companies provide have evolved to meet the needs of their neighborhoods and regions. Recent operas tell stories through music and theater that audiences can connect with, drawing from American classics like *Moby Dick*, stories from traditional theater such as *Doubt*, or American history, such as *The March*, about the planning of Martin Luther King, Jr.'s civil rights march on Washington. Forty percent of the opera companies in existence today have been established since 1980 and in this current era, opera companies are finding new and exciting ways to bring the essence of opera to other local theaters and community centers, frequently with new and innovative works that reflect the diverse cultures of the cities they serve. Strong partnerships with local schools, performances in non-traditional venues, and community-wide events, such as opera simulcasts at professional stadiums, introduce this multimedia art form to adults and youth who may have long held opera at arm's length.

On average, about forty percent of the annual revenue to arts organizations comes from private contributions. For the field of opera, this average climbs to 53 percent. When individuals contribute to an opera company, they are not supporting a production for individuals in the orchestra section; they're supporting free and reduced cost performances for children and families, arts education partnerships with schools and youth organizations, and a nonprofit organization that serves as both an employer and an economic driver in the community.

Admittedly, for larger institutions, producing opera is not a cheap endeavor and the arts can rely heavily on wealthy individuals for support. However their investment is justifiable, and indeed cost-efficient, if it allows the company to generate a quantity, range, and quality of activity that would be undeliverable by a smaller-scale organization with a different structure. Particularly in rural regions, the reach of opera companies expands far beyond the boundaries of its home city. Additionally, all opera companies invest significantly in their communities, purchasing paint, lumber, fabrics, and providing employment. The San Francisco Opera's website lists the number of employees it takes to produce the opera *Turandot*: including backstage staff (stage crew, wardrobe, video, and ushers), front of house staff (ticket takers, coat check attendants, housekeeping), orchestra, performers, and administrative staff, the company employs 534 tax-paying members of the community. When individuals donate to the arts, they are supporting the livelihoods of many in their communities. On a national level, nonprofit arts and culture

organizations generated \$61.1 billion of economic activity and supported 4.13 million full-time jobs. (as reported by the Americans for the Arts report, *Arts and Economic Prosperity IV*). Foundation and government grants rarely fund overhead costs for nonprofits and these jobs often exist solely because of the contributions made to those arts organizations.

Efforts to limit the charitable deduction will have a profound effect on nonprofit arts organizations, whether it's a 28% cap for high-income individuals or a \$25,000 monetary cap. Recent studies demonstrate that capping the deduction at 28 could result in a decrease in giving ranging from \$1 billion to \$7 billion. The recent Presidential campaign elevated discussions around a monetary cap on deductions. According to an analysis by the National Association of Home Builders, the average married joint-filing taxpayer who itemized in 2009 claimed over \$17,000 in deductions for mortgage interest, state and local income taxes, and real estate taxes. A monetary cap would leave virtually nothing left for support for charities and would decimate the charitable deduction.

The following are examples of how OPERA America's members serve their communities as a result of private contributions.

**The Lyric Opera of Chicago** seeks to address the perception that opera is irrelevant to its community and to ensure that their work touches as many lives as possible in profound and meaningful ways. This means engagement on the community's terms, not the opera company's terms. Lyric has made community engagement and education a central pillar of their mission and a commitment to do more through a new initiative, called Lyric Unlimited, which will forge new partnerships to connect Lyric with a growing number of communities around the city, offering programs that find a balance between observation, participation, and creation. Expanding on the company's already successful Opera in the Neighborhoods, student matinees, the Discovery Series, and teacher-training development, Lyric will intentionally produce shows that will speak to new audiences such as *Cruzar la Cara de la Luna*, the world's first mariachi opera, *Hansel and Gretel*, a family performance event around *Don Pasquale*, a special performance of the opera *A Streetcar Named Desire* for high school and college students, and a special matinee performance of *Oklahoma* for schools. Studies have shown the importance of arts to human development, both through childhood and throughout adult life, and Anthony Freud, Executive Director of Lyric Opera of Chicago expressed the impact of opera stating, "While entertainment distracts us from the realities of life, great art draws us into our most critical issues and challenges, and helps us to understand and confront them. Opera is both great art and great entertainment. "

Last season, **The Dallas Opera** reached approximately 84,000 adults and children through mainstage, chamber, education and family performances from the stage of the Winspear Opera House and locations throughout the North Texas region. The Dallas Opera is a major component of the artistic landscape for the citizens of North Texas, offering thrilling opera productions with world-class singers and innovative approaches to stage design that have garnered international attention. Year round education programs reached more than 27,000 students in classrooms, after-school facilities and community centers, directly addressing the diminishing presence of art in schools. In addition to the cultural enrichment this offers, specially designed curriculum aligned with state-mandated learning objectives provides teachers with tools and resources to enhance academic performance in core subjects such as language arts, music, visual arts, math and social studies. After-school and summer programs for area youth extend creative activity and opera performance into vital out-of-classroom hours and are offered free of charge to after school providers.

The Dallas Opera contributes approximately \$13 million to the economy through ongoing business relationships and employs 350 artists and entertainment specialists during the opera season. Charitable

contributions represent two-thirds of The Dallas Opera's overall budget, clearly illustrating the impact of tax incentives for charitable activity has on the company's viability.

Because of contributions, **The Atlanta Opera** each year hosts Girl Scout Day at The Atlanta Opera. In March 2013, the company is inviting local Girl Scouts to discover the music and story of *Stone Soup: An Operatic Fable in One Delicious Act*, based on the children's story of the same name. Prior to the event, the company provided a free curriculum for the troops that includes a story synopsis, an opera glossary, and samples of pre-opera activities that the troops can participate in. The guide even highlights career education in the arts, describing the lifecycle of an opera – from the staff needed to run an opera company, to writing a press release, to storyboarding the opera, and even writing a critical review of the performance. The day the Girl Scouts visit see the opera, the education department offers an interactive costume shop, stage make-up demonstrations, and they even offer an Atlanta Opera patch.

**The Seattle Opera** makes deep connections to the community through a variety of programs. With the launch of the *Our Earth* trilogy, three operas explore stories of a Pacific Northwest river to include marine life, freshwater ecosystems, and forests. Geared toward families and featuring the Seattle Youth Symphony and Youth Chorus, the trilogy is using the arts to foster a meaningful understanding of the environment. The second part of the trilogy is premiering as a part of the Earth Day celebrations in April 2013 in partnership with The Nature Conservancy while the third part of the trilogy will be performed at the opera's open house in August, which will feature interactive music making activities for families and explorations into the science of sound.

Government support for the arts has decreased as funding for the National Endowment for the Arts has dropped by more than \$20 million in the last two years. State arts councils have also struggled to maintain a level of funding to adequately support the arts. As you can see from the examples above, arts organizations and members of OPERA America believe that the artistry that goes in to creating and performing opera is a critical to supporting the health of their neighborhoods.

At a gathering of OPERA America's members last summer, opera companies were challenged by the OPERA Company of Philadelphia to increase their civic footprint. In fact that company, taking its own challenge to heart, recently changed its name to simply Opera Philadelphia to reflect that opera can exist outside of an opera house, beyond the boundaries of a company performance, and telling stories that are relevant and meaningful to its community.

While I understand that the nation is in the midst of a debt crisis, balancing the budget on the backs of nonprofits when the sector is already facing spending cuts will result in lost jobs and fewer programs. Unlike other deductions, the charitable deduction is unique in that it encourages individuals to decrease their income for the benefit of the community. Those individuals are not receiving the benefit of owning a car or home with this deduction. Rather, every cent of their donation is going toward improving the well-being of the community. Opera sensation Joyce DiDonato wrote in a letter to her hometown paper, *Kansas City Star*, in 2010, "My anger rivals a good ol' western Kansas Category 5 tornado's destructive force when I begin to think of where I'd be without an education fueled by the arts that informed my way of thinking. Or without a community theater, choir or art exhibit that gave me true solace and an emergency exit from some of the great crises in my life."

While we believe that individuals will continue to give to the arts, a limit on the charitable deduction will certainly result in giving less. Imagine if the partnership like those with Big Thought, the Girl Scouts, and the Nature Conservancy were eliminated in your community due to a lack of funds. These arts

partnerships engage the citizens, and when citizens are engaged they are productive, they give back, and they enrich the quality of lives of those around them.

The arts community, including opera companies, are part of the greater nonprofit ecosystem, working together to ensure that our neighborhoods and neighbors are provided for – whether that means providing sustenance to their bodies or souls.

On behalf of OPERA America and our members, please preserve the charitable deduction that supports the work of nonprofits, including arts organizations that make our communities healthy and vibrant.

Thank you.

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