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Cities find support of arts boosts jobs, tourism, vitality

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Can the arts really help the local economy?

The evidence suggests that the answer is yes.

Studies done in the Cleveland area and Midwestern cities such as Indianapolis, Chicago and Pittsburgh show that the arts generate many millions of dollars.

Arts and cultural organizations also employ significant numbers of skilled workers, including union members.

They spend money on services and supplies and pull in audiences who also patronize nearby businesses.

They help revive neighborhoods, attract tourists and new residents and give rise to other enterprises such as restaurants, hotels and retail shops.

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But here's a tougher question: Does spending tax dollars on the arts give the local economy any more of a boost?

Cuyahoga County residents will vote in March on Issue 31, a property-tax levy that would raise nearly \$21 million annually to help local industries, including the arts.

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If it passes, what can the voters expect in exchange for their higher property tax?

The answer appears to be simple: The money will buy, at the very least, a concerted attempt to reverse the local economy's steep downhill slide.

"If . . . we don't do things to improve our economy, it will result in the further erosion of our tax base," said Jamie Ireland, chairman and managing director of Capital One Partners and chairman of the board of trustees of Musical Arts Association, the parent organization of the Cleveland Orchestra.

Though most people would prefer not to raise property taxes, Issue 31 is "certainly preferable to doing nothing," Ireland said.

Yet the apparent simplicity of taking action is deceptive. No one can know for sure if Issue 31 will work.

Examples offered by other Rust Belt regions suggest that supporting arts and culture can be part of an effective strategy for retooling economies left behind by commercial and social changes. But success might depend on a number of variables, including how the money is used and how high a priority culture is to those in power.

Invest in people,

not institutions

Richard Florida, author of "The Rise of the Creative Class" and a Carnegie Mellon University professor of economic development, has become the guru for struggling cities across the nation. He has definite ideas about how the money should not be used.

He is against big boxes - new convention centers, stadiums, even cultural centers. He believes that people instead should invest public dollars in creative, grass-roots entrepreneurial projects.

What drives today's successful economies is "not institution-building, but investing in creative people," Florida said.

Florida cites the financial woes of Pittsburgh, where he teaches, as an example: "The reason Pittsburgh is bankrupt is, we were profligate," investing in big, expensive projects, such as a new convention center that is not making back the money it cost.

In spite of that, "If you look at the neighborhoods that have been revived, nearly all have active arts scenes. The success has been the organic, street-level arts activities," he said.

Investment in the arts has helped downtown, as well, reviving a seedy core section.

"There's no question that it has worked," said Kevin McMahon, president of the Pittsburgh Cultural Trust. "The Cultural District has really transformed the area."

Allegheny County raises money for the arts in Pittsburgh with its Regional Asset District tax. The arts generate \$130 million of direct and indirect business in Pittsburgh, McMahon said.

The Cultural District attracts more than a million patrons a year, about a third of whom are from outside Allegheny County. The visitors spend



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about double what locals do, McMahon added.

Studies, including Florida's work, have found that creative workers are not so much going where jobs are as they are choosing jobs that are in desirable places to live. The places they choose boast lively arts and culture scenes, great outdoor recreation and progressive attitudes about the environment, diversity and tolerance.

In other words, the educated workers that Northeast Ohio wants to attract are likelier to move here if they find a unique and exciting collection of theaters, cinemas, music clubs, dance troupes, museums and galleries.

That is noteworthy because many Rust Belt cities, including Cleveland, suffer from dwindling populations, especially the loss of college graduates.

"If you don't have those major-league activities in your area, you're going to become smaller," said McMahon.

Arts support is no cure for a poorly managed city budget, of course. Municipal governments still can get into trouble, even if their arts industry is healthy.

Pittsburgh's money problems are not related to the arts money raised by the Regional Asset tax, said Regional Asset District director David Donohoe. In fact, the money generated by well-supported arts groups and the extra regional tax money that goes to the city of Pittsburgh are likely helping to offset the city's cash crunch.

Under the circumstances, "the arts are probably more important" than they were before, Donohoe said.

The situation with Issue 31 is similar: A Cuyahoga County tax, it will not be administered by the Cleveland city government. Yet a large number of the arts groups it would help are located in the city and are likely to generate much-needed business and tax income for Cleveland, which recently had to lay off safety workers and make other budget cuts.

Believing in

the power of culture

City government can make a positive difference to the arts in places where mayors believe in the power of culture. In Chicago and in Indianapolis, mayors have helped strengthen the economic impact of the arts, even without designated tax money.

In the 1980s, Chicago's then-Mayor Harold Washington adopted a city cultural plan recognizing the importance of arts and culture to the city and creating a municipal department of cultural affairs.

Twenty years later, the department resides in Chicago's former main library building, now the city's Cultural Center. It gives out \$1 million in grants annually to artists and cultural groups. (Chicago's major museums get public money through park-and-recreation tax levies.)

The city's tourism offices were folded into the department, and Chicago's tourism program now has "a big cultural bent to it," said Julie Burros, the Cultural Affairs Department's director of cultural planning.

That was no accident.

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"Arts and culture are, like, all the top things that they come and do," Burros said of visitors to Chicago. "We know lots of conventions like to come here because there's so much to do."

The Cultural Affairs Department is also starting a Creative Industries Think Tank to address arts groups' business needs and enhance their economic impact, Burros said.

Burros had several pieces of advice for Cuyahoga County and backers of Issue 31. She said having a cultural plan helps citizens and government alike understand what the goals of local arts support ought to be and how the money should be spent.

Northeast Ohio has a cultural plan, researched and written by the Community Partnership for Arts and Culture and released to the public in 2000.

Burros also recommended awarding grant money through a fair and open process (see accompanying story) and that any levy campaign give citizens specifics about what their tax investment will buy.

"Be explicit: 'You get three violin lessons for every 8-year-old,' " or whatever the benefits will be, Burros said. "It sells the stuff politically."

Chicago must be doing something right for the arts. Alene Valkanas, executive director of the Illinois Arts Alliance, says a new statewide arts economic-impact study found a tenfold increase in the number of Illinois arts groups since 1995, when the last study was done. The greatest concentration of that growth is in Chicago.

"I have seen an incredible explosion" there of new organizations and new buildings, including a new theater district, Valkanas said.

Statewide, the impact from nonprofit arts groups doubled, from \$1 billion to \$2 billion, between 1995 and 2003, according to the alliance study.

In Chicago, now presided over by Mayor Richard Daley, "a wonderful surprise" of the arts' impact was the number of empty-nesters moving into the city. They were drawn at least in part by the vitality of its cultural attractions, Valkanas said.

Without the arts affecting the influx of new residents, "I don't know if it would be as strong," she said. Plus, "Our mayor has also concentrated on beautification. All those things together make a place attractive," especially to creative people.

Indianapolis Mayor Brad Peterson also has made the arts a top priority of his administration - to the point where, last year, only police and the arts got city budget increases. This year, arts money remained level while other departments got cut, said Greg Charleston, deputy director of the Arts Council of Indianapolis, a city agency.

"I do think that makes a difference," said Charleston of Peterson's support, noting that the arts generate \$294 million annually for Indianapolis.

Like Chicago's cultural department, the Indianapolis arts council gets a relatively small amount of money from the city budget to give out in grants, about \$2.6 million. But careful planning and goal-setting have allowed the council to help arts groups be effective.

The city has five neighborhoods designated as cultural districts, and they work together to define needs, assets and figure out how to

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package themselves as destinations, Charleston said.

Helping to stem

region's brain drain

For Issue 31 backers, the levy offers a sign that the arts finally have made it onto the civic agenda in a meaningful way - a way they think will help Cuyahoga County culturally and financially.

"We recognize that the arts are a big business," said Cuyahoga County Commissioner Peter Lawson Jones. Because they attract educated workers, "They have potential to help stem the job and brain drain."

Jones said the county has taken on the job of supporting the arts and other development investments because it must: "It has to be the county's job, because the federal government is indifferent and the state government is in crisis and the city's government has its own woes."

Issue 31 campaigners know that a property-tax increase will be hard to sell to the public in these bad economic times. But they point to several factors that they hope will persuade voters:

Despite ranking near the top in the excellence of its arts, Greater Cleveland is one of the few sizable metropolitan communities in the nation with no significant local public arts funding

The arts in Northeast Ohio generate \$1.3 billion in business; \$1 billion of that happens in Cuyahoga County, according to research by the Community Partnership for Arts and Culture.

A process for awarding levy-funded arts grants, based on models of fair, open, peer-review processes, has been created by a county task force that did its work in public meetings.

By law, all the money from the levy - both the annual \$10.5 million for the arts and the equal amount for other initiatives - must be used for Cuyahoga County economic development.

But chief among the arguments is jobs. Cuyahoga County, and especially Cleveland, have lost thousands in the last couple of years, including some of the county's 3,000 full-time, family-supporting cultural jobs.

Arts leaders want to change that.

"Clearly, we need to entice new businesses," said Art Falco, president of Cleveland's Playhouse Square Foundation.

Existing ones need to be supported and grown, too, especially when they pack the financial wallop that arts and culture organizations do as an industry. Falco noted that Playhouse Square alone employs 300 people and generates enough business to indirectly support about 800 hotel workers. He also said that it enriches local education with its school and family programs.

But the need for public arts money "goes much beyond the quality-of-life issue," he said. "This is an industry that generates a large amount of money."

But backers say the larger value of Issue 31 is its intention of improving Cuyahoga County as a magnet and an incubator for new business.

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"It's clear the economy is changing," said Tom Schorgl, president of the Community Partnership for Arts and Culture, a nonprofit research and service organization.

Manufacturing is giving way to an information-based economy, Schorgl said. "The arts and culture community provides that medium. . . . It creates an environment to migrate to."

Investing in the arts can help develop both new, creative industries and enhance traditional, labor-based ones, he said.

"I think what you look at is, what does dance or visual arts create in that community so a riveter wants to stay in that community?" said Schorgl.

Ultimately, those who believe in Issue 31 will have to convince the rest of Cuyahoga County that the future payoff from investing in economic change will be great enough to justify paying more property tax now.

It comes down to the vision thing.

Said Ireland, "I would say we need to think boldly and long-term, not myopically and short-term."

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