Using Arts and Culture to Stimulate State Economic Development
THE NATIONAL GOVERNORS ASSOCIATION (NGA), founded in 1908, is the instrument through which the nation’s governors collectively influence the development and implementation of national policy and apply creative leadership to state issues. Its members are the governors of the 50 states, three territories, and two commonwealths.

The NGA Center for Best Practices is the nation’s only dedicated consulting firm for governors and their key policy staff. The Center’s mission is to develop and implement innovative solutions to public policy challenges. Through the staff of the Center, governors and their policy advisors can:

- **Quickly learn about what works**, what doesn’t, and what lessons can be learned from other governors grappling with the same problems;
- **Obtain assistance** in designing and implementing new programs or in making current programs more effective;
- **Receive up-to-date, comprehensive information** about what is happening in other state capitals and in Washington, D.C., so governors are aware of cutting-edge policies; and
- **Learn about emerging national trends** and their implications for states, so governors can prepare to meet future demands.

For more information about NGA and the Center for Best Practices, please visit www.nga.org.

John Thomasian, Director
NGA Center for Best Practices
444 N. Capitol Street, Suite 267
Washington, DC 20001
202.624.5300
www.nga.org/center
# Using Arts and Culture to Stimulate State Economic Development

## CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Summary</td>
<td>4</td>
</tr>
<tr>
<td>Chapter 1: The Creative Industries as Economic Assets</td>
<td>5</td>
</tr>
<tr>
<td>Chapter 2: Understand Your State’s Cultural Industries</td>
<td>7</td>
</tr>
<tr>
<td>Perform an Ongoing Inventory of State Arts Assets</td>
<td>7</td>
</tr>
<tr>
<td>Conduct Specialized Cluster Analyses</td>
<td>8</td>
</tr>
<tr>
<td>Ensure Accurate Measurement</td>
<td>9</td>
</tr>
<tr>
<td>Chapter 3: Incorporate the Arts &amp; Culture into Statewide Planning</td>
<td>10</td>
</tr>
<tr>
<td>Seek Input from Stakeholders</td>
<td>10</td>
</tr>
<tr>
<td>Identify a Vision</td>
<td>11</td>
</tr>
<tr>
<td>Kick Off Efforts with a Visible Event</td>
<td>12</td>
</tr>
<tr>
<td>Chapter 4: Develop Strategies to Provide Support for the Arts &amp; Culture Sector</td>
<td>14</td>
</tr>
<tr>
<td>Target Specific Sectors</td>
<td>14</td>
</tr>
<tr>
<td>Strengthen the Nonprofit Arts and Cultural Infrastructure</td>
<td>15</td>
</tr>
<tr>
<td>Nonprofit Capacity-Building Initiatives</td>
<td>15</td>
</tr>
<tr>
<td>Nonprofit Technical Assistance Services</td>
<td>16</td>
</tr>
<tr>
<td>Support Individual Businesses</td>
<td>16</td>
</tr>
<tr>
<td>Public-Private Partnerships</td>
<td>17</td>
</tr>
<tr>
<td>Creative Businesses Aid Disaster Recovery Efforts</td>
<td>18</td>
</tr>
<tr>
<td>Support Individual Entrepreneurs</td>
<td>18</td>
</tr>
<tr>
<td>Support Collaborative Networks and Educational Services</td>
<td>18</td>
</tr>
<tr>
<td>Utilizing Public Higher Education</td>
<td>20</td>
</tr>
<tr>
<td>Preparing the Next Generation (K-12)</td>
<td>21</td>
</tr>
<tr>
<td>Leverage the Arts for a Competitive Edge in Business</td>
<td>21</td>
</tr>
<tr>
<td>Chapter 5: Incorporate the Arts into Community Development Plans</td>
<td>23</td>
</tr>
<tr>
<td>Provide Planning Grants and Training to Communities</td>
<td>23</td>
</tr>
<tr>
<td>Encouraging Public and Private Investment in the Arts</td>
<td>24</td>
</tr>
<tr>
<td>Create Cultural Enterprise Zones or Communities</td>
<td>24</td>
</tr>
<tr>
<td>Support the Development of Art Space</td>
<td>25</td>
</tr>
<tr>
<td>Reclaiming Industrial Space for the Arts</td>
<td>27</td>
</tr>
<tr>
<td>Chapter 6: Incorporate the Arts into a State Tourism Strategy</td>
<td>28</td>
</tr>
<tr>
<td>Coordinate and Support Cultural Tourism Efforts at the State Level</td>
<td>28</td>
</tr>
<tr>
<td>Marketing and Partnerships to Promote Cultural Tourism</td>
<td>29</td>
</tr>
<tr>
<td>Promote Distinctive Cultural Products</td>
<td>30</td>
</tr>
<tr>
<td>Develop Unique State Branding</td>
<td>30</td>
</tr>
<tr>
<td>Stimulate Markets for Cultural Goods</td>
<td>31</td>
</tr>
<tr>
<td>Market Cultural Events</td>
<td>31</td>
</tr>
<tr>
<td>Promote Unique Destinations</td>
<td>32</td>
</tr>
<tr>
<td>Conclusion</td>
<td>33</td>
</tr>
<tr>
<td>Appendix A: Directory of State Economic Impact Reports</td>
<td>34</td>
</tr>
<tr>
<td>Appendix B: Publication Series by the NGA Center, NEA, and NASAA</td>
<td>37</td>
</tr>
<tr>
<td>Endnotes</td>
<td>38</td>
</tr>
<tr>
<td>Acknowledgements and Image Credits</td>
<td>42</td>
</tr>
</tbody>
</table>
Executive Summary

Arts and culture are important to state economies. Arts and culture-related industries, also known as “creative industries,” provide direct economic benefits to states and communities: They create jobs, attract investments, generate tax revenues, and stimulate local economies through tourism and consumer purchases. These industries also provide an array of other benefits, such as infusing other industries with creative insight for their products and services and preparing workers to participate in the contemporary workforce. In addition, because they enhance quality of life, the arts and culture are an important complement to community development, enriching local amenities and attracting young professionals to an area.

Governors increasingly recognize the importance of the creative sector to their states’ economy and ability to compete in the global marketplace. A number of factors underscore the connection between economic competitiveness and creativity. For example:

- Creative and new media industries are growing in number and playing increasingly prominent economic and social roles;
- Companies’ decisions about where to locate their businesses often are influenced by factors such as the ready availability of a creative workforce and the quality of life available to employees;
- Arts and culture can play a major role in community development and redevelopment by creating new jobs as well as fostering an environment and amenities that attract talented young workers; and
- Tourism centered on arts and culture can contribute to state and local economic growth by providing a diversified and sustainable means for creating jobs and attracting revenue.

From the work of nonprofit arts agencies to the impact of cultural tourism, it is clear that the creative sector is important to state economies all across the country. The creative industry in Arkansas, for example, employs nearly 27,000 individuals and generates $927 million in personal income for Arkansas citizens. Creative enterprises are the state’s third largest employer—after transport and logistics and perishable and processed foods. In North Carolina, the wages and income of workers employed by creative industries infused $3.9 billion into the state’s economy in 2006. And in Massachusetts, the 17.6 percent yearly growth of the cultural sector contributed $4.23 billion to the state’s economy.

To help their states realize the full potential and economic benefits of the arts and culture sector, governors must identify the pivotal creative industries or clusters in the state. Then, they can adopt strategies that support and strengthen these industries. These include offering incentives targeted at the arts and culture sectors as well as development initiatives, entrepreneurial training, marketing programs, or public-private collaborations to encourage growth and invest in specific creative clusters. Michigan, for example, has enacted a comprehensive incentive program, which includes tax credits, designed to entice film projects to locate in the state. Kentucky offers a Craft Marketing Program that provides business and product development services to participating artists and helps market their work both inside and outside the state.

In addition, some states are encouraging collaborations between artists, designers, and product engineers in a variety of manufacturing and high-tech industries. In California, for example, The University of California Santa Cruz has partnered with local industry and the city of Santa Cruz to establish the Santa Cruz Design + Innovation Center. The center’s goal is to leverage local design talent to grow design-based business and attract new businesses to the area. Such collaborations stimulate new thinking, encourage new product development, and make the most of a state’s collective creative and business resources.

The creative industries offer numerous benefits to state economies, and states have an opportunity to both improve livability and boost state and local economies by investing in the arts and culture. This report offers insights and examples from states across the country to help governors incorporate the arts and culture into state economic development strategies. In particular, this report provides governors with tips on how to understand and measure their creative industries, develop plans to capitalize on the benefits of those industries, and provide support that helps sustain the contributions of the arts and culture sector. It also explores the arts and culture in the context of their contributions to local community development and state tourism, providing information on how states can incorporate these aspects into their overall economic development strategies.
Chapter 1: The Creative Industries as Economic Assets

Governors and their staff confront a global economy that is increasingly competitive and in which the United States is no longer assured of a dominant position. Countries such as China, Korea, and Ireland are outpacing the United States in key indicators such as economic growth, new product innovation, broadband penetration, and educational attainment among younger generations.

As this gap widens, states recognize that a competitive edge and a creative edge go hand-in-hand to support economic prosperity. In today's economy:

- Creative and new media industries are growing in number and playing increasingly prominent economic and social roles;
- The market value of products is increasingly determined by a product’s uniqueness, performance, and aesthetic appeal, making creativity a critical competitive advantage to a wide array of industries;
- The most desirable high-wage jobs require employees with creativity and higher order problem-solving and communications skills; and
- Business location decisions are influenced by factors such as the ready availability of a creative workforce and the quality of life available to employees.

In this environment, a state’s arts and cultural resources can be economic assets. The arts and cultural industries provide jobs, attract investments, and stimulate local economies through tourism, consumer purchases, and tax revenue. Perhaps more significantly, they also prepare workers to participate in the contemporary workforce, create communities with high appeal to residents, businesses, and tourists, and contribute to the economic success of other sectors.

States define their creative economies in a variety of ways, depending on the composition and character of businesses, nonprofits, individuals, and venues that exist in any given area. The creative economy may include human, organizational, and physical assets. It also includes many types of cultural institutions, artistic disciplines, and business pursuits. Industries that comprise the arts and culture sector may include advertising, architecture, the art and antiques market, crafts, design, fashion, film, digital media, television, radio, music, software and computer games, the performing arts, publishing, graphic arts, and cultural tourism.

Though the creative industries are broadly defined, they are important to state economies. First and foremost, they contribute directly to jobs, tax generation, and wealth. For example, the creative economy in Arkansas employs nearly 27,000 individuals and generates $927 million in personal income for Arkansas citizens. Creative enterprises are the third largest employer in Arkansas—after transport and logistics and perishable and processed foods.

States have studied economic contributions of the arts using a range of measures, from the work of nonprofit arts agencies to the impact of cultural tourism.

Whether it is the $3.9 billion infused into North Carolina’s economy in 2006 through the wages and income of workers employed by creative enterprises or the 17.6 percent yearly growth of the cultural sector in Massachusetts (and its $4.23 billion economic contribution), it is clear that the creative sector is important to individual state economies.

In addition to direct financial contributions, the arts and culture can offer states a wide array of other economic benefits, such as the following:

- **Helping Weak Economic Areas:** The decentralized nature of the creative industries can benefit residents of areas often thought to lack economic strength—such as rural areas and the urban core. At the heart of the creative industries are individual artists who are typically well-connected to the communities where they reside. Linking these artists with entrepreneurial opportunities both inside and beyond their regions offers many economic development possibilities.
• **Recruiting and Developing a Skilled Workforce:** The arts are an important complement to community development. They provide an enhanced quality of life, enrich local amenities, and play an important role in attracting young professionals to an area. Richard Florida, a leading expert on economic competitiveness, innovation, and demographic trends, is credited with coining the term “Creative Class,” which describes young and talented individuals who are mobile and more likely to locate where there is a vibrant and creative environment. Attracting and retaining talented young people and companies is becoming increasingly important to states. The arts and culture within an area play an important role in attracting these professionals.

• **Attracting Tourism Dollars:** The audiences drawn to arts venues and cultural events also bring economic benefits for other businesses. A thriving cultural scene helps attract visitors who not only spend their money on the events themselves, but also contribute to local economies by dining in restaurants, lodging in hotels, and purchasing gifts and services in the community. A recent study on the drivers of tourist spending found that tourist expenditures correlate directly with the number of arts and design workers employed in a region.7

In recognition of these benefits, numerous states have adopted a wide range of strategies designed to foster arts and culture and tap into the resulting economic benefits.

This report outlines steps governors can take to incorporate arts and culture into state economic development plans and policies. Specifically, Chapter 2 addresses approaches for better identifying and analyzing a state’s arts and cultural resources so that state policymakers may better understand the existing creative enterprises in their state and the dynamic roles that these enterprises play in the state’s economy. Chapter 3 focuses on ways to incorporate the arts and culture into state planning policies. This often involves convening a strong leadership body comprising experts from public, private, and nonprofit sectors to develop a distinct vision for tying arts to economic growth strategies. Chapter 4 examines specific strategies states can take to implement their plans. Governors can develop the arts and culture sector through for-profit and nonprofit businesses, non-arts industries, individual entrepreneurs, and arts networks as well as through ensuring a skilled workforce for the sector to draw upon and education in the schools to cultivate understanding, appreciation, and demand for arts and cultural goods and services.

Chapter 5 offers examples of policies and programs states can implement to support and strengthen communities both economically and culturally. In particular, states can incorporate arts and culture into community development plans through the use of grants, enterprise zones, and by supporting development of art space. Chapter 6 explores ways states may include arts and culture as part of their tourism strategy, particularly through efforts that promote and market the state’s unique cultural heritage or products.

Above all, this report is intended to help governors unlock the potential of arts and culture within their states to benefit state economies.
Chapter 2: Understand Your State’s Cultural Industries

It is important for each state to measure its creative economy. Each state has unique enterprises in many of these creative industries, and understanding where these enterprises are and what they contribute to a state’s economy is a critical first step toward using creative industries as an economic development tool. To fully understand the economic contributions of these industries, states can “map” their arts and culture assets. This involves performing an ongoing inventory of arts assets, conducting a cluster analysis, and maintaining arts industry data, which several states already have done.

Perform an Ongoing Inventory of State Arts Assets

To gauge the contributions to and potential impact of arts and culture on a state’s economy, it is important for each state to first measure its creative economy. Maine offers one example of how states can do this. In the mid-1990s, the Maine Arts Commission began its effort to measure the size and impact of the state’s creative economy with the creation of its Discovery Research Program. The Discovery Research Program is an ongoing, statewide inventory of cultural resources within communities around the state. The program provides funds and expert assistance for Maine communities to survey local events, artists, traditions, and tradition-bearers as well as cultural organizations that promote or support the performing, visual, craft, or literary arts. Once collected, the information is used to formulate local economic development strategies and tourism initiatives as well as coordinate local and state economic, workforce, and cultural development efforts. The program has indexed cultural assets in more than 70 percent of the state’s communities.

Some states have focused on mapping their assets in specific sub-clusters of the arts industry. For example, the Arizona Humanities Council (AHC), the Arizona Community Foundation, Arizona Office of Tourism, and the Museum Association of Arizona (MAA) documented the state of cultural heritage tourism in Arizona and the potential for an improved economy through cultural heritage tourism.

Case studies also can provide powerful insight into a state’s cultural industries, illuminating the economic impact of specific industries, the relationships between various businesses and occupations, and the needs of various economic clusters. Arkansas (Ducks, Documentaries and Design: Tales from Arkansas’ Creative Economy) and North Carolina (Arts, Culture and Design in Rural North Carolina) are among the states that have used case study approaches to document creative industries and reveal their special relationship to local economies and communities.*

Other states have made use of extant occupational and business data to create flexible indexing systems that provide some perspective on cultural activity. Washington and Oregon have both implemented Creative Vitality Index systems, which track key indicators.

In addition to industry mapping, it is important for states to establish and maintain a repository of useful data on the arts and culture industries that can be used to inform state economic development strategies. For example, the Michigan Office of Cultural Economic Development has launched the Cultural Economic Development Online Tool (CEDOT) in collaboration with Michigan State University to continually monitor and provide comprehensive information about the state’s creative sector. CEDOT is establishing a network of statewide partners who represent artists, libraries, educators, art retailers, historic preservation, museums, and other organizations to establish and update a database to monitor, assess, and enhance Michigan’s creative sector. The database is a collection of information on the tastes and preferences of tourists and other consumers. This information will then be provided to artists and tourist operators to help inform their business decisions.

The Pennsylvania Cultural Data Project is a partnership between the state, through the Pennsylvania Council on the Arts, and a number of philanthropic organizations. It is designed to collect accurate, comprehensive information about the arts sector to support the growth of the arts industry. The project designed and deployed a Web portal in 2004 to gather information about the employment, audiences, facilities, finances, and activities of cultural organizations from around the state. The portal also provides users with a source of consistent, reliable information on the state’s creative industries. The state, private funders, and policy

---

groups use the resulting data to assess the needs of the region’s cultural community and to analyze the impact of the state’s cultural industries. In addition, the system provides participating organizations with a useful tool for analyzing their individual data in relation to their peers and creating future projections. Originally pioneered in Pennsylvania, the Cultural Data Project has now been adopted by other states (Maryland and California) and is becoming a multistate initiative.

Another multistate initiative that focuses on collecting and using data to map creative industries involves six New England states. For 30 years, Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont have worked together through the New England Council and the New England Foundation for the Arts (NEFA) to collect information and conduct periodic regional economic impact studies of nonprofit cultural organizations. NEFA aggregates this information and collects supplementary information in order to coordinate policies and efforts to leverage the cultural assets of the region.

After years of surveying New England’s creative enterprise, NEFA created the New England Cultural Database (NECD) to make financial, demographic, and other information about the organizations and individuals that comprise New England’s creative economy more accessible to the public. To capitalize on the availability of this information, state and local organizations in Massachusetts and other New England states funded an interactive economic modeling tool, CultureCount (www.culturecount.org), which uses NECD data to calculate the economic impact of cultural organizations. CultureCount data is harvested from a variety of sources, including state agencies, IRS records, commercial business listings, and ongoing surveys of the cultural field.

Finally, although it does not provide detailed financial information about the arts and culture sector in each state, the National Endowment for the Arts’ (NEA) recent report, Artists in the Workforce: 1990 to 2005, contains rich statistical data pertaining to the number of artists in each state, their specific occupations, median incomes, and education levels. Resources such as these can help to define the intellectual and creative assets of a state’s labor force. The NEA report also allows trend analyses and comparisons of artist workforce data by state.

Conduct Specialized Cluster Analyses

A cluster is a group of related producers, suppliers, distributors, and consumers that draw advantages from their mutual proximity and relationships. Clusters typically form organically and are evidence of a critical mass of economic activity necessary to “export” products out of the state, thus creating jobs and generating wealth. Clusters vary by size and by industry; they may include large multinational manufacturing supply chains within a large metropolitan region or a small group of self-employed artisans within a small town.

Cluster analysis is a critical tool for governors to understand the performance of clusters within their state and ensure that state policy best enables this performance. Cluster analysis benchmarks clusters within one state to other states and regions of the world based on the relative growth or decline of employment. It does this by using federal employment and wage data, which is sorted by establishments, counties, and the North American Industrial Classification System (NAICS).
Unfortunately, small clusters such as the arts often lack industry classification and defy easy measurement; traditional analyses often do not account for self-employment or nonprofit organizations typical in the creative sector. By not accounting for small clusters, not only is the impact of the creative sector underestimated, but states also miss the opportunity to help bolster the competitiveness of this important industry. Therefore, ongoing analysis of state clusters should be supplemented with heuristic methods: case studies, self-identification by businesses and associations, business directories, and local knowledge to identify arts micro-clusters.

Armed with such knowledge, states can design systems to address the needs of the creative sector, adopt policies and programs that contribute to their prosperity, and accurately monitor which factors contribute to the performance of the state’s economy over time. A modified cluster analysis for the arts can inform states’ workforce development strategies. By understanding the employment requirements of this unique cluster, states can harmonize their education and workforce training systems with the needs of local creative enterprises and anticipate the workforce factors likely to shape the state’s prosperity in the future. State efforts to improve science, technology, engineering, and math (STEM) education; workforce development; and postsecondary education are all recent examples of state education efforts linked to analyses of other state industry clusters.

Once a state’s cultural assets have been mapped and analyzed, that information can inform the development of policies, plans, and leadership initiatives to harness the economic benefits of the arts and culture on a statewide basis.

Ensure Accurate Measurement

Despite the importance of arts and culture in economic development, most economic studies underestimate the actual footprint of the creative sector on state economies. Many arts organizations are not-for-profit and therefore are not accounted for in employment data or studies of industry. These organizations—which include a wide variety of performing groups, arts centers, guilds, museums, performance venues, festivals, and school programs—are important to include in an analysis because they serve as assets for attracting and retaining the “creative class” and provide aesthetic value to the community. Nonprofit organizations also are important to include in analysis because they play an important role in the education and training of creative individuals or as incubators for enterprises that make up the creative sector.

Another limitation of many industry studies is their emphasis on large, mature, or highly centralized businesses. Creative industries are driven by talented, creative individuals, many of whom are self-employed, freelancers, or employed by businesses with five employees or fewer (microenterprises). Although most of the employment growth in the U.S. economy comes from small enterprises, including the self-employed, these categories are typically missing from employment databases and therefore from the industry cluster analyses that rely on these data sources. Furthermore, standard economic analyses may miss the growth and dynamism of new or uniquely structured industries.

For example, the creative sector spans several different North American Industrial Classification System (NAICS) codes and there are segments of the industry for which codes do not exist. These codes are important because they are used by economists to understand the industries that exist in a region. Given the importance of the creative industries—and the fact that their impact is nearly always underestimated—it may be necessary to devote special attention to them.

---

*The NEA’s 2008 report, *Artists in the Workforce: 1990-2005*, demonstrated that 35 percent of artists are self-employed—more than three times the level of the U.S. labor force. The report finds that 45 percent of all artists work full-time jobs. The full report is available on the NEA Web site at: http://www.nea.gov/research/ResearchReports_chrono.html.*
Chapter 3: Incorporate the Arts & Culture into Statewide Planning

After their cultural assets have been mapped and analyzed, states can use information to devise economic development strategies that harness the economic benefits of the creative industries on a statewide basis. Such strategies not only summarize the value of the arts to a state, but they also identify new opportunities, point to productive initiatives, and reveal potential partners furthering arts-driven economic development in the state. The key elements of a good planning process are leadership and input from stakeholders, agreement on a clear vision, and visible kick-off efforts.

Seek Input from Stakeholders

Identifying the right people to lead is critical to the success of planning efforts. A common strategy is to establish a special council, task force, or office charged with advancing the state’s economy through the arts.

For example, Maine Governor John Baldacci established a permanent Creative Economy Council to advise and advance the state’s creative economy initiatives. During the last three years, the council has released a set of policy recommendations as well as a companion guide and handbook for local communities and has provided visible leadership and encouragement for state and local efforts to strengthen the state’s creative industry clusters.

In 2003, the Vermont Council on Culture and Innovation (VCCI). This cross-sector task force is charged with reviewing and monitoring information about the creative economy and its impact on Vermont (e.g., jobs, revenues, economic impact, quality of life impact, etc.). The VCCI determines policy initiatives and suggestions that will positively impact the state’s economic vitality. The task force’s accomplishments include instituting a public relations program that highlights the creative industry as a key component in the Vermont economy, launching various marketing initiatives that position Vermont as a center of innovation, establishing Vermont History and Heritage Month, and leveraging the expansion of state appropriations for Cultural Facilities Grants.

Other states have established a special office or position within state government:

Under Governor Deval Patrick, Massachusetts has launched a Creative Economy Initiative and appointed a Creative Economy Industry Director in the Massachusetts Office of Business Development to work directly with businesses and artists, as well as with the state’s cultural agencies, to encourage expansion of the state’s creative industries.¹²

The goal of Michigan’s Office of Cultural Economic Development, established in 2005 within the Michigan Department of History, Arts and Libraries, is to help the state achieve its six-point plan for economic growth through culture.¹³ Activities of the office include convening industry leaders, providing technical assistance, spearheading data collection efforts, and launching special initiatives that leverage the state’s creative talent and cultural assets.
In addition to focusing on their individual state, governors can foster multistate planning. A regional approach to planning allows states to harmonize their efforts to encourage creative industry development and tourism, which often occur across state lines.

For example, NEFA collaborated with the New England Council (NEC)—a regional business coalition—and the Boston Symphony Orchestra to convene a summit in 1998 on the potential of the creative economy as a regional economic development asset in New England. The meeting established a Creative Economy Initiative for the entire New England region that included an economic impact study and specific policy recommendations, outlined in *A Blueprint for Investment in New England’s Creative Economy*, to foster economic development. NEFA is working with individual New England states to implement these recommendations and align them with state economic development strategies.

**Identify a Vision**

Once a governor has convened a leadership body, the group then must develop a specific plan or a vision for incorporating arts and culture into the state’s economic development efforts. Numerous states have done so:

**Oregon**, like most states, has a multiyear strategic plan that outlines the state’s economic development goals. Its 2007–2009 plan cites capacity-building for Oregon’s cultural assets—namely arts and cultural organizations, creative businesses, and individual artists—as critical to the state’s ability to retain, expand, and attract businesses. This plan lays the foundation for specific capacity-building and business development strategies that have been adopted by the state’s Arts Commission, Cultural Trust, Film Commission, Heritage Commission, State Historic Preservation Office, and other agencies.

Integrated planning also can be found in **Louisiana’s Vision 2020**, the state’s master development plan. Vision 2020 prioritizes education, entrepreneurship, and technology and designates tourism and entertainment (including music and film) as core state industries. Vision 2020 serves as the basis for a variety of state initiatives, including the Cultural Economy Initiative (CEI). CEI emerged in 2005 after Hurricane Katrina as an essential tool for rebuilding the state’s economic prospects as well as its deeply wounded community fabric. The goals of CEI were outlined in *Louisiana Rebirth: Restoring the Soul of America* (2005) and have resulted in several legislative initiatives designed to incentivize cultural development and boost the state’s ability to capitalize on its arts and cultural resources.

**Maine**, too, has adopted a statewide plan for economic development that takes advantage of the state’s creative potential. Core strategies of the Maine plan, outlined in *Maine's Creative Economy: Connecting Creativity, Commerce and Community* (2006), include:

- Cultivating a creative mindset;
- Investing in research and the development of new technologies;
- Supporting industries’ efforts to develop and/or exploit higher-value business and marketing strategies;
- Attracting and retaining creative workers; and
- Strengthening the creative abilities of all Maine workers—present and future.

Yet another example of planning can be found in **Florida**, where state leaders have created Culture Builds Florida’s Future, a statewide strategic plan and visioning process that links economic development to arts and culture in the state. Created with significant input from both the business community and representatives from the arts industry, the 10-year plan focuses on four key objectives: (1) strengthening the economy, (2) learning and wellness, (3) design and development, and (4) leadership. The plan includes an extensive list of sub-recommendations for accomplishing each of the goals. This comprehensive approach identifies how the arts and cultural heritage sectors are key contributors in addressing the state’s most prominent issues. Since the adoption of the plan in 2007, the Florida Division of Cultural Affairs has been conducting forums across the state to involve business leaders, real estate developers, architects, health care providers, and others in developing specific strategies to advance each goal.
State economic development often requires policies, strategies, and investments specific to individual industries or industry clusters. To address this need, some states have created designated economic development plans, focusing specifically on the opportunities for development within the arts and cultural sector.

**Michigan** adopted this strategy in December 2005 with the release of its Cultural Economic Development Strategy, designed to use the state’s creative talent and cultural assets to spur economic growth.

The plan outlines how Michigan’s cultural resources can leverage significant new tax revenue, provide good-paying jobs, and create sustainable enterprises for Michigan communities.\textsuperscript{21} To attain these goals, the plan outlines six key strategies:

- Provide continuous scientific research on cultural sector activity in Michigan;
- Support the growth and development of cultural magnets;
- Stimulate growth in culture-based entrepreneurship and jobs;
- Foster community cultural economic development;
- Assist development of resources to build human capital; and
- Grow cultural economic development partnerships and collaborations.

In addition, the plan discusses the economic and civic benefits of each approach and suggests research, policies, and special initiatives that may help the state attain its goals.

Some states have developed plans to address specific disciplines or segments of cultural industry, such as music, crafts, or—in the case of **Mississippi**—film. The Mississippi Film Office, within the Department of Tourism, creates an annual plan to bring economic benefits to the state by promoting the state as a film production destination, recruiting film and media business, and by engaging the state’s creative workforce in film industry activities.\textsuperscript{22}

Other states have focused their planning efforts on particular producers within the cultural industries, such as individual artists. The U.S. Economic Development Administration awarded $78,000 to the **Montana World Trade Center**, a department of the University of Montana, to create a comprehensive development plan for Montana creative enterprises. This plan helped Montana artists and artisans establish a regional identity and identified stable year-round marketplaces for their products. Planning collaborators included the Montana Arts Council; Montana Fish, Wildlife and Parks; Colleges of Technology; artisans; and Native American tribes. Informed by this initial effort, the Montana Arts Council has developed a followup plan specifically to support the work of traditional and fine craft artists living in remote areas. The council’s plan is built around two long-term strategies: 1) providing market promotion and financial expertise to Montana’s traditional artists and 2) fostering relationships among these artists, their peers, their communities, marketers, and other business intermediaries and economic developers. To support these plans and services, the Montana Arts Council secured funding from Leveraging Investments in Creativity (LINC), a nonprofit organization supported by leading U.S. foundations that was created to improve working and living conditions for artists in the United States.

**Kick Off Efforts with a Visible Event**

The convening role of governors—through summits and symposia—is perhaps one of the most powerful tools for generating awareness of the value of the arts and creative sector and catalyzing subsequent action within both the public and private sectors. Several states have used this asset to create highly visible kick-off efforts for their arts-related economic development strategies.

As mentioned earlier, **Maine** Governor John Baldacci identified the creative sector as a driving force within Maine’s economy shortly after his election. He used the convening power of the Executive Office to launch a long-term effort to boost Maine’s economy by capitalizing on its creative assets. In 2004, Governor Baldacci convened more than 700 leaders from business, the arts sector, and government to review the findings of the Maine Arts Commission’s Discovery Research Program and other economic analyses.
Based on this information—as well as input from businesses and civic leaders from across the state—the group then laid out a strategic plan to strengthen the creative sector and link it with traditional Maine industries such as boat building, furniture crafting, textiles, and other kinds of manufacturing. This conference set the stage for a long-term Creative Economy Initiative that has since engaged communities small and large across the state.

In 2004, Louisiana held its first Cultural Economy Summit to introduce the state’s Cultural Economy Initiative to key legislative, arts, and community leaders, a yearlong study of the impact and potential of the cultural sector in Louisiana. After the summit, the state commissioned a study to measure its cultural sector and released the resulting report, *Louisiana: Where Culture Means Business*, at the 2005 Cultural Economy Summit II. This report highlighted the integral role that the creative industries—such as music, visual arts, literature, film, and food—play in the state’s resident economy and tourist trade. Since those kick-off events, Louisiana has continued to play a convening role not only at the state level but also on a national and international scale. Louisiana hosted World Cultural Economic Forums in 2007 and 2008. Each forum was a summit of cultural ambassadors and business leaders who gathered to compare experiences, discuss best practices, and promote their cultural and artistic producers.

Arkansas commenced its analysis of the cultural sector with a 2006 symposium, *Strengthening Arkansas’ Creative Economy*. The purpose of the event was to identify the state’s creative assets and more effectively turn them into sustainable advantages for communities and businesses as well as into economic and career opportunities for residents. The Arkansas project specifically seeks to:

- Determine the size and impact of the state’s creative economy;
- Conduct a scan of the state’s creative economy assets and opportunities;
- Design and pilot strategic actions in the arts and design through the state’s institutions, businesses, and nonprofits; and
- Produce and disseminate project reports that detail findings and recommendations for building upon Arkansas’ creative assets.

The symposium event helped to involve multiple stakeholders—the state’s business, cultural, economic, academic, and philanthropic communities—and to establish a broad base of support for the initiative’s subsequent research and pilot projects.
Chapter 4: Develop Strategies to Provide Support for the Arts & Culture Sector

Once an overall plan has been developed, a state can begin adopting specific policies, programs, or initiatives designed to advance economic development through the arts. States typically target support for arts-related activity in the following areas, which are essential parts of a state’s arts infrastructure: industry clusters, small businesses, individual entrepreneurs, and networks.

Target Specific Sectors

Just as states have identified specific high-tech, energy, health, or information industries as important to their future economic success, so too have they identified a variety of creative industries that offer significant potential for economic growth. These include film, design, crafts, music, traditional arts, environmental art, culinary arts, and many others. Once a state has identified pivotal creative industries or economic clusters, it can then adopt different strategies—including incentive policies, development initiatives, training programs, or public-private collaborations—to encourage growth in that industry.

For instance, multiple states have recognized the importance of becoming more competitive in the film industry. Film, television, and related media arts productions attract high-paying jobs and related businesses, but many of those jobs are being lost to other states or nations. In an effort to attract these opportunities to their own states, governors have enacted targeted film development strategies, including financial and tax incentives, film workforce development programs, and a wide range of business recruitment and promotional programs. Michigan, for example, has enacted a comprehensive incentive program designed to entice film projects to locate in the state. In April 2008, Governor Jennifer Granholm increased Michigan’s film production tax credit from 20 percent to 42 percent and signed into law numerous incentives to stimulate statewide film activity, including infrastructure development tax credits, film and digital media investment loans, and a film and digital media worker job training tax credit. Another example of a state that targets the film industry is New York, which offers programs ranging from film production tax credits to a comprehensive database of production locations.

Another industry states have specifically targeted is the crafts industry. For example, HandMade in America in North Carolina—established in Asheville in 1993 with assistance from the North Carolina Arts Council—strives to make western North Carolina “the center for handmade objects in the United States” by encouraging and enabling product development among local craft artisans. HandMade hosts a business boot camp to teach business planning, marketing, and entrepreneurship skills to artists. HandMade links more than 320 regional artists, crafts producers, bed and breakfasts, farm tours, restaurants, and other businesses through a 200-mile-trail system that is part of a larger tourism marketing campaign.

The Sundance Film Festival, a keystone event in the nation’s film industry, attracts a global audience to Utah each year.
HandMade, which emphasizes environmental sustainability, also has organized the Landfill Business Consortium, whose aim is to repurpose closed landfills to capture methane (the byproduct of decaying refuse) and use that energy to fuel kilns and other creative business needs.

Another state fostering economic development through crafts is Kentucky. The purpose of its Craft Marketing Program is to strengthen the state’s crafts industry and create an economically viable environment for craft entrepreneurs. Managed by the Kentucky Arts Council within the Tourism, Arts, and Heritage Cabinet, the program employs a wide range of services to stimulate and support new product development as well as to generate public awareness and visibility for Kentucky’s craft industry. Like the programs mentioned above, the Kentucky Craft Marketing Program offers business services and training to artisans. It provides services in two categories: non-juried, which supports beginning craftspeople who need resources and technical assistance to develop their business and marketing skills, and juried, which offers additional services such as low-interest loans, Internet representation, and use of the “Kentucky Crafted” logo to career artisans who have submitted their work to the program for review. In addition, the program supports efforts to market the products themselves to wholesale trade outlets, the tourism industry, and the general public. One way the program does this is through Kentucky Crafted: The Market, an annual exhibition that connects Kentucky artists and craftspeople with national buyers for their products. The Kentucky Craft Marketing Program also serves as an information clearinghouse to help artisans locate sales opportunities, materials, and funding. The initiative has gained national recognition, both as a model state initiative and by industry leaders and the media. For example, in 2007, Kentucky Crafted: The Market was designated as the number one arts festival by readers of American Style magazine, and as one of the top 20 events in the southeastern United States by the Southeast Tourism Society.

**Strengthen the Nonprofit Arts and Cultural Infrastructure**

Nonprofit arts organizations provide educational and outreach services that help to cultivate demand for arts experiences—and, consequently, they benefit arts industries in general. Some nonprofits serve as incubators, providing essential design, communications, training, education or planning services to artist entrepreneurs and for-profit creative businesses. Others are the direct producers of artistic goods and experiences without which no creative economy can thrive. Still others are the “anchor” attractions in a community whose audiences provide essential business for nearby retail, restaurant and hospitality providers. Because of these complex ties, state efforts to foster economic growth in the arts must include the nonprofit as well as the for-profit sector, ensuring that nonprofits in the state have the capacity to be productive economic contributors and connectors.

**Nonprofit Capacity-Building Initiatives**

To address this need, some states have launched capacity-building initiatives that aim to strengthen the state’s nonprofit arts infrastructure. One example is Oregon’s recent CHAMP (Culture, Heritage, Art, Movies, and Preservation) Initiative, a state reinvestment package designed to revitalize cultural organizations whose missions keep culture thriving and which advance the state’s creative economy. The package includes funding for the Creative Oregon Initiative, which aims to strengthen nonprofit capacity to support artists, grow audiences, and add jobs and revenue to local economies. To protect the character and strengthen the economy of Oregon’s smaller communities, CHAMP also invests in the preservation and revitalization of downtowns through the Oregon Main Street Program. In addition, the initiative includes funding to support the Oregon Cultural Trust, the Oregon Historical Society, public broadcasting, rural communications infrastructure development, and the marketing of Oregon as a film site to major Hollywood studios.

Other states are boosting capacity-building efforts by providing ongoing operating support to strengthen the management and operations of nonprofit cultural organizations. The Ohio Arts Council’s Sustainability grant program is one example of this strategy. The program provides two-year grants to nonprofit organizations that offer broad-based, ongoing arts programs within their communities. In addition to exemplary programming, grantees must demonstrate sound evaluation, planning, and financial management practices as well as extensive community involvement efforts.
Another example is the Mississippi Arts Commission’s Arts Industry Program. This program provides grants to nonprofit arts and cultural organizations such as museums, orchestras, theaters, dance companies, and opera companies not only to improve their internal financial and operational systems but also to enhance their role in arts education, cultural tourism and economic development. Grants awards are used to strengthen the planning practices of recipient organizations and to help them contribute to their communities’ education, workforce, and economic development efforts.

**Nonprofit Technical Assistance Services**

In addition to funding programs and operations, states offer a variety of technical assistance mechanisms that position nonprofit cultural organizations to become strong contributors to local economic development efforts. For example, the Virginia Commission for the Arts provides Technical Assistance Grants, ranging from $1,000 to $2,000, to support management and operations training. Organizations with technology plans also are eligible for Technology Enhancement Grants of up to $2,500. Originally pioneered in Maryland, and later adopted by Virginia, Technology Enhancement Grants help nonprofits acquire the computer hardware and technology systems and training necessary to serve their communities, build their audiences, and operate effectively.

The Consultant Services Program connects Arizona’s nonprofit arts organizations with professionals who can help them manage their organizations better. The program develops links in areas such as organizational assessment, facilitation, board development, planning, marketing, arts education programs and assessments. The program also offers small grants for consultant services and inventories of a community’s cultural assets.

The Texas Commission on the Arts offers nonprofit arts and cultural organizations Tools for Results, a digital toolkit to build organizational capacity and strengthen business management practices. A collaborative project among the state, the Meadows Foundation, Ballet Austin, and other organizations, the toolkit covers key concepts and best practices. Topics include fundraising and development, programs and exhibitions, cultural tourism, marketing, advocacy, leadership transitions, and other nonprofit basics.

Montana takes a hands-on approach to management training through its Art of Leadership institutes. Produced by the Montana Arts Council in collaboration with the Montana Community Foundation, these institutes are offered at multiple locations throughout the state and provide training to help Montana nonprofits sustain their artistic, managerial, and financial health. Special sessions are devoted to marketing and audience development issues.

**Support Individual Businesses**

A thriving small business sector in the arts can be important to state economies, particularly in rural areas. States can support business development in the arts by utilizing existing state networks, tapping state university systems, developing virtual networks, and supporting entrepreneurial collaborations.

To foster the development of small businesses and micro-enterprises, most states have networks of local, state, and federal programs designed to assist small businesses and encourage entrepreneurship. These programs may provide a helpful boost to the arts industry, which is dominated by self-employed individuals or small businesses with fewer than five employees. These networks may be made available to entrepreneurs in the cultural or creative sectors. Through its 2020 Program, for example, Louisiana is currently examining how it can leverage existing small business and entrepreneurship services for the benefit of the cultural sector. There are currently 14 Small Business Development Centers (SBDCs), 16 business incubators, several Manufacturing Extension Partnership (MEP) Centers, and other services offered across the state. The goal of these programs is to help entrepreneurs and small enterprises become more economically viable and transition, where appropriate, to the next levels of business and market maturation.
States can increase their capacity to develop a creative workforce through partnerships with key area industries. For example, in 2007, Pennsylvania Governor Edward Rendell announced a state investment initiative to help train workers in key industries and develop industry partnerships to improve the competitiveness of Pennsylvania’s businesses. The governor noted, “A well-educated workforce means a stronger Pennsylvania economy and a more competitive environment for our employers. By providing new training opportunities that are tailored to meet the specific needs of employers, we’re positioning Pennsylvania as global workforce leader.”37 In Bucks, Chester, Delaware, Montgomery, and Philadelphia counties, an Industry Partnership Worker Training Grant of $400,000—with an additional $210,000 in local funds—was awarded to Graphic Communications International Union Local 14-M and the Gress Graphic Arts Institute. The institute is a nonprofit training center for graphic arts practitioners. It strives to keep craftpersons abreast of improved methods in print technology so they can meet the challenges of their industry. Approximately 5,600 Pennsylvania companies participate in more than 80 industry partnerships to increase worker skills and training opportunities that will improve their bottom line competitive advantage.

In 2004, New Mexico launched the Governor’s Film Technicians Training Program (FTTP) in an effort to grow the number of skilled film crew workers in the state.38 The New Mexico Film Office and the state union for theatrical and stage employees (International Alliance of Theatrical and Stage Employees [IATSE] Local 480) created the program jointly to train New Mexico residents for work in the film industry. FTTP is currently housed at five state higher education institutions around the state. After an introduction to the film industry, students choose a specific craft and work on actual short-form productions (public service announcements, commercials, etc.). The final semester is spent working on larger projects such as shorts and independents under the supervision of experienced crew members.

Because state-level efforts to stimulate small cultural businesses are relatively recent, little systematic research exists on the impact of these programs over time. However, many local-level successes suggest that such strategies are promising. Incubators for arts businesses are one example. Arts incubators serve as development hubs for start-up cultural businesses and arts organizations. They typically provide business services, low-cost rent, and technical assistance in areas such as planning and marketing. One of the most prominent arts incubator programs in the country is based in Arlington County, Virginia. Initiated by the Arlington County Cultural Affairs Division—which combines county, state, and private investments—the Arlington Arts Incubator program has fostered significant growth in the county’s cultural sector. Since its establishment in 1990, the number of arts groups in Arlington has more than doubled, and the number of arts events have increased more than 500 percent.39 The program has received the prestigious Innovations in American Government award from the Ford Foundation and Harvard University’s John F. Kennedy School of Government.

The arts incubator model also is informing state efforts in Louisiana. The Arts Council Incubator in New Orleans, an incubator program in Louisiana devoted exclusively to artists and art enterprises, has found that the needs and concerns of artist-entrepreneurs are similar to those of “regular” businesses. Those needs include starting their business, the fundamentals of accounting, and marketing and developing new products and services to grow their enterprises. To meet these needs, the arts incubator provides management assistance, marketing services, strategic planning, legal advice, and low-cost health care to both tenants and other artists within the community.40 While these business services are important, artist-entrepreneurs most value the fact that incubator personnel understand their unique needs and markets and serve an important role translating sound entrepreneurship practices into their “language.”
Creative Businesses Aid Disaster Recovery Efforts

In Mississippi, grants to artist-entrepreneurs emerged as a formidable post-Katrina revitalization strategy. The Mississippi Arts Commission administers the Business Recovery Grant Program, which awarded $5,000 grants to small arts businesses, self-employed artists, and craft enterprises affected by the storm. \(^{41}\) Recipients used the grants to purchase tools, equipment, and supplies to create and sell arts or crafts. The program also included a series of workshops, including business plan development, accounting practices, insurance needs, and other services. A partnership among the Mississippi Arts Commission, the Mississippi Department of Employment Security, and the Twin Districts Workforce Area, this initiative helped small arts businesses rebuild their productivity and resume their contributions to the state economy after the storm disrupted lives and jobs along the Gulf coast. The program was featured in Governor Haley Barbour’s Recovery Expo, a forum held in 2006 that addressed priority recovery strategies and resources.

Support Individual Entrepreneurs

Individual artists are important producers of goods and services in every state’s cultural economy. It is through the work of individual artists that cultural goods are produced, small businesses are started, and innovative design ideas enter into the marketplace. To support this role, many states are using small grants to encourage entrepreneurship, new product development, and career advancement among artists and creative individuals.

In particular, numerous state arts agencies offer grant programs that support artist entrepreneurship or business development activities. \(^{42}\) The Nevada Arts Council, for instance, offers Jackpot Grants to individual artists on a quarterly basis. These $1,000 awards support business or product development for Nevada artist-entrepreneurs. Grants allow artists to participate in training programs, develop their portfolios, and fund special exhibitions or performances/presentations that broaden the market for their work. The state also offers several other grant awards including the Artist Fellowship Program, which provides nine fellowships of $5,000, three awarded annually in three areas: the literary arts, the performing arts, and the visual and media arts. The grants are flexible and may be used to cover time, supplies and materials, and living expenses.

Artist Entrepreneurial Grants offer New Hampshire artists the opportunity to improve their business acumen. Administered by the New Hampshire State Council on the Arts, the grants range from $250 to $1,000 and must be accompanied by a cash match from other nonpublic sources. \(^{43}\) Recipients may use the grants to enhance their business skills through classes on marketing, business-plan writing, pricing, legal issues, and financial management. Recipients may also use the grants to attend showcases and develop professional marketing materials such as Web sites and printed ads.

The Louisiana Division of the Arts’ Artist Career Advancement program provides grants of up to $3,000 to support entrepreneurship, career growth, and artistic product development among artists and creative individuals within the state. \(^{44}\) The grants can be used for entrepreneurial skills training, professional development workshops, public relations or advertising efforts, portfolio development, business planning, product development, and distribution.

Support Collaborative Networks and Educational Services

States can play an important role in connecting arts enterprises, artists, and entrepreneurs though the development of networks and partnerships that promote education, collaboration, and resource sharing. States have launched successful networks through universities and online outreach and are providing direct funding assistance for arts and economic development projects executed through unique partnerships.

---

\(^{41}\) Based on an inventory of state arts agency grant guidelines conducted by the National Assembly of State Arts Agencies in July 2008. Artist career assistance programs are offered in AK, AZ, DE, FL, ID, KY, LA, MN, MS, MT, NV, NH, ND, OR, SD, TN, VT, WA, WV, and WY. Many of these programs support business development activities such as marketing, portfolio development, business planning, product development, Web promotions, etc.
In particular, some states are using existing university services to help artist-entrepreneurs. For example, Michigan’s Office of Cultural Economic Development is partnering with the Michigan State University (MSU) Extension Service, University Outreach and Engagement Office, the MSU Product Center, the Michigan Small Business Development and Technology Center, and the Edward Lowe Foundation to undertake the Creating Entrepreneurial Communities program.45 Ten communities were competitively selected for the project, which helps communities build entrepreneurship programs. Through this work, the partnership has discovered that linking artists and creative individuals to entrepreneurship services is an effective economic development strategy for these communities.

In Alaska, the Department of Commerce, Community and Economic Development and the University of Alaska Rural Extension Program have partnered with the State Council on the Arts to provide support for artist-entrepreneurs in rural communities. Through the Native Arts Program, the partnership provides workshops and business courses in centralized locations to address issues important to these entrepreneurs, such as quality control, market analysis, pricing, and federal and state regulations.46 The partnership not only provides business assistance to native artist-entrepreneurs, but it also helps these individuals network, identify funding opportunities, and reach larger markets for their work.

Virtual networks are another tool available to governors to support creative business development. In Kansas, NetWork Kansas enables creative entrepreneurs to connect with existing business and entrepreneurship services throughout the state as well as learn about specialized services that exist for the creative industries.47 NetWork Kansas is affiliated with the U.S. SourceLink program, an online Web portal that connects entrepreneurs to existing entrepreneurship support services in a state or region. NetWork Kansas is unique in that it is the first statewide U.S. SourceLink program, connecting entrepreneurs from across Kansas to resources that can help them grow their businesses—and providing investors another way to connect to entrepreneurs.

Massachusetts has used electronic networks to stimulate arts employment in the state and across the New England Region. HireCulture is a free, searchable database of cultural employment opportunities in Massachusetts that allows cultural employers and job seekers to connect with each other.48 Job seekers will find employment listings from both nonprofit and commercial cultural organizations and can search postings by region or category. The Massachusetts Cultural Council also partnered with other New England states to launch Matchbook, an online performing arts marketplace that links performing artists and presenters and encourages bookings.49 Matchbook also allows users to view or listen to samples of artists’ work and locate venues across New England. Both of these initiatives help nonprofit and commercial arts venues to recruit performers, hire employees, and promote their services to regional audiences.

Fostering collaborations among businesses, nonprofits, and government can be yet another successful strategy for fostering arts business development. The Arts Enterprise Partnerships program of New Mexico, for example, stimulates commerce through business collaborations and artist training.50 The New Mexico Arts agency supports rural partnerships among a cottage arts enterprise and at least two other partnerships, one of which must be a private business.
The funded business and organizations are required to train artists and either employ or market the work of the artist for at least eight months per year. The program has enabled organizations such as weaving studios, arts markets, and youth centers to work with a wide range of partners such as technology companies, retail outlets, and government departments.

In Massachusetts, the Adams Arts Program for the Creative Economy serves as a vehicle to revitalize downtowns, create jobs, and draw visitors to communities across the commonwealth. Administered by the Massachusetts Cultural Council, the Adams Arts Program supports collaborative economic development efforts among cultural organizations; private for-profit businesses; and municipal, state, and federal agencies.51

The program provides funds and technical assistance to help collaborators achieve specific business development, job creation, or neighborhood revitalization goals and to create local economic development plans that use arts and cultural attractions as catalysts for business development, tourism, and community renewal. Established in 2004, the program provides grant recipients with counseling from Cultural Council staff and other experts to help them develop plans for participating in the creative economy as well as funding to help cover the costs of the planning process. Previous Adams Arts Program projects have ranged from downtown film festivals to a digital gaming conference to a movement to promote local heirloom foods, Massachusetts farmers, and chefs.

Utilizing Public Higher Education

States can strengthen their creative workforce by incorporating critical arts skills into job training programs for adults. Creativity can be cultivated through exposure to the visual, performing, and literary arts. States are able to take advantage of their public higher education system by making creative arts programs available to students, as well as by integrating the arts with other programs where artistic skill combined with technical expertise can meet the needs of the local workforce.

For example, the College of the Redwoods in California focuses on fine furniture-making while Southeast Community College in Kentucky capitalizes on the region’s storytelling and folk music traditions by helping students build skill sets to create public artwork, preserve historical photographs and archival documents, and sponsor community arts residencies. Montgomery Community College in North Carolina has linked its renowned pottery program to the business sector by linking students with an organization that specializes in helping students start and operate entrepreneurial businesses.

Another example is Connecticut’s Film Industry Training Program at Middlesex Community College, Norwalk Community College, and Quinnipiac University, offered by the Connecticut Office for Workforce Competitiveness in partnership with the Commission on Culture & Tourism. The program is designed for individuals who want to learn the basics of feature film and episodic television production and pursue entry-level freelance work in the industry.52
Preparing the Next Generation (K-12)

The business leaders polled in the 2008 Conference Board survey concurred that arts education—and to a lesser extent communications education—is a critical component of preparing students to be productive contributors to U.S. businesses. This finding is consistent with a growing body of research that documents how K-12 arts education can develop the precise cognitive, analytic, and communications skills that are most competitive in the emerging global economy. Indeed, there is an increasing demand for workers who can apply ingenuity and innovation to solve industry problems and develop competitive commercial products.

Launched in September 2007, the Massachusetts Cultural Council’s (MCC) Creative Minds for a Creative Economy seeks to expand education in the arts, humanities, and science to young people through in-school K-12 programs and out-of-school activities in every Massachusetts city or town. MCC recognizes that arts education cultivates the creative thinking skills students need to enter the workplace. The initiative provides direct funding for schools that integrate the arts into their curriculum and supports partnerships between cultural and community organizations that offer out-of-school arts opportunities for at-risk youth.

The Illinois Arts Council’s Youth Employment in the Arts (YEA) Program provides direct funding to Illinois nonprofit organizations to support art internships for high school students. Through paid, on-the-job training in the arts, students can enhance their job readiness, personal development, and broaden their cultural experiences.

The Wisconsin Task Force on Arts and Creativity in Education was established to ensure that the state has the creative workforce and entrepreneurial talent necessary to compete in the new economy. The task force will examine state-level policies and local practices to determine their impact on quality arts education opportunities in Wisconsin. It will identify the state and local agencies, organizations, and businesses that can collaborate to provide leadership and resources in support of arts education, creativity, and innovation.

Through K-12 arts education initiatives such as these, states are helping their workforces remain competitive well into the future.

Leverage the Arts for a Competitive Edge in Business

Increasingly, benefits are realized from collaborations between artists and traditional industries. Arts and culture can be used to support businesses in other industries, especially in product design. From cell phones to automobiles to furniture, American companies face an international marketplace where value is increasingly determined by a product’s uniqueness, performance, and design. Creativity is becoming a critical competitive advantage. As noted in a recent report on the North Carolina economy:

“More and more, manufacturers have begun to look closer to home for new and distinct sources of competitive advantage, and are finding them in arts and design. Specialized or even customized high-end goods whose appeal is strongly linked to their aesthetic qualities are a growing market, and one in which many North Carolina manufacturers are finding innovative ways to compete.”

To realize this competitive edge, some states are encouraging collaborations among artists, designers, and product engineers in a variety of manufacturing and high-tech industries. These collaborations stimulate new thinking, encourage new product development, and make the most of a state’s collective creative and business resources.


California is one state that has recognized that good design is a key economic differentiator and creates a competitive advantage in the global economy. The University of California Santa Cruz has partnered with local industry and the city of Santa Cruz to establish the Santa Cruz Design + Innovation Center. The center's goal is to leverage local design talent to grow design-based business and attract new businesses to the area. The center recognizes that local design talent is housed not only in the larger design-related companies but also in a host of smaller independent architects, engineers, graphic designers, product designers, Web designers, and landscape designers; thus, it seeks to create opportunities for networking and interdisciplinary collaboration as well as a space for teams to tackle cutting-edge design challenges.

In Massachusetts, Boston Cyberarts’ Artist-in-Residence at Technology Companies of Massachusetts (ARTCOM) program is redefining the way industry partners with creative individuals. Previously supported by a 2004 grant from the NEA, ARTCOM matches new media artists with high-tech companies seeking a creative perspective on their products. Artists receive access to cutting-edge technology and highly skilled technical personnel, while researchers and business leaders gain insight and a unique perspective on the application of their technologies.

Located in Sheboygan, Wisconsin, the John Michael Kohler Arts Center Arts/Industry Residency Program represents another unique partnership funded by both the NEA and the Kohler Company, the nation’s leading manufacturer of plumbing hardware. The program offers artists access to industrial technologies and facilities through long-term residencies, short-term workshops, and tours. The primary component of Arts/Industry is a residency program at Kohler Company, where artists have the opportunity to spend two to six months creating works of art using industrial equipment and materials—pottery, iron, brass, and enamel—and exploring forms and concepts not possible in their own studios. The Kohler Company, in turn, is given fresh ideas for its product lines. For example, Kohler’s “Artist Editions” collection of surface-decorated plumbing fixtures grew directly out of the Arts/Industry program.

The University of Washington’s Center for Digital Arts and Experimental Media (DXARTS) focuses on creative, multidisciplinary arts research that explores novel combinations of technology and art in areas such as digital video, design computing, computer music, and computer animation. The center offers educational programs from bachelor’s degrees to a doctorate in digital and experimental art as well as research facilities that are available to faculty and students from across the university.
Chapter 5: Incorporate the Arts into Community Development Plans

Arts can play a major role in community development and redevelopment through job creation and improving the quality of life. States help localities incorporate arts into their community development plans through grants to communities, technical assistance, and financial or tax incentives. Many states also select certain areas throughout the state to be designated as “arts districts” as a way to target their cultural economic development dollars. No matter which strategy or strategies a state chooses, local buy-in for incorporating arts into community development plans is critical for ensuring the long-term sustainability of local efforts.

Provide Planning Grants and Training to Communities

States can help localities incorporate arts into community planning through both direct financial support and technical assistance or training. For example, in 2006 and 2007, Utah’s Creative Communities Initiative awarded grants of between $10,000 and $16,000 to communities to support the creation of connections among the arts, community building, civic engagement, community planning, and use of public space. The goal of this ongoing program is to enhance economic opportunities while improving quality of life in these localities. Communities that received these grants were designated as “Utah Creative Communities,” and project leaders received access to leadership training to help them use the state’s support to leverage additional funding and community buy-in. Communities that received grants in the 2006 recruited 2,962 volunteers for 8 projects; partnered with 55 businesses to develop the projects; and 59 artists were paid for their art, grossing $9,000 in a winter art event. According to the Creative Communities Initiative, the measurable economic impact from projects funded by the initiative was $4,500 to $13,500 per community.

To help Vermont communities promote culture as a “powerful economic engine that inspires innovation, creates jobs, and produces revenue,” the Vermont Council on Culture and Innovation (discussed earlier) launched the Creative Communities Program in 2005. The program also aims to boost economic development in Vermont through heritage, preservation, creativity, and entrepreneurship across the state. To help achieve these goals, the Creative Communities Program provided strategic planning assistance to 12 communities determined to advance the creative economy. Each of the communities used the assistance to focus on a unique set of opportunities, such as developing land dedicated to parks and recreation; creating community, arts, and business spaces; using technology for artistic pursuits; developing networks and partnerships; establishing agriculture as part of the creative economy; revitalizing downtowns; promoting arts education; and boosting tourism. With strategic planning assistance from the state, the 12 communities established a foundation for their ongoing work by organizing local stakeholders and setting forth clear goals such as expanding indoor community space, creating an arts incubator, and making the downtown more walkable.

Colorado also aims to help communities develop strategies for using the arts for community and economic development. The Colorado Council on the Arts does this through $500 grants called Small Step Awards, which support catalytic activities to help communities diversify the local economy, improve quality of life, or attract more visitors. Funds, which can be awarded to arts organizations, businesses, or civic groups, can be used for planning activities, promotional events, research, or other actions designed to initiate followup work. The program has funded a variety of activities, including the creation of a GPS-based map by a local 4-H group that shows visitors the cottage industries and craft studios in their region.

Another approach used by states is the cultivation of strong local leadership for incorporating the arts into local development. The South Carolina Design Arts Partnership (SCDAP) is a joint initiative of the South Carolina Arts Commission and Clemson University. The initiative improves the quality of the state’s built environment through design education and leadership training. A flagship program of the partnership is the South Carolina Mayor’s Institute for Community Design, begun in 1999 as a program dedicated to enhancing the planning in South Carolina communities. Modeled after the national Mayor’s Institute on City Design—a partnership program of the NEA, the American Architectural Foundation, and the U.S. Conference of Mayors—South Carolina’s institute provides training for the state’s mayors and municipal and county planners, teaching them how to apply powerful design principles to planning, development, construction, zoning, and transportation decisions. Each community comes to the institute with a specific development challenge, like rebuilding a blighted industrial area, redeveloping a waterfront, or designing a new public building such as an arts center, museum, or library.
A resource team of community design experts then provides feedback and recommendations, helping each community to adopt a plan that is unique to its setting yet benefits from lessons learned in other communities.

Another state, New Jersey, has prioritized leadership development as a way of encouraging local economic development through culture. The New Jersey State Council on the Arts collaborates with the state League of Municipalities to promote the arts as a productive component of community development and municipal policy. Based on the premise that economic transformation begins at the community level, this collaboration integrates arts discussions into key gatherings of county and municipal leaders across the state. Sessions on topics such as “Economic and Community Development through the Arts” and “Arts and Culture as Vehicles for Development” have become popular resources. The collaboration also disseminates information targeted to mayors and city planners, including a “how-to” article about integrating the arts into economic development planning.

Community support from area businesses and nonprofits can enhance a state’s efforts to launch new community development projects. Bringing local businesses, arts organizations, individual artists, and community groups to the table during planning can help ensure a project’s sustainability by building a broad base of support for the effort as well as ensuring that it addresses multiple needs and benefits from all available financial resources.

Encouraging Public and Private Investment in the Arts

With state leadership, private investments can be turned into economic as well as philanthropic investments. For example, the Oregon Cultural Trust provides state leadership for stimulating private and public investment in Oregon’s arts, humanities, and heritage sectors. Civic, business, and cultural leaders created the trust—a state endowment—as a long-term strategy to preserve and strengthen every aspect of Oregon culture. Individuals and businesses that make a contribution to a qualifying Oregon cultural nonprofit and a matching gift to the trust may claim a tax credit (up to $500 for individuals or $2,500 for Oregon corporations) on their Oregon income tax return. Additional principal for the trust is secured through a combination of stock transfers and sale of specialty auto license plates. Funds are distributed to local communities through a competitive cultural development grant process that supports local planning and priorities, specifically through:

- Grants to county and tribal planning groups to help them shape programs that increase access to culture;
- Grants to expand and stabilize cultural organizations throughout the state; and
- Funding for state cultural agencies (the Oregon Arts Commission, the Oregon Council for the Humanities, the Oregon Heritage Commission, the Oregon Historical Society, and the State Historic Preservation Office) to strengthen programs and support new partnerships.

Since the launch of the tax credit in 2002 through the close of its fourth fiscal year on June 30, 2006, the trust raised $10 million through tax credit donations; cultural license plate sales; foundation and other major gifts, as well as in-kind donations; and interest on the endowment. More than 10,500 donors were active and generous participants in the trust program. As a result, the trust distributed 262 grants to cultural groups, county and tribal coalitions, and statewide cultural agencies—totaling more than $2.42 million—over four years.

Create Cultural Enterprise Zones or Communities

A number of states seek to encourage economic activity in communities by designating them as “arts districts” or “creative communities.” This strategy promotes exemplary local efforts and concentrates state resources in areas where local communities are prepared to undertake significant cultural development work to achieve positive economic outcomes.
One of the first community recognition programs of this kind was Michigan's Cool Cities Initiative. Governor Jennifer Granholm launched this economic development strategy in 2003 to attract and retain a creative workforce in the state, with the additional aims of revitalizing communities, building community spirit, and attracting young people to Michigan. The Cool Cities program works to create alluring jobs in neighborhoods that offer attractive living and working conditions. During the program's first year, 130 Michigan cities participated with Governor Granholm and representatives from several state agencies in the first Cool Cities Advisory Group. In 2004, a Web-based survey, which drew responses from more than 14,000 recent college graduates and students, provided the state with information on what type of lifestyle young people are looking for in a community. That survey data informed subsequent programs to attract young, creative workers. The state also maintains an extensive toolkit of resources to help localities adopt model practices in downtown revitalization.

Iowa offers another example of successful community recognition programs. Its Great Places initiative directs state support to 16 designated communities throughout the state for projects ranging from the development of hiking trails and golf courses to the establishment of museums and visitors centers. This program, launched in 2005 with an executive order and coordinated by the Iowa Department of Cultural Affairs, pools resources from 20 state government entities to develop the unique cultural and civic assets of Iowan communities, regions, and neighborhoods that make such areas special places to live and work.

Another strategy states have adopted is to make certain areas eligible for specific tax incentives that promote economic development through the arts, heritage, or entertainment. While numerous localities have established special cultural districts in decades past, a relatively new policy trend is state-level leadership for cultural district development. An increasing number of states are adopting this policy model, in which a state authority actively encourages the establishment of cultural districts by certifying them, promoting their benefits, and providing tax incentives for their development.

In 1998, Rhode Island established nine arts districts throughout the state with the goal of promoting economic development, revitalization, tourism, employment opportunities, and business development. The state offers tax incentives for artists to live and work in these districts. These incentives include sales tax and income tax exemptions on artwork sold by artists living in the designated community and a sales tax exemption on any artwork sold in a gallery within an arts district.

Tax credits are another strategy states have employed to spur economic activity through cultural enterprises. For instance, Maryland created a program that certifies some areas in the state as Arts and Entertainment Districts. Under the Maryland Arts and Entertainment Districts program, these certified districts are eligible to receive such benefits such as property tax credits for construction of arts-related spaces, exemptions from the state's amusement and entertainment tax, and income tax subtractions for artistic work sold by artists residing within the designated district. In return, the districts become focal points that attract businesses, stimulate cultural development, and foster civic pride. Maryland's designated Arts and Entertainment Districts have achieved significant increases in retail occupancy rates, property value, and tourist traffic. Since the creation of the Maryland program in 2001, several other states have adopted similar legislation. As of 2008, seven other states—Indiana, Iowa, Louisiana, New Mexico, Rhode Island, Texas, and West Virginia—had similar policies in place, leading to the establishment of 58 local arts or cultural districts across the nation.

Support the Development of Art Space

As is true for many other industries, the successful production of cultural goods and events depends on the availability of adequate—and sometimes specialized—facilities. In addition to supporting cultural production, arts spaces such as studios, galleries, and theaters help stir economic activity by attracting visitors from both inside and outside the community. Often, cultural spaces become hubs for other kinds of activity, acting as magnets for citizen gatherings and civic events. In this way, cultural facilities can be a powerful community revitalization asset, even in economically distressed communities. As stated in The Reinvestment Fund's 2007 report, Creativity and Neighborhood Development: Strategies for Community Investment:
"Arts and cultural centers and performance spaces are hubs of interaction, drawing people from inside and outside the community. Communities with a dense arts and cultural presence become simultaneously local and regional; they become destination places for arts consumers and regional choice locations for residents and businesses."73

It can be challenging for artists to find appropriate space because of the special requirements their work demands, such as high ceilings, open spaces, specialized ventilation and electrical systems, and even shock-absorbing floors (used for dance studios).74 Furthermore, because many artists are self-employed, affordability often is an issue with renting and purchasing space.

To capitalize on both the economic and civic benefits of arts spaces, states have adopted various strategies to ensure that artists, arts events, and arts organizations have the facilities and physical spaces needed to thrive. These strategies require careful attention to the needs of both artists and cultural organizations across a state.

ArtistLink is a collaborative effort that helps Massachusetts municipalities, developers, and individual artists create productive working and living environments for artists.75 Established in 2004, this program provides feasibility assessments, access to the artist market, connections to potential funding sources, connections to legal and insurance services, and real estate searches. ArtistLink also offers policy advice to encourage artist-friendly policies at the state and local levels. Through partnerships with other organizations across the country, ArtistLink shares best practices and works to develop and execute new models of artist assistance. The initiative was formed through a public-private collaboration that includes the Massachusetts Cultural Council, the Boston Redevelopment Authority, and the Boston Mayor’s Office as well as several area foundations.

As in other areas of the country, many Rhode Island artists find entry into the housing market difficult and have a hard time securing affordable spaces that can accommodate their specialized work. To address these concerns and assess the need for affordable working and living space in the state, the Rhode Island State Council on the Arts convened a committee of artists, arts administrators, and housing professionals to begin an artist housing initiative in 2004.76 In addition to the initiative’s work to identify artists’ housing issues; catalogue best practices; provide technical assistance to artists and arts businesses; and work with state, local, and nonprofit developers to create affordable, sustainable housing models, the initiative hosts an electronic bulletin board where artists and property owners can post their needs and available spaces.

Formed in Minnesota in 1979, Artspace creates and preserves affordable spaces for artists and art organizations across the country.77 Through development projects, consulting services, asset management activities, and community-building activities, Artspace works to support the professional growth of artists and enhance the cultural and economic vitality of communities. Every Artspace project has transformed an unused historic building into a fully functioning facility where artists can live, work, perform, exhibit, or conduct their businesses.

The groundbreaking ceremony for Keen Studios in Chelsea, Massachusetts, launched the conversion of a historic elementary school into artist live/work condominiums.
Today, Artspace also includes green building and sustainable development in its mission. Artspace has worked with states in every region of the country, including California, Connecticut, Florida, Illinois, Iowa, Maryland, Nevada, New York, Oregon, Pennsylvania, Texas, and Washington.

The presence of cultural facilities also is a key component of a productive infrastructure for economic activity through the arts. To this end, 20 states have adopted funding mechanisms specifically designed to strengthen cultural facilities on a statewide basis.78

For example, the Florida Division of Cultural Affairs’ Cultural Facilities Program funds the construction, renovation, and acquisition of cultural facilities in Florida.79 Any building that will be used primarily to produce or exhibit any of a wide range of cultural disciplines, such as dance, music, photography, or crafts, may be eligible for funding. The program coordinates and guides the state’s support and funding resources for such projects. Because the creation or rehabilitation of new art space can help spur economic activity in rural or distressed neighborhoods or communities, Florida’s Division of Cultural Affairs also has a Rural Economic Development Initiative (REDI), which recognizes arts organizations in rural or economically distressed counties or communities. Administered within the Governor’s Office of Tourism, Trade and Economic Development, REDI provides eligible organizations a cash matching exemption for a variety of arts development grants, such as Arts in Education and Cultural Support Specific Projects.80

One of the most recent cultural facilities programs among states is the Massachusetts Cultural Facilities Fund. Created in 2006 as part of a major economic stimulus bill in Massachusetts, the fund aims to increase investments from both the public and private sectors to support the planning and development of nonprofit cultural facilities in the state.81 The fund’s grants, administered by the Massachusetts Cultural Council, must be matched with cash contributions from the private or public sector. Nonprofit cultural organizations, institutions of higher education, and municipalities are eligible for grants. Funded projects include upgrades and restorations for theaters, a natural history museum, historical societies, an armory museum, concert halls, the Boston Ballet, and the Berklee College of Music, among many others. During the program’s first grant cycle, 62 organizations received grants totaling $16.7 million.

Reclaiming Industrial Space for the Arts

The Massachusetts Museum of Contemporary Art (MASS MoCA) in North Adams, Massachusetts, is one of the nation’s largest multidisciplinary centers for contemporary performing, visual, and media arts. Once an electronics manufacturing hub, the 13-acre, 26-building complex of 19th century factory buildings was converted into a museum after the Sprague Electric Company shut down in 1985.82 After the company closed, unemployment in the area had skyrocketed, buildings were abandoned, and the community faced economic decimation. Community leaders immediately began researching ways to creatively reuse the vast complex to combat the region’s economic downturn. Constructed with state and private funds, MASS MoCA opened in 1999 with exhibitions of large works of contemporary art that would not otherwise fit in conventional museum galleries. With an annual attendance of 120,000, today MASS MoCA presents a wide range of dance, theater, film, music programs, and visual art by many renowned artists. To further stimulate job growth in the region, MASS MoCA develops and leases spaces to businesses such as restaurants, publishing companies, high-tech companies, and regional law firms.
Chapter 6: Incorporate the Arts into a State Tourism Strategy

A major focus of state art strategies is strengthening tourism. Many travelers pick vacation spots not only for their natural resources but for their cultural offerings. Visitors will plan or extend their trips to enjoy an area’s unique food, history, art, or music.

Festivals are one way an area can showcase these features. In Louisiana, for example, thousands of tourists travel to New Orleans each year, not for Mardi Gras, but for the annual New Orleans Jazz & Heritage Festival. The festival celebrates the cultural heritage of Louisiana through a showcase of music of every kind—jazz, gospel, Cajun, zydeco, blues, R&B, rock, funk, African, Latin, Caribbean, and folk to name a few—as well as through presentations of crafts by local artists, folklife exhibitions, and distinctly local culinary creations. Film festivals also have become popular attractions, and many states have long enjoyed the bump in tourism—and its associated economic benefits—resulting from these events. Utah, for example, sees an influx of 45,000 visitors from around the globe each year during the annual Sundance Film Festival.

However, festivals are not the only cultural and artistic offerings that draw out-of-state visitors. Cultural tourism—or cultural heritage tourism—is becoming increasingly popular. This type of tourism describes travelers who visit an area specifically to enjoy its unique food, history, art, or music. Specifically, the Cultural Heritage Tourism Web site (www.culturalheritagetourism.org), an electronic clearinghouse of cultural tourism information, defines this brand of tourism as “traveling to experience the places and activities that authentically represent the stories and people of the past and present.”

According to Partners in Tourism, the coalition of culture, heritage, and tourism associations that sponsors the Web site, cultural tourism is a key component of economic growth, offering local communities a diversified and sustainable means for creating jobs and attracting revenue. It also argues that culture, heritage, and tourism are key components of a sustainable economy. Indeed, a 2003 study, sponsored by the Travel Industry Association and Smithsonian magazine, indicated that visitors to historic sites and cultural attractions stay longer and spend more money than other kinds of tourists.

States have developed a number of innovative strategies to tap into their unique cultural resources as tourism assets. By encouraging cultural tourism planning and marketing their unique arts and heritage offerings, states can attract more visitors and augment the impact of tourism as a contributor to state economies.

Coordinate and Support Cultural Tourism Efforts at the State Level

Many localities have their own efforts and events aimed at attracting cultural tourists. One way states can strengthen cultural tourism is by coordinating these events on the state level to give potential visitors a central resource for information on the arts. For example, North Carolina has focused on linking the arts and agriculture to stimulate sustainable tourism, particularly in rural areas. The HomegrownHandmade initiative has developed “agri-cultural” tourism opportunities that have been implemented throughout the state. The initiative supports business planning, market research, and the preparation of promotional materials. Established by a partnership among the North Carolina Arts Council, HandMade in America, the North Carolina Cooperative Extension Service, and the Golden LEAF Foundation, HomegrownHandmade also uses its Web site to promote cultural trails (driving trails throughout North Carolina that include arts galleries, horse farms, local restaurants, etc.), events, and sample travel itineraries that incorporate agricultural attractions along with maps, a list of accommodations, suggested restaurants, and tips for getting around.

Realizing the potential economic value of a strong cultural tourism program, Maine set out to make cultural tourism a central part of its tourism plan in 1995. The Maine Arts Commission and the Maine Office of Tourism initiated this effort through a workshop event that brought together more than 100 representatives from arts organizations, state agencies, chambers of commerce, historical societies, and businesses to explore the concept of cultural tourism.
In 1997, the Maine Arts Commission and Office of Tourism established a multi-agency funding alliance—called the Arts and Heritage Tourism Partnership—to further the development of cultural tourism in Maine through planning, grants, ongoing workshops, training sessions, and an out-of-state marketing campaign. The partnership went on to create the Midcoast Arts and Heritage Map and an arts and heritage calendar of events.

**Marketing and Partnerships to Promote Cultural Tourism**

**Florida** executed a broad-based cultural tourism promotional campaign called Culturally Florida in 2001. Florida, through its Department of State, Division of Cultural Affairs, partnered with American Express and VISIT FLORIDA (the operating company of the Florida Commission on Tourism) in an effort to reposition Florida as a state to visit not only for its beaches and theme parks but also for its cultural, agricultural, and historical assets. Representatives of Florida’s local arts agencies, museums, conventions, and visitors’ bureaus formed a steering committee that guided the process, made decisions, and gathered the information for the promotional elements. The Culturally Florida campaign resulted in 79,000 visitors to Florida, which generated $46 million in tourist revenues, according to the Florida Division of Cultural Affairs. The marketing campaign featured the following elements:

- A 120-page guidebook distributed via direct mailing to targeted consumers and travel agencies;
- A scaled-down guidebook included as an insert in selected travel magazines;
- A newsletter introducing Culturally Florida to top travel agencies nationwide;
- Targeted mailings to selected American Express customers;
- A dedicated Web site introduced by VISIT FLORIDA; and
- Promotion of the program to travel writers.

Through the New York State Heritage Area Program, **New York** is able to offer state-level coordination of its cultural, natural, and historical resources. The program includes 19 “heritage areas,” which encompass more than 425 municipalities. The Heritage Area Program aims to promote and preserve cultural and historical areas throughout New York through a state-local partnership. The New York State Office of Parks, Recreation and Historic Preservation offers a guide and a brochure to promote the state’s heritage areas.

To support the development of arts-centered tourism products, projects, and partnerships that attract cultural tourists, the Arts Commission in **South Carolina** established the Cultural Tourism Initiative in 2005. The initiative links arts and tourism throughout the state, helping cultural projects attract new tourists, stimulate local economies, and create recognition of the value of the arts and cultural resources to South Carolina communities. The Arts Commission sponsors cultural tourism planning workshops and has awarded more than $215,000 in planning and implementation grants to South Carolina communities to support market research, marketing activities, new product development, and cross-sector projects.

**Connecticut** has recently instituted Culture & Tourism Partnership Grants to encourage interdisciplinary collaborations among arts, historical, film, and tourism organizations with the goal of helping localities build relationships and develop strategies to generate revenue and attract visitors. The Arts Division of the Connecticut Commission on Culture & Tourism administers the grants, which can be as much as $3,000. In 2006, projects funded by the grant program included an arts festival, a family-friendly museum exhibit “trail,” a film festival, a historic garden trail, a Halloween craft and event festival, and a theater package.

Responding to the unique needs of rural communities, **Arizona** offers grants to ethnic-run rural arts organizations and tribal communities to boost tourism and the economy through arts. The Arts Links Tourism and the Economy (ALTE) grants are awarded by the Arizona Commission on the Arts to as many as six communities per year to support substantial projects that promote a community’s artistic resources through economic development and cultural tourism strategies.

To help **Tennessee** arts, tourism, hospitality, and economic development professionals share ideas and explore ways in which the arts and cultural heritage could attract visitors to the state, the Tennessee Arts Commission, with support from the NEA, hosted a two-day conference in October 2006.
The conference, “Cultural Crossroads: Heritage Tourism & the Arts 2,” examined cultural tourism concepts through in-depth sessions on funding, model projects, partnerships, marketing, cultural trails, agritourism (travel to areas used for agricultural purposes, like farms), community assessments, strategic planning, and African-American heritage tourism. To build on the success of the conference, the commission offered free marketing materials and online professional consultations to conference attendees.

States also act as information providers by offering a central source for accurate information and helpful advice. Oregon, for instance, publishes a best practices guide with examples of strategies that have succeeded in attracting tourists to Oregonian communities. The guide—produced by the Oregon Arts Commission—focuses on those strategies that center on Oregon’s cultural, heritage, and natural amenities. Colorado uses its tourism office Web site, www.Colorado.com, as a resource both for visitors to the state and for cultural tourism practitioners within the state. Cultural tourism practitioners can read best practices in the field, learn about funding opportunities, link to helpful organizations, and access research highlighting the benefits of cultural heritage tourism.

**Promote Distinctive Cultural Products**

Each state offers distinctive cultural products. Some states are known worldwide for the quality of their ceramics, whereas other states have attained distinctive success with their textiles, basketry, furniture, ironworks, or other products. States can promote these products to help reinforce the brand identity of the state and can stimulate the expansion of markets for those products across state lines.

**Develop Unique State Branding**

Branding is an important marketing technique used by the state of Alaska to promote the sale of authentic, Alaskan-made products to tourists. Alaska uses a “Silver Hand” sticker or hangtag to identify artworks and hand-crafted products made by Alaska Native artists who also are Alaska tribal members and state residents. Silver Hand products feature natural materials and their artists are certified by the Alaska State Council on the Arts. Alaska also uses a “Made in Alaska” emblem to identify products produced in Alaska by non-Alaska Native residents. The Made in Alaska program is managed by the state Department of Commerce, Community and Economic Development and aims to encourage visitors to purchase authentic Alaskan goods while promoting Alaskan craftspeople.

The Montana Department of Commerce created the Made in Montana (MiM) program in 1984 to help market products created, produced, or enhanced in the state by Montana residents. Manufacturers, producers, artists, and individuals—including authors, artists, and performing artists—whose products meet the MiM standards are authorized to use the Made in Montana or the Grown in Montana logo. MiM-certified products are promoted online and sold at state parks and other key tourist and retail venues across the state.

New Jersey is another state that uses branding to attract tourist dollars and bolster the sales and marketing of resident artists and arts organizations. Discover Jersey Arts is a statewide campaign that aims to promote cultural tourism, build arts audiences, and generate revenue for arts organizations and related service industries. Sponsored by the New Jersey State Council on the Arts; the ArtPride New Jersey Foundation; the NJN Foundation; the New Jersey Theatre Alliance; the South Jersey Cultural Alliance; and the New Jersey Commerce, Economic Growth & Tourism Commission, Discover Jersey Arts uses its Web site, a toll-free hotline, the Jersey Arts Guide, a Jersey Arts Ticket member card program, and other cooperative marketing programs to promote the Discover Jersey Arts brand.
Stimulate Markets for Cultural Goods

In 2008, the state of Indiana launched the Indiana Artisan Development Project, a program to promote handmade products made by “Hoosier” artisans. Indiana Artisan is a joint venture of the Indiana Office of Community and Rural Affairs, the Indiana Office of Tourism Development, the Indiana Arts Commission, and the Indiana State Department of Agriculture.

The goals of Indiana Artisan are to raise awareness about the availability of hand-crafted arts and food products made in Indiana. In addition to promoting the goods and the artisans that make them, the initiative will provide grant funding for artisan business development education and networking, expand retail opportunities for Indiana goods, and develop branding strategies to effectively market the products.

Other states have emphasized the creation of online markets. In 2002, the Made in Montana program launched an “online products directory” to market Montana goods. The directory now includes more than 850 businesses and individuals producing or carrying these branded products. Other programs, such as BuyIowaArt.com (initiated by the Iowa Arts Council and since spun off as a private company) and Michigan’s Craftworks! (www.craftworksmichigan.org), seek to establish an Internet marketing presence for the state. These online markets promote products from their state and help artists and galleries market and promote their work, which may include traditional art, books, music, photography, visual arts, or crafts.

In addition to online markets, some states have begun to create craft centers or annual craft fairs to showcase the work of artists. The Craftsmen’s Guild of Mississippi is a membership organization of more than 400 professional artisans from all across the Southeast. The guild opened a new facility—the Mississippi Craft Center—in June 2007. Now Mississippi crafts artists have their own home, designed specifically for the display and demonstration of craft. In West Virginia, artisans are selected from all over the state through a juried process and showcase their products at Tamarack: The Best of West Virginia, a craft center located along a busy interstate highway. In addition to offering exhibits and craft education programs, these facilities are connected with their respective state’s cultural tourism efforts as well as various events and festivals.

Market Cultural Events

Many states facilitate the promotion of cultural events to tourists and residents. For example, the state of Vermont organizes and maintains a free, online calendar of arts and cultural events throughout the state in an effort to advertise and coordinate the state’s cultural offerings. The Vermont Arts Calendar allows users to plan and save travel itineraries and includes mapping features to event locations and nearby accommodations and restaurants. Events posted in the Vermont Arts Calendar also appear in the Vermont Department of Tourism’s Travel Planner Web site and at information kiosks at the state’s Welcome Centers. Event information also is distributed to newspapers, periodicals, and other online calendars across the state.

ArtsinOhio.com is another comprehensive statewide calendar of cultural events. Managed by the Ohio Arts Council, in collaboration with local convention and visitors bureaus, the online calendar provides free online information for Ohio residents and visitors. Users can search for events by city, date, organization, special accessibility, price, special discounts, and more. More than 1,400 organizations and 1,800 venues list their information in ArtsinOhio.com, and more than 2,500 unique events are available at any time. Participating organizations include museums, symphonies, concert series, festivals, libraries, historical societies, zoos, and many other organizations with cultural programming.

Florida links each of its counties’ cultural calendars to a central Web site to provide a one-stop online resource for visitors. The Web site, hosted by the Florida Division of Cultural Affairs, also provides links to local arts councils, commissions, and alliances, as well as county departments of tourism and chambers of commerce.
Promote Unique Destinations

To attract cultural tourists to the Blue Ridge Mountain region, **North Carolina** and **Virginia** partnered to create the Blue Ridge Music Trails, a program that promotes areas of those states in which folk music and dance thrive. The trail, which grew out of the Blue Ridge Heritage Initiative, is a collaboration between the North Carolina Arts Council and the Virginia Commission on the Arts. It features music venues in 44 counties and towns throughout the two states that have been identified by folklife experts and include traditional bluegrass music performed by local musicians. The Blue Ridge Music Trail is one of several cultural trails designated by the Blue Ridge Heritage Initiative, a multistate partnership dedicated to promoting the region’s cultural heritage. Other trails under the initiative include the Cherokee Heritage Trail and the Farms, Gardens and Countryside Trails. In partnership with HandMade in America, North Carolina also boasts several craft trails.

**New Mexico** uses trails to promote local artists and attract cultural tourists as well. The New Mexico Fiber Arts Trails, established in 2007, is a collaboration between the state and a grassroots network of fiber artists. The trails are designed to cultivate awareness of the New Mexico’s heritage while boosting tourist traffic and creating opportunities for New Mexican artists. This program allows rural artists to practice their heritage and remain in their homes, which helps develop rural areas of the state.

In addition to trails, states can look to their roads and highways as tools for promoting intrastate travel and drawing tourists to unique cultural and historical venues, particularly in rural areas. In **Minnesota**, for example, a collaboration among state agencies helps organize and promote 22 scenic drives that span more than 2,000 miles. The program—operated by the Minnesota State Arts Board, the Minnesota Office of Tourism, the Minnesota Historical Society, the Minnesota Department of Transportation, and the Minnesota Department of Natural Resources through a combination of state and federal funding—includes workshops to help localities assess their natural and cultural assets and plan scenic routes. Minnesota uses extensive marketing of its maps and visitors guides to draw tourists from around the globe.

In a similar vein, the state of **Washington** enlivens its visitors’ experiences through a series of audio tours and booklets that narrate the state’s heritage corridors and selected state routes. The tours, which are produced by the Washington State Arts Commission and the Washington State Department of Transportation, have grown from a heritage education tool to a promotional product that contributes to the state’s economic development. A study of one tour concluded that 30 percent of the purchasers of the tour traveled the specified route to use the tour guide.

The commonwealth of **Kentucky** uses a 40-page multicultural tourism guide, which is available online and in print at state welcome centers and historic sites, to help tourists locate unique cultural events, activities, and opportunities. The guide highlights the commonwealth’s diverse, multicultural history, including the Underground Railroad and the Cherokee State Resort Park.

![Clara Sherman, a 2006 New Mexico Governors Arts Award winner, is featured on the Fiber Arts Trail. The trail leads tourists to artists’ studios where they can purchase handmade goods.](image)
CONCLUSION

The arts and culture have the potential to offer numerous benefits to state economies. Through the creative industries, states have an opportunity to create jobs, attract investments, generate tax revenues, and stimulate local economies through tourism and consumer purchases. In addition, creative industries are contributing to the contemporary workforce, making creative contributions to industries’ products and services, and infusing culture into community development.

States can use the arts to boost their economies in a variety of ways, from incorporating arts into economic development and community development plans to supporting arts education and promoting arts assets as boosts to cultural tourism. To get started, states should consider conducting a comprehensive scan of their cultural assets and include arts industries in their cluster analyses. Particular care should be taken in creating a taxonomy of these assets, since definitions of “creative economy” often vary by state. But the effort will allow states to determine reliably how much of the workforce comprises creative fields and exactly which creative assets have the most potential for growth.

After their cultural assets have been mapped, states can use information to devise economic development strategies that harness the economic benefits of the creative industries on a statewide basis. Such strategies not only summarize the value of the arts to a state, but they also identify new opportunities, point to productive initiatives, and reveal potential partners furthering arts-driven economic development in the state. The key elements of a good planning process are leadership and input from stakeholders, agreement on a clear vision, and visible kick-off efforts.

Additionally, states should adopt strategies that support and strengthen their creative industries. This includes offering incentive policies targeted at the arts and culture sectors as well as development initiatives, entrepreneurial training, marketing programs, or public-private collaborations to encourage growth and invest in specific creative clusters. It also includes leveraging the arts to gain a competitive edge in business.

In addition to incorporating the arts and culture into their economic strategies, states can support the inclusion of art in community development strategies by offering grants and other support for localities for their planning efforts, establishing cultural enterprise zones, and creating public space for art, among others. States also can implement state tourism strategies that use their unique arts and cultural attractions to bring tourism dollars to localities while directly supporting arts enterprises.

By investing in the arts and incorporating arts and culture into their economic development plans, states can reap numerous benefits—economic, social, civic, and cultural—that help generate a more stable, creative workforce; new tourism; and more livable communities.
Appendix A: Directory of State Economic Impact Reports

Alabama

Arkansas

California

Colorado

Connecticut

Delaware

Florida

Hawaii

Illinois

Indiana

Iowa

Kansas

Kentucky

Louisiana

Maine
Maine (cont.)


Maryland

Massachusetts

Michigan


Minnesota


Missouri

Montana

Montana (cont.)


New Hampshire

New Jersey

New Mexico


New York


North Carolina


North Dakota
Oklahoma

Oregon


Rhode Island

South Carolina

Texas

Vermont

Vermont

Virginia

Washington


West Virginia


Wisconsin

Economic Impact of the Arts in Wisconsin, Wisconsin Arts Board, 2001. [http://arts.state.wi.us/static/study/wi_study.pdf](http://arts.state.wi.us/static/study/wi_study.pdf)
Appendix B: Publication Series by the NGA Center, NEA, and NASAA

Using Arts and Culture to Stimulate State Economic Development (2008)
Promoting Film and Media to Enhance State Economic Development (2008)
State Efforts to Promote Reading and Literary Activities in Communities (2006)
Strengthening Rural Economies through the Arts (2005)
How States Are Using Arts and Culture to Strengthen Their Global Trade Development (2003)
The Impact of Arts Education on Workforce Preparation (2002)
The Role of the Arts in Economic Development (2001)

These publications are available on the NGA Center Web site, www.nga.org/center.

The Idaho Shakespeare Festival’s performances, architecture and educational programs attract both residents and travelers.
Using Arts and Culture to Stimulate State Economic Development

ENDNOTES


7 Regional Technology Strategies, Clusters of Creativity.


17 Louisiana Department of Culture, Recreation & Tourism, “Cultural Economy Initiative,” http://www.crt.state.la.us/culture/economy/.

18 Louisiana Department of Culture, Recreation & Tourism, Louisiana Rebirth: Restoring the Soul of America, (Louisiana Department of Culture, Recreation & Tourism, 2005), http://www.crt.state.la.us/LouisianaRebirth/Plan/LouisianaRebirthplan.pdf.


25 Stephanie Casey Pierce, Promoting Film and Media to Enhance State Economic Development (Washington, DC: NGA Center for Best Practices, 2008), http://www.nga.org/Files/pdf/0807PROMOTINGFILMMEDIA.PDF.

26 Ibid.


Using Arts and Culture to Stimulate State Economic Development


78 Based on FY 2007 state arts agency Final Descriptive Report grant data reported to the National Endowment for the Arts and the National Assembly of State Arts Agencies.


New Mexico Arts, “New Mexico Fiber Arts Trails,” http://www.nmfiberarts.org/?view=about.


Acknowledgements

This report was written by Chris Hayter and Stephanie Casey Pierce. Chris Hayter is a program director for economic development at the National Governors Association Center for Best Practices (NGA Center), and Stephanie Casey Pierce is a senior policy analyst in the Office of the NGA Center Director. Erin Lamos and Taryn Hunter with the NGA Center provided writing and editorial assistance for this report. Andrea Brachtesende, NGA's publications and communications manager, provided valuable support for this report, including significant writing and editing as well as production assistance. This report was developed under a cooperative agreement between the National Endowment for the Arts (NEA) and the National Governors Association Center for Best Practices and with significant research assistance from Kelly Barsdate and her colleagues at the National Assembly of State Arts Agencies. Many thanks to Andi Mathis and John Ostrout at the NEA for their guidance on this report.

IMAGE CREDITS


Page 8 - From “Creativity in the Natural State: Growing Arkansas’ Creative Economy, Volume 1,” copyright 2007 by Regional Technology Strategies, Inc.


Page 14 - Photo by Brian Ach, courtesy of Sundance Film Institute.

Page 19 - Photo of blacksmith at Penland School of Crafts by Robin Dryer.

Page 22 - Photo courtesy of John Michael Kohler Arts Center. Arts/Industry is a long-term residency program of the John Michael Kohler Arts Center. Arts/Industry takes place at and is funded by Kohler Co.

Page 26 - Photo courtesy of Massachusetts Cultural Council.

Page 30 - The Silver Hand® Program is governed by Alaska state statute and administered by the Alaska State Council on the Arts; Kentucky Crafted is a registered trademark of the Kentucky Craft Marketing Program, a program of the Kentucky Arts Council; Made in Montana USA logo courtesy Montana Department of Commerce.

Page 32 - Photo by Claude Stephenson, New Mexico Arts.

Page 33 - Photo courtesy of International Storytelling Center, Jonesborough, Tennessee.

Page 37 - Photo courtesy of Idaho Shakespeare Festival.
NGA CENTER DIVISIONS

The Center is organized into five divisions with some collaborative projects across all divisions.

- **Education** provides information on early childhood, elementary, secondary, and postsecondary education, including teacher quality, high school redesign, reading, access to and success in postsecondary education, extra learning opportunities, and school readiness.

- **Health** covers a broad range of health financing, service delivery and policy issues, including containing health care costs, insurance coverage trends and innovations, state public health initiatives, obesity prevention, Medicaid and long-term care reforms, disease management, health information technology, health care quality improvement, and health workforce challenges.

- **Homeland Security & Technology** supports the Governors Homeland Security Advisors Council and examines homeland security policy and implementation, including public health preparedness, public safety interoperable communications, intelligence and information sharing, critical infrastructure protection, energy assurance, and emergency management. In addition, this unit assists governors in improving public services through the application of information technology.

- **Environment, Energy & Natural Resources** analyzes state and federal policies affecting energy, environmental protection, air quality, transportation, land use, housing, homeownership, community design, military bases, cleanup and stewardship of nuclear weapons sites, and working lands conservation.

- **Social, Economic & Workforce Programs** focuses on policy options and service delivery improvements across a range of current and emerging issues, including economic development, workforce development, employment services, criminal justice, prisoner reentry, and social services for children, youth, and low-income families.