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Introduction

Jonathan Katz: Hello, I'm Jonathan Katz, NASAA CEO, and it's my pleasure to welcome all of you to today's session. This seminar will feature a collaboration of which we're very proud: a partnership between the National Governors Association (NGA), NASAA and the National Endowment for the Arts (NEA). As a team, we are working on a new report about how the arts, culture and design can boost state economic growth. Today's seminar will give you a sneak preview of that report.

This topic—the arts as an economic driver—is hardly a new theme for state arts agencies or for NASAA. But given the changing environment and the enormous range of resources that artists and arts organizations represent, we need continually to look for different ways to talk about this topic, new messengers to convey our relevance and fresh evidence to cite. Our good colleagues at the NGA are helping us do all those things. And our working relationship is supported by funds from the NEA, an investment which benefits all of the states and which NASAA really appreciates.

I invite you to listen to today's session with a couple of purposes in mind. Please do take note of the findings. But also stay attuned to the language and be thinking about ways that you might make some of these connections in your own case-making and research. Now I'll turn things over to Sue Struve, NASAA's communications manager, to get things under way. Sue?

Sue: As Jonathan noted a moment ago, this project is a collaborative effort between the National Governors Association, the National Endowment for the Arts, and NASAA. You'll be hearing from all three partners in a roundtable discussion today. On the line with us from the NGA is Mary Jo Waits. Mary Jo is the director of the Economic, Human Services & Workforce Division at the NGA's Center for Best Practices. Mary Jo and her team have been collecting research and examples from the arts and economic development sectors, and using that information to develop guidance for state officials. So Mary Jo will be sharing what they have learned so far. Also joining us is Laura Scanlan, director of states and regions at the NEA. The NEA has provided funding for this report as well as input and support to shape the project. Kelly Barsdate, NASAA's chief program and planning officer, will be with us today as well. NASAA helped the NGA secure background research for the report, and will play a leading role in disseminating the findings once the report is completed. First, let's talk about the goals for this partnership.

About the Overall Project

Sue: Laura, can you describe what the NEA is hoping to accomplish with this report?

Laura: Thank you, Sue. It is really quite straightforward. The NEA wants to prove to governors that the creative sector, including arts, culture and design, is part of the solution for addressing the economic challenges that states are facing. We believe that this report will be a very important resource and body of evidence for
state government officials who are looking for strategies, programs and partnerships that have already proven to deliver economic benefits. Our audience for this report is governors, policy advisors, cabinet secretaries and state legislators, all of whom we know affect state economic policies. And we suspect that state arts agencies will target a much larger audience, including mayors, urban planners, developers, local arts agencies and nonprofit organizations, all of which are critical partners in their states’ creative economy work. I also want to make note that the NEA chose the NGA and NASAA for this project because the NGA Center for Best Practices has the credibility and influence with governors to shape policy at the state level, and NASAA has provided insights and information on examples and case studies that best reflect the role that state arts agencies play in this work.

Sue: Thanks, Laura. Mary Jo, tell us more about the Center for Best Practices and how this report fits into what you do for governors.

Mary Jo: The Center for Best Practices is part of the NGA, which is the membership organization of all the governors of the 50 states, three territories and two commonwealths. There are two sides to the NGA. One side is the federal relations side, which is focused on representing states to Congress and various federal policymakers. Our side, the NGA Center for Best Practices, is really the think tank and consulting arm to the governors and their senior policy advisors. We work with them and provide important data and ideas on best practices, and then work with them on their strategies. We are considered the only organization that works directly with the governors and their key policy staff on their policy initiatives.

Sue: Thank you, Mary Jo. Kelly, this project is just one in a series that the NEA, the NGA and NASAA have done together, is that right?

Kelly: That’s right, Sue. Many of you will probably remember the Arts & the Economy report that we issued a couple of years ago. That was actually the seventh in a series of reports and issue briefs that we have put out as a team since 2001, and we are really thrilled to be working on an eighth. All of these reports have revolved around the theme of the arts as an economic asset for states, but each one has taken a slightly different angle: world development, global trade, film incentives—whatever topic is current for governors and the NEA as well. The arts community makes wide use of these reports for sure, but like Laura was saying at the start, they are really written by and for experts from the economic development sector. They speak that language and make the case in those terms, and I think the collaboration and the products have been really successful and widely cited, and have been popular downloads from the NGA’s site as well. Is that right, Mary Jo?

Mary Jo: That is correct! The latest report, Arts & the Economy, is consistently one of the top downloads from NGA’s website. And that is against pretty stiff competition when you consider that a lot of states’ governors are thinking about education policy, energy policy, etc.
**Preview of Findings**

**Sue:** I know that everyone is eager to learn what the new report will contain. Mary Jo, can you tell us about the premise of the new report and how you're framing your research?

**Mary Jo:** As Kelly mentioned, the whole goal was to talk about the role of arts, culture and design in economic development terms. It is clearly an issue that governors are grappling with. If you look at their state-of-the-state addresses, one of the top three issues that comes out is job creation and economic growth. So we wanted to take that on and look at how art, culture and design can help with economic growth. We identified five issues that governors are dealing with.

First and foremost is the ability to stay ahead in the innovation game and the fact that it is constantly changing. We've known that most states that are leaders in innovation are largely driven by their great research universities and the kinds of high-tech industries that we have in the United States. Other countries are getting in the game and following our model, so we and the governors have to think about how we stay ahead in the innovation game.

The second issue that everyone is facing, and the economy has really brought it to the fore, is that innovation in mature industries are vital to economic prosperity. We've certainly learned through the manufacturing industry that no industry, including the high-tech industry, can sit comfortably with its lead and not develop new products, new markets and remain innovative with its approach.

The third issue is the notion of creating those high-quality places that attract creative talent and foster innovation, like in Austin and Silicon Valley. How do build that innovation environment?

The fourth notion is the increasing need for revitalization. Almost every governor out there is looking at issues around factories closing, and certainly now with the Great Recession, the idea of what home foreclosures are doing to urban areas and the need for revitalization.

And the fifth issue is the one that is always prominent. Talent matters and the work force will need to constantly upgrade its skill level.

Those are the five main issues that we thought we could approach as far as how arts, culture and design can help governors.

**Sue:** What will your findings show about how the arts can help with these challenges?

**Mary Jo:** The strategy is to set up those five issues and then show examples of how states have successfully addressed them. For instance, if you look at the first issue I mentioned, staying ahead in the innovation game, we show that arts, culture and design provide a core for a fast-growth, dynamic energy cluster. We give examples of places like in Arkansas where creative industry is the third largest in the state, is fast growing, and includes things like entertainment, fashion, broadcasting and architecture. We also
mention Colorado, where they have found in their analysis that the creative industry is the fifth largest and is very fast growing. Putting those kinds of examples out there is key to showing that there is a core industry out there that is really growing, and that is a critical message to get out during these tough economic times.

The second idea is about helping mature industries to remain or become competitive. We know new technologies are important to mature industries in creating new markets, new products and new services, but just as important is design. Design of new products that reflect what the customer wants and increase the value of the product are invaluable to manufacturing. We profile manufacturing and how important design is to their creating new markets and products.

The third focus is showing how arts, culture and design provide critical ingredients for innovative places. Not everyone can have a Silicon Valley, but everyone can think about clustering creative talent, think about the relationships between those creative talents and place. And arts, culture and design certainly plays a role in all of that.

The fourth one is catalyzing community revitalization. I think you all know that artists have been pioneers in revitalizing communities, and we certainly want to continue that theme considering how important it is.

And finally, delivering a better prepared work force. The idea that innovation matters clearly makes imagination, critical thinking, collaboration, all the things you'd learn in terms of arts and design absolutely critical for the jobs that are going to stay in the United States.

Sue: Mary Jo, innovation is clearly a big theme for states right now. Can you share a little more about what the report will say about that?

Mary Jo: I think the notion of innovative places is a new angle that we talk to in the report. Places and cities are really starting to think about creating innovation hubs. It is a physical space, because we are learning that creative industries like to cluster together because it is easier for them to share ideas and partner, which are very important components to innovative places. We are seeing that states are creating innovation hubs. Ohio, for instance, and Washington are creating innovation zones where they have lots of creative talent, interaction and good quality of place. One of the examples we have here is Phoenix downtown. It started out as a traditional downtown, but Phoenix really concentrated on making it an innovation hub stressing seven themes. The whole point was to build expertise and get smart people clustered together; the knowledge anchors are really about bioscience research institutes and their scientists interacting with and through arts and culture in public places downtown. This is the notion of merging smart people, scientists and engineers with arts and creative talent in such a way that they interact, share ideas and hopefully sparks fly. Part of that interaction is networks, but part of it is also how you design the space. It is about collecting the creative talent and giving them the place to interact.

Sue: I'm hearing another important theme: place making. Laura, can you elaborate on that?

Laura: In the report, the NGA specifically references the work of economist Ann Markuson and her research on the concept of creative place making, so I thought it might be helpful to provide a bit of context of what we mean. She explains in the report that creative place making happens when partners from the public, private, nonprofit and community sectors work very intentionally together to strategically shape the physical and social character of a neighborhood, town or city specifically around arts and cultural activities. She then goes on to say that these places, when they are designed with intention, attract business, entrepreneurs
and industries that generate jobs and products and new services. They in turn attract highly skilled workers. With that as a context, the NGA report draws out a wide variety of creative place-making strategies.

What is critical about the innovation hubs that Mary Jo mentioned is that they encourage the proximity of a wide range of industry sectors to creative enterprises. One of the more interesting images in the report is actually an aerial view of that close proximity of cultural organizations, academic institutions and businesses that all foster that innovation hub activity.

Another strategy within creative place making is the adaptive reuse of older buildings for affordable live-work units, retail space, performance space and administrative offices. There will be examples from a number of states who have embraced that strategy.

A third example referenced in the report is the creation of cultural districts and arts enterprise zones, which typically happen through legislative action. There are 11 states mentioned in the report that have already designated more than 130 cultural districts throughout the country.

And finally, public art installations are featured as a way of defining places and in the process encouraging civic pride and community engagement. Those are just a few examples of what we mean by creative place making.

*Sue:* Kelly, work-force development also sounds like a key part of this mix. What will the report say about that?

*Kelly:* Work-force development is definitely one of the anchor points here. I don't think any of the big-picture economic problems that the states have can be addressed without a work force trained to innovate, to problem solve and communicate well. I won't go over how important the arts are to developing those things in this session, because I think all of us who dialed in today understand that. But the report does explain in a very useful way about how the arts really support work-force preparation and innovation. It also offers some suggestions about specific things that states can do. Take, for instance, services for artists; a lot of state arts agencies have programs to promote business training or career development for artists, like the Artists Ventures program in South Carolina or the Montana entrepreneurs program. The NGA has been looking at similar programs all over the country and will be including some examples in the report to show how artists are an important part of creative industry development in any given state.

Another big dimension is K-12 schooling. There are two layers here: one is dedicated arts learning and the other is arts integration. The report talks about both. As many of you know from your own research, there can be a really big gap between curriculum standards for arts learning, which are in place in 40-plus states, and actual implementation of those standards at the school level. The NGA report cites some of that research and calls attention to the need for states to close the gap by making sure that arts instruction gets delivered and implemented. That goes for arts integration as well. The NGA looked at quite a few integrated
school models across the country, like A+ schools in North Carolina, the Value Plus programs in Tennessee as well as the work that Ohio is doing to train STEM teachers how to use the arts in science, technology, engineering and math.

Higher education and adult learning are important targets of the equation, also. The NGA has identified some really good examples of university and community college programs that link the arts and design, new media and technology with business development and creative enterprise training. We know that a few state arts agencies have creative economy collaborations with universities or community colleges. There is also activity going on that does not include the state arts council, innovation hubs and other economic expansion initiatives. Sometimes the arts are at those tables and sometimes they are not. One of the things that this report does that is very useful to our field is to map out the whole portfolio of strategies and efforts that are taking place in different sectors and illuminate where state arts agencies or other arts organizations might be able to patch into those efforts to make contributions of expertise or networks or to make new connections.

Sue: Mary Jo, I understand the report offers several recommendations for states. Can you elaborate on these?

Mary Jo: Obviously, the recommendations follow from the big trends as well as the challenges, and how we see the arts and design fitting into the challenges. It is really clear that states are continuing to think in strategies around clusters, and our angle is to approach the governors to think of creative industries as a cluster and look at the concentration of that industry in your state. If it is higher than the national average in terms of concentration, then you have something special and need to promote it. And if it is an emerging industry and fast growing, then you should promote it as an economic development strategy. And if it is export oriented, that is particularly gold, as both federal government and states are focusing on industries that export outside of the local community and bring in new dollars. I think that is one recommendation.

A second recommendation is that once you start thinking about creative industries as both the enterprises and the creative occupations, then you need to start thinking about what strategies and programs you already have in place for entrepreneurship, business development, for recruiting and attracting. Then you need to make sure that the creative industries are included in those programs and strategies.

Following on that, it is absolutely critical that artists, designers, architects, everyone is engaged in designing creative hubs. It works a lot better when that happens, as it did in Phoenix where the dean of the architecture school was put in charge of that hub, and it made a huge difference in his willingness to engage the arts community and how he understands how critical design is to innovation and interaction. As you can see, our recommendations mirror what we say elsewhere in the report and will act almost like a summary.

Putting the Findings to Work

Sue: Mary Jo, do you see the economic development field as being "onto" these ideas already, or are they new approaches for most folks in your realm?

Mary Jo: It is a little bit of both. Because of Richard Florida and Daniel Pink and others like them who have talked about this over the last 5 to 10 years, a lot of visibility was brought to the issue of creative industries, creative talents and the importance of the locations to attract that talent. Having said that, when you are in a recession you tend to hunker down and think, "We have to go back to basics." So we see a lot of states looking more at lowering taxes or
fixing regulations or reorganizing so that "we are doing something." We are caught in an interesting time with 29 new governors, and they bring with them new economic development people, some of whom are versed in these strategies and some not, so we have a bit of a mixed bag when it comes to understanding the role of the arts, culture and design as well as the role of innovation in economic development.

**Sue:** Do you think governors will be receptive to these suggestions?

**Mary Jo:** Absolutely! I think every governor out there is really just looking for the 10 things that will help them create jobs. We hear this over and over again. This is definitely the time to talk about how the arts help economic growth, but it is also important not to oversell it. It is one of many things that make up a comprehensive strategy. It is, however, appropriate to say, "You are thinking about these five challenges, so let me tell you how arts, culture and design can help you with them."

**Sue:** How will the NGA spread the word about this report? To whom do you send it?

**Mary Jo:** Our audience is the top policy advisors to the governors, so we will send it out to all of those folks in the usual ways. More importantly, because there are so many new governors, we have been holding boot camps for governors and we have had a few of these institutes to help them come up to speed pretty quickly. We had one in March and included Colorado in one of our sessions to discuss creative industries as a focus of economic development. Colorado did a great job that I think caught the attention of some of the new economic policy advisors. We have several of those institutes throughout the year, and it is quite likely that we will have a larger focus on economic growth next year—and this report will be out there as part of their resources.

**Sue:** Laura, how does the NEA plan to use the report?

**Laura:** We will promoting the report through our own communications outlets as well as many partners. There is a publication page on the NEA website, and this publication will be featured prominently there. We will also promote the report through our other electronic media, like Facebook, and Mary Jo will be doing a guest blog. And then we will promote this extensively through our partners. As you know, the NEA has developed new programs and the Our Town grant program and has expanded our relationship with the Mayor's Institute on City Design with a new grant program, and as a result of these relationships, we have developed a network of design and urban planning publications as well as websites, blogs and creative place-making networks. We will be reaching out to our regional partners for resources they may have to push the report out to the states. Another avenue that we are going to focus on extensively are the federal agencies with whom we are working closely, to feature the arts ad their grant programs, including the sustainable communities partnerships we have with Housing and Urban Development, Transportation, and the Environmental Protection Agency.

**Sue:** Kelly, can you tell us how NASAA and state arts agencies can use the report?

**Kelly:** NASAA’s first priority is of course to get the report out to the state arts agencies. We will also take on another couple of dissemination layers. We are an association, so we will target other associations. These are the national economic and policy networks where people who make planning, policy and zoning decisions get their information. We push these reports out to those audiences and try to get pick-up so that they will hopefully get some buzz in those circles. For obvious reasons, both the NGA and NEA are constrained from advocating or using the materials for advocacy. so NASAA takes on the role of making sure that advocates have access
to this information. When the time comes we will be calling on all the state arts agencies to help spread the word through your newsletters, Facebook pages, websites, blogs and conferences.

Beyond simple distribution, I want to bookmark this report as a door opener or a conversation starter. With past reports we have done with the NGA and NEA, state arts agencies have taken them as an occasion to visit with their economic or community development folks. They have been able to take an example from them and say, "Hey, what if we tried that here?" I think this particular report will offer that same type of opportunity, especially for small business administrations, innovation councils and groups working on community sustainability, so be thinking about that, and when the report comes out we will help everyone brainstorm those ideas.

**Audience Questions**

**Sue:** Thanks for this great preview. Now I'd like to share with you some questions from our audience. Our first question is for Mary Jo: Does the report use a particular definition of art or creative industry?

**Mary Jo:** No. What we did was profile some states, like Arkansas and Colorado, who had already analyzed their creative industry cluster and gave those examples; they were fairly similar. I think the important thing is to think about what the creative enterprises are and what kind of employees are in those industries. And then what organizations are critical to those industries, including the culture organizations. We didn't give a definition, because we found that with clusters it is more important to analyze what you already have in your state and start talking about what the linkages are. There are guidelines, but I think it is more important to start having a dialogue with your industries and other organizations. I think you will find the bioscientists and other scientists that states are focusing on are as interested and invested in the creative industry sector as they are their own. It is real important to get your hands dirty and find out what you have in your states.

**Sue:** Here's a question on innovation hubs. Is innovation being led by states or are these efforts local? What is the role of the state?

**Mary Jo:** Interestingly enough, three to five states have actually passed legislation that says that they will build innovation hubs, and have some definitions in recognition of that talent clustering and the key institutions that are important to the hubs, including universities and other major nonprofit organizations. It almost always ends up being implemented at the state level. In Phoenix, for example, the state had decided that it would develop an innovation strategy that included innovation hubs, and Phoenix figured out how to start to build a hub and have the state support to do so. You can certainly start locally or at the state level.

**Sue:** A couple more questions on innovation hubs, the first from Kentucky. In creating innovation and creativity hubs, does the report address making them sustainably affordable, in other words, not gentrifying the area?

**Mary Jo:** Not specifically, but we make reference in the place-making section to pay attention that issue. We do warn that when areas become successful you have to be careful that it doesn't end up driving out the very seeds that made it what it is. The other thing we caution about in innovation hubs is thinking about the vacant land that may be near the hub; eventually
the real estate community realizes what is going on and will start buying up the land, so we always tell cities and states to be prepared to hold onto some of that land.

**Sue:** A question about place making from Arizona. Laura, we know the points you made about place making work; why does there seem to be a disconnect regarding state investment in it?

**Laura:** We give extensive examples of where states have invested in creative place making, including public art programs, cultural districts and in established legislation. I think there is an upward trend in this area and that is one of the goals of this report, to provide the evidence that these strategies are being successful.

**Sue:** Back to you Mary Jo. You have probably seen a lot of economic impact studies. What kind of studies do you think strike the governors or the NGA as most persuasive?

**Mary Jo:** I think everyone is really interested in evidence-based policy making these days. The other side of that is that everyone is doing it now. It is important to have the evidence and keep track of the programs and results. It is still important to think about the other things that governors look at, like what are the linkages to all the parts of the economy and what does this creative industry look like. I think this is a lot more compelling. It is more important to think about the cluster analysis and the linkages.

**Sue:** It seems like a lot of state arts agencies are being merged into economic development departments. Kelly, what is going on with that?

**Kelly:** There is definitely a lot of restructuring talk going on in state government right now. I think it is partially what Mary Jo discussed earlier: there are 29 new governors this year and restructuring is part of what new governors do. Most of those 29 are pursuing some sort of reorganization plan and even some preexisting governors are doing the same. Not all of those restructuring initiatives are affecting the arts. It looks like five that do are in the works. That is more than we have seen in quite a while. Of those five only two, Georgia and Connecticut, are being folded into economic development shops. Those two will join a handful of others already embedded in economic development departments: Colorado, Michigan, Maryland, Missouri and Oregon. Agency restructuring is kind of tricky. Some agencies welcome it and some do not. From NASAA's standpoint, no one structure preordains success or failure. The policy relationships can be complicated and the impact of that kind of change on the arts can hinge on factors that vary a lot from state to state.

**Sue:** Is there any empirical data on creativity's impact on work-force development, particularly where it has been included in policies?

**Kelly:** What we have is data on how the arts impact academic achievement. There is data available on a national level and state level. There is also an increasing amount of polling data from the business community itself on the kind of workers they need and the skill sets they need. They need people who can think creatively, work in teams, understand other cultures and work across disciplines. They need people with an education in the arts who understand things creatively. That has been anecdotal evidence for a long time, but now we are getting some actual polling data to back it up. I think there is a third category of emerging data from the public will and public value part of the arts and work-force connection. One of those was run by the Arts Education Partnership: the Imagination Nation data a couple years ago that took a sample of the voting public to see what they value most and would actually vote to support. It turns out they will vote for and put into office candidates who enable their children to be educated in a way that encourages their imagination and imaginative skills. We do see those threads coming together—there is a recognition growing in the business community and beyond—and there is increasing data to support this.
Mary Jo: We actually just had a joint advisors institute with the work-force development, economic development and education advisors, and many of our speakers addressed this whole issue of creative skills, but also the increasing need for entrepreneurs. A number of major places, like MIT and Stanford, basically said that we misunderstand what entrepreneurs need. We approach them like all they need a business plan, when in reality they are creating something unknown, and that is an entirely different skill set. They are looking at how you train entrepreneurs in business school differently than they have been. The research is not there yet, but they know we are not doing this right. A lot of this is happening under the rubric of entrepreneurship.

Sue: Thanks, that's all the time we have for questions. We did have a few items that we didn't have time to address, but we'll follow up with those and make sure one of our panelists gets back to you. When the new report becomes available, it will be housed on the NGA Center for Best Practices website. Previous reports on the arts are already there, and the new report will be added over the summer. The naming of the arts as a best practice—and the integration of the arts into the economic development and work-force section of this site—sends a good message to states about the importance of including the arts in state policy. That's something you can underline as you cite and promote the materials. NASAA will be echoing that message, too. We'll alert you right away when the NGA releases the new report. You'll be able to access it through the NASAA website in our Creative Economic Development section, where you can find many other research resources and models to help you in your creative economy efforts.

I'd like to close with thanks to our presenters—Mary Jo, Laura and Kelly—and to reiterate our thanks to the NEA for its investment in this collaboration, which has been so valuable to states over the years. And thanks to all of you for joining us today.