

# POLICY POINTS

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## Where Art Thou, Arizona: Arts, Culture and Economic Development

By Rhonda Phillips, Associate Dean, Barrett, The Honors College Downtown Campus and Professor, School of Community Resources and Development.

Arizona once ranked 25<sup>th</sup> in the nation in legislative arts appropriations – now it's last, with all legislative support for the arts cut to zero in the 2012 budget. It's been an alarming decline over the last few years, dropping from 47<sup>th</sup> place in 2010, to 49<sup>th</sup> last year and now ... nothing given to the arts. Losing grounding in the arts has implications for community well being, economic development and overall quality of life. The essential role of arts and cultural organizations in Arizona's economy makes this a pressing policy issue for the state. In fact, Arizona Town Hall chose arts and culture as the focus of its 98<sup>th</sup> Town Hall and report.

Despite boasting a commission on the arts, the picture isn't so pretty when it comes to public funding for the arts in Arizona. A former leader in arts funding, legislative appropriations dropped to \$665,600 in 2011 from \$956,000 in 2010, which in turn was down 34% from 2009, according to the National Assembly of State Arts Agencies, *Legislative Appropriations Annual Survey*, FY2010 and FY2011.<sup>1</sup> Nationwide, the average legislative appropriation for state arts agencies is \$4.8 million, ranging from over \$41 million in New York to less than half a million in other states.

In Arizona, per capita appropriations averaged 44 cents last year, but have now been eliminated. While per capita expenditures have decreased over the last few years nationally, from 96 cents in 2010, to 87 cents in 2011, most states have preserved some level of funding. We're cutting funding for these activities in spite of their contributions to an important economic sector – one that employs a lot of Arizona residents.

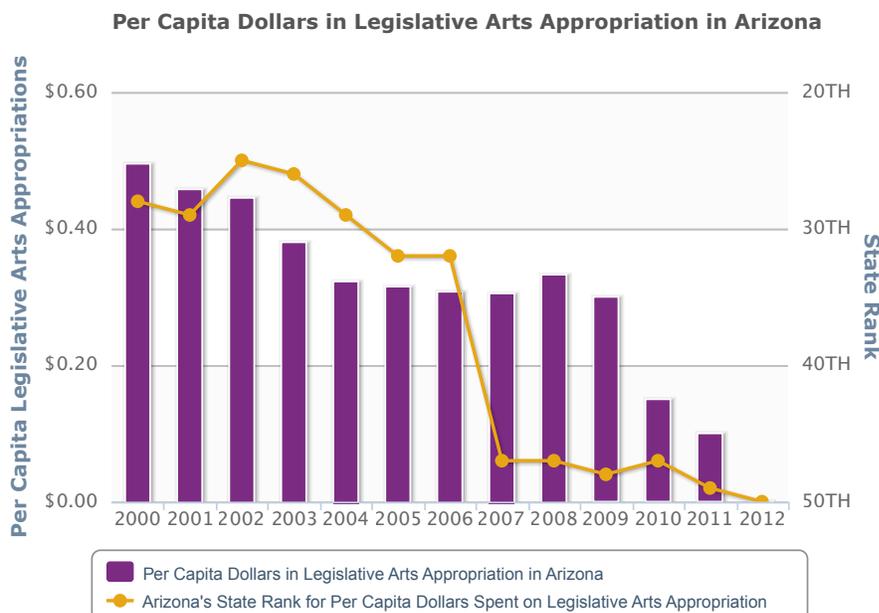
Arizona Indicators is an online information resource and analysis tool that centralizes data about the state and its communities. Arizona Indicators presents interactive visualizations, clear data descriptions, and public opinion data in a broad range of content areas.

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For more information, contact Andrea Whitsett at (602) 496-0217 or [andrea.whitsett@asu.edu](mailto:andrea.whitsett@asu.edu).

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411 N Central Ave  
Suite 900  
Phoenix, Arizona  
85004-0692  
(602) 496-0900 Main  
(602) 496-0964 Fax  
[MorrisonInstitute.asu.edu](http://MorrisonInstitute.asu.edu)



Source: National Assembly of State Arts Agencies, Annual Appropriations and Revenue Survey Data

**Figure 1.** Legislative appropriations provide core support for Arizona art organizations, enhancing quality of life for residents and bolstering the vitality of Arizona's creative economy. Once ranked 25<sup>th</sup> in arts appropriations per capita, Arizona is now last on this measure. In 2011, Arizona spent only \$0.10 per capita, down from \$0.15 in 2010 and \$0.30 in 2009.

## Artful Business

It's generally accepted that arts businesses and organizations generate creativity and innovation in economies around the globe. In the U.S., there are more than 600,000 businesses involved in the arts (whether creation or distribution), employing 2.9 million people.<sup>2</sup> Communities consistently find that the arts play a crucial role in their local economic development efforts with important direct and indirect effects. Direct effects, such as increased jobs, sales and public revenues, are relatively evident and quantifiable. Indirect effects, such as community amenities and aesthetics enhancing a community's overall image and contributing to the attraction of new residents, employers, tourists, and investors, are often less visible and can prove difficult to measure. Americans for the Arts recently released its 2010 Creative Industries report, focusing on arts-related businesses that "range from non-profit museums, symphonies and theaters to for-profit film, architecture, and advertising companies." Arizona has 11,600 such arts-related businesses employing a total of 47,712 employees.<sup>3</sup> The map below shows how states compare in the total number of arts-related enterprises.

### Number of Arts-Related Businesses in the U.S., 2010

#### Value of Nonprofits for the Arts

Of these 11,600 Arizona businesses, 1,163 are *nonprofit* arts, culture, humanities, fairs and international cultural exchange entities. In *Arts & the Economy*, the National Governors Association's Center for Best Practices points out that nonprofit arts organizations provide educational and outreach services that help to cultivate demand for arts experiences – and, consequently, they benefit arts industries in general. Some nonprofits serve as catalysts or incubators, providing essential advocacy, design, communications, training, education or planning services to artist entrepreneurs and for-profit creative businesses.

One such catalyst organization is Arizona Action for the Arts, a statewide nonprofit arts advocacy membership organization focused on promoting public dialogue, public policy and legislation favorable to the arts, and serving as a resource for increasing public funding sources. Along with its allied organization, the nonprofit charitable arm Arizona Citizens for the Arts, the organization strives to increase "discussion and awareness of the importance and impact of the arts in achieving quality of life, educational excellence and economic health for all Arizonans and Arizona Enterprises."<sup>4</sup> Arts and business groups, such as the Arts & Business Council of Greater Phoenix (A&BC), also help promote the value of arts for overall community development and quality of life. The mission of the A&BC is to foster leadership development, encouraging and inspiring involvement for enriching the entire community. A&BC is a chapter of the national organization, Americans for the Arts.

Other nonprofits are direct producers of artistic goods and experiences without which no creative economy can thrive – examples of these abound throughout Arizona including performing arts, visual arts, film/radio and museums. Still others are the "anchor" attraction in a community whose audiences provide essential business for nearby retail, restaurant, and hospitality providers. The Heard Museum is one of many notable anchor attractions.

Because of these complex relationships, state efforts to foster economic growth in the arts need to include the nonprofit as well as the for-profit sector, ensuring that nonprofits in the state have the capacity to be productive economic contributors and connectors.<sup>5</sup> Nonprofits are capacity builders in an economy and therefore the government and funders should invest in their success. Several states have done so, either via their state agencies or through a catalyst nonprofit organization that helps others thrive. Arizona's Commission on the Arts, for example, has a variety of programs to support both nonprofit and for-profit organizations, including its consultant services initiative. Its efforts have been noted by the National Governors Association Center for Best Practices.<sup>6</sup> This commission was inspired by the Denver model. However, Denver has used a local option tax for support of the arts. Creating a special tax zone, the Scientific and Cultural Facilities district, this small sales tax (one-tenth of 1%) raised tens of millions of dollars to support the arts. Other innovative approaches include Oregon's launch of the CHAMP (Culture, Heritage, Art, Movies and Preservation) capacity building initiative to strengthen the state's nonprofit

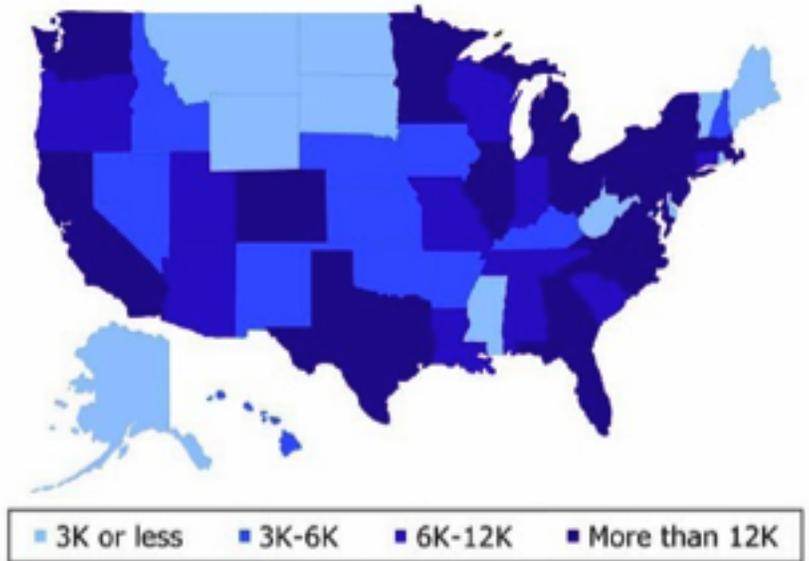


Figure 2. Number of Arts-Related Businesses in the U.S., 2010. Source: 2010 Creative Industries, The 50 States and the District of Columbia, Americans for the Arts, 2010, [www.americansforthearts.org/creativeindustries](http://www.americansforthearts.org/creativeindustries), Table 1.

arts infrastructure. It's described as "a state reinvestment package designed to revitalize cultural organizations whose missions keeps culture thriving and which advance the state's creative economy. The package includes funding for the Creative Oregon Initiative, which aims to strengthen nonprofit capacity to support artists, grow audiences, and add jobs and revenue to local economies."<sup>7</sup> These are just a few examples of numerous ways states can foster strong arts organizations, even in distressed economic times.

## Spotlight on Arts

Amidst economic challenges, arts can be a bright spot and source of community resilience. The arts provide numerous benefits to local and state economies. The creative industries employ many people directly, but they also contribute to a positive image of the state as a distinctive locale with cultural vitality and lots of venues to explore. This aesthetic environment can serve to attract other job generators as well as much-needed investments. Arts also help stimulate economies through tourism, especially when tied to cultural and heritage events in addition to special events such as fairs and festivals. General industry figures show that more than 70% of tourists engage in cultural tourism with at least one-third identifying specific arts, culture or heritage venues or events as influencing their choice of destination. It's also interesting to note that arts, culture or heritage attractions entice tourists to stay longer in their destination, which generates more impact for the host community. Furthermore, creative industries foster an innovative workforce, are a source of civic pride for residents, and infuse culture into community and economic development.

Arts-related businesses have actually increased in Arizona since 2008. As of January 2010, there were 10,590 arts-related businesses employing 46,000 people – in January 2011 there were 13,781 businesses and 47,762 employees. These data, gleaned from the Dun & Bradstreet database by the organization, Americans for the Arts,<sup>8</sup> explain the role such businesses play in building and sustaining economic vibrancy: "These arts-centric businesses employ residents, spend money locally, generate government revenue, and are a cornerstone of tourism and economic development."<sup>9</sup> There is a missed opportunity for even more growth if investments and funding were not decreased. Providing even a modest amount of support for the arts would encourage even more arts-related business development and activity in Arizona.

### Arts-Related Businesses and Employment in Arizona (January 2010)

Category	Number of Businesses	Employees
Museums and Collections	241	2,387
Performing Arts	1,754	9,031
Visual Arts/Photography	3,760	11,805
Film, Radio and TV	1,591	8,986
Design and Publishing	3,933	13,999
Arts Schools and Services	321	1,504
<b>Grand Total</b>	<b>11,600</b>	<b>47,712</b>

Source: Americans for the Arts, Creative Industries report for Arizona, February, 2010.

## Sculpting the Future

A state can use the arts to boost economies in a variety of ways, from incorporating arts into economic development and community development plans to supporting arts education and promoting arts assets. It takes all sectors to ensure success for our creative industries, fostering arts businesses and the benefits they bring for economic development. One way to gauge where we stand is via indicators, which are objective, policy-neutral measurements that can be used to describe conditions, simplify complex data and chart trends over time. They help us understand past events, current realities and future directions.

The Arizona Indicators project, managed by Morrison Institute for Public Policy at Arizona State University, provides information that shows Arizona's competitive position and trajectory in areas across the spectrum that impact economic, social and environmental well-being. The project is updating and expanding its cultural indicators with the intent of providing more expansive measurement of the role that arts play in the state. We expect the launch of the Cultural Data Project in Arizona to provide a wealth of new data to assist us in this endeavor.

## References

<sup>1</sup> National Assembly of State Arts Agencies, *Legislative Appropriations Annual Survey*, FY2010 and FY2011.

<sup>2</sup> 2010 Creative Industries, The 50 States and the District of Columbia, Americans for the Arts, 2010, <http://www.americansforthearts.org/creativeindustries>.

<sup>3</sup> 2010 Creative Industries, The 50 States and the District of Columbia, Americans for the Arts, 2010, <http://www.americansforthearts.org/creativeindustries>, Table 1.

<sup>4</sup> <http://www.azcitizensforthearts.org>

<sup>5</sup> The National Governors Association's Center for Best Practices, *Arts & the Economy*, <http://www.nga.org/center>.

<sup>6</sup> See website for additional details, <http://www.nga.org/center>

<sup>7</sup> The National Governors Association's Center for Best Practices, *Arts & the Economy*, <http://www.nga.org/center>, p. 19.

<sup>8</sup> Americans for the Arts, *The Creative Industries in Arizona*, 2008.

<sup>9</sup> Americans for the Arts, *The Creative Industries in Arizona*, 2008, p. 1.