



Issue Brief

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Strengthening Rural Economies through the Arts

Executive Summary

Every state has areas with rural characteristics. Rural areas are often noted for providing an enhanced quality of life and some of the highly distinctive and treasured dimensions of a state's culture and character. However, these regions also may face economic development challenges such as geographic isolation from metropolitan areas, infrastructure deficiencies, poor links with metropolitan and global markets, and the flight of skilled human resources to metropolitan regions. States have successfully addressed these challenges through the arts.

An arts-based economy can enhance state efforts to diversify rural economies, generate revenue, improve the quality of life, and attract visitors and investment. Rural areas often feature various arts and cultural industries, which, with some assistance, can become productive economic sectors. In addition to stimulating substantial employment and tax revenues, arts enterprises are highly entrepreneurial, readily available in many communities, and attractive to tourists. The arts also create a highly desirable quality of life that draws businesses and knowledge workers to further stimulate the economy.

Many state initiatives are harnessing these creative assets to help revitalize rural regions while improving their ability to compete in the new economy. State arts agencies are positioned to assist in economic development efforts; many already initiate, support, and grow arts programs that contribute to rural economies. States have adopted a wide array of arts-based economic development strategies, including the following.

- Integrate the arts as a formally recognized and quantified industry into state economic-development planning as a part of overall investment strategies and programs.
- Use traditional entrepreneurship and economic-development tools, including incubators, start-up capital, and training.
- Attract the arts community by offering incentives, supporting business collaboration, and improving physical infrastructure.
- Use higher-education systems in training and business assistance efforts.
- Integrate the arts into planning and marketing to build sustainable tourism.
- Invest in cultural resources for rural areas by helping fund rural programming and providing incentives for other entities to invest in rural communities.
- Identify, obtain, and creatively use the wide variety of federal resources available from sources including the National Endowment for the Arts and U.S. Departments of Agriculture, Transportation, and Commerce.

An online version of this Issue Brief, including hyperlinks to many of its examples, is available at <http://www.nga.org/Files/pdf/RURALARTS.pdf>.

Introduction

Every state has areas with rural characteristics. According to the U.S. Department of Agriculture Economic Research Service, rural America comprises 2,052 counties, contains 75 percent of the nation's land, and is home to 17 percent of the U.S. population (49 million people), based on the 2003 federal definitions of nonmetropolitan counties.

Rural America is integral to the U.S. economy; agricultural activities account for nearly 1 percent of GDP,¹ and agricultural exports have accounted for 17 percent of total export value in the last decade.² Rural areas also are a wellspring for much of the country's history, culture, and recreation and tourism activities.

Rural economies share common challenges, such as geographic isolation, infrastructure deficiencies, poor links with metropolitan and global markets, and the flight of skilled human resources to metropolitan regions. Rural America is older, smaller, and growing at a much slower rate than metro communities, or in some cases even losing population. Median annual household income in rural regions lags behind urban and suburban areas by about \$12,000.³

Rural areas contribute a large share of many states' unique characteristics, often reflecting a state's most distinctive cultural attributes. Because the arts are an existing economic engine in many rural communities and can thrive in any location, rural communities are ripe for growing creative economies.

Why an Arts-Based Economy Is Important to States

Arts-based economies and communities with significant arts activities are important to states for two primary reasons: the arts stimulate economic growth and job creation and improve the quality of life. Experts agree that in the new economy, cities and regions establish and maintain their competitive advantage by generating, retaining, and attracting talent and innovation. The arts are a key contributor to the job opportunities and quality of place that are crucial to attracting young knowledge workers to support leading-edge technology firms, which further stimulate the economy.⁴

In his state creative economy initiative, **Maine** Gov. John Baldacci wrote:

The Creative Economy is a catalyst for the creation of new jobs. . . . 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.⁵

Although states have long recognized how these ideas apply to cities, they are increasingly applying them to rural settings as well. States are using the arts to develop economic development strategies that support economic productivity outside metropolitan areas. Tapping the cultural resources of rural areas can help those regions prosper and also help states position themselves in today's fierce competition to attract and retain businesses and knowledge workers.

Creating Economic Growth and Jobs

Experts agree that the new global economy is based on skilled, knowledge-based activity rather than traditional industry and manufacturing. According to Regional Technology Strategies, Inc., a nonprofit economic development organization, the sectors most likely to grow and create jobs across the country are those that employ highly talented, creative workers; produce artistic goods and services; and depend on art and design. Firms with these advantages are most likely to

survive in the global marketplace; for example, graphic design and film and video editing in the United States are projected to grow more than 22 percent in the next decade.⁶

The arts often are not represented by large employers or perceived to be a major economic force. Yet the creative industry—including folk arts, crafts, dance, theater, visual arts, media arts, performing arts, music, cultural institutions, heritage programs, literary art, and design—which at its core relies on innovation and uniqueness, has proven to be a powerful economic engine. Studies conducted around the world demonstrate that the arts constitute about 4 to 5 percent of total employment and 3 to 8 percent of GNP, and the industry is growing at an annual rate of 6 to 10 percent.⁷ According to Americans for the Arts, the nonprofit arts industry generates \$134 billion in economic activity, which supports 4.9 million jobs. The collective spending of federal, state, and local governments to support the arts—less than \$3 billion each year—generates a return of more than 8 to 1.⁸ Products of commercial creative industries, such as entertainment and audiovisual businesses, are the leading U.S. export, yielding \$60 billion annually in overseas sales.⁹

State Arts and Economic Development Figures

- In **Montana**, the number of full-time artists grew three times faster than the overall labor market in the last three decades; currently one in every 78 working Montanans is a professional artist.¹⁰
- In **Texas**, the arts account for billions of dollars in total expenditures and 2 million permanent jobs.¹¹
- **Vermont's** creative industry includes thousands of businesses and nonprofit organizations and employs about 4.5 percent of the state's workforce; nonprofit cultural organizations alone have an impact of \$156 million annually.¹²
- In **Mississippi**, the total economic impact of the arts is estimated at \$55 million, a figure that does not include the income and taxes generated by many individual artists, craft shops, commercial businesses, or nonprofit arts.¹³
- **Kentucky** craft producers in 2000 had sales of \$252.4 million, \$148.7 of which was out-of-state sales. The state's craft industry is responsible for 3,200 full- and part-time jobs.¹⁴

A thriving arts community frequently generates high-quality jobs and state tax revenue—results that are especially important in rural areas. In **California**, arts and cultural organizations in rural communities generate \$6.8 million in state tax revenue and employ 1,400 people.¹⁵ In **Iowa**, about 306,000 jobs in creative industries in 2000 (22.5 percent of the nonfarm total) paid 60 percent higher earnings per worker than other nonfarm jobs.¹⁶ In **Montana**, a state of fewer than 1 million people, more people are employed in the arts than in the mining industry, wood products manufacturing, or the building materials retail market.¹⁷ Employment figures for New England's creative industry exceed those of software and communications services and healthcare technology.¹⁸

The arts also spur job creation and economic activity in sectors outside the creative industry, such as hospitality and tourism. Tourism is one of the largest industries in the United States, accounting for one in seven jobs and growing faster than our GDP. It affords flexible growth in all levels of employment, from entry-level to professional, as well as part-time and post-retirement.¹⁹

Arts audiences spend about \$81 billion annually on hotels, restaurants, retail stores, and other associated costs.²⁰ In **Mississippi**, over 2 million people attend arts events each year, and out-of-state visitors attending arts events bring \$17.7 million to the state.²¹ In Appalachia, tourism has an estimated annual economic impact of over \$29 billion.²² For every dollar of direct spending at arts events in **Maryland**, \$2.30 is spent in secondary expenditures on goods and

services. The arts generated about \$31 million in state and local taxes and provided over 12,000 jobs in 2003.²³

Community Profile: Theater Spurs Job Creation in Retail and Tourism

The small town of Creede, **Colorado** (pop. 397), is a former mining community in the San Juan Mountains. As the mining industry began to fold in the 1960s, a summer theater program developed. The Creede Repertory Theatre has gone on to become the town’s main economic driver and a significant contributor to the county’s economy, with an estimated impact of \$2.1 million. This impact represents 26 cents of every tourism dollar spent in the county. The theater is the town’s largest employer in the summer, providing 116 jobs. It entertains more than 16,000 attendees each year and has contributed to a boom in retail activity, tourism, and second-home ownership.²⁴

Improving Quality of Life

Along with safe and walkable neighborhoods and accessible recreational and outdoor attractions, the arts contribute to quality of life in numerous ways. Research has demonstrated that the arts generate benefits that help attract firms, entrepreneurs, and talented, skilled workers.²⁵ Increasingly, businesses select a location based on its amenities rather than the region’s conventional production characteristics or tax incentives.²⁶

An enhanced quality of life is vital to attracting knowledge workers in the new economy, according to Richard Florida, author of *The Flight of the Creative Class*. The quality of life has been shown to be as important as traditional economic factors, such as jobs and career opportunities, in attracting knowledge workers—who are highly mobile and willing to relocate for social, cultural, and economic opportunities.²⁷ An enhanced quality of life ranked second—just below salary—in a survey of job appeal for technology workers, increasing the attractiveness of a job by 33 percent, according to a KPMG study.²⁸ In the words of **Michigan** Gov. Jennifer M. Granholm:

The future economic success of our state is directly tied to our ability to attract and retain exciting new jobs and young workers who are hard wired into the knowledge-based economy. In communities large and small, we must focus on economic development that makes our downtowns vibrant, our arts community thrive, and, most importantly, makes our young people want to make their homes in Michigan.²⁹

By supporting an arts-based economy, states can attract talent-based companies, students, university faculty, professionals, teleworkers, independent contractors, and tourists and other customers.³⁰ Rural areas offer particularly strong potential for economic and cultural renewal, which can yield significant new investment, revenue, and income. Rural communities are sometimes characterized in a similar manner as many urban areas that have experienced arts-based revitalization: with aging infrastructure, declining population, and a loss of economic activity.³¹

Community Profile: Cultural District Improves Town Economic and Cultural Life

The Idaho Falls Cultural District won Gov. Dirk Kempthorne’s “Take Pride in **Idaho** Award.” In the 1970s, downtown Idaho Falls was anchored by big retailers, but these vanished with the development of large malls. In recent years, new anchors have emerged—including the Willard Arts Center and Colonial Theater, Museum of Idaho, Eagle Rock Art Museum, and Actors’ Repertory Theater of Idaho—forming a critical mass that generates tourism and results in more shops, restaurants, and downtown residents. Retailers, professionals, the arts and culture community, developers, and government are collaborating toward the same goal—a better quality of life for the residents of southeastern Idaho.³²

State Policy Recommendations for Strengthening Rural Economies through the Arts

If states intend to build their economies on the jobs of the future and improve rural communities and economies, they must enact policies to cultivate a creative workforce and support an enhanced quality of life in rural areas that attracts businesses and workers. An arts-based strategy can strengthen state efforts to diversify rural economies, generate revenue, improve quality of life, and attract visitors and investment.

States can promote the arts and rural economic development in a variety of ways, such as providing targeted grants, tax incentives, and technical assistance to artists; building creative clusters in targeted areas; partnering with community colleges and others to provide training, research, and work experience; and identifying and facilitating access to studio, gallery, and retail space for artists. State arts agencies are positioned to assist in economic development efforts; in a majority of the examples in this brief, the state arts agency played some role in initiating, supporting, or growing an arts program. State policies can ensure that arts enterprises have the services they need to become self-sustaining—a key to long-term economic success.

To support an arts-based economy, states:

- Integrate the arts into state economic-development planning.
- Use traditional entrepreneurship and economic development tools.
- Attract the arts community by offering incentives, supporting business collaboration, and improving physical infrastructure.
- Use higher-education systems in training and business assistance efforts.
- Integrate the arts into planning and marketing to build sustainable tourism.
- Invest in cultural resources for rural areas.
- Identify, obtain, and creatively use federal resources.

Integrate the Arts into State Economic-Development Planning

Governors can position their states to use the arts effectively as a rural economic development tool by integrating the arts into economic development planning statewide. Statewide planning ensures that all regions have the services and amenities businesses need, such as financial resources, training opportunities, and assistance for entrepreneurs. Coordinated economic development planning is a foundation for supporting arts-related enterprises. It requires collaboration across city and county lines among arts councils, many state agencies, governors' offices, university systems, and the business community.

Successful rural economic-development programs build on the demonstrated strengths of the region, using a cluster-based economic development approach to spur further creative activity. Rather than trying to insert a creative field into the local economy, the most successful programs assess and target existing cultural activities, organizations, or facilities that are

“In **Idaho** and in states across the country, the arts have made significant contributions to our economies and communities. It would be difficult to overstate the important of the arts in building strong, sustainable economies, and as an economic development tool for states.” —Gov. Dirk Kempthorne

appropriate to a rural community's unique setting and needs. With some assistance, indigenous traditions can grow into a flourishing economic cluster. For example, the cultural and industrial history of **Maine** has produced generations of textile and furniture artisans whose products are in demand across the nation. The rich culinary and musical traditions of **Louisiana** are becoming cornerstones of its Cultural Economy Initiative. And **Virginia** has built a Heritage Music Trail that uses bluegrass and mountain music to draw visitors to some of the most remote regions of the state.

A few states have formally recognized and quantified the arts as a state industry—an important first step in truly integrating the arts into state economic development and tourism planning. The **Montana** Governor's Office of Economic Activity has worked with the state arts council to develop a state [economic development strategy](#) for creative enterprises. A consultant assessed the economic impacts of the arts on the state economy, providing a baseline for planning economic development programs and policies that capitalize on the arts industry and draw on strategies used in other states. Gov. Brian Schweitzer has financially supported arts economic development programs and made creative enterprise a goal of his administration.

The creative economy initiative in **Maine** has assessed regional strengths in the arts and developed recommendations to build on them, such as enhancing the role of the arts in tourism and strengthening the creative cluster. Gov. John Baldacci convened the [Blaine House Conference on the Creative Economy](#) to connect economic development and cultural efforts in the state, bringing together the banking, commercial, government, industrial, and arts sectors in the first of a series of forums held throughout the state. Gov. Baldacci subsequently created a permanent Creative Economy Council to identify policies that will build a vibrant Maine economy through investments in youth, cultural institutions, entrepreneurship, and technology. The initiative also includes a [listserv](#) and [Web site](#) to disseminate information on successful programs, and a [report](#) that includes measurements of the economic impact of the industry and recommendations.

The **Vermont** Council on Rural Development released a report, [Advancing Vermont's Creative Economy](#), outlining specific steps the state should take and specifying which state agencies, offices, and stakeholders should be involved in each. As a result, a Vermont Creative Economy Policy Council has been named to develop legislative and fiscal initiatives that will advance the state's economic vitality through the arts.

Use Traditional Entrepreneurship and Economic Development Tools

Some experts attribute nearly 70 percent of economic growth to entrepreneurial activity and suggest that its impact accounts for one-third of the differential in national economic growth rates.³³ To compete in the global economy, states must develop a supportive environment for entrepreneurs in all fields, including the arts. Many states offer incentive-based recruitment programs, but successful economic development policy must go beyond incentives to cluster-based development and entrepreneurialism.

States can target traditional entrepreneurship and economic development tools, which are generally utilized in metropolitan areas, to support the arts in rural communities. Many states have tools such as business incubators, entrepreneurship centers, start-up capital, marketing assistance, workshops, and training, which can be made accessible to artists in rural communities. Many rural regions are not located near service centers or providers, but these services and tools can be made available through online programs, telephone help lines, and regular technical assistance such as consulting and training sessions.

Physical incubators and entrepreneurship centers serve as one-stop resource centers for entrepreneurs in many states, providing a range of assistance, such as navigating state regulations and on-site marketing counseling. To reach arts entrepreneurs, some centers focus on creative enterprises and retain staff who understand the arts and its related needs.³⁴ Existing centers of rural entrepreneurship can target the creative industry, directly reaching out to artists through advertising and specialized workshops. Centers provide assistance such as training for product pricing and packaging, business plan development, and access to business tools, which all can be tailored for the artist community.

States also can use financial or technical assistance to support nonprofit organizations serving rural artists. The **New Hampshire** Division of Resources and Economic Development and State Arts Council have supported the [Women's Rural Entrepreneurial Network](#) (WREN), a membership organization of 700 women and girls, which operates a gallery and store featuring products from more than 100 members. The store has generated about \$400,000 in sales for local artists and craftswomen since 2000. WREN offers classes, gallery space, free Internet access in its award-winning technology center, workshops, technical assistance and consulting for nonprofits, a lending library, loans for business development, and experiential opportunities for girls in the arts.

Like any entrepreneurs, artists need start-up capital and technical assistance to launch their enterprises. Several state arts councils, including **North Carolina's**, provide consecutive years of entry-level financial support to organizations establishing arts education programs in rural communities. The council also provides organizations with consulting services for a year of planning. Grantees are expected to produce performances, workshops, and residencies and must provide matching grant funds in the third year unless they are in designated "low wealth" communities.³⁵

With grant support from **New Mexico's** state arts council [arts enterprise partnerships](#) program, one creative speech and language pathologist launched a company that provides job and entrepreneurship training for special needs students. After searching for an out-of-the-box strategy to teach special needs career options in a middle school, she started a public-private partnership that became a business named Card Express. Begun with ten rubber stamps and donated paper stock, today the company makes and sells cards, stationery, gift bags, boxes, and frames in local stores. Students learn entrepreneurial and job skills such as customer relations and money management by participating in the program.

Other financing vehicles include revolving loan funds, microenterprise funds, and below-market rates and loans. Through a Community Development Block Grant, [HandMade in America](#)—a renowned nonprofit organization that has raised the profile of handmade objects in **North Carolina** and across the nation—has developed a revolving loan fund for craft business expansions and startups, as well as a registry system for craftspeople, pricing, and delivery schedules.³⁶ States also can initiate and support microenterprise funds, such as those in **Nebraska**, which fund community-based, nonprofit organizations from a combination of state, federal, and private sources. Funds are distributed through service providers to support technical assistance and lending pools, removing some of the administrative burden associated with acquiring the funds.³⁷ States also may encourage fund providers to make available below-market loans, equity, program-related investments, and recoverable grants.

Workshops are a traditional way to bring together entrepreneurship experts and nascent businesses; these can be targeted to the arts community. In **North Dakota**, an October 2003 [editorial](#) in the *High Plains Reader* suggested that a dying town in a rural region should work to become the state’s “New Bohemia” artist colony by supporting young artists who might otherwise migrate elsewhere. New Bohemia has grown from a concept in one location to a statewide membership organization.³⁸ In July 2005, the town of Rugby’s job development authority and New Bohemia held a [workshop](#) to train artists, arts supporters, and economic development officials in writing business plans, preparing budgets, and pricing and marketing art. Presenters included the state and local arts councils, the state tourism office, and journalists.

Community Profile: Media Training Center Generates Revenue; Gains Nationwide Attention

Started in 1969 as an economic development project to train Appalachian youth in media skills and help them enter the workforce, Appalshop has grown into a nationally recognized media center. The center is based in Whitesburg, a town of 1,542 people in eastern **Kentucky**. By documenting traditional arts, exploring history, and tackling social issues affecting the region, the center operates to help Appalachian people “tell their own stories and solve their own problems.” Each year, Appalshop’s productions in theater, film, radio, and other services reach several million people, generating annual revenues of more than \$2.2 million.³⁹

States also can facilitate or provide marketing assistance and vehicles for art and crafts. The **North Carolina** university system and the Departments of Commerce; Cultural Resources; Environment, Health and Natural Resources; Transportation; Travel and Tourism; and Community Assistance support and work with [HandMade in America](#)—a nonprofit organization working to build a sustainable craft industry. By creating a business and marketing plan that branded the region as a cultural destination, HandMade has unified 23 counties and 4,000 artisans in one economic development effort. Revenues for many craftspeople have increased as much as 15 percent, and the region contributes \$122 million annually to the state economy.

The [Kentucky Crafted program](#)—a division of the state arts council in the commerce cabinet—provides marketing support to rural artisans to help them raise the visibility of their products, create private partnerships, and generate increased opportunities for their business. Training is

provided for many topics including developing a business plan, planning for new products, assessing markets, outsourcing, using technology, and licensing.

Marketing training can be useful to rural artists to expand their sales base and publicity. The **Alaska** State Council on the Arts has partnered with the state department of community and economic development and the University of Alaska Fairbanks Rural Extension Program to run marketing training programs in three rural trading hubs. The [training](#) for artists included courses in quality issues, cost analysis, and pricing, as well as federal and state regulatory programs. As many Native Alaskan tribes have moved from a subsistence- and trade-based economy to one based on cash, the need for education in reaching new audiences and expanding markets is even greater.

Without access to education and training, parts of rural America steeped in traditional, low-skilled jobs cannot adapt to and compete in the new economy.⁴⁰ In a recent survey, rural Southerners rated job training and retraining most highly among economic development methods, above government grants and tax incentives.⁴¹ Training can be useful in various areas, from skills training for craftspeople to audio- and video-recording training for storytellers. State agencies or the offices of federal funds can be particularly helpful to artists in grantwriting and application training.

Attract an Arts Community

By attracting an artist community, states can enhance the quality of life and attract more residents, workers, businesses, and visitors. In many regions, rural communities offer an enhanced quality of life and a unique character. Cultural and heritage activities often represent and help define these characteristics.

To build a cultural community, experts agree that it is important to attract artists by supporting their needs for business operation. Economic development strategies must go beyond tax breaks to comprehensive policies that will yield long-term results. States can attract arts communities in three major ways: offer incentives, support opportunities for business collaboration, and improve physical infrastructure.

Offer tax incentives. States can attract artists, entrepreneurs and businesses to rural areas by authorizing cultural districts—special mixed-use zones that feature cultural attractions and use local or state tax incentives to stimulate economic development. Many states have authorized local governments to establish such arts and entertainment districts, which have spurred significant cultural and business development.⁴²

Recently the **Maryland** State Arts Council, a division of the Department of Business and Economic Development, helped create a state designation for arts and entertainment districts. The [legislation](#) enables local jurisdictions, municipalities, and counties to apply for state designation and offer tax incentives.⁴³ Incentives include income tax subtraction for works sold by artists who are Maryland residents; property-tax credits for the renovation of buildings; an exemption from the admissions and amusement tax; and access to the state economic development assistance fund

loan program. The program is being used in both rural and urban areas to attract artists and arts-related businesses to the state.⁴⁴

To pursue similar goals, the **Iowa** historic preservation and cultural and entertainment district program offers tax credits for rehabilitating historic structures for living and working space for artists and entertainment venues. To ensure a broad base of support, the program requires formal collaboration between local governments and partners in the business and nonprofit sectors.⁴⁵

In rural **Kentucky**, state and local governments offer incentives to artists in the form of one-year housing allowances or tax credits, lower-than-market interest rates, loan-to-value ratios of up to 100 percent, discounts on closing costs, and services at no charge. Local governments also offer arts businesses preservation tax credits for particular facilities, free Website access, and special health-insurance packages.⁴⁶ Incentives can be provided to students through student-loan forgiveness for those who take a job in the creative industry in a rural region, as **Missouri** has done in other fields such as life sciences.

Community Profile: Arts and Entertainment District Attracts Visitors, Residents, and Businesses

The small town of Cumberland in western Maryland has attracted residents and artists downtown by building on a Main Street development program and gaining state designation as an arts and entertainment district. Events such as Fridays after Five, murder-mystery railroad tours, and arts festivals have attracted visitors, and the region has become a hub for both artists and physicians, particularly international practitioners. In the 1990s, the community saw the opening and expansion of many businesses—including museums, artist cooperatives, and theaters—along with increased capital expenditures and a decrease in downtown vacancy from 80 to 10 percent.⁴⁷

States also compete with one another—and, increasingly, with locations overseas—to attract the film industry. Many states have recently adopted tax incentives, employee wage rebates, or exemptions for the wages of workers in film production companies or their related costs, such as hotel rooms for film crews in the state.⁴⁸

Support opportunities for business collaboration. Because cluster-based economic development relies on cooperation, one emerging state strategy supports opportunities for business collaboration. These opportunities and networks may provide access to or discounts for services through cost sharing. Services include joint marketing and promotion, catalog production, Website production, packaging, projections, and professional development. Without collaboration, individual artists might not consider using or be able to afford these critical business tools.

GROW Nebraska, a grantee of the [Nebraska Microenterprise Partnership Fund](#), is a statewide artisans' cooperative with 180 members. It helps artisans locate markets for their products through cooperative advertising and participation in trade shows.⁴⁹ The **Maine Indian Basketmakers Alliance** is a group of traditional artisans who have opened a store, expanded markets beyond the state, and set up an Internet presence, with financial support from the state humanities council. In **Mississippi**, [Crossroads Quilters](#), a group of mostly African-American women, sell their handmade quilts through the local arts agency, with support from the state arts commission and humanities council.

Such alliances use heritage traditions and benefit by acting as a group to promote their work. The **South Carolina Artisans Center** provides education and learning opportunities for artists and amateurs and houses an artisan market for 240 artists in a restored Victorian house. The center was named the state's Official Folk Art and Craft Center by a gubernatorial [resolution](#), and has received technical and financial assistance from several state agencies, including the arts commission, department of commerce, humanities council, and department of parks, recreation, and tourism.

Improve physical infrastructure. Physical infrastructure, from facilities for studio space to broadband for distance learning, is critical for entrepreneurs to access services and provides an attractive environment for workers and customers. The built environment often is related to the quality of life and identity with a place; it can influence business capabilities, worker attraction and retention, and growth.⁵⁰ Entrepreneurial artists need physical space and related infrastructure to produce, sell, and package their work; network with other artists; and participate in training and workshops.

State departments of commerce, community development, and labor; arts councils; and historical societies can be vital partners in rebuilding historic structures and identifying potential living and working spaces for artists. For example, former elementary schools or factories might provide housing opportunities for galleries, shops, workshops, dance studios, or theaters.

Local and regional arts councils can be valuable partners in capital redevelopment projects for arts sectors and related businesses. In Colquitt, **Georgia**, an arts complex owned and operated by the [local arts council](#) grew from the success of one musical theater production. Several years ago, 100 residents of the town (pop. 1,868) performed an original work, *Swamp Gravy*, which became the name of the award-winning traveling [theater organization](#). The arts complex includes a cotton gin that was renovated into a state-of-the-art performance space to accommodate the company, as well as the Museum of Southern Cultures and a market-square building that houses 20 arts vendors.⁵¹

The [Adams arts program](#), the **Massachusetts** Cultural Council's Cultural Economic Development program, funds cultural activities with the express purpose of revitalizing communities, stimulating income, creating jobs, and attracting tourism. In the Blackstone Valley, 12 towns constitute a primarily rural region that arose around textile mills. The Whitin Mill building complex in the town of Valley Cast has been identified as a central location for developing a museum, tourist center, and multipurpose arts, training, and community center. The transformed Whitin Mill will serve as a cultural hub for public events, a living heritage museum, studio and gallery space, and a clearinghouse and gathering place for exchanging ideas and information.⁵²

Physical facility improvements can influence the development of related streets, sidewalks, and businesses. The reopening of the Newberry, **South Carolina**, [opera house](#) in June 1998 had an immediate, profound impact on the downtown business district, attracting 20 new businesses, including four restaurants. Additional capital investments, such as renovations of vacant buildings and upgrades of streets and sidewalks, are valued at \$3.9 million. Since 1998, six new industrial

facilities representing 520 new jobs and \$76 million in capital investment have moved to Newberry. The opera house estimates its economic impact in excess of \$5.8 million a year.

Community Profile: Museum Turns Abandoned Facility into a Major Art Attraction

The economy of North Adams, in northwestern **Massachusetts**, was decimated when the city's largest employer closed its 300,000-square-foot facility and left 4,137 workers unemployed in 1986. Faced with the need to improve the community, the mayor led a team of curators to develop the abandoned space into the country's largest contemporary art museum with primary funding from a \$22-million state construction grant. The [Massachusetts Museum of Contemporary Art](#) (Mass MoCA) first welcomed the public in 1999, and today the town of just over 14,000 residents receives more than 100,000 visitors each year. When the museum opened, only 30 percent of the town's storefronts were occupied; now more than 70 percent of them are in use. When the museum opened there were only two fast-food providers in the city; now there are eight full-service restaurants and an upscale hotel. The museum has revitalized the North Adams community and its economic future. The Massachusetts Cultural Council provides ongoing support for Mass MoCA and has used the program as a model for working in other communities across the state.

Use Higher-Education Systems in Training and Business Assistance Efforts

State university and community college systems and tribal colleges can be valuable partners in training and recruiting a rural creative class. Rural America has more than 700 public community and tribal colleges, of which one in four serve economically distressed regions.⁵³ Community colleges in particular are well-known for delivering education and training to all segments of the population. Some community colleges go beyond education and training to play other important roles, such as promoting regional and cluster-based approaches to economic development and supporting small business development.⁵⁴

To use community colleges as a rural arts and economic development tool, states can:

- **Incorporate art and design into technical and commercial programs.** Bellingham Technical College in **Washington** incorporated art and design into the welding program to increase worker skills, build teamwork, and provide new opportunities for students.⁵⁵
- **Include entrepreneurship training in the arts curriculum.** Entrepreneurship training can include art design in product appearance, use, packaging, marketing, and commercial applications of art and design. With the governor's support, Hazard Community College in **Kentucky** purchased a historic high school and converted it into a school of craft that integrates business concepts and entrepreneurial skills. It hosts a business enterprise center, studio residency program, and cooperative studio with shared equipment.⁵⁶ **Montana** State University-Great Falls designed a program for artisans to help them improve their business and marketing skills.⁵⁷
- **Designate colleges as lead institutions or cluster hubs for the arts.** Colleges can serve as hubs for clusters. In **Washington**, the state encourages colleges to identify growth industries in their region and build partnerships to strengthen technical expertise in sectors such as the arts. Colleges design new curricula, deliver workforce training, and

- provide technology assistance to businesses. This approach is facilitated by state funding that combines all workforce programs in a single block grant to colleges.⁵⁸
- **Fund and require colleges to provide small-business assistance centers.** In **North Carolina**, community college budgets include funding for small-business assistance centers at every location. Central Carolina Community College operates a fine-arts business incubator that houses 29 businesses; 30 more are on the waiting list.⁵⁹ Centers provide courses and one-on-one technical assistance to help entrepreneurs assess the market, develop a business plan, and obtain funding. About 300 community colleges offer a degree or certificate in entrepreneurship, and many more offer workshops or courses.⁶⁰
 - **Establish internship and apprenticeship programs with artisans and industry.** Internship programs provide hands-on experience for students, and they can help recruit and retain talent in rural areas. **North Dakota** Gov. John Hoeven launched [Operation Intern](#) to connect students with internships in the state and provide organizations with full- or part-time assistance. The program emphasizes the new perspectives and creative ideas that students can bring to an organization, quoting Richard Florida's *Rise of the Creative Class*: "creativity is said to be an essential component to enhancing and revising every product, process, and activity imaginable."⁶¹ Several employers in the arts serve as partners, including a jazz arts group and a performing arts school.
 - **Provide grants for firms or individual artists that employ students from state colleges and universities.** The **Massachusetts** Cultural Council provides grants of up to \$6,000 for apprenticeship programs with master artists.⁶²

Integrate the Arts into Tourism Planning and Marketing

Most states view tourism revenue as an essential ingredient of economic success. Tourism offers special opportunities for rural areas, many of which abound in cultural assets that can fuel sustainable tourism. According to the Travel Industry Association of America, 62 percent of adults traveled to a U.S. small town or village in the past three years, and cultural and heritage visitors stay longer and spend more money than other kinds of visitors.⁶³ Sixty-five percent of Americans include a cultural heritage component in their vacation.⁶⁴

Cultivate cultural and heritage attractions. Recognizing that the arts reflect a distinctive state identity and brand, many states have made cultural and heritage attractions central to their tourism planning and marketing efforts. For example, the **Minnesota** Arts Board, Office of Tourism, Historical Society, Department of Transportation, and Department of Natural Resources have worked on a variety of joint cultural tourism projects over the past decade. Since 2003, they have combined forces to promote the state's scenic byways. The partners created a scenic byways promotional campaign and have produced two maps that were strategically marketed to prime tourism outlets, drawing visitors from around the country and the world.⁶⁵

States also can encourage integrated planning at the local level. In **Oregon**, technical assistance and funding through the state's [Arts Build Communities program](#) helped Cave Junction (with about 1,400 residents, half of whom receive some form of state assistance) develop a synchronized plan to promote public art and tourism.⁶⁶ The project coordinated the activities of

the city council, artists, natural resource officials, and business owners with help from the [Oregon Downtown Development Association](#) and the state arts agency. The resulting plan and stone artwork installations helped Cave Junction become a tourism gateway that draws travelers from the nearby interstate to explore the distinctive geology and history of the area. Main Street **Arkansas** and the state economic development department launched the [Delta Initiative](#) for five agricultural communities that share a common cultural heritage. In response to the erosion of industrial and manufacturing industry, the initiative aims to build business opportunities around local crafts and boost the region's tourism by building on its blues and music heritage events.⁶⁷

Partner with communities to develop events. Some communities focus on event-based tourism, which for small communities may be easier than working on many attractions to draw visitors year-round. In Ketchum, **Idaho**, the [Trailing of the Sheep Festival](#)—winner of a Governor's Award for Cultural Heritage Tourism—celebrates local heritage by following sheep through a historic trail in the Wood River Valley. The festival attracts visitors through folk music, dancing, spinning, crafts, heritage education, and poetry.⁶⁸

State arts councils can be valuable partners in developing cultural events and programs. The **Arizona** Commission on the Arts recently launched the [Arts Link to Tourism and the Economy](#) (ALTE) grants program to encourage collaborative projects among rural economic development or tourism organizations, ethnic arts organizations, rural arts organizations, and/or tribal communities. The ALTE program funded marketing for the eighth annual [northern Arizona book festival](#), which hosted renowned writers and more than 5,000 attendees for a weekend of literary events. Seventy-nine percent of attendees came from the region, 13 percent came from other parts of the state, and 8 percent came from other states and abroad. The festival incorporated new programming to attract visitors, such as a musical literacy jam that gathered a near sell-out crowd.

Community Profile: Arts Build Sustainable Tourism

The Kentuck Festival of the Arts in the Appalachian town of Northport, **Alabama**, started in 1972 as a local heritage festival featuring fiddlers, crafts, and demonstrations. Today it is a juried invitation show that attracts 20,000 visitors each year to view modern and traditional crafts such as baskets, pottery, quilts, and silver. The organization used festival proceeds to purchase a cluster of derelict buildings in the main intersection of the town, which became a museum-gallery, working studios, retail shop, and office for the association. The renovation attracted several businesses, including a fine restaurant, and a downtown streetscape improvement. Today, 100 percent of the buildings are occupied, many with arts and home décor shops.⁶⁹

Promote heritage corridors and cultural trails. Both heritage corridors and cultural trails attract visitors to rural regions that may have otherwise been undiscovered. For example, **Washington** produced an audiotape and illustrated booklets on a 153-mile heritage driving-tour, which introduces visitors to artists on an Indian Reservation, folk artists, a cowboy poet, and storytellers. The tapes received support from the National Endowment for the Arts (NEA) and U.S. Forest Service Arts and Rural Community Assistance Initiative.⁷⁰ The **Ohio Mural Corridor** consists of seven historical murals in towns in three counties, which are expected to spur economic activity by leading people through towns to see the murals, purchase local crafts, eat at local restaurants, and stay in rural bed and breakfasts.

The **Kentucky [Heritage Corridor](#)**, an eight-county area along Route 23, works with the state arts council to create a cultural tourism plan that will be a springboard for economic, community, and cultural development in Eastern Kentucky. The **South Dakota** Arts Council received an NEA rural-development grant for community-based planning. As a result, the Oyate (meaning people or nation in the Dakota/Lakota language) cultural tourism corridor plan connects nonprofit arts organizations, Indian reservations, and many traditional folk artists that may not have otherwise been identified.⁷¹ [HomegrownHandmade](#), a unique alliance of arts and agriculture in **North Carolina**, supports business planning, market research, and development of marketing and promotional materials. The alliance also works with consumer-friendly, “agri-Cultural” trails and itineraries showcasing the rural regions of the state.

Several multistate trail projects have successfully connected the arts to the landscape and local heritage. The Appalachian Regional Commission produced a [geotourism “mapguide”](#) of Appalachia to showcase regional cultural, natural, and heritage assets. More than 350 tourism destinations and events—such as artisan centers, music venues, and museums—are listed in the map, which was featured in *National Geographic Traveler* magazine and is available online.⁷² The Cherokee and [Blue Ridge Heritage](#) Trails—collaboratives of the **North Carolina** Arts Council and Department of Cultural Resources, the **Tennessee** Arts Commission, and the **Virginia** Commission for the Arts—bring together the arts, recreation, and natural-resource management. The trails and related maps and event listings encourage visitors to venture into small mountain towns to experience the heritage of the region.

Coordinate resources. States can initiate and facilitate cultural-tourism planning by coordinating resources of rural regions, providing funding and technical assistance, and helping execute the plan. In addition to the state arts agencies—many of which already support cultural tourism—a variety of state agencies can be called to action to help market the arts, such as the state tourism office, departments of natural resources, transportation departments, and regional visitor centers. Marketing and tourism promotion focused on the arts can use the following approaches:

- State departments of **natural resources** can identify and open physical locations for events and festivals and offer residencies to artists so they can create and show their works.
- Cultural ambassadors can be included in gubernatorial domestic and foreign **trade** missions to promote the region’s artistic attractions.⁷³
- Through **economic development** organizations, states can coordinate or provide marketing training for cultural groups, nonprofit employees, hospitality and other businesses, and local chambers of commerce.
- State **tourism and trade** offices may develop a statewide arts identity similar to that of other campaigns with distinctive logos, and create regional tourism campaigns and Web sites. The dedication of the [Actors Collaborative Theatre](#) in Elkhorn City, **Kentucky**, to sustainable community development led to the adoption of the [tourism motto](#): “Where Nature Meets Culture.” Offices of tourism can create marketing materials beyond the traditional signs and brochures, such as cultural calendars, trail and gallery maps, and kiosks.
- State welcome centers and retail shops can feature local artists. In **New Hampshire**, the state council on the arts worked with the department of **transportation** to install art

- exhibits in the state welcome centers that feature the work of local artists. The state council also covers the artists' fees and installation costs.⁷⁴
- Venues such as off-road trails, bike and pedestrian paths, scenic easements, visitor centers, and interpretation displays and presentations can be made available to artists as canvases and to rural communities as marketing devices. **New Mexico Arts**, a division of the office of cultural affairs, partnered with the state highway and transportation department to create a public art program that allowed local artists to erect sculptures along major highways. The artwork is monumental in scale and ranges from whimsical to serious, including a depiction of a vintage 1950s Cadillac and a steel arch representing the area's cultural influences.⁷⁵

Invest in Cultural Resources for Rural Areas

States can build an arts economy in rural areas by helping fund rural arts programming and providing incentives for other entities to invest in rural communities. State arts agency grant programs provided 2,574 rural communities nationwide with more than \$37 million in arts grant funds in 2004, according to the National Assembly of State Arts Agencies.

Fund rural arts programming. Encouraging ongoing arts activity in rural areas helps to strengthen cultural organizations, provides engagements for artists, and helps stimulate arts participation by making the arts more accessible to citizens in isolated or underserved areas.

Many states, including **Florida, Kansas, Michigan, New Hampshire, North Carolina, North Dakota, Oregon, South Carolina, and West Virginia**, have special grant programs dedicated to community-based rural arts programs. For example, the **Michigan [Rural Arts and Cultural Program](#)** encourages arts activity in 39 designated underserved counties. Recently funded projects include a migrant-youth arts program, a Black History Month blues series, a troubadour music festival, and artists-in-residence organizing a community theater.

New Hampshire's [Community Arts Development Grants Program](#) promotes partnerships between arts and nonarts organizations committed to using the arts as a catalyst for economic development and community revitalization. Projects may include community cultural assessments, impact research, economic-revitalization projects incorporating the arts, planning for integrating arts programming into trails or walks, or hiring a local arts-council director. Recognizing that not all community groups have ready access to funding and programming partners, the **Florida [Rural Economic Development Initiative](#)** (REDI) contains a special provision for arts organizations in rural or economically distressed areas, as designated by state [statute](#). This program provides arts grantees in these areas with match exemptions that make funding from the state office of tourism, trade, and economic development more attainable.

Sixteen states reach rural areas by using decentralized-funding programs that give local or regional groups the authority to spend state resources in alignment with local needs.⁷⁶ Among the most recently adopted of these initiatives is the **Pennsylvania Arts Partners** program. One of the state's local partners is the Venango Center for Creative Development (VCCD), which serves a seven-county rural region. Since becoming a state regranting partner in 1998, VCCD has become

a focal point for arts development in northwestern Pennsylvania. VCCD has regranted more than \$250,000 in state funding, which has helped increase arts audiences to 90,000 attendees per year and strengthened relationships among the arts, business leaders, and civic groups in the region.

Another strategy states use to increase rural arts activity is facilitating the exchange of artists and artworks between communities. For example, in **Mississippi**, the [Museum on Wheels](#) will take art exhibitions—at no cost to the recipient—to rural schools and libraries. Other states support art buses or art train projects that bring the arts to isolated communities with no access to their own cultural facilities. State arts agencies invest significant grant dollars—totaling \$53 million 2004—to support presentation and touring activities in the performing and visual arts.⁷⁷

Provide incentives for investments in rural communities. States can encourage localities and private funders to invest in rural communities through matching grants that reward or require collaboration with nonprofit or business entities. This helps to ensure long-term success by attracting new resources and building a diversified funding base that can sustain initiatives. Many private philanthropic resources, federal-state partnership grants, in-kind donations, and business investment dollars can benefit rural arts communities and enable programs that spur noteworthy economic and tourist activity, improving opportunities and quality of life in rural areas.

One method of fostering broad-based resource development is to offer challenge grants—state seed money that grantees use to leverage funds from other sources. The **Oklahoma** Arts Council’s [local government challenge grant](#) program encourages localities to contribute their tax revenues to the arts by requiring dollar-for-dollar grant matches. The program is designed to improve local resource flexibility, foster local coalitions, and encourage local governments to partner with private enterprise. Since its inception in 1999, the program has generated more than \$1 million in matching dollars for local art projects across the state. The small town of Gene Autry (pop. 99) received a \$5,000 grant—matched with local tax dollars—to support a film and music festival. The town’s investment paid off when sales-tax revenues doubled during the month of the festival.⁷⁸

Investments need not be limited to financial resources. Local governments sometimes provide rent-free facilities, such as studio space in schools after classroom hours or retail space in visitor centers and rest stops. Corporations also can be tapped for in-kind donations. In Sneedville, **Tennessee**, a 5,700-square-foot business incubator provides affordable rental rates to arts-based businesses, as well as access to office services and technical assistance. The Tennessee Valley Authority provided computers for business-development and computer training courses.⁷⁹

Identify, Obtain, and Creatively Use Federal Resources

Federal programs can be a major source of rural economic-development funding. Traditionally, direct federal funding for the arts is awarded by the NEA, the National Endowment for the Humanities, and the Institute of Museum and Library Services.⁸⁰ In addition, the NEA has identified more than 100 federally funded grant programs outside the traditional realm that can be used to finance activities related to the arts.

Federal grant programs that are especially useful for funding rural arts development include:

- **U.S. Department of Agriculture Forest Service** (with NEA): The [Rural Community Assistance Program](#) and [Cooperative Forestry Program](#) fund projects including the development of oral histories, the production of plays, the American Indian theater and film institute, woodworking seminars, African-American gospel music concerts, folk-art programs, and cassette tapes on traditional arts and heritage.⁸¹
- **U.S. Department of Agriculture:** [Rural business enterprise grants](#) and the [rural community development initiative](#) provide matching grants for technical and financial assistance for projects related to community facilities and economic development.
- **U.S. Department of Transportation:** The All American Roads and [National Scenic Byways Programs](#) provide discretionary support for roads with outstanding cultural and recreational qualities, including parkways and cultural establishments along these routes.⁸² The [Transportation Enhancements Program](#) encourages the incorporation of work by local artists, craftspeople, and designers in improvements of bridges, train and bus stations, and other infrastructure. [Millenium Trails](#) grants involve the arts through residencies, public art, arts education, and historic trails.
- **U.S. Department of Commerce Economic Development Agency:** [Short Term Planning Grants](#), [Local Technical Assistance](#), and the [Public Works Development Facilities Program](#) provide support for developing market-artisans districts.
- **U.S. Department of Housing and Urban Development:** [Community Development Block Grants](#) fund the rehabilitation of historic structures for businesses, housing, studios, performance space, cultural institutions, retail space, and services.

States and agencies can assist rural regions by working to maximize federal resources; creatively apply block-grant funding; and capitalize on other funding opportunities. Governors can encourage arts councils and local development authorities to work with state departments and other entities to maximize these opportunities. State agencies and offices of federal funds can offer services to artists in seeking, writing, and applying for grants.

Several federal grant programs can be applied to improving physical infrastructure. For example, a community facility economic-impact grant from the USDA Rural Development Administration supported the expansion of [Tapetes de Lana](#), a weaving enterprise started by one woman and an apprentice in **New Mexico**. The organization trains primarily Hispanic, low-income artists to spin and dye yarn and weave traditional and contemporary designs. The organization not only buys weavers' work and sells it nationally through wholesale partners and catalog sales, but also provides sales and entrepreneurship training. The vocational instruction enterprise has grown from two weavers in a one-room schoolhouse to a storefront studio and gallery space in two counties with three staff. Tapetes de Lana is constructing an 11,000-square-foot commercial spinning mill that will employ residents and increase the local tax base.

Governors are responsible for the implementation and operation of federal Workforce Investment Act (WIA) funds through a 15-percent set aside for the state and funding granted through local workforce investment boards. These funds can be creatively applied to rural arts development. Federal-state partnerships, such as the Appalachian Regional Commission (ARC)'s economic development awards to states, are another source of support of the arts. **Virginia** awarded more than half of its 2005 ARC grants to projects to develop arts, crafts, or cultural tourism.⁸³

Often, arts projects are initiated with public funding and eventually funded through private philanthropic sources or business investments. For example, in **New Mexico**, the USDA funded an Empowerment Zone in the 1990s for a Pueblo enterprise focused on marketing an artisan collaborative. [High Road Artisans](#) became an independent retail and marketing cooperative in 2002, creating a sustainable support base for the arts. In 2002, the Los Alamos Laboratory Foundation provided funding for 10 workshops and seminars sponsored by the organization on pricing, displaying, brochures, and computer training for home-based craftspeople. The organization estimates that an annual 30-mile tour of 38 studios drew 15,000 visitors in 2004, which benefited local restaurants and establishments.

Creatively Using Federal Workforce Investment Funding
New Mexico Arts recently partnered with the state department of labor, which resulted in \$62,000 in Workforce Investment Act (WIA) funding for pilot [arts and entrepreneurial skills training projects](#) in rural communities. Forty-six low-income welfare recipients or unemployed participants at two locations have been trained to spin, dye, weave and sell textiles. Many are single Hispanic mothers who, with sufficient competence, may weave at home—a creative alternative to having to leave rural New Mexico to support their families. The Tapetes de Lana program was a pilot program of this partnership; job training at the nascent stages of the organization were funded with WIA funds in partnership with New Mexico Arts. The trainees have become employed as instructors and studio managers.

Conclusion

Every state has areas with rural characteristics that can help build the distinctive dimensions of a state's culture and character, contributing to the state's quality of life and ability to attract businesses, residents, and visitors. The arts have demonstrated a positive impact on rural economies that states can enhance through supportive policies. Governors can position their states to use the arts effectively as a rural economic development tool by cultivating clusters of economic activity in the creative industry.

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⁸⁰ Urban Institute, 47.

⁸¹ Urban Institute, 46.

⁸² Urban Institute, 51.

⁸³ Stuart Rosenfeld, 3.

⁸³ Rhoda Phillips, “Artful Business: Using the Arts for Community Economic Development,” *Community Development Journal*, vol. 39, no. 2 (Spring 2004): 4.

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