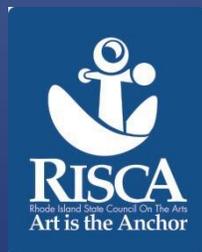




Economic Development and the Arts in Rhode Island

A review of how the arts contribute to Rhode Island's economy, and how we can work together to realize the full potential and economic benefits of the arts and culture sector



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The Arts as a Proven Contributor to Rhode Island's Prosperity

The arts are a proven contributor to our state and nation's economic vitality. We have known this, instinctively, for years. When all of the arts venues in downtown Providence are active, so are the restaurants, bars and parking lots. The economy of our state is humming when the arts are alive. We see this in our Capital City and elsewhere in our state, and we understand that an active, vibrant arts community contributes to our state's prosperity.

When it comes to documenting this contribution, however, we are sometimes challenged. The State Arts Council (RISCA) is often asked for facts and figures to quantify the contribution that the arts provide to our state's economy, and we usually have to rely on outside studies. Only recently have we begun to gather credible data through our state's participation in the Pew Charitable Trusts-funded National Cultural Data Project, and the preliminary figures for Rhode Island are exciting.

We are also encouraged by the news that starting this year the U.S. Bureau of Economic Analysis will measure the contribution of the arts to the Gross Domestic Product, or GDP. The gathering of information from both the commercial and non-profit arts field will give us information that looks at "how the arts affect various domains of human life, such as the economy, human development, science and technology, and education" and will vastly impact what we can authoritatively say about the arts and its contribution to our state's economy and other policy interests.¹

The information we receive from national and regional studies, however, are conclusive, and they suggest that Rhode Island – an arts-rich and arts-friendly state – must play its part in contributing to our economic recovery and development. Some examples:

- America's nonprofit arts industry generates \$166.2 billion in economic activity every year, resulting in \$29.6 billion in federal, state and local tax revenues.²
- In 2005, the creative sector, whose economic function is to create new ideas or creative content, employed nearly 40 million Americans, or more than 30% of all employed people, and generated half of all wages and salaries.³
- In 2008, 1.97 million identified an artist occupation as their primary job. This sector is projected to grow faster than the overall labor force through 2018.⁴
- In 2011, 756,007 U.S. businesses participate in the production or distribution of art and employ nearly 3 million people.⁵

These four brief citations underscore the role the arts play in our national economy, and it's clear that they also play an important role in our own state's economy. These are impressive numbers. But they are only part of the picture. The individual artists and non-profit arts organization that form the core of our arts community are equally important contributors to the local and state economy. The economic activity they spark advances the argument that "quality of place" is an important ingredient in an economy that supports local business and attracts people to our state.

According to Americans for the Arts 2010 National Arts Index, “the self-employed artist-entrepreneur—active as poet, painter, musician, dancer, actor, and in many other artistic disciplines—is alive and well, with total numbers growing every year between 2000 and 2008 (from 509,000 to 676,000).⁶ The performances, exhibitions and events they present in great numbers throughout our state represent a significant amount of economic activity. We estimate there are between 8,000 and 10,000 individual artists actively working in Rhode Island at the current time.

Our non-profit arts organizations have national and international reputations, and they account for an impressive amount of economic activity as well. Rhode Island nonprofit arts and cultural enterprises constitute a major industry for the state. To quote a study of the Rhode Island arts economy commissioned by the New



England Foundation for the Arts (NEFA), “in 2009, the spending of their 1,163 arts and cultural organizations amounted to over \$324 million, and they provided jobs for nearly 5,200 people. By comparison, this spending would rank 23rd among 46 major sectors for which the U.S. Bureau of Economic Analysis reports gross product totals for the state, just behind the chemicals and biotechnology sector (\$399 million), just ahead of the print and software publishing sector (\$313 million) and approximately one-half the size of the securities, commodities and investment services sector the state is trying so hard to recruit (\$643 million). In terms of employment, the 5,165 jobs provided by the state’s arts and cultural organizations would rank it 27th among 65 major sectors for which the U.S. Bureau of Labor Statistics reports employment totals for the state, just behind health and personal care products (5,631 full and part-time jobs).”⁷

That spending is the catalyst for other spending that multiplies the impact of the arts community. The NEFA study goes on to say that “the \$324 million spent by Rhode Island’s nonprofit arts and cultural organizations in 2009 became \$165 million in sales to Rhode Island vendors, meeting their needs down the various supply chains they use—everything from contractors and trades people to office supplies, advertising firms and power companies. These were their indirect impacts. In addition, \$184 million became sales revenue to consumer-oriented businesses selling to those employed both by the nonprofit arts and cultural organizations and by their direct and indirect vendors. In sum, the total economic impact in 2009 of Rhode Island’s nearly 1,200 nonprofit arts and cultural organizations was \$673 million, supporting over 7,688 jobs in Rhode Island businesses. In aggregate, every \$1.00 spent by a Rhode Island nonprofit arts and cultural organization became \$2.10 in sales for businesses in Rhode Island, and

every job provided by a Rhode Island nonprofit arts and cultural organization became 1.5 jobs for workers across the state.”⁸

And finally, we are asked frequently how Rhode Island’s cultural economy performs when compared with the other New England states. The chart below⁹ shows that while Rhode Island ranks 6th among the six New England states in the number of non-profit arts organizations, it ranks a strong 3rd (behind Massachusetts and Connecticut) in the amount of spending by those arts organizations, and 4th in the number of jobs created and sustained by those organizations.

Table A1: New England’s Nonprofit Arts & Cultural Organizations, 2002 and 2009

AREA	NUMBER OF ORGANIZATIONS		SPENDING		EMPLOYMENT	
	2009	2002	2009	2002	2009	2002
New England	18,026	15,769	\$3,680,008,106	\$2,977,603,000	53,273	41,751
Connecticut	3,326	2,903	\$624,894,139	\$542,863,000	9,918	8,191
Maine	2,292	1,907	\$261,795,444	\$155,341,000	5,246	2,768
Massachusetts	8,125	7,042	\$2,181,347,436	\$1,774,984,000	27,102	22,030
New Hampshire	1,588	1,526	\$139,104,582	\$120,580,000	2,652	2,154
Rhode Island	1,163	1,026	\$324,476,390	\$263,071,000	5,165	4,801
Vermont	1,532	1,365	\$148,390,115	\$120,764,000	3,189	1,807

Sources: Organizations and spending are from IRS data provided by the National Center for Charitable Statistics (NCCS) and stored in CultureCount, an online database maintained by New England Foundation for the Arts (NEFA). Employment data are derived from U.S. Bureau of Labor Statistics data and Bureau of Economic Analysis gross state product data. They are not reported directly for nonprofits, but are derived from the average employment per spending ratios of the North American Industrial Classification (NAICS) codes they report on their IRS forms or are assigned by NCCS. Data for 2002 are from NEFA’s report: *New England’s Creative Economy: The State of the Public Cultural Sector – 2005 Update*.

There is an impressive amount of data to support the statement that the arts contribute significantly to the Rhode Island economy. The challenge we face is employing local data to make this case. Researchers analyze data from the U.S. Bureau of Economic Analysis, the U.S. Department of Commerce and the Internal Revenue Service, all of which is strong credible information. Our hope is that a productive relationship with the State of Rhode Island’s Department of Revenue will provide us with tax data and analysis that we can use to evaluate the work that we are doing, and quantify the contribution the arts make to our state economy and revenues.

Economic Development and the Arts: A Look Around Rhode Island

In many respects Rhode Island has been on the cutting edge of investing in the arts as part of its overall economic development strategy. The State Arts Council has, for 45 years,

FisYear	Amount Requested	Amount Granted	Percent of Requests Supported
1982	\$ 132,378	\$ 41,654	31%
1983	\$ 1,181,711	\$ 402,098	34%
1984	\$ 1,320,480	\$ 393,091	30%
1985	\$ 757,665	\$ 411,283	54%
1986	\$ 1,551,022	\$ 497,627	32%
1987	\$ 1,259,533	\$ 440,703	35%
1988	\$ 1,521,363	\$ 554,585	36%
1989	\$ 1,786,557	\$ 629,458	35%
1990	\$ 1,999,545	\$ 881,411	44%
1991	\$ 2,046,992	\$ 761,463	37%
1992	\$ 1,936,101	\$ 861,602	45%
1993	\$ 2,329,452	\$ 882,182	38%
1994	\$ 1,711,592	\$ 963,047	56%
1995	\$ 1,514,467	\$ 900,477	59%
1996	\$ 2,062,840	\$ 892,404	43%
1997	\$ 1,327,086	\$ 766,372	58%
1998	\$ 1,613,066	\$ 714,500	44%
1999	\$ 1,791,147	\$ 957,671	53%
2000	\$ 3,453,019	\$ 1,106,937	32%
2001	\$ 2,984,677	\$ 1,497,238	50%
2002	\$ 3,662,158	\$ 1,713,593	47%
2003	\$ 5,093,044	\$ 1,788,329	35%
2004	\$ 3,990,730	\$ 1,700,634	43%
2005	\$ 4,521,476	\$ 1,925,810	43%
2006	\$ 5,138,762	\$ 1,880,416	37%
2007	\$ 4,022,680	\$ 1,994,747	50%
2008	\$ 4,510,625	\$ 1,857,824	41%
2009	\$ 4,001,783	\$ 1,647,972	41%
2010	\$ 5,724,446	\$ 2,075,923	36%
2011	\$ 4,708,924	\$ 1,746,895	37%
2012	\$ 4,157,493	\$ 1,527,061	37%
Grand Total	\$ 83,812,816	\$ 34,415,007	41%

RISCA grant funding since 1982

helped to support and nurture a growing arts community. Since 1982 – as far back as current records exist -- RISCA and its peer panels have reviewed over 15,600 grant applications and awarded in excess of \$34 million to artists and arts organizations in our state. The impact of those grants has been profound.

Rhode Island was the first state to establish arts districts in the United States (1996), and the first state to use tax incentives to help grow those districts. The state has used its bonding authority in the past to support arts and cultural initiatives, which for example supported the restoration work on Veterans Memorial Auditorium in the 90's and the historical restoration bonds that focused on support for historic buildings that housed arts and cultural activities. For many years the Arts Council is on a list of organizations and causes to which Rhode Island taxpayers can contribute a portion of their income tax refund directly from their tax form. Other initiatives, like the issuance of a special license plate for Waterfire and a three-month long lottery ticket to support the arts, are creative efforts worthy of review to examine the economic impact.

Economic Development and the Arts: A Look Around the United States

Many states employ a variety of strategies to engage the arts in local and statewide economic development. This next section provides a quick survey of some of these strategies and suggests ways to employ the arts and culture as a component of an over economic development plan. This information is drawn, for the most part, from the excellent publication entitled “Arts & The Economy: Using Arts and Culture to Stimulate State Economic Development,” issued in 2012 by the National Governors Association’s *Center for Best Practices*.

(<http://www.nga.org/files/live/sites/NGA/files/pdf/0901ARTSANDECONOMY.PDF>). Similar studies have been undertaken by the National Conference of State Legislatures, where over a decade ago Rhode Island’s former state representative, Peter Lewiss, helped to establish NCSL’s first committee dedicated to the arts and culture and its role in state government.

The NGA study suggests five steps for states interested in using the arts and culture to stimulate state economic development. They are:

1. Understand your state’s cultural industries
2. Incorporate the arts and culture into statewide planning
3. Develop strategies to provide support for the arts & culture sector
4. Incorporate the arts into community development planning
5. Incorporate the arts into a state tourism strategy

Continuing from the NGA study (here and below those items in quotes are taken directly from the study): “To help their states realize the full potential and economic benefits of the arts and culture sector, governors and legislators 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.”

In all of this we must remember that states have an opportunity by investing in the arts and culture to both improve livability and boost state and local economies.

Understand your state’s cultural industries

The screenshot shows the Rhode Island Cultural Data Project website. The header features the logo and the tagline "BUILDING STRENGTH THROUGH INFORMATION". The navigation menu on the left includes "HOME", "ABOUT THE CDP", "Organization Login", and "HELP". The main content area has a large image of children in a gallery, a "VIEW CDP'S STORY" button, and a "NEWS" section with articles on the new CEO and financial health analysis.

As mentioned before, RISCA and its partners in the community – most notably the Rhode Island Foundation and the Rhode Island Council for the Humanities – are taking some important steps to better understand our state’s cultural sector. The adoption of the Rhode Island Cultural Data Project two years ago will help us quantify and monitor over time the size and growth of the non-profit arts community, and compare that community with other cities and states across the country.

Other examples: “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."

"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.⁸ 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."

Incorporate the arts and 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."

"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 Rural Development created 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."

“Once a governor or legislature 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.”

“Integrated planning 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.**”

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.**”



The cast and crew of the Showtime series "Brotherhood" at the RI State House

“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.”

Strengthen the Non-Profit 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.**”

“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.”

“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, RISCA provides small grants of up to \$750 to artists – our Professional Artist Development (or, PAD) grants, to support projects ranging from setting up a website to organizing finances. “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.”

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 have also **used the incubator model to support individual business development in the arts.**

“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. 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.””

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.**”



Deborah Obalil leads a RISCA organized class on marketing for individual artists

“In particular, numerous state arts agencies offer grant programs that support artist entrepreneurship or business development activities.” **RISCA**

offers its Design Innovation Grant (DIG) program, which recognizes that Rhode Island is home to a wealth of talented design professionals who are skilled innovators, entrepreneurs and problem solvers. The DIG program seeks to encourage these professionals to develop plans and concepts that represent a high level of creative problem solving and innovation in a design field.

“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.”

Support Collaborative Networks and Educational Services

“States can play an important role in **connecting arts enterprises, artists, and entrepreneurs through 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.”

“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**. 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.”

“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. 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. 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.”

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.”

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.”

“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.”

Incorporate the arts into community development planning

“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.”

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.”



Rhode Island's nine arts districts

In 1996, Rhode Island was the first state in the nation to establish a tax free arts district with the goal of promoting economic development, revitalization, tourism, employment opportunities, and business development. Since then the program has grown to nine designated districts for artists to live and work, incentives including sales tax and income tax exemptions on artwork sold by artists 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.”

“Iowa offers an 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.”

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.”

“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. 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.”

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.”

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, in Rhode Island RISCA works with the State Tourism division to maintain the Rhode Island Arts Calendar on visitrhodeisland.com, the State Tourism website.

“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



Rhode Island Arts Calendar, a collaboration with the State Tourism division

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.”

“**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.⁹⁴ 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.”

“**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, artisans, 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. 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.”

Market Cultural Events

“**Many states facilitate the promotion of cultural events to tourists and residents.**” We’ve already mentioned the collaboration between RISCA and the VisitRhodeIsland.com Arts calendar. “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.¹⁰³ 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."

Promote Unique Destinations

"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 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."

Things to Consider As We Look At the Role of the Arts in the Rhode Island Economy

Following the "Make It Happen RI" conference in the Fall of 2012, Rhode Island Foundation President Neil D. Steinberg pointed out that "there are many talented, caring, and committed Rhode Islanders who want to work together to make something happen here."¹⁰

Senate President M. Teresa Paiva-Weed, in commenting on the recommendations of RIPEC to improve the business climate in our state, said "'Working together, we will make Rhode Island more attractive to entrepreneurs, improve our image within our state and outside our borders, and help companies that are here to grow and create jobs."¹¹

The common theme here is the need to work together. Establishing and expanding public-private partnerships is essential to achieve these goals, for no one agency can achieve what is needed on their own.

The Rhode Island State Council on the Arts (RISCA) is not an economic development agency. We exist, in the words of the General Assembly, to “to insure that the role of the arts in the life of Rhode Island communities will continue to grow and will play an ever more significant part in the welfare and educational experience of our citizens.”¹²

Economic development is a happy by-product of the work we do. But in partnership with the agencies – in and out of state government – that are concerned with economic development, and tourism, and cultural heritage, much can be done. We each bring strengths to the table, but we all need our collective strengths to be at the table.

Final Thanks

I would like to thank Senate President M. Teresa Paiva-Weed for her leadership in organizing this arts charrette. She has always been a strong supporter of the arts, and we value her guidance in this and all other areas.

We appreciate the commitment of Governor Chafee and Speaker Fox in partnering with the Senate President on this effort.

High praise to Caitlin Thomas-Henkel, Deputy Director of the Senate Policy Office, for all the work she has done to organize this event. Equal praise to my colleague and friend Mary-Kim Arnold at the Rhode Island Foundation, and thanks to Neil Steinberg and Daniel Kertzner at the Foundation for their support – not just of this event but of the role the arts play in Rhode Island communities.



RISCA exists to support the arts in Rhode Island. Economic development is a happy by-product of the work we do. But in partnership with [others], much can be done.

¹ Press release: October 26, 2012 “For The First Time U.S. Bureau of Economic Analysis Will Measure Contribution of the Arts to Gross Domestic Product” - <http://www.arts.gov/news/news12/BEA.html>

² Source: Americans for the Arts, Arts & Economic Prosperity III: The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences, 2007.

³ Source: Richard Florida, Who's Your City, 2008.

⁴ Source: National Endowment for the Arts, Artist Employment Projections through 2018, 2011.

⁵ Source: Americans for the Arts, Creative Industries: Business & Employment in the Arts, 2011.

⁶ Source: Americans for the Arts, National Arts Index 2010

⁷ Source: New England's Creative Economy, Nonprofit Sector Impact 2011, research commissioned by the New England Foundation for the Arts from Chuck Lawton, Ph.D. of Planning Decisions, Inc., the Maine Center for Creativity, and Professor Charles Colgan, Ph.D. -

http://www.nefa.org/sites/default/files/nefanonprofitreport2011_web.pdf

⁸ Source: New England's Creative Economy, Nonprofit Sector Impact 2011

⁹ Source: New England's Creative Economy, Nonprofit Sector Impact 2011

¹⁰ Source: Rhode Island Foundation reports back on Make It Happen RI -

<http://www.rifoundation.org/News/NewsArticles/tabid/513/ArticleId/186/Rhode-Island-Foundation-reports-back-on-Make-It-Happen-RI.aspx>

¹¹ Source: GoLocalProv - RIPEC, Senate Leaders Hope To Improve RI's National Business Rankings

<http://www.golocalprov.com/business/new-ripec-senate-leaders-hope-to-improve-ris-national-business-rankings/>

¹² RIGL 42-75-1 RISCA Enabling Legislation

