

# Arts and Prosperity

Ohio's Arts: A Foundation of Innovation, Creativity and Economic Strength

## Creative industries:

- Contribute more than \$25 billion to Ohio's economy annually
- Support 231,200 jobs in Ohio's economy annually
- Generate \$1.06 billion in state and local tax revenues annually
- Generate \$1.78 billion in federal tax revenues annually
- Are spread throughout Ohio and are present in urban, rural and suburban areas

## Industries included:

Much has been written as to which industries should be labeled "creative." To simplify the analysis and give this study a sense of continuity, the industries selected are those identified by *Americans for the Arts*, the national research and advocacy group for the arts.

*The industries generally fall into six main classifications<sup>1</sup>:*

- Museums and Collections
- Performing Arts
- Visual Arts/Photography
- Film, Radio and Television
- Design and Publishing
- Schools and Services

## Why is this important?

The creative industries are part of what has become known as the knowledge economy. Knowledge industries rely on investments in human capital rather than physical plant and equipment. Creativity and innovation spur economic growth as advances in and access to new technology become more important than low-cost production sites. Manufacturing can be outsourced but access to new technology is often place dependent.

<sup>1</sup> The baseline data used in this report is from Federal and State sources such as the Bureau of Labor Statistics, Economic Development Administration, Internal Revenue Service and Ohio Department of Development. All of the economic forecasts were based on reported data. No forecasts were begun or developed with an assumed or estimated parameter. The agency information was taken as datum and no attempt was made to verify or audit the financial systems or procedures of the data reporting agencies. Every attempt was made to accurately measure and spatially place the relevant "real" economic impacts. Only openly reported activities were included and no attempt was made to estimate "off the books" activity.



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*“This study is relevant because there is a growing body of research that shows a thriving arts community is crucial for the health and vitality of regions. The quality of life within a region, of which the arts are an essential component, is inextricably linked to a firm’s decision about location. If Ohio hopes to secure a vibrant economic future, a quantifiable measure of arts activities is needed to retain and recruit companies within the state.”*

– Michael C. Carroll, Director,  
Center for Regional Development

**For more information:**

Bowling Green State University –  
[www.bgsu.edu/crd](http://www.bgsu.edu/crd)

[www.nwoax.org](http://www.nwoax.org)

Ohio Citizens for the Arts –  
[www.OhioCitizensForTheArts.org](http://www.OhioCitizensForTheArts.org)

As the National Governor’s Association explains in its report, “The Role of the Arts in Economic Development”–

“Cultural activities attract tourists and spur the creation of ancillary activities, such as restaurants, hotels and the services needed to support them. Cultural facilities and events enhance property values, tax resources and overall profitability for communities. In doing so, the arts become a direct contributor to urban and rural revitalization.”

**Components of an economic impact**

There are four parts to the economic impact. There is the initial purchase (the Direct Impact), then there is business-to-business spending (the Indirect Impact) and finally there is employee spending (the Induced Impact). For example, let’s say you hired a photographer for your wedding for a fee of \$1,000. You pay the photographer \$1,000 (initial purchase, Direct Impact). She spends \$600 on film, developing fluids and equipment (business-to-business spending, Indirect Impact). She also pays her assistant, who, after cashing his paycheck, spends \$100 on groceries (employee spending, Induced Impact). The Total Economic Impact of this transaction was \$1,700.

**Study sponsors**

*Ohio’s Arts: A Foundation of Innovation, Creativity and Economic Strength*, a research study, was conducted by the Center for Regional Development (CRD) at Bowling Green State University (BGSU) through the Rural Universities Program (RUP), as well as the Northwest Ohio Arts Exchange (NWOAX) and the Ohio Citizens for the Arts. Methodology for this study follows national practice by noted economic analysts and arts organizations.