



THE *of* ART
ECONOMIC
DEVELOPMENT



Texas Cultural Trust

823 Congress Avenue, Suite 650

Austin, Texas 78701

P: (512) 478-5289

F: (512) 478-5292

www.txculturaltrust.org



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Introduction

As the national economy slowly recovers, communities are struggling to find the resources to invest in critical infrastructure and quality of life projects required for a vibrant economy. In light of the uncertain global business climate, Texas has outperformed the majority of peer states. Between 2007 and 2009, the nation's employment base contracted 2.8 percent. By contrast, the Texas economy expanded nearly 2.3 percent over this same period. A number of factors contributed to Texas' success, but the growth of the creative sector (both nonprofit cultural arts and private sector creative businesses), has contributed to the strength and resilience of the Texas state economy.

Texas' creative sector¹ currently employs nearly 700,000 workers. This represents a growth rate of 22.1 percent over the past five years or 130,000 more employees than in 2004. From 2004 to 2009, the creative sector in Texas grew at a compound annual growth rate of 4.2 percent versus 1.9 percent for non-creative occupations. The 2009 average annual wage for the Texas creative sector was approximately \$70,000 compared to \$39,000 for non-creative industries. This represents an 80.5 percent wage premium for creative sector workers. The creative sector is also projected to grow more rapidly than non-creative occupations over the next 5 to 10 years. Furthermore, this sector builds upon the state's comparative advantage – innovation and creativity. This in turn has a significant impact on overall business recruitment, retention, and expansion, as well as local entrepreneurship.

To help foster this growth, communities throughout Texas have developed innovative educational programs, tourist attractions, revitalized downtowns, and performing art centers focused on linking cultural arts initiatives with the broader goal of promoting regional economic development. These efforts have created sustainable programs, events, and places that appeal to current residents, potential tourists, and relocating and expanding businesses. Instead of the cultural arts being “nice to have” when times are good, many of these initiatives have played a more prominent role during the recent recession.

In 2008, the Texas Cultural Trust retained Texas Perspectives, Inc. (TXP) to evaluate the current state of Texas' creative sector. The analysis provided policymakers and stakeholders a common framework for discussing the creative sector, its contribution to the state's economy, and long-term growth potential.

The purpose of this report is to document how Texas cities have successfully leveraged the cultural arts and creative sector to generate measureable and meaningful economic impacts on their community. TXP collaborated with Austin, Texas-based marketing firm Russell/Shaw

¹ For this report, the creative sector is defined using occupational codes that focus on the innovation workforce – job types that rely heavily on critical thinking, innovation, and creativity. See Table 2.



for this project (Project Team). Representatives from the Texas Cultural Trust and Texas Commission on the Arts provided oversight and guidance.

The Project Team concentrated on less well-known examples and strategies used by smaller cities to link cultural arts with traditional economic and community development planning. The state's larger metropolitan areas such as Austin, Dallas-Fort Worth, Houston, and San Antonio, therefore, are not the focus of this report. These metro areas have already commissioned studies highlighting the economic impact of their cultural industries and related spending. For example, a recently released study for North Texas Business for Culture and the Arts found that the aggregate economic impact of the arts in North Texas over the past 20 years was approximately \$15 billion. While the magnitude of the impact varies by metro area, the general findings are the same – the cultural arts sector is an important economic engine that generates more local tax revenue than is provided by the public sector. See Appendix 1 for a review of the major metro area impact studies.

The cities selected for further examination, referred to as Case Study Communities, have taken different approaches and paths to develop their creative sector and cultural arts communities. TXP examined a number of factors when selecting the Case Study Communities including population size, geographic location, and specific initiatives. In addition, stakeholders and elected leaders submitted communities for consideration to the Texas Cultural Trust. The five Case Study Communities selected were Amarillo, Clifton, El Paso, Rockport, and Texarkana.

The Case Study Communities highlight the variety of cultural arts opportunities that exist for every community, large and small, throughout Texas. Some communities relied on the private sector to lead and fundraise their cultural arts initiatives. In other communities, the public sector provided land or buildings to stimulate the development of a project. Like any long-term project, many of these examples are a work in progress. Despite challenges and obstacles, developing cultural arts projects has unified these communities, bringing together diverse stakeholders, reducing socioeconomic barriers, and improving educational opportunities.

The Case Study Communities represented in this report can inspire and guide other Texas cities interested in developing their cultural arts and Creative Sector. The cultural arts are not limited to large cities with wealthy populations. In fact, many of the examples in this report began as a small initiative or project that grew over time as the broader community was engaged.



This written document is one part of a larger effort to document and communicate the Case Study cities' stories. A website with short-documentaries on each community is available at www.txculturaltrust.org.

Selecting Case Study Communities & Study Approach

There is no standard methodology for measuring the importance of the cultural arts to a community. One common approach has been to focus on the regional economic activity associated with cultural arts organizations, audience spending, and related activity. The Americans for the Arts “*Arts & Economic Prosperity*” studies are typical of this technique. Other studies have concentrated on describing the connection between arts, innovation, and community vitality. Richard Florida’s book *The Rise of the Creative Class* (which included the “Creativity Index”) is probably the best-known book on this issue.

A challenge for any research effort documenting the role of the Creative Sector is the tension between the intrinsic value of art and the need to document return on investment (ROI) for the public sector that is asked to fund many of these worthy initiatives. The Project Team designed this study to bridge these two objectives by documenting specific examples in each community through research and analysis using existing studies, primary research, economic modeling, and interviews with local representatives.

Instead of focusing on the entire Creative Sector, this effort narrowed in on specific programs or initiatives that varied in size and scope. Factors considered when selecting the Case Study Communities included population size, geographic location, and nonprofit cultural activities. In addition, the Project Team placed emphasis on more readily replicable projects for communities throughout Texas.

The Project Team used a five-step process to identify, analyze, and document the five Case Study Communities:

Step 1 – Conduct Preliminary Background Research

For this step, the Project Team solicited recommendations from Texas Cultural Trust and Texas Commission on the Arts representatives as well as statewide elected officials. Project Team staff spent considerable time researching each community, collecting existing studies, and identifying key cultural assets.

Step 2 – Develop Short List of Case Study Communities

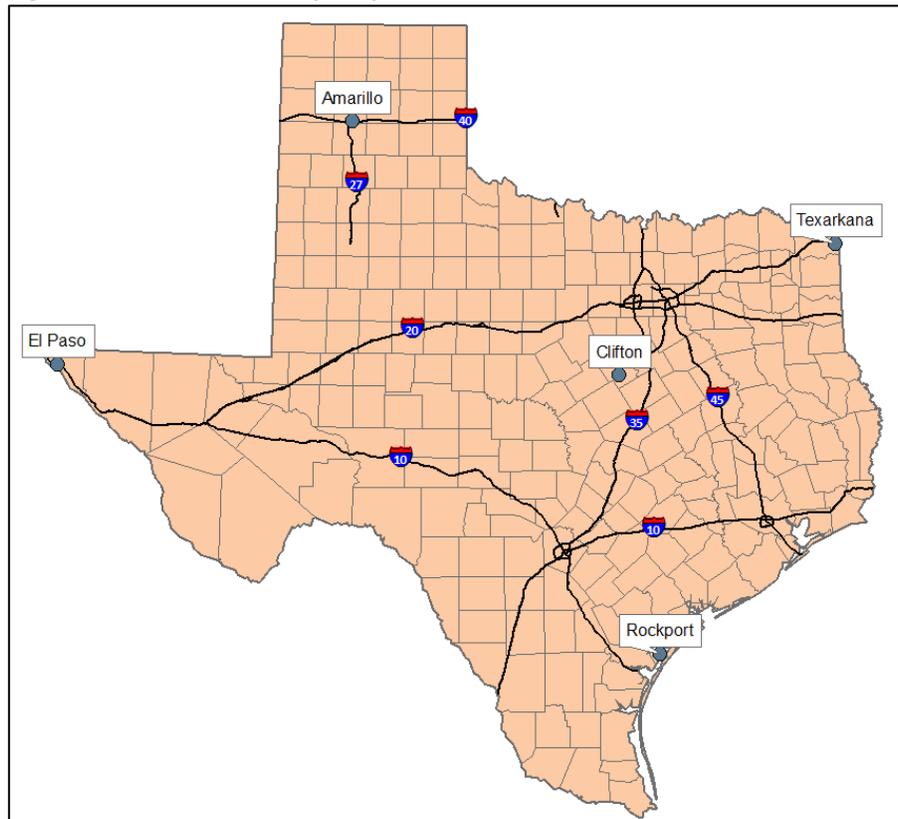
After the initial screening, the Project Team identified a short list of communities for further examination. A matrix was created that defined each community by type of cultural asset, activity, and program. The Project Team was seeking a broad representation of projects in each category. Another criterion for selecting a community was the ability to quantify the impact of two or three key projects. While difficult to determine prior to site visits and interviews, the Project Team was mindful of this issue and wanted the report to go beyond describing an activity. The following table and figure highlight the Case Study Communities and their cultural assets.

Table 1: Case Study Communities Overview

Cultural Arts Initiative	Amarillo	Clifton	El Paso	Rockport	Texarkana
Artists' Colony		X		X	
Art Center		X		X	X
Cultural/Museum District			X		
Downtown Revitalization	X	X	X	X	X
Education/Workforce Training	X		X		X
Tourism	X	X	X	X	
Nature and the Environment		X		X	
Performing Arts Venue	X		X		X

Source: TXP, Inc.

Figure 1: Texas Case Study Map



Source: TXP, Inc.



Step 3 – Visit Case Study Communities

The Project Team visited each community between June and August 2010. Each two-day trip consisted of interviews with local cultural arts leaders, facility tours, and stakeholder meetings. The Project Team also identified representatives and locations to film as part of Step 5.

Step 4 – Analyze and Document Three Major Initiative in Each Community

After reviewing the existing studies, processing information gathered during the site visits, and comparing the stories in each Case Study Community, the Project Team selected three initiatives in each community to document. The initiatives selected represent only a portion of each community's cultural arts fabric. In addition, some initiatives were outside of the city limits of a chosen community. For example, the *TEXAS* musical drama takes place at the Palo Duro Canyon State Park that is 25 miles south of Amarillo.

TXP used a common approach for calculating the economic impact of key events and attractions in some of the communities. The economic impact methodology is available in Appendix 2.

Step 5 – Create Video Documentary of Case Study Communities

Using the three major initiatives as a guide, the Project Team made a second trip to each community to interview stakeholders and document the findings. A professional film and sound crew assisted with capturing the footage. Russell/Shaw created a website to distribute the report findings and documentaries at www.txculturaltrust.org.

Texas Case Studies

City of Amarillo, Texas & Panhandle Region

Based on its strategic location in the Texas Panhandle, Amarillo has long been the commercial center for parts of Oklahoma, New Mexico, and Texas. Currently, approximately 250,000 people live within 100 miles of the Amarillo Metropolitan Statistical Area (Amarillo MSA)². Over the past decade, communities within the Amarillo MSA have broadened the region's appeal by positioning the area as a preeminent cultural arts destination. While looking towards the future, local arts and community leaders continue to leverage the region's rich history and well-known attractions.

The Amarillo region's approach to the arts focuses on: 1) supporting a nationally acclaimed performing arts center, 2) redeveloping downtown Amarillo through the arts and entertainment, 3) expanding arts education programs, and 4) maximizing the Amarillo MSA's tourism opportunities.

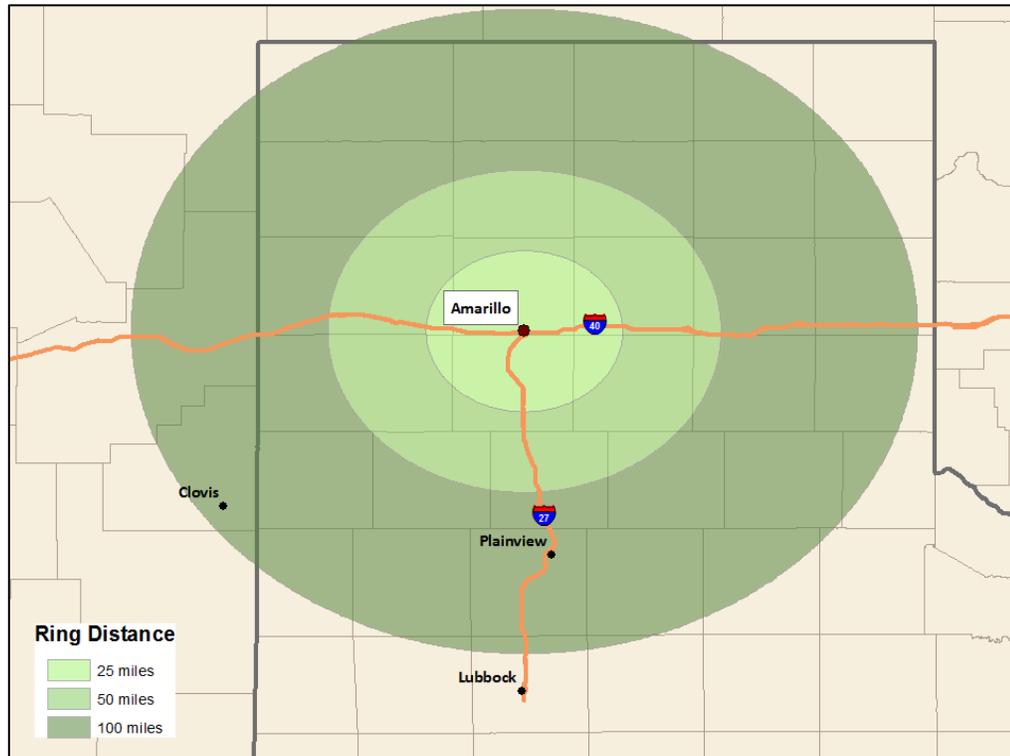
Key Findings & Lessons Learned from Amarillo & Texas Panhandle

- With private donations in excess of \$30 million, the Amarillo arts and philanthropic community financed and built a new performing arts venue in downtown. Largely through private contributions, the residents of Amarillo now have a venue that the public sector would have been unable to solely fund.
- The Globe-News Center, a performing arts facility, has also served as an anchor for downtown redevelopment. Selecting a downtown location was a conscious decision by the planning team to draw residents and tourists back to the historic town center. Since the facility opened in 2006, office vacancies have declined, renovation projects have occurred, and the City of Amarillo is master planning a number of major entertainment projects. Due to the Globe-News Center, downtown revitalization was not only possible, but was a sound investment in the regional economy.
- The *TEXAS* musical drama illustrates the long-term success and potential that exists by combining an outdoor amphitheater, state park, and a historically-based musical production. The cities of Canyon and Amarillo have economically benefited from the 40-year continuously running musical which draws an annual audience of 60,000 to 80,000 visitors. In 2009, the *TEXAS* musical drama and related tourism spending had a \$17.5 million economic impact on the local economy.

² The Amarillo MSA is comprised of four counties: Armstrong, Carson, Potter, and Randall.

- The educational component of the Globe-News Center, Window on a Wider World, has been a success in its own right. The arts education program has grown from a pilot program serving 2,700 students in 2005 to a highly sought after collaborative program by more than a dozen school districts throughout the Panhandle region. In 2009, Window on a Wider World served 14,400 students from more than 43 schools.

Figure 2: Amarillo Region



Source: TXP, Inc.

Globe-News Center and Downtown Redevelopment

Beginning in 1999 with the vision of local leader and philanthropist Caroline Bush Emeny, the Globe-News Center took only seven years from the first fundraising efforts until it opened its doors in 2006. City leaders and arts supporters had discussed building such a facility for years, but Bush Emeny’s passion and initial donation were the catalysts for the construction of the facility. Within three months of Bush Emeny’s gift, \$12 million had been raised and the architectural design phase began. An additional \$3 million was raised in 2003 when the parent company of the Amarillo *Globe-News* newspaper, Morris Communications Company LLC, gifted the funds in return for the theatre taking the paper’s name.³ The final cost of the facility was about \$32 million, including the education center and other enhancements. Private donations primarily paid for the Center, but the City of Amarillo donated the land and committed \$1.8 million to the building. In January 2006, the City of Amarillo assumed

³ Phillip Yates, *It All Started With a Vision*. Amarillo *Globe-News*. January 15, 2006: 4-6.

management of the building when it opened. Two and a half years later, after the full cost of the Globe-News Center was paid off, formal ownership of the facility was transferred to the City of Amarillo.

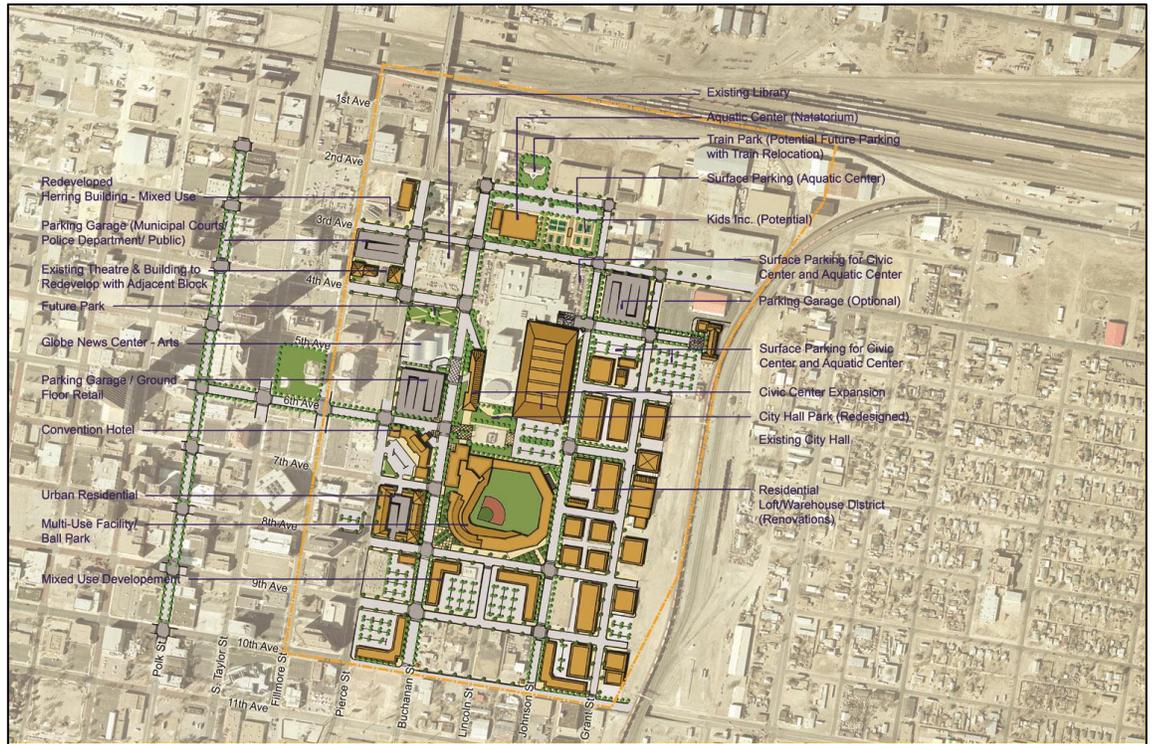
Touted as the “centerpiece for the rebirth of downtown,” the Globe-News Center was a success before it even opened its doors. The impact of the a 1,300 seat, state-of-the-art venue on the ability of the resident performing companies to recruit talented performers and directors as well as new audience members was immediate. The Lone Star Ballet Company credits the successful recruitment of its new directors in 2005 with the promise of the new facility. The world-class acoustics and intimacy of the space increased the demand of Amarillo Symphony subscribers from 1,550 for the 2005 season to 2,483 in new facility’s inaugural 2006 season.⁴ The Symphony sold out its first season in the Globe-News Center before the building opened.

While Amarillo residents had witnessed public and private attempts to revitalize its downtown area since the 1960s, it was not until the Globe-News Center opened that these efforts gathered enough support to have a sustainable effect. The decision by the Globe-News Center planning team to locate the performance hall downtown, across the street from the Amarillo Civic Center, was made in hopes that it would spur revitalization of the entire downtown area. In 2007, the Center City Tax Increment Reinvestment Zone (TIRZ) was established, signaling the City of Amarillo’s financial commitment to the redevelopment of downtown. Three projects have received TIRZ financial support including a mixed-use building, the renovation of an historic building into a business hotel, and a residential loft warehouse project located blocks from the Globe-News Center. These projects demonstrate the increasing demand for residential and commercial space downtown. In 2008, the City provided funding for the nonprofit Downtown Amarillo Inc. which is responsible for implementing the new strategic downtown redevelopment plan.

While the Globe-News Center cannot take full credit for all new downtown activity, stakeholders agree that the Globe-News Center was the catalyst for a downtown redevelopment plan being taken seriously by civic leaders, business owners, and residents. Now, most of the major projects under consideration by the City of Amarillo such as the convention center hotel, multi-use ball park, and an aquatic center are located in downtown.

⁴ Ibid.

Figure 3: Amarillo Civic Center Master Plan



Source: Downtown Amarillo Inc.

Beyond providing a cultural amenity to local residents, the Globe-News Center is an important tourism attraction for Amarillo. Patrons from throughout the Texas Panhandle, Oklahoma, and New Mexico travel to the city to attend concerts, performances, and other events. Based on a sampling of online and box office tickets sales, approximately 20 percent of attendees come from outside of Amarillo. In 2009, the Globe-News Center operating expenditures and nonlocal attendee spending on tickets, food, lodging, and shopping generated \$3.8 million in economic activity, \$2.2 million in earnings, and about 50 permanent jobs. Cultural arts tourism also creates significant local tax revenues (e.g. sales tax) that support basic government services throughout the City.

Table 2: Economic Impact of the Globe-News Center Operations & Nonlocal Attendee Spending (2009)

	Output	Value Add	Earnings	Employment
Agriculture & Forestry	\$17,580	\$5,789	\$2,274	0
Mining	\$10,018	\$5,084	\$2,060	0
Utilities	\$61,370	\$36,661	\$12,737	0
Construction	\$16,663	\$8,256	\$6,444	0
Manufacturing	\$74,410	\$27,235	\$15,244	0
Wholesale Trade	\$92,857	\$62,702	\$29,891	0
Retail Trade	\$197,607	\$129,521	\$69,109	3
Transportation & Warehousing	\$228,282	\$90,744	\$74,138	3
Information	\$89,584	\$47,662	\$23,175	0
Finance & Insurance	\$179,447	\$106,022	\$51,034	1
Real Estate, Rental, & Leasing	\$238,777	\$176,989	\$13,059	1
Professional, Scientific, & Technical Services	\$103,336	\$69,108	\$48,995	1
Management of Companies & Enterprises	\$27,977	\$17,325	\$11,518	0
Administrative & Waste Management Services	\$61,662	\$40,630	\$26,251	1
Educational Services	\$18,884	\$10,679	\$8,230	0
Health Care & Social Assistance	\$159,362	\$97,702	\$74,770	2
Arts, Entertainment, & Recreation	\$1,332,382	\$803,327	\$461,125	23
Accommodation	\$262,207	\$168,782	\$80,886	3
Food Services & Drinking Places	\$474,428	\$246,904	\$152,985	10
Other Services	\$76,600	\$38,964	\$24,163	1
Total	\$3,723,433	\$2,190,088	\$1,188,088	50

Source: TXP, Inc.

Window on a Wider World (WOWW)

The WOWW education program was an important selling point for the Globe-News Center fundraising efforts. This initiative offered donors a return on investment that extended beyond the physical facility. WOWW is dedicated to enriching the education of Texas Panhandle students through art, science, and cultural experiences. From its inception, WOWW was also committed to developing an education program that would benefit children in rural areas. WOWW integrates the arts into core curriculum by complementing many traditional lesson plans. When designing WOWW, Amarillo modeled the experience after Dallas’ successful Big Thought.⁵

⁵ More information is available at www.bigthought.org.

The program allocates \$15 per child for arts and cultural experiences, one-third of which is contributed by the participating schools. In order to address issues specific to the Panhandle region, WOWW has emphasized decreasing transportation costs and providing opportunities for distance-learning experiences. WOWW seeks to integrate the arts into the core curriculum. It works with both educators and artists to design field trips and other in-classroom arts experiences which directly complement the core curriculum and build on the knowledge areas assessed by standardized tests. These experiences include live performances at the Globe-News Theatre, trips to museums and other cultural arts attractions, and in-classroom workshops with artists and performers.

One of WOWW’s goals is to use cultural arts experiences to improve student outcomes of skills and knowledge measured by standardized tests. In order to quantify the impact of the program, WOWW began a longitudinal study with West Texas A&M University in 2007. The study will measure the changes in math and reading scores as well as psychological, sociological, and educational development of participating students.

In 2005, the WOWW pilot program began with 7 schools and 2,700 students. Currently, 43 schools, 13 districts, and over 14,000 students participate in WOWW. As a part of WOWW, each student has an average of 3-5 experiences during the year.

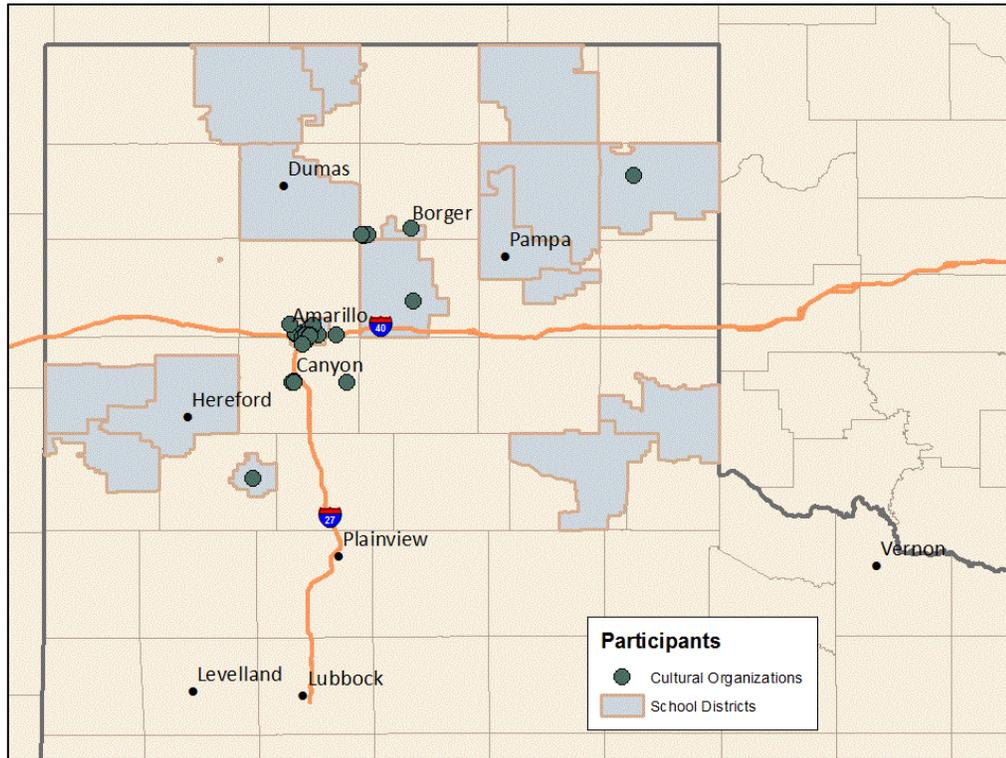
Table 3: Growth of Participation in WOWW Program over Time

School Year	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
School Districts	3	3	5	11	13
Schools Participating	7	7	23	40	43
Students	2,717	2,712	9,100	12,499	14,441

Source: Window on a Wider World

WOWW is not only working towards academic achievement for the participating students, but also a closer collaboration of its 32 partner organizations. The WOWW program marks the first time many of the arts organizations had come together to collaborate on a shared project. The success and appeal of WOWW is demonstrated by the increasing number of participating arts organizations and school districts.

Figure 4: Regional Reach of the Window on a Wider World Program (09/10 Academic Year)



Source: Window on a Wider World, TXP, Inc.

TEXAS the Musical Drama at the Pioneer Amphitheatre

Amarillo's role as a regional hub for arts and entertainment is not new. The musical drama *TEXAS* has been performed in an open-air, natural amphitheater in the Palo Duro Canyon State Park for more than 40 years. This internationally-acclaimed musical version of the history of Texas draws between 60,000 and 80,000 audience members to its performances each year. Featuring impressive special effects and a fireworks display, this family-friendly musical drama is performed from early June through late August. Approximately 65 percent of the attendees travel for more than 125 miles for the performance. Hotels in Amarillo and Canyon specifically target visitors for the *TEXAS* performances, offering packages in cooperation with the performance management staff. By linking Palo Duro Canyon State Park and a unique outdoor musical, Canyon and Amarillo have been able to generate measurable economic activity in the form of production spending and nonlocal visitor spending. In 2009, the economic impact of *Texas* production expenditures (for example, salaries and materials for set design) and nonlocal attendee spending on tickets, food, lodging, and shopping generated \$17.5 million in economic activity, \$5.5 million in earnings, and about 233 permanent jobs.

Table 4: Total Economic Impact of the TEXAS production and Nonlocal Attendee Spending

	Output	Value Add	Earnings	Employment
Agriculture & Forestry	\$101,918	\$33,651	\$12,994	1
Mining	\$55,749	\$28,121	\$11,317	0
Utilities	\$330,590	\$197,640	\$68,778	1
Construction	\$84,362	\$41,940	\$32,560	1
Manufacturing	\$392,074	\$139,627	\$76,695	2
Wholesale Trade	\$483,513	\$326,525	\$155,617	2
Retail Trade	\$1,118,326	\$733,002	\$391,269	16
Transportation & Warehousing	\$1,516,391	\$570,593	\$480,455	19
Information	\$401,196	\$214,123	\$102,260	2
Finance & Insurance	\$830,830	\$492,777	\$235,032	4
Real Estate, Rental, & Leasing	\$1,077,026	\$798,435	\$58,869	2
Professional, Scientific, & Technical Services	\$447,536	\$299,372	\$212,135	3
Management of Companies & Enterprises	\$145,443	\$90,249	\$59,913	1
Administrative & Waste Management Services	\$259,642	\$170,036	\$108,418	5
Educational Services	\$83,128	\$47,119	\$36,206	2
Health Care & Social Assistance	\$729,998	\$447,573	\$342,382	9
Arts, Entertainment, & Recreation	\$3,430,247	\$2,068,399	\$1,187,105	58
Accommodation	\$2,022,856	\$1,302,035	\$623,884	24
Food Services & Drinking Places	\$3,536,994	\$1,840,675	\$1,140,170	76
Other Services	\$360,189	\$183,225	\$113,464	5
Total	\$17,408,010	\$10,025,117	\$5,449,522	233

Source: TXP, Inc.

Summary

Amarillo has long been the hub for economic and cultural activity in the Texas Panhandle. A number of performing arts groups and the *TEXAS* musical drama largely defined the Amarillo arts scene. It was the opening of the Globe-News Center in 2006 that caused the arts in Amarillo to expand beyond a regional audience. The Globe-News Center has also brought tourists and residents alike back to the downtown. Real estate developers, for example, are now investing significant resources in the central city. This increasing activity and interest has encouraged the city to plan new public-private ventures downtown. Beyond traditional economic development and tourism promotion, Amarillo’s cultural arts scene has also helped establish the new and innovative regional education program Window on a Wider World (WOWW). By bringing together various arts groups and attracting private funding, WOWW is able to provide educational learning opportunities that would not be available without an arts component.

City of Clifton, Texas

Located in the northern portion of the Hill Country, Clifton has emerged as a leading arts community by leveraging the natural environment, taking advantage of the proximity to larger metro areas, and capitalizing on the generosity of local citizens. The town is home to several nationally renowned artists, including members of the Cowboy Artists of America⁶. The city is approximately 35-miles northwest of Waco. Clifton is the largest community in Bosque County with a current population of 3,500 residents.

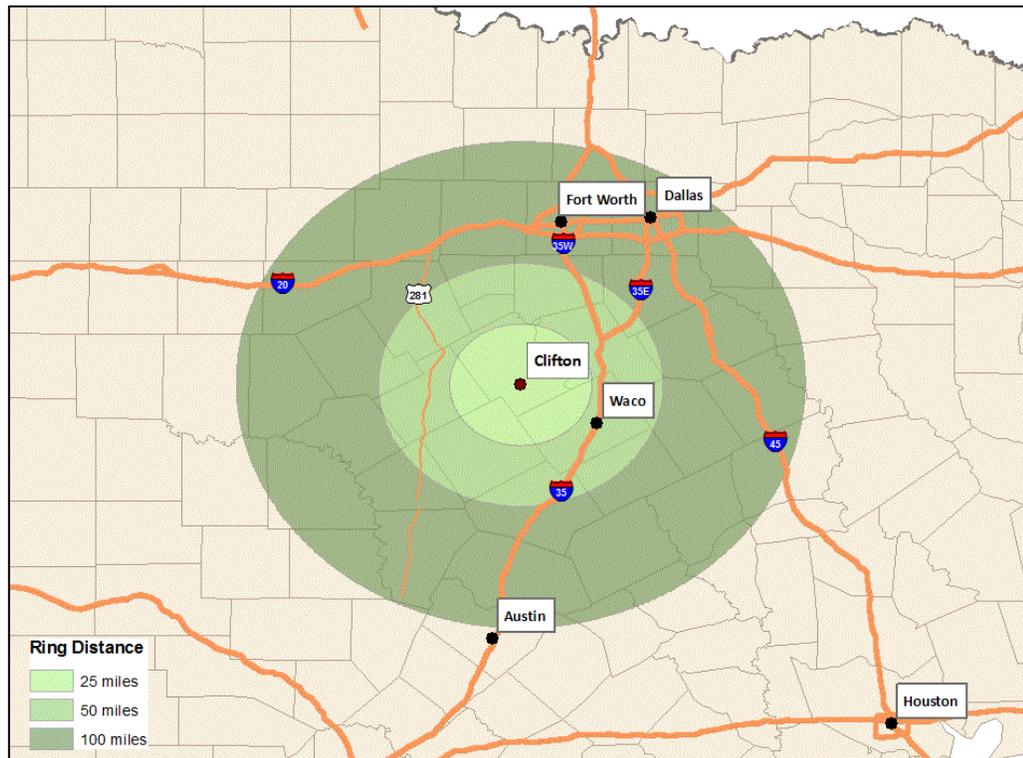
Clifton's approach to the arts focuses on: 1) attracting artists to live and work in the region, 2) building an arts center by repurposing an empty and dilapidated building, 3) incorporating the arts as a key part of downtown revitalization and 4) growing a retirement community linking arts and quality of life.

Key Findings & Lessons Learned from Clifton

- Despite its small size, Clifton has attracted over 20 nationally renowned artists to live in Bosque County. As the artists travel across the country promoting their work, Clifton directly benefits from increased exposure. This free marketing translates into new economic activity by attracting art tourists and new residents to the region.
- The Bosque Art Center illustrates how a dedicated group of local citizens can turn an empty building into a vibrant community asset. Over the past 25 years, the Bosque Art Center has leveraged its original \$33,000 endowment into roughly \$3.7 million in private financial support and other contributions. This represents a return on investment of over 100 to 1.
- The combination of resident artists and the Bosque Art Center was integral to the resurgence of downtown Clifton. Since 2007, nearly 50 percent of new business startups, expansions, and relocations as well as remodeled buildings are located in downtown. The majority of these new businesses are galleries, restaurants, retail shops, and other entertainment attractions catering to art tourists.
- In Bosque County, the arts are a significant economic development and tourism driver. Approximately 20 percent of total tourism and visitor spending in the County is art and culture related. Over the past 5 years, this cultural arts tourism has generated \$220,000 in local and \$688,000 in state tax revenues.

⁶ Founded in 1965, the Cowboy Artists of America is an invitation-only membership organization dedicated to the perpetuation of the memory and culture of the Old West through quality contemporary Western art.

Figure 5: Clifton Region



Source: TXP, Inc.

Artists' Colony

Combining the cultural heritage of Germany, Norway, and the Old South, Bosque County has a history of local artists dating to the mid-19th century. Dr. George Larson, curator of the Bosque Museum, explains in his narrative on the history of the local arts movement that these early artists “had to leave the county to find validation and professional critiquing they needed. The county at that time was still missing two necessary elements: a ‘critical mass’ of artistic talent in the community to offer needed professional critiquing and community support of the arts as a serious vocation. Bosque County artists needed someone to educate the local citizenry about the business and significance of art.”⁷

Clifton’s leaders, business owners, and residents have worked tirelessly to address these two issues. A number of interrelated efforts such as the Bosque Art Center and downtown redevelopment focused on art tourism attracted the next generation of artists. The art-focused atmosphere has organically drawn an increasing number of like-minded residents, as new retirees invite their friends and family to visit, creating a compounding effect of increased arts collectors and artists in Clifton.

⁷ George Larson. *The Painted Hills: A History of Art in Bosque County*. USA: Bosque Museum Press; 2009.

With a resident population of twenty nationally renowned artists and dozens more amateur artists, Clifton has reached this important “critical mass.” Bosque County’s beautiful scenery and natural environment continues to draw Western artists to the region. Two early members of the Cowboy Artists of America, the late James Boren and Melvin Warren, settled in Clifton and the supportive, arts-focused community that they helped build has attracted and developed the talents of such nationally recognized artists as George Boutwell, Tony Eubanks, Bruce Green, Martin Grelle, and George Hallmark.

Clifton’s current and future success as an artist colony requires community leaders and artists to work together to improve the attractiveness of the region. First, artists not only live in the community, but they serve as ambassadors for Clifton’s entire arts community. Second, residents must continue to actively support and engage with local arts organizations. Last, the public sector’s willingness to invest in downtown improvements creates a marketable economic development asset. The combination of these interrelated efforts is the reason Clifton reached this important “critical mass.”

Bosque Arts Center

Another catalytic project that added to the critical mass of talent and support for the arts in Clifton was the creation of the Bosque County Conservatory of Fine Arts, now the Bosque Arts Center. The facility opened in 1982 in the administrative building of the former Clifton Lutheran College. The then-vacant building had been previously a machinist shop after the College closed in 1954. Under the leadership of Joan Spieler, a local leader and patron of the arts, this building was designated a Texas Historical Landmark and repurposed into a nonprofit cultural art center. An endowment for the Bosque Arts Center was started with 33 individual donors each contributing \$1,000.

Currently, the Bosque Arts Center houses classroom and workshop space, a permanent photography collection, an art gallery, and the Tin Building Theatre for performing arts groups. The Theatre hosts live stage productions, both dinner theatres and standard stage performances, multiple times per year. The Annual Judged and Juried Art Show, now the Bosque Classic, recruits a nationally renowned non-resident artist as its guest judge each year. This show, now in its 24th year, draws other national-level artists to submit their pieces for the show. In 2008, 263 artists submitted entries to the show and more than 40 pieces were sold as a result.⁸

The classroom and workshop provides space for community art clubs and classes with master artists. These annual classes, particularly those taught by Martin Grelle, Bruce Greene, and

⁸ *Ibid.*

George Hallmark, have a national draw with a full class of 20 to 25 students for each workshop.

The Bosque Arts Center is an appealing artistic, entertainment, and educational venue for local residents and tourists. Over the past three years, the facility has attracted over 11,000 visitors annually to the facility. To put this significant attendance figure in perspective, the Bosque Arts Center’s attendance is three times larger than Clifton’s total population.

The Bosque Arts Center draws an audience of a few thousand visitors each quarter. This year-round programming provides a stable customer base for local shops, restaurants, and downtown art galleries. Without this important group of customers, it would be difficult for some businesses to remain open.

Table 5: Number of Visitors to the Bosque Arts Center

	2007	2008	2009	2010
January	206	521	403	745
February	728	1,234	1,066	745
March	809	1,023	710	1,377
April	1,383	1,334	1,247	1,580
May	963	1,341	1,386	1,444
June	962	489	439	601
July	963	973	1,638	933
August	512	652	428	N/A
September	961	1,015	1,029	N/A
October	1,349	1,311	1,185	N/A
November	1,180	258	568	N/A
December	1,062	2,345	2,235	N/A
TOTAL	11,078	12,496	12,334	7,425

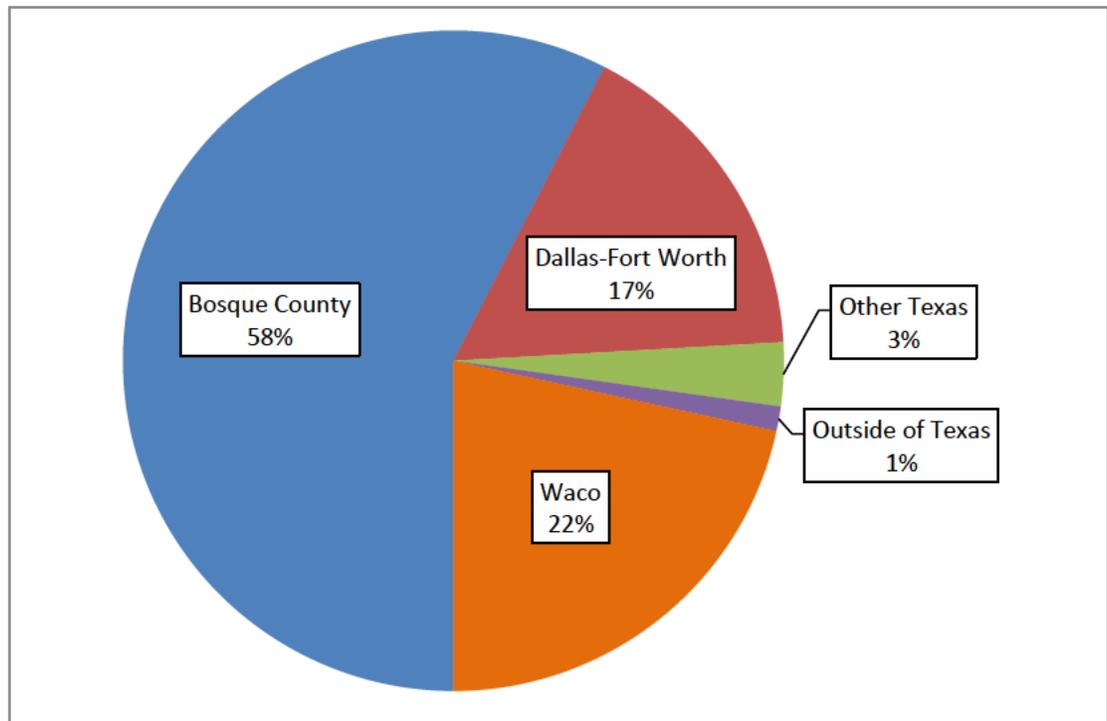
Source: Bosque Arts Center

The Bosque Arts Center is an amenity that the Sunset Ministries’ retirement community emphasizes in its recruitment of new residents of its independent living component. The facility allows Sunset Ministries to offer a specific quality of life to its residents. This helped create the demand for a recent \$350,000 expansion for the Goodall Witcher Hospital and Clifton Medical Center as well as a concurrent \$250,000 expansion for Sunset Ministries retirement center. It was the availability of a community center that not only provided meeting space, but also an established facility for residents to appreciate the art and develop

their creative abilities that was important to Clifton’s application for Certified Retirement Community status, formally recognized by the Texas Department of Agriculture in April 2008.

The Bosque Art Center not only draws tourists and new residents to Clifton, but the organization has successfully raised donations from donors living outside of the region. In 2010, approximately 21 percent of Bosque Arts Center members lived outside of Bosque and McLennan County. Having a large portion of nonlocal Bosque Arts Center members also provides the local arts community access to visitors, financial resources, and spending power beyond the means of Bosque County residents.

Figure 6: Number of Bosque Arts Center Members per Area



Source: Bosque Arts Center

A review of Bosque Arts Center event attendance and fundraising illustrates this fact. The Bosque Arts Center annual auction, the “Big Event,” has raised more than \$250,000 each year. Since its inception in 1981, the Bosque Arts Center has received a total of \$3,676,969 in private donations and financial support. The Bosque Arts Center clearly provides an important quality of life asset to attract retirees and tourists to Bosque County and to engage local citizens – even if they are second homeowners or part-time residents.

Downtown Revitalization & Tourism Attraction

Clifton has successfully leveraged its cultural arts status for downtown redevelopment and tourism attraction. This process was set in motion by the Bosque Arts Center in the early

1980s, but only recently has downtown reemerged. Designated a Main Street City in 1995, Clifton has invested significant resources in downtown beautification projects.

The city is also using its historic downtown as another venue for art and art appreciation, with the implementation of the Bosque Sculpture Expo. The newly created Heritage Park contains a sculpture by Bruce Greene, the first public outdoor piece of art installed in Clifton. A rock tower by Jesús Moroles was installed in downtown Clifton as a part of the second annual Sculpture Expo in May 2010.

Today, over a dozen galleries, restaurants, and retail shops bring visitors to downtown Clifton. In interviews with these business owners, it became clear that locating in Clifton’s historic downtown was designed to capitalize on a growing arts scene and provide a needed injection of money into aging downtown properties. Since 2007, nearly 50 percent of all purchased properties and monies spent on remodeling were on downtown locations.

Table 6: Clifton, Texas Main Street Reinvestment Summary (2007 to present)

	City of Clifton	Downtown	Downtown % of total
Number of Properties Remodeled	56	19	33.9%
Total Expenditures	\$2,908,040	\$1,414,000	48.6%
Business Starts, Relocations, & Expansions	12	7	58.3%
Net New Jobs	37	18	48.6%

Source: City of Clifton, Texas

The economic impact of the cultural tourism extends beyond downtown’s formal boundaries. The Clifton Arts Network (CAN), an umbrella community arts council, was formed recently in recognition of the town’s growing number of art-related activities, events, and organizations. CAN was created to help organize Clifton’s arts offerings and present a consolidated schedule to potential tourists.

TXP estimates that 20 percent of Bosque County’s tourism and visitor sector is attributable to cultural arts tourism and related activities. In 2009, local cultural arts tourism spending directly generated \$2.4 million in economic activity, \$1.1 million in earnings, and about 36 permanent jobs. In addition, cultural arts tourism created \$40,000 in local and \$130,000 in state tax revenue in the same year.

Table 7: Annual Direct Economic Impact of Bosque County Arts & Culture Tourism

Year	Spending	Earnings	Employment	Local Tax Revenue	State Tax Revenue
2005	\$2,300,000	\$1,005,280	39	\$36,500	\$120,980
2006	\$2,720,000	\$1,227,060	45	\$47,220	\$143,200
2007	\$2,820,000	\$1,246,780	44	\$48,860	\$147,660
2008	\$2,880,000	\$1,222,240	39	\$48,580	\$146,800
2009	\$2,420,000	\$1,112,680	36	\$40,700	\$129,320

Source: TXP, Inc., Office of the Governor, Economic Development and Tourism

If the multiplier effects and broader community spending implications are factored into the equation, the importance of art would be even larger. For example, Clifton targets retirees by providing a unique quality of life linked to the arts. This economic development target is highly sought after because of retirees’ financial resources, professional background and social networks, and the ability to spend money in the local economy. A 2010 Baylor University study of economic opportunities for Clifton and Bosque County found that “each retiree household creates approximately 0.5 to 1.0 jobs in the community.”⁹ Therefore, the economic impacts of arts and tourism are far-reaching and dynamic.

Summary

Clifton’s arts scene began with nationally known artists moving to Bosque County. These artists continue to recruit others, develop local talent, and market the county as an arts destination. Since opening in 1981, the Bosque Arts Center has served as the driving force for Clifton’s cultural arts scene. Not only has the Bosque Arts Center become the gathering place for local artists and aficionados, the Center has also expanded the region’s share of art tourism. Building on the success of the Center, the community has experienced a new commitment to reinvesting in downtown. Over the past few years, increased tourism spending has resulted in new shops, restaurants, and galleries opening in the historic downtown. More recently, Clifton citizens and public leaders have expanded the attractiveness of downtown by commissioning public art and improving public infrastructure. It is through these efforts and projects that Clifton has created a thriving arts community.

⁹ Haylee Abbe, Mark Golvach, Garrett Nauschutz, Jordan Rippey, and Grant Sifers, “Economic Development Project: Clifton, Texas”, Baylor University, 2010.

City of El Paso, Texas

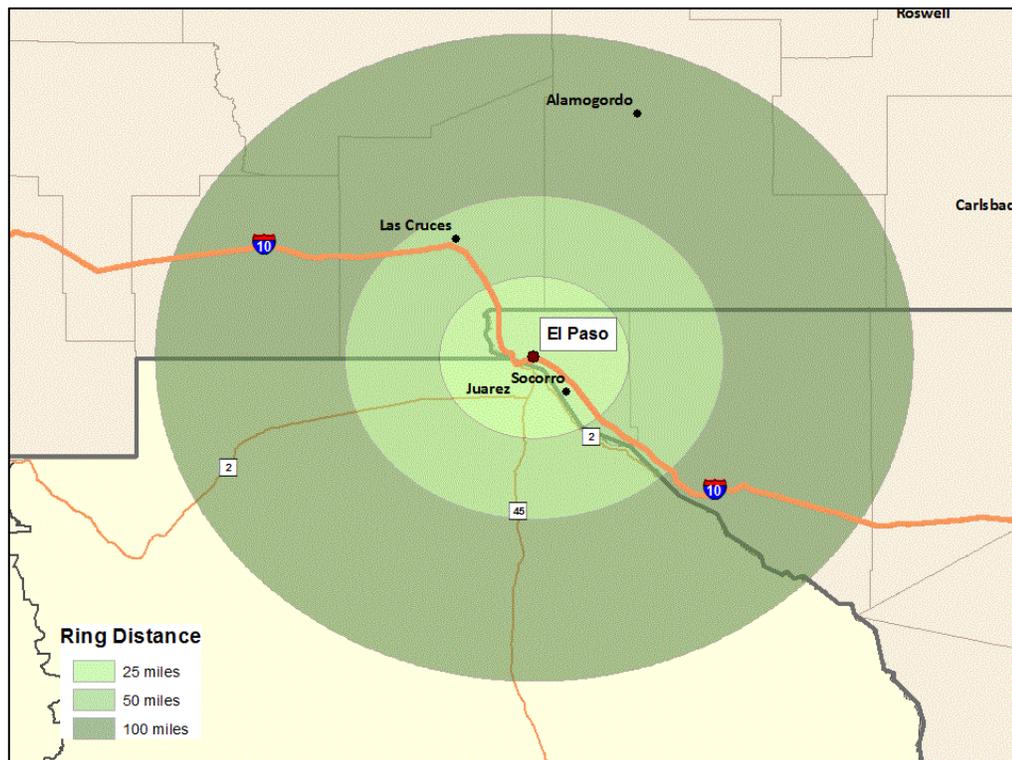
The historic ease of travel between El Paso and Juarez led to the region's unique development as a gateway between the two countries. With consistent growth over the past decade, the City of El Paso's current population is 620,447 residents. The City of El Paso has capitalized on this distinct cross-border heritage in its cultural arts and entertainment offerings. As the second safest large city in the nation, the community has successfully positioned itself to appeal to many different audiences by emphasizing its Latino and Western background. Local residents, domestic tourists, and Mexican nationals visit the area's numerous entertainment venues, museums, and performing arts events. Downtown El Paso has now become the focal point for these efforts.

El Paso's approach to the arts focuses on: 1) enhancing the current cultural arts sector, 2) improving downtown's competitiveness, 3) expanding educational programs for local youth, and 4) attracting tourists to the city's many performing arts venues.

Key Findings & Lessons Learned from El Paso

- The economic impact of El Paso's cultural arts sector should not be underestimated. According to a 2010 Americans for the Arts Impact Study, the arts and culture sector generates \$91.5 million in local economic activity, supports over 2,500 jobs, and provides nearly \$10.0 million in local and state tax revenue.
- The arts have been a significant catalyst for the redevelopment of downtown El Paso. Guided by an overarching downtown master plan, the City is attracting unique residential and commercial developments while fostering a productive and energetic economy.
- Arts education in El Paso extends beyond the classroom. Creative Kids, a local community-based arts education organization, promotes the power of the arts as an important tool for success and development. In 2008, the National Endowment for the Arts (NEA) identified Project AIM, a program that works with pediatric oncology patients at the Providence Memorial Hospital, as a best practice for the use of the arts in healthcare settings.
- Leveraging the federally funded Chamizal National Memorial, the City of El Paso's Museums and Cultural Affairs Department sponsors a number of cultural and artistic events at the park. Now in its 26th season, the Music Under the Stars music series attracts more than 120,000 attendees per year and is the largest free outdoor music festival in the Southwest.

Figure 7: El Paso Region



Source: TXP, Inc.

Economic Impact of El Paso's Cultural Arts Sector

In 2008, the City of El Paso collaborated with Americans for the Arts on a study to quantify the economic impact of the local cultural arts sector.¹⁰ The Americans for the Arts Study found that the importance of arts and cultural organizations went far beyond their role as entertainment providers and community assets. These organizations are active members of the business community in their own right. In addition to buying tickets to the symphony or ballet, their audiences purchase additional goods and services at local businesses such as restaurants, hotels, bars, and retail stores before and after attending events. In measuring the direct and indirect impact of the creative arts on the El Paso economy, the study collected expenditure and attendance data from 65 cultural arts organization in El Paso and surveyed nearly 1,000 arts patrons. This study estimated that in 2007 the arts and culture sector generated \$91.5 million in local economic activity, supported over 2,500 jobs, and provided nearly \$10.0 million in local and state tax revenue.

The survey results indicated that 17.2 percent of all arts patrons are nonlocals. This is an important finding because nonlocal attendees spend 195 percent more per event than local

¹⁰ Americans for the Arts, *The Economic Impact of Arts and Culture in El Paso, TX*, 2008. http://www.ci.el-paso.tx.us/mcad/_documents/ArtsEco.pdf.

attendees. El Paso cultural arts organizations and events attract over 325,000 nonlocal attendees per year.

Table 8: Economic Impact of the Cultural Arts in El Paso

	Arts & Culture Organizations	Audience Spending	Total Impact
Total Expenditures	\$44,126,595	\$47,388,092	\$91,514,687
Full-Time Equivalent Jobs	1,369	1,163	2,532
Resident Household Income	\$23,494,000	\$26,013,000	\$49,507,000
Local Government Revenue	\$1,456,000	\$3,037,000	\$4,493,000
State Government Revenue	\$1,173,000	\$3,971,000	\$5,144,000

Source: Americans for the Arts. *The Economic Impact of Arts and Culture in El Paso, TX. 2008*

Table 9: Event-Related Spending by Attendees

	Resident	Non-Resident	Total
Total Attendance	1,590,087	327,992	1,918,079
Percent of Attendance	82.9%	17.1%	100.0%
Average Dollars Spent Per Attendee	\$18.50	\$54.64	N/A
Total Event-Related Spending	\$29,416,610	\$17,921,483	\$47,338,092

Source: Americans for the Arts. *The Economic Impact of Arts and Culture in El Paso, TX. 2008*

Plaza Theater Performing Arts Center and Downtown Redevelopment

Like many communities across the country, El Paso’s downtown struggled to adjust to the growth of the suburban housing market. As commercial tenants left the city center, vacancy rates began to rise and it was difficult to attract new businesses. Despite the movement to the suburbs, local leaders designed a long-term strategy to lure El Pasoans back to downtown. The city’s strengths are the focus of downtown redevelopment – arts, culture, and cross-border activity. El Paso is home to a number of historic buildings including many designed by well-known architect Henry C. Trost. In addition, proximity to Ciudad Juárez and its 15,000 residents traveling to El Paso daily for work, shopping, and recreation create tremendous demand for cultural opportunities.

El Paso’s downtown has benefitted from substantial public and private investment over the past decade. Private investors and stakeholders started the master planning process for downtown. Building on this initial effort, El Paso’s City Council created a Tax Increment Reinvestment Zone (TIRZ), a geographic area in which the tax attributed to increased property values is set aside in a special fund for reinvestment in the designated area. In its first year of implementation, the property values in the TIRZ climbed by 52.0 percent. This

was one of the largest annual increases in value in the history of downtown.¹¹ The City also established several historic districts in areas with the most significant historic architecture, such as the Old San Francisco, Chihuahueta, and the Magoffin Historic Districts. This designation allows the City of El Paso and neighborhood organizations to more effectively market the heritage and historic value of these districts.

In 1998, the El Paso Museum of Art moved to its current downtown location. The new site, formerly a Greyhound Bus station, was renovated using proceeds from a city bond election. The Museum of Art's proximity to the historic Camino Real Hotel, El Paso's Performing Arts Center, and Plaza Theatre concentrated many cultural attractions into a distinct and walkable district. Building upon the success of this district, El Paso's citizens approved \$6.5 million for a new downtown El Paso Museum of History building. The two-story facility opened in 2007.

In 2004, the renovation of the Plaza Theatre Performing Arts Center played a key role in advancing the community's broader redevelopment efforts. This renovation exemplifies the public-private partnerships that have driven El Paso's downtown revitalization plan as the El Paso Community Foundation, El Paso Convention Center and Visitors Bureau, and City were all integral participants in the project. With a combination of public and private funding, the Plaza Theatre restoration cost approximately \$38 million. In addition, the City of El Paso reports that 13 buildings took advantage of its Facade Improvement Grant program, resulting in a more attractive downtown.

The restoration of the historic Plaza Theatre, construction of several museums, remodeling of the convention center, and redevelopment of vacant buildings are examples of individual projects that have begun to transform the downtown area.¹² In a four-block area, downtown now contains the main public library, the Plaza Theatre Performing Arts Center, several major hotels, city hall, the convention center, the Insights Science Museum, the El Paso Museum of Art, the Holocaust Museum, and the El Paso Museum of History. In this neighborhood, the City has instituted the Al Fresco Fridays program of local bands playing in the Art Museum plaza each week. The proximity of these cultural attractions has improved the ability of each venue to draw visitors. With more activities and sites, downtown is an increasingly attractive destination for tourists and locals alike.

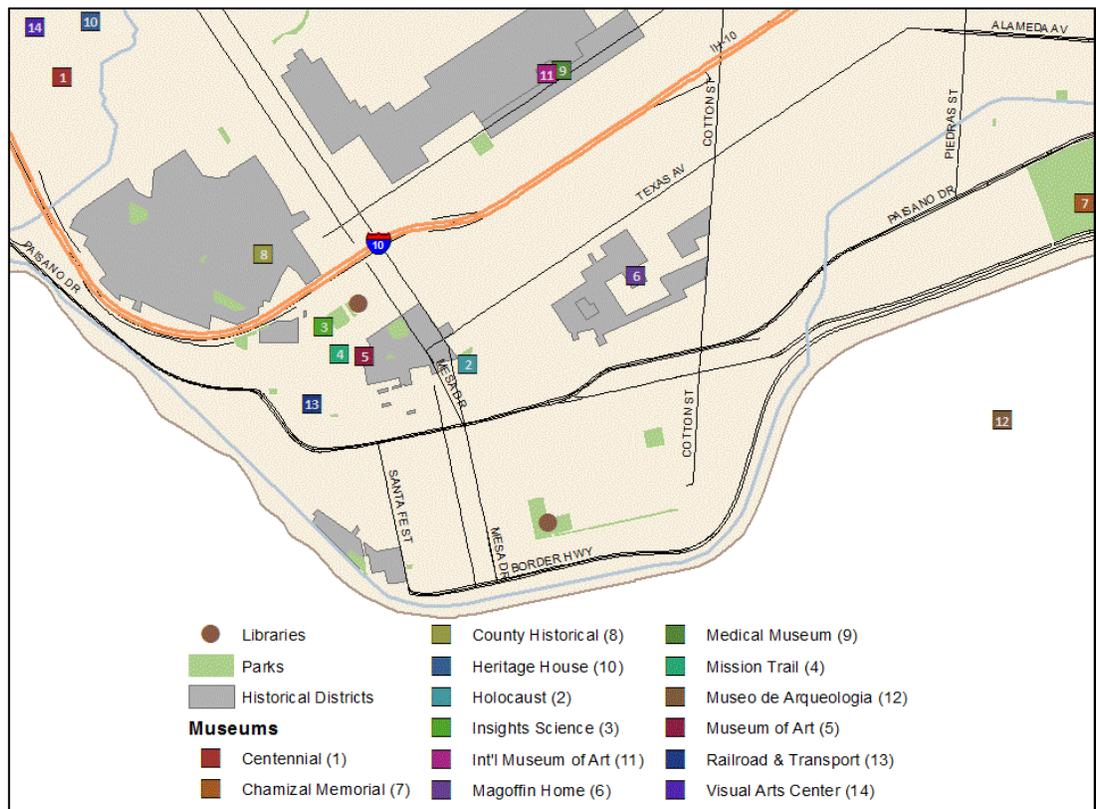
¹¹ City of El Paso, *The El Paso Economy*.

http://www2.elpasotexas.gov/econdev/_documents/El%20Paso%20Economy.pdf.

¹² SMWM Architecture Planning Urban Design, *El Paso Downtown 2015 Plan*, 2006.

http://www.elpasotexas.gov/downtown/information/downtown_plan/draft_dt_2015_plan.pdf.

Figure 8: Downtown El Paso Cultural Map



Source: TXP, Inc.

Private developers and the public sector recognized the importance of creating synergies among these different projects in order to maximize the return on investment. Currently, the City of El Paso is working with the Minneapolis-based nonprofit ArtSpace to assess available buildings for the development of affordable artists housing. As part of this process, ArtSpace is working with local real estate developers to identify properties best suited for bringing these new residents and businesses to downtown.

Creative Kids

The nonprofit Creative Kids has operated classes and workshops for more than ten years with the goal of enhancing the lives of children through the arts. Creative Kids works specifically with under-served, at-risk, and under-privileged children. They run programs in partnership with other organizations who reach out to children of migrant farm workers, children living in housing projects, children in long-term care hospital facilities, foster children, and children with disabilities. Taking a nontraditional setting and working with children who historically have been without access to arts, Creative Kids' programs afford these children the opportunity to develop their creative-thinking and self-expression skills. These programs have been an overwhelming success. With the assistance from a community development block grant to renovate its current space, Creative Kids is now part of a

neighborhood that houses the up-and-coming downtown entertainment district. The building is a self-contained multidisciplinary educational and community space containing the oLo Gallery, the Creative Kids Art Studios, a multi-media technology lab, offices, and classrooms.

The success of the organization's programs in reaching out to these children is also evident in their recognition by state and national-level arts agencies and other funders. Creative Kids' Project AIM (Arts-in-Motion), a program specifically geared toward pediatric oncology patients at the Providence Memorial Hospital in El Paso, was identified in 2008 by the NEA as a best practice for the use of the arts in healthcare settings.

Creative Kids also proactively markets its programs to alternative funding sources for arts education. For example, the organization receives support from the Texas State Office of the Governor's Criminal Justice Division for its Project ABLE program. Focused on at-risk youth, the Creative Kids' Project ABLE serves more than 450 young people each year at a cost of \$125,000. By comparison, the cost to the state to house one person in a juvenile detention facility is \$71 per day or roughly \$26,000 per year.

Creative Kids has been very successful demonstrating that its arts education program that targets at-risk youths (Project ABLE) not only cultivates creative skills, but it also develops self-discipline, reduces violent behavior, and decreases gang activity. Only 15.0 percent of participants in Project ABLE end up in juvenile probation. In fact, the program receives referrals from local judges who believe youth who have already offended would benefit from attending the Project ABLE program. Clearly, this program has demonstrated its effectiveness and the potential cost savings it can provide the state regarding the criminal justice system.

Chamizal National Memorial and Music Under the Stars

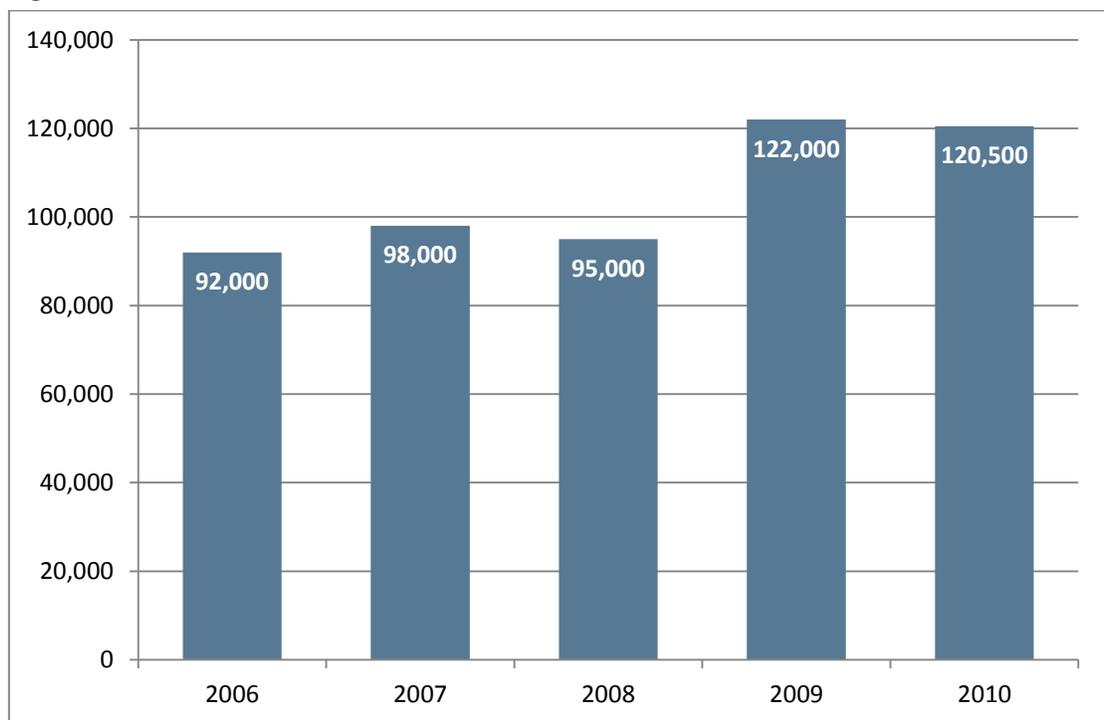
After the resolution of the "Chamizal Issue," a hundred-year border dispute between the United States and Mexico, the United States government created a national park as a memorial for the peaceful dispute settlement. The 55-acre Chamizal National Memorial in the center of El Paso provides a space to present activities that foster goodwill and understanding between the two countries. Its onsite galleries display artwork that portray the El Paso area's geography and history as well as commemorate the historic agreement between the two governments that established the park. The Chamizal National Memorial also promotes cultural exchange by hosting a number of performing arts series.

For the past 26 years, the City of El Paso's Museums and Cultural Affairs Department has produced the Music Under the Stars World Music Festival series in the park. This live music series, featuring both internationally acclaimed and local artists, has become El Paso's leading family event and the largest free outdoor music festival in the Southwest with more

than 120,000 attendees per year.¹³ The biggest draw is the 4th of July Extravaganza which features a concert by the El Paso Symphony Orchestra and a closing fireworks display. This event alone attracts nearly 25,000 attendees. Throughout the season, Music Under the Stars showcases all types of musical groups including rock classics, jazz, swing, flamenco, German folk, tribute bands, salsa, and merengue. The touring artists give free music classes to underserved youth to help foster El Paso's budding musicians.

The Chamizal hosts other cultural programming events, including the *Siglo de Oro* Spanish Drama Festival. This presentation of classical Spanish plays by international theatrical companies, begun 35 years ago to honor the nation's bicentennial, has drawn an audience of more than 135,000 people. It is in this way that the Chamizal National Memorial continues to serve as a cultural center for the celebration of the cross-border heritage shared between the two countries.

Figure 9: Chamizal Attendance



Source: Museums and Cultural Affairs Department - City of El Paso

¹³ City of El Paso Museums and Cultural Affairs Department, Music Under the Stars 2010 Season. http://www.elpasotexas.gov/MCAD/_documents/SponsorshipPackage.pdf


Summary

The redevelopment of downtown El Paso demonstrates the important link between the public sector and private developers. While the City of El Paso has been supportive of the arts and culture, particularly in the context for downtown redevelopment, the public sector does not have the financial resources to support all of these important projects. Therefore, it is imperative that the community work together to jointly fund projects. El Paso has had great success in demonstrating that supporting the arts not only improves the quality of life of its citizens, but proximity to the arts and culture provides a positive return to real estate developers. The renovation of the Plaza Theatre and the clustering of several museums in downtown occurred earlier this decade. This created public support for the implementation of the Tax Increment Reinvestment Zone and Downtown Plan.

City of Rockport, Texas

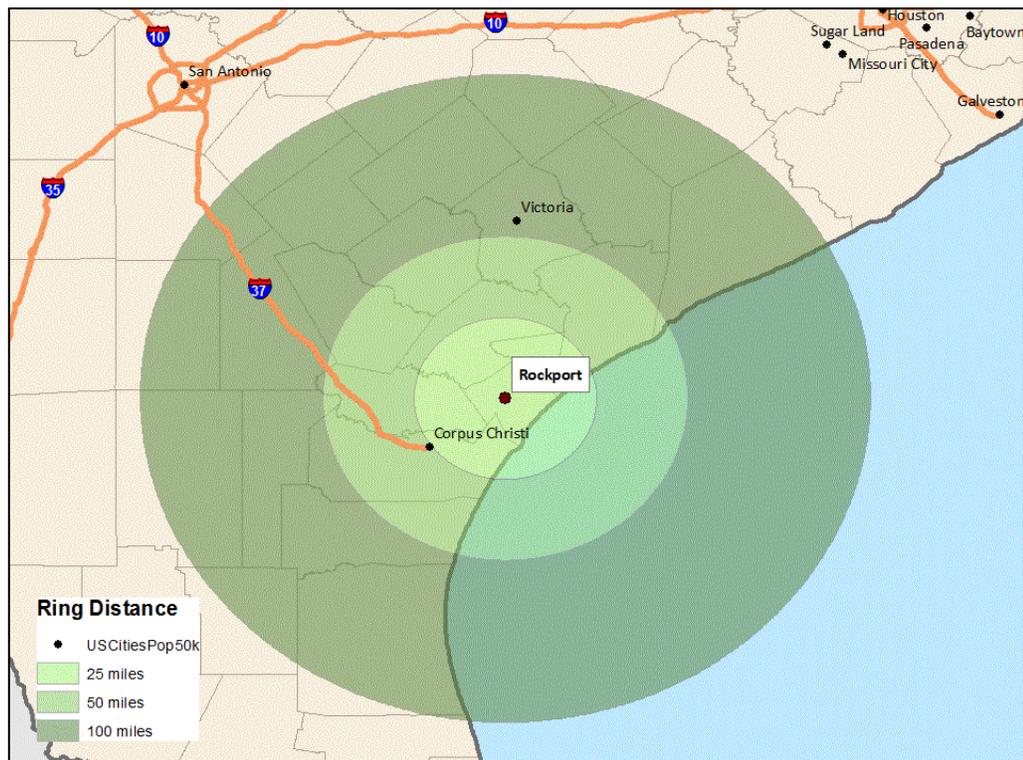
Located along the Texas Gulf Coast, Rockport is a sanctuary for people who enjoy the beach, fishing, nature, and the arts. Its close proximity to Austin, Houston, and San Antonio make Rockport a favorite destination for coastal tourism. The natural beauty of Rockport's wildlife and landscape has attracted artists interested in depicting these coastal scenes. Over the past few decades, the supportive climate has attracted a critical mass of artists necessary to sustain an art colony, high quality art center, and festivals.¹⁴ In 2009, Rockport was home to 9,846 residents.

Key Findings & Lessons Learned from Rockport

- By promoting a broad range of art and culture attractions, the Rockport-Fulton area offers a unique mix of tourism assets not found in other small towns. Instead of focusing its tourism marketing efforts exclusively on outdoor recreation, Rockport has become an attractive location for families with small children, active retirees, and winter Texans. The result is that Rockport's economy has more activity in the fall and winter months when outdoor recreation is less prevalent.
- Given the community's size, the economic importance of Rockport's cultural arts sector is substantial when compared to major metro regions in Texas. For example, other art festivals might attract more total attendees, but the relative impact of the Rockport Art Festival is much larger. In 2009, nonlocal Rockport Art Festival attendee spending on tickets, food, lodging, and shopping generated almost \$2.5 million in economic activity, more than \$0.6 million in earnings, and roughly 28 full-time jobs.
- Rockport has successfully leveraged its cultural arts impact by clustering facilities in close proximity to each other and the waterfront. Local cultural arts groups embrace outdoor recreation and the natural environment as a complimentary tourism magnet. Instead of trying to compete with outdoor tourism, the cultural arts sector focuses on enticing these visitors to participate in the local art scene.

¹⁴ John Villani. *The 100 Best Small Art Towns in America*. 3rd Edition. Santa Fe: John Muir Publications; 1998.

Figure 10: Rockport Region



Source: TXP, Inc.

Arts & Culture Tourism

Named a “Top Ten Coastal Art Colony” by *Coastal Living* magazine in 2009,¹⁵ Rockport and Aransas County have attracted attention from artists and tourists alike. Aransas County has been an art colony since the late 1800s. Currently, over 300 artists live in Aransas County. Al Barnes, Herb Booth, and Steve Russell are nationally recognized sporting and wildlife artists who reside in the area. One of the most recognized modern sculptors, Jesús Moroles, has his foundry and studio in Rockport. Building on this collection of talented artists and the natural environment, the community has established a vibrant cultural arts sector. Downtown Rockport has more than 15 art galleries featuring coastal and wildlife art, contemporary abstract artwork, and Texas Modernist art.

Aransas County is home to a number of cultural and educational amenities including the Aquarium at Rockport Harbor, Fulton Mansion, Rockport Center for the Arts, and Texas Maritime Museum. The Fulton Mansion, a State Historic Site, attracts over 20,000 visitors each year by offering a rare glimpse into the Victorian world of a prominent South Texas family. Many of these organizations receive local public sector support through grants from hotel occupancy tax revenue.

¹⁵ *Coastal Living*, Top Ten. <http://www.coastalliving.com/travel/top-10/top-10-artists-colonies-0040000000113/>

Based on the results of a 2010 visitor tracking survey, TXP estimates that roughly one-third of Rockport-Fulton leisure tourists participate in arts and culture activities.¹⁶ This is much higher than the statewide average in which only 10 percent of tourists participate in cultural activities such as visiting historic sites, festivals, museums, and art exhibitions. In 2009, the local arts and cultural tourism sector helped support \$24.8 million in economic activity, \$7.3 million in earnings, and about 341 jobs. In addition, cultural arts tourism created \$480,000 in local and \$1.4 million in state tax revenue.

Table 10: Annual Economic Impact of Aransas County Arts & Culture Related Tourism

Year	Spending	Earnings	Employment	Local Tax Revenue	State Tax Revenue
2005	\$19,370,690	\$5,405,172	294	\$348,569	\$1,066,086
2006	\$21,646,552	\$5,974,138	304	\$403,526	\$1,183,190
2007	\$23,689,655	\$6,491,379	318	\$449,302	\$1,286,302
2008	\$25,137,931	\$6,750,000	326	\$479,871	\$1,346,534
2009	\$24,775,862	\$7,267,241	341	\$479,897	\$1,370,741

Source: TXP, Inc., Office of the Governor, Economic Development and Tourism

Rockport Center for the Arts

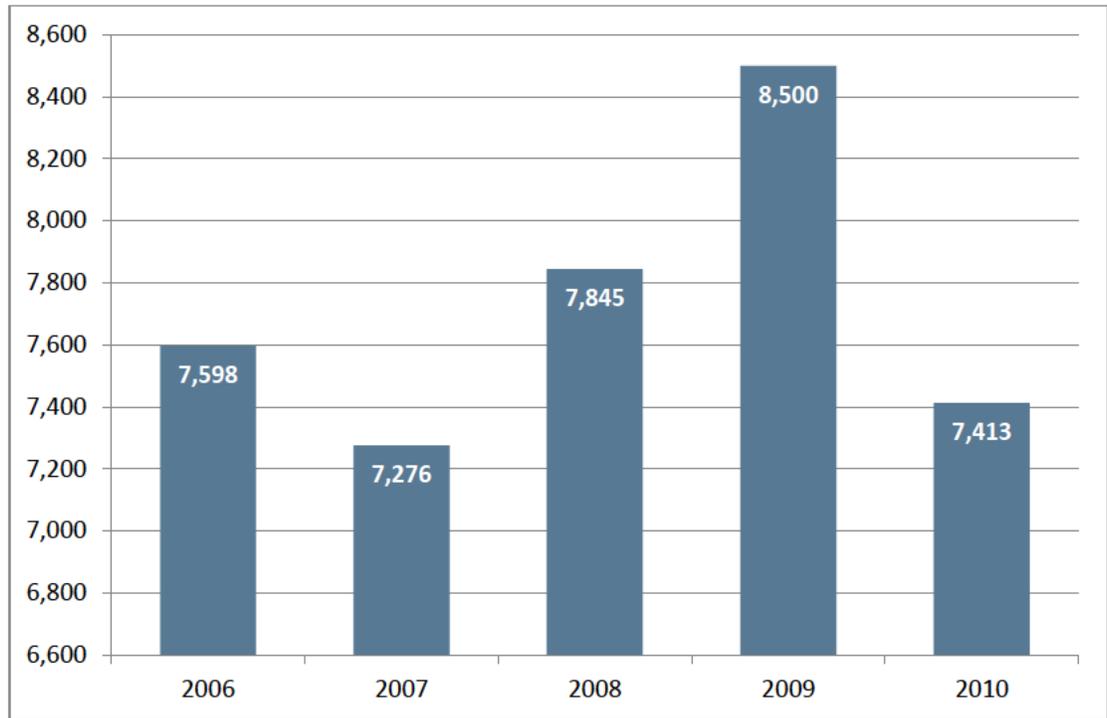
The arts scene in Rockport revolves around the Rockport Center for the Arts. Established more than forty years ago, it has expanded from a local gathering place for artists to a multidimensional space open to the community. Located in the historic Victorian-style home of Bruhl O’Connor on the waterfront, the Rockport Center for the Arts contains three galleries, workshop space, a gift shop, and a Sculpture Garden on the Aransas Bay. It offers weekly art classes for adults and children, gallery talks with artists at the beginning of each rotating exhibition, monthly *plein air* painting workshops, musical performance series, and a film festival each November. Over the past five years, the Rockport Center for the Arts has attracted over 25,000 visitors per year.

Rockport Arts Festival

Held every 4th of July holiday weekend for more than forty years, the Annual Rockport Art Festival features more than one hundred artists and master craftsmen in a two-day, outdoor juried art show. The Rockport Art Festival in 2009 attracted more than 7,400 attendees from across the state. Over 60 percent of the Festival attendees live outside of the Rockport-Fulton area. The visitor tracking data from the Festival reinforces the notion that Aransas County is able to attract a significant number of visitors who enjoy the arts as much as the beach and fishing.

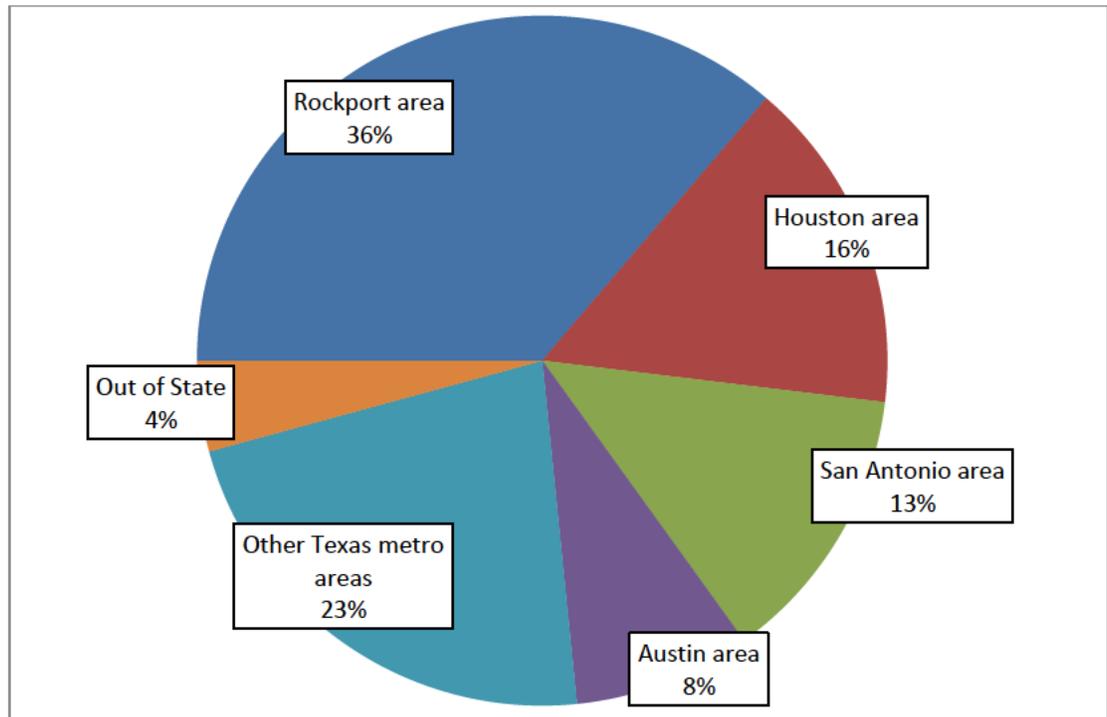
¹⁶ Prost Marketing Inc, Visitor Intercept and Tracking Study for Rockport/Fulton Area Chamber of Commerce, 2010.

Figure 11: Rockport Art Festival Annual Attendance



Source: Rockport Center for the Arts

Figure 12: Rockport Art Festival Annual Attendance



Source: Rockport Center for the Arts

In 2009, nonlocal Rockport Art Festival attendee spending on tickets, food, lodging, and shopping generated almost \$2.5 million in economic activity, more than \$0.6 million in earnings, and roughly 28 full-time jobs.

Table 11: Total Economic Impact of the Rockport Art Festival Nonlocal Attendee Spending

	Output	Value Add	Earnings	Employment
Agriculture & Forestry	\$3,306	\$1,150	\$617	0
Mining	\$17,819	\$8,995	\$3,480	0
Utilities	\$48,346	\$28,919	\$9,220	0
Construction	\$14,504	\$7,248	\$5,314	0
Manufacturing	\$86,711	\$21,770	\$13,729	0
Wholesale Trade	\$44,902	\$30,346	\$14,233	0
Retail Trade	\$155,190	\$101,612	\$53,897	2
Transportation & Warehousing	\$230,748	\$84,249	\$75,913	3
Information	\$45,438	\$23,804	\$11,644	0
Finance & Insurance	\$56,606	\$34,535	\$15,264	0
Real Estate, Rental, & Leasing	\$139,086	\$103,264	\$7,687	0
Professional, Scientific, & Technical Services	\$51,457	\$34,416	\$24,297	0
Management of Companies & Enterprises	\$4,039	\$2,491	\$1,672	0
Administrative & Waste Management Services	\$42,127	\$27,501	\$16,557	1
Educational Services	\$8,127	\$4,597	\$3,345	0
Health Care & Social Assistance	\$87,096	\$53,376	\$41,019	1
Arts, Entertainment, & Recreation	\$147,159	\$88,797	\$58,169	3
Accommodation	\$331,116	\$213,130	\$98,419	4
Food Services & Drinking Places	\$563,930	\$293,418	\$174,850	12
Other Services	\$48,740	\$24,855	\$14,973	1
Total	\$2,126,449	\$1,188,472	\$644,298	28

Source: TXP, Inc.

Summary

Coastal landscapes and wildlife are the foundation of Rockport’s arts community. The picturesque settings and scenery have attracted hundreds of artists to live in Aransas County. To support these artists and residents interested in the fine arts, the Rockport community (public and private sector) generously support numerous museums, historical sites, and galleries. Not only do these facilities attract local residents, cultural arts tourism has flourished over the past few decades. Now, the cultural arts sector is a key economic development driver and tax revenue generator for the Rockport-Fulton area.

City of Texarkana, Texas

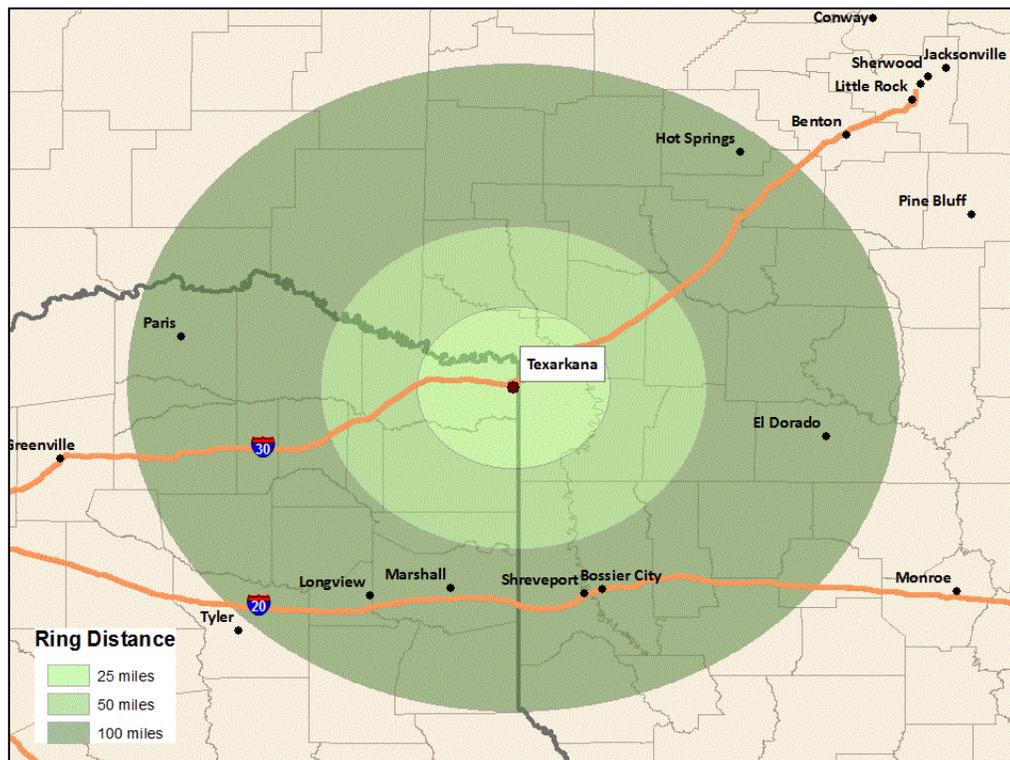
Located in the Northeast corner of Texas, the Texas-Arkansas state line bisects Texarkana. Despite each city having its own local government, the divide does not affect day-to-day life. In fact, this unique situation encourages the community to take a regional approach to many issues including support for nonprofit organizations and redevelopment projects. Texarkana also serves as the hub for nineteen counties in four states and is a major stopping point along Interstate 30. It is this diverse group of local residents as well as interstate travellers that Texarkana considers its cultural arts audience. In 2009, Texarkana's population was 37,103 people.

Texarkana's approach to the arts focuses on: 1) supporting a regional arts and humanities council, 2) rejuvenating downtown through the concentration of arts groups and activities, and 3) improving educational excellence in the local schools through an infusion of the arts into curricula.

Key Findings & Lessons Learned from Texarkana

- Public-private partnerships have been a critical success factor for the cultural arts in Texarkana. The Texarkana Regional Arts and Humanities Council is allowed to use facilities owned and maintained by the City of Texarkana (Perot Theatre) and Bowie County (Art Center) free of charge. Without this public sector support, the Texarkana Regional Arts and Humanities Council would have to shift resources away from programming and outreach efforts.
- Through the ArtSmart education program, the Texarkana Regional Arts and Humanities Council serves over 40,000 students from 66 campuses each year. Each participating student receives an introduction to the arts that not only improves skills development, but the program fosters the next generation of artists, cultural arts consumers, and donors.
- Since its restoration in 1981, the Perot Theatre has attracted over 1.3 million attendees to its performances and shows. In 2009, the Perot Theatre's operating expenditures and nonlocal attendee spending on tickets, food, lodging, and shopping generated almost \$2.5 million in economic activity, more than \$0.8 million in earnings, and roughly 36 full-time jobs.

Figure 13: Texarkana Region



Source: TXP, Inc.

Texarkana Regional Arts & Humanities Council (TRAHC)

As the largest local arts organization, TRAHC works with cultural organizations to actively promote and enhance the arts in the Texarkana region. In 1989, TRAHC was the first multi-disciplinary community arts organization accepted in the NEA Advancement Program. In 1991, the organization won an NEA Advancement/Challenge Grant. Over its more than three decades of operation and numerous awards, TRAHC has grown into an impressive organization with an annual budget in excess of \$1.5 million.

TRAHC's Regional Arts Center is located in the former Bowie County U.S. District Courthouse. The historic courthouse was built in 1909. TRAHC renovated the facility in 1992 with the purpose of using it as the Arts Center. While Bowie County owns the building, TRAHC operates the Regional Arts Center. This public-private partnership is one example of how TRAHC leverages support from the public sector to extend its impact beyond what its private sector financial contributions can support.

TRAHC has created several initiatives to reach out to the larger Texarkana community. Working with the school districts and the City of Texarkana's Parks and Recreation Department, TRAHC created the "In the Style Of" project. Local students transform trash barrels for local parks into original art by replicating the style of famous artists. Begun in late

2008, there are now approximately 20 painted trashcans in four city parks. For the total programmatic cost of \$50 per can, the trashcan beautification program has created a demonstrable increase in community appreciation for parks and has significantly decreased vandalism and littering. This has allowed the City of Texarkana to reallocate some staff members responsible for park monitoring and trash pick-up to other tasks.

TRAHC has also collaborated with the law firm of Norton and Wood to promote public art and creative spaces. Using the law firm's donation of a parcel of downtown land and three years of fundraising, TRAHC created Art Wall Park. As one of the few green spaces in downtown, the Art Wall features removable panels which are changed to display original art work from areas schools each quarter.

Currently in its fourth year, TRAHC hosts a Holiday Arts Market. This free-to-the-public juried arts show builds a continuing relationship between local artists and the greater Texarkana community by encouraging the public to meet and talk with artists while viewing and purchasing their work. Because Texarkana does not have many for-profit art galleries in town, the Holiday Arts Market at the Regional Arts Center helps fill the demand for local artists to display their works. Based on attendee surveys, the Holiday Arts Market attracts visitors from a 100-mile radius of Texarkana.

TRAHC has developed a specific strategy to engage Texarkana's African American community. In 2001, the African American Advisory Committee was created to support this plan. Specifically, the Committee connects TRAHC with area churches, fraternities, and other organizations serving the local African American community. In an effort to demonstrate that the arts are more than symphony and ballet performances, TRAHC has hosted performances by prominent national dance groups and bands who appeal to a broader audience. Since the Committee was created, African-American participation in TRAHC events, including donations and membership, has increased noticeably.

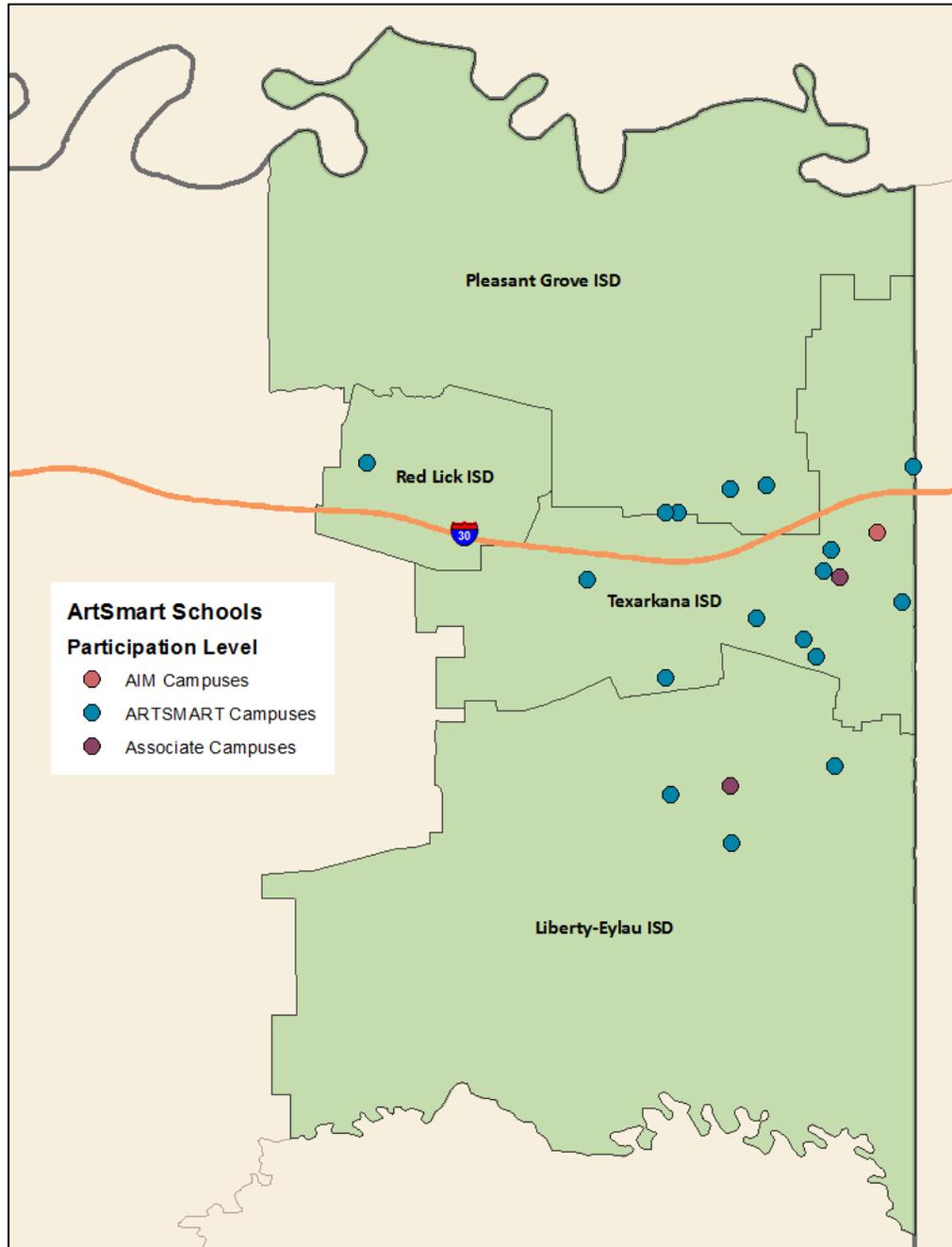
ArtSmart Program

Outreach programs are not the only way TRAHC impacts local citizens and businesses. Another TRAHC priority is to improve the region's workforce by strengthening the local educational system. With its nationally renowned and comprehensive arts educational program named ArtSmart, TRAHC has provided the resources for educators to integrate the arts into all subject areas for more than two decades. During the most recent school year, the ArtSmart program worked with 32 schools in nine districts in Arkansas and Texas.

In 2003, the U.S. Department of Education awarded ArtSmart its prestigious Innovation and Dissemination grant in the amount of \$750,000. ArtSmart was given this award to recognize its past success and to highlight a national model for the use of the arts to achieve

educational excellence. In 2009, TRAHC and local school districts were invited to participate in the Kennedy Center's *Partners in Education* program which provides support for school and community partnerships to promote professional development in the arts for classroom teachers. TRAHC has expanded its geographical reach to include other cities in Arkansas, Mississippi, and Florida by providing consulting services in arts integration, arts infusion, and the importance of the arts in the 21st Century creative workforce.

Figure 14: ArtSmart Participating Schools



Source: Texarkana Regional Arts and Humanities Council, TXP, Inc.

The four Texarkana, Texas school districts have made district-wide commitments to the ArtSmart program. ArtSmart is designed to allow for different levels of participation at the school level. This encourages buy-in from administrators and parents, as they can increase the school's participation level after experiencing the initial positive results. The three levels of participation build upon each other, adding new programs and increasing the professional development support provided to educators. Depending upon their participation level, each school contributes \$6-10 per student towards the cost of the program.

All students at schools participating in TRAHC's ArtSmart program attend one of the ten show live performance series, *Theatre for Young Audiences*, in the historic Perot Theatre. This is the basic level of participation, or the "Associates-in-the-Arts" campus model. During the 2009-2010 academic year, the ArtSmart program hosted more than 15,000 students to these performances at the Perot Theatre.

The next level of participation, the "ArtSmart" campus model, provides professional development workshops to teaching staff in order to help them better utilize the arts as a pedagogical tool for all subject areas. These workshops encompass skills-training and familiarity-building in the arts as well as trainings and discussions of best practices in the incorporation of their curricula. With the "ArtSmart" campus model TRAHC also acts as a liaison between the schools and other local arts organizations to facilitate the "artist-in-residency" program. This brings professional artists into the classroom, providing hands-on experiences with professional artists for both students and teachers. TRAHC supported 29 visiting artists and provided 300 event days in participating schools through the artists-in-residency program and other related performances during the 2009-2010 academic year.

At the most advanced level of participation, the "Arts-Intensive Model" (AIM) campuses have an explicit commitment to integrating the arts in order to help their students achieve academic success. For these two campuses, TRAHC offers the most intensive teacher trainings. It works specifically with educators and artists to foster dialogue, modify teaching practices, and promote the most effective classroom residencies through the ArtSmart Model of Embedded Professional Development.

Perot Theatre

TRAHC also operates the Perot Theatre. The 1,600-seat historic Perot Theatre is the single largest entertainment attraction in downtown Texarkana. Built in 1924 and restored in 1981, this historic theatre is the home of TRAHC's *Perot Theatre Series* and *Theatre for Young Audiences* along with the Texarkana Symphony Orchestra series. It also provides the performance space for numerous rentals each year, such as the Texarkana Community Ballet's *Nutcracker*. The seven *Perot Theatre Series* productions during the 2009 season generated an audience of more than 6,500 people and 5,000 man hours of works beyond the

TRAHC staff. The City of Texarkana, Texas owns the Theatre, but TRAHC operates the facility. In fact, it was in 1980 when TRAHC assumed management of the newly restored Theatre that its role and visibility in the arts community of Texarkana began to increase dramatically.

Since its restoration in 1981, the Perot Theatre has had 1,352,348 attendees to its performances with approximately 52,000 in the 2009-2010 program year. In 2009, the Perot Theatre operating expenditures and nonlocal attendee spending on tickets, food, lodging, and shopping generated almost \$2.5 million in economic activity, more than \$0.8 million in earnings, and roughly 36 full-time jobs.

Table 11: Total Economic Impact of the Perot Theatre & TRAHC

	Output	Value Add	Earnings	Employment
Agriculture & Forestry	\$6,779	\$2,274	\$874	0
Mining	\$0	\$0	\$0	0
Utilities	\$31,433	\$18,796	\$7,102	0
Construction	\$10,012	\$5,075	\$3,497	0
Manufacturing	\$54,114	\$18,061	\$9,941	0
Wholesale Trade	\$43,282	\$29,240	\$13,215	0
Retail Trade	\$101,363	\$66,457	\$33,760	1
Transportation & Warehousing	\$86,426	\$40,168	\$30,578	1
Information	\$42,517	\$22,981	\$9,668	0
Finance & Insurance	\$80,331	\$49,147	\$21,993	0
Real Estate, Rental, & Leasing	\$155,480	\$115,594	\$6,040	0
Professional, Scientific, & Technical Services	\$31,567	\$21,055	\$14,653	0
Management of Companies & Enterprises	\$7,140	\$4,399	\$2,759	0
Administrative & Waste Management Services	\$38,314	\$25,184	\$17,216	1
Educational Services	\$7,910	\$4,498	\$3,567	0
Health Care & Social Assistance	\$107,954	\$66,187	\$49,622	1
Arts, Entertainment, & Recreation	\$1,440,582	\$868,547	\$529,758	26
Accommodation	\$80,285	\$51,621	\$23,754	1
Food Services & Drinking Places	\$103,247	\$53,766	\$31,628	2
Other Services	\$47,622	\$24,214	\$14,300	1
Total	\$2,476,356	\$1,487,264	\$823,924	36

Source: TXP, Inc.


Summary

Texarkana has chosen to promote and manage many of its cultural arts programs through TRAHC, an umbrella arts organization for the region. TRAHC, performances at the Perot Theatre, and other outreach programs reinforce each other. Through the ArtSmart education program, TRAHC serves over 40,000 students from 66 campuses each year. Each participating student receives an introduction to the arts that not only improves workforce skills development, but it fosters the next generation of artists, cultural arts consumers, and donors. Public-private partnerships are the foundation for arts and culture in Texarkana.

Conclusion

Communities throughout Texas continue to search for strategies and initiatives that will expand the local economy, create jobs, and increase overall prosperity. In this report, TXP examined the programs that some communities have used to promote economic growth through the cultural arts. Amarillo, Clifton, El Paso, Rockport, and Texarkana vary in size, geography, and population, but each has successfully leveraged its local arts community. While reviewing the programs in these communities, specific themes and lessons learned emerged, including:

- **Public-private partnerships are essential for cultural arts initiatives.** A single funding source is not sufficient to ensure long-term viability and sustainability. The recent economic downturn reinforced the challenges faced by nonprofit groups when financial resources are scarce. Some of the most successful cultural arts projects exist in communities where one party provides the seed funding (ex. capital cost) and the other provides ongoing support for programming.
- **A community should identify what makes its region unique and accept the strategic implications.** Too often, a city replicates a program found in a neighboring town or competitor community. Amarillo's draw as a regional economic hub, Clifton's homegrown artists, El Paso's cross-border activity, Texarkana's commitment to arts education, and Rockport's ties to nature provided the foundation from which the cultural arts could flourish. Each of these cities acknowledged what was possible as well as challenges that would make certain strategies difficult to implement. By balancing realistic outcomes with long-term planning, the case study cities have created unique cultural environments.
- **A unified and coordinated marketing plan is more successful than individual efforts.** While this finding may seem obvious, very few communities bring together different arts and cultural groups to create a well-defined and executable marketing plan. The typical approach is for organizations to market and promote individually. As tourism becomes a target industry for every community and region, it puts cities whose cultural arts groups do not work together at a competitive disadvantage.
- **The clustering of cultural facilities, preferably in the downtown area, increases the draw of each venue.** Communities can maximize the economic impact of their cultural arts programming by increasing the number of arts groups and related businesses in close proximity. The clustering also creates spill over activity at non-arts groups such as restaurants, hotels, and shops. Public leaders and stakeholders must be willing to make a long-term investment in these cultural districts.

Appendix 1 – Major Texas Metro Area Impact Studies

Role of the Cultural Sector in the Austin MSA Economy¹⁷

In Austin, there is a growing understanding of the connection between the arts and the economy. The City of Austin retained TXP to measure the economic impact of music in 2001, not-for-profit arts groups in 2003, and film in 2004. A final report was commissioned in 2006 to fully “paint the picture” of Austin’s entire cultural sector by updating the findings contained in the previous three studies, as well as further extending the analysis to better capture the local connection between the arts and tourism. TXP used five broad categories of activity as comprising the “cultural” sector:

- music (which includes production, music video, industry, tour, and recording services, performers, and commercial music)
- film and visual media (including film and commercial production)
- not-for-profit arts groups
- visual arts (including galleries, photographers, and other commercial visual artists)
- culture-related tourism (broken down into tourism influenced by music and other culture-influenced tourism)

These categorizations are by no means definitive, but represented TXP’s best effort to capture the range and scope of Austin’s cultural economic activity in a manner that is both reasonably comprehensive and consistent with our previous local work in this area.

The role of the cultural sector in Austin’s economy is significant, with just over \$2.25 billion in economic activity, \$827.7 million in labor compensation, over \$48 million in City tax revenues, and almost 44,000 permanent jobs that can be ascribed to its collective influence during 2004. Not surprisingly, the economic impact of the cultural sector is most evident in tourism; as the Live Music Capital of the World, there are a number of high profile events each year that draw thousands, as well as several major film festivals. On any given weekend, those in Austin (residents and visitors) can take part in a wide variety of cultural activities that extend well beyond these high-profile events to theatre productions, gallery openings, food festivals, rodeos, and other offerings that fall under the broad heading of “cultural events.” As a result, “retail arts,” i.e., those offerings designed to be experienced first-hand, are a dominant influence on Austin’s cultural scene.

¹⁷ Texas Perspectives, Inc. *The Role of the Cultural Sector in the Local Economy, Austin, TX*, January 2006.

Table A1-1: Cultural Sector-Related Total Economic Activity in Austin

	Sales, Shipments, and Receipts	Labor Compensation	Employment	City Tax Revenue
Music	\$419,208,316	\$159,203,078	5,639	\$4,731,171
Film & Visual Media	\$281,021,016	\$79,927,770	2,689	\$1,072,500
Not-For-Profits	\$330,220,253	\$184,821,416	8,916	\$3,758,605
Visual Arts	\$201,595,212	\$87,571,770	3,874	\$2,294,580
Arts-Related Tourism	\$1,032,600,716	\$324,244,133	22,994	\$36,372,276
Musical Component	\$580,242,172	\$182,200,261	12,921	\$20,438,421
Other	\$452,358,544	\$142,043,872	10,073	\$15,933,855
Total	\$2,251,745,804	\$827,761,366	43,744	\$48,075,521

Source: City of Austin, Texas

Houston’s Nonprofit Arts and Culture Organizations Economic Impact¹⁸

The Houston study brought together economic data compiled by Americans for the Arts with locally conducted surveys with business owners, artists, and institutions directly and indirectly impacted by cultural organizations. AMS Planning & Research conducted the study, which was funded by a number of foundations and overseen by a broad-based steering committee comprised of local community leaders in a variety of areas.

The study analyzed the impact of the cultural arts on economy, cultural tourism, employment, volunteerism, and community development. The study’s authors also attempted to quantify the qualitative impact of the arts on the lives of the city’s residents and those living in close proximity to the city.

In the city of Houston, the nonprofit arts sector generated \$626.3 million in economic impact, supported 14,115 full-time jobs, and contributed \$69.5 million tax dollars to local and state government. The study evaluated both direct and indirect economic impact defined as follows:

Direct economic impact refers to the initial economic effect of expenditures. These direct economic impacts create an additional indirect economic impact on the Houston economy. Consider this example: A theatre company purchases a gallon of paint from the local hardware store for ten dollars (that is the “direct economic impact”). The hardware store then uses a portion of the ten dollars to pay the sales clerk’s salary; the sales clerk re-spends some of the money for groceries; the grocery store in turn uses some of the money to pay its cashier; the cashier spends some for to pay his utility bill; and so on (these are the “indirect economic impacts”). Thus, the original ten dollars

¹⁸ AMS Planning & Research, *Cultural Impact Study: Houston, Texas*, January 2007.

from the theatre has been “re-spent” several times. The local expenditures will continue to have an economic impact on the local economy until the money eventually “leaks out” of the community (i.e., is spent non-locally). The total economic impact is the combination of the direct impact and the indirect impact.¹⁹

Table A1-2: Houston Nonprofit Arts and Culture Organizations Direct Economic Impact

	Artists	Non-profit Arts Industry	Total
Total Expenditures	\$147,600,000	\$626,328,061	\$773,928,061
Full Time Jobs	1,666	8,477	10,143
Resident Household Income	\$39,403,000	\$180,232,000	\$219,635,000
Local Government Revenues	\$2,361,000	\$19,020,000	\$21,381,000
State Government Revenues	\$1,181,000	\$21,153,000	\$22,334,000

Source: Cultural Impact Study: Houston, Texas, 2007

Table A1-3: Total Economic Impact of Houston Nonprofit Arts and Culture Organizations

	Artists	Non-profit Arts Industry	Total
Total Expenditures	\$147,600,000	\$626,328,061	\$773,928,061
Full Time Jobs	3,422	14,115	17,537
Resident Household Income	\$109,650,000	\$406,133,000	\$515,783,000
Local Government Revenues	\$5,756,000	\$33,248,000	\$39,004,000
State Government Revenues	\$4,870,000	\$36,291,000	\$41,161,000

Source: Cultural Impact Study: Houston, Texas, 2007

The study found that the arts were a significant factor in attracting new residents and tourists to the Houston area. It also found that the audience for the arts was broad and not limited to the wealthier segments of the population. Additionally, more individuals attended arts and culture events than went to a major league sporting event.

The study also concluded that the \$14.4 million in direct government support for the arts in Houston was profitable and resulted in a 2 to 1 return on the investment of funds.

¹⁹ AMS Planning & Research, *Cultural Impact Study: Houston, Texas*, January 2007, vi.

Economic Impact of North Texas Arts and Culture Organizations²⁰

The North Texas Business for Culture and the Arts (NTBCA) has commissioned a series of studies regarding the economic impact of the arts in the metropolitan area, which includes the cities of Dallas, Fort Worth, and smaller communities in the region. The study was based upon answers generated by a survey:

A link to the online survey was distributed to approximately 540 cultural arts organizations in the North Texas area. Eighty-seven, or approximately 16%, of the organizations surveyed responded. In addition, 31 of the 87 respondents, or 36%, also participated in the 2006 study...The geographical composition of the respondents to the 2010 Economic Impact Study survey instrument included Dallas (41), Fort Worth (19) and Other North Texas Communities North Texas communities including Plano, Frisco, Allen, Irving, and others (27).²¹

The authors of the study extrapolated economic data from responses provided on the survey as well. The monetary contribution of the arts has grown steadily over the years. In 2006, the arts generated \$828.5 million in economic activity, indirect audience spending, and construction and capital expenditures on existing facilities. The total aggregated economic impact of the arts in North Texas for the years 1990 to 2009 is approximately \$15 billion.

Table A1-4: Economic Impact of North Texas Arts and Culture Organizations (\$ millions)

	2007	2008	2009
Direct/Indirect Spending Impact	\$398.9	\$412.3	\$372.5
Indirect Audience Spending	\$404.0	\$403.5	\$361.7
Construction Impact	\$195.4	\$179.6	\$325.4
Total Fiscal Year Economic Impact	\$998.2	\$995.3	\$1,059.5

Source: 2010 Economic Impact Study of the Arts and Culture Organizations in North Texas

The study concluded that the nonprofit arts and culture sector exhibited sustained productivity over the course of three years and increased in profitability incrementally. The arts provide both direct economic impact and indirect economic impact, i.e. money that is spent or generated by arts organizations and the recirculation of funds paid to employees.

In addition, the arts contributed significantly to the local economy by providing full-time, part-time, and contract employment. Those employees then contributed directly to local businesses.

²⁰ North Texas Business for Culture and the Arts, *2010 Economic Impact Study of the Arts and Culture Organizations in North Texas*, 2010.

²¹ Ibid pg. 3.

Economic Impact of San Antonio's Creative Industry²²

An economic impact assessment of the creative economy for the city of San Antonio was completed in 2003. An ad-hoc oversight committee appointed by a group of local businesses and interested parties oversaw the study. For the purposes of that study:

The creative industry is defined as encompassing activities and business efforts that include individual, independent, working artists; museums and other cultural organizations; advertising and design firms; and the performing arts and other businesses that involve general or specific creative activities.

Economic analyses were based upon the Texas Workforce Commission wage and employment data, which utilized the guidelines established by the North American Industrial Classification System. The data compiled for the study included the contributions of four sectors of the economy; schools, design and advertising, museums and collections, performing arts, and visual arts and photography.

The San Antonio study is useful because it adopted a conservative approach by strictly defining the scope and industries to be included yet still found creative industry to have a large, quantifiable economic impact on the city's economy. The study concluded that the Creative Industry had generated \$2.2 million in local sales tax, paid 11,888 employees over \$319 million in wages, and created an overall economic impact of \$1.2 billion for the city of San Antonio. If the study had utilized a broader approach and included businesses such as printing and publishing it would have resulted in an additional \$2.3 billion in economic benefits.²³

Increased volunteerism was an additional benefit generated by the creative economy. Roughly 4,000 individuals contributed volunteer hours to a variety of arts and culture organizations. These unpaid workers provided a vital service to the institutions for which they worked. If they had been paid employees, they would have earned \$1.3 million in additional wages.

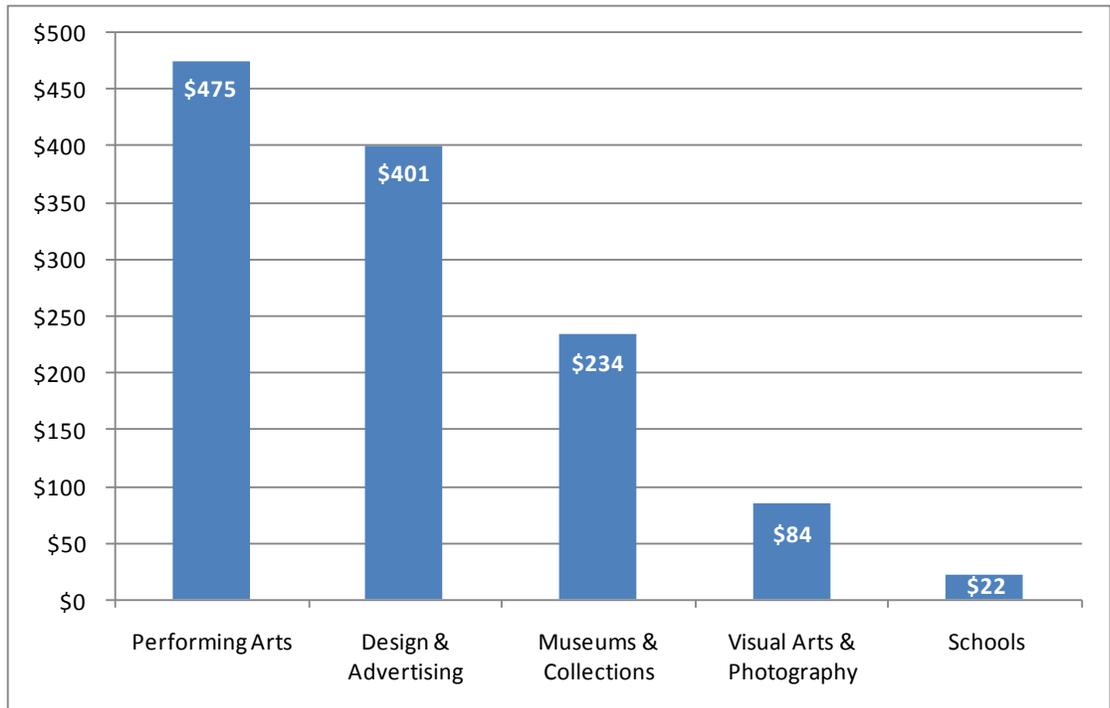
By 2006, the economic impact of the creative industries in San Antonio had significantly increased. The total economic output of the artistic workforce had increased to \$3.5 billion. City officials attributed the increased financial gains to the city's increased funding for the arts.²⁴

²²San Antonio Hearts, *The Economic Impact of San Antonio's Creative Industry: An Assessment of the Economic Impact in 2003*, 2003. <http://www.sahearts.com/Portals/0/creativeindustry.pdf>

²³ Ibid.

²⁴ Donna J. Tuttle, "San Antonio Arts Community has a Big-Dollar Impact on the City," *San Antonio Business Journal*, September 5, 2008.

Figure A1-1: Economic Impact of the San Antonio Economy Creative Industry (\$millions)



Source: The Economic Impact of San Antonio’s Creative Industry, 2003

The benefit to local government was also significant. In addition to the revenue generated by sales tax, businesses associated with the creative industry paid property taxes and utilized a considerable amount of electricity and natural gas purchased from the City Public Service.

Table A1-5: San Antonio Creative Industry Local Tax Impact

Tax Contributions Sector	City (1%)	Aquifer (0.125%)	Total
Design and Advertising	\$342,487	\$42,811	\$385,298
Museums & Collections	\$19,320	\$2,415	\$21,735
Performing Arts	\$1,256,453	\$157,057	\$1,413,510
Schools	\$2,838	\$355	\$3,193
Visual Arts & Photography	\$358,788	\$44,848	\$403,636
Total	\$1,979,886	\$247,486	\$2,227,372

Source: The Economic Impact of San Antonio’s Creative Industry, 2003

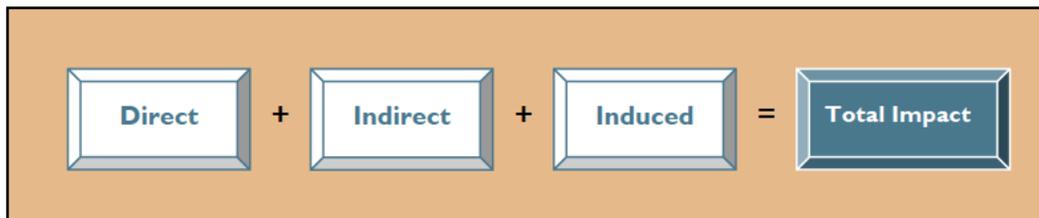
Appendix 2 – TXP’s Economic Impact Methodology

The economic impacts extend beyond the direct activity outlined above. In an input-output analysis of new economic activity, it is useful to distinguish three types of expenditure effects: direct, indirect, and induced. Direct effects are production changes associated with the immediate effects or final demand changes. The payment made by an out-of-town visitor to a hotel operator is an example of a direct effect, as would be the taxi fare that visitor paid to be transported into town from the airport.

Indirect effects are production changes in backward-linked industries caused by the changing input needs of directly affected industries – typically, additional purchases to produce additional output. Satisfying the demand for an overnight stay will require the hotel operator to purchase additional cleaning supplies and services, for example, and the taxi driver will have to replace the gasoline consumed during the trip from the airport. These downstream purchases affect the economic status of other local merchants and workers.

Induced effects are the changes in regional household spending patterns caused by changes in household income generated from the direct and indirect effects. Both the hotel operator and taxi driver experience increased income from the visitor’s stay, for example, as do the cleaning supplies outlet and the gas station proprietor. Induced effects capture the way in which this increased income is spent in the local economy.

Figure A2-1: The Flow of Economic Impacts



Once the ripple effects have been calculated, the results can be expressed in a number of ways. Four of the most common are “Output,” equivalent to sales; “Value-Added,” which describes the difference between a firm’s top-line revenue and its cost of goods sold (exclusive of labor-related costs); “Earnings,” which represents the compensation to employees and proprietors; and “Employment,” which refers to permanent, full-time jobs that have been created in the local economy. The interdependence between different sectors of the economy is reflected in the concept of a “multiplier.” An output multiplier, for example, divides the total (direct, indirect and induced) effects of an initial spending injection by the value of that injection – i.e., the direct effect. The higher the multiplier, the greater the interdependence among different sectors of the economy. An output multiplier of 1.4,



for example, means that for every \$1,000 injected into the economy, another \$400 in output is produced in all sectors.



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