

e-NASAA Abridged Transcript
Creative Approaches to Economic Research
March 28, 2006
90 minutes

SPEAKERS (IN ORDER OF APPEARANCE)

National Assembly of State Arts Agencies

Kelly Barsdate, Director of Research, Policy and Evaluation
Emily Ellis, Information Services Manager

Maine Arts Commission

Alden Wilson, Director

Michigan Department of History, Arts and Libraries

Betty Boone, Director of Cultural Economic Development
Ed Mahoney, Economist/Professor, Michigan State University

Washington State Arts Commission

Kris Tucker, Executive Director

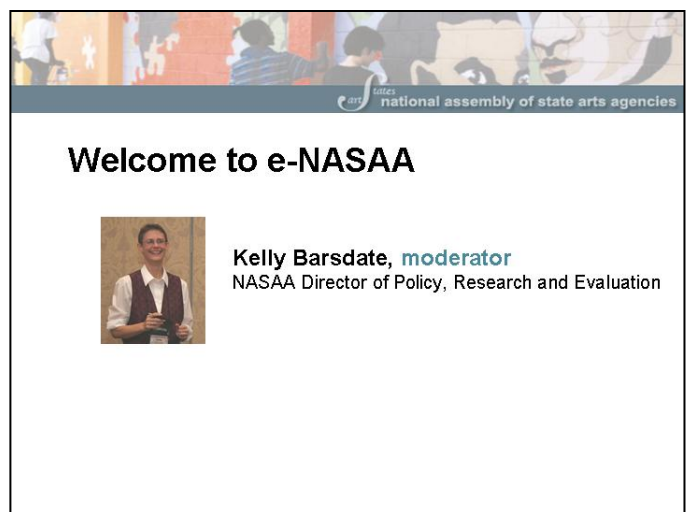
National Policy Partners

Mandy Rafool, Program Principal for Fiscal Affairs, National Conference of State Legislatures
Madeleine Bayard, Senior Policy Analyst, National Governors Association

TRANSCRIPT

Kelly Barsdate:

Welcome to those joining the e-NASAA session. While everyone is getting patched in, I want to say a brief word about this e-NASAA learning platform. It's a tool that NASAA's been experimenting with over the last year or so as a way of increasing the accessibility of the education and information services that NASAA provides to members. It also allows us to get you together virtually to address a number of topics on a year-round basis and give state arts agencies a good connection to hear from one another and to mooch good ideas. The member feedback we've gotten on the first couple of sessions has been very positive, so look for even more of these in the future.



The image is a screenshot of a presentation slide. At the top, there is a banner with a collage of people and the text 'e nasaa national assembly of state arts agencies'. Below the banner, the main heading reads 'Welcome to e-NASAA'. Underneath the heading is a small square photograph of a man in a white shirt and dark vest, identified as Kelly Barsdate. To the right of the photo, the text reads 'Kelly Barsdate, moderator' and 'NASAA Director of Policy, Research and Evaluation'.

By looking at the roster on the left hand side of the screen, we can tell that we've got a really popular session today, so we're delighted to see that. What we can't tell, though, is how many individuals may be listening in on each workstation. So, I'd like you to do me a favor and using a nifty little polling tool, tell

us how many folks you have gathered today for your call. [Poll window appears for participants.] We'll grab those results, and then Emily will share them with us in a moment.

In the meantime, I wanted to give you a very quick roadmap for this afternoon's session. I'll start by offering a few tips for navigating today's learning environment and then give you a bird's eye view of state arts agency trends in this area. Then, three of your colleague states will give you a quick tour of their different approaches to economic research. We've invited also two of NASAA's leading policy partners from the National Governors Association and the National Conference of State Legislatures to start off our discussion with a couple of observations, and then the last 30 minutes or so of the call are reserved for participant questions and answers and comments and whatnot. And the total session today is scheduled to last about 90 minutes.

Meanwhile, I need to remind everyone about some tips for happy participation in today's forum. Please know that this session is being recorded, so any comments you make will be preserved for posterity and the same is true for your background noise. So, we ask that everyone please mute your phone lines when you're not asking a question or making a comment. You can do that by pressing *6* on your keypad. That will greatly improve the quality of everyone's audio experience this afternoon, but it won't prevent you from being able to weigh in.

To ask a question or a comment, we use the chat feature, which you can see toward the lower left-hand corner of your screen. If you've got a question to ask or a comment to share, let me know that by sending me a message using that tool. Just type in your text right next to the "send" button and press "send." That way, I can manage a question line-up. Tell me your name, tell me your state, and give me one or two keywords about your topic, so that I can line up the questions and call on you when we reach an appropriate window in the conversation. You can submit the questions any time throughout the session.

Same goes for technical questions or difficulties. Use that same chat channel and Emily Ellis, who's the technical genius behind these sessions as well as one of NASAA's real experts on state creative economy initiatives, will help out. Emily, do you want to say "hi" and share the results of that poll we just did?

Emily Ellis:


Sure. Hello everyone! I'll go ahead and publish the results of the poll. [Poll results shared with participants.] Most of you look like you're on



national assembly of state arts agencies

Today's Agenda

- Welcome**
- Overview of Trends**
- State Models**
 - Maine Arts Commission
 - Michigan Department of History, Arts and Libraries
 - Washington State Arts Commission
- Observations**
 - National Conference of State Legislatures
 - National Governors Association
- Discussion and Q&A**



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Participation Tips

MUTE your phone line (*6*).

Use the **CHAT** feature to raise your hand for questions or comments.

Include your name, state and a few keywords about your question or comment topic.

Technical difficulties?
Send a chat message.

How many people are participating at your station?

NUMBER PARTICIPATING	NUMBER OF RESPONSES	PERCENT OF RESPONSES
1	17	59%
2	8	28%
3	2	7%
4	1	3%
5 or more	1	3%

your own, but we have a couple of crews joining us today.

Kelly Barsdate:

That's great. Thanks so much, Emily.

What I would like to do now is to dive into the national overview to give a little bit of a backdrop for the economic research that we're seeing taking place throughout the field. Economic impact research is by no means a new phenomenon among state arts agencies, but we are seeing some evolution in your practices and an acceleration of research activities among states in recent years.

Certainly resource shortages and advocacy needs provide a lot of impetus for that research. People are looking to make a convincing case for the benefits of the arts, so documenting economic value, economic contributions and economic effects are all important tools in that arsenal. It's also true that the culture of government is placing an increased emphasis on impact and outcome data. State officials want to see the results of state arts agency activities expressed in terms of either economic gains or cost efficiencies achieved. And that's just not about the arts, that's government-wide.

So, regardless of whether or not your case for arts support revolves around economic arguments, many of our members feel, and have told us, that they need to have basic economic impact data at their disposal, just to be taken seriously by state officials in conversations.

There also have been shifts in how economic development is understood by states. You know, it wasn't all that long ago that manufacturing or resource extraction were seen as the dominant paradigms for economic growth, but in recent years we've seen that shift in a lot of different ways. States are embracing service and knowledge economies. They're establishing economic and educational policies around the idea of an innovation capacity. They're taking a cluster-based approach to economic diagnosis and analysis. And, they're talking amongst themselves about how quality of life in a town, or quality of life even in a state, attracts businesses and jobs and contributes to economic productivity.

So, in other words, economic development thinking has become ripe for understanding the role of the arts and culture in new ways. Those ideas were already becoming socialized among economic development officers in the late 90s, but Richard Florida's work has certainly made it more hip and has brought national media attention to it. And those paradigm shifts have opened doors that state arts agencies have been able to capitalize on.

Along with this is another paradigm shift among SAAs, toward thinking of states as policy leaders and entrepreneurs, not just as administrators or implementers of policies set by other people. So,



states national assembly of state arts agencies

Research Context and Drivers

- Advocacy needs
- Demand for "impact" and "outcome" data
- Acceptance of new economy and cluster-based paradigms
- SAA policy leadership roles



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Trends Among SAAs

- Advocacy needs
- Demand for "impact" and "outcome" data
- Acceptance of new economy and cluster-based paradigms
- SAA policy leadership roles

Increased SAA Effort and Investment
Diversification of SAA Approaches

state arts agencies are looking to create change in how their states think about cultural tourism, and economic development, disaster recovery, education, state branding, and a whole wide array of other issues. And, research on the cultural sector and its economic contributions to the state can be one part of that leadership role. So, listen for that in the state examples that we'll explore here shortly.

Now, all of this has encouraged SAAs to invest more time and money in economic research in recent years. Certainly those effects play out differently, and the timing plays out differently, from state to state. So, let's do another quick poll, just to give our presenters today a feel for the audience.

Let us know when you conducted your last study and we'll look at those results in real time. [Participants view live polling results.]

How recently has your agency conducted an economic research project?

This is great news for us. It helps us as presenters understand where people are in their workflow and their decision-making. It also definitely gives us a sense that there is a lot of recent activity on the horizon for states. So it affirms our sense of this as a timely topic.

RESPONSE	NUMBER OF RESPONSES	PERCENT OF RESPONSES
Working on it now	14	64%
Within the last two years	3	14%
Three or more years ago	3	14%
Don't ask	2	9%

It's also affirming to us because in looking at the diversity of approaches that states are adopting now, we thought that that would be valuable to share. There's a tremendous diversification of strategies. Some states over time are now streamlining their efforts by settling on a short, focused list of facts or indicators to collect on a periodic basis. Other folks have gone the opposite end of the continuum and decided that they need to broaden the range of information or widen the scope of their efforts to get a more complex picture of their cultural economy. So, those two contradictory things are true at once.



Diversified Approaches

- Simplicity and complexity
- Advocacy and understanding
- New measurement methods
- Getting beyond the usual suspects
- New definitions of the sector
- Capitalizing on extant data
- Managing research

Another fork in the road is between studies designed to accomplish different things. This point actually was brought up just yesterday at a meeting that I participated in on creative economy research at NEFA [New England Foundation for the Arts], and the distinction that was made by folks there was that there's a difference between research designed primarily for case-making and other research designed to illuminate our understanding of systems and relationships. Now, both are useful and both are necessary, and there is definitely crossover between the two. However, those two different goals require really different methods. They will lead a state arts agency to pick different kinds of information to collect, to pick different people to collect it from, to collect information on different timelines or to adopt different analytical approaches. So, we're seeing states explore a real mix of data acquisition approaches, and monitoring systems. We're seeing case studies and qualitative additions to economic research too, and it's turning into a very rich soup.

Now, once upon a time in our field, it was pretty much standard practice to survey just the arts nonprofits, specifically arts nonprofits to whom the state had awarded a grant. And that's still very important, but we're also seeing the definitional lens of the arts sector widen in some of the studies that members are conducting, to include for profits, individual creators, producers, distributors, consumers, etc. We also

often see culture defined more broadly to include many kinds of history, heritage, humanities, and intellectual property production, media and communications outlets.

So, one could call this a broadening definition of the sector. Sometimes this becomes a more and more vague definition of the sector. Either way, part of this is state arts agencies reaching to capture what makes their state unique. For instance, in Kentucky they've looked specifically at the craft sector in the past, Montana has really looked at individual artists, and Louisiana is including the culinary arts in their studies. These are different examples of how states are looking to document what makes them special. That's a definitional question that then leads to different questions about where you collect your data and from whom you get it.

Diversified Approaches

- Simplicity and complexity
- Advocacy and understanding
- New measurement methods
- Getting beyond the usual suspects
- New definitions of the sector
- Capitalizing on extant data
- Managing research

Stakeholder Groups:

- Producers
- Creators
- Consumers
- Distributors
- Travelers
- For-profits
- Individual entrepreneurs
- Non-arts Nonprofits
- Etc.

And of course, the more you want to know—and the more different kinds of people you want to include—the more expensive and unreliable your data collection tends to become. It's one of those natural laws. So we see many states using secondary data sources, federal ones (IRS data, economic Census data, Bureau of Labor Statistics data), state employment and state production data, also even commercial data (like Dunn & Bradstreet). All these data sources definitely come with their own hazards and headaches. They offer a route to affordable and consistent analysis, which is a good thing. But they also come with their own definitional peculiarities and cost and quality limitations.

All of that points to the need for states to become ever more sophisticated managers of research. That means choosing the right consultant or research partner, overseeing decisions about the research design that have huge downstream consequences for how results can and can't be used. The private sector has been doing this for years, but among some state arts agencies these are relatively new skills. They require time, somebody to manage it. They require money. They require a tolerance for technical detail, and they require assembling the right team of partners to proceed.

So, as we hear from our presenters today, we'll be listening for how they have looked at their own state's unique situation and negotiated all those types of choices. NASAA's goal here today is to stimulate your thinking about approaches and hopefully jump start some conversations back home for you about what kind of research would serve your state best.

To do this, we've chosen three states who have taken very different approaches from one another. We've asked them to succinctly share the way they've structured their research and why, and to connect that back to their policy goals and what's cooking for them at the state level.

Three State Perspectives

- Maine Arts Commission
- Michigan Department of History, Arts and Libraries
- Washington State Arts Commission

Dial *6* to mute your phone.
Send questions or comments any time via CHAT.

Our plan is going to be to reserve time at the end, after all three presentations, for questions and comments. But as your questions and comments come up, jot them down in the chat box and send them to me. If you have a burning question, or need clarification from one of the presenters, let me know that and I can address that question at the end of that state's segment. But, otherwise, we'll go ahead and start the queue for the last 30 minutes right now.

At this point I want to pass the talking stick over to Alden and Bryan from Maine. Gentlemen, welcome and tell us about your approach up north there in the Pine Tree State.

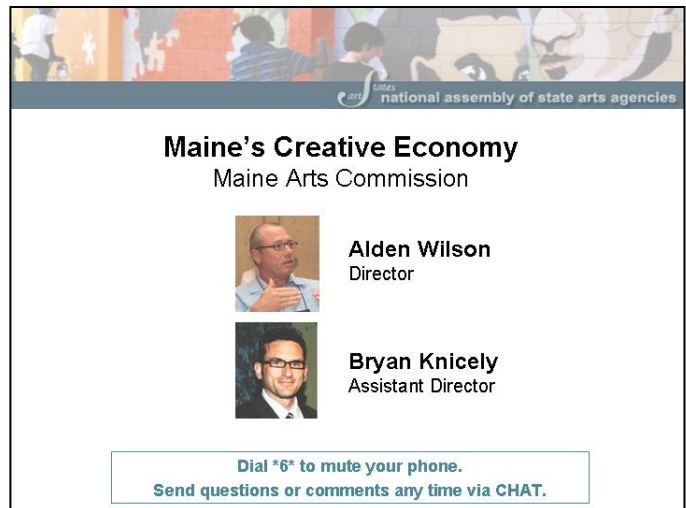
Alden Wilson:

Okay. Hello everybody, this is Alden, and greetings from spring in Maine.

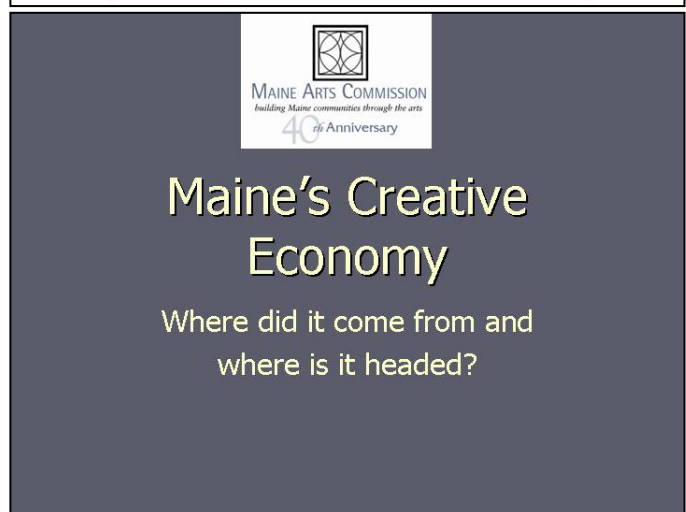
To begin with, I should just say a word about how we've approached research. We have approached it in recent years from the point of view of it being an ongoing function, not something that we would do for simply one issue or one project. And it's really embedded in our work in the creative economy.

You really see the first and most important organization we've dealt with for 30 years is the New England Foundation for the Arts, which in the mid 70s began to do uniform cultural database research and still does that. NEFA with the New England Council—which is a regional chamber of commerce, a business-led group—came together in the late 90s and began to do some work around creative clusters, creative workers and creative communities. Most of you are familiar with that work. And, what NEFA did as the driving force

behind the New England Council, along with its history of research, was to encourage us, as an agency, to take on the creative economy approach we did. It, in fact, gave us the confidence to do that, along with our own Discovery Research program which basically dealt with inventorying cultural aspects of communities throughout the state or regions, primarily geographic communities and regions. We've covered about 70 percent of the state through [Discovery Research] grants to local arts and sometimes non-arts organizations through 29 projects, and it really has given an in-depth look at artists, arts-related businesses and arts organizations throughout the state.



The slide features a header with the logo for the national assembly of state arts agencies. The main title is "Maine's Creative Economy" with the subtitle "Maine Arts Commission". It includes two portraits: Alden Wilson, Director, and Bryan Knicely, Assistant Director. At the bottom, there is a call to action: "Dial *6* to mute your phone. Send questions or comments any time via CHAT."



The slide features the Maine Arts Commission logo and a 40th Anniversary emblem. The main title is "Maine's Creative Economy" with the subtitle "Where did it come from and where is it headed?"



The slide features the title "Background & Research" and a bulleted list of research topics: New England Foundation for the Arts (NEFA) Research, New England Council Research, and Maine Arts Commission Research, which includes Discovery Research, Cultural Inventories, and MaineArts.com – Counting Artists.

This background helped us to move onto the Blaine House Conference on Maine's Creative Economy. That conference was directly a result of the 2002 elections. We surveyed all of the gubernatorial candidates and asked them for their opinions on the early thinking about the creative economy and Governor Baldacci who was elected got behind it from the get go. I won't say a lot about the conference in the interest of time, but it was a huge success, and the governor, from his very early days in office, got behind the notion of the creative economy. And, as such, asked us to begin not only to do this conference, but as a part of it to move forward and refine and add to the current research that we had available from the New England Foundation for the Arts.

So, in working with NEFA and the University of Southern Maine, a piece of research was done called "The Creative Economy in Maine: Measurement and Analysis" in time for the conference in 2004. It showed a number of things.

They're all posted here for you. We've seen that there's a substantial amount of wages earned in 2002, 13.5 percent. This sector grows faster than the other sectors; 24 percent is a remarkable period of growth in Maine, as opposed to state growth of 11 percent at that time. It's about 10 percent of the workforce if you define the creative economy, as this study did, as including the technology sector, as well as the arts and culture sector. Moreover, this was a study of industries. Some of those federal sources that Kelly referred to were used in this study by the University of Southern Maine. So it's an industry study of selected industries. Nonetheless it gave us some really great figures that we could use to advocate with.

Following the conference, the governor appointed a permanent Creative Economy Council which included for the first time legislative leaders and brought the legislature into this process. Embedded in our report, due this month to the governor and the legislature, is the notion of the arts and culture being integrated into a state economic policy. That's the most important thing on this page, and I'll return to that at the end.

We were also asked to do more research, this time working with the Margaret Chase Smith Center at the University of Maine. That research—now in process, nearly complete—focused not on industries but on creative occupations across all industries. And, not surprisingly, it showed some figures that we have already begun to use in terms of the growth of the workforce, 9 percent [for culture] as opposed to a rate

Blaine House Conference on Maine's Creative Economy – May 2004

- ▶ Charge from Governor Baldacci to produce a state-wide conference.
- ▶ Regional Meetings.
- ▶ Conference Planning.
- ▶ Record Breaking.
 - Attendance
 - Media Records



"The Creative Economy is a catalyst for the creation of new jobs in Maine communities. People who create jobs want to live in places that have a diverse cultural mix and an innovative and educated workforce. Maine will be competitive economically if we continue to capitalize on the synergies between entrepreneurship, education, the arts and quality of life."
- Governor John Elias Baldacci

Part of the change that was needed was to expand upon research of nonprofit information at that time.

All Blaine House Conference on Maine's Creative Economy research and information can be found on www.nefa.org/maine/creative_economy/conference/index.html

Moving Forward – Refining & Adding to the Current Research

- ▶ Based on the findings and proceedings of the Blaine House Conference on Maine's Creative Economy
- ▶ Additional research by the University of Southern Maine (Barringer, Colgan, DeNatale, Hutchins, Smith & Wassall) – *The Southern Maine Review*, Winter 2005
 - *"Creative Economy...13.5% of wages earned in 2002"*
 - *"Between 1997-2002, employment in the arts & culture sector...grew...24%"*
- ▶ A study of other states

Maine redefined its Creative Economy as arts, culture and technology, expanding on the previous definition to also include the for-profit sector.

Maine's Creative Economy Council

- ▶ Appointed by Governor Baldacci
- ▶ Charged to present newest findings based on a year-long study and newer research
- ▶ Final report, due May 2006, includes the following strategies:
 - Cultivating a Creative Mindset.
 - Continuing to promote high-value economic development strategy with focus on clusters with preexisting advantages.
 - Investing in research and the development of new technologies.
 - Attracting and retaining creative workers.
 - Strengthening the creative abilities of all Maine workers.

of 7 percent overall. We are focusing more now not only in terms of statistics, but also anecdotally, on the fact that this sector is dominated by individuals and micro-enterprises. Maine is a small business state. That is the majority of our 814,000 workers are in small businesses. We've also found that the creative sector represents 8.3 percent of Maine's total workforce, which is the in the neighborhood of what the University of Southern Maine study found early on. Probably the most persuasive argument we found to use, particularly with legislators, is that the wages in the sector are substantially higher than they are in the overall wage in Maine. And again that this sector is growing faster than Maine's overall economy.

So, really turning to our findings, I would say our experience with the creative economy is that it's not all about economic research but it certainly helps. Economic research certainly helps. We have probably been as persuasive with legislators and community members and business people with anecdotal information and what X community and Y community was able to accomplish with the creative economy, as we have been with economic information. The economic information is probably the most compelling for legislators and for businesspeople. We've also found that doing these two different pieces of research—really three with the NEFA earlier research—shines a light on different aspects of the creative economy. Focusing on industries and then focusing on occupations gives us a little bit different picture.

So as far as policy implications are concerned for Maine, there really are several. The first I'd say is that this work with the creative economy has really brought us into closer alignment with the extraordinarily well-organized natural environment movement in the state. We have a very, very strong environmental movement here. Secondly, I believe that the work we have done has brought a credible focus on the creative economy in a rural state, as opposed to most of the work which we are familiar with which has been done in an urban center. Most importantly, we're part of the state government's economic policy; therefore our agency is really seen as a player. As a result, the Maine Arts Commission has a far greater profile, both within government and outside of government in the private sector. And we've derived funding increases because of that profile. From the get-go we've seen the creative economy as a hook on which to hang our funding hat, and I think that has worked, even in a state that has as limited resources as Maine has.

As far as internal operations are concerned, the Creative Economy is a part of getting our entire staff involved with this effort, as opposed to it being just an overlay. So, those are some of the things that have affected our policy environment. And finally, in closing, I should say we have done this in partnership with a project called RealizeMaine which is a focus on youth retention in Maine. So, that's our story to date and I look forward to hearing the others. Thank you.

New Research Tells a Better Story

- ▶ Now defined not by industries but by occupations:
 - From 2000 to 2004, Maine's creative workforce grew by 9% compared to a growth rate of 7% overall.
 - Understanding Maine's cultural sector requires an appreciation of the degree to which it is dominated by individuals and micro-enterprises.
 - Maine's Arts and Cultural Sector is growing almost twice as fast as the overall Maine economy
 - ▶ Maine's creative workforce comprises 8.3% of Maine's total workforce.
 - ▶ Creative workers earn, on average, an annual wage of \$48,557, which is 33% higher than Maine's overall average wage of \$32,661.
 - ▶ From 2001-2003, employment grew by 4.44% compared to 2.6% for Maine's overall economy.
 - ▶ From 2001-2005, average creative wages grew by 11% compared to a 6% increase in Maine's overall economy.

When the Research is Done...

- ▶ It is *not* all about the research.
- ▶ Research is only part of the story and often is not the most compelling story to present.

Kelly Barsdate:

Thank you very much Alden. That was great. We do have one question so far from the field, specifically about your model. Cinda from Montana, do you want to go ahead and ask it? [Silence.] Well, Cinda must have stepped out, so I'm going to ask her question on her behalf as other people might be interested as well. Her question was, "What was Maine's definition of 'wage?'"

Alden Wilson:

Maine's definition of "wage?" Well, I think we'd find that it varied in the two different studies, and I'm going to have to dig deeper to be very specific about that. What we did look at in the first study was certainly full-time occupation, and in the second we included part-time employment as well, if that's what the question is getting at.

Kelly Barsdate:

Great.

Alden Wilson:

I'm not sure that's answering it, but I'd be glad to dig deeper if we can email about it.

Kelly Barsdate:

Super. We also have a question from Bitsy Bidwell in Washington State. Bitsy?

Participant:

My question had to do with aligning with the environmental forces in government or with the land-based forces. I didn't quite catch that, and I wondered how that happened.

Alden Wilson:

In a nutshell, the environmental movement in Maine, which started in the 70s, really mirrors the creative economy movement, although they're a generation and a half ahead of us in terms of organization, resources and clout with the legislature. So our alliance with that field is in part a strategic one. It's also about the hiking, biking, kayaking crowd which is also interested in arts and culture. So, it's a loose alliance that this process of developing the creative economy is making stronger.

Kelly Barsdate:

We're going to have one more question here for you, Alden, before we turn to our next presenter. Arizona had a question about occupations. [Silence.] I believe that they wanted examples of occupations that were included. So, Alden can you give a couple of examples there?

Alden Wilson:

Sure, I think that you'd find that the standard ones in arts and culture are included. You would also find certain technology-based ones, ones that would be obvious like film, digital media, photography, so forth and so on. The heritage field was included, libraries and humanities, which perhaps goes beyond the arts in some people's thinking, and certain aspects of technology such as web design and so forth.

Kelly Barsdate:

So you made occupational selections within those larger industries?

Alden Wilson:

Correct.

Kelly Barsdate:

Great. Thank you so much, Alden.

Let’s pass our baton now to our colleagues in the Wolverine State: Betty Boone and Ed Mahoney. Tell us what’s new in Michigan.

Betty Boone:

Good afternoon. Hi. It’s Betty Boone. Hi everyone! I haven’t talked with the NASAA family in a long time.

Kelly Barsdate:

Welcome back, Betty.

Betty Boone:

Thank you. I am now Director of Cultural Economic Development for the Council, and I’m thrilled that my former Deputy Director has taken my position and is online today. So, hi Carol.

One of the things that we’re doing in Michigan is coming at this a little differently. I’m going to tag team it today with Dr. Ed Mahoney from Michigan State University who is working very closely with us on something called CEDOT—it’s the Cultural Economic Development Online Tool.

Last year, we launched our cultural economic development strategy in the state of Michigan. Basically, it is a strategy to leverage Michigan’s creative talents and cultural assets to spur economic growth and build community prosperity. The strategy had six goals to it and I’m just going to briefly talk about it before I actually talk about CEDOT because then you’ll know the context in which CEDOT was developed. Our objectives for the cultural economic development strategy were:

- To support cultural magnets. Those are communities, organizations, projects, people, businesses that attract other people and draw tourists.
- To analyze economic growth.
- To grow entrepreneurship and jobs.
- To foster community economic development.
- To build human capital and grow partnerships and collaborations.
- And—at the top of our list of objectives—to develop research-based practice and measurement.

I talk about my journey into CEDOT with Dr. Mahoney as walking into the mouth of the lion. Dr. Mahoney is one of our foremost economists in the state, and he challenged me and the cultural sector on every point regarding the economic impact and value of our work and activities. So, in working with Dr. Mahoney, and also in developing the cultural economic development strategy, we realized that we needed

an awful lot of help in terms of measurement, looking at our sector very differently and looking at it most of all through the lens of economic development.

Our strategy was not developed alone by the cultural sector. We worked with our colleagues in state government in the department of economic development, labor and economic growth, and the Michigan state housing development authority. We also worked with private developers, as well as all of the components of the cultural sector that you know in your own state.

As we've worked together on CEDOT, we realized that we needed an integrated set of tools to enhance our ability to talk about the impact of the work that's done by the cultural sector, the value, the consumerism patterns, and an awful lot of other factors. We all want to know when and how we are successful, or not. CEDOT is critical to Michigan's cultural sector and its ability to realize its economic potential and preferred future. And the effective implementation of this strategy is totally dependent upon our ability to bring CEDOT online by the end of this fiscal year.

Now Dr. Mahoney and I are going to tag team it on this and I want Dr. Mahoney to just talk to you about what CEDOT is and some of the issues raised during its development.

Ed Mahoney:

Thank you. Good afternoon. This is my first experience developing economic impact and economic value measures for arts and culture. I've worked with the National Folk Music Association. But, I have to tell you, this was a very interesting, frustrating and enlightening experience because we did a very thorough review of previous economic studies, including ones that were conducted in Michigan. And what we came down to are a couple of major issues.

First of all, different arts agencies and organizations conducting these studies were using a variety of different definitions, i.e. what are wages, what is income. We had a great deal of difficulty and spent weeks just trying to determine what an artist was and what would qualify as art to estimate the economic development of that. There was a great deal of inconsistency about questions used on economic impact or valuation studies. The definitions were vague and often left up to the respondent to the survey or the reader to interpret what they meant. The studies were very often done in a fashion which could not be reproduced easily on a regular basis. They were done every three to five years, and you were left to guess what happened in the interim. The other problem is that we saw a tendency to try to come up with the biggest number possible and not necessarily the most valid number. So a lot of the studies were, I wouldn't say stretching the truth, but they were stretching definitions; they were stretching their estimates of spending, and it was pretty obvious what the mission of the studies were doing.

So CEDOT was developed and there were a couple of things that we wanted to do. First of all, we wanted it to collect not only economic information because once you justify the economics of the industry or arts and culture, then you need to have some information to develop strategies on how to grow the industry once the legislature or the governor commits to the emphasis.

What is CEDOT?

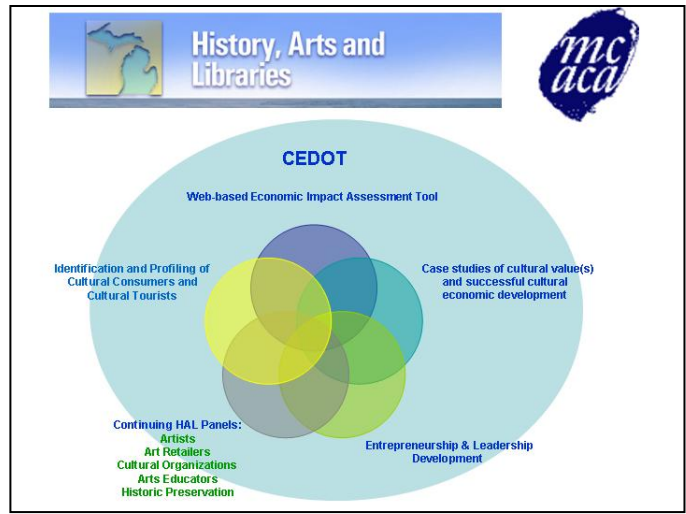
CEDOT is a System of Tools that will provide the administration, legislature and cultural community current information about:

- (1) cultural consumers and cultural tourists in Michigan and the Great Lakes market,
- (2) the performance of Michigan cultural enterprises and organizations,
- (3) the economic impacts of Michigan's cultural sector and its contribution to Michigan's economic revitalization,
- (4) the feasibility and potential ROI of proposed cultural facilities, programs and partnerships and,
- (5) what programs and policies will benefit cultural enterprises and organizations.

We wanted to find information about cultural consumers and cultural tourists in Michigan and in the Great Lakes market area. We also wanted to develop a system that would give us some indicators of the performance of Michigan cultural enterprises and organizations—that includes non profits, museums, art galleries, and a variety of other types of things. We wanted to come up with information on the economic impacts of Michigan’s cultural sector and its contribution to Michigan’s economic revitalization. We are using a variety of different measures of economic impact to do that, including sales, income, value-added and also employment. We also wanted to have some type of information that local arts organizations and economic development agencies could use to assess the feasibility and potential return on investment [ROI] from proposed cultural facilities, programs and partnerships. And, finally, we wanted to inform what programs and policies will benefit the cultural organizations. So, that’s what we wanted to do.

CEDOT includes—or will include as we’re developing it—five essential components.

1. First of all, we’re developing a web-based economic impact tool. Arts organizations and economic development agencies can use it to conveniently estimate the economic impacts of proposed or existing facilities. In some cases, if budgets are reduced and there are cutbacks, they can also estimate the economic impact of the loss of cultural opportunities and experiences. This tool will be very simple to use. It will allow people to put in estimates of numbers of users, visitors, or some type of consumption measure, and it will drive it all the way down, and it will be very localized to primary or direct and indirect employment. This will be a free system for Michigan folks; they will be able to go online and do it.
2. The next thing is a multi-university cooperative effort to develop case studies. These case studies will be developed with areas where they’ve done cultural economic development. They will rake around in the communities and try to find the reasons why they were successful, problems they encountered, the paths that they use to success, and put that in a way that is very convenient for other communities to utilize and cite.
3. We’re developing an entrepreneurship and leadership development program, aimed at educating economic development agencies, chambers of commerce, and also the arts communities, on how to lead at cultural economic development. What are the economic development tools? What are the methods? What are the connections? What are some of those major examples?
4. Primary in CEDOT is going to be the development of what we call HAL [Michigan Department of History, Arts and Libraries] panels. We are now recruiting online panels of artists, art retailers, cultural organizations, arts educations, and historic preservation people and libraries. These will be ongoing panels. They will be recruited through a variety of different mechanisms, primarily through the different arts organizations and their advocates. The panels will be surveyed at least once a year. For example, the artists will be surveyed on how much art they’re selling, how satisfied they are, what are the barriers, what is their income. And we’re going to use this on an ongoing basis to estimate the performance of the industry.
5. The other thing we are developing right now is a Great Lakes and Michigan survey, of between 3,000 and 5,000 households, to estimate for the first time how much art they’re buying, how many times they go to various entertainment and cultural activities, and what their spending activities are on cultural tourism trips. We will have some baseline information, and we’re also going to, at the same time, do [a] market profile.



Why CEDOT? Well, let me kind of give you what we picked up with Betty. First of all, we really do lack scientific and consistent measurement of the different HAL facilities: arts, libraries, museums and entertainment facilities. We really didn't have estimates. And, although we have conducted economic impact studies, they were really limited. Their shelf life was just one to two years and then they were questionable about how they could be used after that.

Although the potential of cultural economic development is substantial, Michigan needs an approach for legislators and economic development and investors to evaluate alternative investments. There are many more potential products than the state can fund, or even the private industry can fund, so we're trying to provide that type of information.

Feasibility studies are very important in the state of Michigan right now with the nature of our economy. There are many needs and not enough money to support them all. So we're getting more and more questions on: Is this feasible? What type of return on investment can we realize? What is the potential of this type of facility in the future? How well is it matched with markets? How well is it matched with overall economic development strategies?

We also need to understand the wants and needs of the cultural markets. Again, there was no sense of proving the economic value of this industry in Michigan, leaving the artists and the organizations without information to cultivate, to grow the market, to increase the economic impact. So we wanted justification, but we also wanted information for them to move forward.

And finally, as we testified in front of our state appropriation committee about four or five days ago, the basic message was "Yes, we are interested in cultural economic development, but in two to three years we want you to be able to come back to this committee and provide objective, scientific information on whether all the investment we've made has made a difference." So, that's why CEDOT.

What are we going to produce in CEDOT? Again, we are in the process of designing this right now, and we have components in various pieces. We are going to provide identification and profiling of cultural consumers in Michigan, both Michigan-resident consumers and also in the Great Lakes region. We are going to provide measures of economic value, including economic impacts of cultural facilities, programs and events. Some of these will be economic numbers, but the case studies will provide anecdotal and what I would call qualitative indicators of economic impact. We're going to have a convenient-to-use Web-based tool for monitoring the health, performance,

Why CEDOT?

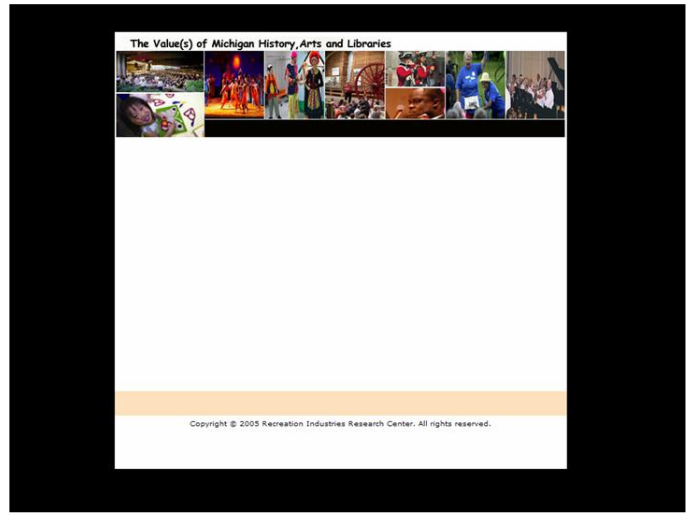
1. We lack scientific and consistent measurement of the different values of HAL facilities, programs and events.
2. Although the potential for cultural economic development is substantial, Michigan must objectively and analytically evaluate alternative investments and partnerships.
3. We need to enhance our capacity to assess feasibility and ROI of HAL facilities, programs, events and marketing.
4. We need to better understand the wants and expectations of cultural markets, and the needs of cultural enterprises and organizations.
5. We must evaluate and report our performance, especially when it involves public expenditures.

CEDOT Products

1. Identification and Profiling of Cultural Consumers and Cultural Tourism Markets in the Great Lakes Region and Michigan.
2. Measures of the economic value(s) including economic impact(s) of cultural facilities, programs and events.
3. A convenient to use Web-based tool to estimate the economic impacts (sales, income, employment) of existing and proposed cultural facilities, programs and events.
4. A tool for monitoring the health, performance, needs and expectations of different cultural sectors including artists, libraries, arts education, arts retailers and cultural organizations.
5. Case studies of successful cultural economic development (e.g. facilities, programs, events, marketing).

needs and expectations of different cultural sectors, including arts educators. They were probably one of the most vocal groups, and they've asked us to include them in CEDOT, and we've gladly done that. And then, finally, the case studies of the successful cultural economic development.

So, the tool is designed to be an ongoing tool. It's really a collection of tools. What you see now on your screen is the format of the Web page that is going to house all this. There are about 15 different elements of this that will go up. The household survey is being designed now, and the problem we find is that you'd think that arts consumers were being surveyed forever. There are a lot of surveys; there just really aren't a lot of quality surveys of arts consumers that are consistent across studies. We find a lot of arts organizations, but the consumer side has been rather weak. Most of the spending studies have been on the budgets of arts organizations and not necessarily on consumer studies.



So that's CEDOT in a short description.

Betty Boone:

We also believe that the business sector will benefit from CEDOT and will have access to the information about cultural consumerism. We are looking at potential new business development in the state, shared marketing and financial development approaches. Armed with spending and economic impact information, we hope that cultural enterprises and businesses will be able to better advocate for investment and support of this form of economic development. We're looking at cultural enterprises that currently are unknown in the state of Michigan. So, we hope to be able to grow new enterprises. We hope to sustain the cultural nonprofit sector and grow it, as well, through the coming months and years of implementation of CEDOT.

Kelly Barsdate:

Thank you so much Betty and Ed. I have one question for each of you.

First, a question for you, Ed, that's an analytical question: Will you, once you have the data, analyze whether that growth that occurs is at the expense of another sector? In other words, is it competitive in the sense that the growth in the cultural sector, as you're measuring it, is a net gain, or will there be a substitution effect where the cultural sector grows and another doesn't?

Ed Mahoney:

No. That's an excellent question and probably beyond the scope of what we're able to do currently. To do that, you need to know the substitutes or potential substitutes and then you have to monitor them. As an economist you would have to assume that if there was a change in the substitute sector, that it was all due to the growth in the cultural sector, which is probably a wild assumption which us economists are comfortable making but is probably totally unrealistic. So, I think that's an excellent question. I'm sure people are going to raise that. For example, if you potentially increase the purchase of art by Michigan residents, are there fewer Jacuzzis sold? Or, are there fewer trips to a non-cultural resort or activity? Boy, I'll tell you, I would love to be able to do that, but I have a funny feeling it might take six of my lives to accomplish that.

Kelly Barsdate:

Right. Jose in D.C. has a question for you, Betty, about related initiatives in Michigan. He has a question about Cool Cities Initiative. Jose, can you weigh in here? [Silence.] Are you with us, Jose? [Silence.]

Alright. We're going to move on to the next question. A couple of participants have asked what the funding sources and anticipated costs of this initiative are. Is that something you could talk about Betty?

Betty Boone:

We provided an initial start-up amount of less than \$50,000. We estimate that over the next two years, we'll be looking at probably about \$100,000 to get the system up and running and maintaining it. The state is committed to its portion of the investment, and we are certainly going to look to support from the private sector.

Ed Mahoney:

The other thing is that Michigan State University, and I think a number of the other universities, are very eager to join into this. The president of our university has worked with Bill Anderson [Director of Michigan's Department of History, Arts and Libraries] and has identified cultural economic development as something that the university should be interested in and concerned about. As an economist, I always thought that artists were exploited, but I've found out that you're pretty good at exploiting us academics too. So I think whatever Betty's telling you that it's going to cost, there are probably a lot of hidden costs that are coming out of someone's hide here at the university.

Kelly Barsdate:

And, we have one more question. Somebody wants to know what your marketing plan is and if you could talk briefly about ways that you'll promote the results of this. I know you started to mention that Ed.

Ed Mahoney:

One of the ways that we've promoted it is in the design of it. We've had meetings; I don't think I've ever had as many meetings, as many debates and discussion, in any research project in my life. It's been glorious in some regards and frustrating. So, all the arts organizations have been involved. Betty's done an excellent job of bringing them in: the libraries, the historic people, the artists, the arts organizations, Art Serve. They have been very actively involved, all the stakeholders, so they know it's coming. They're helping us design the surveys. We are passing everything by them. So that will be done.

The other thing that will help market it is the recruitment of the panels. One thing that is glorious about this type of research is that once we design these panels, we could survey—probably three, four, five, six times a year—artists in Michigan for very little cost. I can survey 50,000 people at the same cost as I could survey 500 or 50 people with the advanced technology that we're using. So the groups that are recruited to provide us data will also be the consumers of the research data. We've also testified in front of legislative groups and a variety of different business organizations, so they're waiting for this. So I think that's it.

As far as marketing, the real interesting issue is, I know a lot of states are doing cultural tourism or cultural economic development marketing plans. I spend most of my time doing marketing around the country. I have to tell you that the first thing I found out looking at Michigan was that they didn't have the information to do a marketing strategy on. They could do some advertising, they could do some things, but there was a definite lack of information, including benchmark information. So, I think they were at the advertisement and promotion stage. I think they're probably three to four years away from the marketing stage.

Kelly Barsdate:

Great. We’re going to transition now into the next segment of our session. We will turn now to the Northwestern part of the country. Kris Tucker will tell us a little bit about how things are going in the Evergreen State. Kris?

Kris Tucker:

Yes, can you hear me?

Kelly Barsdate:

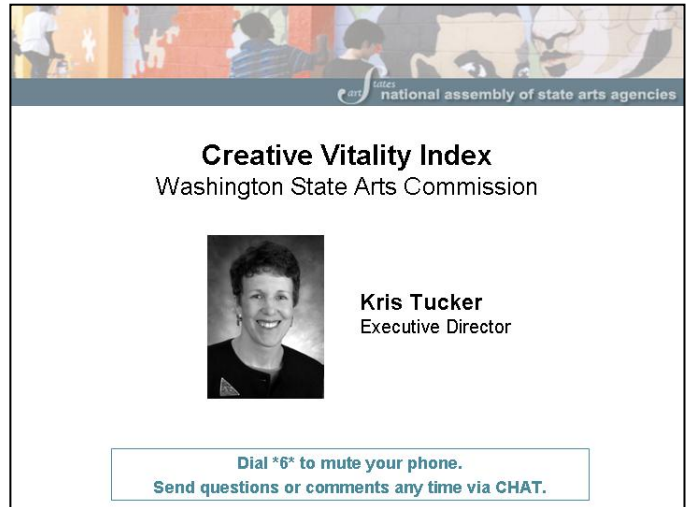
We sure can.

Kris Tucker:

It’s beautiful, and spring is here. I first want to commend NASAA for convening this forum and my colleagues for their work. This is really fascinating.

We have just released what we’re calling the Creative Vitality Index. This is our tool for documenting and tracking how the arts contribute to the health of the creative economy. We actually started developing this particular tool with a roundtable discussion that I convened in February 2003. I brought together leaders of some of our cultural entities, a number of local arts agencies and some other cultural leaders, to have a discussion about an economic impact study or other economic research that we could do as a collaboration that would be useful at the local and the state level. It wasn’t too long after that that we realized that an economic impact study was really not what we were after. There is a fairly credible economic impact study that is done by ArtsFund, formerly known as Corporate Council for the Arts. That’s an organization in King and Pierce County, our metropolitan part of our state. And it is credible. We certainly didn’t want to compete with that, but we also, as we got into this work, were more interested in the creative economy than in economic impact study and identified a number of issues about economic impact studies, as have been identified earlier in this call and that we have discussed in other forums.


The partners that arose out of this were primarily our agency—the Washington State Arts Commission [WSAC]—and the Seattle Office of Arts and Cultural Affairs, also a public agency. We agreed to contract with WESTAF [Western State Arts Federation] to lead our research effort. Both Seattle and WSAC had



national assembly of state arts agencies

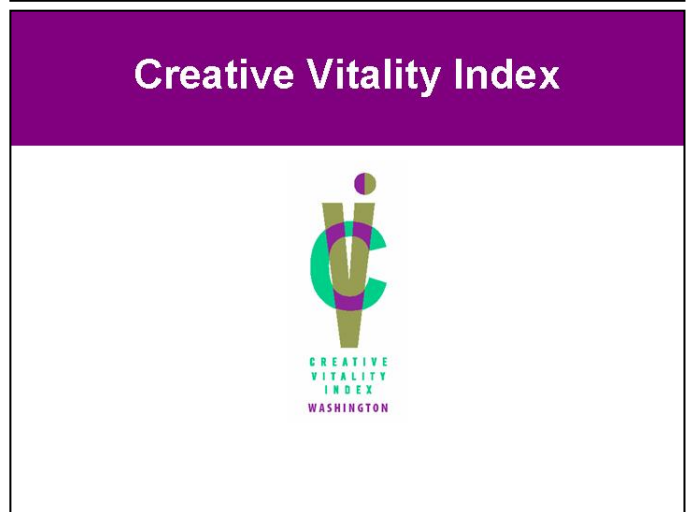
Creative Vitality Index

Washington State Arts Commission




Kris Tucker
Executive Director

Dial *6* to mute your phone.
Send questions or comments any time via CHAT.



Creative Vitality Index



CREATIVE VITALITY INDEX
WASHINGTON



Creative Vitality Index

Partners:

- WSAC and Seattle Office of Arts & Cultural Affairs
- WESTAF
- Hebert Research



- An annual measure of the health of the arts-related creative economy in a specified geographic area.
- Includes for-profit and nonprofit arts-related creative enterprises.
- Aggregates data that is established, longitudinal, and annually maintained.

some year-end money that we were able to use to invest in some start-up for the Creative Vitality Index and contracted with WESTAF to lead our effort.

They subsequently did a call for proposals and convened a focus group and out of that process contracted with Hebert Research, which is located just outside of the Seattle area in Bellevue and has specific expertise in indices. By then we had identified an index as our tool of choice and developed this as something that we can use annually to measure the health of the arts related creative economy. We did want to be able to use this in specific geographic areas, in the state as a whole and also more local areas. We wanted to be sure that we included for-profit and nonprofit arts creative enterprises. And, as the index conversation evolved, we also saw the value in aggregating data.

By then, we were identifying some policy pressures that were pretty important in taking this approach. One is that we wanted to reduce the marginalization of arts and culture. Instead of segregating arts and culture as separate, to really look at how arts and culture contribute to other sectors of the economy and also life in the state and in our communities.

We also wanted to get around the concept that growth equals progress. Again, this was in 2003. Our agency was taking a rather dramatic budget cut, and if our only way of defining success was in growth, we did not see that we were immediately going to be successful. And that wasn't just true of the state arts commission. That was true of a lot of entities across the state. We wanted to have another way of looking at progress or evolution or development, and that had to be a different way of comparison besides "more is better."

We also certainly wanted to increase the credibility of our agency and of the arts sector as a whole. As a data provider, we could develop and consider data that was useful to our sector but also outside our sector. And, we did agree to start with a jobs focus. This was at a time when Richard Florida's work was really catching ground. As someone earlier on the call referred to his work as being hip, that certainly was a factor. But, we also saw that there was more of a buzz about creative economy and that that hook was really about employment. We weren't wanting to tie ourselves too closely to what Richard Florida was about, but certainly there was some value in extending his discussion.

Across the country, our understanding of an index is around things like the Dow Jones. Where there is a number that is pretty credible, computed using a variety of factors but then boiled down into a fairly narrow slice that people can grab onto right away. The power of an index really is the ability to deduce systems information from limited data streams, and then provide a quick informed read about the status of a sector.


We wanted then to develop the Creative Vitality Index—the CVI. Exploring a complex set of relationships and changes within the dynamics of those relationships over time, we would have something that was comparable across time and across geography. And we did find that an index was useful in that way. Again, we wanted to make sure that this was a complement to economic impact studies but was significantly different from that.

Why an Index?

Summarizes the content, scope, and dynamics of a phenomenon

and

provides a single indicator to describe a complex set of variables, activities, or events related to that phenomenon.



In order to be used in the index though, the data really has to be pre-existing. It has to be really credible. It has to be annual and reliable and inexpensive, because we were not seeing that we were going to have huge sums of money to put into this. It did need to be something that we could do annually and, again, across different sectors of geography. We saw that this could be localized if we got local communities to buy in but wanted, as an agency at the state level and also for the city of Seattle, to make an investment for annual index calculations over a specific period of time.

For those reasons, we identified some specific data streams. For employment statistics we looked at the U.S. Bureau of Labor Statistics and the Washington state department of employment security. Those two worked together to develop our specific employment numbers. We also looked at the Urban Institute's Center for Charitable Statistics and at Claritas. Notably, we did not look at population surveys; we did not look at data we receive from our grants final reports. We really wanted to use data that had external credibility and was cheap and available on an annual basis.

Another factor that I wanted to introduce is the employment data streams. We used 12 workforce development areas that are identified by the state. Apparently, every state in the country has something similar to this—a cluster of counties that is established by our state's department of employment security that is established specifically for statistical and program planning purposes. So in Washington State, we have 12 of these areas; some are single county, but most are not. They are in some ways artificial definitions of the state, but they do have statistical credibility that was really valuable to us.

In terms of the index itself, we identified two sub-indexes. One was participation in the arts. The other is employment in the arts. These are weighted 60-40 as you can see. The rationale for this is the cause and effect, or synergy, between participation levels and jobs. Individuals have choices and this tracks those choices about arts participation outside just the nonprofit arts sector. So, the premise we have here is that public participation in the arts, or public demand for arts experiences and events, ultimately drives budgets and organization funding levels, and those are related directly to artists and arts-related jobs within the economy. The data for that is available in these other data streams that I identified a couple minutes ago.

In terms of the arts participation index—that 60 percent slice of the pie—there are seven specific indicators that we looked at. We really wrestled with which slices to have in those, which are most related, how we can get the best slice. There are a lot of other things that could be considered meaningful to track arts participation. But these are sources of credible, consistent data streams, so we wanted to look at these seven. We are able to track these across the geographic areas that I defined earlier. Some of these are specific. Many of these are economic. Some, like motion picture attendance, have some actual

Data Selection & Sources

In order to be used in the index the data has to be:

- Pre-existing
- Annual
- Reliable
- Inexpensive
- Comparable on national and state levels

CVI data streams:

- Washington State Dept. of Employment Security
- U. S. Bureau of Labor Statistics
- The Urban Institute Center for Charitable Statistics
- Claritas



audience counts. Communities with higher levels of participation, as measured here, benefit from the exposure on an individual basis, but also support a social and cultural environment that is about producing and enjoying arts and related creative activities. Areas with a higher demand for participation would be expected to offer more funding, more arts organizations, more arts events, more arts activities and more opportunities to experience art.

As we continue to use the index, we can cross reference this with how we distribute our grant dollars or what the state's population survey indicates about participation in performing arts events, for example. So, we will be doing that cross-referencing, but that will be a complement to the index, not integrated into the index directly.

The other slice of the index—the 40 percent that is about employment statistics—looks at primary occupations and secondary occupations. Here I've listed just a few of the primary and secondary occupations. Interestingly, the secondary occupations include directors of religious activities and education. That's one category that we had a lot of debate about. But, what we've realized—and I think is true throughout our field of state arts agencies—is that many people participate in the arts through religious institutions, and we wanted to capture that in some way in the index. The best way that we found was in this slice—directors of religious activities and education, which includes musical directors who are a major part of the workforce. That has been pretty interesting.

So, what did we learn? First, to establish a benchmark we put the national [index number] at 1.0. So in the index, instead of 2005 being 1.0, the national at any point in time is our 1.0, or our baseline. So you can see for Washington State as a whole, we're somewhat above the national average. But arts organization revenue is below national levels. Arts related employment is significantly above. When we look at specific pockets of the state's geography, there is even more variety. As we would hope and expect, Seattle's index numbers are quite high—5.26. We expect that as the index is used in other municipalities—Denver also is just now starting to develop their own index—we'll be able to relate Seattle with other municipalities and see how they rate. Across the state, we would expect them to be higher than other communities, and certainly that is true. King County is the Seattle county, it

Community Arts Participation Index

Seven indicators

- Non-profit arts organization income
- Non-profit "arts-active" organization income
- Per capita bookstore and record store sales
- Per capita music store sales of instruments and equipment
- Per capita photography store sales
- Motion picture theater attendance
- Museum and art gallery revenues

Occupational Index of the Arts

26 Primary Occupations

- Actors, Producers & Directors
- Fashion Designers
- Multi-media artists
- English Teachers
- Technical Writers

14 Secondary Occupations

- Public Relations Managers
- Film and Video Editors
- Librarians

Findings

Washington State Index Number = 1.33

- Arts Organizations Revenue = .97
- Bookstore sales = 1.04
- Motion Picture Attendance = 1.28
- Arts Related Employment = 1.76

Range of WA Communities = .53 to 5.26

- Southwest WDA = .62
- Pacific Mountain = .80
- Spokane County WDA = 1.24
- King County WDA = 2.60
- Seattle Index Number = 5.26



also indexes rather high. But you can see here that southwest Washington, which includes not only Vancouver which is a metropolitan area but also the rural Washington coast area, indexes fairly low. So, one of the challenges for us is how to help smaller communities make good news out of a low number.

What are the opportunities here? Which I think takes us directly to how the CVI can be used. Certainly it is a diagnostic tool. We have layers and layers of numbers that can be explored, mined and aggregated in different ways. We want to be able to use this in helping communities diagnose what is going on. If, for example, a certain level of employment went down, we can look at that. An architectural firm that moved out of the community, for example, or a creative industry that closed its doors would have an impact there. We can help communities make sense of the creative economy with this.

How Can the CVI Be Used?

- As a Diagnostic Tool
- As a Benchmarking Device
- As a Tool for Advocacy
- As a Definer of the Creative Economy
- As an Educational Device



The image block contains three small photographs. The first shows a bookshelf filled with books. The second shows an art gallery with various artworks on the walls. The third shows a modern, multi-story building with a glass facade and a prominent tower.

As a benchmarking device, we can examine whether we are growing or increasing in the different sectors of the index. Certainly we can use it as a tool for advocacy, for advocating about how we contribute to the creative economy and for understanding what the creative economy is in the first place. I think that it is important to recognize that advocacy comes through understanding, and developing those conversations is an important opportunity for us as leaders. We recognize an important opportunity to define the creative economy and use the index development as a way to do just that. We are very careful about what we identified as primary and secondary employment sectors, but also in how we define arts participation. And also, again as an educational device, the CVI calls attention to changes in the creative economy. It helps to talk about the creative economy as an ecosystem and not just a cause and effect, and also to be able to track not just short-term trends but also long-term trends overall.

So, that's a quick run-through of our data. We do have other layers of the data available on our Web site and you can look there. But there may be some questions!

Kelly Barsdate:

Thanks Kris, and actually there are a couple of questions. Back when you were talking about the data sources and describing using existing data sources, you mentioned Claritas. And we did get a question about that. Can you explain what Claritas is and how that information can be accessed?

Kris Tucker:

Sure. This is a data source that is a leading national private data provider of business and consumer information. It is something that is purchased. They use government data from the Census and also national consumer expenditure survey and business data, including Dunn & Bradstreet. I don't have a direct contact for them for the individual asking this question, but I probably could track that down if they want to email me directly.

Kelly Barsdate:

Great. And another question: Washington was one of the states that participated in the START initiative, the Wallace START initiative on participation and public value. Did your learning around participation frameworks as part of that initiative affect the choices about your participation indicators in this project at all?

Kris Tucker:

It affected it greatly. I think the RAND work on arts participation and then the further work through the START initiative has been very influential to this agency and to the development of this index. When we looked at the participation data, I think that was one of the factors that helped us look beyond employment. Just a quick recap, that participation data that RAND worked on identified three specific ways of participating: as creators, as supporters and as attenders or audiences. So we wanted to make sure that our index included some data about each of those.

Kelly Barsdate:

Great. We're going to move now into the discussion and question and answer section. And, what I'd like to do is start our conversation off by inviting a word or two from our colleagues at NCSL and at the NGA.

Mandy, why don't you start us off? I'd love to hear you talk from where you stand, about the kinds of economic information that governors and policy officials and state legislators find useful and credible.

Mandy Rafool:

Okay. Am I un-muted?

Kelly Barsdate:

You are.

Mandy Rafool:

Okay. Well, first of all let me just say that legislators like information packaged so that it is very brief and succinct; whereas, legislative staff tend to like more details and supporting materials.

So moving on to the substance of the question, I want to draw on some recent work that NCSL did with NASAA where we conducted some focus groups and asked legislators and legislative staff about their perceptions and opinions about the arts. And, one of the things that we found was that education and healthcare are always going to be the state priorities. And what we know from some of NCSL's work on state budgets is that the amount of state budgets that aren't pre-allocated is only about 34 percent. And this piece of the pie, which is where funding for the arts comes from, is also shrinking because demands on education and Medicaid keep growing. So with limited resources and competing needs, legislators need to be able to justify how they spend taxpayers' money.

I think one of the most effective points to make on this is the return on investment. A very modest investment in the arts pays off; I thought about four different policy issues for example. One is a better quality of life which means more opportunity for economic development. The second one is improved education scores. Third is the ability to reach at-risk youth. Four is more tourism opportunities. And all of these things are real state policy issues where access and exposure to the arts can be translated into real economic benefits.

The other thing that legislators told us is they prefer hard data over anecdotal information. And I know some of you have seen this report, but I wanted to share one quote with you that I particularly like. And this was a legislator who said, "Speaking for my legislature, I don't think they vote by anecdote. I could



just as easily find you somebody who took a dance class and ended up a serial murderer.” Legislators also told us that they prefer local and state-specific information over national data.

But having said all this, they also caution about using economic impact studies because, as you all know, they may be exaggerated or perceived as not credible. This caution is particularly true among budget analysts, and with a lot of the fiscal people. I get calls all the time from [legislative] staff, and generally what they’re questioning is the use of multipliers. It’s usually with tourism studies because they always use a 2.2 multiplier and it’s just seen as a joke. While I think there are some residual benefits, I think it’s hard to qualify and the best thing to do in this regard is just to avoid the use of multipliers. It sounds like, based on the work that Michigan and Washington are doing, that everyone recognizes this.

People in the focus groups were all in agreement that they do like to use credible economic impact studies, particularly when they are state-specific. They are seen as a good tool to prove return on investment. And I’ll probably get in trouble for saying this, but I think, generally, academic studies are perceived as more credible than public accounting or consulting firms.

Another point that I wanted to make is over the past few years at NCSL, we’ve seen a greater interest in performance budgeting. Agencies that take some initiative and start setting goals and measuring performance may have a leg up on other agencies, and I think that is particularly important in these competitive times. And I know NASAA’s done some work on performance measures. And it’s really exciting to hear what we just heard from Michigan and Washington on this.

And then the last thing in the same vein is we think that it’s really beneficial to show how public investment can be used to leverage additional private support. That’s a performance measure, but it also speaks to the return on investment issue.

Kelly Barsdate:

That’s great Mandy. Madeleine from the NGA, do you have anything to add to Mandy’s list of the types of information that governors and economic advisors find useful and credible? Or, does anything that you heard today strike you as particularly exciting for your target audience?

Madeleine Bayard:

Sure, yes. Can you hear me?

Kelly Barsdate:

You bet.

Madeleine Bayard:

A lot of things that I heard today were exciting and will be useful and credible for our audience. It’s great to hear that people aren’t just looking at the arts in an isolated way and that it can be related to tourism and all of these other wonderful things going on in the state. We’ve seen a lot of information about the ROI and results. But what was spoken about today, about the economic impact of proposals [of companies and arts organizations on communities] and losses, is an exciting new thing to be able to measure and to say with scientific certainty that we can measure the economic impact of that.

One really exciting thing that I think is particularly useful and credible is the research being done on the sector, the creative economy, the quality of these jobs, and how the wages are higher than other sectors. Governors in recent years are not giving incentives just for job creation, but for creating high quality, high wage jobs. That’s an important distinction that we’ve seen. If we can make the point that the arts are creating these jobs, I think that we can raise the profile and draw some more attention.

Kelly Barsdate:

So it's not just quantity of jobs, but also quality?

Madeleine Bayard:

Right.

Kelly Barsdate:

Great. Thank you both. And now what I'd like to do is to open the channels for additional questions. I've got a few that have come in and want to encourage the rest of you who have questions to send me a message letting me know.

I have one circling back to Michigan and it's a question from Delaware who wants to know, Ed, whether or not your CEDOT model might be licensed to be made available for other states?

Ed Mahoney:

Let me tell you what I think is going to happen. Once it's designed in Michigan, we're going to give it away. We see this being a system that can be done nationwide. So for example, it wouldn't cost us that much more to do a national study (which is needed to calibrate the model to get our spending profiles), than it would to do [a study] just for Michigan. There are incredible economies of scale here; once the model is designed, tested and operated, I would love to be able to develop a national panel of artists, a national panel of arts educators. I'd be glad to share this technology with a lot of you, to see the kind of technology we've developed. We could basically survey 30,000 arts educators for the same price it takes us to survey five. So Betty, Bill Anderson and, I think, the arts community in Michigan, would really like to see this shared for free with other states. I think that's the direction I've been given: once it's designed and tested, give it away.

Kelly Barsdate:

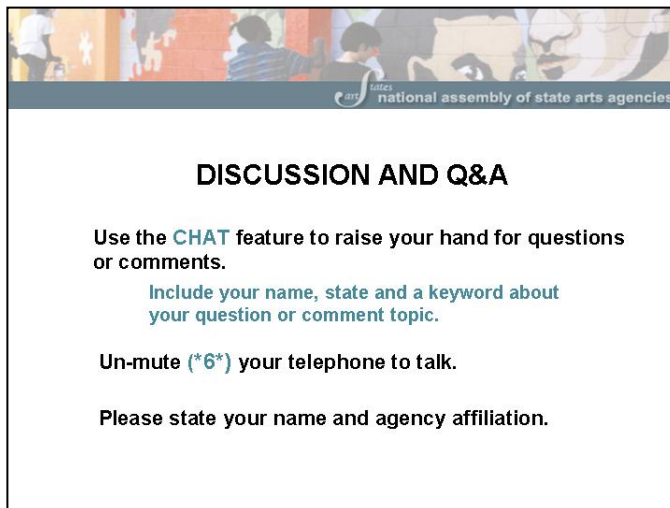
Great. And another question related to Michigan: how does this CEDOT work connect to the work that Michigan has done already with the Cool Cities Initiative?

Ed Mahoney:

I think, in part, it could be used to evaluate some of the Cool Cities activities, the performance to date. It could also be used in terms of Cool Cities to assess potential future projects. It will give some scientific numbers on some of those things. This is an academic talking—an academic who's tenured and can't be fired—but I'm not quite sure I've seen a real scientific evaluation of Cool Cities conducted yet. I think there is anecdotal evidence that it's working. I think there are a lot of people who are very, very optimistic and excited. I'm not sure I've seen any hard core ROI estimates or calculations. I haven't seen them, they may exist.

Betty Boone:

This is Betty. As communities really take a look at applying to Cool Cities for support or looking at the work that other communities have developed, it will be very helpful to them to have a tool in place that they can use to do projections and look at what potential impact might be on their community as they are approaching city managers, mayors, city councils and chambers of commerce for support.



The image shows a presentation slide with a header banner that reads "national assembly of state arts agencies". The main title of the slide is "DISCUSSION AND Q&A". Below the title, there are three bullet points: "Use the CHAT feature to raise your hand for questions or comments.", "Include your name, state and a keyword about your question or comment topic.", "Un-mute (*6*) your telephone to talk.", and "Please state your name and agency affiliation." The slide has a white background with a dark blue header and a thin black border.

Ed Mahoney:

What's really exciting in Michigan, and may be true of some states involved in this Webinar, is that our Democratic governor is very excited and interested and enthusiastic about cultural economic development. And our Republican legislature is. And also the Republican candidate for governor, who will run against the existing governor, is. All are very excited about cultural economic development. They see it as one of Michigan's paths out of our economic problems. So both sides of the aisle in Michigan are supportive of cultural economic development.

Kelly Barsdate:

Thank you. Here's a question for Alden in Maine. Alden, are you thinking differently now about the role that your state arts agency can play as a policy leader after this research than you were before hand? It sounded like the whole research was framed to support some policy leadership ambitions, but has it changed your direction or opened up a new sense of potential for you?

Alden Wilson:

I think the effort with the creative economy which now goes back about six years has strengthened our bonds that were existing with other cultural domains and disciplines—with libraries, historic preservation, history and so forth. It certainly has given us more access to and credibility with the business community which has been very much involved with both the Creative Economy Conference and the governor's Creative Economy Council. I think those are two very significant points that would not necessarily have happened had we not taken this path.

Kelly Barsdate:

And here's another question that has come in. Does the broadening of the definition—and actually I'd invite all of our presenters to respond to this—does the broadening of the definition of the creative economy beyond the arts become so dilute as to not be useful? Where do you draw the line? At what point is the definition so inclusive that it is no longer meaningful for the work that a state arts agency needs to do?

Alden Wilson:

Well in Maine, we began with the Richard Florida definition and it was way too broad. We just couldn't sell that here, and moved back to a much narrower definition, which we have subsequently expanded somewhat. I think, in the first economic study we did with the University of Southern Maine, some areas of technology are frankly not within our purview. However, the later study that is currently being completed targets what one could credibly call the cultural community. It's not 50 percent of our work force. If it's eight to 10 percent, that's probably about right. That's a very credible figure, particularly when they are people making the higher wages.

Kelly Barsdate:

Right. If anybody has any last-minute burning comments or questions, let me know. Go ahead and send that chat message to us.

But as we're working toward the end, I want to take a moment to thank all of the participants that have taken the time to log on today, to thank all the presenters for their heroic work in distilling extremely complicated information down to digestible ten-minute hunks. That's really a very challenging job, and a job well-done by one and all, so thank you all very much for doing that and for sharing your good ideas.

We will, in response to a question that a couple of you have sent to us, be providing the PowerPoint slides for this presentation after the fact. We'll send them out to participants tomorrow. We have your email addresses from the registration.

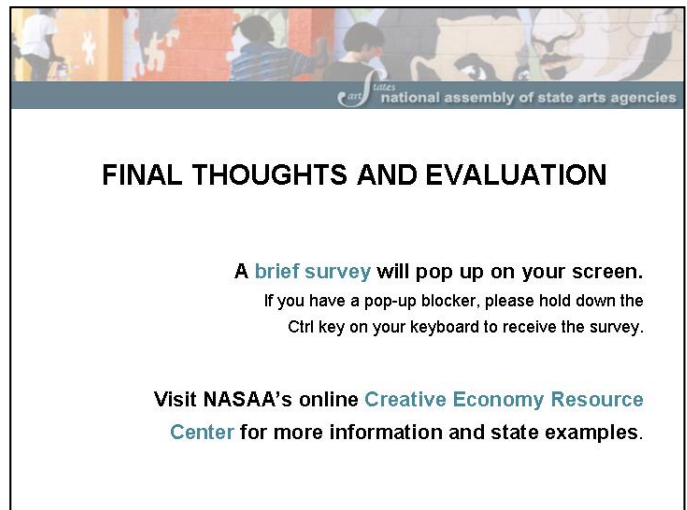
Also, we want to remind you of the Creative Economy Resource Center on the NASAA Web site. If you go to our very front page and visit the Artworks section on the left-hand side of the page, there you'll find great info on state initiatives, on examples of studies and some helpful hints for anyone who is doing work in this area. Whether your work is on research or whether your work is

on the policy side of things, it's highly recommended that you browse that site on a regular basis. If you are working on an initiative that you would like listed there, let us know. Drop Emily a line or give her a phone call and we'll be sure to get your work represented there, as well.

And last but not least, I want you to reach over and on your keyboard, hold down the "control" key for just a couple of seconds. That is going to allow you to view a quick exit survey. Please take a moment to answer our questions. It is through your feedback that we can keep making this e-NASAA service and everything else that we do the absolute best it can be.

Remember if you're thinking about these issues in your state, call NASAA, call Emily or call myself. Call each other, and take advantage of this really great state arts agency community that you have available to you.

Thanks again for tuning in. Everyone have a great afternoon, and thanks again for being part of this e-NASAA experience!



RESEARCH CITED

Maine Arts Commission: [*The Creative Economy in Maine: Measurement and Analysis*](#). (July 2004)

Michigan Department of History, Arts and Libraries: [*Cultural Economic Development: A Strategy to Leverage Michigan's Creative Talent and Cultural Assets to Spur Economic Growth and Build Community Prosperity*](#). (December 2005)

Washington State Arts Commission: [*Creative Vitality Index*](#). (October 2005).