

# STATE POLICY BRIEFS

## Tools for Arts Decision Making

### STATES AND THE CREATIVE ECONOMY

Every state strives to support the prosperity and productivity of its people and its communities. Economic forces of all kinds—from the decline in manufacturing and agriculture, to the recent recession, to an increasingly mobile and older population—are prompting states to seek innovative economic development strategies that produce results. An increasing number of states are recognizing a creative sector approach as a useful and timely part of the solution to a changing economy.

#### policy rationales

A mounting base of evidence and experience demonstrates that there are many reasons for states to pursue creative economy initiatives. These policy rationales encompass everything from traditional economic benefits, to tourism and community revitalization, to cross-sector partnerships and civic engagement.

**To compete in today's economy, a robust creative sector is necessary.** The United States economy relies heavily on services, information, technology and intellectual property. Along with the increasing dominance of these enterprises comes the need for greater creativity and innovation in the workforce. This phenomenon breeds competition: for people, for ideas, for business and for quality of life. The arts and cultural sectors are proven anchors for attracting and improving these assets.<sup>1</sup>

**Creative enterprises produce concrete economic benefits, including jobs, tax revenue and consumer spending.** Many states have measured the economic effects of the creative sector, which nationwide amounts to billions of dollars through direct spending by cultural organizations and related spending by consumers. Creative enterprises are also key employers in some regions and produce billions of dollars in local, state and federal taxes each year.<sup>2</sup>

**Arts and cultural amenities attract tourism dollars.** A state's cultural amenities—such

#### Economic Development Language

State arts agencies use a variety of terms—arts, culture, creative or heritage—to describe economic development efforts. Definitions of the sector are also diverse, including various combinations of nonprofit and commercial enterprises. Depending on each state's or region's distinctive characteristics, the creative sector may include human, organizational and physical assets in the performing arts, visual arts, crafts, folklife, culinary arts, science, technology, film, design, architecture, crafts, history, humanities, popular culture, the natural environment and more. This policy brief uses "creative economy" as an umbrella term to encompass economic development initiatives with arts or cultural dimensions. Individual states, however, should develop definitions and language that are appropriate to their unique circumstances.

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as festivals or museums or historical monuments—are key destinations for tourism. Almost a third of travelers note that a specific arts, cultural or heritage event influenced their decision about where to travel. Cultural travelers tend to spend more and stay longer than the average tourist, generating a more significant economic impact for the state.<sup>3</sup>

**Creative enterprises deliver multiple benefits to communities.** Cultural activities, buildings, artifacts and spaces are often the focal point of revitalization efforts and serve as primary meeting places for the community. Creative production, encompassing everything from environmental design and signage to architecture to public art, is frequently credited with generating a cohesive sense of place, beautifying communities and contributing to quality of life. Creative enterprises and arts participation yield measurable civic and social benefits, which contribute to economic vitality.<sup>4</sup>

**Creative assets are already present**

**in every state.** The creative economy capitalizes on existing cultural assets, including buildings, institutions, organizations and people. The arts and culture industry is one that is highly entrepreneurial and adaptive to the state's

unique circumstances. The creative enterprise strategy can work, though differently, in all types of settings, using infrastructure and people already committed to the state's prosperity.

**Creative Economy Resource Center**

The **online resource center** provides further scholarship and critical discourse about the creative economy. Visit **recommended resources** for more case-making ideas.

**Creative economy initiatives strengthen collaboration within government and**

**across sectors.** A successful creative economy initiative builds collaboration and pools resources among government entities, the private sector, the arts and culture industries, and the public. By encouraging innovative thinking about the contributions of various sectors, creative economy endeavors strengthen relationships, foster new partnerships, and exemplify public sector leadership.

**Arts and cultural enterprises are competitive in a global economy.** Today's marketplace is characterized by global competition, both for people and products. Arts and culture are not only products that have value and can be traded; they also create bridges for business exchange and connect worldwide communities in ways that other industries do not.<sup>5</sup>

**Culture helps build a distinctive state identity.** Every state strives to promote those assets that make it unique. The cultural sector is often the key to establishing identity, be it through the arts community, historic preservation, festivals, music, crafts or even

culturally based food. This distinctive identity serves the state in attracting business, tourists and residents.

All of these benefits of creative enterprises have been documented through research and observation, but successful creative economy initiatives require organized, coordinated efforts. State arts agencies (SAAs) often facilitate these efforts in cooperation with a variety of public and private partners.

### state arts agency roles

The state arts agencies involved in creative economy initiatives have made conscious choices about their **leadership** roles in this work. While in many states the ideas and concepts of the creative economy have been developed by the state arts agency, each SAA has made a strategic decision as to how visible its involvement should be. In some states, the state arts agency has been positioned as the central axis in the initiative. This has helped create more awareness and exposure for the agency and allowed the SAA to shape the direction of creative economic development efforts. However, in other states, the agency has been careful to remain a background player, understanding that the strategy may carry more weight if it is championed by another agency or organization. Whether or not it chooses to be the visible leader and spokesperson for the creative economy, the state arts agency almost always plays an integral part and contributes its singular expertise about the state's cultural industries.

#### SAA Leadership Roles

- Planning
- Partnerships
- Research
- Convening
- Advocacy
- Public Relations
- Grant Making

In the early stages of creative economic development work, state arts agencies are often pivotal in **planning**. In fact, initiative ideas are commonly first developed through the SAA's own strategic planning process. The agency's role may encompass everything from conducting public meetings to articulating goals to serving as advisors to other agencies and offices. During the planning process, and throughout the initiative, state arts agencies often catalyze strategic **partnerships**, both within state government and within the community. Capitalizing on its distinctive access to artists, universities, community organizations and other government agencies, a state arts agency can assemble many of the pieces necessary to make these projects successful.

Creative economic development work relies on a solid foundation of **research** about the cultural industry and its intersection with the economy. Although this work is often funded by other branches of state government (for instance, the department of eco-

conomic development or the governor's office), state arts agencies are authorities on determining what types of data to collect and aggregate, what data might already exist, and how best to use and disseminate this data once it is available. In particular, state arts agencies are essential in the **identification of existing cultural assets** that can be connected or nurtured to meet specific economic development goals.

### Economic Impact Studies

View [examples of statewide research](#) on the arts and economic development at NASAA's online resource center.

Many state arts agencies have chosen to initiate the creative economy work through **convening** interested government officials, citizens, businesspeople, artists and the press around the topic. Often occurring in the design stages of the initiative, this provides an opportunity to educate audiences, build alliances and bring media and political attention to the creative economy. State arts agencies also conduct **advocacy** on behalf of the ideas and concepts that support the arts and economic development. This role requires the development of messages for specific target audiences. Elected officials need to understand that the work is vital and merits funding. Economists need to acknowledge that the arts and culture industry deserves measurement and investment. Artistic constituents need to recognize how the creative economy will improve their own economic opportunities and quality of life. The public needs to embrace creativity and recognize how it affects their daily lives. To all of these audiences, the state arts agency is a primary voice for building enthusiasm and political capital.

In addition to advocating, state arts agencies frequently become the primary **information source** for the initiative, providing technical assistance and resources to all interested parties. The SAA serves as a central clearinghouse for research, facts about the field, and expert referrals. In this capacity, it is common for the state arts agency to maintain regular listservs or Web sites, respond to press inquiries, and be the essential **public relations** base for the initiative.

As the concept of the arts as an economic driver becomes more acknowledged by states, some SAAs are beginning to **administer grant programs** that support economic development projects. Grant dollars support a variety of activities, such as planning, conducting asset inventories, strengthening marketing efforts, supporting entrepreneurial practices and building partnerships between arts and business entities.

### success factors

As leaders of the creative sector, state arts agencies are crucial in ensuring positive outcomes from creative economy initiatives. While all states have different needs and approaches to this work, there are a few key recommendations that increase the probability of success.

**Identify outspoken support from elected officials at the highest levels.** Every creative economy initiative needs a high-ranking ally, from governors and lieutenant governors to department heads and legislators. State arts agencies realize that broad public support is a necessity, but no amount of public support is going to make an initiative successful without buy-in from those with political power.

**Align the initiative with the needs and goals of the state.** Creative economy initiatives rarely succeed if they are designed solely to meet the needs of the arts sector. Instead, initiatives must serve to advance specific and timely economic development priorities that state leaders agree are important.

**Act when the synergy and timing are right.** When an issue is perceived as urgent, when the political will is in place, or when the right team of like-minded people comes together, a window of opportunity opens for policy development. Capitalizing on these moments creates a better connection between creative economic development and the issues it attempts to address.

**Invest in, conduct and publicize quality statewide research.** Creative economic development is a highly conceptual argument that needs substantive research to support it. Research and data are important components in demonstrating the impact of the arts to authorizers, both in state government and the private sector. By thinking like economists, state arts agencies can better develop research and messages.

#### Statewide Initiatives

Visit NASAA's online resource center for [profiles](#) of specific arts and economic development statewide programs.

**Create and maintain strategic partnerships. Partnerships open the door to new resources and people.** By collaborating with the private sector, government and non-arts nonprofits, partnerships are essential to extending the reach and longevity of the initiative. Identifying supporters from outside the arts sector will help gain broad-based support. As important as these relationships may be, it is also imperative to remember and engage the state's cultural sector as important collaborators, messengers and partners.

**Recognize that very different strategies may be needed for rural, urban and suburban areas.** The population and geographic composition of the state is an important consideration in shaping strategies. Creative economy initiatives may require different strategies for each segment or a specific focus on just one of these segments.

**Be prepared for detractors.** There are many valid ways of thinking about economic development, and not all economists and politicians agree with a creative sector or

cluster-based approach. Determine what economic theories are most influential with the state's leaders and find ways to position a creative sector approach as complementary. Knowing the strengths and limitations of research lends credibility to the case for creative economic development.

**Seek bipartisan support.** Given the churn in today's political landscape, turnover in political leadership may occur during the years it takes to bring an initiative to maturity. To maintain efforts over time, cultivate relationships across party lines, as well as with businesses and community leaders who can offer continuity of support.

#### Advice from SAA Leaders

Learn about additional **success factors and practical tips** from state arts agency leaders at NASAA's online resource center.

### creating winners all around

The creative economy strategy to economic development is one in which every sector benefits. Citizens and residents experience enhanced economic opportunity and quality of life. Businesses garner stronger workforces, innovative thinking and enhanced competition. Government plays a meaningful role in the expansion of markets and assets that deliver economic benefits. Artists and arts organizations experience elevated levels of influence, capacity and recognition. Using existing entrepreneurial state assets, creative economic development offers an exceptional opportunity for cooperation and collaboration among sectors, encourages state government to work with citizens in new ways, and provides a long-term strategy for economic growth.

#### Augmenting Initiatives

Regardless of whether creative economic development is the right policy solution for a state, there are aspects of these initiatives that can strengthen state government and the operations of state arts agencies. These include institutionalizing **research**, increasing cooperation and **partnerships** among agencies and sectors, developing **grant programs** that address state economic goals, and facilitating **commerce** for artists and arts organizations.

## notes

<sup>1</sup> *The Role of the Arts in Economic Development*. National Governors Association Center for Best Practices, 2001, [preview.nga.org/Files/pdf/062501ARTSDEV.pdf](http://preview.nga.org/Files/pdf/062501ARTSDEV.pdf).

<sup>2</sup> *Arts & Economic Prosperity: The Economic Impact of Nonprofit Arts Organizations and Their Audiences*. Americans for the Arts, 2002, [ww3.artsusa.org/information\\_resources/economic\\_impact/](http://ww3.artsusa.org/information_resources/economic_impact/).

<sup>3</sup> *The Historic/Cultural Traveler, 2003 Edition*. Travel Industry Association of America.

<sup>4</sup> *Culture Builds Community: The Power of Arts and Culture in Community Building*. Social Impact of the Arts Project, University of Pennsylvania, 2002, [www.sp2.upenn.edu/SIAP/Blue%20CBC%20handout.pdf](http://www.sp2.upenn.edu/SIAP/Blue%20CBC%20handout.pdf).

<sup>5</sup> *How States Are Using Arts and Culture to Strengthen Their Global Trade Development*. National Governors Association Center for Best Practices, 2003, [preview.nga.org/Files/pdf/040103GLOBALTRADEDEV.pdf](http://preview.nga.org/Files/pdf/040103GLOBALTRADEDEV.pdf).

For additional resources on the creative economy in the states, visit NASAA's online resource center at [members.nasaa-arts.org/research/creative\\_economy.shtml](http://members.nasaa-arts.org/research/creative_economy.shtml).

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### **national assembly of state arts agencies (NASAA)**

NASAA is the membership organization that unites, represents and serves the nation's state and jurisdictional arts agencies. NASAA's mission is to advance and promote a meaningful role for the arts in the lives of individuals, families and communities throughout the United States. We empower state arts agencies through strategic assistance that fosters leadership, enhances planning and decision making, and increases resources.

The work of NASAA and of state arts agencies is supported and strengthened in many ways through funding and programming partnerships with the National Endowment for the Arts, which believes that a great nation deserves great art.

*State Policy Briefs* synthesizes research on key policy issues affecting the arts and state arts agencies. Designed to inform cultural policy decision making at the state level, this series provides information on state arts agency policy alternatives and innovative strategies for serving the public. For information on ways to build political and constituent support for the arts, consult *The NASAA Advocate: Strategies for Building Arts Support*.