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Blues legend Robert Lockwood, Jr. performing at a blues festival in 2005. At age 91, Lockwood continues to tour regularly and perform weekly at a club near his home in Cleveland, Ohio.

A mural by Thomas Hart Benton at the Missouri Capitol. Photo courtesy the Library of Congress.

Joyful sounds of the hills echo through the Valle on Fair day, as evidenced by these two unidentified musicians. A variety of mountain musicians and dancers perform on two stages throughout the day at the Valle Country Fair in Valle Crucis, North Carolina, held annually on the 3rd Saturday in October. Photo by Scott Sharpe, courtesy Valle Country Fair.
The multilayered contributions of the arts and arts-related activities rank among the lesser known and unheralded aspects of contemporary American society. Beyond the intrinsic benefits of the arts—i.e. benefits that serve to enrich an individual’s life experiences, standard of living and learning—advocates recently have demonstrated the crucial role played by the arts in generating a significant level of economic growth. In fact, highlighting the substantial private and public economic benefits from a thriving arts environment continues to be a theme often stressed by arts advocates of every stripe across the country.

Consequently, the objective of this report is to capture elements of this theme by focusing on the 16 states that belong to The Council of State Governments’ Southern office, the Southern Legislative Conference (SLC). This is not the first time that the SLC has featured this topic among its publications, with the most recent effort in November 2000, and the SLC’s ongoing review of this topic is a reflection of the recognition of its importance to SLC economies and public officials in the South.

The last five years saw the American economy face a series of unprecedented challenges that rippled across all levels of society. The arts community was certainly not impervious to these challenges, and artists and arts advocates in every part of the country faced their own set of obstacles in responding to these economic shocks. In fact, during these past few years, both public and private sector funding for the arts experienced severe stress as all levels of government, corporations and individuals struggled to deal with the lingering effects of the 2001 economic recession, the terrorist attacks of September 2001, the teetering of the stock market (2000-2002), the worst fiscal downturn to plague state governments in decades and a number of other negative economic developments. In such a fiscally challenging environment, the ability of the arts community, a community that relies largely on funding from the public and private sectors for survival, to adequately raise funds proved to be extremely onerous. As a result, arts practitioners were forced to devise a range of alternate funding mechanisms in order to continue providing the crucial assistance necessary for the support of artists and others in the arts community.

The major difference that rapidly surfaced in gathering information for the current 2006 SLC report and the previously mentioned 2000 SLC report was the radical change in economic climates. During the preparation of the 2000 report, the U.S. economy was enjoying an unparalled level of prosperity that allowed it to expand every month between March 1991 and March 2001, the longest economic expansion in the history of our nation. In stark contrast, the last few years saw the U.S. economy rocked by a number of both internal and external shocks that resulted in sluggish growth rates, anemic job creation, significant spikes in energy costs, plunging revenue inflows and ballooning deficits at the federal, state and local levels, among other negative developments.

These negative developments had an immediate impact on state legislative appropriations to art agencies; specifically, all but three SLC states experienced negative growth in appropriations between fiscal years 2001 and 2005. In fact, 11 of the 13 SLC states that saw appropriation reductions actually experienced double-digit reductions during this period. The state with the steepest drop was Missouri (-96 percent), while Arkansas’ 11 percent growth was the highest during this time period. The other two states experiencing increases were Louisiana (7 percent) and West Virginia (2 percent).

Even for the nation as a whole, the scenario was not that much more promising. In fiscal year 2005, the 50 state legislatures appropriated a total of $264.8 million to their state arts agencies, less than one-half percent (about 0.05 percent) of the $547.3 billion expended from state general funds. Given the severity of the state fiscal downturn in these past four years, appropriations as a percentage of state general fund expenditures plunged

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1 In August 2005, the Southern Legislative Conference (SLC), with the assistance of the Southern Arts Federation (SAF), released a summarized version of this report at the 2005 Southern Governors’ Association meeting in Greensboro, Georgia.
precipitously from a high of 0.09 percent in fiscal year 2001, to 0.06 percent in 2003, to the previously mentioned 0.05 percent in fiscal year 2004.

Notwithstanding these marked reductions in state appropriations, the economic impact of the arts, both nationally and on a state-by-state basis, continues to notch remarkable numbers. According to the latest Americans for the Arts report, released in June 2002, touted as the most comprehensive economic impact study of the non-profit arts industry ever conducted, America’s non-profit arts industry generated $134 billion in economic activity, including $24.4 billion in federal, state, and local tax revenues. This mammoth $134 billion in economic impact comprised $53.2 billion in spending by arts organizations and $80.8 billion in event-related spending by arts audiences. Not only did the $53.2 billion represent a 45 percent increase (up from $36.8 billion) over the period of a decade (the previous Americans for the Arts study was conducted in 1992), this report also estimated that the overall economic impact resulted in 4.9 million full-time equivalent jobs; $89.4 billion in household income; $6.6 billion in local government tax revenues; $7.3 billion in state government tax revenues; and $10.5 billion in federal income tax revenues.

Recent data from several SLC states illustrates the impressive economic impact of the arts too. According to a January 2004 Florida Atlantic University report, a total of $1.2 billion was spent by the not-for-profit organizations, universities and colleges that make up the arts and cultural industry in Florida; when ripple or multiplier effects were included, this figure catapulted to $2.9 billion in gross state product that resulted in $877.8 million in income (primarily payroll) and 28,302 full-time equivalent jobs. In Maryland, the total economic impact of the arts industry amounted to an estimated $911 million in gross sales, $312 million in total employee income and 12,792 full-time equivalent jobs according to a study released by the state’s Arts Council in 2004. Then, in North Carolina, a study released in 2003 by Appalachian State University estimated that the total economic impact of the non-profit arts industry amounted to $723 million alongside the fact that just under 2 percent of all jobs in the state were in the creative industry.

Despite the lean fiscal environment that ensued, a number of SLC states have experienced a surge in arts-related activities since the completion of the 2000 SLC report. The arts community has forged ahead under tremendous odds in continuing to promote arts-related activities and events so that more and more Americans have the advantage of reaping the multi-faceted benefits of these activities. A sampling of these events and activities in the SLC states includes the following:

» The Atlanta Symphony Orchestra’s (ASO) $300 million goal for a dramatic new concert hall designed by the world famous architect Santiago Calatrava. Approximately one-third of the funds already have been raised by private donors for this project. A September 2005 study commissioned by the ASO indicates that the project, scheduled to open in 2011, would generate $2 billion in economic growth through 2020, creating 2,100 jobs in the community after construction and $116 million in city, county and state tax revenue over the facility’s first decade of operation.

» Berea, Kentucky, trumpeted as the arts and crafts capital of the state, where more than 50 galleries and fine crafts studios and the catalyst for this activity, Berea College, continues to keep alive traditions and skills that span centuries.

» Louisiana Philharmonic Orchestra, the only symphony orchestra in the United States that is owned and operated by its musicians, after disintegrating in 1990 due to financial pressures, came alive as a cooperative in 2002 with a budget of almost $4 million, 69 members (expanding to as many as 90 for special events), 1,200 subscribers and more than 500 active volunteers that plays a 36-week season.

» Maryland, in 2001, became the first state in the country to develop Arts and Entertainment (A&E) Districts on a statewide basis as a way to stimulate the economy and improve quality of life. This legislation enables local jurisdictions, municipalities, counties or a combination, to apply for state designations for the Arts and Entertainment Districts within their boundaries and offer tax incentives provided by the new law. An A&E district—there currently are 11 in Maryland—has been defined by Americans for the Arts as a well-recognized, labeled, mixed-use area of the city in which a high concentration of arts and cultural facilities serves as the anchor attraction.

» In St. Louis, Missouri, the Pulitzer Foundation for the Arts inaugurated its landmark building designed by the renowned architect Tadao Ando in October 2001. The Foundation’s opening was another piece in the public-private partnership to revive the once-neglected 10-block area in midtown St. Louis, referred to as Grand Center, focusing on art, education and entertainment.

» Following the tremendous achievement of bringing such world-class exhibitions as the 1996 Palace of S. Petersburg, the 1998 Splendors of Versailles and the 2001 Majesty of Spain to Jackson, Mississippi, in 2004, the Mississippi Commission for International Cultural Exchange staged the Glory of Baroque Dresden.

» In Texas, in a shower of philanthropy this year, the Dallas Museum of Art announced a series of cash gifts and art bequests that amounted to $400 million, while the Houston Museum of Fine Arts increased the estimate of a gift from its largest bene-
factor to about $450 million;16 and
» During the 2005 legislative session of the Virginia General Assembly, two senior members of the state House and Senate sponsored legislation proposing that the state borrow nearly $86 million for arts and cultural projects.17 Although the legislation was unsuccessful, the very fact that these two senior members of the General Assembly, representing both political parties, sought to promote the arts by a bond issue that amounted to tens of millions of dollars clearly demonstrates the importance of this measure.

While these examples reflect a mere fraction of innumerable artistic ventures and arts-related projects that attract visitors from around the region, country and globe and entice them to visit the SLC states, the arts encompass a broad array of disciplines, a factor that further enhances the ripple effect of its economic impact. Some of the disciplines under this broad umbrella include folk arts (methods of building, storytelling); dance (folk, ballet, modern); music (folk, blues, Zydeco, jazz, bluegrass, country, classical, ethnic, contemporary); theater performance art (plays, mimes, puppetry); visual arts (drawing, painting, photography, sculpture); crafts (pottery, weaving, basketry, furniture making, quilting); literature; and media (film, video, community radio and television). These disciplines, together with several others, combine to foster artistic expression, preserve certain historic and cultural traditions, significantly expand the number of people enjoying different artistic endeavors and act as a catalyst for economic growth in neighborhoods and communities across the country.18

The major objective of this Special Series Report is to review how the not-for-profit arts sector in the SLC states fared during the recent fiscal downturn. As indicated, the severity of the fiscal crisis that states were plunged into resulted in state appropriations for the arts being slashed quite significantly. Consequently, state arts agencies were forced to develop innovative strategies to ensure the survival of essential arts-related activities, events and projects. As in the 2000 report, an important component of this report also includes the state-specific sections, which describe some of the more significant arts projects undertaken in the SLC states and, where possible, economic impact data such as employment figures, personal income (salary, wages, proprietary income), and government revenue created by the dollars spent in the state economy in the last five years or so.

The 2006 report analyzes state appropriations to the arts in fiscal years 2001 through 2005 (emphasizing the SLC states); details the role of the federal government in supporting the arts during this same period; highlights the different economic impacts of the arts and arts-related activities at a broad national level; delineates how arts-related businesses provide significant employment in every state; documents alternate funding mechanisms explored by states and local governments in the light of dwindling public and private support for the arts; and describes how a number of states have embarked on an effort to systematically promote cultural heritage tourism and leverage the cultural economy as a catalyst for economic prosperity.

**METHODOLOGY**

In order to obtain information to publish this report, the SLC, with the assistance of the Southern Arts Federation, forwarded a detailed survey questionnaire to the directors of the state arts agencies/councils in the 16 SLC states on March 31, 2005. (See Appendix A for a copy of the survey questionnaire). The directors were requested to forward their detailed responses and any accompanying material to the SLC by May 2, 2005. In response to this letter and after subsequent appeals by the Southern Arts Federation, by May 16, 2005, the SLC received detailed survey responses from Florida, Georgia and North Carolina. By June 27, 2005, the SLC received Tennessee’s response. The remaining 12 state arts directors were again sent a request on July 26, 2005, and responses were received from Arkansas, Kentucky, Louisiana, Maryland, Mississippi, Oklahoma and Virginia. On March 17, 2006, the SLC received a detailed response from Alabama, portions of which were included in the state section. The SLC did not receive a completed survey response from Missouri, South Carolina, Texas and West Virginia. The information in this report also was based on an ongoing review of media outlets and media documents in the SLC states during the past few years, feedback from staff in the state legislatures and additional research.

It should also be noted that the economic impact information reported, mostly in the state specific pages, will most often be three to four years old. Conducting comprehensive economic impact studies on a statewide basis remains an extremely expensive proposition and, in an era when their funding positions are extremely precarious, arts agencies often have been unable to devote resources to conduct such studies more regularly. However, the important point is that even though these study results may be dated, they contain valuable information, and it is entirely likely that more recent studies would indicate that the economic impact of the arts currently is even more impressive than reported in the three-and four-year old reports.
CHAPTER ONE

Legislative appropriations to the arts remain the primary source of funding for state arts agencies. As indicated by the National Assembly of State Arts Agencies, these legislative appropriations serve to enhance public participation in the arts, foster civic engagement through the arts and promote public and private investment in the work of artists and organizations. Furthermore, funding that state arts agency partners (such as artists and organizations) receive through legislative appropriations helps improve the quality of life in communities and expand cultural participation opportunities for all residents and visitors.

As a result of the severe fiscal downturn that swept over states for almost four years (fiscal years 2001 through 2005), a majority of state arts agencies saw their legislative appropriations decline forcing them to implement a range of innovative measures to stay afloat and continue to support artists and arts organizations in their states. Despite these legislative cutbacks, the contribution of the arts industry to the overall economic health and fiscal bottom line of the different states continued in an impressive manner, a trend that should cause policymakers to pause before reducing their arts appropriations during future downturns. Conversely, it might be argued that the arts industry demonstrated, during these lean years, that it could prosper and continue to flourish; however, the strength of the arts industry along with the support of rising state appropriations has the potential to add substantially more revenue to state coffers.

Notwithstanding the legislative cutbacks during the past few lean fiscal years, public participation in the arts has hovered around the 40 percent mark in the past two decades or so. In fact, a National Endowment for the Arts (NEA) survey of public participation in the arts documented that for the 12 months ending August 2002, 81.2 million Americans, or 39.4 percent of U.S. adults, attended at least one of the following arts activities: jazz, classical music, opera, musicals, plays, ballet or art museums. This was a very slight increase from the 39 percent (or 66.5 million U.S. adults) in 1982, and a marginal decline from the 41 percent (76.2 million U.S. adults) that attended at least one of the above benchmark arts activities in the preceding 12 months.

Any analysis of state legislative appropriations to arts agencies has to include reference to the overall health of state finances. In this vein, a comparison of state finances in the latter half of the 1990s with the first few years of this decade represents the starkest of possible contrasts: an extraordinary boom in state finances followed by a fiscal crisis that has been termed the worst confronting states since the Second World War. The 1990s opened with a recession that was relatively mild even though it affected certain parts of the country (the West Coast—California in particular—and the Northeast, for instance) more severely. By the mid 1990s, state tax revenues began coming in above expectations, repeatedly, and states embarked on a series of actions that previously would have been considered impossible under any circumstances: slashing tax rates year after year; boosting spending in such areas as education, healthcare, corrections and infrastructure; and replenishing reserve funds, i.e., rainy day funds, to unparalleled levels. States were able to implement these seemingly disparate actions while ensuring their constitutionally-mandated objective of a balanced budget.

Until about late 2000, state revenues roared in at record levels, gross state product growth generally was above estimates and unemployment rates were at record low levels. By early 2001, however, manufacturing levels began to decline, the stock markets had slipped from their heady levels and the economy began sliding into recession, a trend only worsened by the September 11, 2001, terrorist attacks. While the recession that ensued was relatively shallow, the cumulative impact on state economies and finances has been extremely severe. The tremendous negative pressures created by the downturn in the economy was reflected in such trends as dwindling revenue flows, rising unemployment numbers and exploding Medicaid costs at the state level. Each of these negative trends pummeled state finances in a vicious, self-perpetuating cycle. While the steep drop in tax revenues, due to severely reduced individual and corporate income taxes—given the high unemployment rate, almost nonexistent capital gains revenue and lower corporate profits—affected the revenue side of the balance sheet, the increasing number of Americans seeking assistance from their state governments, whether in the form of unemployment insurance or Medicaid health coverage,
pressed the expenditure side of the balance sheet. Consequently, these bleak financial times sweeping over state and local governments filtered down to negatively impact practically every expenditure category in state budgets. Alas, arts agency appropriations were far from inoculated from the cutbacks, as demonstrated in the following analysis.

Table 1 indicates the precipitous decline in legislative appropriations to SLC state arts agencies between fiscal year 2001 and 2005. By the end of fiscal year 2005, the state fiscal outlook improved practically in every state in the country and most SLC states were seeing either an increase in their appropriation levels or no change from the prior fiscal year. Yet, appropriation levels remain far from the amounts disbursed as recently as fiscal year 2001, when states were flush with revenues and appropriators could afford to allocate impressive amounts to their arts agencies. As a quick comparison, in fiscal year 2001, legislative appropriations to the SLC states totaled a striking $117.6 million; by fiscal year 2005, this total had declined to $71.3 million, a 39 percent reduction from the lofty levels reached just four years previously. In the interim, cumulative SLC state legislative appropriations kept declining to $106.7 million in fiscal year 2002, $95.3 million in fiscal year 2003 and the lowest level, a scant $65 million, in fiscal year 2004.

As indicated in Table 1, between fiscal years 2001 and 2005, the SLC state that experienced the most severe reduction in legislative appropriations was Missouri, a 96 percent reduction from nearly $12 million to $500,000. In fact, in fiscal year 2004, Missouri did not appropriate any funds to its state arts agency. Among the other SLC states that experienced steep declines during this four-year period, Florida (-57 percent), Mississippi (-49 percent) and Alabama (-48 percent) ranked as the three states with the most declines. In fact, 13 of the 16 SLC states saw their legislative appropriations reduced during the review period.

While all other SLC states were slashing their arts appropriations, three SLC states increased their arts agency appropriations during the review period: West Virginia (2 percent), Louisiana (7 percent) and Arkansas (11 percent). Arkansas saw the sharpest increase between fiscal year 2001 and 2005, 11 percent. Trends in Florida, traditionally the SLC state with the largest arts appropriation, should be highlighted here because after appropriating $36.9 million in fiscal year 2001, the state’s arts allocation fell to as low as $6.7 million in fiscal year 2004 before climbing up to $15.8 million in the following fiscal year. The extent to which state budgets were progressively crimped during the review period is more than apparent when arts agency appropriations are reviewed: in fiscal year 2002, eight SLC states reduced their arts appropriations, in fiscal year 2003, 14 states reduced their arts appropriations and in fiscal year 2004, 12 states saw reductions and one state saw a marginal increase (less than 1 percent).

Even in other areas of analysis, the appropriation setbacks experienced by the region’s state arts agencies are quickly apparent. The following analysis presents trends for a review of legislative appropriations by per capita (total amount divided by the state’s population) and a ranking of

Table 1

SLC Legislative Appropriations to State Arts Agencies FY 2001 to 2005

<table>
<thead>
<tr>
<th>State</th>
<th>Fiscal Year 2001</th>
<th>Fiscal Year 2002</th>
<th>Percent '01-'02</th>
<th>Fiscal Year 2003</th>
<th>Percent '02-'03</th>
<th>Fiscal Year 2004</th>
<th>Percent '03-'04</th>
<th>Fiscal Year 2005</th>
<th>Percent '04-'05</th>
<th>Percent '01-'05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Missouri</td>
<td>$117,971,858</td>
<td>$6,180,244</td>
<td>-48%</td>
<td>$3,641,776</td>
<td>-41%</td>
<td>$0</td>
<td>-100%</td>
<td>$500,000</td>
<td>N/A</td>
<td>-96%</td>
</tr>
<tr>
<td>Florida</td>
<td>$36,935,278</td>
<td>$32,833,356</td>
<td>-11%</td>
<td>$30,042,433</td>
<td>-9%</td>
<td>$6,706,621</td>
<td>-78%</td>
<td>$15,809,390</td>
<td>136%</td>
<td>-57%</td>
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<td>Mississippi</td>
<td>$3,283,961</td>
<td>$2,122,086</td>
<td>-35%</td>
<td>$1,660,536</td>
<td>-22%</td>
<td>$3,758,473</td>
<td>126%</td>
<td>$1,661,551</td>
<td>-56%</td>
<td>-49%</td>
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<td>Alabama</td>
<td>$6,121,164</td>
<td>$5,704,653</td>
<td>-7%</td>
<td>$4,828,285</td>
<td>-15%</td>
<td>$4,544,407</td>
<td>-6%</td>
<td>$3,169,195</td>
<td>-30%</td>
<td>-48%</td>
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<td>South Carolina</td>
<td>$5,421,706</td>
<td>$4,493,485</td>
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<td>-15%</td>
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<td>$3,076,621</td>
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<td>Virginia</td>
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<td>-13%</td>
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<td>$3,001,535</td>
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<td>North Carolina</td>
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<td>-23%</td>
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<td>$5,920,552</td>
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<td>$4,238,445</td>
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<td>$4,054,234</td>
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<td>-16%</td>
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<td>Maryland</td>
<td>$12,646,294</td>
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<td>$11,072,298</td>
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<td>Tennessee</td>
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<td>-2%</td>
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<td>-7%</td>
<td>$3,593,700</td>
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<td>-12%</td>
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<td>-11%</td>
<td>$3,864,077</td>
<td>-3%</td>
<td>$3,878,871</td>
<td>0%</td>
<td>-8%</td>
</tr>
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<td>Texas</td>
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<td>21%</td>
<td>$5,624,829</td>
<td>-2%</td>
<td>$4,752,253</td>
<td>-16%</td>
<td>$4,510,252</td>
<td>-5%</td>
<td>-5%</td>
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<td>West Virginia</td>
<td>$2,342,597</td>
<td>$2,527,017</td>
<td>8%</td>
<td>$2,701,895</td>
<td>7%</td>
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<td>-25%</td>
<td>$2,378,218</td>
<td>17%</td>
<td>2%</td>
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<td>$4,921,013</td>
<td>-5%</td>
<td>$4,967,418</td>
<td>1%</td>
<td>$5,231,961</td>
<td>5%</td>
<td>7%</td>
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<tr>
<td>Arkansas</td>
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<td>$1,420,364</td>
<td>-28%</td>
<td>$1,481,148</td>
<td>4%</td>
<td>$1,460,643</td>
<td>-1%</td>
<td>11%</td>
</tr>
</tbody>
</table>

SLC Total: $117,636,517 $106,747,448 -9% $95,324,901 -19% $65,005,105 -45% $71,263,145 -10% -39%

Source: National Assembly of State Arts Agencies (NASAA)
The Economic Impact of the Arts in the South

Table 2
SLC State Per Capita Appropriation to State Arts Agencies and Rankings (US and SLC) Fiscal Years 2001 through 2005

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Source: National Assembly of State Arts Agencies

Between fiscal years 2001 and 2005, per capita legislative appropriations to state arts agencies declined precipitously from $1.17 in 2001, to $1.06 in 2002, to $0.93 in 2003, to $0.77 in 2004, and to $0.76 in 2005. As evident, despite the improvements in the state fiscal position and a dollar increase in appropriations in fiscal year 2005, per capita appropriations continue to erode. Some of the specifics that may be gleaned from Table 2 include the fact that in three of the five years, Texas was the SLC state with the lowest per capita appropriation; Missouri was the lowest in the two most recent fiscal years with Texas ranking second. Interestingly, Missouri had the third highest per capita appropriation level in fiscal year 2001 before gradually ceding that ranking in the ensuing four fiscal years.

At the other end of the spectrum, Maryland continued appropriating the highest per capita amount toward its arts agency during the entire review period. Yet, even in Maryland, the per capita level dropped from $2.39 in fiscal year 2001 to $2.00 in fiscal year 2005. West Virginia’s per capita appropriation level improved from being ranked sixth in 2001 to second in 2005; similarly, Louisiana jumped from being ranked ninth in 2001 to third in 2005. On the flip side, Alabama, after being ranked fourth in per capita appropriations in 2001, dropped to ninth in 2005.

Another trend apparent from a review of per capita appropriations during the review period involves the fact that in fiscal year 2001, only six of the 16 SLC states had per capita appropriation levels less than a dollar; in contrast, by fiscal year 2005, 12 of the 16 SLC states’ per capita appropriation levels were less than a dollar. Similarly, in fiscal year 2001, of the 10 SLC states with per capita appropriation levels greater than one dollar, three (Missouri at $2.14; Florida at $2.31 and Maryland at $2.39) even exceeded the two dollar range. In contrast, in fis-
The Economic Impact of the Arts in the South

In fiscal year 2005, of the four states that exceeded the dollar threshold, only one reached two dollars (Maryland at $2.00). These trends further reinforce the tremendous budgetary pressures faced by states in the last four fiscal years, a development that reflected in steep reductions of legislative appropriations to their arts agencies.

**NATIONAL PERSPECTIVE**

At the national level, while legislative appropriations to the arts improved in fiscal year 2005 compared to the prior year ($303.1 million cumulatively compared to $281.1 million), it is far below the lofty levels reached five and six years ago. For instance, in fiscal year 2001, cumulative state arts agency appropriations totaled a staggering $450.1 million, an amount more than reflective of the salubrious fiscal environment states found themselves in during that year. Data for the last 10 fiscal years is presented in Figure 2.

As indicated in Figure 2, after three consecutive years of cuts, state arts agencies saw an increase in their legislative appropriations in fiscal year 2005, currently at about $1.02 per American. Interestingly, despite the 8 percent increase from the fiscal year 2004 level, the majority of the growth occurred in just two states, one outside the Southern region, New Jersey, increasing from $18.9 million to $28.7 million and Florida, increasing from $6.7 million to $15.8 million. Figure 2 graphically represents the sharp drop in aggregate appropriations state arts agencies experienced when funding went from $450.1 million in 2001 to $281.1 million in 2004. A number of state art agencies, both within the Southern region and outside, reported the largest percent declines during the state fiscal downturn, continue to operate under severe stress and their budgets have not rebounded. Some of these states include California, Colorado, Missouri, Michigan, Massachusetts, Minnesota, Oregon and Virginia.

A sampling of the features that stand out at the national level in-
cludes the over 135 percent increase in Florida’s appropriation level from $6.7 million in fiscal year 2004 to $15.8 million in fiscal year 2005. Illinois’ $18.9 million, New Jersey’s $28.7 million, and New York’s $44.5 million (the largest appropriation of any state in the country) stand out as the three largest appropriations to the arts. In contrast, California, the nation’s most populous state and the state with the largest economy and budget, appropriated $2 million toward its arts agency in fiscal year 2005. This amount stands in stark contrast to the $51 million appropriated in fiscal year 2000 and the gargantuan $68.1 million appropriated in fiscal year 2001.

In terms of the SLC states and their national rankings, in fiscal year 2001, three states (Maryland, Florida, and Missouri) ranked in the top 10 in terms of per capita appropriations. With the severe cutbacks initiated in Florida during the state fiscal downturn, Maryland and West Virginia were the only SLC states on this top 10 list in fiscal year 2005.

**FEDERAL APPROPRIATIONS TO THE ARTS**

In contrast to other developed countries, especially European ones, funding for the arts in the United States is extremely decentralized. Arts funding in the United States encompasses a blend of federal, state and local government funds alongside financial support from private individuals, corporations and foundations. Another crucial source of funding for arts in the United States involves box office receipts or sales revenue. In fact, in the past few years, as much as 50 percent of all income garnered from American arts organizations flowed from “earned income,” such as box office receipts and ticket sales.

The arts, American artists, arts organizations and institutions face complex challenges in reacting to this dynamic environment. Not only is it likely that federal or state appropriation levels may be widely divergent from one year to the next, sources of funding from the corporate sector could be equally volatile. For instance, even though government funding for the arts continues to remain a small portion of the full arts funding picture, federal appropriations to the National Endowment for the Arts (NEA), the official arts organization of the United States government, dropped from $162.3 million in federal fiscal year 1995 to $99.5 million the next federal fiscal year. Similarly, at the private, corporate level, a corporate contributor might suffer severe financial losses, sometimes irreversable, that would result in eroding funding for the arts in a community from that particular source. A good example here is the setbacks suffered by the arts community in Houston, Texas, with the spectacular collapse of the energy and trading giant Enron. Many cultural institutions in the city, including the Museum of Fine Arts, Houston Ballet, Alley Theater and the Houston Symphony, continue to feel the negative repercussions of the disintegration of the energy company because Enron made significant contributions totaling millions of dollars to all of them.

Even though none of the key players, particularly the artists and organizations involved, savor the choppy and extremely unpredictable growth path of the American arts scene, observers note that it also has “the healthy effect of keeping artists and institutions realistically focused on their goals and communities.” As examples of the amazing end results of the culturally dynamic American arts scene, the NEA cites the fact that 30 years ago, Chicago’s Steppenwolf Theater did not exist; today, it is one of the nation’s leading theater companies. Then, in less than 10 years, Jazz at Lincoln Center, headed by the famed trumpeter Wynton Marsalis, has become the world’s largest non-profit jazz organization. Finally, the NEA lauds Rimrock Opera of Billings, Montana, the only opera company in an 800-mile stretch of vast expanse bringing Verdi, Puccini and Donizetti to the sparsely populated high plains and mountain territories in a little over five years now.

In addition to its remarkable complexity and dynamism, the NEA concludes that the American arts system is “uniquely effective.” Notwithstanding the highly decentralized and mercurial funding sources, the NEA indicates that this system has produced “a cultural landscape of enormous size and unmatched diversity.” The rapidly changing arts landscape ebbs and flows with an astonishing range of cultural institutions, and current estimates indicate that there are more than 1,500 professional theaters, 1,200 symphony orchestras, 120 opera companies and 5,000 writers’ conferences alongside the tens of thousands of individual artists. While the NEA is the official federal instrument that channels financial assistance to support all of the arts and arts education in the 50 states and territories, the actual level of federal funding remains miniscule, slightly less than 1 percent of total arts funding. Yet, NEA grants are powerful multiplying forces and experts conclude that NEA grants typically generate seven to eight times more money in terms of matching grants, donations and earned revenue. These NEA grants serve to
legitimize new arts organizations and validate existing ones in generating the positive economic ripple effects noted above.

Figure 3 demonstrates U.S. government appropriations to the NEA—in five year intervals—since its inception in 1966.

As evident, federal appropriations for the arts have dropped off in the last 15 years or so after reaching its high point in 1992 when the U.S. government allocated $175.95 million. After undergoing a decline in the mid 1990s, the appropriation level picked up again in fiscal year 2001 when $104.8 million was allocated. For fiscal year 2005, the appropriation amount was $121.3 million.

The NEA reports that government support for Italy’s major opera houses is nearly 10 times larger than the annual NEA working budget, a level of financial support that allows major Italian opera companies to offer fare at the highest artistic standards. In spite of this lavish financial sustenance, the NEA notes, a number of these opera houses failed to stage even a single production for years because of organizational problems, labor issues or reconstruction. Hence, from the European perspective, a federal arts budget of a little over $121 million might have entailed a national arts scenario that was marginal or middling at best; yet, the complete opposite is true as the arts in America continue to innovate and nimbly react to constantly shifting financial tides and decentralized command structure to rank among the most vibrant in the global context. In fact, certain European assessments of the American arts scene contend that “the absence of state intervention, combined with a helpful tax regime, is what has made the arts in America so self-reliant.”

Interestingly, the American model of funding the arts and culture is gaining ground in a number of European settings and, even though accurate figures on the scale and growth of non-state funding for the arts in Europe are still hard to acquire, anecdotal evidence suggests that fundraising is expanding. In fact, cutbacks in state subsidies have been replaced by corporate sponsorship and private funding. As far back as 2001, information indicated that state funding for the arts in many parts of Europe (Austria, Germany, Italy and Russia) was shrinking. For instance, The Economist noted that the state subsidy of the Berlin Philharmonic Orchestra had been reduced from 57 percent of its budget in 1997 to 48 percent in 2000. Then, the state subsidy of the Teatro alla Scala in Milan had been cut from well over 50 percent to 44 percent in 2001.
Prior to delving into the total economic impact of the non-profit arts industry, reviewing terms such as direct and indirect impacts and multiplier effects remains a useful starting point. Specifically, a breakdown of the different forms of economic impact yields two main categories: direct and indirect economic impacts. Each time a dollar changes hands, either a direct or indirect economic impact is created.¹

A direct economic impact is a measure of the economic effect of the direct local expenditures of a particular arts-related activity and generally is the first level of economic impact within the community. For instance, when a museum pays its curators and other staff, each staff member’s salary, full-time-equivalent employment status, and taxes paid to the different levels of government are evaluated to measure the direct economic impact. Similarly, the purchase of equipment by a ballet company remains an example of a direct expenditure.

An indirect economic impact occurs when an individual or organization spends money obtained as a consequence of a direct expenditure. This local spending on jobs, personal income, purchase of goods and services, and state and local government revenue ripples through a community while creating the indirect economic effect. For instance, when an orchestra purchases an instrument from a music store, a direct economic impact is created; when the manager of this store pays its employee’s salary, an indirect economic impact is created. Then, when the employee uses part of his salary to pay for groceries and when the grocery store cashier pays part of the utility bill, additional indirect impacts are created. Until the original dollar value is spent non-locally, when it is deemed to have ‘leaked out,’ the dollar is tabulated as an indirect economic impact.

A discussion of direct and indirect economic impacts often brings up the issue of the multiplier effect. The multiplier effect, also referred to as an economic activity multiplier, involves an estimate of the number of times a dollar changes hands within the community. In estimating this multiplier, a single number is used to multiply the expenditures involved. For instance, if the arts industry in a particular city is estimated to have a direct economic impact of $100,000 and a multiplier of four is used, total economic impact, including indirect, is estimated to be $400,000. Despite the widespread use of the multiplier effect, economists often caution against over reliance on this technique because the multiplier is developed by making gross estimates of the industries within the community. Since it does not allow for differences in the essential features of these industries, the multiplier could result in an overestimation of the economic impact.

In contrast to the economic multiplier approach, experts tout another, relatively inexpensive method of economic impact analysis—an input-output model. These experts contend that an input-output model reflects a much more accurate count of the number of times a dollar is spent in the local community. This model is based on a matrix that closely follows the dollar flow between several pre-determined industries within the community before it leaks out. Using the input-output model, economists can render an accurate estimate of the impact of full-time equivalent jobs, personal income (salary, wages, and entrepreneurial income) alongside tax revenue raised by state and local governments. If a matrix that is sophisticated enough is formulated, the effect of arts organization expenditures such as paying their employees, purchasing supplies, contracting for services, acquiring assets within the local economy—considered direct impacts—and the results of these direct impacts on supporting local jobs, creating personal income and the capacity to purchase goods and services and generating government revenue—considered indirect impacts—combine to produce a precise summary of total economic impact.

In sum, the arts industry contributes to the local economic base primarily in two ways. First, by exporting a major part of its output, the industry brings new net income dollars into the economy. Second, by relying on local firms and local factors of production for its activities, the local arts industry retains dollars within the area. As a result, economic growth occurs because of increased demand for the export of locally produced arts or by reducing reliance on key ingredients such as fixed capital, current supplies, new materials, labor, etc. from other regions.
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Prior to a presentation of the economic impact of the non-profit arts industry in the SLC states, a review of national trends on this topic remains very instructive. In mid-2002, Americans for the Arts released the results of the most comprehensive study ever conducted on the economic impact of the non-profit arts organizations and their audiences in America. This study involved 3,000 local arts organizations and 40,000 attendees at arts events in 91 cities in 33 states, a sample size that surpassed the efforts of all previous studies of a similar nature. The results of this study, still the latest national study available, reinforced the conclusions reached in previous studies that, in addition to substantially improving the quality of life in a community, an investment in the arts also generated tremendous economic benefits. The 2002 study’s results came in significantly ahead of the previous Americans for the Arts study (completed in 1994), an indication that the arts continued to generate positive economic results despite bleak economic times and cutbacks in state appropriations.2

The sheer magnitude of the economic impact of the arts at a national level is quickly apparent with the latest study’s findings that non-profit arts organizations and their audiences triggered a staggering $134 billion in total economic activity.3 Table 3 presents additional details related to the study’s economic impact results.

Further measurements of the economic impact of New England’s non-profit arts industry documented in the 2005 report indicates that 13,592 cultural organizations:
- spent a total of $5.418 billion, of which $1.872 billion was for salaries, and $3.546 billion was for other operating expenses;
- received $5.479 billion in income, of which $3.172 billion was earned, $1.573 billion was from foundation, corporate and individual donations, and $734 million was from federal, state, and local government appropriations;
- provided 78,600 jobs, including 42,220 artists and humanists;
- secured 103,266,483 admissions to events, or 7.4 times the population of the entire region (about 67 percent of these admissions were paid admissions);
- collected and/or paid $146.4 million in federal payroll taxes and $10.8 million in state sales taxes; and
- operated with the help of 274,707 volunteers.

The $134 billion total impact generated by the non-profit arts industry includes $53.2 billion in arts organization spending and $80.8 billion in event-related spending by arts audiences. The $53.2 billion was a 45 percent increase over the $36.8 billion recorded by the 1994 study, certainly an impressive growth rate. Then, the $80.8 billion in spending by audiences reflects spending for hotels, restaurants, parking, souvenirs, refreshments, or other similar costs. In addition, the almost 4.9 million full-time equivalent jobs created by the industry creates a huge economic ripple effect as the economic activities of these individuals lead to greater tax revenues for each level of government. The almost $25 billion in local, state and federal government revenues remain a huge return on investment when one considers that cumulatively these different levels of government appropriated a fraction of this amount. For example, in fiscal year 2002, the cumulative legislative appropriations of state governments were $411.6 million, the federal appropriation to the National Endowment for the Arts in fiscal year 2002 was $115.2 million. The fact that such a relatively small federal and state legislative appropriation spawned such a huge return in the form of local, state and federal revenues clearly indicates the towering multiplier forces operating in the arts sector.

As noted, in 2002, total spending by the nation’s non-profit arts organizations (excluding audience spending) experienced a solid expansion rate of 45 percent, from $36.8 billion to $53.2 billion compared to the prior 1992 report. Even in a range of other related categories (83 percent increase in corporate support to the arts; 87 percent increase in state arts agency budgets; doubling of foundation giving to the arts; 23 percent increase in private sector giving to the arts; and a 30 percent increase in local government allocations to the arts), a comparison between the two reports documents the extraordinary growth path of the non-profit arts industry. These various government and non-government entities were convinced that financially sustaining the non-profit arts industry was crucial for generating assorted economic benefits.

Even at the regional level, recent reports amply document the impres-
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The record for visitors was set in 2001, when 17.5 million visitors poured into New York City, driven partially by a need to show solidarity after the September 11 terrorist attacks. The city’s tourism office reported that a cheap dollar, safe streets and a calendar packed with cultural events was an attractive blend of reasons for an increasing number of foreign visitors (31 percent more than the previous year) to visit New York City.

Cultural offerings have long been crucial to the tourism industry in New York City and the president of the tourism bureau notes that “[I]n addition to being a major economic engine, arts and culture contribute greatly to New York’s quality of life.” In fact, of all the people who visited New York City in 2004, 43 percent attended a cultural event or visited a cultural venue; the percentage was even higher for foreigners, with about 70 percent of those coming from overseas taking part in some cultural activity. These “cultural visitors,” as the bureau classifies them, rose by 1 million from 2003 to a total of 4.2 million in 2004. More impressively, the report documents that spending on such cultural attractions as plays, museums, concerts, art exhibits, historical sites, fairs, festivals and zoos increased to $9.1 billion from $8.2 billion in 2004, and officials estimated the economic impact of visitors who participated in cultural activities at more than $15 billion. (The study did not include those who did not participate in cultural activities.)

EMPLOYMENT IN THE ARTS

In March 2005, Americans for the Arts released a report entitled Creative Industries 2005: The Congressional Report, which documented that arts-centric businesses represent 4.4 percent of all businesses and 2.2 percent of all jobs in the United States. This extensive study, which tracked employment levels in arts-related businesses, institutions and organizations in all 435 Congressional districts, reported that 49 of these districts had more than 10,000 employed in arts-related jobs. Arts-related jobs were broadly defined to include six creative industries: museum and collections; performing arts; visual arts and photography; film, radio, and TV; design and publishing; and arts schools and services. In addition, the creative industries ranged from non-profit museums, symphonies, and theaters to for-profit film, architecture, and advertising companies.

Some of the more salient features to emerge from the study include the fact that more than 578,000 arts-related businesses employ 2,965 million people and that more than half of the districts have at least 5,200 arts-centric employees. The district with the highest number of arts-centric employees was the 8th Congressional district (New York City) with 119,320, while the district with the least (Kentucky’s 5th) had 1,554 people employed in the arts. Similarly, the New York district had 8,033 arts-related businesses while the Kentucky district had 466 arts-related businesses. When the top 50 Congressional districts are ranked by the number of arts-centric employees,
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Source: *Americans for the Arts*, March 2005

14 SLC state Congressional districts emerge in this ranking. Georgia’s 5th Congressional district, representing Atlanta, ranks 10th nationally in this category and is the highest ranked SLC district.

Table 4 provides a breakdown of the creative businesses and employment numbers in the Congressional districts covered by the SLC states.

As indicated in Table 4, the 162 Congressional districts in the 16 SLC states operated 188,285 arts-centric businesses that, in turn, employed 885,226 employees. Texas was the SLC state with the most number of arts businesses (44,373) and employees (186,158), while West Virginia had the least number of businesses (1,682) and employees (8,432). District averages are another interesting level of analysis and, in this category, Florida leads the SLC states with 1,474 businesses and 6,504 employees, on average, in each district. West Virginia occupies the other end of this spectrum with 1,682 businesses and 2,811, on average, in each of its Congressional districts.
An earlier chapter outlined the legislative cutbacks experienced by state arts agencies during the early years of this decade as states battled the worst fiscal downturn to afflict them in a half-century. Compounding the fiscal problems of these arts agencies was the fact that individual, corporate and foundation donations were dipping as well. In this context, state and local government arts agencies were forced to explore a range of different alternate funding mechanisms to not only stay afloat but also ensure that the artists and arts organizations within their jurisdictions were able to survive the pernicious effects of a slumping economy. The full impact of these government and non-government financial cutbacks, cutbacks of unprecedented severity, first surfaced during fiscal year 2002, after the economy lurched into a recession and both state and corporate revenues started plunging at a torrid pace.

At the government level, in the years following fiscal year 2002, some of the measures that were proposed and then sometimes followed through included the governors of Arizona and Missouri eliminating funding for their arts commissions; the governor of New Jersey trying to trim $32 million from the state’s $5 billion shortfall by abolishing the New Jersey Council on the Arts and the Historical Commission, along with a trust fund for beleaguered arts groups; then-Governor Davis of California, facing a deficit that ran into the tens of billions of dollars, scaling down funding for the arts to $11.5 million, half of the previous year’s allocation and down from a high of $31 million three years before; the governor of New York proposing a 15 percent reduction in the nation’s largest arts council budget from $44 million to $37.4 million; and, at the local level, the mayor of New York slashing 6 percent from the city’s fiscal year 2002 arts budget and then proposing an additional 11.5 percent cut for fiscal year 2003, leaving $102 million as the city’s arts budget, comparable to the level appropriated in fiscal year 1999.1

In fact, in January 2002, there were reports that a number of major cultural institutes in New York City stood to lose significant amounts in capital commitments from the city including the Metropolitan Museum of Art (the Met), which had been promised $26.2 million to nearly double its exhibition space, including new areas for education and research; New York Botanical Garden, which was expecting $31.3 million for various projects, including roof repairs and repaving; Museum of Modern Art, which was awaiting $30 million to help increase its space and build temporary quarters in Long Island City, Queens; Queens Museum of Art, anticipating $23.7 million to double its space; Solomon R. Guggenheim Museum, promised $24 million for a new downtown site; and the Aquarium in Coney Island, which was expecting $31.4 million for refurbishment of its main hall and other repairs.2

The situation with the private sector was equally dismal as The Chronicle of Philanthropy reported that total gifts by the nation’s top 60 donors fell from $12.7 billion in 2001 to $4.6 billion in 2002, a precipitous decline of 63 percent.3 However, by 2004, America’s 60 largest donors had increased their charitable contributions to more than $10 billion, a big increase from 2003, when the top 60 donors contributed $5.9 billion.4 Given that a sizable portion of these donations were directed toward various arts institutions, fundraisers in the field carefully follow the ebb and flow of the economy to ascertain potential philanthropic levels. As expected, a poorly performing economy impacts negatively on corporate profit margins, a trend that then reduces the ability of corporations to make sizable charitable contributions to the arts. Experts also note that in a turbulent economy, “even the extremely wealthy feel less flush, a phenomenon called ‘psychic poverty.’ ”5

The Foundation Center, a non-profit organization that collects, organizes, and communicates information on philanthropic trends in the United States, issued a report in 2005 entitled Vital Signs: Snapshots of Arts Funding, describing foundation support to arts and cultural organizations in 2003.6 According to this report, in 2003, the most recent year available, the 1,010 largest U.S. foundations donated a total of $1.79 billion to the arts. While this contribution level involved 17,881 specific grants, it amounted to a decline of 8 percent from the contribution level provided in 2002. On an encouraging note, the percentage decline in the contribution level to the arts was
slightly lower than the contribution level from foundations to all other sectors (education, health, human services and science and technology). State arts agencies and their grantees often are the recipients of grant dollars from these philanthropic foundations.

On the West Coast, arts giving at 16 San Francisco-area foundations followed the dot-com flameout, plummeting from $55 million in 2001 to $44 million in 2002. In September 2002, a number of prominent opera companies (Metropolitan Opera House in New York, Los Angeles Opera and the Lyric Opera of Chicago) indicated that one of their major philanthropists, whose high-tech funds had suffered severe losses, had failed to fulfill his financial pledges. This caused the Met to create a bad debt reserve to cover a $4 million pledge and the Los Angeles Opera to place its young artists program on hold. During the dismal early years of the downturn, further complicating the non-government donations picture was the scarcity of gifts in excess of $1 billion. Specifically, in 2001 there were three such mega-gifts, but in 2002 only one—Walter Annenberg's bequest of Impressionist and Post-Impressionist art to New York's Metropolitan Museum of Art.

While the improved philanthropic levels reached in 2004 remained a positive development, researchers in the field had previously detected “a growing tendency among donors to make long-term pledges rather than outright cash gifts, delaying payments on previous pledges and increasing reluctance to make new giving commitments of any sort.” In fact, the 2004 level still trailed the levels reached in 2001 ($12.7 billion) and preceding years when the contributions of the nation's top 60 donors were greater. The fear among researchers in the field was that many organizations that depend on fundraising for their operations still are not securing as much as they did in the late 1990s and 2000, when many large groups regularly achieved double-digit percentage increases.

Nevertheless, some of the major donations to the arts in 2004 included the following: Caroline Wiess Law, an oil heiress and art collector who died in December 2003 and left a total of $450 million to three charities in her hometown of Houston, Texas. The Museum of Fine Arts in Houston, a museum founded by her parents, of which she was a life trustee, received the largest share of the gift, an estimated $400 million, for its endowment. In addition, Ms. Law left the Museum 54 pieces of art, including paintings by Picasso and de Kooning, valued at approximately $30 million. Then, New York City Mayor Michael Bloomberg donated $138 million to more than 600 charities in 2004, including the financially strapped Dance Theatre of Harlem in New York. More recently, in January 2006, the Metropolitan Opera House in New York received its largest individual gift in its history, a $25 million donation from Mercedes and Sid R. Bass. The notable development regarding this announcement was the fact that the gift is not the usual pledge but money that is available immediately and in an unrestricted manner. Met officials indicated that the donation would be applied toward plugging any deficit this season (expected to be several million dollars), along with paying for an increased number of new productions.

The situation in 2005 had not improved dramatically for the arts in a number of states and localities. For instance, in Connecticut, arts leaders were alarmed in February 2005 when the governor proposed a 16 percent reduction in the $23.7 million budget of the Connecticut Commission on Culture and Tourism. Among the cuts proposed were $2.25 million in cultural resources grants, which help fund arts groups' operations, education and programs and eliminating the $1 million contribution to the Commission's arts endowment fund, which has grown over the years to $16 million in bonding money.

Another state, South Dakota, faces similar challenges in funding its arts outreach programs. Specifically, across South Dakota, 288 artists, schools and cultural organizations began fiscal year 2006 with almost $1 million in grants from the South Dakota Arts Council. However, the funds are about $600,000 less than those arts groups applied for and about $21,000
less than what the Arts Council distributed in fiscal year 2005. If further cuts occur, arts officials indicate, everything from children’s performers to traveling musicians and theater productions to JazzFest could be trimmed further. The Arts Council intends to deal with its shortfall in the current fiscal year by not funding some touring arts groups that did not seek bookings for 2006 because of their own cuts; not funding “artists collaboration grants;” and not holding back a small reserve for late applicants.

Another development concerning a government, a local government in this instance, cutting back on contributions to the arts involves Peterborough, New Hampshire. In existence since 1907, the MacDowell Colony which, offers a refuge for artists in a variety of spheres to isolate themselves from their usual surroundings and focus on their work, has been ordered to pay property taxes. The MacDowell Colony, where Aaron Copland composed parts of Appalachian Spring, Leonard Bernstein completed his Mass and Thornton Wilder wrote Our Town, also has hosted such well known writers as James Baldwin, Willa Cather, Barbara Tuchman and Alice Walker over the decades. In mid-September 2005, Peterborough town officials filed a lawsuit to require the MacDowell Colony to pay property taxes.

In reacting to these severe government and non-government cutbacks, arts officials have been forced to devise a range of alternate funding mechanisms to continue and sustain the arts and cultural programs in their states.

Earmarked Taxes: Perhaps one of the more popular strategies adopted by a number of jurisdictions across the country involves earmarking a certain proportion of revenue flowing into the coffers of a government entity specifically for the arts. According to Michael Rushton, a professor at Georgia State University in Atlanta who performs extensive research on this topic, the earmarking of taxes toward funding the arts can take one of two forms: first, assigning receipts from a single tax base to a dedicated end use, or second, allocating a percentage of a broader pool of revenue to a specified purpose in the arts. The second category is the approach more favored by the different government entities. An example where a government entity earmarks a certain portion of revenue for a specific purpose is the federal government’s allocation of revenue from the gasoline taxes specifically to the Highway Trust Fund and the state of Georgia’s allocation of revenue from the state lottery specifically to education.

While, theoretically, any one of the many sources of government revenue may be earmarked and then allocated toward the arts, three specific tax categories loom large in a review of this source of funding for the arts:

a) Retail Sales Taxes – According to Rushton, the cities of Denver, Colorado; Salt Lake City, Utah; St. Paul, Minnesota; and Pittsburgh, Pennsylvania, all have deployed the strategy of using earmarked retail sales taxes for the arts. A levy of one-tenth of 1 percent sales tax is assessed over a seven-county region of metropolitan Denver to provide funding for Denver’s Scientific and Cultural Facilities District (SFCD). While the accrued funds are distributed by the SFCD, four large cultural institutions receive guaranteed funding while middle-sized cultural organizations apply for funding on a competitive basis. In addition, the SFCD returns a portion of the funds raised to the local county where the funds originated so that local county officials can make recommendations on funding the smaller community-based cultural organizations. While landmark legislation was enacted to create the SCFD in 1988, voters reaffirmed their support of the SCFD tax in 1994 and, most recently, again in November 2004 with a 65 percent approval rate. (SCFD will now sunset or expire on June 30, 2018.) It is estimated that by October 2004, the SCFD had distributed more than $400 million to arts and science groups in the Denver area since 1988. For instance, the Denver Center for Performing Arts secures about $3 million annually from the SCFD.

In Salt Lake City, funds earmarked for the arts amount to one-tenth of 1 percent of sales taxes and, even though all arts organizations compete for these funds, the larger organizations are almost guaranteed of securing funds. Then, St. Paul levies an earmarked tax of one-half of 1 percent of sales taxes for the arts; one-tenth of the revenue raised is mandated for cultural projects and a majority of this amount must be invested in a designated cultural district. Finally, Pittsburgh assesses a 1 percent sales tax, and 5 percent of the revenues raised from this assessment is designated toward arts and culture in the city.

b) Occupancy Taxes on Hotels and Motels – A number of cities and metropolitan areas garner revenue for the arts from hotel and
The cases of San Francisco, Houston, St. Louis and Columbus, Ohio, are cited as leading examples here. Interestingly, each of these localities allocate the funds raised from their hotel and motel taxes to finance very different programs in the arts. For instance, San Francisco uses the funds raised from this source to finance culturally diverse institutions that work on cutting edge artwork. Houston allocates its funds to shore up the city’s convention and tourism sectors; specifically, the Cultural Arts Council of Houston receives a percentage of this hotel and motel tax for art. Columbus and St. Louis use funds generated from this source to broaden the scope of cultural opportunities in their communities to include those that otherwise would have been excluded from the arts. Also, the public art program in San Diego, a unit within the San Diego Commission for Arts and Culture, gathers funds from this source. Administrative costs for the Commission are covered by a portion of the city’s Transient Occupancy or Hotel/Motel Room Tax, which helps to fund the operating and personnel expenses of nearly 90 arts and cultural organizations.

More recently (2005) in Kentucky, the General Assembly approved a 1 percent statewide sales tax on hotel and motel rooms earmarked specifically to promote tourism in the Bluegrass state. While initial estimates indicate that this tax would generate about $6 million annually, based on proceeds from the first three months of the fiscal year, it appears that the total could be much higher. Significantly, under the Kentucky model, the funds raised will only be for reimbursing local tourism boards and non-profit attractions; local groups have to spend the money first and then apply to be reimbursed by the state up to one-fourth of half the cost of an initiative.

c) Property Taxes — St. Louis is a city that earmarks a portion of its property taxes for the funding of five large cultural institutions. In the last few decades, beginning in the late 1960s, St. Louis, like many other cities across America, faced a series of challenges in dealing with more and more of its population migrating away from the city into surrounding suburban counties. This exodus of tax-paying residents left the city of St. Louis with a decreased tax base to support the city’s renowned cultural institutions. In response to this alarming development, in 1970, the General Assembly of Missouri passed House Bill 23, which established the Zoo-Museum Tax District (ZMD). Then, residents of the city and counties of St. Louis voted to tax themselves equally to support the St. Louis Zoo and the St. Louis Art Museum; later sub-districts were included for the Missouri History Museum, St. Louis Science Center, and the Missouri Botanical Gardens. Each of the five institutions currently receive proceeds from separate property tax assessments, which range from 3.1 cents to 6.1 cents per $100 assessed valuation.

On the other hand, very recently in March 2004, voters in Cuyahoga County, Ohio (encompassing Cleveland) rejected an effort to increase property taxes as a means of raising revenue to fund the arts and spur economic development. Learning from this rejection, experts in this arena often encourage arts advocates pushing for earmarked taxes to fund the arts to “piggyback” onto measures that are considered “no-brainers,” such as expanding the police and fire departments. Experts also indicate that by comparing a one-mill sales tax increase (that is one-tenth of one cent) to the cost of a McDonald’s Happy Meal, for instance, supporters of the arts are likely to succeed in their quest to secure revenue earmarked for the arts.

Interestingly, urban planners now comment on a marked re-
versal of the trend of an exodus from the metropolitan areas to the suburbs. They reference a number of cities across the country—Atlanta, Georgia; Little Rock, Arkansas; Denver, Colorado; Baltimore, Maryland, for instance—that are seeing a strong inward migration as plummeting crime rates, shorter commutes and the allure of an urban lifestyle entice citizens back into the downtown and central business districts. In Baltimore, Maryland, officials announced the construction of a glass skyscraper soaring 59 stories and 717 feet to become the city’s tallest building. This $300 million project is hailed as the latest example of a surge of redevelopment that has begun transforming the city’s downtown into a residential and entertainment hub, boosting demand for amenities such as hotels, restaurants and shops.

Cities such as Jackson, Mississippi, that have long sought to develop their downtowns as thriving areas of residences and commerce, recently have initiated concrete measures to begin the transition. During the 2006 legislative session, a plan to transform eight blocks of downtown Jackson with new apartments, parking garages, office space, retail establishments, entertainment venues and restaurants, a cultural center and hotels, was sponsored. The strong support of the private sector, specifically Entergy Corporation which, together with the state, owns more than 60 percent of the land in the proposed district, has raised the expectations of public and private sector officials about the project’s (titled Old Capitol Green development) success.

**Percent-for-Art-Legislation:** A number of localities across the country have enacted “percent-for-art-legislation” that ensures a steady stream of funds that can be deployed to finance various arts-related projects and public art works. By enacting such legislation, the locality requires that a certain percentage of specified publicly funded capital improvement projects are allocated toward arts-related projects. For instance, the Arts Council of New Orleans funds public art projects through a joint partnership between the public and private sectors in order to create a more stable funding basis. Phoenix, Arizona’s public art program is funded through the city’s general purpose funds, public art funds, state lottery revenue, and regional and federal grants. Then, the San Antonio Design Enhancement Program (DEP) is operated through the city’s Public Works Department’s City Architects’ Office. The DEP program is maintained by art allowances and budgets that are identified and developed by each project design team. More recently, in May 2004, in Oklahoma, Governor Henry signed his state’s *State of Oklahoma: Art in Public Places Act* to support public art in Oklahoma. The new law requires that one and a half percent of the cost of construction or major renovation of state-owned public buildings approved after September 1, 2004, must be allocated for works of art in or near the project. While the act applies to construction or renovation projects costing $250,000 or more, the maximum assessment for any one project is $500,000.

**Innovative Corporate Solicitations:** Beyond the usual solicitation of corporate contributions to the arts, experts also contend that there are a number of non-traditional strategies to encourage the corporate community to fund public arts projects. For instance, if a city is going through a major development phase, like Little Rock in 2004 or Mobile in 2002, where developers began spending hundreds of millions of dollars to enhance the image and economic potential of the city, the arts community is advised to seek allocations toward public art works by pitching it as an integral part of this economic expansion effort. Another strategy forwarded regarding investing in public art projects could involve the incentive packages provided to developers. Under this approach, a percentage of the fees paid by developers (environmental mitigation fees) could be set aside for public art projects, where the art would be considered a mitigation tool. Finally, developers could be allowed to fund public art projects as...
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Universities: During the bleak early years of this decade when funding from both public and private sources dwindled, a number of arts organizations and artists were able to secure sustenance from a most unlikely source: universities.\textsuperscript{26} In the past, colleges and universities often came to the aid of artists and arts organizations by providing rehearsal facilities, technical support and audiences. More recently, these institutes of higher learning have rescued the arts by providing significant sums of money, particularly by commissioning and sponsoring new arts projects and works. In fact, this is considered “a uniquely American phenomenon since nowhere else in the world do universities maintain major arts centers on campus that operate as major arts centers for their regions.”\textsuperscript{27}

One of the most striking examples of this latest collaboration was the decision by Columbia University and the University of Michigan to invest $2 million in a stage production of Salman Rushdie’s novel “Midnight’s Children,” that was performed by the Royal Shakespeare Theater at the Apollo Theater in Harlem, in Ann Arbor, Michigan, and in England in 2002.

In fact, in the last decade or so, a number of universities, ranging from Ohio State University to the University of Iowa to the University of Michigan to the University of California to Miami-Dade Community College, have earmarked significant dollar amounts to sustain both established artists and newcomers. To fund these arts projects, the universities draw on their arts centers’ general budgets, including ticket sales and university subsidies, and also raise funds from individual patrons and foundations, specifically for commissioning new works. For instance, the University of Michigan’s University Musical Society (UMS) has brought orchestras, theater companies and dancers to Ann Arbor for more than a century; more recently, however, UMS has made an active effort to commission and sponsor new works from emerging artists. Bard College, in Annandale-on-Hudson, New York, planned its new performing arts center (designed by the acclaimed architect Frank Gehry) with the goal, like so many other educational institutions, of enriching cultural life on campus and beyond. The University of California at Davis in 2002 had a $7 million annual performing arts budget while the University of Iowa, one of the most active campuses in commissioning new works, has promoted more than 80 new works over a 15-year period.

Beyond the obvious positive economic and non-economic flows from these arts ventures sponsored by American institutes of higher learning, officials at the universities also indicate that “they think of their work [sponsoring established and emerging artists] as the equivalent of science research, but in the arts” and “[W]e don’t have a patronage class the way we did with Rockefeller and Carnegie and we don’t have government funding like European societies do, so educational institutions have to step into the breach.”\textsuperscript{28}
CHAPTER FOUR

At the 2005 summer meeting of the Southern Governors’ Association (SGA), Georgia Governor Sonny Perdue announced that the primary initiative of his tenure as chair of the SGA involved promoting heritage tourism as a means to spur economic growth in Georgia and the other Southern states. 1

With his Heritage Tourism Initiative, Governor Perdue chose to focus on and expand the link between tourism and economic development even beyond the usual mix of tourist attractions scattered across Georgia and other parts of the South. The initiative now includes such venues as agri-tourism, music history, film legacy, cities crucial to the civil rights movement, plantations, Spanish forts, Civil War battlefields and a host of other cultural and historic sites.

In Louisiana, even before Hurricane Katrina’s devastating impact, Lieutenant Governor Mitch Landrieu was focusing intensely on tapping his state’s “multifaceted, deeply rooted, authentic and unique culture” as a source of “economic energy.” In the aftermath of Katrina, state officials led by the lieutenant governor are even more intent on making Louisiana’s cultural economy the engine of its economic and social rebirth. 2

Both these public officials and a number of others across the South realize the tremendous untapped economic potential of the cultural and heritage treasures within their borders and are actively seeking to market these venues as a means to attract tourists and tourist dollars. These policymakers are quickly realizing that cultural and heritage tourists not only spend more money than regular tourists, they also tour for a longer period of time.

In fact, at the national level, there is a growing body of evidence that not only is cultural and heritage tourism rapidly expanding and gaining widespread popularity, the spending patterns of this particular cohort of tourists are substantially larger than the spending patterns of regular tourists. According to the most recent information from the U.S. Department of Commerce and the President’s Committee on the Arts and the Humanities, historic and cultural-associated travel increased by 13 percent from 192.4 million person-trips in 1996 to 216.8 million person-trips in 2002 compared to other travelers; similarly, cultural and heritage tourists spent more, $623 versus $457, compared to regular tour-

### CULTURAL HERITAGE TOURISM PROFILE

**Domestic**

- Eighty-one percent of the 146.4 million U.S. adults who took a trip of 50 miles or more away from home in the past year can be considered cultural and heritage tourists.
- In contrast to other travelers, cultural and heritage tourists use a hotel, motel or B&B: 62 percent vs. 55 percent;
- are more likely to spend $1,000: 19 percent vs. 12 percent; and
- travel longer: 5.2 nights vs. 3.4 nights.
- The demographic profile of the cultural and heritage travel segment today is younger, wealthier, more educated and more technologically savvy compared to those surveyed in 1996.
- Approximately 35.3 million adults indicated that a specific arts, cultural or heritage event or activity influenced their choice of destination.

**International**

- In 2004, there were 10.6 million overseas visitors who participated in cultural and heritage tourism activities in the United States.
- The United Kingdom, Japan, Germany, France and Australia were the top five overseas markets interested in cultural and heritage tourism in the United States.
- The average overseas tourist interested in cultural and heritage activities visits the United States for longer, over 19 nights vs. 16 nights for all overseas travelers.
- More than 72 percent of overseas cultural and heritage tourists are here for leisure/vacation as one of the purposes of their visit compared to 62 percent for all overseas travelers.
- Overseas cultural and heritage tourists are more willing to visit more than one state (41 percent) compared to only 30 percent for all overseas visitors.

Source: U.S. Department of Commerce and the President’s Committee on the Arts and the Humanities, 2005.
Who Benefits from a Revitalized Downtown/Commercial District?

**Merchants**
- Greater opportunity for growth and expansion
- Expanded customer base
- Less financial risk

**Property Owners**
- Stable or higher rents
- Increased occupancy rates
- Improved marketability of property
- Higher property values

**Financial Institutions**
- Expanded business customer base
- Expanded residential customer base
- Improved public image and goodwill
- Fulfillment of community reinvestment mandate

**Professionals and Service Businesses**
- Ready-made customer base of district employees
- Location near government, banks, post offices, and other institutions
- Nearby amenities for clients and staff

**Chamber of Commerce**
- Potential new member businesses
- Healthier overall business climate
- Potential partnerships on joint projects

**Residents**
- Local accessibility to goods and services
- Opportunities for volunteerism and leadership development
- Preservation of community for future generations
- More employment opportunities
- Stronger tax base to support other community aspects (schools, parks, etc.)

**Local Government**
- Increased sales and property tax base
- Protection of property values and infrastructure investment
- Reduced cost of services, such as police and fire protection
- Reduced pressure for sprawl development

**Community Partners (CDCs, BIDs, civic clubs, historical societies, historic preservation organizations, religious institutions, senior citizens, arts groups, etc.)**
- Improved quality of life in the community
- New membership potential among new residents
- Achievement of common goals
- Preservation of community history

**Schools**
- Youth involvement in civic projects
- Use of commercial district as "classroom" for school projects
- Potential employment and business opportunities
- More opportunities and activities for youths

**Businesses Outside the Commercial District**
- Increased visitor traffic to the community
- Improved municipal services throughout the community
- Increased business from overall healthier economy
- Additional amenities for employees and clients

**Industry**
- Improved quality of life makes recruiting and retaining employees easier

...
other venues of heritage tourism. According to information presented at the conference to the 400 preservation specialists from around the state, baby boomers are forecasted to spend a great deal of time in their retirement years touring cultural and heritage sites and the sooner states and localities prepare for this brand of tourist, the greater the economic benefits that will flow to their coffers. In this connection, the discussion revolved around creating a series of trails that would be of interest to different groups of cultural and heritage tourists and marketing these sites as a package. In Texas, a successful program known as Texas Trails does just this and Georgia plans to establish and collectively market these different trails as a package. Professionals at the conference noted that given the significant economic benefits of attracting more cultural and heritage tourists, the $25 billion tourism industry in Georgia could be expected to expand even further.

The second aspect to this effort by Governor Perdue to deploy cultural heritage tourism in an effort to foster economic growth involved his role as chair of the Southern Governors’ Association (2004-05). As noted earlier, Governor Perdue’s signature initiative during his tenure as chair was to launch the Heritage Tourism Initiative, an effort which seeks to increase revenues by capitalizing on the region’s rich cultural legacy. Unlike the state effort, this initiative is a multistate one and initially will result in an Internet travel site for tourists interested in music in locations across the South. Specifically, this Website will be designed to encourage music enthusiasts to book vacations in Southern states, and visitors to this free site will be able to select vacation planning ideas based on musical genres such as country, jazz, blues or bluegrass. Several Southern governors (Governor Bredesen of Tennessee and Governor Huckabee of Arkansas, for instance) were enthusiastic supporters of Governor Perdue’s vision of this multistate push
tory, folk art, Southern cuisine, Black history and other sites of cultural interest. The site will also allow visitors to make hotel and rental car reservations. In an effort to capture the essence of the South on the Website, even though corporate sponsors will pay to advertise on it, state tourism directors, arts councils, cultural heritage and preservation officials and other state officials will be responsible for supplying the content so that the individual states’ travel and tourism goals and initiatives are secured.

**Louisiana Leveraging the Cultural Economy**

Even before Hurricane Katrina’s devastating blow, high-level public officials in Louisiana, led by Lieutenant Governor Landrieu, were intent on leveraging their state’s impressive collection of cultural attributes to promote broad-based, statewide economic development. However, a few weeks before Hurricane Katrina came ashore in Louisiana, the state’s Department of Culture, Recreation and Tourism (and several other sponsoring agencies), at the prompting of Lieutenant Governor Landrieu, released an in-depth report entitled *Louisiana: Where Culture Means Business,* which provided background information on the state’s unique cultural attributes and laid out a strategy for the state to utilize these attributes in promoting economic growth and opportunities. Specifically, the report defined Louisiana’s cultural economy as “the people, enterprises, and communities that transform cultural skills, knowledge, and ideas into economically productive goods, services and places.” In the aftermath of Hurricane Katrina, Louisiana officials maintain that they are more convinced than ever that focusing on the state’s cultural economic attributes will be an important mechanism to revive economic growth and economic opportunities across the state.

In explaining its rationale for the in-depth analysis on developing a coherent strategy for utilizing Louisiana’s cultural attributes, the 2005 report notes that, up to that point, there had not been an attempt to analyze the development potential of the state’s entire cultural economy. In order to fill this breach, the report sought to demonstrate, in detail, how the state’s cultural attributes supported “many related industries, including tourism” and how it resulted “in improving the quality of life in urban and rural areas and in generating employment in music, film, video as well as industries such as culinary arts, preservation construction, architecture and interior design, publishing and web-related design.” The report stressed that only through a comprehensive review of the many aspects of its cultural attributes can Louisiana understand and develop the full economic potential of its entire cultural economy. The report adopted as a starting point the thesis that culture generates economic value and that for-
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In developing a framework to incorporate as many elements of Louisiana's cultural economy into a strategic plan of action, the report lists the following six broad categories.

Culinary Arts

Food and culinary arts rank as one of the most vibrant, largest and diverse industries within the state’s impressive cultural economy, a sector that has reached the heights of national and international stardom with its impressive roster of chefs and restaurants. The impetus for this flourishing sector, as it is for all the other industries within the cultural economy, involves the profoundly entrenched cultural and ethnic traditions of the many communities that compose Louisiana. Communities that trace their origins to the French, English, Italian, Creole, Native American, African, German and Acadian all blend together to influence what is widely known as Louisiana, New Orleans, Cajun, and Creole cuisine. These diverse ethnic backgrounds have been fused over the centuries to create such contemporary culinary luminaries as Paul Prudhomme and Emeril Lagasse, such well-known restaurants as Commander's Palace and Galatoire among others, such renowned dishes as gumbo, po' boys, etouffee and such recognized ingredients as Tabasco sauce from Avery Island in Louisiana.

In the aftermath of Hurricane Katrina, there were reports that nearly 10 percent of the total New Orleans labor force, about 55,000 people, worked in the city’s estimated 3,400 restaurants; the restaurant industry in the state was estimated to generate about $5.2 billion annually and functioned as the largest private employer in the state.10

Entertainment

Alongside the culinary arts, the ‘entertainment cluster’ remains Louisiana’s most famed cultural attribute, and the state is making a concerted effort to promote this cluster as an economic development priority. Included in the entertainment cluster are broadcasting, film, music, live entertainment, tourism and sports. While the state recently has developed a national reputation for some of these industries, Louisiana’s strength in the music industry remains unparalleled. In particular, New Orleans’ reputation as the cradle of jazz since the early part of the 20th century and its growing popularity in various incarnations in subsequent decades is nationally and internationally known. More recently, since the passage of the 2002 Louisiana Motion Picture Incentive Program, more than $900 million has flowed to the state in new production with such blockbuster movies as Ray. (As a side note, the Louisiana House of Representatives was featured prominently in Ray.)

Preservation

Since about the 1930s, Louisiana has been a leader in the nation’s preservation movement when plans that would have razed the French Quarter were blocked. The state’s historic and preservation industries focus on the restoration and redevelopment of historic structures, historic districts and historic styles that reflect the multivared cultures of Louisiana at various stages in its history. Not only is Louisiana endowed with one of the largest inventories of buildings eligible to be placed on the National Register, the state also has ranked in the top five states for allocating funds toward the restoration of historic properties in the past decade. Many of the professionals (architects, landscape architects, interior designers, antique dealers) included in this category have national reputations burnished by their fine work in and outside the state.

Visual Arts and Crafts

Louisiana’s rich folk art and craft tradition that has thrived for decades recently has been complemented by a rapidly expanding contemporary arts scene. In addition, the state’s visual arts industry, including fine arts, folk art, contemporary crafts and folk crafts has been gaining momentum recently, assisted by a collection of art galleries that are much more than retail establishments and actually are intermediaries in a national art market. A number
The Economic Impact of the Arts in the South

of artists’ studios have cropped up in the Marigny/Bywater area (near the wharves) in New Orleans while several additional Louisiana cities (Shreveport, Alexandria, Jennings and Covington) maintain active visual arts and crafts scenes.

Literary Arts and Humanities

The state’s rich literary tradition is anchored by a number of festivals. Most importantly, the Tennessee Williams Festival and the Words and Music Literary Festival (organized by the William Faulkner Society) generate a great deal of positive media coverage and millions of dollars in economic activity. Furthermore, this category includes a broad collection of individual writers and editors, newspaper and periodical publishing, book publishing and related activities in the humanities. The industry also includes libraries and bookstores which, once again, are more than retail distribution outlets and serve as sites where those immersed in the state’s literary culture convene for various events, discussions and readings.

Design

Recognized in the report as the “weakest segment of the cultural economy” in Louisiana, despite a large artistic labor pool, this category includes the printing and graphic companies that produce creative work in both the print and digital media for the Louisiana business and non-business communities. Also included is the advertising industry with its significant number of artists and writers.

In deconstructing the potential of these six elements of the state’s cultural economy and then formulating an action plan that would take advantage of Louisiana’s strengths in these spheres to propel economic growth, the report records that the state’s cultural enterprises are a major employment engine generating nearly 144,000 direct jobs and accounting for 7.6 percent of Louisiana’s total employment. In fact, the number of direct jobs actually exceeds the number of jobs in the state’s tourism industry (126,000), a reflection of the cultural economy’s silent reach into the state’s economic infrastructure. Then, the report stressed that the culture-related economy also is a fast growing sector in the state, expanding by 6.3 percent compared to the state’s overall 2.3 percent growth rate between 1998 and 2002. The report also notes that the state’s cultural economy is a huge force in the state’s tourism and travel industry; similarly, the cultural economy’s role in the state’s higher education system also is stressed.

Finally, in its detailed listing of strategic initiatives to advance the cultural economy, the report stresses the principles of giving voice to a vision that promotes culture as a direct producer of economic wealth; investing locally in Louisiana’s abundant cultural advantages to attract tourists, investors and businesses; and promoting an environment that all elements within Louisiana’s cultural economy can convene, connect and collaborate to develop the social and networking links to function as an economic sector.
STATE-BY-STATE SECTIONS

The state-by-state sections are a hallmark of practically every SLC Special Series Report, a trend continued in this report. As noted earlier, in an effort to secure the most relevant information on the economic impact of the arts in the SLC states in order to publish this report, the SLC, with the assistance of the Southern Arts Federation, forwarded a detailed survey questionnaire to the directors of the state arts agencies/councils. In response to this letter and subsequent follow up, responses were received from Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, Tennessee and Virginia. On March 17, 2006, the SLC received a detailed response from Alabama, portions of which were included in the state section. The SLC did not receive a survey response from Missouri, South Carolina, Texas and West Virginia.

Consequently, the state-by-state sections of this report include the responses of the 12 SLC states that completed the survey questionnaire along with additional material gathered from other sources. Unless otherwise specified, the information on these 12 states is extracted from the responses to the survey. Whenever additional material is featured, the source for this information is cited. For the four states from which responses to the survey questionnaire were not forthcoming, the state-by-state sections feature information from other sources, including the Web pages of the state arts agency or council and other related information.
The Economic Impact of the Arts in the South

ALABAMA

OVERVIEW

The Alabama State Council on the Arts was created by executive order in April 1966, a move that was followed by the Alabama Legislature in 1967 formalizing the Council’s official role “recognizing, encouraging, and supporting the growth and development of the arts in Alabama.”1 From its initial $25,000 allocation secured from the federal National Endowment for the Arts (NEA), the Council’s budget had increased to a little over $5 million by fiscal year 1998, which included $4.6 million in state appropriated dollars and $500,000 in federal grants.

In fiscal year 2005, according to the National Assembly of State Arts Agencies, the Council’s state appropriation was $3.2 million. The Council’s 15 members, each appointed by the governor for a six-year term, works to promote Alabama’s diverse and rich artistic resources, assisted by a staff of 21.

FUNDING FOR THE ARTS

As the primary state arts agency, the Alabama State Council on the Arts receives an annual appropriation from the Legislature along with additional funds from the NEA. Since 1983, the Council also has administered the Arts Development Fund, a fund comprising contributions made by Alabama citizens from their state income tax refunds. More recently, the Legislature approved the issuing of a new Support the Arts automobile license tag. Proceeds from the sale of the tag provide funding for the performing arts, visual arts, literary arts, arts education and folk arts.

As was the case in practically every other state in the country, the initial few years of this decade posed significant fiscal problems for Alabama, a trend that resulted in significant cutbacks in state appropriation to the Council. In fact, as demonstrated in Table 5, Alabama suffered the third most serious setback (-48 percent) in legislative appropriations among the 16 SLC states during the review period of this report, fiscal years 2001 through 2005. Specifically, legislative appropriations to the arts plunged from $6.1 million in fiscal year 2001 (an appropriation level that ranked Alabama the SLC state with the fifth highest appropriation level, a noteworthy achievement), to $4.8 million in fiscal year 2003, to $3.2 million in fiscal year 2005. Additional details on the legislative appropriation levels are presented in Table 5.

As indicated in Table 5, legislative appropriations declined by -7 percent between fiscal years 2001 and 2002 ($6.1 million to $5.7 million) and continued this descent by -15 percent between fiscal years 2002 and 2003 ($5.7 million to $4.8 million), by -6 percent between fiscal years 2003 and 2004 ($4.8 million to $4.5 million) and, finally, by -30 percent between fiscal years 2004 and 2005 ($4.5 million to $3.2 million), the most precipitous percentage decline during the five-year review period. As noted earlier, cumulatively, the percentage decline between the two book-end years of the review period was -48 percent.

Another important measure of state appropriations to the arts involves per capita spending, and Table 5 provides this information for Alabama between fiscal years 2001 and 2005. In fact, until the last two years of the review period, Alabama’s arts appropriations levels remained very impressive even from a national perspective. Nationally, the state’s $1.38 per capita appropriation ranked it 16th and fourth among the SLC states even though in the subsequent four years state ap-

Table 5

Alabama’s Legislative Appropriation to the Alabama Arts Council Fiscal Years 2001 to 2005

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>State Appropriation</th>
<th>% Change</th>
<th>Per Capita Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Amount</td>
</tr>
<tr>
<td>2001</td>
<td>$6,121,164</td>
<td>-</td>
<td>$1.38</td>
</tr>
<tr>
<td>2002</td>
<td>$5,704,653</td>
<td>-7%</td>
<td>$1.28</td>
</tr>
<tr>
<td>2003</td>
<td>$4,828,285</td>
<td>-15%</td>
<td>$1.08</td>
</tr>
<tr>
<td>2004</td>
<td>$4,544,407</td>
<td>-6%</td>
<td>$1.01</td>
</tr>
<tr>
<td>2005</td>
<td>$3,169,195</td>
<td>-30%</td>
<td>$0.70</td>
</tr>
</tbody>
</table>

Source: National Assembly of State Arts Agencies, April 13, 2005
propriations to the Council gradually declined. This development caused Alabama’s per capita ranking ($0.70) to decline to 29th nationally and to tie for eighth place (with North Carolina) among the SLC states by fiscal year 2005.

**ECONOMIC IMPACT**

During the review period, there were several economic impact reports carried out in Alabama, though none of them were statewide reports. These studies, funded by either private, public or foundation monies, were conducted by the International Festival and Events Association; the University of Alabama in Huntsville; Wolf, Keens and Company; and the West Alabama Chamber of Commerce. As in the case of the economic impact studies carried out in the other states, even though the data is often several years old, it is safe to conclude that more recent analysis would demonstrate even greater economic impacts than the amount reported in these studies. The following section provides a summary of the results of these economic impact studies.

**Jubiliee CityFest (Montgomery)**

This three-day festival in historic downtown Montgomery, begun in 1976, includes a number of arts and cultural activities. According to this 2002 study, the direct economic impact of visitors, visiting vendors, local residents and the festival budget of Jubiliee CityFest was $3.7 million. When the industry-established multiplier of 1.5 is factored, the direct and indirect effects lead to an overall economic impact of $5.6 million, a significant number indeed. While the estimated attendance at the review year’s festival was 100,000, the state of Alabama and the city of Montgomery garnered more than $214,000 and $107,000 in sales taxes, respectively, from spending at the festival.

**Panoply Arts Festival (Huntsville)**

Panoply is a three-day arts festival that showcases the best in local and touring performances. It has been held every year since 1983. According to the July 2000 economic report, the prior year’s festival had an attendance of approximately 75,000. In terms of the economic impact specifics, the report noted that total sales impact (direct and indirect retail, food and beverage, hotel and motel and business services) amounted to $1.6 million; total payroll impact (direct and indirect) amounted to a little more than $1 million; and the total tax impact (city, county and state) totaled just under $59,000.

**A Cultural Plan for Mobile (Mobile)**

In order to publish this 2001 study, the consultants gathered financial information from 20 cultural organizations active in the Mobile area. Among the key findings of the study was the fact that the total direct and indirect organizational spending of Mobile’s cultural sector amounted to $27 million, direct and indirect audience spending added another $20.6 million, generating a total contribution to the economy of $47.6 million. In addition, the cultural sector had 265 full-time equivalent employees with a payroll of just under $7 million. The more than 200,000 hours donated by more than 5,000 volunteers annually to the cultural organizations in Mobile amounted to a contribution of about $1.6 million.

**The Economic Impact of the Arts Survey (Tuscaloosa)**

This 2001 study reviewed 39 organizations in Tuscaloosa and documented that these organizations had an annual budget of $7.8 million. The study also noted that these organizations had earned revenue of $2.2 million and contributed revenue of $3.2 million during the same period. They also maintained 77 full-time employees, 106 part-time employees and 146 seasonal/stipend employees. In addition, just over 3,400 volunteers contributed their time and energy to the activities of these organizations during the review period. An impressive $2.4 million was spent by these organizations on such items as printing, materials, contract services, advertising, equipment, insurance, rent and other expenses. A total of 1.9 million local residents and 1.1 million non-local residents attended events hosted by these organizations during the review period.

**Cultural Economic Development (Birmingham)**

This comprehensive study, released in 2002, was part of a larger report reviewing economic development strategies for the Birmingham region. In terms of the arts and cultural component of this study, financial information from 29 cultural organizations was gathered. Accordingly, the aggregate budgets of these organizations was a whopping $42.7 million with almost
half of the 29 organizations maintaining budgets in excess of $1 million dollars. Overall, contributed income (private, public and corporate support) amounted to about 60 percent of the total revenue of these organizations with the remaining 40 percent originating in admission and ticket sales, income from endowments and other earned income sources.

**CULTURAL HERITAGE TOURISM**

2007 has been designated as the *Year of Alabama Arts* and will involve the efforts of the Council and the state Bureau of Tourism and Travel in promoting this theme. It will include a significant marketing and promotion campaign, a publication of *Alabama Masterpieces*, *Literary Trail*, *Performing Arts Showcase* and a folklife publication and exhibition. In fact, in meeting its mandate from the Legislature, the Council already sponsors a number of programs to address the needs of the arts in Alabama including Arts in Education, Community Arts, Folklife, Performing Arts, Visual Arts, and Literary Arts.

**BLOCKBUSTER EXHIBITIONS**

**Huntsville Museum of Art** *(Huntsville)*

**Birmingham Museum of Art** *(Birmingham)*

**Mobile Museum of Art** *(Mobile)*

- *Montgomery Museum of Fine Art* *(Montgomery)*
- *In the Spirit of Martin: The Living Legacy of Dr. Martin Luther King, Jr.* (2004)
- *Duane Hanson: Portraits from the Heartland* (2005)

**BUILDING BOOM**

The Council noted that there were a number of Alabama arts facilities that had either undergone or were in the process of expanding their facilities. In this connection, the Mobile Museum of Art underwent a major expansion; the Montgomery Museum of Art added a new education wing; the Whole Backstage Theater in Guntersville underwent a major renovation; and the Virginia Samford Theater in Birmingham recently opened after a major restoration.

**ALABAMA’S BLUEPRINT FOR SUPPORTING THE ARTS**

After a two-year deliberation and research effort, the Council presented in 2000 a detailed blueprint to guide the state supporting the arts in Alabama in the coming decades. The overarching theme in this blueprint was the fact that enhancing the quality of life for all Alabamians was a priority for state and local policymakers. Toward this goal, the blueprint noted, creating a government and business environment that focuses on cultural and creative energies would be crucial in both stimulating economic growth and fostering an improved quality of life for the state’s residents. Consequently, the Council adopted the following mission statement and goals to augment the quality of life for all Alabamians through the arts and culture.

**Mission Statement:**

- To enhance the quality of life in Alabama culturally, economically and educationally by supporting the state’s diverse and rich artistic resources.

**Goals:**

- Commit greater financial resources to support excellence and professionalism in all art forms so that quality is the hallmark of artistic activity in Alabama.
- Incorporate the arts as an essential element in the educational experience of all Alabamians.
- Provide an opportunity for all Alabamians to participate in and appreciate the arts.
- Forge new public and private partnerships that broaden support for the arts which impact the quality of life in areas such as education, recreation, cultural tourism and more livable cities.
- Identify, preserve and present folk traditions through direct support and model programs.
- Establish multifaceted support and marketing opportunities for individual artists both in the state and beyond.
- Expand support, understanding and program venues for multicultural artistic expression.
- Enhance the quality of life and economic vitality in communities by making the arts central to planning, design and development.
- Support the expansion and improvement of cultural facilities involving new and old spaces.
- Increase public recognition of and appreciation for the arts.

**OTHER**

In May 1999, Fort McClellan in Anniston, Alabama, closed as part of the 1995 round of base realignments and closures. The closure of this 9,000-acre property, originally created by the U.S. Department of War in 1917, resulted in the loss of thousands of jobs both on the base and in neighboring towns. While road construction and environmental cleanup continues, local public officials and developers are proactively working on a plan to attract industry and retail developments to create jobs and boost the local economy. An integral part of this redevelopment effort involves...
creating an 11-acre arts district—an
chored by the Buckner Arts & Exhibit
Center—that includes a theater, retail
galleries and working areas for artists.
In summer 2005, a four-week concert
series that included performances by
the Alabama Symphony, The Miracles
(a Motown band) and a presentation
entitled Broadway under the Stars, took place.

In July 2005, Americans for the Arts,
in conjunction with the National Asso-
ciation of Counties (NACo), presented
the 2005 National Award for County
Arts Leadership to the Jefferson
County Commission of Birmingham,
Alabama. The award, presented
annually, honors an elected county
board or individual leader who has
significantly advanced the arts in the
communities they serve. The Jefferson
County Commission was chosen due
to its endorsement and support of a
countywide cultural master plan and
for increasing its financial contribution
to the arts by more than $3 million an-
ually.

The genesis for this countywide
cultural push began in 2002 when the
Jefferson County Commission appro-
priated funds to partially underwrite
the development of a Cultural Master
Plan for the Greater Birmingham Re-

gion. After the Commission approved
the findings of the Cultural Master
Plan, it voted to increase its annual
contributions to the arts and cultural
sector from $1.4 million to a stagger-
ing $5 million. Then, the Commission
designated the Cultural Alliance of
Greater Birmingham as its re-granting
agency and established a transparent,
open, highly accountable and non-po-
liticized granting process that includes
participation by area residents. Not
only is the Jefferson County Com-
mision leading the way for Alabama’s
remaining 11 counties and numerous
municipalities to provide support for
arts and cultural activities, its appro-
priation level also is the largest source
of funds for arts and culture in the
state. Interestingly, the Commission’s
appropriation level exceeds the level
appropriated by the Legislature during
the same period.
The Arkansas Arts Council is the state’s prime arts agency and its mission is to advance and empower the arts in Arkansas for the benefit of all state residents. It is an agency of the Department of Arkansas Heritage (established in 1975) and shares the goals of all six Department of Arkansas Heritage agencies (Arkansas Historic Preservation Program, Arkansas Natural Heritage Commission, Delta Cultural Center in Helena, Historic Arkansas Museum, Mosaic Templars Cultural Center and the Old State House Museum) to preserve and enhance the heritage of the state of Arkansas. In order to accomplish these twin goals, a 17-member Arkansas Arts Council, appointed by the governor, meets quarterly to set policies and approve grant recommendations.1

The most significant arts-related information from Arkansas in 2005 concerned landmark arts education legislation passed by the General Assembly and signed into law by Governor Huckabee in February that provided music and art instruction for school children in Arkansas.2 The legislation, which requires 40 minutes of music and art in grades 1 through 6 every week, now establishes Arkansas as one of the leading states in the nation for mandatory elementary school arts education. Enacting this legislation was a personal crusade for Governor Huckabee who strongly agreed with numerous studies that a strong arts curriculum raised standardized test scores and promoted fundamental creative and problem-solving skills among students. Arkansas’ commitment to arts education stands out because a number of states have relegated the arts to less prominent status and have even eliminated arts programs in an effort to cut costs and focus more on raising reading and math test scores. While there are 42 other states that mandate some sort of arts education curriculum, Arkansas’ 2005 legislation ranks the state as a national leader; seven states (Alaska, Colorado, Illinois, Massachusetts, Michigan, South Carolina and South Dakota) do not mandate arts education on a statewide basis.

Table 6
Arkansas Arts Council, Total Revenue for Fiscal Years 2001 through 2005

<table>
<thead>
<tr>
<th></th>
<th>FY 2001</th>
<th>FY 2002</th>
<th>%</th>
<th>FY 2003</th>
<th>%</th>
<th>FY 2004</th>
<th>%</th>
<th>FY 2005</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue Dollars</td>
<td>$1,354,920</td>
<td>$918,082</td>
<td>-32%</td>
<td>$645,115</td>
<td>-30%</td>
<td>$674,314</td>
<td>5%</td>
<td>$662,239</td>
<td>-2%</td>
</tr>
<tr>
<td>Special Revenue/Conservation Tax</td>
<td>$365,876</td>
<td>$747,585</td>
<td>104%</td>
<td>$775,249</td>
<td>4%</td>
<td>$807,085</td>
<td>4%</td>
<td>$798,404</td>
<td>-1%</td>
</tr>
<tr>
<td>Total Legislative Appropriation</td>
<td>$1,720,796</td>
<td>$1,665,667</td>
<td>-3%</td>
<td>$1,420,364</td>
<td>-15%</td>
<td>$1,481,399</td>
<td>4%</td>
<td>$1,460,643</td>
<td>-1%</td>
</tr>
<tr>
<td>Basic State Plan</td>
<td>$363,700</td>
<td>$361,700</td>
<td>-1%</td>
<td>$364,600</td>
<td>1%</td>
<td>$357,600</td>
<td>-2%</td>
<td>$354,300</td>
<td>-1%</td>
</tr>
<tr>
<td>AIE Funds</td>
<td>$20,000</td>
<td>$20,000</td>
<td>0%</td>
<td>$20,000</td>
<td>0%</td>
<td>$20,000</td>
<td>0%</td>
<td>$20,000</td>
<td>0%</td>
</tr>
<tr>
<td>Underserved Area Funds</td>
<td>$38,000</td>
<td>$38,100</td>
<td>0%</td>
<td>$39,600</td>
<td>4%</td>
<td>$31,700</td>
<td>-20%</td>
<td>$31,700</td>
<td>0%</td>
</tr>
<tr>
<td>Challenge America</td>
<td>$0</td>
<td>$40,000</td>
<td>125%</td>
<td>$90,000</td>
<td>8%</td>
<td>$124,000</td>
<td>28%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Folklife Grant</td>
<td>$20,000</td>
<td>$0</td>
<td>-100%</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total NEA Funding (Federal)</td>
<td>$441,700</td>
<td>$459,800</td>
<td>4%</td>
<td>$514,200</td>
<td>12%</td>
<td>$506,300</td>
<td>-2%</td>
<td>$530,000</td>
<td>5%</td>
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<tr>
<td>Private Foundation Support</td>
<td>$0</td>
<td>$70,910</td>
<td>$54,522</td>
<td>-23%</td>
<td>$34,500</td>
<td>-37%</td>
<td>$50,000</td>
<td>45%</td>
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<tr>
<td>Individual Gifts</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$1,500</td>
<td>$7,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Funds other than NEA</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$7,000</td>
<td>$7,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Receipts</td>
<td>$13,477</td>
<td>$13,696</td>
<td>2%</td>
<td>$17,165</td>
<td>25%</td>
<td>$16,000</td>
<td>-7%</td>
<td>$15,600</td>
<td>-3%</td>
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<tr>
<td>Total Other Funding</td>
<td>$13,477</td>
<td>$84,606</td>
<td>52%</td>
<td>$71,687</td>
<td>-15%</td>
<td>$50,500</td>
<td>-30%</td>
<td>$74,100</td>
<td>47%</td>
</tr>
<tr>
<td>Agency’s Total Revenue</td>
<td>$2,175,973</td>
<td>$2,210,073</td>
<td>2%</td>
<td>$2,006,251</td>
<td>-9%</td>
<td>$2,038,199</td>
<td>2%</td>
<td>$2,064,743</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: Arkansas Arts Council, August 24, 2005


FUNDING FOR THE ARTS

Arkansas, like practically every other state in the country, faced severe fiscal problems during the first few years of this decade. Consequently, legislative appropriations to the arts suffered as the state grappled with bridging its budget shortfalls. The Arkansas Arts Council, the state’s primary recipient of legislative appropriations, as indicated in Table 6, saw its general revenue dollars decline sharply between fiscal years 2001 and 2002 by 32 percent and by 30 percent between fiscal years 2002 and 2003; between fiscal years 2003 and 2004, general revenue dollars increased by 5 percent and then declined by 2 percent between fiscal years 2004 and 2005. Importantly, additional funds—from the Special Revenue and Conservation Taxes—allocated to the Arts Council by legislative appropriation saw a sharp increase between fiscal years 2001 and 2002 (by 104 percent from $366,000 to $748,000), and this funding level remained relatively unchanged over the next three fiscal years.

While appropriations from the General Assembly comprise the majority of funds that flow to finance the operations of the Arkansas Arts Council, the Council has two additional sources: federal funds, i.e., National Endowment for the Arts (NEA) and funds from other sources, i.e., primarily private sources. A quick review of the composition of these sources of funding in the fiscal years under review indicates that the relative importance of legislative appropriations declined between fiscal year 2001 and 2005. Given the growing state fiscal crisis and the difficulties associated with securing funding from state appropriations, the Arts Council pursued and secured more dollars from its other two funding sources (federal and private). Figure 4 graphically presents the composition of these three sources of funding as a percent of total funding secured during the four-year period.

As indicated in Figure 4, legislative appropriations as a percent of total revenue secured by the Arts Council declined from 79 percent in fiscal year 2001, to 71 percent in fiscal year 2005. Similarly, federal funding, which included such categories as folk life grants, Arkansas’ basic state allocation from the NEA, increased from 20 percent in fiscal year 2001, to 26 percent in fiscal year 2005. Finally, other funding sources, largely private funds such as foundation support and individual gifts, remained static at approximately 4 percent for the duration of the review period.

In sum, despite experiencing a significant reduction (more than 30 percent) in general revenue appropriations in the first two years of the review period, the Arkansas Arts Council was able to stay afloat by securing additional revenue from other sources. For instance, support from a private foundation helped provide some funding for arts education beginning in fiscal year 2002. The Council also saw an increase in the state allocation from the Special Revenue and Conservation Tax. The Arts Council strove to make every effort to maintain funding for its core programming elements. Nevertheless, the reduction in appropriations resulted in grants to local arts organizations, arts-related project grants and educational programs being curtailed.

ECONOMIC IMPACT

The Arts Council collects a wide range of data from the community arts organizations that receive operating support grants, including such information as audience participation, income sources and number of employees. In fiscal year 2004, 40 local arts organizations received $1.1 million in state government funds; the total income they generated as a result of this grant exceeded $13.7 million, and they employed 468 individuals, certainly an impressive rate of return. In addition, programs that secured grants from the Arkansas Arts Council in the same fiscal year reported an audience participation rate of 3,058,771 people, once again, a striking number.

Then, the Arts Council, citing data gathered by Americans for the Arts, noted that as of January 2005, Arkansas was home to 3,298 arts-related businesses that employed 14,849 people. Included on the list of arts-related businesses are museums and arts collections; performing arts; visual and photogra-
Table 7
Arts-Related Businesses and Employment in Arkansas 2005

<table>
<thead>
<tr>
<th>Category</th>
<th>Businesses</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Museums and Collections</td>
<td>126</td>
<td>750</td>
</tr>
<tr>
<td>» Museums</td>
<td>98</td>
<td>570</td>
</tr>
<tr>
<td>» Zoos and Botanical</td>
<td>7</td>
<td>105</td>
</tr>
<tr>
<td>» Historical Society</td>
<td>21</td>
<td>75</td>
</tr>
<tr>
<td>Performing Arts</td>
<td>539</td>
<td>2,449</td>
</tr>
<tr>
<td>» Music</td>
<td>361</td>
<td>1,710</td>
</tr>
<tr>
<td>» Theater</td>
<td>5</td>
<td>80</td>
</tr>
<tr>
<td>» Opera</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>» Services and Facilities</td>
<td>103</td>
<td>462</td>
</tr>
<tr>
<td>» Performers</td>
<td>68</td>
<td>190</td>
</tr>
<tr>
<td>Visual Arts/Photography</td>
<td>1,141</td>
<td>3,494</td>
</tr>
<tr>
<td>» Crafts</td>
<td>132</td>
<td>577</td>
</tr>
<tr>
<td>» Visual Arts</td>
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<td>» Arts Schools and Instruction</td>
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Source: Arkansas Arts Council, August 24, 2005

CULTURAL HERITAGE TOURISM

Arkansas, like numerous other states in the South and other parts of the country, has realized the tremendous untapped potential of securing economic gains by promoting cultural and heritage-based tourism. To this effect, cultural tourism and the arts was the theme chosen by the Arts Council for its statewide conference in 2004. The Arts Council provided scholarships for mayors and community leaders in rural Arkansas to attend the conference. The scholarships were funded in part by a $5,000 federal grant from the U.S. Forest Service. Main Street Arkansas, a group involved in revitalizing the downtown areas of cities across the state, held its quarterly meeting in conjunction with the conference and funded one of the workshops. Approximately 300 people attended the conference and associated conference costs were defrayed by registration fees and a state/federal Arts Council appropriation of about $7,000.

The Arkansas Department of Parks & Tourism has surveyed visitors to its welcome center since 1977. Their responses indicate that cultural and heritage tourism accounts for a significant portion of Arkansas’ tourism activities. Of the 20.6 million visitors to Arkansas in 2004, 3.5 million visited a museum, 2.8 million attended a live performance, 2.27 million attended an arts/crafts show, and almost 6 million visited an historic site. Of the $4.2 billion spent by tourists in Arkansas in 2004, those who visited a museum spent more than $700 million, visitors who attended a live performance spent approximately $600 million, those visiting arts and crafts shows spent $468 million, those attending a festival spent $170 million, and visitors to historic sites spent $1.2 billion.

Several other details related to cultural and heritage tourism in Arkansas remain useful at this point too. For instance, the Ozark Folk Center in Mountain View, Arkansas, documented that in 2004 travel and tourism generated the following economic impacts in very rural Stone County: $55.6 million in total expenditures; 287,475 in total visitors; $3.5 million in state taxes produced; and $1.29 million in local tax revenue. In addition, Arkansas State University (ASU), in partnership with the Arkansas Arts Council, received a grant from the federal National Endowment for the Arts to establish a statewide folk art program. The Statewide Folk Art coordinator will be housed at the ASU Heritage Studies Department and will assist the Arts Council in identifying traditional/folk artists and musicians for inclusion in the state’s education and touring programs.

Then, the Main Street Arkansas Program’s Arkansas Delta Initiative lists...
cultural heritage tourism promotion as one of its core strategies for improving the economy and quality of life in the Delta. (Main Street Arkansas is a program of the Arkansas Historic Preservation Program providing technical assistance, design services and small business consultations that help create economic development in the state’s downtown areas.) In terms of the specific Arkansas Delta Initiative, the Main Street program seeks to revitalize the economic fortunes of five Delta communities—Blytheville, Dumas, Helena, Osceola, and West Memphis—by developing a comprehensive, long-range plan. Along with its common heritage based on proximity to the Mississippi River and an agricultural economic base, these Delta towns have suffered an erosion of their economic bases in recent decades, as well as the loss of many industrial and manufacturing jobs. In an effort to revamp its image and reposition itself as a place where businesses would want to locate to and tourists would choose to visit, the Arkansas Delta Initiative seeks to deploy cultural heritage tourism development and preservation education; assist local small businesses develop and expand; revitalize neighborhood housing and communities; and provide planning tools to assist in preservation efforts.5

Another aspect of cultural tourism in Arkansas involves art hidden in the state’s caves. In fact, observers contend that some of the greatest works of American art are not found in museums but in wooded trails and hidden caves that make the rock art of Arkansas a public treasure and a significant tourist draw.4 Of the 35,000 archeological sites in Arkansas, 135 contain images recorded on rock walls by America’s native peoples. Many of the images are pictures of animals or people, and while some are carved into the stone, others are paintings made with pigment from ground-up minerals and binding agents such as blood or oils. In an effort to catalog and preserve them for posterity, an ongoing University of Arkansas project is placing them on the Web and building a virtual museum. The lure of this ancient rock art will lead to expanding the understanding of society at that time by researchers from around the country and the world while stimulating the local economy.

Another important dimension to Arkansas’ cultural tourism involves the blues. An annual symposium, held every year since 1990, at Arkansas State University draws scholars and those interested in the blues from around the country and the world.

BUILDING BOOM

Any review of a building boom in the arts in Arkansas has to reference the Clinton Presidential Center, which opened in mid-November 2004.3 The transparent cantilever-style building that emerges into view while traveling on I-30 along the Arkansas River is spread out over a 30-acre area in Little Rock’s Rivermarket Entertainment District. By June 30, 2005, less than eight months after opening, the Center had attracted a record 392,000 people and easily exceeded its 300,000 annual attendance goal. In fact, the Clinton Center has attracted visitors from all 50 states, the District of Columbia and at least 95 countries, with approximately 55 percent of the adult visitors coming from outside of Arkansas. In addition, the original Emancipation Proclamation is scheduled to come to the museum for display from September 22 to 25, 2007, an event that could lead to a further increase in attendees to the Center. Analysts contend that the announcement and eventual opening of the Clinton Center, a $160 million structure in its own right, already has spurred more than $1 billion in economic activity in the booming downtown district.

A study by the University of Arkansas at Little Rock in late 2004 measured the would-be impact of the 148,000-square foot library in two scenarios. First, if visits to the new library are similar to other presidential libraries, the annual impact will be more than $8.65 million. That includes $4.4 million in local sales, $1.55 million in added wages and salaries and 94 new full-time jobs. If the impact is more in line with the library’s more enthusiastic supporters, which some say will attract 300,000 visitors a year, then sales could exceed $17.5 million, including $8.9 million in local sales, $3.1 million in added wages and salaries and 190 new full-time jobs. Given the fact that in little over 200 days, the Center attracted considerably more than estimated for the first year, the more optimistic scenario might be a good starting point in forecasting future economic impacts. In fact, Little Rock hotel room revenues for the first six months of 2005 jumped 21 percent from the same period in 2004. City revenues from the 2 percent tax on restaurants and hotels increased by $451,841 during this period, from $3.9 million in the first half of 2004 to $4.4 million in 2005.

The construction of the Crystal Bridges Museum of American Art in Bentonville recently was announced by the Walton family. The Walton family has acquired an extensive art collection that eventually will be housed in the museum.

In terms of assistance from governments toward the construction of these two projects, the city of Little Rock donated land for the presidential center. (Construction costs were funded by donations to the Center’s foundation.) The General Assembly passed a sales tax exemption for the Crystal Bridges Museum, while donations and Walton Family Foundation funds are expected to be used to meet construction costs.
FLORIDA

OVERVIEW

The primary state agency dealing with cultural issues in Florida is the Division of Cultural Affairs, an office that falls under the jurisdiction of the Florida Department of State. In this capacity, the Division seeks to guide and facilitate cultural development and services for Florida’s citizens and visitors through a number of public and private partnerships. More specifically, the Division is committed to bringing more art and culture to more people, in more places in Florida by providing grants in the categories of general program support, cultural projects and capital projects and by administering such programs as the Art in State Buildings Program, Capitol Complex Exhibition Program, Florida Artists Hall of Fame and the International Cultural Exchanges and Information Services.

As a result of these and related services, the Division serves all of Florida’s 67 counties and supports more than 25,000 cultural events across the state. In one year alone, 27 million people participated in grant-supported programs, including nearly 8 million school-aged children. Furthermore, since 1976, over 18,000 state cultural affairs grants have been awarded to applicants and programs in every Florida county; cumulatively, this represents an investment of nearly $500 million. State-led cultural activities are governed by the Florida Arts Council, a 15-member advisory council appointed to guide the secretary of state regarding cultural grant funding and on all matters pertaining to culture in the state.

FUNDING FOR THE ARTS

A cursory glance at legislative appropriations for fiscal years 2001 through 2005 (see Table 8) suggests that the Florida Division of Cultural Affairs suffered severe reductions in funding. According to the information conveyed to the SLC in May 2005, the Division experienced a 12 percent reduction in overall funding between fiscal years 2001 and 2002, an 8 percent reduction between fiscal years 2002 and 2003, a sharp drop of 76 percent between fiscal years 2003 and 2004, and an increase of 112 percent between fiscal years 2004 and 2005. It should be noted that despite this 112 percent increase, the $15.6 million overall funding level for the Division in fiscal year 2005 was less than half the $37.4 million overall funding level secured in fiscal year 2001. In fact, between fiscal years 2001 and 2005, funding cumulatively dropped by almost 60 percent.

A closer look at funding trends for the period indicates that it was primarily the statewide arts grant line, cultural institutions program, cultural facilities program and the endowment program that experienced the most severe funding cutbacks. Beginning in fiscal year 2004, the Division was required to compete with the rest of state government for funds in the legislative appropriations process. The Division’s survey response notes that its operational funding levels remained relatively stable, experiencing minor reductions, if at all, during this period. The response also indicated that Florida’s legislative funding for the arts is very line item-oriented with specific direction and control over the use of funds; there are separate appropriations for various aspects of operations (salary, expenses, temporary staff etc) and separate appropriations for most of the grants programs. In fact, there were no reductions in staffing appropriations at all during the review period.

As noted earlier, the greatest impact on the Division’s overall funding during the review period affected the statewide arts grant line, cultural institutions program, cultural facilities program and the endowment program. The statewide arts grants program managed to stave off cutbacks until fiscal year 2004, when it was slashed back by 47 percent (from $2.9 million in fiscal year 2003 to $1.6 million in fiscal year 2004). Even though funding was restored to $2 million in fiscal year 2005, the level still is lower than the allocations in each of the first three years of the review period. The survey response notes that the funding cuts resulted in primarily smaller, scaled-back grant programs as opposed to the elimination of entire programs.
In a limited number of programs, there were fewer awards made. However, there was one program that was eliminated in fiscal year 2004 due to the funding reduction; specifically, the Individual Artists Fellowship program did not accept applications for a year but has since been reinstated with procedural changes that reflect lower operational costs.

The Division’s funding for the cultural institutions program also experienced a sharp decline from $18.3 million in fiscal year 2001, to $6.5 million in fiscal year 2002 (64 percent), remained unchanged at $6.5 million in fiscal year 2003, and slumped to $3.25 million (50 percent) in fiscal year 2004 before increasing to $4.9 million (almost 50 percent) in fiscal year 2005. Similarly, the Division’s cultural facilities program also experienced volatile funding flows during the review period; from $500,000 in fiscal year 2001, to $16.1 million in fiscal year 2002, to $13.4 million in fiscal year 2003, to zero funding in fiscal year 2004, and to $4.2 million in fiscal year 2005. (The “brick and mortar” cultural facilities program was one of the Division’s largest annual appropriation line-items.) Finally, another program that saw significant cutbacks in funding levels was the Division’s endowment program. In this connection, funding levels declined abruptly from $1.9 million in fiscal year 2001, to $1.4 million in fiscal year 2002 (a 25 percent decline), to zero funding in both fiscal years 2003 and 2004 before securing $480,000 in funding in fiscal year 2005.

While the Division did not secure any additional funding from other sources during the review period, mid-sized (or mid-level) cultural organizations received an additional $2 million in general program funding in fiscal year 2003 as a result of special legislative funding. This additional funding was non-recurring and was limited to that fiscal year. The Division also responded that during the review period it made a concerted effort to provide legislators with a substantial amount of information on the impact of reduced arts and cultural funding in their districts. The message of this information was to encourage legislators “to restore cultural funding when the funds were available.”

**ECONOMIC IMPACT**

In 2004, the Florida Cultural Alliance released a report entitled the “Economic Impact of Florida’s Arts and Cultural Industry,” written by Professor William Stronge at Florida Atlantic University. According to this report, the most recent statewide study of this nature:

- A total of $1.2 billion was spent by non-profit organizations, universities, and colleges that make up the Florida arts and cultural industry in fiscal year 2001. (See Table 9 for a comparison be-
Table 9
Impact of Arts and Cultural Organizations on Florida Economy 1989 to 2001 ($ Billions)

<table>
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<tr>
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<td>Gross Domestic Product</td>
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<td>$300.7</td>
<td>$389.5</td>
<td>$491.5</td>
</tr>
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</table>

Source: Economic Impact of Florida’s Arts and Cultural Industry, 2004

between 1989 and 2001). When ripple or multiplier effects are included, the Florida arts and cultural industry created $2.9 billion of gross state product, resulting in $877.8 million in income (primarily payrolls) and 28,302 full-time equivalent jobs;

> About 78 percent of expenditures ($947.7 million) were made by not-for-profit arts and cultural organizations and 22 percent ($266.1 million) were made by college and university fine arts departments or schools;

> Performing arts organizations have the largest budgets of the different types of not-for-profit organizations ($360.6 million) followed by galleries and museums ($203.3 million);

> Together, performing arts organizations, galleries and museums, and non-arts cultural organizations (such as zoological gardens and science museums) account for about 70 percent of the not-for-profit sector, with festivals, service and support organizations, sponsor-presenters and cultural councils accounting for the remaining 30 percent;

> Programming expenses accounted for almost 65 percent of the total expenditures of cultural organizations with about 35 percent going for supporting activities including administration, marketing and space rental;

> Earned income (including admissions, subscriptions, and fees for contractual services) accounted for 49 percent of the budgets of arts and cultural organizations, with the balance made up of grants and contributions: corporate, individual, foundation contributions (23 percent); federal, state, local grants (18.9 percent); organizational cash/savings (2.1 percent); and in-kind contributions (7 percent);

> Attendees at the programs and events of not-for-profit cultural organizations exceeded 400 million in fiscal year 2001; and

> In 2001, an estimated 7 million out-of-state cultural tourists visited Florida’s cultural facilities or attended cultural events as a primary activity they enjoyed. These tourists spent $4.5 billion, adding $9.3 billion to the state’s gross regional product and created 103,713 full-time equivalent jobs with a payroll of $2.6 billion.

Alongside the 2004 Strong study, another outfit within the Florida Department of State, the Office of Cultural and Historical Programs, an agency charged with promoting the historical, archaeological, museum, arts, and folk culture resources in Florida, has assessed the economic impact of historic preservation in the state. Based on input from 60 local government officials and more than 30 Florida communities, this office released a report in 2002 that contained the following findings:

> More than 123,000 jobs were generated in Florida from historic preservation activities during 2000. The major areas of job creation included the manufacturing, retail trade, services, and construction sectors;

> More than $657 million in state and local taxes were generated from spending on historic preservation activities during 2000;

> More than $3.7 billion was spent in Florida by tourists who visited historic sites. The tourists are lured by Florida’s historic sites, historic museums, state parks, and archeological sites. There are more than 1,400 Florida listings in the National Register of Historic Places and more than 135,000 historic structures and archeological sites in the Florida Master Site File of historic sites;

> Since 1983, state historic preservation grants have been awarded to projects in every Florida county representing 2,751 projects and a state investment of $212.1 million. The secretary of state’s office estimates that this is more than doubled by leveraged public and private funds in these local communities;

> Since the Main Street Program began in Florida in 1985, a program focused on improving the appearance and economic stability of historic downtown business districts, 80 Florida communities have leveraged a state investment of $4 million into partnerships between private investors and local governments. This investment became a total public/private investment in these communities of $486.5 million (by May 2002) designated to improve the downtowns of these communities; and

> In an examination of the assessed values of mainly residential property in 18 historic districts and 25 comparable non-historic districts throughout Florida, there was no case where historic district designa-
The economic ripple or multiplier effect of the public investment in the state’s public libraries remains enormous; the gross regional product is estimated to increase by $4 billion as a result of publicly funded library expenditures in the state. Some of these direct in-state expenditures by public libraries include books, periodicals, electronic equipment and resources, as well as significant capital projects such as library construction and renovation;

» In fiscal year 2004, there were 68.3 million in-person visits to public libraries in Florida and at least 25.2 million remote Internet connections to public libraries; and

» In terms of savings, both time and money, the benefits of Florida’s libraries to users remained measurable and impressive: in 2004, users indicated a total of 57.6 million hours and $2.4 billion in cost savings as a result of being able to access resources at their public libraries for personal, educational or work-related purposes.

While these studies present statewide economic impact information, individual counties in Florida conducted their own studies. For instance, the Tampa Bay Business Committee for the Arts released an economic impact study in January 2001 that reviewed the economic impact of the non-profit arts sector in Hillsborough and Pinellas Counties. According to the results of this study that surveyed 92 organizations including crafters’ guilds, musical groups and historical societies, the non-profit arts organizations in the two counties poured several hundred million dollars into the area economy. As a group, these organizations directly supported a combined payroll of $147 million, distributed among nearly 7,000 full-time and part-time jobs. They spent nearly $208 million directly on service and supplies during the review period, and they generated $408 million in total economic activity when direct and indirect spending were factored into the equation. The report also noted that every day, an average of 15,000 people in the area attend an arts event, translating into about 5.5 million a year, an impressive number indeed. Interestingly, the report demonstrated that the 5.5 million annual visits to arts events in the review period exceeded the attendance that year at games involving the region’s professional sports teams and the University of South Florida teams.

CULTURAL HERITAGE TOURISM

Like many other states seeking to capitalize on the economic and other benefits of cultural heritage tourism, Florida’s Division of Cultural Affairs has promoted cultural tourism through a variety of measures. These efforts have included partnerships with corporations and non-profit organizations in both localized and statewide initiatives. In this regard, three specific initiatives spring to the forefront:

» Capitol Downtown Cultural District: In March 2004, the Division entered into a partnership with the city of Tallahassee and local cultural leaders to develop a new cultural district for Florida’s capitol city. The Capitol Downtown Cultural District (CDCD) designates 10 blocks in Tallahassee’s downtown area that allow visitors to experience more than 25 historic and cultural sites including high quality museums of art, history, and science, watch an IMAX movie, and view public art sculptures and memorials. The goal of the project is to encourage attendance to Tallahassee’s major cultural sites (four of which are owned by the Florida Department of State) and stimulate downtown economic development.

» Florida Heritage Month: In 2004, the Department of State together with the governor’s office celebrated an inaugural event, Florida Heritage Month. During this 30-day period (March

» Florida’s public libraries return $6.54 for every $1.00 invested from all sources, including local, state and federal dollars. These economic benefits are most easily seen in jobs created, enhanced wages for Florida residents and the additions to the state’s gross regional product;

» Specifically, for every dollar of public support spent on public libraries in Florida, gross regional product increased by $9.08 and income (wages) increased by $12.66;

» Every $6,488 of public support (federal, state and local) allocated to public libraries created one job in the state. Estimates indicate that 68,700 jobs were created in 2004 generating wages of $5.6 billion;

» From a revenue investment of $449 million, including federal ($2.3 million), state ($34 million), local ($387 million), grants ($20 million) and other ($6 million) in Florida’s public libraries, a total direct economic impact of $6 billion per year flows to Florida’s communities and population;

» The direct economic contribution of Florida’s public libraries to the state’s education is an estimated $2.1 billion annually;
15 through April 15), the Division of Cultural Affairs, in collaboration with the Division of Historical Resources, promotes a series of special events in Florida encompassing historic preservation, archeology, culture, libraries and arts heritage. Now an annual event, Florida Heritage Month strives to raise awareness of the importance of culture and heritage to all Floridians.

» Culturally Florida. In October 2001, the Division of Cultural Affairs launched a partnership with VISIT FLORIDA, the state’s official tourism agency, to publicize cultural tourism in the state. The campaign, which promoted the state’s many cultural destinations, was a comprehensive effort to reposition Florida as a unique destination offering tourists much more than beaches and theme parks. In order to initiate this campaign, representatives of arts agencies, museums, convention and visitors bureaus from around Florida were appointed to a steering committee to guide the overall process, including selecting the information to be included in the promotional literature.

The early results of this campaign were very successful: of the 135,000 American Express card members who received the campaign’s literature soon after the events of September 11, 2001, 59 percent (almost 80,000) traveled to Florida in the five months following the campaign’s launch. (A 40 percent rate, under normal circumstances, is considered good). Then, tracking reports from American Express indicate that the nearly 80,000 people who received the campaign material and visited Florida spent nearly $47 million on their American Express cards alone. This amount does not include spending related to other credit cards, cash transactions or transportation purchased out-of-state.

In a move that is popular among so many different groups, VISIT FLORIDA introduced a Website dedicated to this program, encouraging visitors to view information on Florida’s myriad cultural destinations and activities. The Website is interactive and enables visitors to choose how they would like to search for information, either by geographical region or by themes, such as Florida Performs (links to performing arts), Science and Discovery (links to science museums, art museums, gardens) and Celebrating Diversity (links to information on the different ethnic groups that have made Florida home).

**BLOCKBUSTER EXHIBITIONS**

During the review period (fiscal years 2001 through 2005), there were a number of blockbuster exhibitions held in a variety of locations across Florida. While not a comprehensive list of all the major exhibitions held, it represents some of the more notable ones, as described by the Division of Cultural Affairs in the survey response.

**Harn Museum of Art, Gainesville**

» Ansel Adams: Visualizing the American Landscape (May 2004 to August 2004). This exhibition resulted in nearly the doubling of attendance to the Museum during the summer of 2004 compared to other years. The leading newspaper in Jacksonville, The Florida-Times Union, featured an article about the exhibition on June 22, 2004, which drew additional visitors to the exhibition and several tour groups from Jacksonville. Attendance to the exhibition was estimated at 28,291.

» A Saint in the City: Sufi Arts of Urban Senegal (January 2005 to March 2005). This exhibition was organized by the University of California at Los Angeles’ (UCLA) Fowler Museum of Cultural History and debuted there. The Harn Museum was the only other venue for this exhibition and it received much national acclaim and attention. A discussion on the Harn’s installation was featured in The New York Times on February 16, 2005, with a report by Holland Cotter, art critic for the newspaper. This exhibition also is significant in that the Harn co-hosted a symposium with the University of Florida’s Center for African Studies titled Islam in Africa: Sufism and Modernity in a Globalized World. This symposium attracted scholars from throughout the world and was also discussed in The New York Times article. Attendance to the exhibition was estimated to be 16,316.

**Bass Museum, Miami Beach**

» Paris Moderne: Art Deco Works from the Musee d’Art Moderne de la Ville de Paris (October 2004 to January 2005). This blockbuster exhibition, loaned from one of the greatest Parisian public art collections, provided an evocative impression of interiors in Paris during the 1920s and 1930s. The exhibition included 40 works by Bonnard, Braque, Leger, Matisse, Modigliani, and Picasso, among others; 30 pieces of decorative art from the Art Deco period including furniture, carpets, lamps, and vases; and 10 sculptures from the Musee d’Art Moderne de la Ville de Paris. It was the first time that works from this significant collection traveled collectively to a destination outside France. The Paris Moderne exhibition immersed visitors in the lifestyle of affluent Parisians during this extraordinary period through five exquisitely decorated room environments.

While the exhibition was organized by International Arts and Artists of Washington, D.C., in collaboration with the Musee d’Art Moderne de la Ville de Paris, it was sponsored by Artecity and the Miller Family Foundation. This Paris Moderne exhibition attracted the most number of visitors to the Bass...
The Economic Impact of the Arts in the South

Salvador Dalí Museum, Fort Lauderdale

- J. Rosenquist Paintings / J. Rosenquist Selects Dalí (April 2000 to September 2000). This exhibition at the Salvador Dalí Museum in Fort Lauderdale presented a survey of 19 major paintings by one of the central figures of Pop Art — Florida resident James Rosenquist. One of the most original figures of the Pop Art movement, Rosenquist developed his understanding of the language of advertising in ways often related to Surrealism. The exhibition was prepared in collaboration with the artist. The exhibit also featured James Rosenquist Selects Dalí, a presentation of 12 of Rosenquist’s favorite Dalí oil paintings from the permanent collection. This exhibition attracted an attendance of 82,000.

- The Shape of Color: Joan Miró’s Painted Sculpture (February to June 2003). This exhibition, presented at the Dalí Museum’s Morse Galleries, was a survey of Miro’s brightly painted bronze and polyester resin sculptures. The exhibition covered the period from the late 1960s until the artist’s death in 1983. These playful sculptures took their point of departure in found objects, which were cast in bronze and later painted with bright colors. The exhibition also included preparatory drawings, sketchbooks, photographs by the renowned photographers Joaquim Gomis and Francesc Catalá-Roca, and other documentary materials related to process. Organized jointly by the Corcoran Gallery in Washington, D.C. and the Salvador Dalí Museum, it attracted 66,000 visitors.

- Dali and Mass Culture (October 2004 to January 2005). Displayed in the Dalí Museum’s Morse Galleries & Raymond James Community Room, this monumental exhibition explored how Dalí’s work maintained a constant dialogue between high and low culture in the 20th century. It presents this theme in seven stages: industrial world, photography, furniture, fashion, advertising, society portraits, and the press. The exhibition was organized jointly by the La Caixa de Catalonía, Spain, with the Dalí Museum and had about 65,000 visitors.

In addition to the major exhibitions that already have taken place at the Dalí Museum, two other prominent exhibitions are scheduled for 2006. Both these exhibitions are expected to draw tens of thousands of visitors from both within and outside the state to the Fort Lauderdale area.

- Dalí’s Brush with America: The Explosion of American Art from Pollock to Warhol (December 2005 to April 2006). This exhibition focuses on analyzing the relationship between Dalí’s artistic development after 1940 and the visual context of American post-war art. It includes works by Pollock, de Kooning, Lichtenstein, Rothko, Twombly, Close, Christo, and Warhol and is organized jointly by the Albuquerque Museum of Art & History and the Dalí Museum.

- Spanish Art in the Twentieth Century: From Picasso to Plensa (May to July 2006). This 2006 exhibition will feature a major survey of the primary movements and developments of Spanish art throughout the 20th century, from Picasso and Miró through Tapies to Plensa, presented in relation to Dali’s development throughout the century.

Several other Florida locations will feature impressive exhibitions in 2006. Once again, a significant number of visitors from around the country are expected to flock to experience these two exhibitions, especially the very popular King Tut exhibition in Fort Lauderdale.

Museum of Florida History, Tallahassee

- Napoléon: An Intimate Portrait (February to April 2006). This is an extraordinary exhibition featuring approximately 290 artifacts, many of them rare and personal items belonging to Napoléon I, Emperor of France. Items include framed paintings, prints and documents, as well as furniture from the imperial palaces. The exhibit was created from the collection of Pierre-Jean Chalençon, a noted 1st Empire authority and author in conjunction with the Russell Edling Company of Coral Gables, which was responsible for creating and traveling with the exhibition. Elegantly presented with user-friendly interpretative text, the 4,500-square-foot exhibit provides context and depth for each object, thereby affording an enhanced understanding of this complex figure.

Museum of Art, Fort Lauderdale

- Tutankhamun and the Golden Age of the Pharaohs (December 15, 2005—April 23, 2006). For the first time since The Treasures of Tutankhamun toured the United States between 1976 and 1979, an extensive selection of items associated with the Egyptian “boy king” is in America for another extended visit. The new exhibition began its American journey with a five-month stay at the Los Angeles County Mu-
in fiscal year 2004, when the state fiscal downturn was most acute, Florida did not fund any cultural facility requests at all. Even though some applications were funded in fiscal year 2005, it was still considerably less than what was sought. Specifically, only 26 percent of the requested applications were funded in this year. It should be noted that all the amounts listed in Table 10 are state of Florida appropriations; they do not include any federal, local or private funds.

In 2003, South Beach’s New World Symphony announced that it would be constructing a state-of-the-art rehearsal and performance venue designed by the famed architect Frank Gehry. While this new facility will be a welcome addition to Miami’s cultural landscape, observers of the cultural scene in South Florida contend that it will be yet another jewel in the crown that is the area’s cultural landscape.

In 2004, the people of Miami-Dade County, in a strong signal of recognition of the benefits of art and arts-related events to the community, approved a bond issue designating $100 million in city funds to build a new waterfront facility for the Miami Art Museum.8 As in many other cities across the country, the bond issue had been the focus of intense debate, with opponents stressing that corporate and private funds should be raised to finance the new museum. Their point was that existing scant taxpayer funds should be allocated toward other expenditure categories. As evidenced by the response of voters, proponents of the measure, including many government officials, were successful in pitching the idea that the new museum would revitalize a dilapidated neighborhood, generate substantial economic flows and burnish the global profile of the city.

MIA MI AND THE ART BASEL EFFECT

The world’s leading contemporary art fair has been held every year for the past 36 years in Basel, Switzerland.9 In the past four years, the American version of this acclaimed international art show, the Art Basel Miami Beach, has been held to rave reviews, attracting tens of thousands of international and American visitors and significantly boosting the economy of Miami and the entire South Florida region. In fact, the 2005 international art show attracted a record 36,000 visitors from every continent alongside 1,100 journalists. More than 90 American museums sent delegations from their boards of trustees, while 195 galleries from 28 countries exhibited works by more than 1,500 artists.

The fair’s main venue is the Miami Beach Convention Center, which featured world class paintings, sculptures, photographs, video works and room scale installations, the majority of which date within the past five years. In keeping with the Swiss model, the fair presents a number of “crossover” events involving fashion, books, music, film, architecture and design. According to officials at the Miami-Dade Cultural Affairs Council, the Art Basel Miami Beach art fair was a crucial factor in “supercharging the growth of the arts in Miami.” In fact, these officials stress that the exhibition was responsible for significant levels of economic development and, consequently, local governments have allocated increasing amounts of funding for the fair and other arts groups. Specifically, the Miami-Dade Cultural Affairs Council’s annual budget has tripled over the course of the past seven years to $14.4 million.

Table 10

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount Requested</th>
<th>Amount Funded</th>
<th>Number of Requests</th>
<th>Number of Grants</th>
</tr>
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<tr>
<td>FY 2001</td>
<td>$18,264,404</td>
<td>$18,264,404</td>
<td>49</td>
<td>49</td>
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<tr>
<td>FY 2002</td>
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<td>FY 2005</td>
<td>$15,840,093</td>
<td>$4,169,346</td>
<td>42</td>
<td>8</td>
</tr>
<tr>
<td>FY 2006</td>
<td>$11,738,950</td>
<td>Pending</td>
<td>40</td>
<td>Pending</td>
</tr>
</tbody>
</table>

Source: Division of Cultural Affairs, May 3, 2005
Coinciding with the introduction of the Art Basel Miami Beach art fair to South Florida in 2001 is the biggest news in the local art world: the development during the past three to four years of the once derelict warehouse neighborhood of Wynwood. Wynwood is now a major contemporary art center with private collections open to the public, approximately 40 galleries and a plethora of artists’ studios. A number of prominent art dealers and gallery owners have established operations in the burgeoning Wynwood art district. In addition, four high-rise residential buildings remain under construction there along with Midtown Miami, a 56-acre shopping area and residential complex.

Experts in the contemporary arts scene and public officials are convinced that the catalyst for this expanding economic scenario originated with the introduction of the Art Basel art fair. In fact, officials responsible for cultural tourism for Greater Miami credit the Art Basel Miami Beach art fair for the fact that 90 high-rise residential towers are under construction in the area; these officials contend that the positive publicity generated by Art Basel Miami Beach have cultivated a sense that Miami is a desirable place to live combining a tropical lifestyle and sophisticated culture. Miami is now ranked among the top five American cities for contemporary art—a distinction that was not even remotely predicted half a decade ago—a development that was undoubtedly propelled by the enormous success of the Art Basel Miami Beach art fair.
The origins of the Georgia Council of the Arts (the Council) stretch back to 1953 when the state created a commission (comprising the governor and five citizens) to assess the role it should play in supporting the arts across the state.1 Paralleling trends in a number of other Southern states, in 1965 the Council's predecessor, the Georgia Commission on the Arts, was legislatively established by the General Assembly to formally accomplish the role of supporting the arts across the state. Assisted by 20 Council members, an executive director and 12 staff members, the Council currently serves as the state's lead agency in funding and supporting the arts in Georgia.

The Council accomplishes this goal by providing grants and services for non-profit arts and cultural organizations throughout the state so as to make high-quality programs in the arts available to all Georgians. While a majority of the Council's operations are carried out through appropriations from the General Assembly, it also secures additional funds from the federal National Endowment for the Arts (NEA) and a number of other public and private institutions.

As indicated in Table 11, during the review period, legislative appropriations experienced a decline of -16 percent between fiscal years 2001 and 2005, from $4.8 million to $4.1 million. (This is after the appropriation had increased to $5.2 million in fiscal year 2002). After increasing by 7 percent between fiscal years 2001 and 2002, state appropriations declined by -14 percent between fiscal years 2002 and 2003 (the steepest single year drop in the five-year review period), by -5 percent between fiscal years 2003 and 2004, and by -4 percent between fiscal years 2004 and 2005.

Table 11
Georgia Council of the Arts Appropriations Fiscal Years 2001 to 2005

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>State Appropriation</th>
<th>% Change</th>
<th>Per Capita Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Amount</td>
</tr>
<tr>
<td>2001</td>
<td>$4,835,331</td>
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<td>$0.59</td>
</tr>
<tr>
<td>2002</td>
<td>$5,179,841</td>
<td>7%</td>
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</tr>
<tr>
<td>2003</td>
<td>$4,478,490</td>
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</tr>
<tr>
<td>2004</td>
<td>$4,238,445</td>
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</tr>
<tr>
<td>2005</td>
<td>$4,054,234</td>
<td>-4%</td>
<td>$0.47</td>
</tr>
</tbody>
</table>

Source: National Assembly of State Arts Agencies, April 13, 2005

Another level of analysis related to legislative appropriations involves per capita arts spending and the national ranking of states that flows from this statistic. As indicated in Table 11, the legislative appropriations secured by the Council during the review period resulted in an average of $0.54, the 14th lowest per capita appropriation among the 16 SLC states. (The SLC state average for the five-year review period was $0.94). In terms of national ranking, the Council's per capita appropriation level resulted in Georgia placing in the bottom third of the 50 states, hovering between 38 and 41, nationally, during this time period. Notwithstanding this low, per capita funding situation and
the high number of counties (159) in the state, the Council noted in its fiscal year 2004 annual report that it managed to award grants to arts programs and artists in all but four of the state’s counties, an impressive achievement indeed. In turn, the Council, noted, these grants enabled “over 19 million participants, audience members, and tourists to benefit from these tax dollars.”

In responding to these appropriation reductions, the Council noted that before January 2004, reductions in state appropriations in the prior five years had been handled by reducing the state arts grant line in the budget. It is funds from this line item that are distributed to the Council’s primary constituents—artists and arts organizations across the state. However, since January 2004, the Council reported the reductions in legislative appropriations (reputed to be nearly 25 percent over a six year period) were handled by slashing administrative overhead in the areas of salaries, printing, and publishing.

The Council reported that it would seek to diversify its revenue flows by proposing the creation of the Georgia Arts Trust, a 501(c)(3) entity, during the next legislative session of the General Assembly. While funds donated to the Trust will be earmarked to arts education and public art, it also will include the conservation of Georgia’s State Art Collection. In addition, the Council noted that project-specific funds have been raised since January 2004 for marketing ($2,500), traditional arts grants ($10,000), and digitizing the State Art Collection for its Website (in-kind contribution estimated at $5,000). Then, a memorial fund was established in memory of an arts patron with proceeds to be provided to the Council; funds raised by this mechanism will be earmarked for grants. Finally, during fiscal year 2006, the Council will initiate partnerships with two other state agencies to broaden the marketing of its programs statewide while combining grant funds to facilitate more effective arts programming.

The Council indicated that an innovate program it recently had implemented to promote the arts state-wide during these fiscally lean times involved, State of the Arts (SOTA), a partnership with Georgia Public Broadcasting, another state agency. This two-part initiative first involves a quarterly, one-hour television series dedicated to the arts in Georgia. Each television show visits between six and nine Georgia artists or non-profit arts organizations, presenting not only the individual and inspiring stories, but also reinforcing the value of the arts to economic growth, community development, and educational attainment. The second part of the initiative is an online calendar, also called State of the Arts, to which the Council’s arts organizations may post their slate of upcoming events, activities and offerings. The Website is a searchable database by art form, date, and geographic location, including zip code. This effort remains a very effective and efficient way for the Council to publicize artists and arts organizations across the state in order that both Georgia residents and out-of-state visitors might participate in these events and activities.

Along with the cutbacks in legislative appropriations during the economic downturn of the early years of the decade, a number of arts organizations in Atlanta suffered drooping box office sales and declining corporate and individual donations too. For instance, a number of Atlanta’s arts organizations, including several high-profile ones, faced fiscal year 2002 saddled with deficits including the Alliance Theater, the Southeast’s biggest non-profit theater ($1.75 million); Rialto Center for the Performing Arts ($1.9 million); Atlanta Ballet ($1.2 million); Atlanta Opera ($823,000); Atlanta Contemporary Arts Center (nearly $150,000); and the Atlanta Coalition for the Performing Arts ($7,500).

Based on these gloomy trends, a collection of 30 top government, business and arts leaders from the five largest counties (Clayton, Cobb, DeKalb, Fulton and Gwinnett) adjacent to metropolitan Atlanta—with assistance from the Metropolitan Atlanta Chamber of Commerce (MACOC)—formed the Atlanta Regional Arts Task Force to spearhead a fundraising effort from foundations and other private sources along with pursuing creative ways to finance Atlanta’s arts scene. The leadership decided to adopt an “ecosystem model” that would raise funds for a variety of arts-related needs that would positively impact the entire five-county region. Some of the ‘quick-hit initiatives’ included an integrated database for arts groups, collaborative marketing and a public-awareness campaign to raise the arts’ profile while the more long-term projects would focus on
educational programs, advocacy and new venues. Officials likened their Task Force to the Georgia Research Alliance, a consortium that links six major research universities in the state in an effort to attract state funding for projects that could turn Georgia into a high-tech haven.

An alternate funding mechanism for the arts emerged from the General Assembly during the 2006 legislative session. A bill (HB 1086), sponsored by a bipartisan group of five legislators led by House of Representative Speaker Pro Tem Mark Burkhalter, seeks to raise an estimated $8 million annually for the state arts programs, more than tripling the current budget of the Council. The legislation calls for the creation of the Georgia Arts Trust that will function not as an entity or agency of government, but as a private trust operating under and in accordance with the laws of the state. The Trust would offer tax credits on gifts of up to $10,000 from businesses and $5,000 from individuals. In order to receive the tax credit, the individual or corporate taxpayer must make a contribution to one or more Georgia arts organizations and make a contribution to the Georgia Arts Trust that exceeds the aggregate total of the contributions to Georgia arts organizations. The state would provide $1 million in seed money to initiate the Georgia Arts Trust.

Arts officials, while hailing the proposed legislation as a major victory for the arts, expressed concern over whether funding received by the Trust would dilute the funding stream already in place from the state to the Council. These concerns were allayed by Council officials who confirmed that funds secured by the Trust would be separate from the current state appropriations provided to the Council.

**ECONOMIC IMPACT**

According to the Council, while an economic impact study for the entire state has not been completed, there have been studies during the report's review period that evaluated segments of the state. For instance, the Metropolitan Atlanta Chamber of Commerce (MACOC), through its Arts and Business unit, completed two, comprehensive studies since 1989. Results from the most recent one, released in November 2001, are presented along with a September 2005 economic impact study of the Symphony Center (the new home of the Atlanta Symphony Orchestra, scheduled to open in 2011).

**Evaluating the Link Between Arts & Business [November 2001]**

This study originated when MACOC sought to determine if there was a significant link between the arts and economic development in Atlanta and, if so, the precise role MACOC and its members should play in expanding the arts in Atlanta. The report indicated that the arts clearly contributed—both directly and indirectly—to enhancing local economies and that it actually contributed far more to local economies than other forms of entertainment and recreation. In terms of the direct and indirect impact of the arts on the metropolitan Atlanta area, the report noted that it was $700 million with more than 24,000 jobs. In fact, in metro Atlanta, the arts industry is the seventh largest non-governmental employer, an impressive statistic indeed. However, the report noted that what the city needed was focused leadership and vision to further promote arts development across the metropolitan area. The cooperation among four key groups—arts organizations, private philanthropists, government and business—remained crucial if the arts were to flourish and remain a powerful catalyst for economic growth for the region and the entire state.

**Economic Impact of the Future Atlanta Symphony Center [September 2005]**

In anticipation of moving to its new location and as an opportunity to drum up support for this $300 million project, the Atlanta Symphony Center released an economic impact analysis study, conducted by the international consulting firm Deloitte Consulting, that forecasted a remarkable $2 billion economic impact for the state during the construction phase and through the first 10 years of operation. According to the analysis, the state of Georgia, Fulton County and city of Atlanta all will experience significant economic and tax benefits as a result of the construction and ongoing operations of the Center. Alongside the $2 billion in total economic impact estimated through 2020 (the Center is expected to open in 2010), the list below presents a breakdown of the component economic impacts:

- $1.45 billion during the first 10 years of operation (2011 to 2020);
- $537 million during the construction phase;
- 2,100 new jobs (annual average, after construction, between 2011 and 2020); and
- $116 million in tax revenues through 2020, comprising $67 million in state taxes, $20 million in city taxes and $29 million in county taxes.

Even though there has been no formal analysis and calculation of economic impact figures, a number of additional projects in Atlanta related to the arts recently have surfaced. All these projects contain a range of positive economic flows that are worthy of mentioning in this section. These projects include the following:

**Castleberry Hill Arts District**

Until recently, the contemporary arts scene in Atlanta was largely restricted to locations in the Buckhead and Midtown sections of the city. Then, a few years ago, an area southwest of downtown began to sprout a number of galleries and exhibitions spaces in the Castleberry Hill area of the city that may be visited on foot. Within a three-block area, about a dozen galleries, exhibition spaces and artists’ studios have emerged in which art sells from hundreds to tens of thousands of dollars. The area’s art roots trace back to the late 1980s when inexpensive space in rundown and deserted warehouses and commercial buildings attracted artists. The conversion of some of these buildings to
loft residences also has helped enhance the attraction of the area to artists and others. Undoubtedly, the emergence of this burgeoning arts scene in this area of Atlanta has helped stimulate economic activity while creating an appropriate environment for artists.

The Aurora Theater in Lawrenceville

Residents and officials in Lawrenceville recently were engaged in a debate that takes place in so many of America’s towns and cities: can a thriving arts scene help lead to a healthy town center? Specifically, Lawrenceville, the county seat of Gwinnett County, the large county neighboring metro Atlanta, was embroiled in a bidding war with the city of Duluth, also in Gwinnett County, to lure the Aurora Theater to relocate to Lawrenceville. Working with a major developer that lives and works in the city, Lawrenceville was able to convince the Aurora Theater to relocate to a vacant church just off the city’s courthouse, with the expectation that the presence of this cultural center will lead to revitalizing the city’s downtown area. By December 2006, the theater is expected to hold a variety of performances and cultural events. Already, a number of restaurants and small retail shops have filled up the city’s street-level storefronts bringing about much-needed improvements to the downtown. In addition to the economic benefits spilling over from this arts-led renaissance here, residents are convinced that focusing on the arts will lead to “a sense of community” for the residents of Lawrenceville.

The Georgia Aquarium

Even though it is not an arts-related, non-profit organization, the Georgia Aquarium has proven to be a major boost to Atlanta’s downtown atmosphere (it is located on just under 10 acres of land adjacent to Centennial Olympic Park), alongside generating significant economic gains to the city and the state. The Aquarium, which opened in November 2005, is the world’s largest and contains more than 100,000 animals from 500 species in 8 million gallons of fresh and marine water. The $200 million construction costs were borne entirely by The Home Depot co-founder Bernie Marcus, and since its opening the Aquarium has easily exceeded every visitor forecast prepared before its opening. (One million visitors are expected to have poured through the Aquarium a scant three months after the opening). After it opened in November, numerous businesses and attractions in the downtown area have indicated a sharp increase in their bottom lines in ensuing months. The presence of the Aquarium, along with many arts-related initiatives, is another piece in the effort to diversify Atlanta’s economy. Experts already are predicting substantial economic gains, and an economic impact report produced in 2005 noted that the Aquarium, with the new World of Coca-Cola to be constructed in the vicinity, would boost the state’s economy by a striking $200 million annually.

CULTURAL HERITAGE TOURISM

An earlier section of this report noted the importance placed by Georgia Governor Sonny Perdue on promoting cultural heritage tourism as a means of stimulating economic growth in both urban and rural parts of the state. In fact, as confirmed by the Council’s response to the SLC survey, this effort was one of Governor Perdue’s key legislative initiatives during the 2005 legislative session. The earlier section also noted that one of the notable features associated with cultural heritage tourism was that they generally were more affluent, visited for longer and were likely to spend more dollars while touring, all trends with the potential to generate significant economic flows.

The governor’s efforts on this front resulted in the creation of the Georgia Tourism Foundation—as a 501(c)(3)—to accommodate a partnership between state funds and private contributions from for-profit and non-profit heritage and tourism sites for marketing Georgia to the nation and the world. The efforts of the Foundation continue to be directed toward consolidating Georgia’s tourism marketing efforts, attracting a greater number of visitors and increasing the industry’s economic impact throughout the state. While the Foundation pools the state’s tourism marketing resources, it also leverages the private sector to support the growth of the tourism industry across the state. Some of the tasks undertaken by the Foundation include developing public-private advertising campaigns; soliciting private donations for tourism; offering strategic planning and support for Georgia’s state facilities through tourism product development; aligning the state’s five halls of fame for promotion and better coordination of marketing, advertising, and customer service; and telling the story of Georgia’s tourism heritage.

A related venture promoted by the governor and the newly created Foundation is the promotion of agritourism activities as a means for Georgia farmers to generate additional income. The governor’s promotion of agri-tourism, a combination of the state’s two largest industries, i.e., agriculture and tourism, is influenced by his desire to create non-traditional economic opportunities for both these industries. A venture that combines both these aspects involves the Meinhardt Vineyards and Winery (established in 2004) in Statesboro, in the southeast quadrant of the state. Although the production of wine in Georgia is not new, (The state’s founder, James Edward Oglethorpe, introduced European viticulture as a component of his economic plan for the state even though a variety of New World diseases and indigenous insects stymied these efforts.) Currently there a number of vintners scattered across the state that produce exceptional wine. Consequently, wine tasting tours and related events have become hugely popular at locations across the state, and this form of agri-tourism is drawing visitors to Georgia’s many vineyards in droves. The Council’s response also noted that tourism is Georgia’s second-largest industry and that an estimated 30.2 million people (in some 17.6 million households) traveled specifically
to Georgia in 2002, the most recent year for which information was provided. While 63 percent of these visitors arrived in the state for leisure; for overnight visitors, shopping was the most popular activity in Georgia (32 percent), followed by visiting historical places and museums (15 percent), and participating in outdoor activities (9 percent). This impressive visitor turnout resulted in Georgia ranking among the top 10 destinations for tourists in America in 2002, according to Travel Industry of America. Moreover, in calendar year 2003, visitors to Georgia spent approximately $25 billion; these expenditures supported 209,500 tourism-related jobs with an accompanying $6 billion in wages for Georgia residents. State and local tax revenues generated from these visitors in 2003 was a significant $1.14 billion, according to the Council. The number of visitors in 2003 also enabled Georgia to ascend from the eighth to the seventh most visited state in the nation. Now, even though all these tourists to Georgia were not necessarily motivated by cultural heritage sites, the proportion of visitors who did visit the state for this purpose generated a range of positive economic effects.

Several Georgia cities have focused on historic preservation and heritage to revitalize and renovate their downtowns and commercial business districts. Two such cities that spring to the forefront are Rome in the northwestern quadrant, and Savannah in the southeastern quadrant of the state. Interestingly, these historic cities were rejuvenated with the assistance of two organizations, the Main Street Approach of the National Historic Trust in Rome and the Savannah College of Art and Design (SCAD) in Savannah.

Rome

Rome in Floyd County was established in 1834 as a trading center for textiles and metals. The relocation of two major retailers in the 1970s eventually led to the decline of the city’s commercial district, which was quickly overrun with derelict and deteriorating buildings and a 25 percent vacancy rate. The downtown’s moribund appearance rapidly eroded its economic base in a vicious cycle that threatened the financial viability of the city. Following the tenets of the Main Street Approach, concerned residents, property owners and business owners formed the Rome Downtown Development Authority to preserve the downtown and enhance the town’s economic vitality. Working within the Main Street Approach’s four key areas—design, economic restructuring, promotion, and organization—the Authority was able to propel Rome forward and, within five years, had stimulated more than $8 million in reinvestment; made business loans totaling $3 million; and completed 92 renovated and new construction projects. By 1990, public and private investments reached $22.7 million, a figure that was almost double the national average. By the early years of this decade, Rome’s commercial district had 98 percent occupancy, 15 restaurants, major public facilities, 2,700 employees, 120 building rehabilitations, tremendous upper story residential and commercial development (90 units), numerous social opportunities, and an active nightlife. This impressive transformation in the period of about two decades resulted in the National Trust Main Street Center awarding Rome a Great American Main Street Award in 2003.

Savannah

Georgia’s first capital and the last British colony established in America remains a jewel in the state’s crown of cities with its beautiful squares and spectacular architecture. The area encompassing the original 21 wards has been designated a historic landmark district—the largest historic district in the United States. Yet, by the late 1970s and early 1980s, wide swaths of the city’s downtown and commercial business districts fell into disrepair and a number of historic buildings were in derelict condition. In addition, beginning some 50 years before, several architecturally significant buildings were demolished, and there were dis-
cussions to open the squares to vehicular traffic. Despite these threats, urban planners have renovated and restored the city, reviving its history and glory. A critical player in the restoration effort has been the Savannah College of Art and Design (SCAD).

When SCAD was established in the city in the late 1970s, the college decided to make the historic district its campus, not by tearing down buildings to build a sprawling campus, but by purchasing and restoring numerous older buildings. As a result, SCAD now owns 2 million square feet of space in 50 buildings downtown, including a 1960s motel now used as a residence hall, a department store that serves as a library, and a movie theater that serves as the school auditorium. An allied benefit of this restoration and preservation effort has been that the college has effectively integrated its campus with the surrounding community, restored and reused buildings that would have been hard to resell and injected a community of nearly 10,000 students, faculty and staff, adding to the vitality of the city's downtown.

Based on the positive economic effects of SCAD's preservation efforts, abandoned warehouse space along the riverfront in the city houses various businesses, shops, and restaurants. Savannah now remains among the most vibrant of cities in the southeastern United States, attracting tourists and conventioneers from all parts of the state, country and globe. Downtown Savannah also is home to more than 150,000 residents.

**BLOCKBUSTER EXHIBITIONS**

According to the Georgia Council for the Arts, there have been no blockbuster exhibitions directly funded through the state of Georgia. However, in the past five years, there have been a number of notable exhibitions held at the High Museum of Art in Atlanta—the leading art museum in the southeastern United States—that undoubtedly created substantial economic flows to the city and the state.

A vast majority of the funds associated with sponsoring these exhibitions at the High were raised from corporate and private sources. Nevertheless, the Council noted that the High has, and continues to pursue, loan agreements with other national and international museums for exhibits that utilize General Operating Support grants from the Council. While the Council's survey response did not include attendance figures or economic impact information for the specific exhibitions, a sampling of the exhibitions held in the last few years include the following:16

- **Andrew Wyeth: Memory & Magic** (2005)
- **The Art of Romare Bearden** (2005)
- **Paris in the Age of Impressionism: Masterworks from the Musée d’Orsay** (2002)
- **Monet: A View from the River** (2001)
- **Michelangelo: Drawings and Other Treasures from the Casa Buonarroti, Florence** (2001)
- **Degas and America: The Early Collectors** (2001)
- **Monet and Bazille: A Collaboration** (1999); and

In 2005, the High also announced that it had entered into an unprecedented partnership with the Musée du Louvre in Paris that will lead to hundreds of works of art from the Louvre’s collections being exhibited in Atlanta.17 Not only will this exclusive, multiyear, multimillion dollar partnership sustain the High’s strategy of collaborating with international institutions to bring great art to Atlanta, it also will include the exchange of cultural expertise and operational strategies, as well as educational programs and the development of joint bilingual publications, conferences, films, and seminars exploring exhibitions and related themes. The exhibits from the Louvre, scheduled to be on display periodically between 2006 and 2009, will revolve around specific themes and periods.

Another property in Georgia that continues to feature a stunning collection of artwork, antiquities and blockbuster exhibitions on a regular basis is the Telfair Museum of Art in historic Savannah. The Telfair Museum traces its history to 1886 when the Telfair family home was opened to the public as an art museum and school. In the recent past, the Telfair has featured the following impressive collection of exhibitions that attracted an array of tourists and visitors, a development that resulted in significant economic benefits.

- **Durer to Whistler: The Art of the Print** (2005/2006)
- **Maxfield Parrish: Master of Make-Believe** (2005)
- **To Discover Beauty: The Art of Kablil Gibran** (2005)
- **Continuing Traditions: Native American Art of the Southwest from the Hanson Collection** (2004/2005)
- **From Apache to Zuni: Native American Objects from the Lowe Art Museum** (2004/2005)

**BUILDING BOOM**

Reflecting a trend evident in a number of Southern states, a spate of arts and tourism facilities have either been announced, broken ground or been opened in the last few years across Georgia. While the primary source of funding for the facilities has been corporate and private donations, a few locations have received funds from the state through Georgia Historic Preservation Grants. In addition, at least two facilities have secured OneGeorgia Grants, i.e., grants secured from the OneGeorgia Authority, the entity created by utilizing one-third of the state's...
The Economic Impact of the Arts in the South

The tobacco settlement to assist the state’s most economically challenged areas. However, the Council indicated that it did not provide any funds for bricks-and-mortar to assist any of the expansion efforts at the arts and tourism facilities. All these building projects, either new, renovation or expansion, contain significant direct, indirect and induced economic impacts as they involve hundreds of millions of dollars in an assortment of costs.

Following are details on some of the major building projects related to arts and tourism facilities in Georgia in the last few years. One of the most striking features of this building boom in the arts is the involvement of a number of the world’s most renowned architects in these Georgia (primarily Atlanta) projects. Securing the services of such architectural luminaries as Richard Meier, Renzo Piano, Cesar Pelli, Santiago Calatrava and Moshe Safdie in these various projects is, in itself, a major accomplishment and a crucial factor in positioning the state as an attraction to a whole new range of tourists and visitors. As demonstrated in the example of Frank Gehry’s critically acclaimed Guggenheim Museum branch that opened in in Bilbao, Spain, in 1997, a concept now increasingly recognized as ‘destination architecture tourism’ has gathered momentum as an entirely new area of cultural tourism. Experts following the number of stellar architects affiliated with these Georgia projects are optimistic that a similar tourism boom will erupt in the state too.

**High Museum of Art Expansion**

Some two and a half decades ago, when Atlanta’s cultural cognoscenti were rallying support to build an impressive art museum, the theme for that campaign was “Build a Museum Big Enough for Atlanta.” Richard Meier’s 1983 landmark High Museum of Art was a building that lived up to the expectations of the campaign theme and the building soon secured plaudits from every corner. In the more than two decades that lapsed after this ground-breaking building was opened, Atlanta’s arts community was driven to significantly expand its exhibition space and its educational and outreach activities.

Lining up an architect to implement the expansion to the High Museum was a formidable task and the selection of Pritzker Prize-winning (architecture’s most prestigious award) architect from Italy, Renzo Piano, was greeted with acclamation in every circle. Piano’s expansion project officially opened in November 2005 and was a $124 million, 177,000-square foot effort that more than doubled the High’s size. The Piano expansion project includes a 15,000-square foot outdoor piazza that bridges the Museum’s main entrance and Table 1280, an elegant new restaurant, focused on fostering “the kind of informal, serendipitous meetings, pedestrian traffic and intermingling of life and art that injects an urban European model into Atlanta’s car-defined sprawl.”
While the expansion effort, which totals $170 million when the additional work to the Woodruff Arts Center (that includes the Atlanta College of Art, Alliance Theater and several other facilities) is factored in, the number of visitors that may be accommodated by the High Museum on an hourly basis is expected to rise significantly. Prior to the expansion, approximately 450 visitors could tour special exhibitions every hour; post-expansion, this capacity is expected to more than double to about 1,000 visitors every hour. Given that Atlanta’s High Museum has a larger presence in the museum world than its collection would suggest, mainly due to the invigorating leadership of its chief curator, Michael Shapiro, the expansion effort is estimated to be a major draw for an even greater number of tourists and visitors experiencing both the special exhibitions and permanent collection.

**Atlanta Symphony Orchestra New Concert Hall**

For some years now, there has been a great deal of interest among members in Atlanta’s arts community to construct a new symphony hall for the Atlanta Symphony Orchestra (ASO), the largest orchestra in the southeastern United States. In its more than six decades of performing (250 concerts every year currently, including a 72-concert classical season and related series at Atlanta Symphony Hall, and a full schedule of educational, neighborhood and Free Parks concerts around Georgia), the ASO has a fine reputation both nationally and internationally. In the late 1990s, momentum to construct the new facility surged ahead and evolved into the Symphony Center project, a three building complex—the symphony hall and two adjacent residential and mixed-use development tower—in the immediate vicinity of its current 14th Street and Peachtree Street location.

Undoubtedly, one of the more exciting projects in progress in Midtown currently is the new symphony hall, a 3.8-acre, $300 million complex designed by the award-winning architect, artist and engineer from Spain, Santiago Calatrava. The 2,200-seat performance hall, featuring an acoustical design by Kirkegaard Associates, will include an adjustable ceiling that ranges between 48 and 104 feet high. A studio hall, rehearsal hall, learning center and 41,800 square feet of lobby space complete the interior elements. With a goal of $300 million, the Atlanta Symphony Center Campaign is the most ambitious fundraising effort in the ASO’s history and the largest capital campaign ever undertaken by an arts organization in the southeast. Fundraising for the symphony hall portion of the project is proceeding well and, by January 2006, stood at $108 million, including $60 million in board and campaign leadership support; $28 million in corporate support; $8.1 million in public support; and additional foundation and individual giving. At this stage, ASO officials said they are ahead of the Los Angeles Philharmonic, which took 15 years to raise $274 million for the Walt Disney Concert Hall, which opened in 2003.

As noted earlier, a study of the future Atlanta Symphony Center, conducted by Deloitte Consulting, forecasted an eye-catching $2 billion economic impact during construction and through the first 10 years of operation for the state. In addition, public and private officials are convinced that the Center will be a vibrant civic and economic resource and architectural icon for Atlanta and the state of Georgia that will be recognizable around the world.

**Symphony Center Residential Project**

A major companion to the High Museum expansion project and the new Atlanta Symphony Orchestra hall project is the Symphony Center Residential Project. Once again, designed by a world-class, renowned architect, Cesar Pelli, this mixed-use project will feature three buildings with an internal boulevard, sidewalks and a 1.5-acre garden and park area in Midtown Atlanta. The entire Symphony Center Project includes the new symphony hall (designed by architect Santiago Calatrava) and two residential condominium towers. The presence of this landmark, Cesar Pelli complex and its proximity to the hub of burgeoning Atlanta’s cultural and art scene is expected to be a major boost to the local and state economies. The unit price range for the condominiums is expected to be between $300,000 and $3 million, another indication of the expected economic boost to the area.

**Cobb Energy Performing Arts Center**

In 2007, the Cobb Energy Performing Arts Center is scheduled to open at a location just outside Atlanta’s city limits and will feature a 2,750-seat theater offering a blend of Broadway shows, pop concerts, dance and opera; rehearsal space; state-of-the-art lighting and acoustics; a dozen box seats, and a 1,500-space parking deck.

The $140 million complex spread out over 16 acres is forecasted to be a dynamic economic driver for this area northwest of the city, along with generating significant local and state economic impacts. The project has benefited from the major funding windfalls including the $20 million disbursement made by an affiliate of Cobb EMC, the utility company, and $10 million provided by Post Properties founder John Williams. The first new performing arts center built in the immediate vicinity of metropolitan Atlanta in 40 years, the Cobb Energy Center is being funded in part by $57 million in bonds, to be repaid from Cobb County’s hotel-motel tax, another $11 million coming from budget surpluses from the Cobb Galleria Center that opened in 1994, and private and corporate donations.

**Hills & Dales Estate (LaGrange)**

This historic 35-acre estate was the home of textile magnate Fuller E. Callaway, Sr., and his family and currently is the property of the Fuller E. Callaway Foundation. The central point of the estate is a Georgian Italian villa, designed by the noted Atlanta architectural firm of Hentz & Reid in 1914. While the classically inspired architecture and remarkable craftsmanship make the house one of the most
photographed and admired houses in the South, the formal boxwood garden ("Ferrell Garden"), created by Sarah Coleman Ferrell, remains among the best preserved 19th century gardens in the South. The striking beauty of the property attracts tourists from across the state and the region every year, with the new welcome center making the experience even more educational and enjoyable.

FDR’s Little White House Museum
(Warm Springs)23

Searching for relief from polio, Franklin D. Roosevelt initially came to Warm Springs, Georgia, in 1924 to swim in the springs’ naturally heated water. Since he developed a great fondness for the area, he built a vacation cottage on the side of Pine Mountain while running for president in 1932. President Roosevelt continued to spend a great deal of time in Warm Springs in the next several decades, including during his presidency; in fact, the president suffered a cerebral hemorrhage on his 41st visit to Warm Springs and died there on April 12, 1945.

In order to preserve his memory and his links to Georgia, the Georgia Department of Natural Resources (DNR) continues to operate this historic site and with more than 110,000 visitors annually, the Little White House has the highest visitation of any Georgia state historic site. This interest surged ahead even further a March 2005 Home Box Office (HBO) movie entitled, Warm Springs, brought unprecedented attention to the Georgia town. In fact, calls requesting information about visiting the town and presidential site increased by 30 percent, and the Roosevelt Warm Springs Institute for Rehabilitation experienced a 200 percent increase in walk-up, self-guided tours.24

Also, for 40 years DNR had operated a small museum in a former home adjacent to the Little White House. Since the latter site was not an ideal museum space, a few years ago DNR initiated a public-private partnership to build a new museum and visitor center for the presidential retreat. Along with the new 12,000-square foot museum constructed on one level, directly behind the historic entry building, the Little White House upgraded its facilities for researchers and archivists too.

In order to make the new museum a reality, the DNR projected capital requirements of $6 million. The state committed $2.5 million to this project, and lead gifts from foundations and corporations have led the campaign to the $5 million mark. The infusion of capital for this project and the construction of the new museum will further enhance the numbers flowing to visit the Little White House in Georgia, a development that has valuable economic results.

Archaeological Museum at Etowah Indian Mounds State Historic Site (Cartersville)25

This is another Georgia State Parks’ site that contains a fortified ceremonial center that was the home to several thousand Native Americans between 1000 A.D. to 1550 A.D. A recent addition to this historic site is a museum which might be toured by visitors. The Museum’s exhibits contain artifacts and exhibits providing insights about daily life in this once self-sufficient community. The 54-acre site contains six earthen mounds (the largest of which stands 63 feet tall and spread out over three acres), plaza, village area, borrow pits and defensive ditch. The site is considered the most intact Mississippian culture site in the southeastern United States and attracts a great number of tourists interested in Native American history and culture.

Historic St. Marys Railway
(St. Marys)26

One of Georgia’s oldest cities dating back to the mid-1500s, St. Marys (Camden County), in the southeastern part of the state, was established as a town by the English in 1787. St. Marys remains the gateway to the Cumberland Island National Seashore and the home of U.S. Navy’s Kings Bay Submarine Base and had a railroad charter that extends back to 1865. The mainstay of the railroad was the paper mill in St. Marys and, when the mill closed a few years ago, the future of the St. Marys railroad was in very serious doubt. With the assistance of public and private officials, the railroad was reborn as a tourist train known as Historical St. Marys Railway. Once again, tourists from other parts of the state and country visit St. Marys to experience the railroad.

Flint RiverQuarium (Albany)22

Constructed at a cost of $30 million as the cornerstone of Albany’s downtown revitalization program, the Flint RiverQuarium tells the fascinating story of the Flint River and the mysterious blue hole springs that help create it. Opened in August 2004, the RiverQuarium’s unique architecture has attracted people ever since the start of construction. Anticipating 155,000 visitors a year (the RiverQuarium had 100,000 visitors by May 2005, a scant nine months after opening), the RiverQuarium provides visitors with 15,000 square feet of discovery and adventure through high-tech, interactive exhibits; crawl-through caverns; and fresh and saltwater exhibits highlighting natural habitats of the 350-mile Flint River and rivers around the world. The highlight of the property is the 175,000-gallon, 22-foot deep, open-air blue hole that is filled with the fish, reptiles and plants found in the Flint River. A few months after its opening, the RiverQuarium’s Imagination Theater, with the largest screen (three stories tall and four stories wide) and only large format theater featuring 3D capability in South Georgia, was inaugurated, guaranteeing further interest and tourists to this property. The RiverQuarium’s annual operating costs amount to about $1.9 million.

International Civil Rights Walk of Fame (Atlanta)28

In September 2004, the International Civil Rights Walk of Fame was inaugurated with the footprints of noted civil rights leaders, including President Jimmy Carter, Congressman John Lewis, Justice Thurgood Marshall, Rosa Parks, Ivan Allen, Jr., embedded in cement at the at the promenade to the Martin Luther King, Jr. National
Historic Site. The Walk of Fame “was created to pay homage to the brave warriors of justice who sacrificed and struggled to make equality a reality for all and is expected to enhance the historic value of the area, enrich cultural heritage, and augment tourist attractions.”

Jepson Center for the Arts (Savannah)

The Telfair Museum of Art, located in the fastest growing city in Georgia, Savannah, is the “oldest public art museum in the South.” In March 2006, a new era for this historic facility will be ushered in when the first expansion in the Telfair’s 119-year history, a new 64,000-square foot, state-of-the-art building, opens to the public. This expansion effort, involving the largest private fundraising effort ever undertaken in Savannah, resulted in the Telfair’s Landmark Campaign raising nearly $25 million to build the new Jepson Center for the Arts. The new building, designed by acclaimed architect Moshe Safdie, adds 66 percent more exhibition and educational studio space than currently available in the Museum’s two National Historic Landmark (circa 1819) buildings in Savannah’s historic district, the Telfair Academy of Arts and Sciences and the Owens-Thomas House. The Jepson Center for the Arts will feature two large galleries for major traveling exhibitions; galleries for African-American art, Southern art, photography and works-on-paper; a community gallery; a 3,500-square foot hands-on gallery for young people; two outdoor sculpture terraces; education studios; a 200-seat auditorium; café, and store. Once again, an increase in the tourist traffic is expected with this impressive expansion facility bringing along the accompanying positive economic benefits.

Mansion on Forsyth Park (Savannah)

Rated as Savannah’s most eclectic and luxurious hotel, the Mansion on Forsyth Park opened in April 2005. The hotel is housed in a mansion originally built in 1888 and has 14-foot high ceilings and features original oak millwork, mahogany and teak paneling and moldings. Another interesting aspect of the hotel is the more than 400 pieces of art (most often for sale) scattered throughout the 126-room hotel. The hotel’s highly commended kitchen includes a culinary school. Since its opening, the hotel has attracted a great deal of attention from travelers across the country.

Restoration of the 1797 Ezekiel Harris House (Augusta)

Ezekiel Harris came to Georgia (from South Carolina) to establish his own tobacco inspection station and warehouse in the aftermath of the Revolutionary War. By September 1797, he announced that his warehouse was “in order to receive tobacco” and he also offered accommodations for the planters. He laid out a town named Harrisburg and hoped that his new town would rival Augusta in the tobacco trade. The Ezekiel Harris House, circa 1797, (one he titled “a good frame house with a brick chimney”) is a reminder of the days when tobacco was the primary cash crop in Georgia.

The Smithsonian Guide to Historic America notes that the Ezekiel Harris House is an outstanding example of early Federal style architecture and touts it as “the finest eighteenth-century house surviving in Georgia.” Visitors are greeted by an intricate front doorway and an impressive vaulted hallway before observing what life was like during the Federal period in Georgia.

While the Ezekiel Harris House is listed on the National Register of Historic Places and was fully restored in 1964, by the early years of this decade, it had fallen into disrepair. Consequently, in November 2002, Augusta city officials approved a special allocation of $200,000 (from a 1 percent special purpose local option sales tax) to restore the house by replacing its rotting wood and chipped paint. Improvements included replacing the house’s front steps and other rotting wood and painting the exterior for the first time in 10 years. The interior was repainted for the first time since 1964—the year the house was originally restored by the state—and the heating and air-conditioning unit, also installed in 1964, was replaced. Officials at the Historic Augusta Preservation Society indicated that they had sought city funding for the Harris House since 1995; however, funding difficulties that surfaced after the city/county consolidation prevented monies from being allocated earlier.

Restoration of the Old Governor’s Mansion (Milledgeville)

The Old Governor’s Mansion in Milledgeville was the home to eight of Georgia’s governors from 1839 to 1868. While the mansion has been a part of Georgia College & State University since 1889, it was designated a National Historic Landmark in 1973. A series of events were held in April 2005 to commemorate the completion of the $9 million restoration of one of the most significant historic structures in Georgia. Funds for this extensive three-year restoration project were secured through the General Assembly and a grant from the Woodruff Foundation and included restoring the original layout, colorations, lighting, and appearance of the building; new mechanical and electrical systems; and a new roof. While the original picket fence around the perimeter of the property was reproduced, the restoration carried out on the Mansion’s façade, as well as the intricate gilding on the interior dome, remains impressive. Finally, the restoration project included the construction of a new education building to host tour orientations, exhibits, and lectures.

David H. Averitt Center for the Arts (Statesboro)

Two buildings comprise the David H. Averitt Center for the Arts, the former Bank of Statesboro building and the Georgia Theater, a unique combination of two downtown Statesboro historic landmarks. The Bank of Statesboro, chartered initially in 1891, closed its doors in 1932, a few years after the Great Stock Market crash. Even though the bank never reopened for business, the building was used in
various capacities until 1997, when the city of Statesboro bought it to house the David H. Averitt Center for the Arts. The Georgia Theater was built as a ‘motion picture theater’ and opened for business in 1936. After entertaining movie goers for 50 years, it closed in the 1980s. In an effort to create an arts center in downtown Statesboro, the city and prominent business officials worked on restoring these two historic facilities to feature a range of arts-related events and activities. Another valuable function carried out by the Center (the Averitt Center for the Arts doing business as the Statesboro Arts Council) is administering the Grassroots Arts Program, the decentralized funding program for arts programs and artists in Bulloch and neighboring counties from funds secured annually through the General Assembly.

**OTHER**

In a trend that is sweeping across the country, Georgia, like so many other states, is making a concerted effort to lure the film industry back to Georgia. According to the Georgia Council for the Arts, legislation has been passed that provides income tax credits to companies engaged in the motion picture industry to locate their operations in venues across the state. The state’s marketing budget for fiscal year 2005, July 1, 2004 to June 30, 2005, was $8.9 million, and included all outreach efforts. Given that the Georgia Department of Economic Development’s budget has been slashed in recent years due to the deteriorating fiscal situation, the agency requested and secured a substantial budgetary increase for the next fiscal year. In particular, the state Tourism Division of the Department of Economic Development budget increase will be channeled toward an active campaign to attract interactive gaming and multimedia productions to Georgia.

According to the governor’s office, the state’s film, video and music office has fielded almost 300 leads and requests from July to mid-November 2005, a 65 percent increase over the previous six-month period. While five productions were filmed in the state compared to just two feature films in 2004, the governor’s office attributed this success to the Georgia Entertainment Industry Investment Act, which awards tax credits for productions filmed in Georgia. The six major Emmy awards picked up by the HBO movie *Warm Springs*, filmed in the state in 2004, also helped focus attention on the state.

In another move that has a great deal of potential regarding fundraising for the arts, Atlanta’s Woodruff Arts Center fared very promisingly on its first-ever credit rating issued by two of the nation’s major credit rating agencies, Fitch Ratings and Moody’s Investor Services. Woodruff was rated lower than the Smithsonian Institute but, very impressively, higher than New York’s Museum of Modern Art and the Art Institute of Chicago and elevates the Center to among an elite few American cultural institutions that can claim such a rating. The favorable credit rating secured by the Center will be a significant boon as it will reduce the cost of borrowing as it continues its various projects.
The Kentucky Arts Council, established in 1965 by executive order and authorized under Kentucky Revised Statute 153.210-235, is the primary state arts agency. Functioning as an agency of the Kentucky Commerce Cabinet, the Council develops and promotes a broadly conceived policy of support for the arts throughout the state. More specifically, the Council supports the arts by providing financial grants and technical assistance to a myriad arts organizations, non-profit community organizations, local arts councils, local government agencies, artists and crafts persons across the state.

In fact, the Council provides arts-focused grants and programs or services to every county in Kentucky, and, as a result of this financial and technical support, these organizations and individuals contribute significantly to the vibrancy and strength of the economy, education, and quality of life in Kentucky. The Council’s major programs cover the areas of arts and cultural organizational support, community arts development, arts in education, individual artist recognition and support, craft marketing, folk and traditional arts support, arts directories and honors programs. As in the other states, the Council receives funding from state budget appropriations and the federal National Endowment for the Arts to carry out its important mission.

FUNDING FOR THE ARTS

Kentucky, like many other states, experienced severe fiscal pressures in the early years of this decade resulting in the state cutting appropriations to the Kentucky Arts Council to balance its budget. From a high of $4.1 million in fiscal year 2001, state appropriations to the Council dropped to $4 million in fiscal year 2002 (-2 percent), to $3.9 million in fiscal year 2003 (-2 percent, again), and to $3.6 million in both fiscal years 2004 (-7 percent between 2003 and 2004) and 2005. Between fiscal years 2001 and 2005, the cutbacks in state appropriations amounted to a -12 percent reduction.

In an effort to deal with these cutbacks in state appropriations, the Council initiated a number of measures. During fiscal year 2002, given that the grantee selection meetings occurred before the approval of the state budget, the reductions to the Council’s legislative appropriation were reflected in reduced amounts paid out to grantees in the second installment of payments made during the fiscal year. (Payments to operating support grantees are made twice per fiscal year). In order to deal with the reduced funding in fiscal year 2003, a major review and revision, where necessary, of all programs took place with some redesign and consolidation of similar programs alongside the discontinuation of programs not found to be as effective. In fiscal year 2005, the Circuit Rider program (a program that funded five part-time contracted representatives of the Council to work in the field as liaisons in different parts of the state) was revised and replaced with a new program, the Regional Outreach Coordinator program. The latter program included only two full-time staff resulting in a reduction of costs. In addition, grant funds allocated to various programs were reduced.

In fiscal year 2002, the Council received a $500,000 grant from the Wallace Foundation. Though these funds were not used to supplement diminishing legislative appropriations, they were diverted to assist in the strategic planning of program revision and realignment; the Wallace Foundation grant monies also were used to fund special projects undertaken by the Council.

ECONOMIC IMPACT

In an effort to make a persuasive case for public support for the arts in the 2006 legislative session and beyond, the Kentucky Arts Council is working with the University of Kentucky’s Center for Business and Economic Research to prepare a comprehensive, statewide economic impact study of the arts. While this report will be funded by the Council, in order to gather as much information as possible for the study, surveys have been forwarded to artists, craft artists and arts organizations across the state. Surveys also have been sent to retail establishments that sell art, craft or art products; in addition, fairs and festivals, libraries and local government agencies that provide arts experiences also will be asked to complete a survey. While the full report will be published in 2006, the last time the Council, together with the Kentucky Center for the Arts, released an economic impact
study was in 1998; in 2001, the Council also published a needs assessment of Kentucky’s performing arts centers and even though this report did not focus solely on the economic impact of the centers, it did contain related economic impact information.

Even though it has been several years since the 1998 study was released, the annual direct, indirect and induced economic impact of these arts-related activities is quickly apparent. In fact, they significantly exceed the annual legislative appropriation provided by the state during the review period. In order to secure information for this study, surveys were sent to individual artists and crafts artists, performing arts centers and arts organizations, and Kentucky residents and arts patrons to help to determine the economic impact and importance of the arts to people in Kentucky. The report stressed the fact that the true impact of the industry was probably underestimated in the study because data was solicited only from those individuals and organizations on file with the Kentucky Arts Council at that time. According to the report, a number of artists and organizations across the state either were excluded because they were not on the Council’s list or because they chose not to respond to the survey. Notwithstanding the conservative approach taken by the study, the 1998 study’s results underscore the valuable role played by the arts and culture industry within the state of Kentucky. For instance:

» Individual artists and crafts artists, as well as employees working at arts organizations and performing arts centers, received an estimated $77.4 million in earnings during the review year.

The economic impact of the arts in Kentucky generated by arts spending, arts donations, and spending at restaurants, hotels, and shopping near arts events was estimated to be $41.5 million in worker income and 2,400 full-time equivalent jobs during the year;

» The economic impact of arts organizations alone in Kentucky was $22 million in worker earnings and 1,324 jobs during the year;

» Kentucky households would be willing to pay $10.9 million to expand the number of arts performances in Kentucky by 25 percent and $21.8 million to avoid a 25 percent decline;

» Nearly 1.3 million people attended events hosted or produced by the 12 performing arts centers in Kentucky in the last year; and

» Employees at Kentucky’s performing arts centers earned $9.3 million in income during the review year.

CULTURAL HERITAGE TOURISM

According to the Council, a number of state agencies in Kentucky are actively involved in a series of cultural tourism initiatives and continue to develop a variety of programs and activities to appeal to travelers with an interest in cultural heritage. The Kentucky Heritage Council, Kentucky Historical Society and the Department of Tourism are some of these agencies that continue to work alongside the Council in promoting cultural heritage tourism throughout the state. Under a previous incarnation of state government in Kentucky, the Council and several additional agencies in the Education, Arts and Humanities (EAH) Cabinet, along with the Tourism Development Cabinet, developed a statewide cultural heritage tourism strategic plan that resulted in a number of cultural heritage initiatives. In 2002, the cultural agencies in the EAH Cabinet participated in the Pew Charitable Trusts’ Putting Policy Partners to Work planning sessions to discuss additional cultural heritage initiatives in the state.

Currently, the Council’s position within the Commerce Cabinet involves participating in cultural heritage tourism projects with many of the agencies listed above. For instance, the Council—with active participation from the Kentucky Historical Society and the Department of Tourism—was involved in the Route 23 Country Music Highway Driving Tour project. Highlighting Kentucky’s Route 23, considered the state’s country music highway, is a project that included releasing a compilation music CD, a book, and a 3-CD historical narrative of the highway. The completion of this project was celebrated at the Kentucky Folklife Festival in September 2005, an event that annually showcases the state’s living folk culture by presenting artists and communities from every corner of the state. While the Folklife Festival is a major cultural heritage initiative in Kentucky, modeled after the Smithsonian’s Annual Folklife Festival held in Washington, D.C., the 2005 event featured a wide variety of music from around the state, including bluegrass, blues, gospel, country and salsa and the sounds of more recent Kentucky immigrants, traditional Bosnian music to the rhythm of Cuban drums. The 2005 Folklife Festival included an exploration of the state’s culinary history and variety with cooking demonstrations too. Artisan demonstrations including storytelling, woodworking, basket making, boat building and tobacco farming also were part of the
Folklife Festival this year. Furthermore, salsa dancing, dulcimer artists, barbecue making, riverboat piloting, guitar picking, and marble shooting were some of the other state traditions featured at the Folklife Festival, all in an effort to highlight the state’s rich cultural heritage and draw tourists from both other parts of the state and outside the state. The Kentucky Folklife Festival remains a major cultural event in the state and brings more than 30,000 people, including approximately 10,000 students, to Frankfort to learn about and celebrate the state’s traditions. The festival was held in Frankfort in an area that stretches from the Old State Capitol down Broadway to the Kentucky River.

Two additional arts initiatives that focus on cultural heritage tourism involve the Paducah Artist Relocation Program and the Berea Artisan Center. Paducah’s Artist Relocation Program was started in August of 2000 and is now a national model often cited as an effective strategy in using the arts to stimulate economic development.¹ The essence of the program involves providing financial and cultural incentives to artists from around the country to relocate to Paducah and thrive and consolidate in an environment where artists and the arts are flourishing. The Program has been awarded the Governors Award in the Arts along with a number of other state and national awards. While the Program emphasizes giving participating artists a vested interest in the Paducah community, it has so far relocated 45 artists from every part of the country. The city currently has a well-established cultural community that includes the Market House Museum, Museum of the American Quilters, Yeiser Art Center, Paducah Film Society, Paducah Symphony Orchestra, Market House Theatre, Community Concert Series, and Maiden Alley Cinema which features national, international, and foreign films. In addition, the city has a new $44 million performing arts center that is located downtown on the riverfront that offers a variety of cultural events.

Another major recent cultural heritage initiative promoted by the Council is the Kentucky Artisan Center at Berea.² Historic Berea, long considered the folk arts and craft capital of Kentucky, began its tradition in crafts in 1890 when the president of Berea College introduced a crafts production program to the College to assist students with paying for their college education. This tradition continues and students “pay” for their education through “labor” in crafts production and other activities on campus. In the ensuing years and decades, the city of Berea soon became a center for working artisans and those who sell artisan works, a tradition that continues to this day.

In an effort to promote these arts and crafts traditions and to stimulate economic growth at both the local and regional levels, a variety of policymakers and artisans initiated a series of measures soon after a tornado struck Berea in 1996. The tornado had damaged a number of artisan shops and weakened their ability to market their work to visitors. Consequently, a number of interested officials and policymakers decided to establish an artisan center in Berea that would not only provide new visibility for the artisans and the products they create, but also serve to draw tourists to Berea to understand a unique arts and crafts experience. While construction for the Center was funded by the 1998 and 2000 General Assembly, its governing body, the Kentucky Artisan Center at Berea Authority, was established in March 1999. After construction began in April 2002, the Center was officially opened in late July 2003. The Center currently features a wide range of Kentucky products including garden sculptures, hand-woven shawls, pewter jewelry, books by Kentucky authors, recordings of dulcimer music, photos of Kentucky wildflowers, barbecue sauces, hand-carved canes, silver jewelry, classical music recordings, Kentucky note cards, and authentic honeysuckle baskets.

Finally, another cultural heritage project listed by the Council is the Kentucky segment of the Lincoln Bicentennial celebration. The official public Bicentennial Commemoration launches in February 2008 and closes in February 2010, with the climax of the Commemoration taking place on February 12, 2009, the 200th anniversary of Lincoln’s birth.³ Given that President Lincoln was born in Hardin County (now LaRue), Kentucky, and lived in the state for the first seven years of his life, the celebration will involve significant cultural heritage partnerships and initiatives in Kentucky.

While these are a small sampling of the multiple cultural heritage initiatives in Kentucky, they remain important economic development drivers for the local communities and the statewide economy. Relevant to the subject of cultural heritage tourism are three museum sites—all operated by the Kentucky Historical Society—in downtown Frankfort that contain valuable historical information related to the state’s history. They are:

» The new Kentucky History Center which houses the popular, permanent exhibit A Kentucky Journey and a variety of changing exhibits in the Keeneland Changing Exhibits Gallery, as well as the Hall of Governors and the Cralle-Day Garden.

» The Old State Capitol, a national historic landmark with its Greek architecture, includes the Senate and House chambers, graced by Kentucky paintings and sculptures, as well as the newly restored State Law Library.

» The Kentucky Military History Museum, housed in the 1850 Old State Arsenal, traces Kentucky’s military heritage through an extraordinary collection of weapons, uniforms, flags, and photographs.

In an interesting twist to downtown revitalizations, which normally revolve around housing, retail and entertainment, one of Kentucky’s major cities, Louisville, is pursuing urban renaissance differently—with a project that highlights a contemporary arts museum housed in a new boutique hotel.⁴ By showcasing the work of prominent contemporary artists on site, the developers of the 21c Museum Hotel

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in downtown Louisville seek to attract art connoisseurs to spend time at both their property and their city. In fact, Louisville is following the example of several other cities, most notably Las Vegas, with the fine-art collection of Steve Wynn featured at his properties and such cities as Seattle, Washington; Buffalo, New York; Portland, Oregon; St. Paul, Minnesota; and San Francisco and Ventura, California, that all have sought to utilize art as a tool to revitalize their cities, particularly their downtown areas.

In terms of Louisville’s efforts, Mayor Abramson notes that the boutique hotel is another cog in an $800 million spending effort in the last few years to renovate and refurbish the city’s downtown. The 21c Museum Hotel links four former warehouses and a bank (currently listed on the National Register of Historic Places) and is approximately a $25 million project. While these funds were raised by an effective combination of private equity, grants, tax credits and other incentives from the local and federal governments, the project’s proponents were inspired by the Guggenheim Museum very successfully establishing an outpost in what used to be considered a remote location, i.e., Bilbao, Spain. They stress that a thriving arts scene remains a critical ingredient for cities like Louisville that are striving to entice residents back downtown to live and to experience culture. While a non-profit foundation set up by some of the hotel’s private financiers will administer the hotel’s art museum, the nearly 80 modern art pieces already collected will be rotated at least three times a year.

BUILDING BOOM IN THE ARTS

According to the Council’s response, Kentucky continues to experience a building boom in terms of both performing arts center expansion and new construction. As in so many other states, performing arts centers in Kentucky continue to experience the challenge of securing essential funding, a trend further complicated by the departure of officials who had led these centers for many years. In an effort to address these issues and devise a suitable response, the Council conducted a needs assessment for performing arts centers in fiscal year 2001.

According to this report, in terms of new construction, funding generally involves private contributions, local government funding and state appropriations. Upon completion, most of the centers receive operating support from a mix of the same sources, including the Kentucky Arts Council, local and private donations, and earned income. However, given the tight fiscal environment and limited growth in both private and public funds, the introduction of a new center into the funding pool reduces the available funds for the remaining organizations. The aforementioned 2001 needs assessment study noted that while the ratio of earned to unearned income among the centers stood at 35:65, optimally, the centers should strive to realign this ratio to reach 50:50 during a period of five years.

While there are many institutions in Kentucky that are in the process of either constructing or expanding their facilities, the following is a partial listing of these facilities.

**Luther F. Carson Four Rivers Center (Carson Center)**

This Paducah-based facility seats 1,800 in its Main Hall and accommodates a wide variety of entertainment, cultural and educational programs including Broadway productions, theater, dance and music. The genesis of this facility, which opened in January 2004, offers valuable insights into how counties in a number of neighboring states came together to generate both logistical and financial support to ultimately create a world-class performing center to serve an entire multistate, region. In 1994, community leaders in Paducah sought to construct a performance venue for the Paducah Symphony Orchestra, which was rehearsing and performing in an abandoned school auditorium. After several discussions among officials in several states and at the urging of community leaders, donors, selected officials and industry professionals, the concept of developing a performing arts center for the entire region gathered momentum.

While the region involved encompassed western Kentucky, southern Illinois, southeast Missouri and northwest Tennessee, because of the four rivers located in the region (Tennessee, Ohio, Cumberland, and Mississippi), it was agreed to name the facility the Four Rivers Center for the Performing Arts. Thirteen counties passed resolutions supporting the construction of the Center with the expectation that it would lead to regional economic growth and enhance education. The business community in Paducah actively supported the project too, a decision that permitted the Center to take the unusual step of immediately raising endowment funding to help operate the center once it was built. All these measures were designed to convince the private and public sectors across the region to forcefully support the Center, a strategy that worked. Consequently, construction commenced in 2001 and the Center officially opened in February 2004. Since its opening, the Center continues to draw large crowds of visitors and tourists from a region that spans six states (Kentucky, Illinois, Missouri, Tennessee, Indiana and Arkansas) to Paducah, a trend that makes the Center an authentic regional performing arts center.

**The Speed Art Museum**

Founded in 1927, Kentucky’s largest and oldest museum, the Speed Art Museum, has over 13,000 pieces in its collection spanning 6,000 years. This includes ancient Egyptian and contemporary art, 17th century Dutch and Flemish paintings, 18th century French art, Renaissance and Baroque tapestries, African and Native American works and sculptures. In addition, the Museum houses paintings, sculpture, furniture, and decorative arts by Kentucky artists and created for Kentuckians. Located next to the University of Louisville, the Museum serves more than 180,000 visitors annually.

Even though the Museum completed a major $12 million renovation and expansion in 1997, in September
2005 the Museum released details of a new 20-year Master Plan. Not only does the 2005 plan call for nearly doubling the museum’s gallery and education space, it calls for raising approximately $150 million in the next two decades to pay for the construction and additional operating endowment necessary to administer the facility. Given that the Museum currently only displays 3 percent of its outstanding collection of 13,000 works of art, the 20-year expansion will allow the Museum to display more of its collection, accommodate future collection growth and facilitate additional programming initiatives and special exhibitions.

**Muhammad Ali Center**

Louisville’s latest facility is the 93,000-square foot Muhammad Ali Center which opened in November 2005. This $80 million facility is a museum and cultural center devoted to the history and life’s work of one of Louisville’s most famous citizens. It features an orientation theater, media stations and interactive exhibits through which visitors may learn about Muhammad Ali—from his Louisville roots and unprecedented boxing career to his societal and religious convictions and global humanitarianism—along with an opportunity to embark on their own personal discovery.

**OTHER**

The Council noted that in the past few years it had revised its thinking about the role it plays within the state. Specifically, the Council has transformed its orientation from only serving the artists and arts organizations of Kentucky to a much more expansive one; the new role adopted by the Council is that it should not only work in partnership with artists and arts organizations across the state but that it should strive to make the arts available to all the people of Kentucky. Consequently, this has required that the Council significantly expand its interpretation of “the arts” and to be as inclusive as possible. The new vision also requires that the Council adopt a more pro-active role in promoting the arts and working directly with local communities and the business community to demonstrate the public value of the arts. The upcoming economic impact study, when completed, will help inform and guide initiatives that focus on developing every aspect of the creative economy in Kentucky. The Council realizes the huge importance of partnerships in this entire effort along with a commitment to visualizing the benefits generated by the arts in the broadest sense possible sense.

In formulating an action plan in 2003 with these new objectives in focus, the Council issued *Creating a Vision for the Arts in Kentucky: A Long Range Plan for 2004 – 2008.* This plan sets out a framework meant to serve as a guide to the Council and members of the arts community—artists, arts organizations, arts patrons and supporters—as they review and deliberate strategies for action at the local, regional and state levels. In this regard, the plan calls for focusing on five specific goals—arts education, delivery of the arts, support for artists, value for the arts and public policy and the arts—as essential in collaboratively involving more and more Kentuckians in the arts.
On August 29, 2005, southeast Louisiana was devastated by Hurricane Katrina, the most severe natural disaster in our nation’s history. Katrina’s destructive path obliterated broad swaths of four parishes, including the city of New Orleans, resulting in more than 1,300 fatalities and displacing the lives and destroying the homes of tens of thousands of Louisianans. In addition to the tragic loss of life and homes, this deadly storm’s economic impact remains staggering and extends to states thousands of miles away from the tragedy.

Furthermore, one of America’s most storied cities, one of its cultural treasures unlike any other in the world, the birthplace of jazz, New Orleans, was indelibly changed and its reconstruction and rehabilitation, along with the other affected areas, will take an incredible commitment of time, cooperation and resources from policymakers at all levels of government.

Since the storm, the complete focus of every level of government and every public official in the state of Louisiana has been consumed by devising a comprehensive but improved, rapid but long-term, response to the devastation and recovery process. More importantly, culture and arts have been slated to play a primary role in this reconstruction effort, and the state has decided on leveraging the cultural economy as the engine of economic and social advancement as Louisiana continues its recovery process.

In Louisiana, unlike in most states, responsibility for the arts and culture falls under the purview of the lieutenant governor. Among the different departments reporting to the lieutenant governor is the Department of Culture, Recreation, and Tourism that in turn, involves five agencies or offices: Tourism, State Parks, Cultural Development, State Museums, and the State Library. Within the Office of Cultural Development are four divisions, one of which is the Division of Arts. The Division of Arts remains responsible for the development and promotion of the arts, a mission it carries out primarily by funding programs to Louisiana artists and arts organizations to enable them to provide a plethora of arts-related activities across the state. In this capacity, the Division of Arts has served the arts community in every part of the state since its inception in 1977, by investing approximately $5 million each year.

Consequently, the organizational structure for the lead state agency entrusted with promoting and expanding the arts in Louisiana is different to the arrangements in the other SLC states.

**FUNDING THE ARTS**

Louisiana, like every other SLC state, faced significant fiscal problems during the first few years of this decade, and these financial pressures were reflected in the legislative appropriations disbursed to the Division of Arts. However, it should be noted and as presented in Table 12, the Division of Arts

### Table 12

**Funding Received by the Division of Arts Fiscal Years 2001 through 2005**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>State Appropriation</th>
<th>Percent Change</th>
<th>State Budget Line Item</th>
<th>Interagency Transfer</th>
<th>Federal</th>
<th>Fees and Self-generated Revenue</th>
<th>Total</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2001</td>
<td>$4,898,143</td>
<td></td>
<td>$577,600</td>
<td></td>
<td>$4,017</td>
<td>$5,479,760</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2002</td>
<td>$5,270,905</td>
<td>8%</td>
<td>$18,000</td>
<td>$616,700</td>
<td>$2,076</td>
<td>$5,907,681</td>
<td></td>
<td>8%</td>
</tr>
<tr>
<td>FY2003</td>
<td>$4,891,669</td>
<td>-7%</td>
<td>$60,000</td>
<td>$282,000</td>
<td>$661,300</td>
<td>$32,611 $5,927,580</td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>FY2004</td>
<td>$4,692,918</td>
<td>-4%</td>
<td>$117,000</td>
<td>$132,000</td>
<td>$653,000</td>
<td>$1,173 $5,596,091</td>
<td></td>
<td>-6%</td>
</tr>
<tr>
<td>FY2005</td>
<td>$4,769,961</td>
<td>2%</td>
<td>$165,000</td>
<td>$132,000</td>
<td>$666,500</td>
<td>$83 $5,733,544</td>
<td></td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: Louisiana Division of the Arts September 14, 2005
did not face the kind of severe cutbacks that a number of other SLC states did in their arts and culture budgets. Between fiscal years 2001 and 2005, the five-year review period of this report, state legislative appropriations declined by a small percentage, -3 percent (from $4.9 million to $4.8 million). However, total funding received by the Division, state appropriations plus funds from a range of different sources, enabled the Division to actually record a slight 2 percent increase (from $5.5 million to $5.7 million) in funds during this five-year period. Table 12 presents this information.

As demonstrated in Table 12, the Division’s funding during the report’s review period was fairly consistent, devoid of the steep cutbacks so many other state arts agencies experienced during the recent fiscal downturn. In terms of the state appropriation to the Division, there were percentage increases in two years and decreases in the remaining two years. Between fiscal years 2001 and 2002, the increase was 8 percent ($4.9 million to $5.3 million), the largest during the five-year period. Then, between fiscal years 2002 and 2003, appropriations declined by -7 percent ($5.2 million to $4.9 million), by another -4 percent between fiscal years 2003 and 2004 ($4.9 million to $4.7 million), and then increased by a nominal 2 percent between fiscal years 2004 and 2005 ($4.7 million to $4.8 million).

In terms of federal funds, Louisiana enjoyed an increase between fiscal years 2001 and 2005 ($577,600 to $666,500) with this funding source only declining in one year (fiscal year 2004). The Division also was fortunate to secure funds from a variety of sources during the review period, a trend that helped ameliorate the minor reductions in state and federal appropriations. Finally, in terms of the total funds secured by the Division during the review period, once again, there were increases in three of the four years and a decrease in the remaining year. The two book-end years, fiscal years 2001 and 2005, saw an increase from $5.5 million to $5.7 million with the in between years, fiscal years 2001 and 2002, seeing an increase of 8 percent ($5.7 million to $5.9 million), a nominal increase between fiscal years 2002 and 2003 ($5.91 million to $5.92 million), a decline of -6 percent between fiscal years 2003 and 2004 ($5.9 million to $5.6 million), and an increase of 2 percent between fiscal years 2004 and 2005 ($5.6 million to $5.7 million).

The Division expanded on the other sources that financed its operations during the review period and noted that it received pass-through monies from the state; interagency transfers provided to the Division as a result of the Percent for Art Program; federal NEA funds were provided through the Basic State Agreement/Challenge America Program and Folk & Traditional Arts Infrastructure Partnership; and fees and self-generated revenue. However, the Division is limited to securing funds from private sector sources with such funds being capped at $32,000, a limit that was reached in fiscal year 2003.

Even though the severity of the state fiscal crisis did not result in large-scale funding reductions at the Division, it was forced to initiate a number of cost cutting measures, a trend that was apparent in most other Louisiana state agencies. In fiscal year 2001, the Division reduced the dollar amount of grants awarded to its grantees, a development that diminished its performance indicators. In fiscal year 2002, the Division reduced its travel budget and redeployed funds from the pool used for arts grants to compensate for the shortfall. Once again, this resulted in the Division’s performance indicators being negatively affected. In fiscal year 2003, the Division eliminated a staff position (clerical), a development that adversely affected the Division’s communication and outreach efforts.

Then, in fiscal year 2004, the Division eliminated its Fast Track Grant Cycle (1st year) that was to take place before the end of the fiscal year. Finally, in fiscal year 2005, the Division incurred a mid-year budget adjustment that resulted in the reduction of the number and dollar amount of special initial grant requests.

As documented, the fluctuations in the Division’s budget were not that severe; consequently, the Division was able to handle the funding reductions by not filling the personnel vacancy. Further reductions were made in grant awards, typically about 2 percent of a total grant category, rather than individual awards. When the Division’s budget increased, the previous reductions were partially offset by increases in the budget of 2 percent and 8 percent; in these instances, the increases were applied to research, evaluation and development expenses, such as the Cultural Economy Initiative or the Assessment of Programs and Services and Strategic Plan.

**ECONOMIC IMPACT**

There have been several arts economic impact studies conducted in Louisiana in the past two decades. While the first statewide economic impact study was conducted in 1980, there were subsequent studies performed in 1995 and 2000 (released in June 2001). In June 2001, ArtsMarket Inc. released a study at the request of the Louisiana Division of Arts, *The House that Art Built: Economic Impact of the Arts in Louisiana*, that confirmed the tremendous economic benefits that flowed to the local and state economies as a result of a string of arts-related activities and spending. The study, a survey of both Louisiana residents and arts organizations about their arts-related activities, examined the overall economic impact of the entire non-profit arts industry in Louisiana. The source of funding for this most recent study was the federal National Endowment for the Arts’ Ba-

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4The Louisiana Percent for Art Program places public artwork in and around state buildings. The Percent for Art law specifies that when construction or renovation of a state building equals or exceeds $2 million, then 1 percent of the expenditure shall be for works of art by artists and craftspeople for the building and its grounds. The program, managed by the Division of Art, was established through Act 1280 of the 1999 legislative session.
sic State Agreement/Challenge America Program.

As with the example of the other state case studies on economic impact, even though it is close to five years from its release date, it is fair to conclude that a more recent study would corroborate the trends more than apparent in the 2001 report: the state of Louisiana benefits immensely from a large and diverse group of arts presenting and producing organizations. Here, in bullet form, are the major results of this study:

**Total Impact**
- Arts in Louisiana had a total economic impact of $934 million;
- Arts organizations and non-profit organizations sponsoring arts activities had a direct effect $202 million, with a total impact of $315 million;
- Arts participants who spend offsite in concert with arts event attendance had a direct effect of $410 million, with a total impact of $619 million;
- Spending offsite by arts participants in Louisiana averaged $48 per person in food and beverage spending, $143 for hotels and $78 for shopping.

**Revenue**
- Louisiana’s non-profit arts activities generated $195 million in revenue;
- Individuals, corporations, foundations and endowments contributed $89 million (41 percent) of total revenue;
- Federal, state and local government investment in the arts of $55 million resulted in $150 million in government tax revenue. Of this:
  - $63 million was state and local taxes
  - $87 million was federal taxes
- Total government investment of $55 million resulted in $150 million in taxes, 2.7 times as much as invested;
- Every dollar in state support leveraged $7 in earned and contributed revenue;
- Ninety percent of all money spent on arts programming remained in Louisiana.

**Jobs and Wages**
- Arts in Louisiana created 18,220 jobs in the non-profit arts sector;
- 14,447 jobs were sustained by spending offsite at arts events;
- Arts in Louisiana generated over $65 million in employment and wages, salaries and benefits for 12,000 Louisiana residents in the non-profit arts sector;
- More than $59 million was paid to artists.

**Residents**
- Arts events in Louisiana garnered over 23 million attendees;
- Forty-six percent of Louisiana residents attended arts events;
- More than 31 percent attended visual and performing arts events;
- More than 17 percent of attendees traveled over 50 miles to attend arts events;
- Thirty percent of the residents surveyed indicated that they would attend events in other states if they were not available in Louisiana;
- 3.5 million students of all ages are reached by 12,235 art education opportunities;
- 85,000 individuals volunteered for the arts.

**Outreach**
- More than 54,000 arts events are sponsored by Louisiana’s non-profit organizations;
- The Louisiana Division of the Arts supported more than 700 arts projects throughout the state in fiscal year 2000 but had to decline more than 500 due to lack of funds.

While The House that Art Built was a statewide study, in 2002, Americans for the Arts, the nation’s leading non-profit organization for advancing the arts in America, funded and conducted an economic impact study of two parishes (Jefferson and St. Tammany) and two cities (New Orleans and Baton Rouge) in Louisiana. Once again, as documented in Table 13, the sheer breadth and depth of the positive economic impact of the non-profit arts industry in Louisiana is quickly apparent from this 2002 study.

As indicated in Table 13, the range of economic impacts stemming from the non-profit arts industry in these selected jurisdictions illuminates the force of the sector. Just in New Orleans alone, total expenditures by the non-profit arts industry amounted to $300.5 million, of which $41.5 million involved arts organizations and $259 million involved arts audiences. Tax revenue flows to both state and local governments are another category of impacts that continue to be impressive: $17 million at the local level and

### Table 13

<table>
<thead>
<tr>
<th>Locality</th>
<th>City of New Orleans</th>
<th>City of Baton Rouge</th>
<th>Jefferson Parish</th>
<th>St. Tammany Parish</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic Expenditures</strong></td>
<td>$300,514,716</td>
<td>$251,158,815</td>
<td>$16,279,679</td>
<td>$18,427,337</td>
</tr>
<tr>
<td><strong>Economic Impacts</strong></td>
<td>9,959</td>
<td>997</td>
<td>564</td>
<td>615</td>
</tr>
<tr>
<td><strong>Household Income</strong></td>
<td>$187,680,000</td>
<td>$20,700,000</td>
<td>$10,386,000</td>
<td>$11,381,000</td>
</tr>
<tr>
<td><strong>Local Taxes</strong></td>
<td>$17,017,000</td>
<td>$1,118,000</td>
<td>$316,000</td>
<td>$269,000</td>
</tr>
<tr>
<td><strong>State Taxes</strong></td>
<td>$15,459,000</td>
<td>$1,100,000</td>
<td>$812,000</td>
<td>$555,000</td>
</tr>
<tr>
<td><strong>Event-Related Spending</strong></td>
<td>$258,987,777</td>
<td>$10,215,034</td>
<td>$13,104,890</td>
<td>$9,620,992</td>
</tr>
</tbody>
</table>

Source: Americans for the Arts, 2002
the arts for the entire state, a fact that reinforces the validity of publicly funded arts-related expenditures.

Another trend that has to be mentioned in the context of the economic impact of the arts concerns the efforts of the lieutenant governor to focus on the cultural economy in acting as a springboard for sustained and broad-based economic growth across the state. In 2004, the Office of Cultural Development (the parent agency of the Louisiana Division of the Arts) initiated the Cultural Economy Initiative to explore the role and the economics of the state’s cultural industry. This exploration involved assessing the work of both non-profit and for-profit organizations and individuals in a number of artistic disciplines as well as in the areas of culinary, historic preservation, archaeology and historical Main Street development. This Cultural Economy Initiative analyzes and measures the economic sector of cultural industries encompassing the full cycle of cultural activity, from origination, to production, to markets, and examines the larger system that supports these activities. Finally, it reviews the synergies among individual artists and commercial, non-profit, and government enterprises. Chapter 4 of this report presented in detail some of the findings (including economic impact figures) of this extensive study conducted by Louisiana and provided some of the strategies the state hopes to incorporate into its economic orientation in the future, particularly in the aftermath of the economic destruction caused by Hurricane Katrina.

CULTURAL HERITAGE TOURISM

According to the Division of the Arts, the Heritage Tourism Product Development program in the Office of Tourism, Department of Culture, Recreation and Tourism seeks to identify the best method to assess the cultural, historical and natural resources across the state, particularly those in rural areas. The program’s objective is to seek new, innovative and cost-effective ways to bring the rural areas into the tourism development and marketing mainstream. Toward this goal, it helps communities strengthen their sense of self and sense of place given their existing resources. In addition, the Heritage Tourism Product Development program serves as a clearinghouse of information that assists communities in identifying state and federal programs that can positively impact and assist their projects. This information is provided through customized technical assistance such as community assessments, educational seminars and workshops, and one-on-one counseling. The program also coordinates a multidisciplinary tourism product development approach that merges the efforts of the different divisions within the Department of Culture, Recreation and Tourism (Tourism, State Parks, Cultural Development, State Museums, and the State Library) in implementing programming to create a quality and highly marketable product. Another component of this focus on cultural heritage tourism involves community site inspections and assessments with the goal of conducting six such inspections annually.

The task force that was assembled to gather information, prioritize concerns and develop an overall strategic plan to guide the Office of Tourism and its partners in implementing and expanding the Heritage Tourism Product Development program developed several strategies. These included the following:

**Louisiana Military Trails:**

Developing and promoting the many military trails in Louisiana was an important consideration of promoting cultural and heritage tourism, a trend being pursued by a number of other states too (North Carolina, for instance). Some of the recommendations listed under this category were reviewing and reprinting the Louisiana Civil War Map; making the Vicksburg and Red River Campaigns stronger elements of the photos and text; and considering additional smaller maps of key military battle areas.

A crucial aspect of developing the state’s military trails involves the Vicksburg National Civil War Heritage Trail, a trail that links five states (Arkansas, Louisiana, Kentucky, Mississippi, and Tennessee) into a traveling historic corridor and conveys the story of the fight for control of the Lower Mississippi River Valley during the Civil War. This project involves coordination with the federal National Park Service and the Louisiana Department of Transportation and Development to ensure the placing of interpretive markers at key entry locations into the state to guide visitors to the Louisiana side of the...
Vicksburg Civil War Campaign. This project also involves a new welcome center at Mound, Louisiana, that will hold a series of informational kiosks to convey the Louisiana portion of the Vicksburg Civil War Campaign. These kiosks are designed to provide visitors with enough Civil War history of the area to direct them through the battle, skirmish and occupied sites throughout East Carroll, Tensas and Madison Parishes. In coordination with the National Park Service and a Civil War public historian, the Office of Tourism will oversee the development of text and appropriate maps and photographs to create and print a driving tour of the Louisiana campaign of the Vicksburg Civil War story. (Funds for this particular project will be provided by the National Park Service).

Louisiana’s role in World War II is another project related to the state promoting cultural and heritage tourism. The most important facility in this connection is the National D-Day Museum, founded, in part, due to the untiring efforts of the late Dr. Stephen Ambrose, University of New Orleans Boyd Professor of History, that opened on June 6, 2000, the 56th anniversary of the Normandy invasion that liberated Europe. This is the only museum in the United States that addresses all of the amphibious invasions or “D-days” of World War II, paying tribute to the more than 1 million Americans who took part. The primary reason it is located in New Orleans, Louisiana, is because it was here that Andrew Higgins, a native Louisianan, built the landing craft used in the amphibious invasions.

While the Museum stands as a tribute to the men and women who made the invasions in Europe, Africa, and the Pacific theaters successful, it presents their stories to an international audience, preserves material for research and scholarship, and inspires future generations to apply the lessons learned from the most complex military operation ever staged. The construction of the Museum was conducted in two phases, phase one involved $25 million and phase two (Pacific Exhibit) involved $6.5 million. The Museum continues to be hugely popular with some 300,000 visiting the facility in fiscal year 2004; over 1.1 million have visited the site since the grand opening on June 6, 2000. These attendance figures alone imply the tremendous economic benefits that flowed and continue to flow to the city and the state as a result of this nationally important cultural heritage site.

A small related project initiated by the Office of Tourism involves updating the World War II in Louisiana Website to include stories of Louisiana residents who were impacted by the Louisiana military maneuvers in central and north Louisiana during that turbulent time period.

Wetland Birding Trails:
Completing the America’s Wetland Birding Trails project in central and north Louisiana is another project associated with developing cultural and heritage tourism in the state. Two additional birding trails, blending the two flyways into the Great Louisiana Gulf Coast, will complete the birding trails of the state. The latter involves hiring a contractor to identify birding sites and using the existing highway and scenic byways system to develop two additional birding trails that will merge into the America’s Wetland Birding Trail along the state’s Gulf Coast.

BLOCKBUSTER EXHIBITIONS
In fiscal year 2004, the federal government, through the Office of the Lieutenant Governor, invested in a series of events to celebrate the Louisiana Purchase Bicentennial. The celebration included a series of arts-related blockbuster events, such as The Heart of Spain at the Museum of Art in Alexandria; Josephine at the Louisiana Arts and Sciences Museum in Baton Rouge; Rodin: A Magnificent Obsession at the National History Museum in Lafayette; Henri Matisse Jazz Exhibit at the U.S. Mint/Louisiana State Museum in New Orleans; and The Quest for Immortality: Treasures of Ancient Egypt; and Jefferson’s America, Napoleon’s France: An Exhibition for the Louisiana Purchase Bicentennial Celebration, both at the New Orleans Museum of Art. The latter exhibition also included the display of the original Louisiana Purchase Documents on loan from the National Archives. Over $3.87 million was invested for a series of major exhibits and the creation of new works, such as a theatrical production, an opera and an orchestral score. There were nearly 20 major events held in conjunction with the Louisiana Purchase Bicentennial Celebration.

In addition to the above mentioned blockbuster events, there were more than 50 smaller, community-oriented events throughout Louisiana that extended to every parish in the state. Some of these events included Chorale d’Acadie, offering 10 choir performances in French along with a series of patriotic songs; the Gretna Historical Museum’s exhibit on the history of Jefferson Parish during the time of the Louisiana Purchase; and the City of Port Allen’s mural project of the Mississippi river front and an interpretation of the Louisiana Purchase. The Division of Arts invested an estimated $200,000 on events in some of the smaller communities throughout the state.

BUILDING BOOM
The Division of Arts notes that since 1997, there have been a variety of public and private arts-related building projects taking place across the state that were financed by the state’s capital outlay funding program. More than $100 million was awarded to a variety of state agencies, local governments, arts organizations, local arts agencies and other non-profit groups for the construction and/or expansion of arts-related facilities across the state. Awards were made to more than 30 organizations, many of which received funding more than once, indicating either increases in actual building costs or a lack of funds generated from private sources. The funding was generated through the sale of general obligation bonds; cash lines of credit; non-cash lines of credit; or state general fund dollars. Table 14 provides a sampling of some of the major capital
outlay funding projects initiated by the state between fiscal years 1997 and 2004.

As demonstrated in Table 14, the state, with the Division of the Arts leading the effort, arranged funding for the construction, restoration and expansion of a number of arts-related buildings. While the primary means of generating funds to implement these projects was through the sale of general obligation bonds, they also represent a commitment from the state to the flourishing of the arts throughout Louisiana. In fact, as Lieutenant Governor Landrieu noted in the context of Louisiana's proposals to revitalize its economy, “[I]n Louisiana, culture means business.”

Even though the capital outlay projects listed in Table 14 were the financially more significant ones, there were a host of smaller projects that were undertaken too. These included a $295,000 appropriation from state general funds to renovate the Teche and Center Theater in St. Mary’s Parish; $240,000 in general obligation bonds for the Pointe Coupee Historical Society’s Julien Poydras Cultural and Arts Center in Pointe Coupee Parish; $420,000 in Neighborhood Revitalization Program (NRP) bonds for the Little Theater in Monroe (Ouachita Parish) that resulted in matching federal funds of the same amount; $140,000 in general obligation bonds permitting the restoration of the Rice Theater in Crowley (Acadia Parish); and $150,000, also in general obligation bonds, for the Columbia Theater in downtown Hammond (Tangipahoa Parish).

Table 14
Major Capital Outlay Funding Projects for the Arts Fiscal Years 1997 to 2003

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Agency Name</th>
<th>Project Title</th>
<th>Parish</th>
<th>Project Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 1997</td>
<td>University of New Orleans</td>
<td>Ogden Museum of Southern Art</td>
<td>Orleans</td>
<td>$6,500,000</td>
</tr>
<tr>
<td>FY 1997</td>
<td>New Orleans Center for Creative Arts</td>
<td>New Orleans Center for Creative Arts</td>
<td>Orleans</td>
<td>$15,900,000</td>
</tr>
<tr>
<td>FY 1998</td>
<td>Hammond Downtown Development District</td>
<td>Columbia Theater – Regional Arts Facility</td>
<td>Tangipahoa</td>
<td>$3,380,000</td>
</tr>
<tr>
<td>FY 1999</td>
<td>Westwego</td>
<td>Performing Arts Theater and Community Center</td>
<td>Jefferson</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>FY 2000</td>
<td>Division of the Arts</td>
<td>Third Street Art Block Project</td>
<td>East Baton Rouge</td>
<td>$1,840,000</td>
</tr>
<tr>
<td>FY 2000</td>
<td>Alexandria</td>
<td>Performing Arts Complex</td>
<td>Rapides</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>FY 2000</td>
<td>Ruston</td>
<td>Dixie Center for the Arts – Restoration of 1928 Building</td>
<td>Lincoln</td>
<td>$1,250,000</td>
</tr>
<tr>
<td>FY 2000</td>
<td>Westwego</td>
<td>Performing Arts Theater and Community Center</td>
<td>Jefferson</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>FY 2000</td>
<td>Arts Council of New Orleans</td>
<td>Louisiana Artists Guild</td>
<td>Orleans</td>
<td>$5,075,000</td>
</tr>
<tr>
<td>FY 2001</td>
<td>Division of the Arts</td>
<td>Third Street Art Block Project</td>
<td>East Baton Rouge</td>
<td>$8,090,000</td>
</tr>
<tr>
<td>FY 2002</td>
<td>Division of the Arts</td>
<td>Third Street Art Block Project</td>
<td>East Baton Rouge</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>FY 2002</td>
<td>Arts Council of New Orleans</td>
<td>Louisiana Artists Guild</td>
<td>Orleans</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>FY 2002</td>
<td>Acadiana Arts Council</td>
<td>Acadiana Center for the Arts</td>
<td>Lafayette</td>
<td>$1,730,000</td>
</tr>
<tr>
<td>FY 2003</td>
<td>Division of the Arts</td>
<td>Third Street Art Block Project</td>
<td>East Baton Rouge</td>
<td>$13,335,000</td>
</tr>
</tbody>
</table>

Source: Louisiana Division of the Arts, September 14, 2005

The Economic Impact of the Arts in the South | 63
The Economic Impact of the Arts in the South

indicates damages in excess of $82 million. A number of Louisiana arts and cultural locations suffered serious losses and the following list includes some details:

**Louisiana State Museum:** Early loss estimates stood at more than $6 million since the nine Louisiana State Museum properties in the French Quarter all suffered damage resulting from heavy winds and rain and the loss of environmental controls over heat, humidity, and daylight. Included among the collections at risk were 18th century Spanish and French colonial documents, map collections, sheet music, wooden musical instruments, historic photos and flags.

**Louisiana Philharmonic Orchestra (LPO):** The LPO was rendered homeless since its performing venue, the ornate Orpheum Theatre, a historical landmark, flooded. Many of the orchestra's 68 musicians scattered to different parts of the country with a number of them losing their homes, their instruments and scores. For instance, all the LPO’s percussion and tympani instruments sustained damages with estimates exceeding $1 million. A number of efforts have been initiated to assist the LPO, its members and the scores of Louisiana jazz, zydeco, blues and other musicians who lost their homes and essentially their livelihoods. One such effort was the Nashville Symphony Orchestra arranging for the LPO to hold a benefit concert in Nashville in October; work by such musicians as Harry Connick, Jr. and Branford Marsalis with Habitat for Humanity to construct homes for destitute musicians; benefit concerts at Lincoln Center in New York City, organized by New Orleans-native Wynton Marsalis; and at New Orleans' legendary Tipitina by Arlo Guthrie and Willie Nelson; and special CD releases by such musicians as Dr. John, all designed to raise funds for Louisiana musicians left homeless and without a place to work.

**Contemporary Arts Center:** Damage estimates are in excess of $2 million brought on by substantial roof damage and blown-out windows, which resulted in severe water damage on several floors. Among the losses are sets, props, moveable theater seats, as well as data and hard files.

**New Orleans Ballet Association:** Reports of at least $1.1 million in losses ranging from destroyed dance floors, costumes, office equipment, and revenue have been established.

**Louisiana State Museum:** Built in 1829, this historic example of West Indies-style, French-colonial architecture suffered major damage from flooding. In addition, the roof sustained damage from heavy rain and high wind.

**Southern Repertory Theatre:** The renowned New Orleans theater company was devastated by flood and fire forcing a closure.

**New Orleans Opera:** Damage to the facility forced the company to cancel its fall productions, thus forfeiting the revenue from those productions, as well as leaving musicians, singers, costumers, lighting and set designers unemployed.

**Newcomb Art Gallery of Tulane University:** The remote storage facility for the Gallery is located in an area of extensive flooding, a scenario that has caused heavy water damage to a number of works of art.

**New Orleans Museum of Art:** The Museum, which opened in 1911 and is one of the central cultural institutions of New Orleans, withstood the fury of Hurricane Katrina, suffering little damage and no looting. Yet, wind and water drove away its 150,000 annual visitors, its 10,000 members, and many members of its staff and board of trustees. For several weeks after the storm, National Guard troops guarded the property from thieves.

Viewing damage from Katrina to the Jackson Barracks Flag. Photo courtesy Louisiana Division of the Arts.
Economic Impact of the Arts in the South

OVERVIEW

Established in 1967, the Maryland State Arts Council (MSAC) seeks to encourage and invest in the advancement of the arts for the people of Maryland. In attaining these goals, the Council supports artists and arts organizations in their pursuit of artistic excellence, ensures the accessibility of the arts to all citizens and promotes statewide awareness of arts resources and opportunities. When the Council was founded as an agency of state government in 1967, under the jurisdiction of the Department of Business and Economic Development, Division of Tourism, Film and the Arts, the founding legislation stated its purpose was “to create a nurturing climate for the arts in the State.”

While there are 17 citizens appointed to the Council, 13 of these citizens are named by the governor to three-year terms (renewable once) along with two private citizens and two legislators each appointed by the President of the Senate and Speaker of the House. In order to implement its mission goals, the Council awards grants to individual artists and not-for-profit, tax-exempt organizations for ongoing arts programming and arts projects. In addition, the Council provides technical and advisory assistance to these individuals and groups while carrying out programs of its own to enhance the cultural life of the residents of Maryland. The Council’s major source of funds is an annual appropriation from the state, smaller grants from the federal National Endowment for the Arts (NEA), and funds from private, non-governmental sources.

FUNDING FOR THE ARTS

The state economic downturn impacted negatively on state arts appropriations, a development that also gripped Maryland. For some years now, Maryland has enjoyed—and continues to—a fine national reputation as a leader in arts funding. In fact, in both fiscal years 2004 and 2005, Maryland was one of only eight states that appropriated funds to the arts in double digit levels. (Florida was the only other SLC state to do so along with Illinois, Michigan, New Jersey, New York, Ohio and Pennsylvania). Even in terms of per capita spending on the arts, Maryland continues to lead the nation.

Table 15
Funding the Maryland State Arts Council Fiscal Years 2001 through 2005

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>State Funds</th>
<th>Federal Funds</th>
<th>Other Funds Source</th>
<th>Amount</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2001</td>
<td>$12,646,294</td>
<td>$497,000</td>
<td>Private Sector</td>
<td>$278,991</td>
<td>$13,474,068</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>MD Dept. of Education</td>
<td>$51,783</td>
<td></td>
</tr>
<tr>
<td>FY 2002</td>
<td>$13,554,113</td>
<td>$572,300</td>
<td>Private Sector</td>
<td>$323,159</td>
<td>$14,543,432</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>MD Dept. of Education</td>
<td>$43,860</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>MD Dept. of Housing and Community Development</td>
<td>$50,000</td>
<td></td>
</tr>
<tr>
<td>FY 2003</td>
<td>$12,106,546</td>
<td>$608,050</td>
<td>Private Sector</td>
<td>$331,498</td>
<td>$13,096,094</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>MD Dept. of Housing and Community Development</td>
<td>$50,000</td>
<td></td>
</tr>
<tr>
<td>FY 2004</td>
<td>$11,072,298</td>
<td>$589,800</td>
<td>Private Sector</td>
<td>$247,135</td>
<td>$11,909,233</td>
</tr>
<tr>
<td>FY 2005</td>
<td>$11,001,522</td>
<td>$612,600</td>
<td>Private Sector</td>
<td>$299,865</td>
<td>$11,943,987</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>MD Dept. of Housing and Community Development</td>
<td>$30,000</td>
<td></td>
</tr>
</tbody>
</table>

Source: Maryland State Arts Council, August 2005
The Economic Impact of the Arts in the South

The Baltimore Museum -


After its high point in fiscal year 2001, with an increase of 6 percent from $11 million to $13.5 million, Maryland’s total funds secured by the Council actually declined by 11 percent, from $13.5 million to $11.9 million in fiscal year 2004. In fiscal year 2005, total funds remained unchanged at $11.9 million. Between the start and end of the review period, total funds secured by the Council actually declined by 11 percent, from $13.5 million to $11.9 million. Another interesting trend that surfaces from a review of the total funds received by the Council is the fact that while in fiscal year 2001, the Council relied on state appropriations for 94 percent of its total funds, by fiscal year 2005, this number had declined marginally to 92 percent.

The Council also noted that cutbacks in total revenues resulted in lower investments in two of the Council’s flagship programs: grants that provide operating support for more than 250 arts organizations and programs and the Community Arts Development Program, which provides support to the 24 local arts councils across the state. The Council also delayed filling a number of staff vacancies in fiscal years 2002 and 2004, given the fact that there was a state hiring freeze.

In an effort to publicize the impact of the Council across the state and preserve funding levels, the Council introduced a new program in fiscal year 2005 entitled Ambassador Outreach. This effort involved inviting Council board members to attend Arts Council grant recipient events. In general, the board members made brief remarks at these events where they sought to acknowledge the exemplary work of the arts organization involved, inform audiences about the Arts Council, stress the importance of public funding for the arts, and request that individuals at the event encourage their elected officials to continue supporting arts programs. In its first year, more than 25 arts organizations participated in the outreach program.

ECONOMIC IMPACT

The Council has been very proactive in publicizing details about the positive economic flows that emerge from the state’s expenditures on the arts. An important component of this strategy is the fact that it has sponsored an annual study of the economic impact of the arts in Maryland since 2000. Prior to 2000, reports were generated bi-annually. In order to ensure as complete an evaluation of the arts as possible, the Council works with members of the economic research team within the Maryland Department of Business and Economic Development to produce these studies.

The most recent study, released in 2004, skillfully demonstrated that the arts in Maryland had a huge economic impact and played an important role in enhancing the quality of life enjoyed by the state’s residents. The report noted that the enhanced quality of life was equally valid for those residents living...
in small towns and rural areas as it was for those living in the more urban, metropolitan areas. As in the example of so many other states, corporate officials and businesses made the point in Maryland too, that a thriving arts and cultural scene made the state’s cities and communities infinitely better places to live and work, often noting the presence of an active arts scene in their business relocation and expansion decisions.

In formulating data for this 2004 study, the Council solicited information from 289 Maryland organizations that produced or presented the arts around the state; received grants from the Maryland State Arts Council for ongoing support of their operations and programs; and featured the activities of individual visual, performing and literary artists in fiscal year 2003. Importantly, the study did not include the economic impact of for-profit arts organizations and it is possible to estimate that the overall economic influence would have been substantially larger if this sector also was included in the analysis. Based on the report, the Maryland arts industry (arts organizations and arts audience activities) contributed a remarkable $911 million to the state’s economy during the year. Some of the additional details that were highlighted by the report included the following:

- During the review year, 11.5 million people attended arts events in Maryland;
- The audiences and attendees at these art events incurred $284 million in direct spending on goods and services;
- When combined with the associated secondary spending, the audiences and attendees incurred $649 million in total spending at these arts events;
- For every $1 of direct spending by audiences attending arts events, an additional $2.30 in secondary expenditures on goods and services was generated in Maryland;
- There were 12,475 direct jobs, full-time and part-time, created as a result of the arts industry;
- Maryland arts organizations incurred $146.4 million in direct spending on goods and services;
- There was a total economic impact of $911 million based on the $430 million in direct spending by the arts industry ($284 million + $146.4 million); and
- The arts industry generated $33.4 million in state and local taxes during the year.

The study also emphasized the regional impact of the arts industry in the state to document that the industry’s positive economic flows were not limited to a single area of the state. Table 16 presents this information.

As demonstrated in Table 16, positive economic flows from the arts industry also extended to the more rural parts of the state. For instance, even in the Western and the Eastern Shore of Maryland, arguably the most rural parts of the state, the economic impact of the arts industry was significant. Specifically, in these two regions, arts and cultural activities created a total economic impact of $81.2 and 741 full- and part-time jobs.

**Table 16**

**Regional Economic Impact of the Arts Industry in Maryland**

<table>
<thead>
<tr>
<th>Region</th>
<th>Total Economic Impact (Direct + Secondary)</th>
<th>Total Jobs in Region (Full-Time and Part-time)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Maryland</td>
<td>$32.8 million</td>
<td>367 jobs</td>
</tr>
<tr>
<td>» Alleghany, Garrett and Washington Counties</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central Maryland</td>
<td>$470.5 million</td>
<td>7,300 jobs</td>
</tr>
<tr>
<td>» Anne Arundel, Baltimore, Carroll, Cecil, Harford, Howard Counties and Baltimore City</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greater Washington</td>
<td>$328.8 million</td>
<td>3,994 jobs</td>
</tr>
<tr>
<td>» Frederick, Montgomery and Prince George’s Counties</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southern Maryland</td>
<td>$7.9 million</td>
<td>127 jobs</td>
</tr>
<tr>
<td>» Calvert, Charles and St. Mary’s Counties</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upper Shore</td>
<td>$22.7 million</td>
<td>312 jobs</td>
</tr>
<tr>
<td>» Caroline, Kent, Queen Anne’s and Talbot Counties</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower Eastern Shore</td>
<td>$48.4 million</td>
<td>374 jobs</td>
</tr>
<tr>
<td>» Dorchester, Somerset, Wicomico and Worcester Counties</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: *Economic Impact of the Arts in Maryland, 2004 Update*, Maryland State Arts Council

**CULTURAL HERITAGE TOURISM**

According to the Council, the state’s Folklife Program is one of its primary strategies to promote cultural tourism in the state. This program provides funding for research, documentation and presentations on the state’s traditional arts and culture, including those reflecting the skills and artistry of Maryland’s immigrants from hundreds of years ago to more recent immigrants. A key publication emerging from this effort is a collaborative one representing the folk arts and cultural attributes of Delaware, Maryland, and Virginia, presented in conjunction with the Mid-Atlantic Arts Foundation, *Folk Arts and Cultural Traditions of*...
The Economic Impact of the Arts in the South

In raising the significant finances to complete the Strathmore Center, Montgomery County officials, county arts patrons and corporate donors were encouraged by a 2002 Urban Institute study that demonstrated that Washington area residents attend live performances far more often than sporting events. Then, a marketing study for Montgomery County suggested that convenience often was a factor when people decided to avoid

Another step in promoting cultural tourism is a set of audio tours featuring the arts and crafts traditions on Maryland’s Eastern Shore.

In a related move, in December 2005, Governor Ehrlich announced that the Maryland Historical Trust will fund six historic preservation projects in historic Anne Arundel County (Annapolis, Edgewater and Shady Side). The grants, ranging from $5,000 to $50,000, will fund museums, archeological digs and restoration projects in multiple locations. Even though the 2005 funds were not substantial, preservationists were grateful for the additional state support given that grants for historic preservation statewide had fallen from about $1.4 million a year to about $387,000. The Historic Annapolis Foundation is the largest beneficiary in its effort to build the $3.4 million St. Clair Wright History Center. The Thomas Point Lighthouse, Anne Arundel Trust for Preservation, Historic London Towns and Gardens, Captain Salem Avery House Museum and the Annapolis Maritime Museum are the remaining recipients of this round of grants. This financial support will play an important role in ensuring the vibrancy of these institutions as sites to attract cultural heritage tourists.

In an effort that is part history and heritage, part tourism and part civic boosterism, 32 sites had their Baltimore “authenticity” certified by the city. In May 2005, the city designated 33 Baltimore sites, ranging from museums to restaurants to tours to inns, as “unique places that tell the stories of people in the city who have struggled to create what exists today.” City officials hope that Authentic Baltimore will be a lure for cultural heritage-minded tourists, who as described in earlier sections, “spend more and stay longer.” In addition to giving Baltimore’s cultural gems an economic and marketing edge with this program, officials also expect the extra attention and resources to help preserve these historic sites.

**BLOCKBUSTER EXHIBITIONS**

According to the Council, the Tour de Clay, a collaboration among artists, galleries and leaders from the greater Baltimore area and 878 artists from around the world, took place at 122 venues throughout the greater Baltimore region between February 19 and April 3, 2005. In fact, Tour de Clay was the largest visual arts program ever held in the country and celebrated all forms of art in clay through a collaboration of artists from 47 states and Norway, Switzerland, Korea, Africa, Japan, Taiwan and Scotland, as well as galleries and leaders from the greater Baltimore cultural community.

**BUILDING BOOM**

Maryland’s most populous county, Montgomery County, has experienced a tremendous amount of growth in the area of new arts facilities opening in the last three years. The most significant is the recent opening of the Music Center at Strathmore, a 1,976-seat symphony hall that is a second home to the Baltimore Symphony Orchestra. Strathmore is a non-profit multi-disciplinary arts center in North Bethesda, Maryland, that hosts concerts, art exhibitions, afternoon teas, family festivals, summer camps, and education classes in dance, music, and arts. The Strathmore campus comprises the Mansion at Strathmore, an outdoor sculpture garden, an outdoor concert pavilion, and the new Music Center at Strathmore. The Music Center at Strathmore features world-class artists for music and dance performances all year long, an education center, rehearsal spaces, classrooms and private studios that have music and dance classes, master classes, mentoring sessions, workshops, private lessons, and summer camps providing educational opportunities for all ages of students.

When the Baltimore Symphony Orchestra (BSO) and internationally famed cellist Yo-Yo Ma played in the inaugural concert at the $100 million Strathmore Center in early February 2005, it replicated a trend evident in a number of other major cities: the construction of major performing arts centers being established just outside major metropolitan areas. Joining Washington, D.C. in this trend are such cities as Atlanta, Los Angeles and Minneapolis and St. Paul, where impressive performance venues have been built or are under construction outside city limits. “Analysts say the advent of major arts organizations in the suburbs is part of the natural maturing of what were once primarily bedroom communities. With population and jobs migrating beyond the city limits, many suburbs are now closer to being self-contained.”

Another interesting development related to the Strathmore Center and the Baltimore Symphony Orchestra is that the orchestra will play virtually every program that it performs at its home auditorium, the Joseph Meyerhoff Symphony Hall in Baltimore, at the Music Center. This makes the orchestra one of the first in the country to offer regular weekly concerts in two communities throughout the season. In its inaugural year, the Strathmore Center was to feature 26 annual presentations by the BSO. Strathmore also is slated to become the primary venue for a local philharmonic orchestra, dance company, youth orchestra, music school and the Washington Performing Arts Society. It also will host concerts by the Choral Arts Society of Washington and other established performance groups in the region. Its non-profit foundation, which will operate the hall, is planning to offer programming for school groups.

The Delmarva Peninsula: A Resource Guide
going downtown or to such locations as the Kennedy Center. Hence, officials were confident that the Strathmore would attract a growing audience given its proximity to the Washington subway system (the Metro) and the covered walkway that takes concertgoers directly to the hall. The sheer size of the county—almost 1 million, double the size of the District and 50 percent bigger than the city of Baltimore—along with the relative affluence and education levels of residents was another factor that spurred the construction of the Strathmore. In terms of raising the funds, supporters had to tap into a corporate base that included Washington and Baltimore and then pull together “a coalition of state lawmakers from Baltimore and Montgomery County, often at odds over issues such as funding for school construction,” to find “common cause in Strathmore as a way of helping Montgomery County and Baltimore’s financially ailing symphony.”

Several other arts locations in Maryland have enjoyed a renaissance with expansions and new facilities as well.

Imagination Stage, the largest and most respected multidisciplinary theater arts organization for young people in the Washington, D.C. metropolitan area, began construction on a new facility in downtown Bethesda (in Montgomery County) in 2002, and later moved into the state-of-the-art, 400-seat professional theater. Imagination Stage, which was founded as the Bethesda Academy of Performing Arts (BAPA) in 1979 in response to the urgent need for arts education for young people, currently provides a range of programs for children of all abilities through participation in professional theater and arts education experiences.

The Round House Theatre is another Montgomery County organization that features a wide variety of theater experiences through performance and education at three different sites: with theaters in Bethesda and Silver Spring and an education center in Silver Spring. Finally, the Olney Theatre Center for the Arts in Olney, Maryland, is another Montgomery County arts organization that continues to play an increasingly important role in the state’s cultural scene.

In terms of its featured productions, the Olney Theatre Center’s main stage season features 20th century American classics, new works, area premiers, re-interpretations of classics and musical theater. Among its other programs, the Center sponsors the National Players, America’s longest running classical touring company (since 1949), which performs for high school and college audiences in more than 25 states; Potomac Theater Project, which offers experimental and alternative plays that explore provocative and challenging human situations, ideas and visions; special school performances of main stage shows; a free Summer Shakespeare Festival; and post-show discussions.

In Prince George’s County, the Clarice Smith Center on the campus of the University of Maryland is another premier performing arts venue in the state. Additionally, several colleges and universities are expanding and/or building new campus centers for the fine and performing arts. Howard Community College, Towson State University and the Brown Center on the campus of the Maryland Institute College of Art in Baltimore serve as examples. Also, in spring 2005, the new Reginald Lewis Museum of African-American History opened in Baltimore.
Finally, the Baltimore Symphony Orchestra’s Joseph Meyerhoff Symphony Hall, in the city of Baltimore, was the focal point of a $35 million project that began in 2000. By early 2002, the first phase of the project, two rectangular office buildings and a 650-space parking garage, were completed adjoining the Hall. The second phase of the project includes a 135-unit residential building along with retail shops and restaurants. The goal of this public-private project is to use the presence of the Symphony Hall as the fulcrum in an economic and cultural revitalization effort of the area. In addition to enhancing the economic potential of the area, this project also seeks to concentrate resources and control sprawl in improving the quality of life for area residents and others. The “walkability” factor and access to public transportation (light rail and the Metro subway) all were important considerations in the progress of the project.

OTHER

Maryland was the first state in the nation to establish legislation that allows for the designation of Arts and Entertainment Districts on a statewide basis. An Arts and Entertainment district has been defined by Americans for the Arts as “a well-recognized, labeled, mixed-use area of the city in which a high concentration of arts and cultural facilities serve as the anchor attraction.” While arts and entertainment districts may be located in cities and towns of different sizes, they each uniquely reflect a local mission, history, and cultural development.

| Maryland was the first state in the nation to establish legislation that allows for the designation of Arts and Entertainment Districts on a statewide basis...While arts and entertainment districts may be located in cities and towns of different sizes, they each uniquely reflect a local mission, history, and cultural development. |

The arts and entertainment legislation, enacted by the General Assembly in 2001, provides tax benefits for developers that renovate or construct spaces for arts and entertainment purposes, as well as income tax benefits to individual artists. In addition, the benefits offered to selected districts include property tax credits for renovation of certain buildings that create live-work space for artists and/or space for arts and entertainment enterprises; an income tax subtraction modification for income derived from artistic work sold by “qualifying residing artists;” an exemption from the Admissions and Amusement tax levied by an “arts and entertainment enterprise” or “qualifying residing artist” in a district; and access to financial assistance from the Maryland Economic Development Assistance Fund.

To date, Maryland has 12 designated districts in both rural and urban areas. One of the first districts designated, Silver Spring, in Montgomery County, is home to Discovery Communications, the American Film Institute, Round House Theatre and Pyramid Atlantic studios. These sites, along with a myriad other retail establishments, restaurants and other arts and cultural attractions in the area, have been crucial in revitalizing downtown Silver Spring. The remaining districts are:

» Station North Arts and Entertainment District (Baltimore)
» Highlandtown Arts and Entertainment District (Baltimore)
» Bethesda Arts and Entertainment District (Montgomery County)
» Cambridge Arts and Entertainment District (Dorchester County)
» Cumberland Arts and Entertainment District (Allegany County)
» Downtown Frederick Arts and Entertainment District (Frederick County)
» Gateway Arts District (Prince George’s County)
» Hagerstown Arts and Entertainment District (Washington County)
» Denton Arts and Entertainment District (Caroline County)
» Berlin Arts and Entertainment District (Worcester County)
» Wheaton Arts and Entertainment District (Montgomery County)

Maryland was also one of the first states (1976-1977) to establish a network of local arts councils to ensure that the arts are accessible to Marylanders in each region of the state. Maryland currently has designated local arts council in each of its 23 counties and the city of Baltimore. This network of 24 local arts councils receives almost $2 million annually for local granting, programming and operating expenses. Each state dollar must be matched on a 1:1 basis at the local level. An example of this active local government involvement in cultural initiatives involves the Baltimore Symphony Orchestra (BSO). The BSO, organized in 1916, is the only major American orchestra originally established as a branch of the municipal government. While it was reorganized as a private institution in 1942, the BSO continues to maintain close links with the governments and communities of the city and surrounding counties, as well as with Maryland state government.
MISSISSIPPI

OVERVIEW

Mississippi is internationally renowned for the reputation of its creative thinkers across many genres from writing to music to visual artists to actors. In recent years, the state has made a concerted effort to harness the creative talents of those past and present to not only ensure its preservation, but also to ensure that it leads to positive economic and social developments.

From such literary giants as Tennessee Williams, Eudora Welty, William Faulkner, Richard Wright, John Grisham, to such blues giants as Robert Johnson, Muddy Waters, Howlin’ Wolf and B.B. King, to the king of rock and roll, Elvis, to the queen of opera, Leontyne Price, to actors such as Morgan Freeman and Sela Ward, and to world famous visual artists like Walter Anderson and George Ohr, the list of native Mississippians commanding the heights of creativity remains very impressive.

An essential component of the state’s efforts to capitalize on these creative talents and direct them toward social and economic development involves the Mississippi Arts Commission (MAC). The MAC was created by the Legislature in 1968 and serves as the state’s official agency for administering grants to eligible arts programs and individual artists. In addition, the mandate of the MAC extends to implementing arts-related policies and providing services to various artists and arts groups across the state. In meeting these programmatic needs, the MAC divides its responsibilities into the following key areas: arts-based community development; arts-in-education program; arts industry; heritage; schools initiatives; and grants and special initiatives.

Along with funding received from the state, the MAC also receives funding from the federal National Endowment for the Arts (NEA). Private sector funds also remain crucial in the operations of the MAC. In an era when support from government sources is under increasing pressure, the MAC notes that public sector support for its activities remains critical and maintains that it cannot be replaced completely by the private sector. In fact, the MAC stresses that not only does this government support increase private support, it accomplishes a number of important tasks including enveloping all citizens in diverse artistic experiences; linking arts to economic development through partnerships and collaborations; ensuring the credibility and accountability of arts-related projects; requiring a degree of openness in decision-making related to grant applicants and program content; and establishing cohesive leadership in matters related to the state’s cultural policies. These public sector funding sources have responded positively in order to accomplish these tasks; in particular, the state of Mississippi, even at a time when state finances were under strain, sought to devise different strategies to continue to fund art and cultural operations across the state.

In order to carry out its responsibilities, the MAC is governed by a 15-member volunteer board of commissioners, all appointed by the governor for five-year terms. (Three new commissioners are named each year). The commissioners, as representatives of the citizens of Mississippi, bring their expertise in the arts, business and community affairs to the MAC and meet quarterly to establish program objectives. In addition, they recommend budgets, assess needs, review programs and award grants.

FUNDING FOR THE ARTS

Mississippi, like so many other states, faced intractable fiscal problems during the early years of this decade. These fiscal pressures were reflected in reduced appropriations to the arts as the state struggled to balance its budget during these years. As demonstrated in Table 17, funds that flowed to the MAC dwindled significantly (-31 percent) between fiscal years 2001 and 2005, from $3.9 million to $2.7 million. The largest decline in the three major funding sources (state, federal and private/other) involved private/other (-55 percent), while state funds experienced a -36 percent decline as well. Federal funds, comprising funds from the NEA and the U.S. Department of Education (including this federal agency’s Comprehensive School Reform Demonstration Program funds), actually increased by a hefty 18 percent.

In terms of the specifics, state funds declined from a high of $1.9 million in fiscal year 2001, to $1.3 million in fiscal year 2003, and then to $1.2 million in fiscal year 2005. Similarly, funds raised from private and other sources decreased from a high of $1.3...
### Table 17
**MAC Funds Fiscal Years 2001 to 2005**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>State Funds</th>
<th>Federal Funds*</th>
<th>Private/Other Funds</th>
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<td></td>
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<td></td>
<td>Amount Source</td>
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<td>$68,297 Donations and Registration Fees</td>
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<td>$169,375 Challenge Initiative Fund</td>
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<td>$121,250 Transfer from MDE**</td>
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Source: Mississippi Arts Commission, August 9, 2005

* Federal funds comprise NEA funds and U.S. Department of Education funds, including funds related to the department’s Comprehensive School Reform Demonstration Program

** MDE stands for the Mississippi Department of Education
During the review period, the Mississippi Arts Commission released a study on the economic impact of the arts and the non-profit arts sector across the state that generated a surge of attention. The study established that the economic impact of the non-profit arts sector in the state could not be ignored and that from blockbuster festivals to downtown revitalizations to life-altering educational opportunities, very few industries in the state generated the kind of profound economic impact that the non-profit arts industry does in Mississippi. In describing the astounding economic ripple effects generated by government contributions to the arts, the report emphasized that for every one government agency dollar awarded, the non-profit arts industry generated $6.50 in earned income, a most impressive economic ripple effect. Even though the results of this study are dated, given that more than half a decade has passed since its publication, the significant economic effects hint that a more recent study would only reveal an economic impact that is even more substantial. Notwithstanding the passage of over five years since the research related to the study was conducted, a review of some of the study’s findings remains relevant.

In terms of quantifying this remarkable economic impact, the 2001 study noted the following facts:

- During the review period, the non-profit arts activities generated an economic impact of $55.3 million, revenues of $22.7 million and a total effect on worker income of $17 million. Of the $55 million dollar impact, the study noted that the economic impact of the Mississippian attending the various non-profit arts events amounted to almost $34 million; the economic impact of out-of-state visitors attending these events involved almost $18 million. The impact of non-profit arts organizations expenditures totaled $14.9 million, with $40.4 million in spending offsite.

- During the review year, about 2 million attendees (including 800,000 children) experienced more than 5,000 arts-related events throughout the state, including performances, exhibits, classes and workshops, literature readings, festivals and special events. This attendance figure included 1.65 million residents and about 350,000 out-of-state visitors.

- The arts attract businesses and employees by enhancing the state's quality of life. In fact, 60 percent of Mississippi businesses responding to the research survey noted that they used the arts in their communities as a recruitment tool in enticing new and out-of-state employees.

- The arts have sparked downtown revitalization efforts across the state, breathing life and energy into once moribund business districts. A classic example here is the scenario in Clarksdale, the Delta town often cited as crucial to the birth and evolution of the blues. The number of blues-related business establishments and activities—from the Delta Blues Museum to galleries, to the annual Sunflower and Juke Joint Blues Festivals, to the numerous restaurants and various other venues—all sprang to life as a result of a concerted effort to focus on this uniquely American art form called the blues.
In the review period, the study revealed that non-profit arts organizations were a leading employer in the state with almost 1,500 direct employees. When a listing of the industry’s indirect jobs are factored into the picture, the impact of the industry will be even greater.

The report indicated that the potential economic impacts would have been even more substantial if it was conducted in another year. Because the review was conducted during an “average” year and not in a year when a blockbuster exhibition was featured, the economic effects were actually understated. In fact, Mississippi hosted four major international exhibitions between 1996 and 2004, and the inclusion of the impact of these exhibitions would have boosted the overall impact significantly.

Of note, the income and taxes generated by individual artists, crafts workers, art galleries and crafts shops were not computed into the overall effects; and the impact of commercial businesses related to the arts industry (such as art supply stores, music stores, commercial theaters, music clubs, recording studios, supply stores) and nurtured by the non-profit arts industry were not included in the analysis. If these aspects were included, the overall economic impact likely would have been even more significant.

**CULTURAL HERITAGE TOURISM**

During the 2004 legislative session, the Legislature and the governor created the Mississippi Blues Commission for the period July 1, 2004 to July 1, 2008, charging it with a number of tasks, including the following:

(a) To study, deliberate and report to the governor and the Legislature on the best method to market and foster an appreciation of the blues, to include tourism, academic study and blues archives, blues historical preservation, blues cultural education and the support of performing artists. Such a marketing plan would be designed to attract tourists, conferences, music performances, filmmakers and others for the purpose of economic development in all geographic areas of the state through the promotion of the blues and the heritage and culture that produced the blues, as well as analyze the tourism potential of the blues for Mississippi.

(b) To make an inventory of blues “assets” that make up the blues and blues culture that could be developed into a program for domestic and international tourism, as well as opportunities for investment.

(c) To establish a statewide Mississippi “Blues Trail” infrastructure to offer to tourists and targeted groups a structured tour of Mississippi blues historical sites and performance venues.

(d) To coordinate with the Division of Tourism of the Mississippi Development Authority; Department of Archives and History; Department of Transportation; Mississippi Educational Television Authority; state institutions of higher learning; the Center for the Study of Southern Culture at the University of Mississippi; and appropriate staff to carry out the marketing plan developed by the Commission. To the extent practical, the office shall be located at an existing public or private location which is appropriate to the blues or blues culture in Mississippi, with minimal cost to the state.

This 2004 decision to formalize the role of this important cultural contribution and art form—the blues—that originated and sprang from within the state’s Delta region was a landmark event in the state. Not only did it confer the state’s acknowledgement and approval of this art form, it created the way for the adoption of a number of steps to ensure that both the history and the future of the blues in Mississippi remained secure. Two important achievements relating to the establishment of the Mississippi Blues Commission involved the effort to designate Mississippi Blues Trail historical markers and eventually create a Mississippi Office of the Blues as an agency of state government. Given its extremely humble beginnings as African-American roots music that evolved from within the state’s Delta region, the fact that blues is now officially accepted, recognized and promoted by the state as one of its cultural treasures is a noteworthy development.

**BLOCKBUSTER EXHIBITIONS**

Until the Mississippi Commission for International Cultural Exchange, led by then executive director Jack Kyle, decided to showcase the world’s most renowned and treasured art work and antiquities in Jackson, Mississippi, there were very few individuals who would have speculated that this was even a remote possibility a few years before. Based on the initiative and work of the Mississippi Commission for International Cultural Exchange, assisted by the state government, the city of Jackson, numerous corporate donors and a hundreds of individuals in the last 10 years, a number of inter-
nationally renowned cultural treasures were exhibited in Jackson.

These world-class exhibitions provided for the cultural and educational enrichment and the quality of life not only of Mississippi’s citizens but for citizens in the southeastern United States. In addition, they served both as an economic development resource for the state and as a catalyst for tourism development throughout the state. Finally, they created a huge positive boost in the state’s image as local, regional, national and international media covered these blockbuster exhibitions. The exhibitions included the 1996 Palaces of St. Petersburg: Russian Imperial Style; the 1998 Splendors of Versailles; the 2001 Majesty of Spain: Collections from the Museo del Prado and the Patrimonio Nacional; and, the most recent, the 2004 Glory of Baroque Dresden. Each of these exhibitions was hugely popular and attracted tens of thousands of visitors, generating an impressive array of positive economic impact and publicity to the state of Mississippi. In fact, the first three exhibitions featuring priceless artwork from Russia, France and Spain attracted more than 1.1 million visitors to Jackson and generated an economic impact of approximately $140 million on the Mississippi economy. In addition, approximately 350,000 students and school children visited these three exhibitions. Some additional details on these exhibitions are listed below.

**Palaces of St. Petersburg: Russian Imperial Style** was the highest attended, single-venue exhibition in the United States in 1996, drawing more than 554,000 visitors (including 271,754 Mississippi residents) during its six-month appearance in Jackson from March 1 through August 31, 1996. Organized by the Mississippi Commission for International Cultural Exchange in association with the State Museum Reserve Peterhof, the State Museum Tsarskoje Selo, the State Museum Preserve Gatchina Palace, and the State Museum Reserve Pavlovsk, Palaces of St. Petersburg: Russian Imperial Style consisted of more than 600 objects belonging to the tsars of Russia, from Peter the Great through the last tsar, Nicholas II, and demonstrated the world of unparalleled wealth and luxury enjoyed by Russia’s imperial rulers. Works by Faberge, lavish room recreations, paintings, furniture, bronzes, clocks, armaments, costumes, thrones and lapidary objects were among the Russian artistic and historical treasures included in this $11.1 million exhibition. Patrons to the exhibition were given the opportunity to walk through five opulent palace rooms and six galleries from the dazzling palaces of St. Petersburg, including Peterhof, Catherine Palace at Tsarskoje Selo, Gatchina and Pavlovsk. Each room and gallery was reproduced by Russian and American artisans to mirror, in breathtaking detail, the original palace rooms. Of the exhibition’s $11.1 million budget, $1.5 million came from the state and $1 million came from Jackson Visitors and Convention Bureau.

The economic impact of this extraordinary exhibition was substantial and included total estimated out-of-state visitor expenditures of $33.4 million, including ticket and gift shop sales. An estimated $2 million in general fund revenues flowed into the state’s coffers as a result of these out-of-state visitor expenditures. The city of Jackson’s room and restaurant revenues were $1.4 million during the period March-August 1996, a 12.5 percent increase from the same period in the prior year. In addition, $5.2 million was spent in Mississippi by exhibit officials for labor, overheads, food and beverage purchases and other items; another $1.2 million was spent on the wages of 318 seasonal and full-time employees in management, food service, security and other areas. When the full economic impact of this exhibition was totaled, it was reputed to have injected $61 million into the state’s economy.

**Splendors of Versailles** made its one-time, one-city American appearance in 1998. Once again, organized by the Mississippi Commission for International Cultural Exchange in association with the Musée National des Châteaux de Versailles et de Trianon, Splendors of Versailles featured nearly 150 irreplaceable items from the reigns of Louis XIV, Louis XV and Louis XVI of France. The $10.8 million Splendors of Versailles exhibition was designated the 1998 Top U.S. Event by the American Bus Association and more than lived up to its billing. One of only three 10-ton castings of the legendary Equestrian Statue of Louis XIV by Gian Lorenzo Bernini served as the centerpiece of the Splendors of Versailles exhibition. The only other two castings in the world are found at the Louvre in Paris and on the grounds of the Chateau de Versailles itself. In terms of its total economic impact, the Splendors of Versailles exhibition was reputed to have injected about $40 million into the state. Of the exhibition’s $10.8 million budget, $2 million came from the state and $1 million came from the Jackson Visitors and Convention Bureau.

The **Majesty of Spain: Royal Collections** from the Museo del Prado & Patrimonio Nacional, a $9.4 million project designated the 2001 Top U.S. Event by the American Bus Association, was the largest exhibition of Spanish treasures from seven royal residences and the Prado Museum ever presented outside of Spain. The exhibition featured 14 galleries filled with more than 600 priceless treasures, including a hand-carved and gilded 55-foot royal gondola, three breathtakingly beautiful room re-creations including an authentic re-creation of the famous Chinoiserie-style Porcelain Room and the neo-classical Hall of Stuccoes, as well as paintings by Goya, Mengs and Tiepolo. Spanning the reigns of Fernando VI, Carlos III, Carlos IV and Fernando VII, The Majesty of Spain showcased the most outstanding art, architecture, design, decorative arts, tapestries, sculpture, porcelains, bronzes, clocks, furnishings, ivories and religious objects of the era. A unique highlight of The Majesty of Spain exhibition, which attracted more than 320,000 visitors, was the visit by Their Majesties King Juan Carlos I and Queen Sofia of Spain. Of the exhibition’s $9.4 million budget, $3 million came from the state and $1 million came from the Jackson Visitors and Convention Bureau.
The Glory of Baroque Dresden

in 2004 was the fourth and final in the series of international exhibitions presented by the Commission. Soon after The Glory of Baroque Dresden ended, the Commission for International Cultural Exchange disbanded, signaling the end of a decade when the state of Mississippi showcased exhibits from around the world that would have been considered a near impossibility a few years before. The Glory of Baroque Dresden exhibition was the first major exhibition from Dresden in North America in 25 years when a similar exhibition appeared at such world famous venues as the National Gallery in Washington, D.C., the California Legion of Honor in San Francisco, and the Met in New York City. As in the case of The Majesty of Spain exhibition when the King and Queen of Spain traveled to Jackson to inaugurate that exhibition, German Chancellor Gerhard Schroeder traveled to Jackson to take part in the opening of The Glory of Baroque Dresden exhibition.

The Jackson, Mississippi, exhibition consisted of more than 400 masterpieces from eight collections and museums of the State Art Collections Dresden and Moritzburg Castle. Among the highlights of the exhibition were Johann Vermeer’s The Procuress and the 41-carat Dresden Green Diamond, long-considered the companion to its more famous “sister,” the Hope Diamond. Other artworks include 27 Old Masters paintings by Rembrandt, Rubens, Titian, van Dyck, Veronese, Tintoretto, and Mantegna; Chinese, Japanese, and Meissen porcelain, including the famous animal sculptures and the Venus Tureen from the Swan Service; prints and drawings by Michelangelo, Rembrandt, Durer, and Correggio; arms and armor; coins and medals; decorative arts; and sculpture including works by Balthazar Permoser, Giambologna, and Francois Girardon.

The Glory of Baroque Dresden drew a disappointing 133,000 visitors on a budget that amounted to $9.8 million, which, as in the instances of the other three exhibitions, was raised by pairing public funds (state and local) with private funds. The Glory of Baroque Dresden’s (held between March and September 2004) disappointing turnout was attributed to the “Iraqi war and high gas prices,” a development that led to the eventual disbanding of the Commission for International Cultural Exchange.12

BUILDING BOOM

Mississippi, like so many other states, has focused on enhancing its collection of cultural facilities in recent years.

The Building Fund for the Arts

An important measure in this regard occurred during fiscal year 2001 when the Legislature enacted The Building Fund for the Arts to expand, renovate and repair existing cultural facilities. Given the twin pressures of both juggling the fiscal downturn that was beginning to sweep across the state and the need to identify a funding stream to finance the enhancement of these cultural facilities, the state decided to issue bonds to raise the necessary funds.

The 2001 legislation that established The Building Fund for the Arts created it within the State Treasury with instructions that it be “maintained separate, special and apart from the state’s General Fund.” The Mississippi Arts Commission was legislatively authorized to disburse grants “to non-profit organizations and units of local government to pay for the costs of repair, upgrading, expansion, renovation or enhancement of existing buildings and facilities for the presentation, teaching or exhibition of the arts in any and all of its forms and furniture, equipment and/or technology for such buildings or facilities.”13 An interesting requirement included in the legislation was that the entity receiving grants from the fund (either local government or non-profit organization) would be required to secure matching funds from local, federal or private sources equal to 40 percent of the proposed project cost in order to be eligible for a grant. The total amount of bonds issued under the legislation was capped at $12 million.

In the very first year of its enactment, the MAC awarded $6 million in grants for the renovation, repair, expansion and enhancement of cultural facilities across the state.12 The competition for grants under this program was particularly intense and the MAC received 46 applications from 31 communities seeking in excess of $10 million in funds. On October 30, 2001, entities in 24 counties and 25 towns (representing both urban and rural areas) were awarded a total of 36 awards. In listing its priorities for awarding grants in 2001, the MAC stressed “the potential impact on a community, capacity and readiness of the applicant organization to successfully manage the project, applicability of plans for the identified building and its community and the feasibility of the identified space for artistic purposes and its access by the community.”13

Mississippi Arts and Entertainment Center [Meridian]

A major development in recent years related to the arts building boom in Mississippi revolves around the proposed Mississippi Arts and Entertainment Center in Meridian.14 Given that Mississippi has long inspired the work of great artists and entertainers on the world’s performance stages and classrooms, in 2001, the Legislature approved the establishment of the Mississippi Arts and Entertainment Center to collectively recognize the artistic works and accomplishments of these noted artists. Toward this effect, the Center is organized around four central elements:

» A state-of-the-art Hall of Fame celebrating Mississippi artists of all disciplines – musicians, literary artists, performance artists and visual artists;

» A conference center to serve as a catalyst for the continued growth of the arts and arts education;

» Performing arts facilities including an amphitheater and a recording studio-grade theater center; and

» An artist-in-residence colony, a special use pavilion and a band ‘shell’ to draw visitors.
In terms of funding its construction, in February 2005, officials affiliated with the Center announced a master plan that amounted to $87.9 million that included all the elements listed previously. By August 2005, in light of the rising concerns regarding costs, the Center’s governing board announced that it had trimmed more than $18 million from the project and that the overall cost of the project now would be about $69.9 million. Construction, which would occur in two phases, would include a conference center, hall of fame, amphitheater and special events pavilion in Phase I at a cost of about $50.5 million; Phase II, which would include a performing arts center, band shell and an artist-in-residency colony, would cost about $19.4 million.

While the city of Meridian donated a 175-acre site on Bonita Lakes for this project, the Center’s board hopes to fund the project with one-third coming from the state, one-third from local and private contributions, including a local 2 percent food and beverage tax. In backing the 2 percent local food and beverage tax (expected to generate an estimated $1.8 million each year), the Center’s director noted that proceeds from the tax could allow bonds to be issued for as much as $15 million, to be paid back over a 10-year period.

In further emphasizing the positive impact of the Center, officials note that it will generate substantial benefits for Meridian, Lauderdale County, and the state of Mississippi. Not only will the new facility and its programs entice visitors from throughout the state and elsewhere in the United States, it also will attract foreign visitors who are familiar with, and interested in, authentic American art and culture. In detailing this economic impact, a report on the topic indicated that the economic activity generated by visitors to the Center represents totally “new money” to Mississippi residents, businesses, and government. More detail on this economic impact is presented in Table 18.

As noted, the $10.1 million estimated annual economic impact will be a completely fresh injection of funds into the local and state economies; more importantly, this figure does not include indirect and induced impacts. If these multiplier effects are included in the overall calculations, the impact would be considerably larger than the $10.1 million figure. Similarly, the employment figures would be much higher if the effects of indirect jobs are factored into the equation. The analysis estimated that approximately 207,240 individuals would visit the Center in a year with the impact of these visitor expenditures (accommodations, food, beverage, entertainment, recreation, shopping and miscellaneous) contributing to the overall economic impact.

A number of Mississippi super stars in the entertainment and music industry serve on the Center’s governing board including Faith Hill, Sela Ward, Lance Bass, Jimmy Buffet, Morgan Freeman, John Grisham, B.B. King, Jim Henson, Tom Lester, Mary Ann Mobley, Leontyne Price, Charley Pride, Britney Spears and Three Doors Down. The presence of these stars on the board and their involvement in both publicizing and fundraising for the Center has remained crucial. For instance, in February 2005, country music star and Center chairperson, Star, Mississippi-native Faith Hill, addressed the Mississippi Legislature and sought the Legislature’s support in financing the Center’s construction.

### Table 18

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<tr>
<th>Impact Category</th>
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<td>Local Tax Receipts</td>
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<td>State Tax Receipts</td>
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Source: www.msarts.org

### B.B. King Museum and Delta Interpretive Center (Indianola)

On June 10, 2005, blues icon B.B. King joined local and state dignitaries for the groundbreaking of a $10 million museum honoring him in the small Mississippi Delta town of Indianola, one of the towns in which he had lived. Among the dignitaries and politicians attending the groundbreaking were Mississippi’s lieutenant governor, speaker of the house and two former governors. Scheduled to open in 2007, the 18,000-square foot Museum and Center will be built around a cotton gin, where the blues legend once worked, and showcase four phases of King’s life, from his years in the Delta to the present.

In terms of financing its construction, funding is expected from a variety of sources, including the state. Included as part of the legislative agenda for a special session in July 2005, the Mississippi Legislature approved $2 million in bonds that could be diverted toward the construction of the Museum and Center. Local officials are already anticipating significant economic benefits from the Museum and Center’s presence. Indianola’s mayor forecasts several spin-off businesses, including hotels and restaurants, and noted that tourism undoubtedly will increase. He cited the annual Medgar Wiley Evers—B.B. King Mississippi Homecoming Concert, held every year in Indianola for the past 42 years, as a major tourist event for the town (the Indianola Chamber of Commerce cleared $70,000 at the 2005 concert). The mayor predicted that the presence of the Museum and Center will lead to even greater interest in tourists visiting Indianola.

### Mississippi Museum of Art (Jackson)

As the state’s largest art museum, the Mississippi Museum of Art is home to some 4,000 very extraordinary works of art spread out over 13,000 square feet of exhibition space in downtown Jackson. While the history of the Museum dates back to 1911, its current location opened in 1978. In the last few years, there has been some debate related to whether the Museum should remain in downtown Jackson or relocate to a different location. In fact, a special committee was formed in 2004 to assess the future.
of the Museum and legislation signed into law by the governor in March 2005 authorized moving to a new facility or renovating its current location. This legislation provided $2 million in state funds toward this. Eventually, the Museum, which attracts about 50,000 annual visitors, decided to remain in downtown Jackson and be a central part of the revitalization of downtown area.

**Ohr-O’Keefe Museum of Art**

(Biloxi)

Housing the impressive collection of Biloxi-born George Edgar Ohr's (1857-1918) pottery and ceramic work, the Ohr-O’Keefe Museum of Art was scheduled to open in the summer of 2006. Acclaimed architect Frank Gehry, a long-time fan of Ohr's work, was selected to work on the $29 million project and, by April 2005, despite a shortfall of $8 million, the new museum was slated to open as scheduled. However, the destruction caused by Hurricane Katrina was severe and now fundraising for the project will have to be increased to even greater levels. While the Ohr collection is safe and currently housed in the Mobile Museum of Art, the summer 2006 completion date will not be met. When completed, the combination of Ohr's work (currently on display at such venues as the Metropolitan Museum of Art in New York, and the Smithsonian Gallery in Washington, D.C., among other locations) and the Gehry-designed structure are expected to stimulate a great deal of interest among tourists in the region and across the country.

**Alamo Theater**

(Jackson)

The historic Alamo Theater on Farish Street, the hub of entertainment in the district since the 1940s, had fallen into disrepair in recent decades. A legislative appropriation of $1.5 million, coupled with funds from the MAC, the city of Jackson and other sources, enabled a renovation effort to commence in 1997, which was finally completed in fall 2005. Downtown officials are optimistic that the newly renovated Alamo Theater will once again be a central player in the city's entertainment activities and be an integral part of the renaissance of the capitol city's downtown.

**OTHER**

Another major arts-related event that, in turn, generates a great deal of positive media attention and economic impact to the state of Mississippi is the USA International Ballet Competition (USA IBC). Recognized as one of the world's most prestigious dance events, the USA IBC is a two-week “olympic-style” competition where professional and amateur dancers vie for medals, cash awards and scholarships. The USA IBC, designated as the official international ballet competition in the United States by a 1982 Joint Resolution of the United States Congress, is held in Jackson, Mississippi, every four years in the tradition of “sister” competitions in Varna, Bulgaria, and Moscow, Russia.

As in the case of the blockbuster art exhibitions held in Jackson between 1996 and 2004, the USA IBC performs the crucial tasks of stimulating the local and state economies, generating a slew of positive media coverage about Jackson and Mississippi in the regional, national and international media and providing thousands of people, both in state and out-of-state, with the opportunity to experience world-class dance. For the most recently concluded competition, in 2002, total attendance for the competition and its ancillary events was approximately 39,309, with patrons and dance enthusiasts flocking in from 41 states and seven foreign countries. An even larger audience was afforded the opportunity of experiencing USA IBC Encore Gala performance competition via a live broadcast by Mississippi ETV (a potential viewing audience of 2 million), alongside the national and international media coverage of the event reaching an estimated 63.8 million people through 66 local and national newspapers, 22 national and international magazines and seven broadcast stations. The positive media attention brought on by this national and international coverage remains incalculable and will assist in establishing other tourist opportunities for the state.

In terms of the competition, 98 competitors from 23 countries were invited to participate and 13 world-renowned dance professionals from 13 different countries made up the distinguished panel or jurors. Attending the International Dance School, an IBC companion event, were 259 dance students from 26 states and six countries, while the Teachers’ Workshop was filled to capacity, as 39 teachers from 13 states and three foreign countries participated.

In terms of the economic impact, the two-week June 2002 competition generated an economic impact of $6.2 million for the state of Mississippi, a 38 percent increase from the previous competition held in 1998. Furthermore, $2.8 million in total labor income was earned along with more than $81,000 in local sales taxes. In addition, more than $350,000 was added to the state's general revenue fund. As a result of the USA IBC, 105 direct jobs were either sustained or created. Preliminary work related to the 2006 competition in June is in progress, and the organizers are optimistic about an even more impressive economic and media impact.
Funding as a state agency and as an unit under the jurisdiction of the Missouri Department of Economic Development, the Missouri Arts Council (MAC) provides grants to non-profit organizations to encourage the expansion, development and appreciation of the arts statewide.1 Some of the organizations that receive MAC funding range from large, internationally known organizations, such as the Saint Louis Symphony and Saint Louis Art Museum, to small, local arts groups like the Hannibal Arts Council in Hannibal to the Camden County Historical Society in Linn Creek.

The MAC also provides financial and technical assistance to individual artists—directly or indirectly—in order to enhance their skills and professional development. Funding for the MAC’s diverse programs is provided by the Missouri General Assembly, the Missouri Cultural Trust, and the federal National Endowment for the Arts (NEA).

The history of the MAC goes back to 1965 when then-Governor Warren Hearnes and the 73rd General Assembly enacted legislation to create the organization and also establish the MAC’s powers and responsibilities. While the MAC was the second state arts agency created in the country, in the ensuing four decades or so, it has continued to review grant applications for arts organizations and artists; provide financial assistance to arts organizations and artists; develop statewide programs and initiatives; and explore arts-related issues that affect the state. In order to carry out these tasks, the MAC is assisted by a board of 15 volunteer citizens selected from around the state (appointed by the director of the Department of Economic Development) and a staff of about 13 employees.

**FUNDING FOR THE ARTS**

The state fiscal downturn that plagued every state in the country in the first few years of this decade was particularly harsh in Missouri, a development that impacted quite negatively on the funding situation of the MAC. In fact, among all the 16 SLC states, Missouri suffered the most precipitous decline in state funding for the arts during the review period of fiscal years 2001 through 2005. Specifically, as displayed in Table 19, legislative appropriations to the arts plunged from nearly $12 million in fiscal year 2001 (an appropriation level that ranked Missouri the SLC state with the third highest appropriation level behind Florida and Maryland), to zero in fiscal year 2004, to $500,000 in fiscal year 2005. Between the two bookend years of the report’s review period, Missouri’s state appropriation amount dropped by -96 percent, the highest among the SLC states for this period.

As demonstrated in Table 19, state appropriations to the MAC declined by -48 percent and -41 percent between fiscal years 2001 and 2002 ($12 million to $6.2 million) and fiscal years 2002 and 2003 ($6.2 million to $3.6 million), respectively, before plunging to zero in fiscal year 2004. In fiscal year 2005, the General Assembly appropriated a nominal $500,000, an improvement from the previous year’s appropriation. It should be noted that even though the General Assembly did not make an appropriation to the agency in fiscal year 2004, it did authorize the use of $3.4 million in principal from the state-funded cultural endowment, the Missouri Cultural Trust. Similarly, in fiscal year 2005, the General Assembly authorized the use of $3 million from this endowment.2 (Additional infor-

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Table 19
Missouri General Assembly’s Appropriation to the Missouri Arts Council Fiscal Years 2001 to 2005

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>State Appropriation</th>
<th>% Change</th>
<th>Per Capita Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Amount</td>
</tr>
<tr>
<td>2001</td>
<td>$11,971,858</td>
<td>-</td>
<td>$2.14</td>
</tr>
<tr>
<td>2002</td>
<td>$6,180,244</td>
<td>-48%</td>
<td>$1.10</td>
</tr>
<tr>
<td>2003</td>
<td>$3,641,776</td>
<td>-41%</td>
<td>$0.64</td>
</tr>
<tr>
<td>2004</td>
<td>0</td>
<td>-100%</td>
<td>0</td>
</tr>
<tr>
<td>2005</td>
<td>$500,000</td>
<td>N/A</td>
<td>$0.09</td>
</tr>
</tbody>
</table>

Source: National Assembly of State Arts Agencies, April 13, 2005
The origins of the Missouri Council Trust may be traced back to 1993 when the General Assembly authorized the creation and the funding of a cultural endowment for the arts and, specifically, the MAC. Funds, up to a total of $10 million a year, that were to be diverted into the endowment were supposed to be extracted from a portion of the personal income taxes paid by non-resident athletes and entertainers who perform in Missouri. Income from this invested endowment was dedicated to supporting the arts in Missouri. The Trust is governed by the Missouri Cultural Trust Board, comprising members of the Missouri Arts Council and five elected officials (two members of the House of Representatives, two members of the Senate, and the treasurer).

At the outset, a goal of raising $100 million in 10 years was demarcated, a development that would have made the endowment a self-sustaining entity. Then, in 2000, state lawmakers added another dimension to the cultural endowment by establishing the Capital Incentive Program. This program authorized participating arts organizations to recoup interest earnings annually from money allocated in the Trust. Accordingly, the endowment would generate interest for individual arts groups in a 50-cents-on-the-dollar match; for example, if the Kansas City Symphony raised $1 million, it would receive interest on $500,000 from the Trust. These interest earnings could be utilized by the Kansas City Symphony for either embarking on capital improvements or building its own endowment.

Despite the pledges made at the establishment of the endowment, the annual state disbursements never approached $10 million a year and, consequently, the total endowment never approached $100 million. The highest amount reached by the endowment was $28 million. However, during a three-year period beginning in 1999, the Council approved the transfer of $20 million of this amount into a long-term state investment fund (Missouri Investment Trust) inaccessible to the arts community. In addition, the MAC has been authorized to begin spending down the remaining principal to meet its essential granting obligations during and in the aftermath of the state fiscal crisis.

For instance, as described earlier, in fiscal year 2002, when the state started facing severe budget shortfalls, it slashed appropriations to both the MAC and to the Trust. In fact, for three consecutive years, the cultural endowment did not see any legislative appropriations and as noted, in fiscal year 2004, the legislative appropriation to the MAC was eliminated entirely. Then, in October 2005, the Capital Incentive Program contracts were terminated; however, at a February 2006 Council meeting, the contracts were unanimously re-instituted, subject to an amendment based on appropriation levels into the Missouri Cultural Trust.

In a related move, during the 2005 legislative session, the General Assembly’s House Special Committee on Urban Issues discussed a bill that would earmark a portion of the aforementioned income taxes paid by out-of-state athletes and entertainers for professional sports stadiums (such as the Edward Jones Dome and Truman Sports Complex) and arts venues (such as the Kiel Opera House and the St. Louis Black Repertory Company).

The discussion of the bill revolved around sports and entertainment facilities securing 60 percent of the revenue from the tax, with cultural groups securing the remaining 40 percent.

ECONOMIC IMPACT

In November 2004, the Missouri Economic Research Information Center, another unit within the state’s Department of Economic Development, released a study entitled Creativity and the Economy: An Assessment of the Economic Impact of Missouri’s Creative Industries. The goal of the report was to assess the economic activity and employment effects of the creative industries in Missouri and present concrete data as to the potential impact of these industries. The rationale for the report emerged with economic development research that demonstrated that the presence of arts-centric organizations in a region tends to drive economic growth. In fact, while the presence of a thriving arts and cultural environment increased the desirability of a region, this in turn was a strong incentive.
to attract residents with high human capital. The presence of high human capital, in turn, was supposed to be a crucial factor in enticing high-tech and information-based businesses that would lead to broad-based economic development. The results outlined in the report clearly demonstrate not only the positive employment and economic benefits generated by these arts-centric organizations but the indirect positive effect on the regional economy by making a region a more desirable place for people to live.

The report establishes that the creative industries in Missouri employ more arts, sports, and media workers than the state average. In fact, the report notes above average concentrations of arts, sports, and media workers emphasize that these industries rely heavily on the arts. The report indicates that the creative industries in Missouri fall into four categories that include the following:

» Fine Arts: Self-employed artists, teachers, and performing arts companies;
» Media and Information Services: Publishing and broadcast, motion picture industry, and sound recording and reproduction;
» Commercial Arts and Sports: Promoters of performing arts and similar events and spectator sports; and
» Professional Design Services: Advertising, floral, graphic, and interior design, and other professional services.

In providing the specific impacts on the Missouri economy, the report elaborates that the creative industries had positive flows on employment and wages. In terms of wages, the report notes that the average annual statewide wage for those working in the industry was $37,874, a wage level that is 11 percent higher than the annual average wage for all industries in Missouri ($34,004). In addition, the total annual labor income earned by all estimated workers in the creative industries is more than $2.6 billion; when the spin-off income generated by the creative industries is factored into the equation, total annual labor income supported by these industries is greater than $4.8 billion, a staggering amount indeed.

In terms of the employment front, the results are singularly impressive. Not only are there more than 6,000 creative industry businesses and not-for-profit organizations spread out across the state, these creative industries directly employ over 69,000 workers. This amounts to about 3 percent of total statewide employment. When the effects of spin-off jobs created through industry and household spending are included in the equation, these arts-related enterprises support more than 135,000 jobs.

The report stressed that the positive employment effects of the creative industries was not limited to just the large metropolitan areas in Missouri. In fact, thriving creative industry employment locales can be identified in every county in Missouri. While the metropolitan areas of Kansas City and St. Louis, as expected, generate the largest number of jobs, other areas with large numbers of creative industry employment include Greene (Springfield), Taney (Branson), and Boone (Columbia) Counties. In fact, the report highlighted that several Counties (Linn, Taney, Jackson, St. Louis City, and Pettis) had particularly high creative industry to total employment ratios.

Even though this 2004 report documents the enormous economic impact of the creative industries in Missouri, the report stresses the conservative nature of its forecasts. For instance, two areas within the state’s creative industry apparatus—museums and architecture—were omitted from the study, and the report maintains that if these sectors were included, the industry’s impact would have been even more significant. In sum, the report stresses the fact that the presence of cultural amenities expands economies by attracting new businesses and emphasizes that further supporting the arts should be an important consideration in future plans for the state’s economic progress.

In further exploring the economic impact of the arts, reference has to be made to the revival of St. Louis’ Grand Center District that was initiated about five years ago, mostly as a result of the Pulitzer Foundation deciding—as part of an ambitious urban redevelopment project—to locate its landmark museum in the vicinity of the district. In fact, St. Louis’ Grand Center, a district in the city’s midtown, has gained a great deal of national attention as a model where art, education and entertainment lead the way in a cultural and architectural revitalization of a slumping neighborhood.

The district, a very short drive from St. Louis’ downtown, was the city’s dazzling arts and theater district in the 1920s and 1930s. Beginning in the 1950s and in ensuing decades, in a reflection of trends experienced in the downtown areas of so many American cities, both large and small, as stores, offices, and theaters closed, the district became a symbol of decay and desolation in the very heart of the city. Through major efforts by private and public initiatives to restore this critical component of St. Louis’ history, there has been impressive progress achieved in the past decade or so. As noted, Grand Center today boasts Powell Center District that was initiated about five years ago, mostly as a result of the Pulitzer Foundation deciding—as part of an ambitious urban redevelopment project—to locate its landmark museum in the vicinity of the district. In fact, St. Louis’ Grand Center, a district in the city’s midtown, has gained a great deal of national attention as a model where art, education and entertainment lead the way in a cultural and architectural revitalization of a slumping neighborhood.
 Symphony Hall (home of the St. Louis Symphony Orchestra); The Sheldon (a 700-seat concert hall with extraordinary acoustics); Fox Theater (a refurbished Byzantine-Baroque movie palace that hosts touring productions, concerts and family shows); and the Grandel Theatre (home of the St. Louis Black Repertory Company, St. Louis Shakespeare Company and Grandel Theatre Cabaret). The presence of these vibrant cultural organizations has resuscitated the once-dilapidated Grand Center district and the likelihood that the district will even match or exceed the heights it enjoyed half a century ago loom large. The economic benefits flowing from the revival of this once-neglected 10-block district continues to be impressive.

**CULTURAL HERITAGE TOURISM**

As noted earlier, arts funding in Missouri faced significant challenges in the early years of this decade, culminating with zero funding in fiscal year 2004. In the first three years of the decade, the MAC’s major outreach effort throughout the state, the provision of grants to arts organizations and artists, also suffered as indicated in Table 20.

As noted, not only did the number of grant applications and grants funded by the MAC decline between fiscal years 2001 and 2005, more importantly, the dollar amount that the MAC was able to finance based on the applications it received, also declined (from 61 percent to 50 percent). As a result, the number of communities served by these grants also declined during the five-year period.

In response to these trends and the need to maintain the viability of arts organizations in the state, during calendar year 2002, the MAC conducted a series of workshops and town hall meetings to gauge the interest of Missouri’s residents and formulate a strategic plan for the arts in the state. Based on these discussions and feedback, the potential to develop and strengthen the emerging interest in cultural tourism and potential partnerships between several related organizations emerged as a key factor. Some of these organizations include the state’s Division of Tourism, Missouri Humanities Council, State Library System, Missouri Historic Preservation Program, Missouri Public Broadcasting and the Missouri Arts Council.

One immediate consequence of this new focus on cultural heritage tourism was the launching of a new Advanced Trip Planner at the Missouri Division of Tourism’s Website. While the new database-driven trip planner allows potential visitors to plan and save Missouri trip itineraries by searching the site’s extensive listing of Missouri accommodations, attractions, dining options and events, it also allows visitors to create trips based on specific travel dates. It also allows tourists to build customized itineraries based on a wide range of preferences, including price, location and activities.

An important component of this Website is the detailed information on history and culture-related activities and events; a sampling of the facilities and activities include the Scott Joplin Ragtime festival in Sedalia, Contemporary Art Museum in St. Louis, Mark Twain’s—Missouri’s most celebrated author—Boyhood Home and the Mark Twain Cave, Negro Leagues Baseball Museum and 18th and Vine Historic District in Kansas City, Nelson-Atkins Museum of Art, also in Kansas City, and the Harry S. Truman Presidential Library in Independence. In fact, the focus on these cultural heritage activities was certainly a factor in Missouri hosting a record number of domestic visitors in fiscal year 2004 (37.7 million), the latest year reported, along with the total economic impact due to

#### Table 20

**Missouri Arts Council Funding History**

**Fiscal Years 2001 to 2005**

<table>
<thead>
<tr>
<th>Year</th>
<th>Applicants</th>
<th>Funded Grants</th>
<th>Percent of Applications Funded (in $)</th>
<th>Communities Served</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2001</td>
<td>585</td>
<td>545</td>
<td>61.4%</td>
<td>141</td>
</tr>
<tr>
<td>FY 2002</td>
<td>518</td>
<td>442</td>
<td>65.5%</td>
<td>122</td>
</tr>
<tr>
<td>FY 2003</td>
<td>443</td>
<td>411</td>
<td>52.0%</td>
<td>114</td>
</tr>
<tr>
<td>FY 2004</td>
<td>453</td>
<td>418</td>
<td>37.2%</td>
<td>118</td>
</tr>
<tr>
<td>FY 2005</td>
<td>452</td>
<td>431</td>
<td>50.4%</td>
<td>105</td>
</tr>
</tbody>
</table>

Source: Missouri Arts Council, March 17, 2006
travel in Missouri reaching an all-time high of $13.4 billion.

**BLOCKBUSTER EXHIBITIONS**

Missouri’s rich cultural history is inextricably linked to the impressive roster of art museums in the state. During the review period, a number of these museums featured an array of blockbuster exhibitions that were instrumental in not only attracting priceless artwork to the state but a significant number of tourists that resulted in positive economic flows. Even though there are no specific economic impact figures as a result of these blockbuster and other exhibitions, it is a safe assumption that the influx of tourists and visitors to view and experience these exhibitions resulted in positive economic flows at the local and state levels. The following list presents some of these exhibitions at a sampling of the famed cultural establishments in Missouri.

**Nelson-Atkins Museum of Art** *(Kansas City)*

The Museum is one of the top art institutions in the country and its permanent collection features masterpieces from every culture and period of the world that spans over 5,000 years. While the Museum has esteemed collections of European and American art, it is even better known for its outstanding collection of Asian art, notably from China. The Museum opened its doors in 1933, as a gift to the community from William Rockhill Nelson, the founder of *The Kansas City Star*, and an additional contribution from the estate of Mary McAfee Atkins helped complete the building. In the last few years, the following notable exhibitions have been featured at the Nelson-Atkins Museum of Art:

» **Celebrating a Grand Gift: The Hallmark Photographic Collection** (2006)
» **American Highlights** (2006)
» **Bingham to Benton: The Midwest as Muse** (2005)
» **George Catlin and His Indian Gallery** (2004)
» **A Magnificent Age: French Paintings From the Walters Museum of Art** (2003)
» **Eternal Egypt: Masterworks of Ancient Art from The British Museum** (2002)

**Contemporary Art Museum** *(St. Louis)*

Established on the Mississippi riverfront in 1980 by a group of civic, cultural and educational leaders intent on promoting visual arts and cultural activities to the core of St. Louis’ downtown, the Contemporary Art Museum has quickly emerged as a major player in the world of contemporary art. An interesting dimension to the Museum is that it is a non-collecting institution, a scenario that requires it to present six to eight exhibitions a year, featuring local, national and international, well-known and “newly established” artists from diverse backgrounds, working in all types of media. In the last few years, some of the prominent exhibitions sponsored at the Museum include the following:

» **Dzine: Punk Funk** (2005)
» **Alexander Ross: Survey** (2005)
» **Contemporary Project Series: Katharina Kuhric** (2005)
» **Keith Piper: Crusade** (2004)
» **New Video, New Europe** (2004)

**Saint Louis Art Museum** *(St. Louis)*

One of the nation’s most venerated museums, the St. Louis Art Museum was founded in 1879 and is well known for its long-standing commitment to free admission. Originally located in downtown St. Louis, the Museum relocated to its current home in Forest Park following the 1904 World’s Fair in St. Louis. Its Beaux-Arts style building was designed by the famed architect Cass Gilbert. The Museum’s art collection, considered among the most comprehensive in the country, has resulted in the Museum’s per-capita attendance consistently ranking among the highest of our nation’s art museums. In the last few years, some of the prominent blockbuster exhibitions featured at the Museum includes the following:

» **Minimal Art from St. Louis Collections** (2005/2006)
» **Currents 96: Tim Eitel** (2005/2006)
» **Media Series: David Hammons, Phat Free** (2006)
» **Louis Comfort Tiffany** (2006)
» **Monet in the 20th Century** (2006)
» **Alfred Stieglitz (2005/2006)**
» **Paul Klee** (2006)
BUILDING BOOM

Missouri, like a number of other states, has seen an appreciable building boom in its arts facilities with several locations announcing expansion efforts in the last few years. In fact, a review of the burgeoning projects in Kansas City and St. Louis is ample demonstration on how the arts are being leveraged to act as a catalyst for economic revival. These expansion efforts, in addition to immediately generating artistic benefits, also will generate an array of positive economic benefits, both during and after construction. Even though there is sparse economic impact information on the expected benefits that will flow both during and after the construction phase of these expansion efforts, it is safe to conclude that huge positive fiscal benefits will flow to both the state and local levels.

The Pulitzer Foundation for the Arts Museum [St. Louis]13

This Tadao Ando—the Japanese, Pritzker Prize-winning architect—designed building remains a crucial addition to the cultural landscape in Missouri for several reasons: one, it is a facility that will house the noteworthy works of art from the impressive collection owned by Emily and Joseph Pulitzer, Jr. and two, its role in aiding the revitalization of St. Louis’ famed art, entertainment and education district of decades ago, the Grand Center. Since the Museum opened in October 2001, it has been hailed not only for its very effective role in rejuvenating the moribund Grand Center but also for its singularly unique architectural style, in itself, a work of art. The Museum, however, is very different from a conventional museum and does not feature blockbuster exhibitions that seek large crowds; instead, it is open only twice a week with only 50 people admitted (free) per half hour. It also is a non-collaborating institution that emphasizes programs that pursue links between art and architecture, principles of museum practice, and a very personalized experience with the arts.

Along with the many positive benefits ensuing as a result of its 2001 opening, perhaps the most important is the role the Museum has played in the renaissance of the Grand Center district. Among the many outstanding cultural and arts-related facilities in the vicinity of the Museum are Grand Center Inc.; Powell Symphony Hall (home of the St. Louis Symphony); Fox Theatre; KETC Channel 9; St. Louis Black Repertory Company; The Sheldon and art galleries; Contemporary Art Museum of St. Louis; Museum of Contemporary Religious Art, St. Louis University; Vaughn Cultural Center/Urban League; Saint Louis University Museum of Art; and the Bruno David Gallery. All these facilities have seen a surge in interest and participation rates after the opening of the Museum.

Saint Louis Art Museum [St. Louis]14

In September 2005, the commissioners of the St. Louis Art Museum announced that they had selected British architect David Chipperfield to design its building expansion and renovation. Chipperfield’s choice marked the end of a five-year planning process for the expansion that began in 2000 with the release of the Museum’s strategic plan. As mentioned earlier, while the St. Louis Art Museum ranks among the nation’s top echelon of art museums, it houses more than 30,000 works of art from practically every culture and time period. The new expansion, expected to encompass approximately 120,000 square feet—a 40 percent increase in space—will complement the original Cass Gilbert building that was built in preparation for the 1904 World’s Fair. With the sizable increase in its exhibit space with the expansion, the Museum hopes to feature more of its major works, including those by Matisse and Picasso, currently confined to storage. In addition, better circulation, enhanced technologies, improved security, climate-controlled systems, along with more space conservation facilities and library space, will all be a part of the expansion. Additional parking spaces—all parking will be underground—also is envisaged.

Contemporary Art Museum St. Louis [St. Louis]15

Highly regarded as one of the Midwest’s leading centers for modern art, the Contemporary Art Museum St. Louis began an important chapter in its history when it opened its new 27,000-square foot facility in the heart of St. Louis’ creative and cultural district, Grand Center, in September 2003. Long regarded as an important location among the nation’s non-collecting visual-arts institutions, the Contemporary Art Museum launched a $12 million capital and endowment campaign in 1999 for the new facility. The Brad Cloepfil-designed building nearly quadruples the Contemporary’s existing space and includes three galleries, a multimedia/performance/lecture space, a media lab/education center, lobby, courtyard, café and bookshop. Not only does the Contemporary have a fine reputation for hosting contemporary art exhibitions set up in close collaboration with the community, it also hosts innovative education and outreach programs. It also is noted for providing the first regional showings of works by numerous contemporary artists. While sharing a courtyard with the more famous Pulitzer Foundation for the Arts Tadao Ando-designed facility, the new Contemporary can has quickly gained a reputation as a fine addition to the evolving and expanding cultural landscape of St. Louis.

Nelson-Atkins Museum of Art (Kansas City)16

The Nelson-Atkins Museum is another Missouri facility in the process of undergoing a significant expansion to both its physical space and endowment. The centerpiece of the expansion effort is the addition of the 165,000-square foot Bloch Building, designed by architect Steven Holl and scheduled to open in 2007, that is expected to provide a refined counterpoint to the original, Beaux-Arts style building. Experts contend that the new building’s subdued architecture will add a strikingly contemporary note to the Museum’s original structure while still respecting the earlier architecture and retaining the integrity of the iconic 1933 building.
As noted earlier, the Nelson-Atkins Museum also embarked on a major capital campaign to both fund the expansion effort and the renovation of the original 1933 building that will facilitate an increase in the facility’s educational resources, programmatic capabilities and collections building. The other plank of this capital campaign was an effort to enhance the Museum’s endowment. Launched in 1997 as the Generations Capital Campaign, the Nelson-Atkins has secured a total of $344.3 million including $225.3 million in pledges to date, $60 million in bonds and $58 million from the board-led endowment initiative. According to estimates, the expansion effort alone will be a $200 million project.

Metropolitan Kansas City Performing Arts Center

A striking piece of architecture soon will transform downtown Kansas City’s skyline when Boston-based Moshe Safdie, one of the world’s leading architects, designs and completes work on a $326 million performing arts center to be built in the heart of Kansas City’s downtown district. Scheduled for an opening in 2009, the Center will host performances of the Kansas City Symphony, Kansas City Ballet, Lyric Opera and a number of other art organizations. The facility will include an 1,800-seat multipurpose facility (a venue for the ballet, opera, symphony and other non-musical organizations) as well as two parking garages.

While nearly $229 million already has been pledged to the Center, including $80 million from the Muriel McBrien Kauffman Foundation and $25 million each from the Julia I. Kauffman Donor Advised Fund, and the Ewing M. Kauffman Donor Advised Fund, the city of Kansas City has committed $47 million for two parking garages, and the Missouri Development Finance Board approved $25 million in tax credits, which will raise $50 million for the project.

Liberty Memorial Museum and Monument

(Kansas City)

Originally dedicated in November 1926 with President Calvin Coolidge in attendance, the third and final phase of the renovation of the Liberty Memorial Museum and Monument—recognized by Congress as the nation’s World War I Monument—currently is in progress. The project will add a 30,000-square-foot museum beneath the massive memorial. While the facility focuses on World War I and its “lessons of liberty,” the Museum will include high-tech, interactive exhibits and the largest collection of WWI artifacts in North America. Ralph Appelbaum Associates, the firm that designed the Holocaust Museum in Washington, D.C. and the National Constitution Center in Philadelphia, is designing the facility. In May 2002, the Liberty Memorial was rededicated and reopened to the public following a $90 million renovation and, in April 2004, it was given a further financial boost when Kansas City, Missouri, voters approved a $20 million bond issue. The latter funding round permitted the construction of a 230-seat auditorium and education center beneath the Liberty Memorial to host the many school groups and visitors that tour the facility (phase II).

Kansas City also is seeing an explosion in cultural and arts facilities, both for-profit and non-profit, that warrant mention at this point. The Nelson-Atkins’ expansion, for instance, is one of the many cultural and arts facilities in Kansas City that will see a significant expansion or renovation in the upcoming years. The series of fresh capital investments into the local cultural infrastructure, along with the major downtown and regional revitalization efforts, termed Kansas City’s $6 Billion Renaissance, is expected to be a major boost to the local, state and regional economies. In fact, among the large-scale civic and private projects currently underway are:

- Kansas City Live!, a downtown entertainment district on the eastern edge of the city that will transform the area into a 24-hour-a-day, seven-day-a-week district featuring restaurants and retail activity;
- Sprint Center Arena, a state-of-the-art, 20,000-seat arena that will open in 2007. The facility also will house the National Collegiate Hall of Fame, a venue that is expected to draw at least 150,000 visitors in its first year. In terms of fund-
The Economic Impact of the Arts in the South

In turn, the city will secure these funds from a $1.50 business fee applied to hotel rooms, a $4.50 increase in the daily car rental tax that was approved by voters in August 2005, and a 2.275 percent user fee on all ticket sales. On the private side, Anschutz Entertainment Group (AEG) will provide $50 million for the arena and also cover any construction overruns; Sprint Corporation will pay up to $2.5 million annually for 25 years for the naming rights to the overall facility; and the National Association of Basketball Coaches will provide $10 million;

The Power and Light District, a $835 million, nine-square-block entertainment, retail, office and residential district within walking distance to the convention center, scheduled to open in late 2006 (phase I). The district is touted as one of the premier entertainment districts in the South and Midwest and will feature unique shops, eclectic boutiques, art galleries, bookstores, live entertainment, a mix of restaurants and one-of-a-kind entertainment attractions;

H&R Block’s new corporate headquarters, a 525,000-square foot, 19-story office building housing 1,500 employees will move to the Power & Light District. Design elements of the building include a two-story glass lobby connecting the high-rise and low-rise structures featuring a 20-foot tall natural stone “water wall” surrounded by a seating area with bamboo flooring and a European-inspired piazza. The piazza will be marked by a clock tower and broad canopies, and filled with outdoor seating;

Hilton President Hotel - Kansas City, scheduled to open in 2006 at an estimated cost of $45 million;

Kansas City Convention Center expansion, scheduled to open in 2007 at an estimated cost of $135 million;

Kansas City Convention Center Renovation with an estimated cost of $22 million, opened in 2005;

MAX, Metro Area Express (a new bus rapid transit line that will connect the River Market, Downtown, Crown Center and the Plaza with fast, frequent and easy-to-use all-day service) built at an estimated cost of $21 million, inaugurated in 2005;

West Edge—Advertising Icon Museum with Bernstein-Rein Advertising Inc. anchoring a 205,000-square foot development one block west of the Country Club Plaza. The $100 million West Edge project, scheduled to open in late 2007, will include the Bernstein-Rein headquarters, a 103-room boutique hotel, a fine dining restaurant, retail space, a 261-seat auditorium and the Advertising Icon Museum. The latter will showcase the largest-known collection of three-dimensional advertising icons;

The Legends at Village West, an open-air shopping and entertainment district with an estimated cost of $248 million, is scheduled to open in 2006; and

Worlds of Fun - Patriot Roller Coaster with an estimated cost of $14 million, also scheduled to open in 2006.
OVERVIEW

Even though North Carolina had a long and storied history and tradition in the arts, crafts, literature, historical drama, and music, it was only in 1964 that then-Governor Terry Sanford signed an executive order creating the North Carolina Arts Council to strengthen the state’s creativity, invention and prosperity. Then, in 1967, the Council was statutorily established as a state agency, and currently operates as a division of the North Carolina Department of Cultural Resources, the nation’s first cabinet level state agency for the arts, history, and libraries.

In its mission to transform North Carolina to be a better state through the arts, the Council provides technical assistance, information resources, and more than 1,000 grants each year to non-profit organizations and artists. A 24-member board, appointed by the governor, oversees the operations of the Council as it administers state and federal funds appropriated for the arts.

FUNDING FOR THE ARTS

In response to the stifling fiscal crisis that swept across the country in the first few years of the decade, North Carolina, like practically every other state, was forced to initiate drastic cutbacks in state appropriations to a number of programs. State appropriations to the arts experienced reductions, and the trends for the five years under review are presented in Table 21.

As indicated in Table 21, the North Carolina Arts Council experienced severe setbacks in the funding levels it secured from the state during the review period. Even though the Council’s financial position was assuaged by the flow of funds from the federal government and private sources, the fact that an overwhelming proportion of its funds were state appropriations did pose challenges. For instance, between fiscal years 2001 and 2005, total funding secured by the Council shrank by more than 30 percent, from almost $9 million to $6.9 million. While the largest reduction in total funding was experienced between fiscal years 2001 and 2002 (almost 21 percent), the Council faced a cutback of more than 11 percent between fiscal years 2002 and 2003, and another reduction of one-half percent between fiscal years 2004 and 2005. Between fiscal years 2003 and 2004, the Council experienced an increase of almost 4 percent. In terms of purely state appropriations, the Council saw reductions of almost 30 percent between fiscal years 2001 and 2002 (the height of the state fiscal crisis), almost 14 percent between fiscal years 2002 and 2003, and a negligible reduction of 0.2 percent between fiscal years 2003 and 2004.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>State Funds</th>
<th>Federal Funds</th>
<th>Other Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2001</td>
<td>$8,351,064</td>
<td>$604,000</td>
<td>$333,000 Lila Wallace Foundation</td>
<td>$8,955,064</td>
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<tr>
<td>FY 2002</td>
<td>$6,440,119</td>
<td>$643,600</td>
<td>$5,000 Mary Duke Biddle Foundation</td>
<td>$7,421,719</td>
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<tr>
<td>FY 2003</td>
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<td>$334,000 Lila Wallace Foundation</td>
<td>$6,664,537</td>
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<tr>
<td>FY 2004</td>
<td>$5,648,134</td>
<td>$669,100</td>
<td>$333,000 Lila Wallace Foundation</td>
<td>$6,910,234</td>
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<tr>
<td>FY 2005</td>
<td>$5,919,562</td>
<td>$693,000</td>
<td>$260,000 Golden LEAF Foundation</td>
<td>$6,877,562</td>
</tr>
</tbody>
</table>

Source: North Carolina Arts Council, May 2, 2005
percent between fiscal years 2003 and 2004. On a positive note, between fiscal years 2004 and 2005, state appropriations actually increased by almost 5 percent. Similarly, on a positive note, federal funds channeled through the federal National Endowment for the Arts (NEA) increased by an average of 3.4 percent during the five-year review period.

In fiscal year 2001, the Council received $2 million in non-recurring state funds that were distributed as grants during that year. These funds were not available for distribution to grantees in the following fiscal year due to the cutbacks in state appropriations. In fiscal year 2003, as part of the governor’s efficiency cuts, the Council saw a further reduction of approximately $9,000 in state appropriations along with an added reduction of nearly $5,200 in its telephone and information technology budget; in addition, there was an overall budget cut of 8 percent. Instead of cutting staff, the Council opted to slash its operating support, grants, and special line items. Fortunately for the Council, in fiscal year 2005, the state restored its operating support level to before the 8 percent reduction in fiscal year 2003, and also restored support for grants to the fiscal year 2003 level.

During the period when the national financial picture was bleak, including North Carolina’s, the Council was fortunate to receive several grants from private foundations. For instance, the Lila Wallace Foundation (named after the co-creator of The Reader’s Digest Association), which seeks to strengthen education leadership to enhance student achievement, improve after-school learning opportunities and expand participation in arts and culture, provided a $1 million grant that was spread over three years. Then, the Golden LEAF Foundation, a non-profit corporation created in 1999 to receive one-half of the funds coming to North Carolina from the master settlement agreement with cigarette manufacturers, provided $260,000 in fiscal year 2004 and another $265,000 in fiscal year 2005. The Golden LEAF Foundation seeks to help North Carolinians (and North Carolina communities) make the transition from a tobacco-dependent economy through grants and investments to other economic activities. Similarly, the Mary Duke Biddle Foundation provided a small grant in fiscal year 2002 too.

In an effort to diversify its revenue sources and initiate innovative programs to promote the arts during the period of fiscal austerity, the Council embarked on several specific measures. As mentioned, securing funds from private foundations was a major factor here. More specifically, in 2001, the Council applied for a grant under a program designed by the Wallace Foundation to provide state arts agencies with a major infusion of funds over a three- to five-year period to help artists and arts organizations in different states increase, broaden, and diversify their participation in the arts. The Council was successful in receiving a grant of $1 million for this purpose. This funding enabled the Council to hire an additional staff person and create Learning Audiences NC, a major new audience development program. Conducted in collaboration with George Thorn and Nello McDaniel of Arts Action Research (AAR), who co-authored the book, Learning Audiences, and its sequel, Growing Audiences, this program consults with arts professionals and arts organizations on planning, leadership development and transition, board development, organizational structure and restructuring, and a full range of development, communication, and operating needs.

As a result of the funding received from the Wallace Foundation, during the past three years, 73 visual arts, performing arts, literary organizations, presenters, and local arts councils have participated in one of six 2-day Learning Audiences roundtables conducted by AAR. Participation in these workshops made the arts organizations eligible to apply for grants of up to $30,000 to support two-year demonstration projects that utilize the Learning Audiences concepts. As of May 2005, the Council had provided a total of $584,600 to 25 organizations across the state. Arts organizations that received funding continue to receive on-site consultations with AAR during their project period in addition to participating in two follow-up workshops.

As an example of a grantee under this program, the Charlotte Symphony created the McAdenville Project to utilize the medium of music to weave...
an account of the social and economic transformations occurring in one of the state's oldest mill communities, McAdenville, in Gaston County, not far from Charlotte. By the first half of 2005, the musicians were conducting "musical encounters" and interviews with mill workers and their families in order to collect stories and musical ideas for this commissioned piece that will be performed in McAdenville and surrounding counties. From these interviews, and frequent visits to McAdenville, emerged "Mill Village: A Piedmont Rhapsody," a musical tribute to the thousands of Carolinians who lived, worked, witnessed and felt what it was like to be part of a textile mill town that was crumbling. As the orchestra's tuba player noted, "[I]f you want your symphony to be organic to your community, this is the story we should set to music."

Along with the shaping of musical ideas, the project also resulted in a movie about the history and transformation occurring in McAdenville.

Another grantee, the Southeastern Center for Contemporary Art (SECCA), created the HOME House Project to demonstrate the benefits of good design and sustainable building practices in partnership with the affordable housing community. SECCA held a design competition and produced an exhibition that showcased the 440 design entries and 25 award-winning designs. Winston-Salem’s Housing Partnership will build six houses utilizing these designs. Already there is interest from across the country in the project.

Another revenue source for the Council during this period of fiscal austerity was the Golden LEAF Foundation. As previously noted, in 2003 the Council began applying for grants from the Foundation to distribute a portion of the state’s tobacco settlement money to assist tobacco-dependent counties in their transition to other economic activities. Subsequently, the Council, during the review period, received grants totaling $575,000 (including $50,000 for fiscal year 2006) to create an agri-cultural tourism initiative in the eastern and Piedmont regions of North Carolina, modeled on the Blue Ridge Heritage Initiative in the western part of North Carolina. In addition to stimulating sustainable tourism and showcasing the state’s rural riches in this portion of the state, another project goal involves creating a system to develop agri-cultural tourism throughout the state from inventory development through business planning, market research, and development of marketing and promotional material.

While the Council’s collaborating partners on this initiative were HandMade in America and the North Carolina Cooperative Extension Service, the project started in 16 eastern counties with the creation of three regional teams that included farmers, small business owners, and tourism and arts professionals. The teams initially attended a 3-day intensive HandMade Institute to learn the basics of trail development and how to build meaningful and authentic experiences for visitors. Based on instruction at these workshops, the teams established criteria and created consumer-friendly agricultural trails and itineraries, including those along I-40 and Highway 70 and around the Albemarle Sound. As of May 2005, four trails were available involving Art Roads and Farm Trails and were titled From the Front Porch to the Back 40; Music, Millponds, and Mousetraps; Raek Stew Ramble, and Red, White, and Blue. The trails feature peanut farms, goat dairies, artists’ studios, equestrian and canoe excursions, u-pick fruits and vegetables, harvest and farm festivals that include crafts and music, farm stays, and hollerin’ and watermelon-spitting contests. Based on these Golden LEAF grants, the Council will complete trails covering 77 counties, produce companion compact discs for travelers, and develop itineraries and packages during the next two years. Furthermore, county extension agents work side by side with Council staff to manage and oversee the implementation of this project.

**ECONOMIC IMPACT**

In the past five years there have been a number of studies assessing the economic impact of the arts in North Carolina. While most of these studies were localized and presented detailed economic impact information on specific counties or metropolitan areas, in 2004, the Council, utilizing a combination of state appropriations and federal (NEA) monies, funded a statewide economic impact study.

The following list presents a brief summary on the local studies along with greater details on the statewide study carried out in 2004.

- **1999-2000 – The Economic Impact of the Affiliated Members of the Charlotte Arts and Science Council.**
  - **Impact:** $94 million

- **2000 – The Economic Impact of the Arts in Wake County.**
  - **WESTAF Report**, commissioned by the United Arts Council of Raleigh and Wake County, funded by Wake County Commissioners, with additional support from the Raleigh Chamber of Commerce.
  - **Impact:** $67 million

- **2000 – Rodin (exhibition and festival) at the North Carolina Museum of Art.**
  - Economic impact study conducted by the Kenan-Flagler Graduate School of Business, University of North Carolina at Chapel Hill.
  - **Impact:** $26.8 million

A total of nearly 305,000 visitors attended the exhibition with 26 percent of the visitors traveling less than 99 miles; 34 percent of the visitors traveling between 100 to 299 miles; 13 percent traveling 300 to 499 miles; 14 percent traveling 500 to 999 miles; and 13 percent traveling 1,000 miles or more. While a substantial portion of the attendees (more than 60 percent) were female, more than 50 percent of the attendees were between ages 35 and 64. Of the visitors traveling at least 100 miles, 50 percent reported that the Rodin exhibition was their primary reason for coming to Raleigh.

Further demonstrating that cultural tourists are relatively affluent compared to other tourists, 57 percent of the visitors at the Rodin exhibition reported annual incomes greater than $50,000, and 20 percent reported annual incomes greater than $100,000. While the estimated total economic impact was $26.8 million, this total comprised lodging ($11.9 million) and
food ($10.7 million), with the remainder involving tickets and souvenirs at the Museum.

» 2002 – Arts and Economic Prosperity. Study funded and conducted by Americans for the Arts and focused on Buncombe County, North Carolina.  
Impact: $60 million

» 2003 – The Economic Impact of the Arts in Watonga County, N.C. Study conducted by the John A. Walker College of Business, Appalachian State University.  
Impact: $26 million

» 2004 – Just the Ticket: The Arts Make Money in North Carolina. Study conducted by the John A. Walker College of Business, Appalachian State University and funded by the North Carolina Arts Council.  
Impact: $723 million

This statewide study assessed the economic impact of non-profit arts organizations in North Carolina and clearly established the substantial economic impact of the arts in the state. Specifically, the study, released in June 2004, noted that the total economic impact of the non-profit creative sector in North Carolina was $723 million, including an estimated $131 million in volunteers’ time. The study also noted that the non-profit arts industry had created 6,669 full-time jobs in the state – just under 2 percent of the state’s total jobs – and that, between 1999 and 2002, cultural volunteerism increased 13 percent, while attendance at arts events rose 11 percent. In other words, more than 1 million North Carolinians – nearly one in every eight residents of the state – are active arts supporters, members, or volunteers. The study was based on data collected from 513 non-profit organizations, including performing arts groups, museums, local arts councils, and festivals.

The study reported that the direct economic impact of non-profit arts organizations in the state was an impressive $394.7 million. After using the very conservative multiplier factor of 1.5 and adding an estimate of the worth of volunteers’ time of $131 million, the study arrived at the total economic impact estimate of $723 million. As it noted, additional data from the for-profit sector, artists, education, film industry, informal arts, and festivals undoubtedly will add several hundred millions of dollars to complete the picture of the economic impact of the creative industry in North Carolina. For instance, the more than 6,100 craft artists in the state generated $538 million in revenue during the study’s review period.

Another level of contributions from the non-profit arts industry involves federal and state payroll taxes paid by these organizations. Based on sample statistics, while the average salary of full-time non-profit arts employees was $30,094, the minimum state and federal payroll tax withheld was estimated to be $32 million, or 16 percent of total payroll. Finally, the report indicated that arts funding is highly dynamic, with each grant dollar invested by the Council being matched by $24 other dollars locally.

» 2005 – Matisse, Picasso and the School of Paris: Masterpieces from the Baltimore Museum of Art. Information provided by the North Carolina Council of the Arts and from the North Carolina Museum of Art’s Website.  
Impact: $9.5 million

This 84-day exhibition, October 10, 2004 through January 16, 2005, attracted 123,595 visitors in total—an average of 1,471 visitors per day—and proved to be the second-best attended show in the Museum’s history. Not only did total attendance for this exhibition exceed expectations (the estimate was 100,000), it attracted visitors from around the state and the country, some of whom had never visited a museum before. In fact, Museum officials were prompted to offer a marathon 32-hour closing weekend event. Hence, the Museum opened at 9 a.m. on Saturday, January 15, and remained open throughout the night and through the day Sunday, closing its doors and the exhibition at 5 p.m. on Sunday, January 16, 2005. This 32-hour event boasted sellout crowds and more than 11,000 visitors.

The Matisse, Picasso exhibition resulted in an extensive marketing effort with the Greater Raleigh Convention and Visitors Bureau working with the Museum to accomplish this massive promotion. According to the Council, statewide advertising in newspapers, magazines, radio and television, along with an aggressive regional on-line campaign, reached more than 3.3 million targeted potential visitors. Then, the exhibition received exposure from a public relations effort that reached well over 32 million potential visitors across the nation, and the Museum’s Website activity doubled when compared to the same period of time in 2004.

CULTURAL HERITAGE TOURISM

According to the Council, North Carolina’s rich tradition in arts and crafts and abundant crafts venues across the state allows the state to attract a great number of cultural heritage tourists. As a result, the state has consistently focused on these advantages for some years now with various programs to spur cultural heri-
The Economic Impact of the Arts in the South

- "The Economic Impact of the Arts in the South..."

- "In addition to promoting festivals and performing arts events on its Website, the Council also funds the North Carolina Presenters’ Consortium (NCPC). The NCPC is “..."..."

- "Another strategy deployed by the Council in publicizing cultural heritage tourism and expeditions in North Carolina involves funding the publication of a series of other guidebooks. Included in this list are..."

- "An earlier section provided details on the funds that the Council (and its partners, Handmade in America and North Carolina Cooperative Extension Service) received from the Golden LEAF Foundation for a project aimed at stimulating statewide sustainable tourism and showcasing the state’s rural riches, especially in formerly tobacco-dependent (and now largely economically distressed) communities..."

- "The opportunity to tap into this cadre of relatively affluent cultural tourists has influenced the Council to promote and market cultural heritage tourism in North Carolina with brochures and rack cards that promote cultural expeditions and trails. In addition, the Council’s Website features cultural expeditions, with information and links to the Afri..."

- "The toolkit was..."

- "In 2005, the NCPC published the eighth edition of On Stage in North Carolina, the organization’s highly successful statewide guidebook to performing arts for tourists and travelers. Information in the guidebook is a useful tool to those cultural heritage tourists visiting the state..."

- "The state’s efforts to focus on cultural heritage tourism are driven not only by the desire to promote cultural heritage sites and activities, but to generate additional economic benefits too. Recent research showed that travelers who seek out culture and cultural events in North Carolina spent an average of $102.28 per person, per day; this is nearly one-third more than the national average of cultural and heritage travelers, and nearly twice the per-day spending of North Carolina’s general traveler. The average income of cultural tourists in North Carolina is $74,576, more than twice the fiscal year 2002-2003 national average of $30,906, and nearly twice the average of North Carolina’s household income ($38,432). The opportunity to tap into this cadre of relatively affluent cultural tourists has influenced the Council to promote and market cultural heritage tourism in North Carolina with brochures and rack cards that promote cultural expeditions and trails. In addition, the Council’s Website features cultural expeditions, with information and links to the African American Culture Tour, Discover Craft NC, the Blue Ridge Music Trail, Carolina Museways, the Cherokee Heritage Trail, and Gardens and Countryside Trails. This section of the Website also promotes Southern Festivals and the North Carolina Summer Performing Arts consortium, which features two outdoor dramas depicting the history and heritage of their respective areas. As so many other state arts agencies..."
designed to assist participants involved with HomegrownHandmade promote and develop heritage sites into visitor-ready tourism attractions. Once again, the Council has made this toolkit available in print and on its Website along with other multimedia tools that might be of use to participants and shareholders interested in promoting agri-cultural tourism.

As noted earlier, the Council also has been very active in promoting the state’s craft industry, including its history and current crop of crafts and artisans. In fact, 2005 concluded the Celebration of North Carolina Craft program, a two-year promotional effort—so proclaimed by Governor Easley—that highlighted North Carolina’s craft artists and products. Asheville, North Carolina, is considered the center of one of the top folk art and crafts regions in the United States, and more than 4,000 people residing in 23 western North Carolina counties make at least part of their living producing arts and crafts. These include paintings, sculptures, intricately patterned and hand-sewn quilts, hand-forged jewelry, pottery with custom-created glazes, blown glass of delicate prism-like colors, ornate pieces carved from fine-grained native wood, fabrics woven of hand-spun wool, and much more. In addition to the ongoing educational programs regarding the arts and crafts unique to the region, a number of festivals and shows are held in the region several times a year that not only generate publicity about the work and history of the artisans but also bring in tourists from around the region and the country.

The Celebration of North Carolina Craft was sponsored by the N.C. Craft Coalition, a coalition of 19 craft organizations that joined together to promote North Carolina as a cultural tourism destination. The N.C. Craft Coalition, an entity funded by the North Carolina Arts Council, also partnered with local convention and visitors’ bureaus in a number of North Carolina cities and towns to produce two television ads promoting crafts in the state. The Council also worked collaboratively with the North Carolina Department of Transportation (DOT) on a project that resulted in the 2004 and 2005 state maps printed by DOT prominently featuring The Celebration of North Carolina Craft promotional effort. The maps promoted a new Website that directed visitors to craft-based organizations, including museums, galleries, schools, and art centers, all in an effort to lure more cultural heritage tourists to the state.

Another cultural heritage tourism initiative involves the state’s efforts (led primarily by the North Carolina Office of Archives and History) to actively promote North Carolina’s Civil War history. The major component of the project involves colorful markers that highlight Civil War sites throughout the state and describe how North Carolina’s involvement in the war began and ended at the state capitol when two former governors surrendered to Union forces led by General William T. Sherman. Along with maps, brochures and web announcements, the markers are part of an effort—in concert with Virginia and Maryland—to define a multistate Civil War Trail. Even though North Carolina has long promoted its Civil War sites, this June 2005 project helps link and package this with the efforts of other states to jointly attract heritage tourists. Civil War tourism is a multibillion dollar industry and the placement of the 150 markers in mid-2005 (at least 100 more are planned) in North Carolina will be crucial in attracting more tourists to the state.

In the early years of the North Carolina Arts Council, grants were awarded to major heritage organizations to help develop marketing materials. These grants are now included in the general support budgets provided by the Council. Beginning in 1999, the Council awarded grants to develop statewide and regional tourism marketing efforts and in 2000 and 2001, additional funds were made available through the Blue Ridge Heritage Initiative.

While North Carolina was the last of the 11 Southern states to join the Confederacy, the state sent more troops (125,000) and endured the most fatalities (40,000).
North Carolina Museum of Art [Raleigh]
» Monet to Moore: The Millennium Gift of the Sara Lee Corporation (September to November 1999)
  Visitors: 81,090 (an attendance level over 50 days that broke all previous records)
» Rodin (April to August 2000)
  Visitors: 305,000 (the highest number of visitors to attend an exhibition at this venue)
  Economic Impact: $26.8 million
» In Praise of Nature: Ansel Adams and Photographers of the American West (October 2000 to January 2001)
  Visitors: 78,378
» Matisse, Picasso and the School of Paris (October 2004 to January 2005)
  Visitors: 123,594
  Economic Impact: $9.5 million
» Monet in Normandy (October 2006 to January 2007)
  Anticipated Visitors: 200,000
» Treasures of Egyptian Art from the British Museum (April to July 2008)

Asheville Art Museum [Asheville]
  Visitors: 20,084
  Economic Impact: $723,024
» Classic Images: From the Ansel Adams Archive (July to October 2004)
  Visitors: 30,490
  Economic Impact: $1,097,640
» Black Mountain College: Its Time and Place (January to April 2006)
  Visitors: 10,000 (estimated)
  Economic Impact: $360,000 (estimated)
» Black Mountain College: Experiments in Materials and Form (April to July 2006)
  Visitors: 10,000 (estimated)
  Economic Impact: $360,000 (estimated)
» Black Mountain College: Collaborations and Interdisciplinary Dialogues (August to November 2006)
  Visitors: 10,000 (estimated)
  Economic Impact: $360,000 (estimated)

Hickory Museum of Art [Hickory]
» Aftermath: Images from Ground Zero (January to April 2005)
  Visitors: 15,000
  Economic Impact: $540,000

Mint Museum [Charlotte]
» Selections from the Chasasoff Ceramic Collection (November 2000 to May 2001)
  Visitors: 28,434
  Economic Impact: $1,023,624
» The Sport of Life and Death: The Mesoamerican Ballgame (September 2001 to January 2002)
  Visitors: 37,365
  Economic Impact: $1,345,140
» The Gilded Age: Treasures from the Smithsonian American Art Museum (January to April 2002)
  Visitors: 31,135
  Economic Impact: $1,120,860
» Narratives of African American Identity: The David Driskell Collection (August to October 2002)
  Visitors: 37,980
  Economic Impact: $1,367,280
» Edward Hopper: The Paris Years (February to June 2003)
  Visitors: 29,619
  Economic Impact: $1,066,284
  Visitors: 23,256
  Economic Impact: $837,216
» Raphael to Monet: European Masterpieces from the Walters Art Museum (October 2003 to January 2004)
  Visitors: 52,310
  Economic Impact: $1,883,160
» The Artful Teapot: 20th Century Expressions from the Kamm Collection (January to May 2004)
  Visitors: 20,321
  Economic Impact: $731,520
» The Nature of Craft and the Penland Experience (July 2004 to January 2005)
  Visitors: 25,117
  Economic Impact: $904,212
» Georgia O’Keeffe from Southern Collections (2002)
  Visitors: 12,800
  Economic Impact: $460,800

Nasher Museum at Duke University [Durham]
» The Evolution of the Nasher Collection (October 2005 to June 2006)
  Visitors: 100,000 (estimated)
  Economic Impact: $3,600,000 (estimated)

Weatherspoon Art Museum [Greensboro]
» The Prints of Andy Warhol (2001)
  Visitors: 11,000
  Economic Impact: $396,000
  Visitors: 12,800
  Economic Impact: $460,800
» Georgia O’Keeffe from Southern Collections (2003)
  Visitors: 11,000
  Economic Impact: $396,000

BUILDING BOOM
According to the Council, with more than 45 art building projects currently in the planning, design development, capital campaign or construction phase, and an additional 20 arts infrastructure projects completed since 2001, North Carolina is undergoing a significant upswing in building for the arts. While expenditures or estimated costs for the aforementioned building projects exceed $300 million, current per building project costs range from $65 million to a few hundred thousand. More importantly, there is a great deal of discussion and enthusiasm at every level—public and private/corporate sectors—to design new and expanded arts venues in various North Carolina cities and metropolitan areas, a trend that many arts advocates consider very promising.

The following represents a sampling of the major museum construc-
tion or expansion projects along with the estimated costs.

» Kamm Teapot Museum, Sparta ($12 million)
» North Carolina Museum of Art, Raleigh ($65 million)
» Mint Museum, Charlotte ($32 million)
» Asheville Museum of Art, Asheville ($18 million)
» Cameron Museum of Art, Wilmington ($10.5 million)
» Ackland Art Museum at the University of North Carolina-Chapel Hill ($20 million)
» Nasher Museum of Art at Duke University, Durham ($23 million)
» Turchin Center for the Arts, Appalachian State University, Boone ($9 million)
» Fine and Performing Arts Center (formerly Belk Gallery), Western Carolina University ($1 million)
» Delta Fine Arts Center, Winston-Salem

With regard to the proposed $65 million expansion effort at the North Carolina Museum of Art, the goal of advocates was to secure $50 million from the state with Raleigh and Wake County contributing the remaining $15 million. While the House Finance Committee approved a $50 million bond issue to this effect during the 2005 legislative session, the governor responded that he could not support loading the state with additional debt to finance a cultural project, i.e., the Museum’s expansion. (A similar circumstance occurred in Virginia when an effort to finance a variety of arts projects totaling nearly $86 million with a bond issue was rejected on the grounds that the state should not acquire additional debt for this purpose). Even though the $50 million bond effort failed, lawmakers did approve $10 million to commence construction of the expansion in fall 2006.

The Museum’s expansion would include a glass-sheathed 90,000-square foot facility longer and wider than a football field with galleries, gardens and pools under an undulating roof punctuated by hundreds of skylights; a piazza and fountains would link the new building with the old. This expansion project originated when a donor promised the Museum a cache of Rodins (valued at more than $25 million), by the end of 2008, that would enable the Museum to house the most significant collection of Rodins in the South and in the top 10 nationwide. In a ceremony in November 2005, when the donor/philanthropist Iris Cantor, formally announced that she would donate 22 Rodin sculptures to the Museum, Governor Easley reiterated his complete support for the expansion effort indicating that he wants to “make it happen.”

Another noteworthy art project garnering attention in Raleigh involves the work of Spanish sculptor Jaume Plensa, whose work soon will stand in the middle of Fayetteville Street recently reopened to cars (a $10 million project), and alongside the city’s new convention center (a $215 million project). The $2.5 million Plensa project, featuring a wall of water and a thin grid of stainless steel wires, is the result of a private gift and has been touted as “the potential for becoming one of the great public art works in America.” Critics have praised Plensa’s work for being abstract without being dense.

In addition, a number of counties, universities, and municipalities across the state also are engaged in constructing new visual and performing arts venues and a sampling of some of these projects include the following:

» ImaginOn, Charlotte ($35 million)
» Imperial Performing Arts Center, Rocky Mount ($18 million)
» Old Mill Cultural Center, Hendersonville ($16 million)
» Memorial Hall at University of North Carolina, Chapel Hill ($15 million)
» Arts, Civic and Technology Center at Edgecombe Community College, Tarboro ($11.5 million)
» Blowing Rock Arts Center, Blowing Rock ($8 million)
» Richmond Art Center, Rockingham ($2.3 million)

» Pasquotank Art Center, Elizabeth City ($2.1 million)
» Pocosin Arts, Columbia ($3 million)

Durham: Under the rubric of counties, municipalities and universities leading the charge to enhance their cultural capacities, the efforts of Duke University remain important. Since 1999, the city of Durham has explored the idea of a performing arts center and theater downtown. In April 2005, the likelihood of this project became more realistic when Duke University agreed to contribute more than $3 million to the $35.5 million fundraising project, along with another contribution that still is to be determined. While a bulk of the venue’s construction costs would come from the city’s hotel tax revenue, construction of the 2,800-seat theater could begin as early July 2006, with a completion date of spring 2008. The center is expected to book at least 100 acts every year along with meeting the needs of the 150 or so arts organizations in Durham.

Cary: Similar efforts are underway in Cary with a non-profit foundation entrusted with raising $30 million to build a downtown performing arts center. For its past projects (a $12 million amphitheater, $6 million tennis center, and $10.5 million baseball field), Cary has relied on city hall to provide the funds; for this arts project, in contrast, the foundation will be approaching a variety of private sources for the funds. Given that Cary is home to such corporations as the SAS Institute, and 33 percent of all households in the city have an annual household income above $100,000, the foundation is confident of raising the necessary funds from private sources (individuals and corporations/businesses). Businesses in downtown Cary enthusiastically support the project and are expected to be major contributors of the proposed 1,200-seat center that would include an $11 million arts center in the old Cary Elementary School, $2 million digital media center and a $10 million parking garage.

Charlotte: Charlotte’s effort to construct, renovate and expand its arts and cultural venues offers very instruc-
The Economic Impact of the Arts in the South

The genesis of the city’s arts leaders to devise a funding strategy for new arts and cultural facilities goes back more than four-and-a-half years to June 2001, when a non-binding referendum to build several cultural venues and an arena was rejected by voters. In November 2003, after revising their plans and approach, arts leaders unveiled the first version of its latest effort to introduce new uptown museums and theaters to Charlotte: a plan that involved $236 million (public and private funds) for a number of arts projects. In May 2004, Duke Energy ($2 million), Bank of America and Wachovia Bank (both at $8 million) indicated their initial financial commitment to this project. After further discussion and additional revisions scaling down their plans, in February 2005, arts leaders indicated that their latest list of projects would cost the city $117 million and the county $30 million, for a total of $147 million. This February 2005 plan included six projects: renovations to Discovery Place; a 1,200-seat theater; an uptown Mint Museum of Art; a new modern art museum to be called the Bechtler Art Museum that would house $20 million in art gifted by Charlotte businessman and collector Andreas Bechtler; an Afro-American Cultural Center; and the North Carolina Dance Theater.

The most likely sources of revenue for these costs would be a rental-car tax increase, a new tax on uptown parking and money freed up if the city required the arts groups to assume more of their own operating costs. However, as expected, these additional costs still raised a number of questions related to whether the city and county should be devoting scarce resources toward the arts when general fund revenues were sorely needed for police, roads and schools. Given these constraints and the fact that, in late February 2005, the city of Charlotte had a $12 million budget shortfall alongside demands for more police officers, city officials requested that the arts group consider combining projects to lower overall costs. Yet, reports noted that the Mint and modern art museum (that would house the Bechtler collection) could not agree on sharing a location.

Given the assortment of difficulties, in late April 2005, arts officials scaled down their version of new and revamped arts facilities in Charlotte yet again to $100.3 million (from $147 million), with the city share amounting to $65 million and the county share amounting to $36 million. A further twist to the larger effort surfaced around the same time when Wachovia announced that its expanded vision for developing the city involved a new tower and condominiums ($400 million complex) that would yield sufficient property taxes to build both the Bechtler Art Museum and the 1,200-seat theater. By December 2005, both city and county officials had voted on supporting this move and agreed to commit $41 million in expected property taxes from this Wachovia project to the arts projects.

The next hurdle that has to be overcome by city, county, corporate and arts officials in Charlotte and Mecklenburg County is securing support in the General Assembly for an increase in the rental-car tax from the current 11 percent to 15 percent, a hike expected to generate enough money annually to fund $81 million of the arts package. This will prove to be a challenge for arts proponents because the entire Mecklenburg County state legislative delegation’s support remains crucial for the passage of this rental-car tax hike in the General Assembly; already, several legislators have voiced their opposition to the proposed tax hike on the grounds that it amounts to an increase in taxes. At least one rental car industry member has begun...
lobbying efforts against the proposed increase. Advocates indicate that imposing the rental-car tax hike only at the airport might be more palatable since it would most likely only affect out-of-town travelers while sparing local renters.

The progress of this resolution will be closely watched when the General Assembly meets in mid-2006, given the varied obstacles that still have to be overcome. The involvement and commitment of the corporate community continues to be critical in all these discussions, and the presence of major players like Bank of America and Wachovia remains vital. In all the discussions, the corporate community has stressed the fact that a vibrant uptown in Charlotte, with a thriving arts and cultural scene, continues to be an important consideration in their recruitment programs and for enhancing the quality of life in Charlotte.

A number of smaller rural communities are working toward including art spaces in multi-use centers. In these instances, many of the arts building projects have involved or will involve the renovation of abandoned textile mills, manufacturing and retail spaces, banks, vaudeville theaters, schools and other historic sites in downtown areas, a trend that could precipitate the economic and cultural revitalization of these communities. Two of these projects include:

» Stecoah Valley Craft, Heritage and Education Center, Robbinsville ($1.2 million)
» Ebbs Chapel Community Center, Madison County ($2 million)

In an example of efforts to convert buildings soon-to-be-shuttered to arts venues, there is momentum to convince officials that the gymnasium of the Dorothea Dix Hospital should be provided to musicians of the Philharmonic Association for rehearsals.20 The 300-acre Dix hospital campus is scheduled to be closed in 2007, and the Philharmonic Association, which draws more than 250 musicians aged 18 and younger from around region, is seeking the hospital’s gymnasium as a practice facility. The state and city are exploring various options with regard to the future of the campus and some of the proposals include establishing a botanical garden, a “Central Park” for Raleigh, new offices, laboratories for up to 3,700 workers, or even taking advantage of the development potential of the property by selling parcels of land.

In conclusion, a number of North Carolina cities operate impressive arts facilities and the descriptions provided reinforce the fact that there continues to be significant interest among many sectors–private, public and community–in expanding these facilities.

OTHER

An issue that surfaced in North Carolina that might have some interest in other settings concerns an audit that was released in January 2006.21 The state auditor’s concerns involved the role of the North Carolina Museum of Art Foundation, an organization established in 1969 that raises millions of dollars from private donors to supplement the financial position of cultural organizations like the North Carolina Museum of Art and North Carolina Symphony. For instance, the audit raised concerns over the Foundation augmenting the salaries of about 50 staff (including the executive director, whose total compensation from the state and the Foundation in 2005 amounted to $358,041) at the Museum and about six staff at the symphony, rationalized as a way to retain these employees from leaving for higher-paying jobs.

In response, the Foundation maintains that its relationship with key cultural treasures in the state, like the Museum and the Symphony are a fine example of a vibrant private-public partnership that has enabled the Museum, for instance, to expand its education program, bring in major exhibitions, convert the neighboring youth prison into a park and retain the services of the executive director at a time of unprecedented growth and acclaim for the Museum. The director is credited with wooing major donors and national attention to the Museum, along with blockbuster exhibitions (with more planned for the future), that will generate a huge amount of positive media and economic benefits at the local and state levels. In addition, the state’s Department of Cultural Resources, the state entity that oversees the Museum, also has disagreed with many of the audit findings and maintained that is has been working to resolve the supplemental salary issue for two years. The Department of Cultural Resources also noted that it had worked with the Foundation to review and reorganize its role in the affairs of such hybrid organizations as the Museum and the Symphony, cultural entities that receive both public and private funds. Critics of the audit also maintain that at a time when public funding for the arts remains under great pressure, the role of organizations like the North Carolina Museum of Art Foundation is crucial for the continued expansion of arts and culture in the state.
The Oklahoma Arts Council celebrated its 40th anniversary last year after being created in 1965 with major assistance from then-Governor Henry Bellmon and the Legislature. With $11,500 appropriated from the Legislature and an additional $36,000 from the federal National Endowment for the Arts (NEA), the Council was able to fund touring performances to eight Oklahoma towns along with a limited number of visual arts and technical assistance programs by 1967. In the subsequent four decades, the Council’s outreach and program efforts have increased exponentially and thousands of matching grants to cultural organizations, schools and local governments have been funded through appropriations received from state and federal funds.

In fact, one of the most important ways the Council accomplishes its objectives is by providing grants to a range of organizations to deliver arts and arts education programs. During the past 40 years, the Council has provided grants to more than 1,000 organizations throughout the state. The latter development also is very important because until the Council began its numerous programs across the state, Oklahomans were limited to enjoying and participating in the arts in the state’s larger metropolitan areas or in other states. However, over time, with the Council’s active involvement, logistical and financial support, Oklahomans in every corner of the state now have the opportunity to create, perform or attend arts activities.

In carrying out its mission “to lead, cultivate and support a thriving arts environment, which is essential to quality of life, education and economic vitality for all Oklahomans,” the Council’s work is overseen by 15 members, all private citizens, appointed by the governor and confirmed by the state Senate to serve three-year terms. The Arts Council members are assisted in the implementation of various programs by a staff of 17. The Council receives funds primarily from state appropriations and the federal government, with additional funds flowing in from other public sources. The Council did not secure any funds from private sources during the review period.

### FUNDING FOR THE ARTS

The fiscal situation in Oklahoma reflected the trends in other states dur-

### Table 22

Funding to the Oklahoma Arts Council Fiscal Years 2001 through 2005

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<th>Fiscal Year</th>
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<th>Federal Funds</th>
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Source: Oklahoma Arts Council, May 2, 2005
The Economic Impact of the Arts in the South

For the Council, declines in every year of the review period (between fiscal years 2003, to $3.9 million in fiscal year 2001, to $4.3 million in fiscal year review period, from $4.7 million declined by -16 percent during the five-year period. (a marginal increase of 2 percent) became 22. Cumulatively, funds flowing to the Council's coffers are presented in Table 22. Funds flowing to the Council experienced a -16 percent decline between fiscal years 2001 and 2005, from $5.6 million to $4.7 million. Except for the final year in the review period, fiscal year 2005, total funds received by the Council declined every year: from $5.6 million to $5.5 million (by -2 percent) between fiscal years 2001 and 2002; from $5.5 million to $5.3 million (by -4 percent) between fiscal years 2002 and 2003; from $5.3 million to $4.6 million (by -12 percent) between fiscal years 2003 and 2004; and from $4.6 million to $4.7 million (a marginal increase of 2 percent) between fiscal years 2004 and 2005.

In terms of the specific funding sources, state appropriations, the largest source of funding for the Council declined by -16 percent during the five-year review period, from $4.7 million in fiscal year 2001, to $4.3 million in fiscal year 2003, to $3.9 million in fiscal year 2005. Except for the final year of the review period (between fiscal years 2004 and 2005), state appropriations to the Council declined in every year with the largest decline (-11 percent) occurring between fiscal years 2003 and 2004.

The Council's second most important source of funding during the review period was secured from the federal NEA. Optimistically, in a trend reflected in a number of other SLC states, these federal funds increased from $429,000 in fiscal year 2001, to $584,100 in fiscal year 2003, to $633,100 in fiscal year 2005. The percentage increase between the two bookend years of the review period amounted to an impressive 28 percent. Except for between fiscal years 2003 and 2004, when the percentage increase was negligible, the increase in federal funds to the Council approached double digit growth rates in every other year. Specifically, the Council secured increases of 8 percent between both fiscal years 2001 and 2002 and fiscal years 2004 and 2005; then, between fiscal years 2002 and 2003, the Council's increase was 10 percent.

The final source of funds to the Council during the review period involved state funds, but these funds were channeled to the Council by means of other state agencies: specifically, the Department of Education and Department of Human Services. Given the tightening budget situation at the state level, funds from these agencies also dropped off, from $429,307 in fiscal year 2001 to $175,085 in fiscal year 2005, a decrease of -59 percent.

Finally, in terms of the relative importance of these different funding sources to the Council, state legislative appropriations continued their dominance between fiscal years 2001 and 2005. While this proportion remained relatively unchanged (a slight decline from 84 percent of total funds in fiscal year 2001 to 83 percent in fiscal year 2005), the relative importance of federal funds increased at the expense of other funds. Between fiscal years 2001 and 2005, federal funds had increased in importance from 9 percent of total funds to 13 percent; in contrast, other funds declined from 8 percent of total funds to 4 percent during this five-year period.

ECONOMIC IMPACT

In the last two decades or so, there have been many studies conducted in Oklahoma on the economic impacts of the arts often covering the entire state and sometimes covering specific metropolitan areas, such as Oklahoma County and Tulsa County. The two most recent studies, released in 2003 and 2004, respectively, were entitled the Economic Impact of the Arts in Oklahoma and Economic Impact of the Non-Profit Arts in Oklahoma County.

Economic Impact of the Arts in Oklahoma

In December 2003, the Center for Economic and Business Development at Southwestern Oklahoma State University released a study announcing that economic activity from public funding for the Oklahoma Arts Council stimulated an average of $270.2 million a year throughout the state of Oklahoma. In formulating the structure of this report, the study computed the employment, output, income, tax and population impacts of the Council's activities over a seven-year period, 2003 through 2010. The results of the study were strikingly important because they strictly represented the economic impacts of the arts events and non-profit organizations receiving support from the Council; the study notably did not include the economic impacts of arts events and organizations that did not receive funds from the Council. Hence, it is very reasonable to assume that if the full panoply of arts organizations throughout the state had been included in the study, the $270.2 million annual economic impact would have been significantly greater.

As indicated previously, the report assessed the impact of the Council's activities on five specific areas. In order to grasp the full effect of these economic impacts, further descriptions of these specific areas remain relevant at this time.

Employment Impacts: For the time horizon of 2003-2010, the arts events and organizations supported by the Council are estimated
to have an employment impact of 4,519 jobs per year. While nearly two-thirds of these jobs are expected to be in the state’s service sector, other sectors benefiting from the impacts are the state’s trade (wholesale and retail), construction and government. As expected, a bulk of these jobs are in the Oklahoma City metropolitan area (2,515 jobs), with the Tulsa metropolitan area (827 jobs) commanding the next highest number of jobs.

**Income Impacts:** On the income front, the events and organizations supported by the Council’s activities are expected to impact the state’s proprietors’ and labor income (total income) to the extent of a net present value (NPV) of $1.056 billion between the time period 2003 and 2010. Of this amount, a majority involves disposable personal income ($840,008 million) with the remainder split between income taxes ($112,182 million) and income adjustments* ($103,443 million). Once again, the state’s largest metropolitan area, the Oklahoma City metropolitan area, with a total income impact from 2003 to 2010, ranked the highest with a NPV of $582.1 million. The Tulsa metropolitan area’s total income impact ranks second with a NPV of $210.3 million.

**State Tax Impacts:** Importantly, the economic activity generated by the activities of the Council leads to tax revenue at the state (income and sales), county and city levels (sales and property). Income taxes received by the state from employment supported by arts-related activities initiated by the Council are expected to average $4.5 million per year between 2003 and 2010; the NPV of this revenue source for the duration is estimated to equal $29.7 million. Sales tax revenue flows to both the state and counties and cities. Annually, consumption activity related to the Council’s spending is estimated to generate $6.5 million with the NPV of this revenue source amounting to $42.1 million for the seven-year period. With respect to the specific state sales tax component, the report indicated that it will amount to $3.7 million per year, the remainder being remitted to the counties and cities. Property tax revenues also are impacted positively by the Council’s activities and the NPV for the 2003-2010 period is projected to be $3.5 million.

**Population Impacts:** This is a calculation of the potential impacts of the Council’s activities and refers to the number of people (5,184 by 2010) that are estimated to remain in Oklahoma because of the arts activities related to the Council. These are people estimated by the study that would have left the state if the arts events and organizations supported by the Council did not take place. Once again, a majority of those people live in the Oklahoma City metropolitan area.

**Output Impacts:** As noted at the outset, the $270.2 million per year generated by the arts events and organizations supported by the Council remains a sizeable amount of economic activity. In terms of the NPV for the 2003-2010 time frame calculated by the study, this total economic impact, which includes consumption, investment and government spending, net exports and intermediate demands, leaps to $1.8 billion, once again a very impressive figure. Regionally, the economic impact amounts to $155.7 million per year and $1.010 billion NPV over the 2003-2010 period for the Oklahoma City metropolitan area. Alongside the statewide and major metropolitan area economic impacts of the Council’s activities, the study also highlighted a number of additional features:

*Income adjustments include dividends, rent, transfer payments, interest income and net residential adjustments. The sum of disposable personal income, taxes and income adjustments equal proprietors’ and labor income. The sum of taxes and disposable income equals personal income.
donations, paid admissions to cultural events and expenditures made by out-of-county visitors, amounted to $158 million during the review year, these organizations also attracted an additional $34.1 million in grants, contributions, in-kind donations, ticket sales, subscriptions and memberships.

The report noted that the total economic impact created in the county rose to $486 million as a result of the economic multiplier effect. For instance, these arts and cultural organizations spent $53 million to meet their operational expenses, an action that added $1.1 million to state and local tax revenues. The report revealed that the organizations invested $95 million in capital projects, such as new buildings and equipment, a trend that resulted in additional economic ripple effects in the total economic impact. Finally, the study indicated that these cultural organizations employed nearly 1,500 Oklahomans (both full-time and part-time), once again, a trend that leads to additional positive economic effects.

In comparing the results of a similar study that was carried out in 1998, the 2003 study reported that, impressively, non-profit cultural organizations in Oklahoma County produced 80 percent more economic impact in 2003 compared to the previous study, despite declines in funding and volunteerism. The 1998 study revealed that arts and cultural organizations in the county had an economic impact of $260 million. On the negative side, the 2003 study noted that there was a decline in the number of children served by arts education programs between the two review periods: in 1998, there were 500,000 students served by sponsored programs and activities while in 2003, the number declined to about 368,000. Similarly, 125,000 students were enrolled in arts education courses or learning activities in 2003, compared with 196,000 in 1998. Another negative index that surfaced in the 2003 study involved a decline in volunteerism, a phenomenon that, once again, reflected national trends. Given the pressures faced by households and families as a result of the shrinking economy and fiscal hardships, the number of people volunteering their time and services at arts-related events declined from 11,000 in 1998 to 8,900 in 2003. Interestingly, while the recent study found that fewer people volunteered their time, they provided more hours of service (182,000 hours vs. 146,000 hours).

In closing, the report noted that not only are the economic impacts of the arts and cultural organizations in Oklahoma County similar to that of a major industry, “beyond the numbers, it brings a quality of life to those already living here and offers something to people looking possibly to relocate.”

CULTURAL HERITAGE TOURISM

In a trend that is rapidly gaining increasing popularity in many states, Oklahoma is developing its cultural heritage tourism. On the arts and cultural front, this task is handled by the Council's Cultural Development Office, while the tourism aspects are handled in cooperation with the Oklahoma Division of Travel and Tourism. Toward this end, the Council provides cultural development and capacity building services to rural and underserved communities including helping arts organizations across the state identify and develop their own arts and cultural resources; identify traditional artists; and form regional cultural networks.

One of the most important strategies deployed by the Council to stimulate interest and explore ways to expand cultural heritage tourism involves the Cultural Crossroads, a cultural heritage tourism symposium that has been held every spring since 2003. The Council, in partnership with a number of other local, state, regional, federal and national organizations, has continued to hold this conference annually to encourage and stimulate public interest and participation in cultural heritage tourism as a tool for economic development.

During the educational sessions which include presentations by nationally known experts in this burgeoning field, registrants explore economic development strategies in cultural tourism, discuss strategies in developing and promoting an authentic cultural heritage experience to attract the cultural tourist to their communities, and learn how to access funding and technical assistance for cultural development and programming. The overarching theme concerning this topic is the well documented fact, stressed in chapter 4 of this report too, that cultural heritage tourists on average are more affluent, better educated, older, visit for longer and spend considerably more money than regular tourists. Consequently, there have been significant efforts devoted by states and local governments across the country to try and attract more and more of these tourists to their jurisdictions.

In Oklahoma, during the fall of 2004, the city of Guymon sponsored a symposium to help western Oklahoma communities develop a tourism profile focusing on regional cultural heritage. The interesting aspect of this educational conference was the fact that it was a multistate effort, involving Oklahoma, Texas and Kansas, and attendees identified the cultural assets in their communities, established substantive regional networks, developed marketing strategies for their tourism products, prepared for the cultural visitor and learned how communities are revitalized by actively celebrating and sharing their cultural heritage. Complementing the classroom-style instruction were traditional artists and craft demonstrators, performances, and traditional foods offered as examples of the region's cultural treasures.

BLOCKBUSTER EXHIBITIONS

During the review period of this report (fiscal years 2001 through 2005), the Council listed several major exhibitions that had been held in Oklahoma City. The Council also listed several exhibitions scheduled to be held in the immediate future that undoubtedly will generate a great deal of interest and economic impact. While this is not a comprehensive list of all the major
exhibitions held across the state, it is indicative of the efforts initiated by arts and cultural organizations in Oklahoma to feature world-class art in the state.

Dale Chihuly: The Exhibition
Dale Chihuly, long credited with developing glass as an artistic medium in the United States and considered the most renowned artist working in glass worldwide, was the feature artist at an exhibition at the Oklahoma City Museum of Art between April and August 2002. His work is exhibited throughout Europe, Australia and Asia in public buildings, waterways and museums. The exhibition was made possible through funding from the Oklahoma Arts Council and an anonymous gift and included 18 groupings of work and installations along with a permanent installation for the Museum atrium: a tower 55 feet tall, the largest of any Chihuly sculpture to date. According to the Council, more than 100,000 visitors attended the exhibition from all 50 states and 43 foreign countries. Given the surging interest generated during the Chihuly exhibition, a decision was made to initiate a fundraising effort to collect $3 million and purchase the items in the exhibition. With the assistance of numerous corporate, foundations, private and other donors, a short while before its June 30, 2004 deadline, the Oklahoma City Museum of Art ended a 22-month campaign and completed the purchase of the collection. In fact, the Museum’s fundraising effort was so successful that it even exceeded its $3 million campaign goal.

Millet to Matisse: 19th and 20th Century French Paintings from Kelvingrove Art Gallery in Glasgow, Scotland
Held at the Oklahoma City Museum of Art between September and December 2004, the exhibition represented one of the most important collections of French painting in Great Britain. While the Museum was one of six U.S. museums to host the exhibition, it included some of the best French Impressionist and Post-Impressionist paintings to be seen outside of Paris and offered visitors the unique opportunity of seeing extraordinary paintings previously not exhibited in the region. Once again, funding to bring this exhibition to the Museum involved a number of sources, including the Oklahoma Arts Council. According to the Council, attendance at the exhibition exceeded 50,000.

Art as Narrator: 19th Century Narrative Art in England and France Exhibition Exploring Storytelling through Art
Conducted between September and November 2005, this exhibition at the Oklahoma City Museum of Art explored the visual interpretations of prose, poetry, legends, and myths through paintings, prints, and drawings, illustrating the close relationships between the written, oral, and visual arts in 19th century England and France.

Mexican Masters: Rivera, Orozco, and Siqueiros, Selections from the Museo de Arte Carrillo Gil
While the Oklahoma City Museum of Art will be the only venue for this exhibition (December 2005 through March 2006), it showcases the masters of post-revolutionary Mexico with selections made from the Carrillo Gil Collection in Mexico City. The exhibition introduces Oklahoma to the major Mexican artists of the 1930s and 1940s, and their successors, with 68 works by artists Diego Rivera, José Clemente Orozco, and David Alfaro Siqueiros, as well as related works by Luis Nishizawa and Gunther Gerzso.

The STORM: Tempests and Romantic Visionaries, Images of Storms in European and American Art (April to August 2006)
Also at the Oklahoma City Museum of Art, this exhibition features the manner in which artists have portrayed turbulent and calm weather conditions in marine and landscape paintings, drawings, and prints and includes such luminaries as Eugene Delacroix, J.M.W. Turner, Claude-Joseph Vernet, Thomas Cole, and Frederic Edwin Church.

Temples and Tombs: Treasures of Egyptian Art from The British Museum (September to November 2006)
The Oklahoma City Museum of Art entered into a contract with the British Museum in London and as a result of this partnership, there will be an exhibition of 85 magnificent objects in fall 2006 spanning the full range of pharaonic history (Old Kingdom, Middle Kingdom, New Kingdom, and the Late Period) into which ancient Egyptian history is divided. Debuting at the Oklahoma City Museum of Art, it will feature both renowned masterpieces and little-known treasures that reflect the richness and scope of one of the foremost collections of Egyptian antiquities in the world. This exhibition is expected to create a great deal of interest both within the state and regionally leading to positive economic flows.

BUILDING BOOM
According to the Council, there have been a number of new and renovated arts and cultural facilities in the Oklahoma City area that deserve mention in this section. While these projects relied on public and private dollars for their completion, they contributed to the economic health and sustained the cultural and artistic life of the metropolitan area. Among the facilities listed by the Council were the following establishments:

Civic Center Music Hall:
With the alluring Meinders Hall of Mirrors and anchored by the 2,481-seat Thelma Gaylord Performing Arts Theatre, the Civic Center Music Hall is the focal point of performing arts in the state. In addition, the complex includes the Freede Little Theatre and Joel Levine Rehearsal Hall and CitySpace, all providing forums for arts performances of varying audience sizes. A number of thriving cultural organizations and arts groups call the Civic Center Music Hall home and perform there throughout the year. The

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The list of groups includes Ballet Oklahoma, Canterbury Choral Society, Celebrity Attractions (touring Broadway shows), Black Liberated Arts Center (BLAC), Lyric Theatre and Academy, Oklahoma City Philharmonic, Oklahoma City Repertory Theatre, Oklahoma City Theatre Company, and the Rose State College Communication Center.

The renovation of the Thelma Gaylord Performing Arts Theatre was a $52.4 million project (completed in 2001) with public funds from the nationally recognized Metropolitan Area Projects (MAPS). The MAPS was a temporary dedicated sales tax approved by Oklahoma City voters in December 1993, and slated to expire in July 1999, that allocated public funds to enhance the quality of life in the city. Renovating the historic Civic Center Music Hall was one of nine visionary projects that included the SBC Bricktown Ballpark, Bricktown Canal, the renovation and expansion of the Cox Business Services Convention Center, Ford Center, River Project, Oklahoma Spirit Trolleys and improvements to the State fairgrounds and the Ronald J. Norick Downtown Library.

**Oklahoma History Center**

Located on an 18-acre, 215,000-square foot property across the street from the Oklahoma Capitol, the Oklahoma History Center is a learning center that explores the state’s unique history of geology, transportation, commerce, culture, aviation, heritage and more. Considered an architectural masterpiece almost a decade in the making, this $60 million project opened in November 2005 and was funded mostly with public funds.

**American Indian Cultural Center**

A $130 million project ($80 million required under phase I, which has been partially raised), the Center is expected to be unique in presenting the history of Native American peoples and their cultures in North America. The decision to locate the Center in Oklahoma was driven by the fact that the state is home to 67 tribes-communities with roots and origins spanning across the North American continent. The Center is scheduled to open in the spring of 2009.

**Oklahoma City Museum of Art**

Earlier portions of this Oklahoma section made extensive references to the numerous blockbuster exhibitions held at the Oklahoma City Museum of Art. Even though the origins of the Museum go back almost a century to 1910, when its predecessor, the Oklahoma Art League, sought “to foster a love and a taste for art and to establish a permanent museum of art,” in recent decades, particularly in the last five years or so, the Museum has continued to play an increasingly dominant role in the arts and cultural scene, not only in Oklahoma but in the southwestern United States. This recent resurgence is linked directly to the success of a $40 million ‘legacy campaign,’ including a $14.5 million grant from the Donald W. Reynolds Foundation that enabled the Museum to relocate to its new facility and open as the Oklahoma City Museum of Art in the Donald W. Reynolds Visual Arts Center in March 2002. The $22.5 million new structure is a three-story, 110,000-square foot facility featuring 15 galleries, three education rooms, library/resource center, store, café, and the 252-seat Noble Theatre. Furthermore, at its new facility, the Museum continues to host approximately 100,000 visitors annually, tripled its membership and increased its staff from eight people in 1994 to over 60 at present.

**Fred Jones Jr. Museum of Art**

The $23 million expansion, accomplished with all private funds, led to the opening in January 2005 of the newly expanded Fred Jones Jr. Museum of Art. The new facility has received critical acclaim not only for its spectacular architecture, a matrix of 10 natural light-filled pavilions and several intimate domestic-scale galleries, but for the remarkable additions to its collection. This University of Oklahoma facility’s collection of French Impressionist paintings; works by American artists such as Edward Hopper, Stuart Davis, Georgia O’Keeffe, Albert Bierstadt, Thomas Moran, and John Singleton Copley; Asian sculptures; American Indian and Southwestern art; 19th and 20th century photography; 16th through 19th century Greek and Russian icons; Persian miniatures; and modern and contemporary works by Robert Rauschenberg, Jasper Johns, Robert Smithson, Dieter Roth, Barbara Hepworth, and Kiki Smith have transformed the Fred Jones Jr. Museum of Art to rate among the best university collections, public or private, in the United States.
OVERVIEW

The South Carolina Arts Commission's (SCAC) mission includes a commitment to excellence across the spectrum of the state’s cultures and forms of expression alongside developing a thriving arts environment, considered essential to the quality of life, education, and economic vitality of all South Carolinians. The SCAC, the state’s principal arts agency, was created as an agency of state government in 1967 to develop and implement a comprehensive statewide program to promote the arts and to assure their continued excellence across the state.

As in the case of practically every other state, the SCAC’s major source of funding is tax dollars appropriated by the South Carolina General Assembly. In addition, the SCAC receives federal government grants administered by the National Endowment for the Arts (NEA) and funds raised from private foundations and community sponsors. The SCAC is governed by nine volunteer citizen commissioners appointed for three-year terms by the governor and confirmed by the state Senate. The commissioners, assisted by a staff of 19 (as of January 2006), attend grant panel meetings and convene regularly to take action on funding and formulating policy on the arts in South Carolina.

FUNDING FOR THE ARTS

State funding for the arts in South Carolina came under tremendous pressure during the review period given the debilitating effects of the state fiscal downturn and the need to divert funds to other essential programs. In fact, between fiscal years 2001 and 2005, funding for the arts in South Carolina suffered a precipitous 43 percent plunge. Even though in each year after fiscal year 2002, the level of cutbacks declined, cumulatively they amounted to a drop from $5.4 million in fiscal year 2001 to $3.1 million in fiscal year 2005. These decreases included a 17 percent reduction, the highest level between fiscal years 2001 and 2002 (from $5.4 million to $4.5 million), 15 percent between fiscal years 2002 and 2003 ($4.5 million to $3.8 million), and 11 percent and then 9 percent between fiscal years 2003, 2004 and 2005 ($3.8 million to $3.4 million to $3.1 million).

In responding to these sharp funding reductions during the five-year review period, the SCAC was forced to implement a number of cost-cutting measures while continuing to provide quality service. Some of these measures introduced during the review period included eliminating selected programs and services; slashing most other programs; reducing the Commission’s workforce; instituting a voluntary and mandatory furlough program; holding positions vacant; maximizing cost savings and efficiencies through a reduction in travel costs by more than 30 percent (between fiscal years 2001 and 2005); reducing the number of leased cars from four to three; replacing a quarterly newsletter with a less expensive mailed piece; substituting various print pieces with electronic versions; and switching cellular phone services for a savings of $160 per month. The Commission’s reports to the General Assembly during several of the review period years noted that the reduction in direct staff interaction with the agency’s constituents, such as grantees and grant applicants (on account of the travel restrictions), had the potential to cause a decline—in the long term—in the high customer satisfaction rate the agency had previously secured.

ECONOMIC IMPACT

The SCAC has been very proactive in stressing how the arts industry changes lives one-by-one, family-to-family, eventually spreading across communities, schools and the entire state. To document this trend, the SCAC commissioned the University of South Carolina’s Moore School of Business to carry out a study assessing the economic impact of the cultural industry on the state. This study, released in April 2002, once again clearly demonstrates the tremendous economic magnitude of the arts and cultural industry on the state. As in the case of the studies in so many other states, even though the results are several years old, the sheer enormity of their economic impact is in no way diluted; in fact, it is possible to comfortably forecast that these economic impacts in the ensuing years actually have increased to even greater heights from the numbers reported in the past few years.

In developing a model for the cultural industry, the University of South Carolina study views the cultural industry in South Carolina as compris-
The study then sought to calculate the economic impacts flowing both to and from this triad of activities along with the numerous businesses that both sustain elements of the triad and also survive because of the triad’s elements. In further breaking down the elements of the triad, the study calculated the economic impact of the following: Spoleto Festival USA (the major international festival held annually in Charleston that ranks among the most visible aspects of the cultural industry in the state) and Piccolo Spoleto, the Southeastern Wildlife Exposition, other cultural and arts festivals, artists, arts education, cultural organizations and the film industry.

The study documented that relevance of the arts as a vital cog in the complex South Carolina economic engine is supported by the magnitude of its impacts on wages and salaries, jobs, and economic output in South Carolina. Specifically, the cultural industry supports $686.7 million in labor earnings, 29,348 jobs, and $1.8 billion in output. In addition, the cultural industry returns more than $44 million a year to the state in sales and income taxes. While the earnings impact amounts to 1.3 percent of total earnings statewide, the employment impact represents 1.6 percent of total non-farm employment. In other words, of every $100 of wages and salaries earned in South Carolina, $1.30 can be linked to the cultural industry. Similarly, of every 100 jobs in the state, 1.6 are directly or indirectly linked to the arts. Moreover, of every 200 jobs in the Charleston metropolitan area, one exists exclusively because of the outside money brought in by the Spoleto Festival USA and Piccolo Spoleto. Table 23 encapsulates some of these key measures in laying out the economic impact of the cultural industry in the state.

In addition, South Carolina artists spent a total of $35.8 million on supplies and services across the state. Based on ensuing multiplier effects, these artists’ activities generated a total of $23 million in earnings, 870 jobs, and $120.5 million of economic output. Then, festivals across the state, excluding Spoleto USA, Piccolo Spoleto, and the Southeastern Wildlife Exposition, spent a total of $40 million in South Carolina. Not only did

<table>
<thead>
<tr>
<th></th>
<th>Earnings</th>
<th>Jobs</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Artists</td>
<td>$23,043,234</td>
<td>870</td>
<td>$120,549,386</td>
</tr>
<tr>
<td>Arts Education</td>
<td>$98,398,308</td>
<td>3,712</td>
<td>$194,333,580</td>
</tr>
<tr>
<td>Festivals*</td>
<td>$27,719,877</td>
<td>1,044</td>
<td>$105,444,058</td>
</tr>
<tr>
<td>Film Industry</td>
<td>$29,454,420</td>
<td>1,491</td>
<td>$74,521,536</td>
</tr>
<tr>
<td>Cultural Organizations</td>
<td>$148,998,123</td>
<td>5,639</td>
<td>$424,936,314</td>
</tr>
<tr>
<td>For-profit Organizations</td>
<td>$329,910,001</td>
<td>14,963</td>
<td>$925,471,851</td>
</tr>
<tr>
<td>Spoleto USA/Piccolo</td>
<td>$29,200,138</td>
<td>1,628</td>
<td>$67,799,479</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$686,724,151</td>
<td>29,348</td>
<td>$1,913,056,654</td>
</tr>
</tbody>
</table>

Source: University of South Carolina, April 2002

* Excludes Spoleto, Piccolo Spoleto, and the Southeastern Wildlife Exposition
The Economic Impact of the Arts in the South

The annual Spoleto Festival USA and Piccolo Spoleto in Charleston are perhaps the most renowned facets of the thriving arts scene in the state. Spoleto Festival USA has firmly established itself as one of the world’s major arts festivals, presenting 100 world premieres and 93 American premieres since its inception in 1977. For 17 days and nights each spring, Spoleto Festival USA fills Charleston’s historic theaters, churches and outdoor spaces with over 120 performances by renowned artists as well as emerging performers in disciplines ranging from opera, theater, music theater, dance, and chamber, symphonic, choral, and jazz music, as well as the visual arts. One of the Festival’s tenets is to provide young performers the opportunity to work with veteran directors, designers and performers. The Piccolo Spoleto event, launched in 1979 by the city of Charleston, complements the main Spoleto Festival USA by providing a venue for local and regional artists. According to the 2002 study, an estimated 153,500 visitors attended the two events in 2000. These attendees spent a total of $43.1 million in the Charleston area. The largest expenditures were on lodging, food and beverage, and tickets to the performances. This spending supported a total of $29.2 million in labor earnings, the equivalent of 1,628 full-time jobs and $67.8 million in economic output.

According to the South Carolina Department of Education, an estimated $75 million is spent on arts education for kindergartners through 12th graders in public schools. This expenditure by the schools, primarily in the form of salaries, supports a total of $98.4 million in earnings, 3,712 jobs, and $194.3 million in output. Then, the study solicited information from a variety of cultural organizations including local arts councils, historical sites and associations, libraries, museums, parks, and other organizations. These groups had total expenditures of $159.9 million in South Carolina. The operations of these organizations supported a total of $149 million in earnings, 5,639 jobs, and $424.9 million in economic output.

In a trend that is being replicated in a vast number of states across the country, the motion picture industry also has been blossoming in South Carolina in recent years. According to the University of South Carolina study, the motion picture industry in South Carolina spent a total of $49.1 million in the state. A majority of these expenditures represents new money to the state, that is, money spent by non-residents. (Even in the instance of the Spoleto Festival USA, the money spent is a true net addition to the South Carolina—and more specifically, Charleston—economy since a bulk of it was money spent by people living outside the city). Overall, these direct expenditures support a total of $29.5 million in wages and salaries, 1,491 jobs, and $74.5 million in output.

Finally, for the first time in the University of South Carolina’s series of cultural industry impact studies (the first was done in 1988), a separate survey was sent to elicit information from the for-profit segment of the cultural industry. Among these businesses are art galleries, craft suppliers, dance instructors, and photographers. Based on these survey results, a total of 9,126 jobs was directly linked to the for-profit arts-related firms. Based on the level of business activity and employment at these firms, the study noted a cumulative impact of $329.9 million in earnings, 14,963 jobs, and $925.5 million worth of economic output, a most significant level indeed.

Beyond the 2002 economic impact study, the SCAC also listed details on the grants it provided to various artists and organizations during the review period. These grants are the crucial lifeline to a number of these artists and arts organizations and trigger a considerably greater amount of economic activity than the initial disbursements. Table 24 lists this grant information for fiscal years 2002 through 2005.

The impacts of the cutbacks in state appropriations are quickly apparent from reviewing the data in Table 24, as not only did the number of grantees decline each year from fiscal year 2002 to fiscal year 2005, the total amount allocated diminished too. This is reflected in the earlier section that elaborated trends from the state legislative appropriations to the SCAC. Specifically, the amount allocated as grants declined from $2.2 million in fiscal year 2002, to $1.9 million in fiscal year 2005; similarly, the number of grantees dropped from 398 to 311.

Another brand new event that falls under the category of stimulating economic activity across the state is the International Arts Festival of Greenville, further evidence of an arts-related event promoting positive economic flows. In its 2005 inaugural year, the Festival attracted artists from 22 states from as far away as Colorado and Wisconsin who featured ceramics, photographs, jewelry, rugs, paintings, portraits and other forms of art. The Festival’s organizers believe they have sufficient momentum and interest to continue it annually.

### Table 24
Details on SCAC’s Grants
Fiscal Years 2002 through 2005

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Number of Grantees</th>
<th>Number of Counties</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2002</td>
<td>$2,244,271</td>
<td>398</td>
<td>42</td>
</tr>
<tr>
<td>FY 2003</td>
<td>$2,185,804</td>
<td>368</td>
<td>42</td>
</tr>
<tr>
<td>FY 2004</td>
<td>$2,031,780</td>
<td>347</td>
<td>42</td>
</tr>
<tr>
<td>FY 2005</td>
<td>$1,911,513</td>
<td>311</td>
<td>43</td>
</tr>
</tbody>
</table>

Source: South Carolina Arts Commission, FY 2002 through 2005 Agency Accountability Reports

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CULTURAL HERITAGE TOURISM

Like so many other states, South Carolina, led by the SCAC, is focused on capitalizing on its many cultural and heritage sites to promote tourism and, thereby, generate interest in these sites (and related activities) as well as create additional economic opportunities. Toward this effect, in an address to Governor Sanford about the SCAC’s activities, the SCAC’s director sought the governor’s support in promoting a pilot program to stimulate interest in cultural tourism projects across the state. The push to aggressively promote cultural tourism in South Carolina surfaced from the fact that the state did not make the list of top 10 cultural tourism destination states, even though there were five other Southern states on this list. In securing the governor’s attention beyond the usual budgetary assistance, the SCAC director asked the governor to designate a staff liaison for cultural tourism. The responsibilities of this staff liaison would include coordinating efforts between the SCAC and other cultural agencies/tourism officials to entice more cultural tourists to the state and to facilitate a continuous dialogue between all the different groups. This, the director stressed, would ensure that the arts and culture in South Carolina are used to their fullest potential in promoting the quality of life and economic growth of those residing throughout the state.

In order to accomplish the goal of promoting cultural tourism initiatives across the state, the SCAC recently solicited grant applications from artistically based projects that would serve to enhance the state’s capacity in the cultural tourism area. The overriding objective in providing grant monies to eligible groups or individuals would pivot on the particular project expanding and marketing existing cultural offerings to increase cultural tourism; developing and marketing new cultural offerings to attract cultural tourists; building or enhancing partnerships that increase in-state cultural tourism; attracting new cultural tourists (particularly visitors from outside the state); and collecting data to support a cultural tourism project. Another important fact stressed by the initiative included the numerous partnerships such as links between, but not limited to, culture, tourism, and business organizations; and/or public and private sector organizations, and/or local, state and federal agencies/municipalities. The amount provided as grant money could be as much as $10,000 with a one-to-one match between the grant applicant and the SCAC.

BUILDING BOOM

A number of South Carolina performing cultural organizations continue to draw throngs of visitors and arts patrons to their events. One of the more notable organizations in this connection is the Charleston Stage, founded by Playwright Julian Wiles in 1978, currently South Carolina’s largest professional theater company that is in residence at the Historic Dock Street Theater. In addition to having presented over 150 productions at the theater, Charleston Stage has played to a collective audience of more than 1 million patrons. The theater company also employs 20 full-time staff, guest artists, scores of actors, dancers, singers and musicians and Theatre Wings High School Apprentices. In addition, arts education continues to be a crucial outreach activity of the Charleston Stage, and the theater company offers a number of educational services to schools throughout the state.
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TENNESSEE

OVERVIEW

The lead agency for arts in Tennessee is the Tennessee Arts Commission established in 1967 by the General Assembly to foster public interest in the cultural heritage of the state and encourage the presentation of performing, visual, and literary arts across the state. In carrying out this mission, the Commission seeks to both involve Tennesseans in the arts and ensure that they have access to the arts. Consequently, the Commission funds arts-related activities and programs in communities across the state—urban and rural, large and small—in order to ensure that the state’s arts organizations and artists have the widest possible impact and influence.

In terms of funding sources, the Commission has three primary sources: an annual appropriation from the General Assembly; funds from the National Endowment for the Arts (NEA), a federal agency; and funds from the sale of collegiate/university, specialty and personalized license plates, a program first initiated by legislation in 1983. In addition, the Commission secures funds from private sources for special one-time projects, though this is a more fluid source of revenue. The total funds the Commission secures from these three different sources vary every year and, in turn, the variety and depth of the programs that the Commission carries out among the state’s arts organizations and artists fluctuates as well.

In terms of the Commission’s administration, the governor appoints 15 commissioners, broadly representing all the regions and congressional districts in the state, for five-year terms. In turn, the commissioners are assisted by a staff of 18 to implement the Commission’s goals and objectives. The Commission also has oversight over the Tennessee State Museum and is mandated to collect, preserve and interpret the material and cultural history of the state. In this mission, the Commission oversees a staff of 35 professionals to manage a facility accredited by the American Association of Museums.

FUNDING FOR THE ARTS

Even though the state fiscal downturn during the early years of this decade affected the state, requiring the General Assembly and the governor to enact a number of drastic cost-cutting measures, the Tennessee Arts Commission was fortunate in that its state appropriations did not suffer cutbacks, as did so many other state art agencies. State appropriations, inclusive of revenue secured from the sale of collegiate/university, specialty and personalized license plates, to the Commission increased appreciably between fiscal years 2001 and 2005. Similarly, funds secured from the federal NEA increased during the review period. This information and related analysis is presented in Table 25.

As demonstrated in Table 25, except for a dip in fiscal year 2002, arguably the year when the state fiscal crisis was the most severe, the Commission appropriations from the General Assembly increased every year between fiscal years 2001 and 2005. From $3.7 million in fiscal year 2001, the state ap-

Table 25
Tennessee Arts Commission Appropriations
Fiscal Years 2001 to 2005

<table>
<thead>
<tr>
<th>Year</th>
<th>State</th>
<th>% Change</th>
<th>Federal</th>
<th>% Change</th>
<th>Private</th>
<th>Total</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>$3,713,300</td>
<td>-</td>
<td>$561,900</td>
<td>0%</td>
<td>-</td>
<td>$4,275,200</td>
<td>0%</td>
</tr>
<tr>
<td>2002</td>
<td>$3,534,600</td>
<td>-5%</td>
<td>$564,000</td>
<td>0%</td>
<td>-</td>
<td>$4,098,600</td>
<td>-4%</td>
</tr>
<tr>
<td>2003</td>
<td>$3,668,800</td>
<td>4%</td>
<td>$581,100</td>
<td>3%</td>
<td>-</td>
<td>$4,249,900</td>
<td>4%</td>
</tr>
<tr>
<td>2004</td>
<td>$5,265,100</td>
<td>44%</td>
<td>$645,800</td>
<td>11%</td>
<td>$43,000</td>
<td>$5,953,901</td>
<td>40%</td>
</tr>
<tr>
<td>2005</td>
<td>$6,961,605</td>
<td>32%</td>
<td>$613,500</td>
<td>-5%</td>
<td>-</td>
<td>$7,575,105</td>
<td>27%</td>
</tr>
</tbody>
</table>

Source: Tennessee Arts Commission, June 23, 2005
appropriation increased to nearly $7 million in fiscal year 2005, an increase of 87 percent. In the interim years, state appropriations were impressive, climbing to $3.7 million in fiscal year 2003 from $3.5 million in fiscal year 2002 (4 percent increase), to $5.3 million in fiscal year 2004 (44 percent increase), and then nearly $7 million in fiscal year 2005 (32 percent increase). Even federal funds secured from the NEA grew during the review period (by 9 percent), and even though these funds declined as a percent of total revenues secured by the Commission (from about 14 percent to about 8 percent), the increase in state appropriations helped offset the federal reductions.

In terms of total funds received by the Commission, between fiscal years 2001 and 2005, there were increases of 77 percent, from $4.3 million to $7.6 million. Total funds received by the Commission increased in every year of the review period except in fiscal year 2002 (a decline of -4 percent). Between fiscal years 2002 and 2003, the increase was 4 percent ($4.1 million to $4.2 million), fiscal years 2003 and 2004 it was a substantial 40 percent (from $4.2 million to nearly $6 million), and then between fiscal years 2004 and 2005, it was a sizable 27 percent increase (from nearly $6 million to $7.6 million).

As noted at the outset, a portion of the state appropriation to the Commission originates in revenue flowing from the sale of collegiate/university, specialty and personalized license plates. In fact, more than two-thirds of the Commission’s grants budget may be traced to revenue from these license plates. The Commission lists a number of advantages that accrue to Tennessee residents as a result of investing in these plates including:

» Providing the primary source of funding for the Tennessee Arts Commission’s grant programs;

» Funding projects in communities across the state, large and small, urban and rural;

» Enhancing education and appreciation of the arts;

» Building Tennessee’s next generation of artists and arts audiences;

» Generating tax dollars for the state;

» Assisting in training a qualified workforce; and

» Leveraging private dollars for local arts activities.

While the Commission started benefiting from the sale of collegiate/university, specialty and personalized plates over two decades ago (1983), there are three Tennessee Arts Commission license plates that drivers can select: Art is a Rainbow, Kool Kat and Smiling Fish. For instance, any of these plates are available to a Tennessee resident registering a private passenger motor vehicle for a fee of $56.50 and an additional $35 for personalizing the plate with up to five characters. Then, $30.75 of the additional $35 is allocated to the Tennessee Arts Commission.

Given the increasing importance of revenue from this source for the sustenance of the Commission’s grants program, in fiscal year 2003, the Commission developed and embarked on an aggressive marketing campaign to expand the sale of the collegiate/university, specialty and personalized license plates. This campaign entailed working closely with the local arts organizations that received grants from the Commission to promote the plates in their promotional and advertising material. The campaign was built around the slogan, “Support the Arts… Bolt ’em To Your Car.” The importance of this dedicated revenue source became more apparent in fiscal year 2003 when the Commission, like every other state agency and department, was required to slash its budget by 5 percent. While the Commission satisfied this requirement by reducing grants to two programs, the presence of revenue from the collegiate/university, specialty and personalized license plates enabled the Commission to absorb the reduction in state appropriations with minimal disruption.

Another source of funds for the Commission during the review period was the private funds raised in fiscal year 2004 ($43,000) by hosting the National Symphony Orchestra (NSO) under a program known as the American Residency Program. This program brought the NSO to Tennessee for a 10-city tour that included performances and numerous outreach activities. The Commission worked with a number of local orchestras across the state to offset the production and outreach activity expenses associated with hosting the NSO.

At the local level, in 2005, Memphis city officials decreased funding for the arts from the prior year; in 2005, the city’s arts organizations received $1.97 million in funding, a reduction from the $2.1 million provided in 2004. This followed a reduction in arts funding of $363,000 by the Shelby...
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County Commission in 2003. On the positive side, even with the reduction in public support, the Greater Memphis Arts Council, the country’s eighth largest arts fund of its kind that raises private and public funds to distribute to arts groups in Memphis, was able to sustain most of its programs due to strong corporate and individual donations.

ECONOMIC IMPACT

As in many other Southern states, the Tennessee Arts Commission financed a study during this report’s review period to assess the statewide economic impact of its arts-related activities and programs. Given the prohibitive costs associated with these statewide studies, the most recent one, The Economic Impact of Nonprofit Arts on the Tennessee Economy, a joint effort by the Commission and Middle Tennessee State University, reviewed data in fiscal year 2002. The Metropolitan Nashville Arts Commission conducts economic impact studies in its geographic area more regularly and the most recent study, Arts & the Economy 2003, released in July 2004, reviewed data for fiscal year 2003.

The Economic Impact of Nonprofit Arts on the Tennessee Economy

This fiscal year 2002 statewide study involved a survey questionnaire to 225 non-profit arts organizations and educational institutions and yielded detailed information on reported expenses, revenue, and other details of the activities carried out by the organizations. The study’s results revolved around five major themes culminating in a conclusion that tallied all this information. The five themes demonstrate how dollars dedicated to the arts and arts programs first translate directly into jobs and income and, then indirectly into economic ripple effects.

Arts Bring Jobs, Income, and Other Dollars to Tennessee’s Economy

- Four thousand jobs were generated by spending related to arts activities in the state;
- Arts organizations spent $143.8 million in the state’s economy, including payroll;
- In-house staff payroll was $63.4 million, while contracted services of local individual artists totaled $8.4 million;
- Total income generated by arts organizations, firms supplying the arts, and other income related to employee spending was over $134 million;
- Total revenue earned by arts organizations through admission fees, sales of services and memberships, and other activities totaled nearly $72 million; and
- Capital expenditures on arts facilities of $20.8 million were undertaken during the survey period.

Arts Are an Economic Development Tool

- Seventy-five percent of the organizations surveyed have educated K-12 students through arts programs; and
- Arts organizations reported that more than 900,000 out-of-state tourists attended their events.

Arts Serve the Community

- Over 2 million people enjoyed free admittance to arts events;
- A majority of arts organizations—65 percent—served all age groups, from children to senior citizens; and
- Almost one-third of arts organizations served rural and isolated settings.

Public Funding Leverages Private Support

- For every dollar of public funding in the non-profit arts industry, $4.57 is generated in earned income;
- Corporations and businesses contributed $9.7 million to the arts;
- Foundations, guilds, auxiliaries, councils, and other private entities contributed $19.1 million to the arts; and
- Individuals donated an additional $12.6 million to arts organizations.

Tennesseans Value Their Cultural Life

- Approximately 5.2 million Tennesseans and tourists attended arts events and activities in fiscal year 2002. These attendees...
likely spent additional dollars locally that were not measured in this study;
» Over 17,000 volunteers lent their time and energy to make arts events happen; and
» In-kind contributions to arts organizations totaled $9.5 million.

In closing, the fiscal year 2002 study noted that the total economic impact of the arts on Tennessee's economy amounted to 4,000 jobs dependent on the arts and $134.2 million in income generated. These total effects amounted to a breakdown of 2,115 direct full-time equivalent positions and $71.8 million in income generated. The effects of arts employee spending created an additional 998 jobs and $30.1 million in income, while the effects of non-payroll expenditures created 888 more jobs and another $32.3 million in income. Given that the study was conducted almost five years ago, it is safe to conclude that the statewide economic impact of the arts is significantly higher now.

Arts & the Economy 2003

The Nashville Area Chamber of Commerce and the Metropolitan Nashville Arts Commission has regularly sponsored a study (conducted by Middle Tennessee State University) of the economic impact of the non-profit arts sector in the Nashville metropolitan area and, in July 2004, released its latest report, the ninth such measurement conducted by the two organizations. Based on the responses of 60 arts groups in the metropolitan area, this latest report evaluated the impact of the industry's impact in fiscal year 2003. Business leaders active in the two groups are convinced that a vibrant arts community remains indispensable for a thriving city and frequently seek to document the impact of the arts industry in determining Nashville's cultural and economic future. Once again, the report stressed the fact that the arts in Nashville contributed significantly to its quality of life and to its financial health, both directly and indirectly (via arts-related expenditures and employment), and exponentially by enticing local visitors and out-of-town tourists to the city.

Table 26
Impact of the Non-profit Arts Sector on the Nashville Economy Fiscal Years 2002 and 2003

<table>
<thead>
<tr>
<th>Category</th>
<th>Fiscal Year 2002</th>
<th>Fiscal Year 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Full-time Equivalent Jobs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>» Arts Organizations</td>
<td>Not reported</td>
<td>$158 million</td>
</tr>
<tr>
<td>» Arts Audiences</td>
<td>Not reported</td>
<td>$100 million</td>
</tr>
<tr>
<td><strong>Personal Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>» Arts Organizations</td>
<td>$104 million</td>
<td>$112 million</td>
</tr>
<tr>
<td>» Arts Audiences</td>
<td>$74 million</td>
<td>$78 million</td>
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<tr>
<td>State and Local Taxes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>» Arts Organizations</td>
<td>$30 million</td>
<td>$34 million</td>
</tr>
<tr>
<td>» Arts Audiences</td>
<td>Not reported</td>
<td>$5 million</td>
</tr>
<tr>
<td>Total Attendance at Arts Organizations</td>
<td>2.1 million</td>
<td>2.4 million</td>
</tr>
<tr>
<td>Total Revenue of Arts Organizations</td>
<td>$74 million</td>
<td>$80 million</td>
</tr>
<tr>
<td>Operating Deficits of Arts Organizations</td>
<td>$79 million</td>
<td>$82 million</td>
</tr>
</tbody>
</table>

Source: *Arts & the Economy* 2003, July 2004

The latest report afforded a comparison with data reported in the previous study and this is carried out in Table 26.

The study confirms that the arts sector continues to be a vital part of the Nashville economy based on several measurement criteria. For instance, total sales revenue in the latest report amounted to $158 million, a sizable figure indeed. Then, the personal income produced in the review period was $112 million, a number derived from forecasting ancillary spending by audiences connected to arts events (such as meals, hotels) and adding that to the amount generated by the arts organizations. This amounted to an increase of 8 percent over the prior period.

In terms of the specifics of this category, the $78 million in personal income generated by arts organizations was the highest since the study series began, an increase of 147 percent since 1995. Also, at their highest level since the inception of the study series was earned revenue, at $43 million, and total revenue (including contributions), at $80 million. When compared to the prior period, arts revenue increased by 8 percent in fiscal year 2003, while attendance at arts events increased too, by 12 percent, for the same time period. On the sales tax front, the report indicated that local and state tax revenues generated by arts organizations totaled more than $5 million; of note, this figure did not include taxes generated by ancillary audience spending. However, of the $9 million in total government support during 2003, $6 million came from local and state government. Finally, the report stressed the arts education component contained in the outreach activities of Nashville’s arts sector and noted that in fiscal year 2003, 75 percent of the arts organizations surveyed reported that they had programs for students in K-12.

As stated in the conclusion of the report, Nashville—with the active participation of every segment of its population—is poised to continue growing as a winning 21st-century city “that educates and enlightens all of its citizens, retains its most talented ones.
with a rich cultural life and attracts the type of creative newcomers who are the engine of economic growth.”

**Music City USA Economic Impact Study**

Even though it delved into the economic impact of a for-profit arts operation, the huge importance of a recent study on the significance of Music City’s influence has to be mentioned here. The study, released in January 2006, and carried out by Belmont University and the Nashville Area Chamber of Commerce, documented that the city’s local music industry had an estimated annual economic impact of a staggering $6.4 billion. The figure includes direct and indirect spending by Music Row labels, recording studios, music stores, music educators and others, along with spending by tourists who come to Nashville on music-related travel. The study factors in a multiplier effect that assumes for every $1 of output generated by the music business, an economic ripple effect of an additional 50 cents is triggered on the local economy in downstream spending. The study also revealed that Nashville is home to more than 80 record labels, 130 music publishers, 180 recording studios and 5,000 working union musicians among a music industry workforce of about 20,000. When the economic ripple effects and tourism dollars are subtracted from the overall number, music contributed $2.6 billion directly to a 13-county area that has an annual economy of roughly $47 billion.

**Cultural Heritage Tourism**

The Commission broadly defines cultural heritage tourism “as traveling to experience the places, artifacts and activities that authentically represent the stories and people of the past and present,” a type of tourism that has gathered a great deal of momentum lately. In Tennessee, in 2001, the Commission convened a statewide meeting in Jonesborough to explore the many facets of cultural heritage tourism. As a consequence of this meeting, the Commission introduced a new grant category, Cultural Crossroads, to fund cultural tourism projects for arts groups that enter into partnerships with other organizations, historic sites, festivals etc. to identify and promote cultural activities that would attract visitors to the region and the state. More specifically, the new grants program was designed to assist communities in Tennessee as they cultivate and market their local cultural and heritage resources while working toward balancing local cultural values with tourism needs.

While the Cultural Crossroads grant program is a partnership project of the Commission and the National Endowment for the Arts’ Challenge America Program, 12 organizations from across the state were selected to receive grants in the program’s inaugural year. One of the organizations that received a grant in the inaugural year was the Birthplace of Country Music Alliance (BCMA), in Bristol, Tennessee-Virginia, in the northeast corner of the state. The grant money was awarded to allow the BCMA to compile a traditional music inventory and support research to inventory traditional musicians, venues and instrument makers for a database that will be accessible through the Internet. Another project, also in northeast Tennessee, that received funding in the first year was the Johnson County Arts Council to help identify local artists, arts events, galleries, and other cultural resources to develop a more arts-oriented Website for the economically depressed Johnson County.

Another organization that received funding under the Commission’s Cultural Crossroads grants program was the Arts Alliance Mountain Empire. In September 2005, the Arts Alliance Mountain Empire developed and published a 40-page book entitled Our Cultural Crossroads that featured information on fine and performing arts and links to area cultural attractions, historic sites, festivals and natural resources in Sullivan County, Tennessee, and Washington County, Virginia. The book has been hailed as an effective recruiting and marketing tool as well as a good resource for tourists.

Another facility that effectively blends cultural heritage and tourism in Tennessee is the Cotton Museum, opened in March 2005 on the trading floor of the Memphis Cotton Exchange. While the Cotton Exchange agreed to lease the trading room for $1 a year, the Museum was set up with close to $1 million in donations from some of the biggest cotton interests in the world. The venture, which eventually became a $1.3 million project, is in reality a historical survey of the mid-South with the Cotton Museum serving as a key component of this survey. The Museum bases its exhibits around the work of photographer Marion Post Wolcott, a Works Progress Administration-era photographer who the Farm Securities Administration (FSA) sent to the Delta in 1939 from Washington, D.C. to chronicle the role of cotton from different perspectives. Along with the photographs, the Museum includes permanent exhibits designed by curators, including a Western Union office with an 1850s-era ticker tape machine and other artifacts that convey what cotton means and meant to the mid-South, including its most wrenching sides. The Museum also includes 40 recorded oral histories (such as the voices of merchants, sharecroppers and squidges—the merchants-in-training who laid out the samples for buyers on Cotton Row) that visitors access in the rich, wooden cubicles—one phone booth—that line the storied trading room. Officials expect the Museum to generate a great deal of interest and economic impact as Memphis adds yet another dimension to focusing on the link between culture and tourism.

**Blockbuster Exhibitions**

The Commission provided details on a number of blockbuster exhibitions that had been featured at a variety of locations across the state. During the review period of the report, these included the following:
Cheekwood Museum of Art  
(Nashville)  
» Andrew Wyeth’s Helga Pictures: An Intimate Study (October 2002 to January 2003)  
Visitors: 26,316

Frist Center for the Visual Arts  
(Nashville)  
» The Quest for Immortality: Treasures of Ancient Egypt (June to October 2006)  
Considered the largest group of antiquities ever on loan from Egypt for exhibit in North America, this collection includes 115 objects, many of which have never been seen publicly or outside of Egypt.  
» From El Greco to Picasso: European Masterworks from the Philips Collection (January to May 2004)  
Visitors: 195,000. Membership at the Center doubled from 7,000 to 14,000 during this exhibition and admission revenue was the strongest in the Center's history. In addition, gift shop and café sales soared while sponsorship funds also increased significantly.

European Masterworks (April to June 2001)  
The exhibition featured 95 works surveying nearly 600 years of paintings by some of Europe's greatest masters, including Titian, Rembrandt, Monet, Degas and Picasso.

Tennessee State Museum  
(Nashville)  
» Buffalo Bill's Wild West (September to December 2000)  
Visitors: 18,193. This unique exhibition was a monumental show chronicling the life of Buffalo Bill Cody and the cultural phenomenon he generated in the late 19th and early 20th centuries with his Wild West shows. The exhibition represented an opportunity for Tennessee to remember and celebrate the historic trips that Buffalo Bill made to the state, over 20 times between 1884 and 1911.  
While the Museum was closed for almost three years since April 2002, the consequence of the massive Tennessee Performing Arts Center construction project, it re-opened with the impressive Rau Collection exhibition in 2005.  
The Rau Collection: Six Centuries with the European Masters (August 2005 to January 2006)  
Visitors: 75,000. The show features 95 works from the private collection of Dr. Gustav Rau and spans a 500-year period of European painting. The show includes rarely seen masterpieces by Italian, Dutch, Flemish, German, French and Spanish artists. While the exhibition will only be in two other venues in America, the Tennessee State Museum is the only southeastern venue scheduled for this stunning collection. Dr. Rau, a German physician who spent most of his life treating impoverished children in Africa, bequeathed his entire collection of 800 pieces of art and sculpture (including the 95 pieces in this show) to the German branch of UNICEF (the United Nations Children's Fund).

Knoxville Museum of Art  
(Knoxville)  
» Francisco Goya’s Los Caprichos (July to September 2005)  
The exhibition featured an exceptional early first edition of the complete set of 80 engravings, one of the four sets acquired directly from Goya in 1799 by the Duke and Duchess of Osuna. The exhibition and museum tour were organized by a Los Angeles, California-based company.

The Pyramid (Memphis)  
» Czars: 400 Years of Imperial Grandeur (April to September 2002)  
Visitors: 250,000 to 275,000. Another in the Wonders series, the exhibition featured items from the daily lives of Russia's nobility, focusing on the Romanov Dynasty. Curators recouped the $4.1 million cost of the exhibition and eked out a small profit.

» The Art of the Motorcycle (April to October 2005)  
Given its success in New York and Chicago, curators were enthusiastic about promoting the exhibition as a cross-cultural, multigenerational draw as the 11th major exhibition in the Wonders series, which began in 1991. The chrome-plated

The International Storytelling Festival, held every October in Jonesborough, Tennessee, is the first festival devoted to storytelling. The festival is listed as one of the top 100 Events in North America. Current attendance is estimated at 10,000, with around 30 storytellers participating. Photo courtesy Tennessee Arts Commission.
project cost $3 million to mount and required an attendance of 150,000 to break even; unfortunately, only about 60,000 visitors attended leaving the facility with a debt of $2.9 million.

BUILDING BOOM

Tennessee, in a trend reflected in many Southern states, continues to experience a building boom with new construction, renovation and expansion reported at a number of its arts and cultural facilities. According to the Commission, the following is a sampling of details on some of the projects that are either in progress or were completed recently.

Kenneth Schermerhorn Symphony Hall (Nashville)

A 197,000-square foot new symphony hall, with land donated by the metropolitan Nashville government and construction funded with tax-exempt revenue bonds to be repaid entirely by the Symphony, will open in September 2006. The new symphony hall is a $120 million project.

Metro Nashville Arts Commission Public Art Project (Nashville)

This $250,000 project is for a sculpture that will connect the east and west banks of the Cumberland River by renowned sculptor Alice Aycock. The project is funded by a public art ordinance which dedicates 1 percent of the net proceeds of general obligation bonds issued for local government projects to fund public art.

Watkins College of Art and Design (Nashville)

The college is in the midst of a $1 million capital campaign to construct an arts village that would include student and faculty residences, a conference center, studios and student support facilities.

Vanderbilt University Studio Arts Building (Nashville)

This is a $13 million new studio arts center that was completed in late 2005.

21st Century Waterfront Project (Chattanooga)

This was a three-year, $120 million redevelopment project of the Tennessee River waterfront with the city’s hotel-motel tax providing $56 million and private donors contributing $51 million for the project. The state provided some additional funding for the project and gave the city Riverfront Parkway, the street that runs along the waterfront. A number of additional arts-related facilities were expanded and/or renovated as part of this effort to enhance the appeal of this segment of Chattanooga. Some of the facilities included:

- Hunter Museum of American Art underwent a $19 million expansion of museum space, adding 28,000 square feet to the original structure. The expansion, designed by a student of the famed architect Frank Gehry, will house rotating contemporary art exhibitions;
- Children’s Creative Discovery Museum experienced a $3 million renovation that allowed two new exhibit areas;
- Tennessee Aquarium underwent a $30 million expansion (an additional 60,000 square feet) that permitted additional displays;
- A public art plan that included a sculpture garden and walkway expanded the riverfront’s green space while linking the museum and other tourist destinations. Some of the other components of the public art plan were a pedestrian pier and bridge, boat slips, wetlands park and adventure playground for children, and an underground passageway to the river that marks the beginning of the Trail of Tears, an important aspect of Native American culture.

Cannon Center for the Performing Arts (Memphis)

The performing arts center was built as part of a $92 million expansion and renovation project.

Opera Memphis (Memphis)

Opera Memphis was chartered in 1956 by a group of citizens interested in producing regional opera. In March 2004, Opera Memphis completed a very successful $7.3 million capital drive for the creation and construction of the Clark Opera Memphis Center, a 19,000-square foot facility that includes a rehearsal hall, small performance space, costume shop and small props shop all under one roof in east Memphis.

Playhouse on the Square (Memphis)

Partnering with nationally renowned theater architect John Morris, who designed spaces such as the Steppenwolf and LookingGlass in Chicago, Memphis’ only professional, resident theater company has begun the first phase of a $15 million capital campaign, Breaking New Ground. A $500,000 challenge grant was provided by the Greater Memphis Arts Council in January 2006, the Council’s biggest benefactor in the 2006 grants season; the Council has pledged an additional $250,000 when the Playhouse has raised $12.5 million toward its overall goal.11

Freed-Hardeman University (Henderson)

New construction of the Harris Visual Arts Center will host the University’s fine arts, theater, music, merchandizing and interior design programs.

Tennessee Theater (Knoxville)

Listed on the National Register of Historic Places and honored as the official state theater of Tennessee, the facility re-opened in January 2005 after a $25 million renovation. The complete restoration transformed the former movie theater into a modern performing arts venue while retaining its historic splendor.

Niswonger Performing Arts Center (Greeneville)

Greeneville businessman and philanthropist Scott M. Niswonger provided the $5.5 million required to enhance the appeal of this segment of Chattanooga. Some of the facilities included:

- Hunter Museum of American

The performing arts center was built as part of a $92 million expansion and renovation project.
for the construction of a $7 million, 39,000-square foot performing arts center, located adjacent to the local community high school.

**Dixie Carter Performing Arts Center and Academic Enrichment Center and Hal Holbrook Theatre (Huntingdon)**

This $3.2 million facility opened in November 2005 and is named after Tennessee natives Dixie Carter and Hal Holbrook. Plans related to constructing “The Dixie” began in 1999 when local public officials in Huntingdon began discussing strategies to revitalize the city’s central business district (CBD).

**Belmont University (Nashville)**

A series of new facilities were either inaugurated or will be opened on campus, including:

- A new $3 million arts complex (fall 2006);
- A $31 million Student Life and Event Center that seats 5,900 (2005);
- The $4.8 million Leu Center for the Visual Arts (2002); and
- The $5.45 million renovation of the 1,200-seat Massey Performing Arts Center (2002)

**Allen Arena at David Lipscomb University (Nashville)**

This facility, seating 5,028 and built at a cost of $16.5 million, opened in 2005.

In a related move, a number of artists, arts facilities and organizations in Tennessee were the recipients of grants (financial and other) recently from an assortment of foundations to enhance their capacities. Some of these grants included the following:

**Nashville**

- A $50,000 donation from the Andy Warhol Foundation to the Cheekwood Museum of Art to promote contemporary visual arts;
- Over 114 works from one of the nation’s finest collection of 18th and 19th century American portrait miniatures on ivory from the Linda and Raymond White Collection to the Cheekwood Museum of Art; and
- A $50,000 grant to artist Ruby Green from the Andy Warhol Foundation.

**Memphis**

- A $5 million donation to the “Memphis for the Arts” campaign from the Plough Foundation;
- A $10,000 grant from the Community Foundation of Greater Memphis to the Commission’s grants operations to strengthen its work with non-profit organizations;
- A grant of $26,269 from the Community Foundation of Greater Memphis for Playhouse on the Square to build a new theater;
- A $10,000 grant from the Community Foundation of Greater Memphis to the Southern Festival of Books to bring the festival to Memphis;
- A $500,000 donation from the Assisi Foundation of Memphis to the “Memphis for the Arts” campaign; and
- A $100,000 donation from the Assisi Foundation of Memphis to the Memphis Brooks Museum.

**OTHER**

An important recent development related to the Nashville Symphony Orchestra involves the symphony’s efforts to assist the beleaguered New Orleans-based Louisiana Philharmonic Orchestra. In the aftermath of the devastation caused by Hurricane Katrina, members of the Philharmonic were dispersed to different parts of the country from San Francisco to Washington, D.C. In an effort to help the Philharmonic’s recovery—both financially as well as emotionally—the Nashville Symphony magnanimously arranged to bring in members of the Philharmonic for a benefit concert that was held on October 4, 2005, at the Tennessee Performing Arts Center. (The Center donated space for rehearsals and the concert). More than 1,200 people attended the concert and approximately $50,000 was raised in ticket sales for the 68-member Louisiana orchestra. While some of the Louisiana musicians were housed by Nashville Symphony musicians, staff and board members, some Nashville players filled instrumental gaps for the concert.
OVERVIEW

Established in 1965 by the Texas Legislature as an agency of state government, the Texas Commission on the Arts (TCA) is mandated to create and foster a flourishing environment for the arts in Texas. In order to accomplish this task, the TCA provides grants, information and technical assistance to artists and arts organizations in a number of artistic fields, including the visual arts, theater, dance, music, media and literature across the state. In terms of its administration, the TCA is governed by 17 commissioners, appointed by the governor for a six-year term. The commissioners are assisted by a staff of approximately 20 who work on preserving and expanding the arts and cultural industries of Texas.

The TCA receives funding from several sources to implement its operations including the Legislature, the federal National Endowment for the Arts (NEA), Texas Cultural Trust Council, private donations including corporations, foundations and individuals and the sale of State of the Arts specialty license plates.

FUNDING THE ARTS

For a number of years, the arts community, individuals and a number of public officials in Texas have been bemoaning the fact that on a per capita basis the state legislative appropriation to the TCA ranks it among the lowest in the country. During the fiscal crisis that swept across the country in the first few years of this decade, like so many other state agencies in Texas, the TCA's budget was slashed as the state sought valiantly to balance massive budget shortfalls. Details on the status of Texas' legislative appropriations during the fiscal year 2001 to fiscal year 2005 period are presented in Table 27.

As documented in Table 27, legislative appropriations to the TCA during the review period decline from $4.7 million in fiscal year 2001 to $4.5 million in fiscal year 2005, a decline of -5 percent. In the interim years of the review period, after increasing by 21 percent between fiscal years 2001 and 2002 ($4.7 million to $5.7 million), the appropriation declined by -2 percent between fiscal years 2002 and 2002 ($5.7 million to $5.6 million), by a steep -16 percent between fiscal years 2003 and 2004 ($5.6 million to $4.8 million), and then by the smaller decline of -5 percent in the final year, between fiscal years 2004 and 2005 ($4.8 million to $4.5 million).

As noted earlier, one of the hallmarks of legislative appropriations to the arts in Texas for many years has been the fact that on a per capita basis, Texas has consistently ranked very low, if not the lowest, nationally. The situation in the review period did not present a radical departure from this trend and, of the five years considered, per capita appropriations to the TCA ranked Texas the lowest (50th) in two years, 49th in one year and 46th in the remaining two years. Even among the SLC states, Texas ranked 16th in three of the five years and 15th in the remaining two years.

In response to this level of support from the Legislature, the TCA has had to rely on a range of alternate funding mechanisms both to meet its essential mandate of promoting the arts throughout the state and ensure the existence of a number of arts programs and organizations in every corner of the state. For instance, providing grants to a variety of arts...
organizations across the state is one aspect of the many funding programs undertaken by the TCA. In fiscal year 2006, the current fiscal year, the TCA approved $2.4 million in grants to arts organizations in an initial round of funding; an additional $637,945 will be allocated for mini-grants, initiatives and partnerships during the fiscal year. The $2.4 million distribution involved grants to 331 arts organizations in 77 Texas cities. Given the relatively low level of funds appropriated by the Legislature, the TCA must rely on a number of alternative revenue sources to fund its operations. Some of these include:

- **The State of the Arts** specialty license plate program, the state’s best-selling, non-personalized specialty plate for nearly 10 consecutive years, has generated a total of $3 million for various TCA programs. In fact, these specialty license plate sales accounted for about 8 percent of TCA’s total budget in fiscal year 2004. While these specialty plates cost an additional $30 more than the regular vehicle registration fee (a personalized plate costs $70 in addition to the regular fee), the TCA receives $22 for each specialty license plate sold;
- Raising funds from private sources including corporations (The Coca-Cola Company, Neiman Marcus and SBC), foundations (Wallace Foundation) and individuals to finance a range of TCA programs, such as the Young Masters artist mentorship program, has been a mainstay of TCA’s funding equation;
- **The TCA** was instrumental in setting up partnerships with a number of popular Texas artists (Willie Nelson, Flaco Jimenez, Beyonce) for the Texas Music Project, which led to a number of music CDs and concerts. As a result, the TCA was able to distribute more than $100,000 for arts education initiatives from the sales of CDs and concert proceeds; and
- In 1993, the Legislature created the Texas Cultural Trust Council, landmark legislation that sought to create a true endowment for the arts in Texas. The goal of this endowment was “to provide a sustaining funding source that will enhance arts education, encourage economic development, and advance the well-being of communities.” In order to initiate the endowment, the authorizing bill allocated $2.2 million to initiate the process, with the goal of eventually collecting $200 million in the fund. While the Council, a 501(c)(3) non-profit organization, raises funds from the private sector and increases public awareness of its arts activities, it also disburses funds to the TCA for its operations.

The spectacular flame-out of the former Houston-based, energy and trading behemoth Enron, considered one of the most powerful companies in the country until the fall of 2001, offers lessons on the negative side of relying too heavily on private donations for the operation of arts and cultural institutions. Not only was Enron a major player in the Houston arts scene—the company made substantial donations to such cultural treasures as the Museum of Fine Arts, Houston Ballet, Alley Theater, Houston Symphony, Contemporary Arts Museum and the Menil Collection—top executives at the company were influential figures (as purchasers of fine art, board members, fundraisers, promoters of local artists) in the city’s arts scene. In addition, Enron had and was in the process of acquiring a major corporate art collection. With the crash of Enron by the end of 2001, one of the major contributors to the arts scene in Houston vanished.

### ECONOMIC IMPACT

The economic impact of the arts continues to be a tremendously positive development in Texas, notwithstanding the financial assistance provided by the Legislature in recent years. Texas, in addition to maintaining some of the nation’s most treasured art collections in a number of world-class museums, also holds a number of unique musical festivals (Austin City Limits, for instance) and arts events that draw the attention of visitors and tourists from every part of the country and the globe. The throngs that attend these various arts activities contribute significantly to the economic bottom line of the local and state economies at a level that far surpasses the level of appropriation provided by both the state and federal (NEA) governments.

In 2001, the Perryman Group, a reputed economic and financial analysis firm based in Waco, carried out a detailed report of the economic impact of the arts in Texas entitled **The Economic Impact of the Arts in the South**.
The Catalyst for Creativity and the Incubator for Progress: The Arts, Culture and the Texas Economy. The purpose of the study was to comprehensively document the impact of the arts on Texas, its regions, and its metropolitan areas. The conclusion reached by the report was that the results were clear and unambiguous: the arts remain a vital and indispensable element of the complex Texas economic universe. One of the more noteworthy pieces of information contained in the report involved the fact that in Texas, the non-profit arts sector was a churning incubator of economic activity with every dollar spent by the sector creating more than $298 economic impact and $9.20 in state revenues. The following list contains a sampling of the major findings contained in the report.

» Cumulatively, the arts industry in Texas plays a crucial role in the state’s economy and accounted for $190.2 billion in total expenditures (12.3 percent of the state total), $98.4 billion in gross product (13.6 percent), $61.7 billion in personal income (14.6 percent), and 1.918 million permanent jobs (15.7 percent). In turn, this economic activity was responsible for about 12.2 percent of total state fiscal resources (more than $5.8 billion per annum);

» The art industry’s impact and positive economic flows extended to all areas of the state with the largest cultural impacts occurring in Dallas (30.3 percent of total state activity), Houston (24.1 percent), and Fort Worth-Arlington (9.4 percent). In terms of the largest relative effects in the state’s major urban markets, the report highlighted Fort Worth-Arlington (17 percent of the local economy), Dallas (16.1 percent), San Angelo (16 percent), and Austin-San Marcos (15 percent). The art industry’s positive economic impact covered the state’s rural areas too, amounting to $11.8 billion, or 6.2 percent, of total activity in rural Texas;

» In terms of the economic impacts of such traditional arts disciplines as visual, literary, media, and performing arts on the state economy, the report noted that it was substantial: $63.7 billion in total expenditures, $31.5 billion in gross product, $18.7 billion in personal income, and more than 600,000 permanent jobs;

» The report also highlighted the per capita impact of the most “arts intensive” urban areas of the state, and according to this measure, the leaders were Dallas ($6,654 per person), Fort Worth-Arlington ($4,397), San Antonio ($3,265), and Austin-San Marcos ($3,216). Approximately 5.5 percent of the economic impact of traditional cultural arts occurs in rural segments of Texas;

» The cultural arts were responsible for about 19.8 percent of the total tourism in the state;

» Since the report computed the economic impact of both for-profit and non-profit arts-related activities, a breakdown of the impact of the non-profit segment of the arts industry in Texas indicated a net benefit of $19 billion in total expenditures, $9.5 billion in gross product, $5.9 billion in personal income, and more than 200,000 permanent jobs;

» Within the non-profit sector, the highest level of per capita activity was recorded in Fort Worth-Arlington ($1,890 per person), Dallas ($1,219), and Houston ($1,138). Texas’ rural regions accounted for 6.6 percent of all non-profit arts activity;

» Arts programs played a crucial role in the Texas educational system, contributing $3.6 billion in total expenditures, $1.8 billion in gross product, $1.2 billion in personal income, and 42,982 permanent jobs to the state economy; and

» A large proportion of the educational benefits of the arts flows from the activities of the independent school districts in the state. In Texas public schools, cultural arts were responsible for $2.2 billion in total expenditures, $1.1 billion in gross product, $708.7 million in personal income, and 24,762 permanent jobs.

In sum, not only did the report depict the tremendous positive eco-
nomic benefits emerging from a wide spectrum of arts events and activities across Texas, the fact that this report was released over five years ago leaves room for speculation that more recent data would indicate an economic impact that is even more substantial. Furthermore, the report commented on the panoply of positive externalities that flow from a vibrant arts scene that far exceed those captured in the marketplace and certainly outweigh the appropriation levels disbursed by the different levels of government.

CULTURAL HERITAGE TOURISM

Texas, like a number of other SLC states, has focused on developing cultural heritage tourism by incorporating the efforts of the TCA, Texas Department of Transportation (TxDOT), Texas Parks and Wildlife (TPWD) and the Texas Historical Commission (THC). These multiple agencies now provide the state’s division of Economic Development Tourism (EDT), a unit within the governor’s office, with an annual plan of action for their respective agency’s proposed tourism activities for the fiscal year. In addition, the TCA changed its existing appropriations budget structure to expand one of its key goals, i.e., activities to promote participation in the arts, to include cultural tourism as well.

In fiscal year 2005, the last year of this report’s review period, highlights of the TCA’s efforts to foster cultural heritage tourism in Texas included:

» Marketing activities such as cooperative marketing programs for arts organizations, public relations activities highlighting the arts and culture of Texas, and participation in Texas Tourism Week;
» Product development activities including the Texas Craft Initiative, Festival and Touring Grants, Cross Sector Partnerships, Special Initiatives Program, and State Initiatives; and
» Program development with educational and technical assistance programs to help arts organizations position themselves as tourism destinations.

In terms of further enhancing the state’s cultural heritage tourism potential, the TCA engages in partnerships with entities within the state’s tourism industry, including the Texas Travel Industry Association, Texas Cultural and Heritage Tourism Council, Texas State Agency Tourism Council, Tourism Advisory Committee, and the Texas Festivals and Events Association.

For instance, as a result of cooperation between these different government entities, a wide range of cultural and heritage sites are promoted in Texas. The state’s multicultural heritage—six different flags have flown over Texas—remains a major ingredient in these cultural and heritage sites that range from the exhibits of the heroic Buffalo Soldiers at Fort Davis in Big Bend Country, to the tribal dances on the Alabama and Coushatta Indian Reservation in the Piney Woods, to the Wurstfest in New Braunfels in the Hill Country, to the exciting heritage and culture of Mexico, to the missions in San Antonio, to the Port of Houston, and to the ghost towns of the Panhandle Plains. One of the major considerations behind states aggressively promoting cultural and heritage tourism deals with the fact that these tourists, on average, spend significantly more than other types of tourists. In Texas, for instance, cultural and heritage tourists are reputed to spend approximately $103.50 per day, compared to the $81.20 per day spent by general leisure travelers.

BLOCKBUSTER EXHIBITIONS

A number of Texas cities, Dallas, Fort Worth, Houston, possess some of the most stunning collection of artwork and antiquities in the world. Consequently, in the last few years, these museums have seen a surge in visitors and tourists from different parts of the state, region, nation and the world, all flocking to see a plethora of blockbuster exhibitions. As expected, the record attendance levels experienced by these museums create a slew of positive economic benefits, amply demonstrated by the data contained in the section on the economic impact of the arts in Texas.

Some of the blockbuster exhibitions recently held at these different locations in Texas include the following:

Nasher Sculpture Center [Dallas]
» The Women of Giacometti (January to April 2006)
» Picasso: The Cabist Portraits of Fernande Olivier (February to May 2004)

Dallas Museum of Art
» Louis Comfort Tiffany: Artist for the Age (May to September 2006)
» Modernism in American Silver: 20th-Century Design (June to September 2006)
» Van Gogh: Sheaves of Wheat (October 2006 to January 2007)
» Dialogues: Duchamp, Cornell, Johns, Rauschenberg (September 2005 to January 2006)
» East Meets West (August to November 2005)
» The Art of Romare Bearden (June to September 2004)

Kimbell Art Museum [Fort Worth]
» Palace and Mosque: Islamic Art from the Victoria and Albert Museum (April to September 2005)
» Caravaggio to Dalí: 100 Masterpieces from the Wadsworth Athenaeum Museum of Art (June to September 2004)
» Turner and Venice (February to May 2004)
» Genius of the French Rococo: The Drawings ofFrançois Boucher (1703–1770) and Boucher’s Mythological Paintings: The Last Great...
The Economic Impact of the Arts in the South

Series Reunited (January to April 2004)
» The Quest for Immortality: Treasures of Ancient Egypt (May to September 2003)
» Modigliani and the Artists of Montparnasse (February to May 2003)
» From Renoir to Picasso: Masterpieces from the Musée de l’Orangerie (November 2000 to February 2001)

BUILDING BOOM

As noted in the preceding section, a number of Texas cities maintain an impressive collection of artwork that attracts visitors from every corner of the globe, a fact that triggers a range of economic effects. An important companion fact that adds luster to these astounding cultural treasures is the actual buildings that house them. From the Kimbell Art Museum and Amon Carter Museum in Fort Worth, to the Nasher Sculpture Center in Dallas, to the Menil Collection in Houston, these landmark buildings, all designed by legendary architects, are a huge attraction in their own right. In the last five years, once again, a trend replicated in several SLC states, several Texas cities have seen a building boom (both new construction and expansions) in their cultural and arts facilities. The latter trend, while allowing for expanded exhibit space, also causes cascading economic benefits both during construction and upon completion.

Nasher Sculpture Center [Dallas]12

The Center, a 55,000-square foot building designed by acclaimed architect Renzo Piano, opened to the public in October 2003 and is one of the few institutions in the world devoted to the exhibition, study, and preservation of modern sculpture. The collection, numbering more than 300 sculptures together with 20th century paintings and drawings, is the new home of the renowned Raymond and Patsy Nasher Collection of modern and contemporary sculpture. The Center, costing $70 million, is considered a fine addition and a part of the historic Dallas Museum of Art which opened more than a hundred years ago in 1903.

Modern Art Museum of Fort Worth13

Designed by renowned Japanese architect Tadao Ando, the Modern opened to the public in December 2002 and is Ando’s largest project outside Japan. Located in Fort Worth’s celebrated Cultural District, directly opposite the Kimbell Art Museum (designed by Louis I. Kahn) and near the Amon Carter Museum (designed by Philip Johnson), the Modern comprises five long, flat roofed pavilions situated on a 1.5-acre pond.

OTHER

An interesting development related to the arts and cultural scene in Texas relates to the recent surge in major cash and art donations to the state’s impressive collection of museums.14 For instance, the Dallas Museum of Art announced in September 2005 that it had received a series of cash gifts and art bequests valued at some $400 million from leading collectors that will enrich the Museum’s holdings by more than 800 modern and contemporary works, including those by masters like Monet, Willem de Kooning, Mark Rothko and Gerhard Richter. Similarly, in Houston, the Museum of Fine Arts increased the estimate of a gift to its Museum from its largest benefactor, an oil heiress who died in 2003, to about $450 million. While the will of philanthropist Caroline Wiess Law already had yielded the Museum $330 million in cash, in a recent development, an additional $100 million or more was expected when her estate was settled. In addition, Ms. Law previously had gifted an impressive collection of artwork to the Museum. Consequently, the latest donation from the estate of Ms. Law possibly makes it the largest money gift ever to a fine arts museum in the country.

Modern Art Museum of Fort Worth designed by Tadao Ando. Photography by David Woo, courtesy Modern Art Museum.
The Virginia Commission for the Arts is the lead state agency mandated to support and stimulate excellence in all of the arts—in their full cultural and ethnic diversity—and to make the arts accessible to all Virginians.1 Established in 1968 as an agency of state government, the Commission provides financial assistance for arts activities and information/advisory services to artists, arts organizations, and others interested in the arts.

In order to carry out these diverse tasks, the Commission receives funds primarily from the Virginia General Assembly and the federal National Endowment for the Arts. Operationally, the agency is directed by 13 commissioners appointed to five-year terms by the governor and confirmed by the General Assembly. To ensure statewide representation on the Commission, at least one commissioner—and no more than two—is appointed from each of Virginia’s congressional districts.

FUNDING FOR THE ARTS

The negative effects of the state fiscal downturn affected arts funding in Virginia too, and the Commission for the Arts saw its state legislative appropriations decline sharply during the five-year review period.

As indicated in Table 28, state funding for the arts increased from $4.7 million in fiscal year 2001, to $4.9 million in fiscal year 2002 (by 4 percent) before plunging to $3.9 percent in fiscal year 2003 (a 20 percent drop). Then, in fiscal year 2004, it dropped even more drastically to $2.8 million (a 29 percent decline) before rising marginally by 8 percent to $3 million in fiscal year 2005. The decline from the high of $4.9 million in fiscal year 2002 to $2.8 million in fiscal year 2004, a $2.1 million (or 42 percent) reduction, was significant.

Interestingly, Virginia did not experience any reductions in federal funds; in fact, except for fiscal year 2004, funds allocated to Virginia actually increased (by as much as 9 percent in fiscal year 2003) during the five-year review period. Given that the Commission’s allocation from the state declined during this period, the proportion of federal funds as a percent of total funds secured by the Commission for the Arts actually increased from 10 percent in fiscal year 2001, to 17 percent in fiscal year 2005.

In terms of responding to the reductions, the Commission, in fiscal year 2003, eliminated several categories of grants to arts organizations and slashed staff travel and professional development budgets. Additionally, to deal with the funding reductions in fiscal year 2004, the Commission reduced staff positions by 23 percent and trimmed funding to arts organization by 50 percent.

Given the extremely dire fiscal position in which states found themselves in the early years of this decade, state arts councils, including Virginia’s, pursued a variety of different strategies to generate much-needed revenue. Even though this effort was eventually unsuccessful, one of the strategies proposed in Virginia was the issuing of debt to garner funds for the arts. Consequently, during the 2005 legislative session, Delegate Vincent Callahan and Senator Benjamin J. Lambert III sponsored similar bills to borrow nearly $86

Table 28

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>State Funds</th>
<th>% Change</th>
<th>% of Total</th>
<th>Federal Funds</th>
<th>% Change</th>
<th>% of Total</th>
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<tr>
<td>2001</td>
<td>$5,194,374</td>
<td>$4,690,174</td>
<td>-</td>
<td>90%</td>
<td>$504,200</td>
<td>-</td>
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<td>2002</td>
<td>$5,421,939</td>
<td>$4,880,239</td>
<td>4%</td>
<td>90%</td>
<td>$541,700</td>
<td>7%</td>
<td>10%</td>
</tr>
<tr>
<td>2003</td>
<td>$4,483,195</td>
<td>$3,891,495</td>
<td>-20%</td>
<td>87%</td>
<td>$591,700</td>
<td>9%</td>
<td>13%</td>
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<tr>
<td>2004</td>
<td>$3,371,734</td>
<td>$2,779,934</td>
<td>-29%</td>
<td>82%</td>
<td>$591,800</td>
<td>0%</td>
<td>18%</td>
</tr>
<tr>
<td>2005</td>
<td>$3,617,435</td>
<td>$3,001,535</td>
<td>8%</td>
<td>83%</td>
<td>$615,900</td>
<td>4%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: Virginia Commission for the Arts, August 2005
million for arts and cultural projects in the state. While the bill’s proponents indicated that one of their primary goals was to provide financial support for the 2007 Jamestown celebration, (i.e., the ceremonies designed to commemorate the first permanent English settlement in the Americas, in Jamestown, Virginia, in 1607), a number of other Virginia cities stood to gain with the passage of the legislation.

In an effort to corral legislative support, supporters of the bill provided analyses demonstrating that the positive fiscal impact of this multimillion dollar bond issue would actually exceed its costs. Specifically, they noted that the one-time grants for projects that would be oriented toward the Jamestown 2007 celebration would generate more tax revenue than the related debt service costs; accordingly, these officials maintained that the Jamestown projects would generate $9 million, which would more than offset the $6 million in annual debt payments the state would assume. Similarly, Richmond officials indicated that the $29.8 million included in the bill for the Virginia Performing Arts Foundation would assist in constructing a $113 million performing arts center on the site of the old Thalhimers Department Store, a short walk from the Capitol, and in renovating three historic theaters in the vicinity. These Richmond projects were touted as a “cornerstone” in the redevelopment of downtown Richmond and in efforts to prepare the city for Jamestown 2007, all developments that would generate substantial economic inflows.

In terms of its specifics, HB 2048/SB 1129 sought to fund the following arts and cultural venues with a bond issue that would total $85.6 million:

**Richmond**
- Virginia Performing Arts Foundation Facilities ($29.8 million).
(Since Richmond also sought tax credits, the state’s total support to Richmond’s performing arts centers would have amounted to $47 million.)

**South Hampton Roads**
- Chrysler Museum ($2 million)
- Virginia Beach Performing Arts Center ($2 million)
- Virginia Arts Festival ($1.2 million)
- Virginia Aquarium and Marine Science Center ($1 million)

**Peninsula**
- USS Monitor Center at the Mariners Museum ($5 million)
- Virginia Living Museum ($5 million)

**Remainder of the State**
- George Mason University Performing Arts Center ($3.7 million)
- Virginia Museum of Natural History ($1.5 million)
- Art Museum of Western Virginia ($9.8 million)
- The Barter Foundation ($5 million)
- Fredericksburg Area Museum and Cultural Center ($1 million)
- Marine Corps Heritage Foundation ($2 million)
- Museum of the Shenandoah Valley ($1.5 million)
- Paramount Theatre ($1 million)
- Shenandoah Valley Discovery Museum ($1.5 million)
- Staunton Performing Arts Center ($1.5 million)
- Woodrow Wilson Presidential Library ($7.1 million)
- Wolf Trap Foundation for the Performing Arts ($4 million)

Soon after the bills were introduced, the proposed legislation was enmeshed in a swirl of controversy. Between claims of disproportionate funding to parts of the state to disagreement over the concept of the state assuming additional debt to fund arts projects, the legislation failed and was left to languish in committee.

**ECONOMIC IMPACT**

In December 2000, *Virginians for the Arts*, in cooperation with the Virginia Commission for the Arts and the Virginia Association of Museums, released a report assessing the economic impact of arts and cultural organizations in the state. Even though a number of years have passed since the issuing of this report, the sheer economic impact of the state’s arts and cultural organizations is quickly apparent. Specifically, arts and culture in Virginia is a billion dollar business that continues to grow and expand constantly; it is safe to conclude that this economic impact has only grown in the past few years. The report documented that every year Virginia hosts millions of patrons at numerous arts and cultural events around the state that provide employment for thousands of Virginians while producing millions of dollars in revenue. Furthermore, the intangible benefits created as a result of the arts enhancing the quality of life in rural, urban and suburban communities transforms Virginia into a much more attractive location for new and relocating corporations.

The 2000 report noted that arts and cultural organizations in Virginia annually produced the following impressive economic effects:
- $849 million in revenues for Virginia businesses and $342 million in revenues for Virginia tourism businesses through spending by out-of-state visitors to arts and cultural events;
- $447 million in value-added income (mainly personal income) for Virginia’s workforce and entrepreneurs;
- $307 million in annual labor compensation for Virginia’s workforce;
- 18,850 full- and part-time jobs and nearly 1.4 million hours of volunteer time;
- 30 million patrons at various arts events each year with over one-third of those paying admission fees to arts and cultural organizations residing outside Virginia; and
- $62 million in grant income annually and an estimated $74 million in contributions annually to supplement their budget.

Along with this statewide study, there have been more recent, region- alized studies conducted in Virginia. Specifically, Old Dominion University
CULTURAL HERITAGE TOURISM

As is the case with several other states, Virginia is focused on developing cultural heritage tourism in an effort to provide more exposure to the state’s artists and performers as well as create more economic benefits to the specific region and the state. In this connection, the Commission for the Arts has awarded grants to several cultural tourism promotion projects and for training arts organization staff in tourism marketing. The Virginia Tourism Corporation (VTC) routinely advertises the state’s myriad cultural attractions. For instance, every other year in September, the VTC publishes a report entitled “The Heritage and Culture of African Americans in Virginia: A Guide to the Sites,” a comprehensive inventory of major African American sites in the state. While the report includes suggested itineraries and descriptions of historical sites, museums and churches, as well as maps of the state’s eight cultural regions, it also contains a short history of African Americans in Virginia.

One of the most important recent initiatives in Virginia to promote economic development via cultural heritage tourism is The Crooked Road: Virginia’s Heritage Music Trail. Established by an act of the General Assembly, The Crooked Road is a 265-mile driving route that encompasses southwest Virginia’s rich musical landscape. The traditional gospel, bluegrass, and mountain music heard today on The Crooked Road trail was passed down from generation to generation and is well represented by a collection of musicians and musical instrument makers that live along the trail.

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While not entirely connected to cultural heritage tourism, an October 2005 announcement from Virginia Governor Mark R. Warner indicated that in 2004, Virginia was the destination of nearly 36 million tourist visits, representing a $15.3 billion investment in the state’s economy. Not only does the tourism industry in Virginia pack a multibillion dollar punch, it employs more than 280,000 people and generates more than $2 billion in state and local taxes annually. In addition, 304,834 overseas and 436,800 Canadian travelers’ spending totaled more than $352.4 million in Virginia in 2004, a growth rate of 26 percent and 17.5 percent, respectively, while travelers from other parts of the country to Virginia increased by 8.3 percent between 2003 and 2004.

Even though this surge in tourism is not all related to cultural heritage tourism, the governor and the VTC have been stressing the benefits of Virginia’s cultural tourism assets, located especially in southwest and south Virginia. For instance, then-Governor Warner’s Virginia Works initiative, an effort launched in December 2004 to provide targeted investments to help distressed communities improve their economies, deployed a number of cultural attractions to increase tourism and enhance economic growth. An important component of the Virginia Works effort involves developing and promoting local and regional assets such as music, arts, crafts, history, and outdoor recreation with new tourism initiatives such as Virginia artisan centers; The Crooked Road: Virginia’s Heritage Music Trail; Virginia Tobacco Heritage Trail; Round the Mountain; and the rails to trails projects. These multidimensional efforts already are having a positive economic impact in southwest and south Virginia.

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grass, and mountain music heard today on The Crooked Road trail was passed down from generation to generation and is well represented by a collection of musicians and musical instrument makers that live along the trail. There are eight major links that glue the Road together, and these include Ferrum College’s Blue Ridge Institute, Floyd Country Store, Rex Theater in Galax, Blue Ridge Music Center on the Blue Ridge Parkway, Birthplace of Country Music Alliance Museum (in Bristol), Carter Family Fold (in Scott County), Country Cabin (in Norton) and the Ralph Stanley Museum (in Clintwood in Dickenson County). Furthermore, the region is rich in other cultural assets (traditional handcrafted woodwork, weaving, pottery) and outdoor recreation (hiking, biking, fishing, boating) that are further incentives to take the trail. In fact, the recent popularity and success of The Crooked Road will lead to a group of musicians and musical instrument makers from the trail traveling to Scotland in May 2006 to showcase their talents and expertise on the international stage.8

In a sterling demonstration of interstate cooperation, the Virginia Commission for the Arts, Blue Ridge Institute of Ferrum College, Virginia, and the North Carolina Arts Council currently collaborate on an ongoing project, the Blue Ridge Music Trail.9 The Trail project emerged from a multistate partnership of organizations, communities, and individuals committed to promoting the cultural heritage of the region, particularly in the musical sphere. Given that the Blue Ridge region is an area where an array of musical styles and dance has flourished for decades, the Blue Ridge Music Trail project hosts a Website that guides travelers to the many public settings in which Blue Ridge folk music and dance thrive today. The goal of the Website is to provide cultural heritage tourists with current information regarding ongoing events reflecting the musical and dance heritage of the Southern Appalachian region and help them plan a productive and enjoyable visit. Once again, the goal of this program is to preserve the culture of the region while bringing in much-needed tourism dollars to assist in expanding the economic potential of one of the more distressed regions of our nation.

**BLOCKBUSTER EXHIBITIONS**

Even though the Commission’s response to the SLC survey indicated that there were no blockbuster exhibitions featured in any of the state’s museums in the last five years, it is relevant to mention the remarkable permanent collection of more than 20,000 works of art from almost every major world culture housed at the Virginia Museum of Fine Arts (VMFA). Particularly noteworthy are the VMFA’s collections of Art Nouveau, Art Deco, and modern and contemporary American art; French Impressionist and Post-Impressionist art; British sporting art; American art; the collections of Fabergé jeweled objects and English Silver; and, finally, the Museum’s holdings of South Asian, Himalayan, and African art, rated among the finest in the nation.

The Roanoke-based Art Museum of Western Virginia, another jewel in the crown of Virginia’s museums, featured an exhibition of the work of Ansel Adams entitled, *Ansel Adams: The Man Who Captured the Earth’s Beauty*, between July 1 and September 11, 2005. In terms of its permanent collection, the Art Museum of Western Virginia houses 19th and 20th century American art, contemporary and modern art, decorative arts, and works on paper.

In addition, the Commission commented on the importance of the Chrysler Museum of Art in Norfolk.10 The Museum, founded in 1939 as the Norfolk Museum of Arts and Sciences, experienced explosive growth in 1971 when automobile heir and art collector, Walter P. Chrysler, Jr., presented the city of Norfolk with his collection. Today, the Chrysler Museum has an outstanding permanent collection of over 30,000 original works of art, including European and American paintings, and extensive glass and photography collections. Furthermore, the Museum continues to host outstanding special exhibitions based both on its own collection and the collections of other museums on a regular basis.

**BUILDING BOOM**

In a trend that is evinced in a number of SLC states, Virginia also is experiencing an impressive boom in the construction of performing arts and cultural facilities. The construction of these state-of-the-art facilities with the latest technological advances in acoustics, lighting and sound remain an integral component of not only fostering the arts but also significantly enhancing economic capacities. Following are examples of several Virginia institutions that are in the process of expanding their facilities.

**Virginia Museum of Fine Arts** *(Richmond)*

This Richmond-based facility, which is the nation’s largest and oldest state art museum, is in the process of a major expansion effort.11 The London-based, American architect Rick Mather was selected to work on the $108-million building expansion that will transform the Museum’s nearly 14-acre campus with a work of contemporary architecture that will display more fully the Museum’s extensive collection of world art. Mather’s project will result in a five-level glass-and-stone structure that will add more than 100,000 square feet of space to the existing 240,000-square foot museum. The VMFA’s trustees also announced the selection of the Olin Partnership of Philadelphia as landscape architects for the E. Claiborne and Lora Robins Sculpture Garden. According to its timetable, starting with the parking deck, VMFA broke ground for its expansion in 2005 and will proceed in phases. The parking deck will be completed first, in 2006, while the Robins Sculpture Garden will be constructed in phases once the parking deck is completed.
Art Museum of Western Virginia
[Roanoke]
Another Virginia museum in the process of a major expansion effort is the downtown Roanoke-based Art Museum of Western Virginia. In September 2005, the Art Museum broke ground for its much anticipated 75,000-square foot new facility. The new building, designed by Los Angeles-based architect Randall Stout, promises to be a dramatic composition of flowing, layered forms in steel, patinated zinc and high performance glass paying sculptural tribute to the famous Blue Ridge Mountains that provide Roanoke’s backdrop and shape the spirit of the region. While the $46 million project currently is scheduled to open to the public in the fall of 2007, the Art Museum’s fundraisers have generated more than $30 million already toward this financial goal. The new facility will be the first purpose-built art museum ever constructed in Roanoke and a substantial step in the continued development of the region as an arts destination of national and international stature.

Ferguson Center for the Arts
[Newport News]
Located in Newport News at the Christopher Newport University, the Ferguson Center is Virginia’s newest home for artists from around the state, the region and the world. Since opening in 2004, the Ferguson Center houses three state-of-the-art theaters and facilities including a 1,700-seat proscenium, a 450-seat modified proscenium, a 125-seat experimental theater alongside new scenic and costume studios, computer and lighting labs, extensive rehearsal facilities and state-of-the-art teaching and learning spaces.

Sandler Center for the Performing Arts [Virginia Beach]
Scheduled to open in 2007, the Sandler Center will be the cultural centerpiece of Virginia Beach, a professional-quality facility that celebrates the arts and showcases the wealth of Virginia and the region’s cultural resources. With its location right in the middle of the city’s vibrant Town Center, the state-of-the-art performance hall will seat 1,200, offer perfect sight lines, feature an outdoor performance plaza and support spaces. In terms of financing the facility, in November 2004, city officials approved a total budget of $46.7 million for the Center. Of this amount, $35 million will be secured from city funds that, in turn, will be secured from dedicated meal and hotel taxes, funds partially collected from visitors. The remaining capital requirements are expected to be raised from private funding.
OVERVIEW

The main state agency overseeing cultural and arts development in West Virginia is the Division of Culture and History which seeks to identify, preserve, protect, promote, and present the ideas, arts, and artifacts of West Virginia's heritage. In carrying out this mandate, the Division is broken into four sub-agencies: archives and history; arts; historic preservation; and museums. The Division's main offices are in the Cultural Center at the Capitol in Charleston, which is home to the State Museum and Theater, State Archives and Collections, and a library for genealogical research. At the Cultural Center, the Division programs a full year of events and exhibits along with administering four historical sites, each with their own program schedules, in other areas of the state.

As expected, the activities of all these sub-agencies play an important role in the preservation of arts and culture in the state; however, the West Virginia Commission on the Arts, established in 1967, remains of greater significance to arts and culture-related activities. The Commission works with artists, arts organizations, schools, and community groups to promote a thriving environment for the artistic, cultural, educational and economic development of the state. There are 12 members on the West Virginia Commission on the Arts along with nine staff members who help direct its daily operations. In order to finance the Commission's activities, the West Virginia Division of Culture and History receives annual support from the Legislature, the federal National Endowment for the Arts (NEA), and a special grant from the Claude Worthington Benedum Foundation for competitive arts grants approved by the Commission and for arts administration services to arts organizations and individual artists across West Virginia.

According to the National Assembly of State Arts Agencies, funding for the arts in West Virginia did not suffer the kind of cutbacks most of the other states around the country experienced between fiscal year 2001 and 2005. In fact, funding levels between these two periods actually increased, marginally, from $2.3 million to $2.4 million, a trend evident in only three other SLC states during this time period.

ECONOMIC IMPACT

In November 2004, a study sponsored by six state arts and crafts organizations and the Small Business Development Division of the West Virginia Development Office indicated that the arts and crafts industry contributed more than $54 million to the state economy each year through the sale of related products. In order to gather this information, the study queried some 2,539 artists and craftspeople in the state about their overall sales, income, studio situations and needs. The study's results fully demonstrate the significance of the industry as a form of livelihood for thousands of West Virginia residents. Furthermore, the results reinforce the importance of public policy pertaining to the arts and the need for public policy decisions to direct further investments into this growing sector of the state economy.

While this study focused solely on the producers of arts and crafts, it did not consider the potential contribution of shops, galleries, craft schools and publications. The study forecasts that, when these are included, the comprehensive economic impact of the arts and crafts industry exceeds $81 million annually, an impressive figure indeed. Among the highlights of the study were the following:

- The direct impact of the artists and craftspeople working in the state is $54.5 million annually;
- The estimated comprehensive economic impact of the arts and crafts industry, including crafts retailers, organizations and publications is $81.2 million per year;
- The vast majority of artists work solo in a studio (approximately 70 percent) located in their home or on their property (88 percent). While 21 percent indicated that they work in a studio with a partner or family member, an additional 7 percent of the survey respondents are owners/partners in a studio with paid employees;
- The mean age of craftspeople in West Virginia is 54, only modestly older than the average of other working Virginians. (This is consistent with the hypothesis that craft producers typically require higher than...
average skill sets than that of other workers – skills that are acquired during a prolonged period of time);
» The annual household income derived from craft-related activities was reported to be $13,114. This income provides, on average, 27.5 percent of the total household income, while 12 percent of respondents indicated that craft income was the only source of household income;
» Approximately 75 percent of the items produced by West Virginia artists and crafters are sold within the state;
» On average, wholesale revenues account for 48.9 percent of the annual sales/revenue, while direct retailing accounts for an average of 37.7 percent of annual sales/revenue;
» Crafts fairs provide the largest source of retail sales, representing 36.9 percent of total sales, studio sales account for 34.7 percent, while commission sales comprise 14 percent of total retail sales annually; and
» Woodworkers appear to have the highest average sales at $25,476 per year, followed by artists and craftspeople working in paper ($24,263), leather ($23,500) and fiber/textiles ($22,224).

In closing, the approximate $54 million the arts and crafts industry contributes to the state economy every year is only $13 million less than the personal consumption of fuel oil and coal in West Virginia and only $32 million less than software consumption. When one factors in the potential comprehensive economic contribution, the crafts industry falls just behind the software industry in West Virginia, certainly an indication of the significant economic importance of the industry to the state’s economic wellbeing.
A

s documented in numerous studies at the national, regional and state levels, the economic impact of the arts streams in billions of dollars and produces millions of jobs, cumulatively, though it generally is true that arts budgets, at every level of government, are the first to be slashed during lean fiscal times. The role played by the arts in attracting corporate relocations or expansions is another often forgotten factor in calculating the full impact of the arts. Finally, beyond the intrinsic value of the arts, the manner in which the arts enhances the quality of life and the valuable role played by a thriving arts education program in fostering smarter, well-rounded children, are additional reasons for programs designed to create a thriving arts scene.

During the recent economic downturn, state arts agencies were forced to nimbly react to reduced appropriations by generating alternate revenue sources to sustain the arts programs in their states. Compounding the fiscal problems of these arts agencies was the fact that individual, corporate and foundation donations were dipping as well. For instance, states have sought to issue bonds to raise funds for arts and cultural projects; in recent years, borrowing has become an increasingly popular strategy to fund a range of state government projects. Another popular strategy adopted by a number of jurisdictions across the country involves earmarking a certain proportion of revenue flowing into the coffers of a government entity specifically for the arts. Some of the popular tax categories that often are earmarked are retail sales taxes, occupancy taxes on hotels and motels, taxes on rental cars and property taxes.

A number of jurisdictions across the country also have enacted ‘percent-for-art-legislation’ whereby a certain percentage of specified publicly funded capital improvement projects are allocated toward arts-related projects. Public officials also have entered into innovative arrangements with corporate developers involved in multimillion dollar projects to enhance the image and economic potential of a city or downtown area. Under these arrangements, the arts community seeks allocations toward public art works by pitching it as an integral part of this economic expansion effort. During the fiscal downturn, universities surfaced as an unusual funding source for many arts agencies. In fact, these institutes of higher learning have resuscitated many arts agencies during the recent downturn by providing significant sums of money, particularly by commissioning and sponsoring new arts projects and works.

States also have begun promoting cultural tourism as a means to ignite interest in the arts and foster positive economic trends. In Louisiana, even before Hurricane Katrina’s devastating impact, Lieutenant Governor Mitch Landrieu was focusing intensely on tapping his state’s “multifaceted, deeply-rooted, authentic and unique culture” as a source of “economic energy.”

Notwithstanding the reduced government contributions, the economic impact of the arts continues to be sizable at the local, state and national levels. In fact, a sampling of some of the economic reports described in greater detail in the report illustrates this feature. For instance, a December 2003 study noted that the arts industry stimulated $270.2 million in business and consumer spending in Oklahoma; a January 2004 study documented the $19.5 billion economic impact generated by the cultural arts, historic preservation and library services industries in Florida; and a November 2004 study described the $4.7 billion in annual income produced by Missouri’s creative industries. Beyond these sizable economic impacts, there is a growing sense that an animated and vibrant arts and cultural scene remains an essential element for a city, region and nation to be considered a world class venue.

While the arts continue to struggle for recognition as an important economic and revenue generator in most states’ budgets, the growing strength of their collective contributions—as proven admirably during the most recent downturn, when they continued to create positive economic flows despite depleted budgets—there may come a time when policymakers think twice about substantially cutting funding during the next economic downturn. In fact, the ability of the arts and cultural sectors to contribute significantly to the economic vitality of local and state economies, despite the reductions in legislative appropriations, begs the question that the continuation of funding during an economic downturn could potentially ensure even greater levels of economic flows from these sectors.
March 31, 2005

The Executive Director
SLC State Arts Agency

Dear Arts Agency Director:

I write to secure your assistance in obtaining information for a research project to be conducted by our office, The Council of State Governments’ Southern office, the Southern Legislative Conference (SLC). Specifically, the SLC is seeking information to update its November 2000 report, “More than a Song and Dance: The Economic Impact of the Arts in the Southern Legislative Conference States,” and document the growing economic importance of the arts in the South. One of the major sections in this in-depth study will involve a detailed, state-by-state breakdown of the economic impact of the arts industry in the 16 SLC states. The results of our findings will be published with the assistance of the Southern Arts Federation later on this year.

In order that we may have the most accurate and current information to present to governors meeting in September 2005 at the Southern Governors’ Association meeting here in Georgia and to circulate among all the legislators in the SLC, including House Speakers and Senate Presidents, and a host of other officials and institutions, we would be grateful if you would kindly complete the following survey and forward back to my attention – along with any relevant accompanying materials – by May 2, 2005. Please feel free to contact me at 404/633-1866, or email at scanagaretta@csg.org if you have any questions. In addition, please feel free to visit our Website www.slcatlanta.org to secure more information on the SLC, including our publications and the aforementioned November 2000 report on the economic impact of the arts.

Thank you in advance for your assistance.

Sincerely,

Sujit M. CanagaRetna
Senior Fiscal Analyst
Survey Questionnaire for Joint Southern Legislative Conference/Southern Arts Federation Report on “The Economic Impact of the Arts in the South”

Name: 
Title: 
Agency Name: 
State: 

1. Legislative Appropriations

a) Please list your state’s legislative appropriation to your state arts agency in fiscal years 2001 through 2005.
b) Did your agency secure any additional appropriations during this time period from other government entities, federal, county or local? If so, please provide details on these funds.
c) Please list any additional sources of revenue that your agency managed to secure during these fiscal years, indicating source/type, amount and time period.
d) In the event that state appropriations were reduced, what measures did your agency initiate to deal with the shortfall? (For instance, reductions in staff, programs, outreach.) Please list specifics, preferably by fiscal year.
e) Did your agency enact specific measures to generate additional private sector funds? If so, please describe these specific measures and details on the funds raised.
f) Did your agency embark on any innovative or creative programs to promote the arts in your state during this period of fiscal austerity? Please provide details on these programs with amounts raised, extent of population reached and any other aspects you would like to highlight.

2. Economic Impact Studies

a) During the last five years, has there been an economic impact of the arts study conducted in your state? (This could be a statewide impact analysis or limited to a particular metropolitan area.) Please provide us a copy of this report/reports.
b) In the last two decades, how many economic impact studies have been conducted in your state assessing either the statewide or local/metropolitan area impact of the arts? Under whose initiative were these studies initiated?
c) Can you please list the source of funding for the most recent economic impact study, statewide and/or local?
3. Cultural Heritage Tourism

a) Has there been an effort to promote cultural heritage tourism in your state? (Cultural heritage tourism is broadly defined as traveling to experience the places, artifacts and activities that authentically represent the stories and people of the past and present.)

b) Please provide details of these efforts, including a sample of the kind of programs promoted, public sector financial outlays to nurture these programs and information on the economic impact of cultural heritage tourism.

4. Blockbuster Exhibitions

a) In the last five years, have there been any major exhibitions that traveled to your state? If so, please provide a short description of the exhibition, the number of attendees and estimates on the economic impact of the specific exhibition.

b) Does your state have plans to feature any additional blockbuster exhibitions in the upcoming years? If so, please provide details on the exhibition and any estimates on the potential economic impact of this exhibition.

5. Building Boom in the Arts

a) A number of SLC states continue to experience a boom in the construction and expansion of museums, performing arts centers and symphony halls. Please list any such trends in your state.

b) Please provide details on the sources of funding for these individual projects. If there is public sector funding involved, how will these funds be raised? Bond issues? If so, please provide any details.

c) A number of Southern states have been the beneficiaries of substantial philanthropic donations, either in the form of cash or artwork, recently. These donations have been critical in promoting this expansion and construction activity. Please list any details you consider relevant in this connection.

6. Other

a) Please provide any other information you deem relevant and crucial in highlighting the importance of the arts to local communities and the economic impact of the arts.

b) Please include any pictures or graphics you feel best represent the importance of the arts in your state and/or demonstrate the vitality of the arts in your state.
The Economic Impact of the Arts in the South

INTRODUCTION

1 The SLC comprises the following 16 states: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Missouri, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

2 In November 2000, the SLC published More than a Song and Dance: The Economic Impact of the Arts in the Southern Legislative Conference States to document the towering role played by different aspects of the arts industry in spurring and promoting economic growth opportunities, first, at the national level and then, more specifically, in the 16 Southern Legislative Conference states. At a national level, the report noted that the total economic impact of the non-profit arts industry in the United States included the following remarkable statistics: $36.8 billion in total expenditures; $25.2 billion paid out in salaries and wages; $790 million in local government revenue; $1.2 billion in state government revenue; and $3.4 billion in federal income tax revenue.

In terms of the specific SLC states, the 2000 SLC report indicated that the economic impact of the arts was a roaring success embracing both rural and urban areas alike. Some of the examples from the SLC states that illustrate this point included the fact according to research released by the Florida Cultural Action and Education Alliances in January 2000, the Florida arts and cultural industry contributed $1.4 billion toward gross state product while creating 22,237 full-time equivalent jobs. In Georgia, the Metro Atlanta Chamber of Commerce released a PriceWaterhouse study in March 1998 that showed the local arts and cultural community had a direct and indirect impact on the metropolitan Atlanta economy of $700 million and 24,000 jobs. In Maryland, according to a Maryland Department of Business and Economic Development study issued in June 2000, the state’s arts industry (arts organizations and arts audiences activities) contributed $726 million to the state’s economy, including $230 million in direct spending on goods and services by audiences and attendees at arts events; $111 million in direct spending by arts organizations on goods and services; $255 million in total employee income; $27 million in selected annual state and local taxes; and created about 11,602 full-time equivalent jobs statewide. Finally, in Tennessee, the non-profit arts industry employed more than 2,700 people in full-time and part-time positions, annually spent more than $100 million in salaries and other expenses, generated more than $5 million in state and local taxes every year, incurred almost $15 million in capital expenditures in 1998/99 and attracted more than 4 million Tennesseans and tourists each year. Another point stressed in the 2000 SLC report was the fact that this impressive economic impact scenario sprang from a U.S. economy that was most extraordinary. In fact, the U.S. economy enjoyed an unparalleled level of success between March 1991 and March 2001 when it expanded in every month during this period, the longest expansion in the history of our nation.

3 Calculations based on data provided by the National Assembly of State Arts Agencies Legislative Appropriations for fiscal years 2001 through 2005.

4 “States Appropriated 0.048 Percent of General Fund Dollars to State Arts Agencies,” National Assembly of State Arts Agencies (NASAA), March 2005.


7 “Economic Impact of the Arts in Maryland: 2004 Update,” Maryland State Arts Council, 2004, and email communication with Ms. Sue Kenney, Project Manager, Maryland Office of Tourism.


13 “Smart Growth – Arts and Entertainment District Application Manual,” Maryland Department of Business & Economic Development.


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52002 Survey of Public Participation in the Arts, National Endowment for the Arts, August 2002.
3“How the United States Funds the Arts,” National Endowment for the Arts, October 2004. Information related to the federal funding for the arts is extracted from this report, unless otherwise stated.
5“How the United States Funds the Arts…”
6“How Hands in their Pockets,” The Economist, August 16, 2001. Information on state cutbacks to cultural institutions in Europe in this chapter is based on this source.

CHAPTER TWO

7This section draws on the introductory section of “More than a Song and Dance: The Economic Impact of the Arts in the Southern Legislative Conference States,” November 2000.
8This paragraph is based on the national estimates. The three largest U.S. cities (New York, Los Angeles, and Chicago)—each with more than $1 billion in organizational expenditures alone—were excluded from this study to avoid inflating the national estimates.
10“City Received a Near-Record Number of Visitors in 2004,” The New York Times, September 25, 2005. Information cited on this report in this section draws on this source.

CHAPTER THREE

14“U.S. Arts Funding . . .”
16“The Giving Spree . . .”
19“U.S. Arts Funding . . .”
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26About SCFD,” http://www.scfd.org/history.shtml
29The section of St. Louis earmarking property taxes is from St. Louis Zoo-Museum District Provides Model for Communities, Association of Midwest Museums, http://www.midwestmuseums.org/zoomuseum.html.
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35www.art.su.edu/resources/pubart.html.
36Ibid.
37Ibid.
38Arts Groups And Artists Find Angels: Universities,” The New York Times, October 30, 2002. The section on universities emerging as major arts patrons draws on this article extensively.
39Ibid.
40Ibid.
CHAPTER FOUR

4www.mainstreet.org
8“Louisiana: Where Culture Means Business . . . Unless otherwise specified, all references to facts and figures on the Louisiana cultural economy are extracted from this report.
9Ibid.

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1www.arts.state.al.us/council/index-council.htm#History.
6Cultural Economic Development (Birmingham), Provided by Alabama Arts Council, March 17, 2006.
7www.arts.state.al.us/downloads/BLUEPR1i.pdf.

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1www.arkansasarts.com.
3www.arkansaspreservation.org/main-street/delta.asp.
5Information in this section is based on “Clinton Library’s Impact Found on Street,” Arkansas News Bureau, May 21, 2005, and “Clinton Presidential Center Tops 300,000 Annual Attendance Goal,” Press Release, Clinton Presidential Center, June 6, 2005.

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1www.florida-arts.org.
4www.flheritage.com/preservation.
5http://disl.dso.state.fl.us.

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1www.gaarts.org.
7Atlanta Symphony Center Economic Impact: $2 Billion through First Ten Years,” Press Release, Atlanta Symphony Center, September 23, 2005.
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MARYLAND

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“At Strathmore, Suburbs Take Another Bow: Montgomery Among Counties That Have Major Venues for the Performing Arts,” The Washington Post, February 3, 2005. Unless otherwise specified, information related to the Strathmore Center is based on this article.


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Impact: A Preliminary Assessment Of Financial Losses Suffered By Arts Organizations In The Gulf Coast,” Compiled on September 26, 2005 by the National Endowment for the Arts (NEA), www.southarts.org/impact.html.


MISSISSIPPI


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MISSOURI

1. www.missouriarts.org/html/about.shtml


3. Response from Bill Meerbott, Assistant Director for Administration, Missouri Arts Council to the SLC on March 17, 2006.


13. The former Missouri Arts Council


NORTH CAROLINA

1. http://www.ncarts.org/about_us.cfm

2. www.wallacefoundation.org/WF


4. www.artsaction.com/HTML/AAR.html


6. www.homegrownhandmade.com/

7. www.ncarts.org/pdf/just_the_Ticket.pdf


9. www.ncpresenters.org/Pages/about.html

10. The history of the craft art in North Carolina may be traced to the indigenous Cherokee Indians. Subsequent European settlers applied their hand working skills to cope with the harshness of the then-remote wilderness creating what is now referred to as traditional crafts. With the passage of time and the
onset of industrialization, making a living and surviving by traditional arts and crafts techniques became increasingly difficult. Consequently, more and more North Carolinians moved away from relying on arts and crafts as a form of livelihood; yet, folk art and crafts survived and even blossomed due to the innovative efforts of institutions like Penland School of Crafts, the Highland Craft Guild, both currently celebrating 75th anniversaries, and the John C. Campbell Folk School in North Carolina and Berea College in Kentucky. These institutions were founded to help keep alive the unique mountain heritage, culture, and production of beautiful handmade art while also providing opportunities to improve lifestyles. (Information in this section is extracted from "Arts and Crafts, As Far as the Eye Can See, The Christian Science Monitor, May 18, 2005).


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1www.state.sc.us/arts/about.htm.
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5www.vatc.org/pr/prpubs.htm.
7www.thecrookedroad.org.
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1www.wculture.org/index.aspx.
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