

PERSPECTIVES ON CULTURAL TAX DISTRICTS



SEMINAR PROCEEDINGS
Seattle, Washington
February 11 and 12, 2008

A seminar co-sponsored by the Western States Arts Federation and the Washington State Arts Commission

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About the Seminar Sponsors

The Western States Arts Federation (WESTAF)

WESTAF is a non-profit arts-service organization dedicated to the creative advancement and preservation of the arts. Founded in 1974, the organization fulfills its mission to strengthen the financial, organizational, and policy infrastructure of the arts in the West by providing innovative programs and services. WESTAF is located in Denver, Colorado, and is governed by a 22-member board of trustees drawn largely from arts leaders in the West. The organization serves the largest geographical area and number of states of the six mainland regional arts organizations. WESTAF's constituents include the state arts agencies, artists, and arts organizations of Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming. WESTAF is funded in part by the National Endowment for the Arts.

WESTAF is engaged in information-systems development, arts-policy research, state-arts-agency development, and the convening of arts experts and leaders to address critical issues in the arts. In addition, the organization is committed to programmatic work in the areas of performing arts presenting, visual arts, literature, and folk arts. Programs in these areas include activities such as the convening of leaders from an arts discipline; the development of model programs; and the sponsorship of long-term, region-wide programs that fill a gap in the arts infrastructure of the West. WESTAF has also developed a number of Web-based programs designed to benefit the future well-being of the arts communities of the West.

WESTAF is also engaged in research on arts-related creative economies. This project, titled the Creative Vitality Index (CVI), gives communities, cities, and states a well-researched annual snapshot of the health of their arts-related creative economy. The location-specific data gathered for each CVI measures the annual changes in the economic health of various segments of the art-related creative economy. Utilizing streams of data from both the for-profit and non-profit sectors, the system aggregates the data into a single index number that reflects the relative economic health of a geographic area's creative economy. The CVI provides an easily understandable measure of economic health. It allows for year-to-year

comparison as well as cross-city and state comparison. The system also provides users with a series of reports on the rise and fall of key items measured by the index.

WESTAF remains committed to the improvement of the capacity and quality of public funding of the arts by the state arts agencies of the West. Position papers, advisory research, and professional development services are regularly provided to these agencies.

The Washington State Arts Commission (WSAC)

The Washington State Arts Commission advances and supports arts and culture in Washington State through leadership, knowledge, funding, and resources that build participation in and access to the arts. The agency was established in 1961 to support the arts as essential to the state's social, educational and economic growth, and to contribute to Washington's quality of life and the well being of its citizens. Based in Olympia, WSAC is governed by a commission comprised of four legislators and 19 governor-appointed citizens.

With an 18-member staff, WSAC works to develop public support for the arts through policy initiatives, advocacy, targeted programs, and long-term investments. Key program areas include:

- Arts education: WSAC supports community-based arts learning partnerships that provide quality standards-based arts education. WSAC also advances arts education policy through legislation, advocacy, and strategic coalitions.
- Arts organizations and projects: WSAC provides grants to arts organizations and arts projects that expand opportunities for the public to participate in the arts in communities throughout the state. In 2007, the Arts Commission supported more than 49,000 events, serving a combined audience of more than 8.9 million people.
- Art in Public Places: WSAC administers the state's public art program, established in 1974 and funded by ½ of 1% of state budgets for new construction. The state art collection now includes more than 4,500 artworks in state agencies, community colleges, universities, and public schools.

- Traditional and Folk Arts: Through fellowships, apprenticeships and specific projects, WSAC preserves, presents, and protects the traditional arts of Washington's many diverse cultures.
- Cultural policy and participation: In 2005, WSAC worked with WESTAF and the City of Seattle to establish the Creative Vitality Index (CVI) as a tool to track how the arts contribute to the creative economy; the CVI has since been implemented by four states and two cities. WSAC also administers the state poet laureate program and has actively supported the Washington Artist Health Insurance Project.

Seminar Process

WESTAF and WSAC jointly designed this seminar as a forum for discussion on the structure and impact of cultural taxing districts and to allow participants to discuss diverse perspectives on tax districts as vehicles for arts funding. The two-day seminar was held at the historic Sorrento Hotel in downtown Seattle, Washington. Areas of presentation and discussion included:

- The effects of cultural taxing districts on existing arts communities and their funding structures;
- The potential outcomes of implementing a cultural taxing district in the current challenging cultural participation environment;
- An assessment of the potential for maximizing the positive results related to the implementation of a cultural taxing district;
- A review of how other metropolitan area and state-level public and private funding have responded to and been affected by the implementation of cultural taxing districts

The seminar consisted of both presentations and facilitated discussion sessions during which participants addressed both the practical aspects of the issue as well as its policy-theory side. Invited participants included cultural leaders, policy analysts, arts administrators, financial supporters of cultural initiatives, and academics. Knowledgeable individuals from established cultural tax districts were asked to significantly inform the discussion.

Seminar Participants

The information listed here was current as of July, 2008. Some information may have changed by the publishing date.

Robert Booker is the executive director of the Arizona Commission on the Arts and a WESTAF trustee, Phoenix, Arizona

Keith Colbo is the chair of the Board of Trustees of WESTAF, Bozeman, Montana

Susan Coliton is the vice president of the Paul G. Allen Family Foundation and Collections at Vulcan Inc. and the former director of the Cultural Facilities Fund in San Francisco, Seattle, Washington

Dale Erquiaga is the president of Consensus LLC, a former public relations executive with R&R Partners in Las Vegas and Phoenix, and the current vice chair of the Board of Trustees of WESTAF, Phoenix, Arizona

Ricardo Frazer is the president of Hardroad.com and a WESTAF trustee, Seattle, Washington

Dwight Gee is the executive vice president of Artsfund, Seattle, Washington

Frank Hamsher is a public affairs consultant and the former president and executive director of Forest Park Forever, St. Louis, Missouri

Jane Hansberry is the former district administrator of the Scientific and Cultural Facilities District (SCFD), Denver, Colorado

Joaquín Herranz is a professor of public administration and urban studies at the Evans School at the University of Washington, Seattle, Washington

Margaret Hunt is the executive director of the Utah Arts Council and a WESTAF trustee, Salt Lake City, Utah

Michael Killoren is the director of the Seattle Mayor's Office of Arts and Cultural Affairs, Seattle, Washington

Larry Meeker is a cultural leader involved in a Kansas City-area cultural tax district effort in Johnson County and is a former vice president of Kansas City's Federal Reserve Bank, Lake Quivira, Kansas

Myra Millinger is the president of the Maricopa Partnership and a chief proponent of a Phoenix-area cultural tax district, Phoenix, Arizona

Anthony Radich is the executive director of the Western States Arts Federation, Denver, Colorado

Michael Rushton is an associate professor and director of the Arts Administration Program in the School of Public and Environmental Affairs at Indiana University and published an analysis of the failure of a Detroit regional tax effort, Bloomington, Indiana

David Thornburgh is a senior advisor with Econsult Corporation, is the former executive director of the Pennsylvania Economy League, and is currently active in the investigation of the development of a Philadelphia-area cultural tax district, Philadelphia, Pennsylvania

Kris Tucker is the executive director of the Washington State Arts Commission and a WESTAF trustee, Olympia and Seattle, Washington

Seminar Observers

The information listed here was current as of July, 2008. Some information may have changed by the publishing date.

Erin Bassity is the director of marketing and communications at the Western States Arts Federation, Denver, Colorado

David Brown is the executive director of Pacific Northwest Ballet, Seattle, Washington

Julie Goodman Hawkins is the director of policy and government relations at the Greater Philadelphia Cultural Alliance, Philadelphia, Pennsylvania

Philip Horn is the executive director of the Pennsylvania Council on the Arts, Harrisburg, Pennsylvania

Jim Kelly is the executive director of 4Culture, Seattle, Washington

Mary Langholz is the executive director of the Washington State Arts Alliance, Seattle, Washington

Kjris Lund is the principal of Lund Consulting, Seattle, Washington

Vanessa Lund is a senior associate at Cocker Fennessy, Seattle, Washington

Jean Mandeborg is the commission chair of the Washington State Arts Commission, Olympia, Washington

Melissa Newbill is the executive assistant of 4Culture, Seattle, Washington

Dennis Sellin is a senior associate at Lund Consulting, Seattle, Washington

Stephanie Stebich is the executive director at the Tacoma Art Museum, Tacoma, Washington

Mayumi Tsutakawa is the grants to organizations manager at the Washington State Arts Commission, Olympia and Seattle, Washington

Debra Twersky is the program manager at 4Culture, Seattle, Washington

Huong Vu is the senior program officer at The Paul G. Allen Foundation, Seattle, Washington

Chris Wineman is a commissioner on the Denver Commission on Cultural Affairs, Denver, Colorado

Presentations and Discussions

Welcome

Dale Erquiaga

As you know, WESTAF and the Washington State Arts Commission collaborated to sponsor this opportunity to come together and discuss the larger implications of cultural tax districts. I want to talk about a few things from the readings that I found relevant—not just to the conversation, but to the way I believe the conversation should take place. The first point comes from a report written by our keynote speaker, Mr. Thornburgh (2008). He asserts that regional change must involve extraordinary levels of collaboration and partnership. That is the first idea I would like to share with you; the formation of cultural tax districts is about collaboration and partnership. This is not the time to say, “I told you so.” We come together now to consider new partnerships and new ways of doing things. One of the participants here from Pennsylvania said, “I had no idea people did what I’ve been trying to find all these years. If I’d known, I would have just looked them up then.” So, part of the impetus in designing this seminar involved bringing people together from around the country to discuss this significant issue.

Another point I wish to share comes from the article in the readings packet regarding the unraveling of cultural value (Geursen & Rentschler, 2003). The authors of this piece claim that our purpose is not to argue for any party within the debate, but simply to place the arguments into a new context. What are the drivers of cultural value and how can these be interrelated to maximize revenues and sustainable liability? Our purpose is to move the debate forward and perhaps narrow the difference between the schools of thought. These are key elements for our discussions: collaboration and partnership, context, and moving the debate forward. We are not here to solve anything; we are here to consider all angles of this issue. At the end of this discussion, we will not say, “So what are we going to do now?” That isn’t our purpose during this seminar.

Our purpose here is directed toward thinking about context and partnership and moving to the next level. Once we conclude here, we should each be armed with more information. To that end, I am going to leave you with a quote to guide your reflection during this seminar:

“Question everything; learn something; answer nothing.” My hope for us during this very rich conversation is that we question and learn, but that we don’t turn ourselves inside out trying to reach answers to questions that arise here. This is a complex subject and this seminar is only the beginning of a multitude of discussions that may be unique to each of our regions. Kris Tucker, the executive director of the Washington State Arts Commission and WESTAF board member, will now talk about the process that led to the seminar.

Kris Tucker

Welcome to Seattle and particularly to this gathering. I am thrilled to have this group of people here to talk about these issues. Two years ago, I learned of a four-county effort in the Puget Sound region to establish dedicated public funding to support arts and culture. The envisioned mechanism is very similar to the Scientific and Cultural Facilities District (SCFD) in Denver. The SCFD has become a model that is well-known across the United States and even internationally. Some of the reading materials for this seminar provided information about the successes and challenges of that effort as it has unfolded over the last twenty years (Zeiger, 2008). These successes and challenges have affected Denver and the other six funded counties, as well as the rest of the state, and they will surely impact the Puget Sound effort.

I am the director of the Washington State Arts Commission and I have responsibility for all 39 counties of the state. As I learned about the proposal for arts funding in the Puget Sound region, I began to wonder about the impact on the other 35 counties of Washington. I then wondered how I, as a leader in the arts and public policy in the state, might inform this conversation as it relates to state-level decisions. These decisions, possibly, might never be available to us again. How can I take the best advantage of this opportunity to highlight larger regional- and state-level interests in the tax district debate? That said, there are three key questions we might consider here. First, how can a public-funding mechanism for arts and culture in our four urban counties in the state of Washington work for the state as a whole? Second, could the option of providing this mechanism in other counties be considered as part of the conversation?

Third, in building proposals for funding mechanisms, how can we ensure that the effort advances the cause for arts and culture?

Efforts to establish public funding for arts and culture are challenging. Our Puget Sound region proposal may not succeed on the first round and it could divide those invested in the process. In addition, our proposal could divert funding and policy from some other initiatives we are pursuing.

I knew that Anthony Radich has a particular skill in navigating complicated public policy issues. Over a series of conversations with Anthony, I began to envision a seminar in which we would bring experienced people together to talk about the challenges, issues, and policy implications of cultural tax districts. We envisioned a forum in which we could set aside some time to reflect, discuss, explore, and advise each other. I realized that cultural tax districts have potential and profile—not just in Denver, a current operating district, or in the Puget Sound region, which is a prospective district—but also in Salt Lake County and other areas of Utah, as well as in Phoenix, Arizona, and Allegheny County, Pennsylvania. We can learn a great deal from the efforts of those regions.

As my research progressed, I came across names of people who are doing some very interesting work in this area and who have considered some of the same questions as well as other diverse ideas. I began to realize that the conversation would have to be broader than the issues of money and geography—politics and advocacy, artistic merit and how ideas and regional issues connect would also have to be considered. I realized that this conversation should also address how citizens participate in the arts and how public funders account for the decisions made by policy makers.

Again, welcome. I would now like to introduce the chair of the Board of Trustees of WESTAF, Keith Colbo.

Keith Colbo

As some of you know, my background includes working with the state government of Montana. The most notable position I had was as the director of the state department of revenue, in which I learned about tax policy and the politics of taxation. I recall a governor's race, when a very popular governor proposed a sales tax—Montana

is one of the few states without a statewide sales tax. The governor believed that his proposal was very reasonable and that it would offset other revenue sources. This governor was opposed and eventually defeated by a gentleman who had one slogan which was repeated every single day during his campaign: "Pay more, what for?" Thirty years later, that phrase is still heard around the state and the sales tax is still not enacted in Montana. An extremely strong political undercurrent exists in any of the tax policies that we consider pursuing.

The participants of this seminar certainly have the talent to address these taxation issues and likely have a very strong point of view on many of them. However, we should keep in mind that initiatives tend to migrate from their original conception—to a sometimes completely different form—in order to receive acceptance. A genuine dialogue will activate that process for an initiative, such as one that aims to fund something as important as arts and culture in a given region. The development of partners will undoubtedly promote the success of any tax district proposal. The selection of partners, deciding who will be included or excluded, is tremendously important. The concept of cultural tax districts has a great potential to facilitate the development of arts in the West. The regional states' arts agencies have had a great deal of experience from which to draw on, including those in the state of Washington.

I look forward to discussing some of the most critical issues. One is timing: when is the right time? Are we headed into a recession? Do you want to propose a new tax or an additional tax right now? Perhaps it's the best time of all; perhaps this is the time when the work ought to be done. With respect to coalitions: who can you live with? Who can you live without? Who's going to be your champion, if you need one? Earmarking is also a very important consideration; it can be immensely helpful, but it can also be disastrous. With regard to revenue source, problems of generating revenue may arise, as in Montana where the sources are limited. These issues will vary from state to state. With an initiative of this kind for cultural tax districts, what is your strategy for passage? Is it all or nothing? Are we going to pass it this time or are we hoping for next time? The answers to these questions will inform the approach you present to the tax district. What are the characteristics of the tax district that you want to promote? What are the demographics? Finally,

I think one of the most important initial considerations is determining the risk to your traditional funding base. If you are successful, will that traditional funding base go away? Traditional funding can very likely be threatened, unless it's approached properly.

At this time, I would like to welcome and introduce our keynote speaker, Mr. David Thornburgh.

Keynote Address

A discussion on regionalism

David Thornburgh

Good evening. I'd like to begin by giving you a little more background information about my experience with regional collaboration. In a previous position, I served as president and CEO of the Alliance for Regional Stewardship (ARS). The ARS is a really interesting organization with a promising future; it was created to help further the idea that regions matter and to promote the practice of region-building. Most of my career has been spent in the greater Philadelphia region, in a "think and do" type of atmosphere. These two pieces—the thinking and the doing—around major community challenges are so critical and yet they often occur in isolation. For example, a think tank issues a report, which is followed by a very political process, and rarely do the two intersect.

My goal this evening is to raise some ideas in preparation for our discussions in this seminar.

First and foremost, regions matter. Regions are essentially the building blocks of our economy and quality of our life; they matter to people and to businesses. At this point I could haul out the charts and graphs to convince you of that point. I could tell you that much of our gross national product is derived from metropolitan areas; or that most people live in metropolitan areas; or that regions are critical to our national security, our environmental future, and our economic competitiveness. But I'm not going to do that. Frankly, we take that approach too often—we rely on the perspectives of those who are accustomed to reading graphs, charts, and statistics. Instead, and I think this is the kind of conversation we should actually be having more often, I want to tell you a few stories of real people and real companies in my region in a way that will illustrate why regions indeed matter.

A friend of mine, Tom, lives in Philadelphia and teaches at a private school about two counties away. Every day, Tom travels about 45 minutes through different counties to get to work. He relies on a system of state, county, and local roads and bridges for his livelihood. He is also a freelance video filmmaker, which requires spontaneous travel to various locales, such as New Jersey, Washington D.C., or New York. He is consequently reliant not only

on the local transportation infrastructure, but also on mass transit. He is clearly dependent on the assets and opportunities of the larger community embracing greater Philadelphia. Likewise, Tom's entertainment and leisure activities often take him well outside his immediate residential community. For example, Tom and I sometimes go riding on a bike trail that starts in the city of Philadelphia, goes through Montgomery County, and ends up in Chester County. If one of the counties fails to maintain its bike trails—if theirs are filled with potholes and broken bottles—that becomes a problem for Tom and me and anyone else who uses this trail. Perhaps we are subject to a flat tire or our nice bike ride is ruined. This is just a practical example of how someone's quality of life requires local governments to work together in the spirit of collaboration and partnership.

Regionalism also matters to Tom in terms of his educational prospects. Tom went to college for a few years but left before he finished a degree. He recently decided to complete his degree and was aided by a regional initiative called *Graduate! Philadelphia*—a collaborative effort with regional colleges and universities to make it easier for adults to return to college and finish their degrees. The beauty of this regional program is that it can work with people to negotiate with various institutions regarding potential obstacles such as transferring credits and so on. This program has helped Tom, who is now planning to graduate next spring, and is another example of how the region works for him.

As a parent, Tom has two children, one of whom attends school with my kids at one of the best urban private schools in the country, called the Germantown Friends School. The school has been able to attract an incredible faculty, not only because it is 150 years old, but because some of the faculty members' spouses work at one of the universities or at one of the other private schools in the area. So, the point again is that an institution does not exist in isolation; it draws on the assets, opportunities, and the work force surrounding it.

So, that is how the region works for Tom's benefit. Now let me tell you a story about a company.

The father of a friend of mine emigrated from India about 30 or 40 years ago. He came to the United States to get an engineering degree, and found himself working for the ARCO Chemical Corporation outside of Philadelphia. He

was a chemical engineer for 20 or 30 years. Throughout his career, he had an entrepreneurial itch and after ARCO Chemical was ultimately sold and absorbed into a Houston company, he and his wife decided to start an Indian packaged food company called Joti Foods. They started on a shoestring, literally cooking in their kitchen, but their location in the region gave them some advantages right off the bat. Philadelphia has a relatively small, but strong and cohesive Indian population. This allowed them to draw on a supportive cultural network for investment and for their initial customers. As their business grew, and they recently opened up a 46,000-square-foot facility, the primary source of their work force came from the local Indian community. Their employees were coming from various places, including both the metropolitan area and the suburban counties.

Some of the company's most important customers are airlines. They sell their products to United Airlines and other international carriers. The company is located in Delaware County, one of our suburban counties, but adjacent to the Philadelphia airport, which was clearly an enormous regional asset for this company. The airport, by the way, is owned by the City of Philadelphia and most of it is located in Philadelphia County. The company's proximity, which allowed it to draw customers from nearby counties, along with the airports in Philadelphia, opened up a world of opportunity for the pre-packaged Indian food company. So, here you have a company located in one county drawing a labor force and customers from all around an 11-county region, while benefiting enormously from its strategic location next to an airport owned and operated by another governmental entity. Clearly, regions matter to Joti Foods.

If someone were to say to Tom or to the couple who started the Indian food business that they must stay within the confines of their immediate communities and in some cases, counties—that they couldn't use the roads, bridges, bike trails, schools, or airport paid for by residents of another county—then clearly the business would be harmed, and the lives of Tom and his family would be affected. By discussing these anecdotes, we can avoid looking at graphs and charts and consider how, on a very personal level, regions really matter. They are meaningful to people and to companies and for that reason, I've come to think of regions as the geography of opportunity.

When you get into these discussions of regions and regionalism, some people will want to suggest that cooperation between governments—or changes in governmental structures to adapt to changes and challenges in society and in the economy—simply do not happen in America. All politics are local—the schools are local, taxes are local—that's the way it has been and how it will stay. Not so fast, I say. Let me tell you a story about how one community responded to change happening all around them. This is a story about a single county that had a population of about 420,000 people. About 120,000 of those people lived in the central city, and the other 300,000 live in the 26 municipalities in the same county.

The county was experiencing rapid population growth in the urban and suburban areas, which was causing some numerous problems in areas such as public safety and fighting crime. For instance, it was difficult for this county to keep track of criminals who moved from one jurisdiction to another. Different police departments weren't doing a very good job of communicating with one another. With all the growth, the 27 municipalities were finding it hard to plan for and pay for the existing and expanding infrastructure—the roads, bridges, and water and sewer systems—their residents needed. There was also a growing sense of competition between this municipality and nearby counties—especially with the rapid growth of another big city and county to their north.

During this time of great change, a crusading lawyer and civic leader named Eli Price stepped forward and was elected to the state senate. He was a single-issue candidate in a way: he ran on the idea that the county government had to change to tackle the big challenges of the day. Price made the case to the state legislature that a new form of government was needed to embrace the growing population, solve some of the public safety issues, and to restore pride to the community. With Price's leadership, the legislature passed a bill—which the governor signed into law—that created a new government from the 27 separate governments. Overnight, 27 local governments were merged into one. With the stroke of his pen, the governor created what is now the city of Philadelphia. This occurred on February 2, 1854, more than 150 years ago.

So, anyone who tells you that local government, local tax policy, and local boundaries do not change hasn't been reading her history book. Thinking about how to organize, structure, and deliver government services is an ongoing conversation that goes back almost 150 years. At times we may believe the notion of regionalism is a novel concept that might not work in this country or in some particular states. On the contrary, there is a long history that should remind us that we, as Americans, have always been engaged in thinking about and reconceptualizing how we raise money, how we spend money, and how we can ultimately benefit the lives of people and their abilities to work and provide for their families. Regional structures, both formal and informal, exist everywhere around this country.

In fact, a Wharton study conducted about 10 years ago examined the 27 largest metropolitan areas in the United States. This study found that in every single one of these places, in order to solve a particular problem or build on a community asset, an agreement had been made between neighboring governments to discourage the divisive "what we raise here stays here" kind of attitude. Water districts, park districts, shared services like police and fire, trash collection, transportation districts, bridge and tunnel authorities, and mosquito districts are all examples of regional structures—and many more exist for nearly every significant aspect of living and working in America. This really exemplifies the great spirit of American innovation and democracy and problem-solving—we constantly look for new ways to solve problems, confront common challenges, and improve the lives of our citizens.

Let me be clear though: changing local governments and implementing new regional structures such as tax districts is always daunting, primarily because while regions are meaningful to people like Tom and businesses like Joti Foods, they are political orphans. Let me reemphasize this point: *Regions are political orphans*. Politicians do not run for office as the mayor of a region. We have a federal, state, and local government, and regions lie squarely in the midst of those. To me, this presents the most formidable challenge. Despite the tremendous advantages of regions, our governmental structures are not organized to support them. To illustrate this point, even when elected officials convene to create an administrative structure, as in the Denver district, they are still

being elected by different branches of that district. As it's been said before, all politics are local, and making the regional case to county executives, mayors, councils, county commissioners, and others elected by people from a particular piece of the region will always be a challenge.

In making a regional case, I think that the most powerful argument is to convey to elected officials that focusing on their constituents and the ways in which the region—the geography of opportunity—matters to those inside the region improves the lives of their constituents. This in turn propels real estate values, property taxes, sales taxes, and so forth. Looking toward the future, I truly believe there is a movement toward greater regional thinking and action. The wind is at the backs of communities struggling to regionalize the way they collect taxes and provide for important services. It is not always a gale-force wind, mind you, and sometimes it will feel like the doldrums. But this wind will not change direction. In a 24/7 global economy, we will not revert to more local forms of government—especially not to the system of counties, boroughs, and shires that our English ancestors brought with them in 1600s.

Understanding the political landscape, and knowing what people care about and what attracted them to an area in the first place, is critically important. I think this is both an invitation and a warning; as we talk about different parts of the country during this seminar, we should determine what ideas make sense, but we should avoid assuming that simply because a strategy was effective in one place that it would work in another. As you consider the potential for your respective regions and communities, it will be important to understand how to fit your own story into this new set of possibilities.

In my mind, most fascinating questions we will consider in the next 24 hours are not the "what" questions—what's the structure of the SCFD compared to the St. Louis district? What did Cleveland decide to do?—but the "how" questions: how did the regional structure come about? How was it created? What was the impetus behind it and what were the circumstances? Was the economy good or bad? We must reflect on these narratives in order to move forward. Another important question: what was the problem and/or the significant community issue that the district solved? Often, the problem is not just the fact that arts institutions need more funding. Typically, there

is something else compelling people on a community-wide basis to consider a new set of alternatives and possibilities. Thank you very much and I look forward to a lively discussion tomorrow.

Keynote Question and Answer Session

Kjris Lund

I just had the misfortune of working on a three-county regional tax measure on Proposition One that failed last November. You mentioned something to the effect of: “The money raised here, stays here.” We had the legislature create a statute for regional government regarding transportation and they subsequently implemented a statute that required all the money raised in the county to stay in the county. What we found in exit polling and interviews was that people were not thinking in terms of a region, but instead were still thinking locally. So, I am wondering how we can deal with that kind of obstacle. A strong concern is that many people may be benefiting from regions, such as the people in the stories you told, but may not recognize it.

David Thornburgh

That is why I think it's so important to keep telling the story. For example, consider the experiences of my friend Tom driving across other counties; the roads are maintained by taxes from the other counties, not from his county. Likewise, the bike trails are built from their taxes, rather than his. We are constantly benefiting from areas outside of our own; we pay taxes where we live, but go to other places. Perhaps this is an interesting point to explore—do you actually think that all the taxes paid to a particular jurisdiction only benefit the people that pay them? Also, don't you—in your daily life, including your work and your commute—benefit from the taxes that are paid somewhere else? Otherwise, these discussions about regionalism would be of no value. Bruce Katz at the Brookings Institution developed a great term. He said that many regional efforts are promoted through a somewhat soft-focused “Kumbaya” regionalism—referring to the notion that everything would work out fine if we could all just be friends and sway together at the campfire. I agree with him; I don't think that works. I think the regional efforts need to present a more creative and finely articulated case to people.

Jim Kelly

With regard to transportation, I suspect that the initiative for regions comes from government. I expect that even for bike trails, for example, the initiative comes from government. Are you aware of any community in which the initiative to increase cultural and arts funding derived from government rather than from the arts community?

David Thornburgh

Well actually, I would disagree with you. The central tenet adopted by the Alliance for Regional Stewardship is that the people most integral to advancing regional discussions are what some refer to as ‘boundary crossers’. These people may serve in a public office, but most likely do not. They are typically business people, civic leaders, foundation executives, and neighborhood activists who are invested in regional efforts for what I would consider all the right reasons. They tend to see the big picture. They are not playing the special interest game and they have an ability to unify communities within the region to promote an idea. If you look at the case studies in the book of readings, they were all initiated and supported by civic leaders, particularly in the early stages. I think there are places like Denver that are now creating a culture in which regional thinking and action has gained political capital, but that is an exception. So, more often than not, I think these regional models are initiated by well-meaning, well-respected, and well-known community leaders, rather than elected officials.

Anthony Radich

You've been working in the stratosphere of regionalism for years. In these conversations about regionalism, where, if at all, has there been a substantive discussion of the arts? Is the arts community engaged in that discussion in a meaningful way?

David Thornburgh

Yes. One example can be found in the readings. A woman from Minnesota named Ann Markusen (2006) did a nice job of presenting the emerging case for increased involvement of cultural leaders in this discussion. I have to say that I am a somewhat lukewarm fan of Richard Florida—perhaps I buy about 60% of his argument. I think he's somewhat guilty of taking some basic, powerful ideas and inflating them beyond all recognition.

However, a kernel of his powerful ideas focus on a knowledge-based economy, creative industries, and the role of the creative class. This has opened up a whole new realm of opportunity for the role of cultural leaders. In the broad economic-development realm, there is no longer a question of whether we should be adopting a regional approach or not—that's just accepted practice. Consequently, a new way of thinking emerges, in that we are actually building economies on innovation and creativity, which resembles, of course, what the arts and culture sector is doing. We are facing great opportunity, and more and more cultural leaders are expected to contribute to pursuing regional policies and ideas.

Michael Killoren

In terms of regionalism and the arts community, we must face the reality that urban centers are the driving forces. How do we steer the conversation so that we are inclusive of non-urban areas while recognizing that urban areas are the centers of activity?

David Thornburgh

In the context of metropolitan economies, we must avoid the notion that there is a central city, and then everything else. That is Ozzie-and-Harriet thinking about cities and suburbs. That describes Philadelphia or New York and Levittown in the 1950s. I think what we now see more often is a multi-nodal network of big cities, smaller cities, and small towns in a particular region. This is certainly true for Pennsylvania and most of the Northeast.

Michael Killoren

But would the major urban institutions refer to themselves as regional institutions?

David Thornburgh

Well, they are regional because of their draw. When an area decides to support cornerstone institutions financially, while also funding the smaller, less-established ones outside of the primary urban center, it is embracing regionalism. Some regions have an incredibly dominant central city, but more and more we are basically seeing constellations of big cities and small cities—that is how people are beginning to see metropolitan areas.

Larry Meeker

How is the leadership involved in advancing regionalism, particularly in light of competing interests?

David Thornburgh

Well, in my city for example, I have served on the board of the Leadership Philadelphia organization, which promotes leadership development for young professionals. My friend who runs the group became very interested in the notion of connectors, as discussed in Malcolm Gladwell's (2002) book *The Tipping Point*. Connectors are well-known, well-respected, and incredibly important in effecting change. My friend, Liz Dow, wanted to examine that phenomenon across the community of Philadelphia, and find the city's connectors. She created a questionnaire and distributed it to as many people as possible, by way of community organizations, online viral marketing, major newspapers, and mailing lists. The questionnaire essentially asked, "If there were a big community problem that we had to solve, to whom would you turn? Whom do you respect? Whom would you trust?" She received about 5,000 responses and narrowed the list of people down to 100, resulting in a fascinating list. The list comprised some obvious names, such as the governor of Pennsylvania, although the mayor of Philadelphia was not included. Some city council members, business leaders, religious leaders, foundation executives, and community leaders were also among the group.

I considered that venture a very concrete expression of the kind of leadership that must be brought together to bring about change in a community. The most critical word is trust. We understand the importance of collaboration and cooperation, and they cannot be achieved without trust. The people who earn the trust of the community will vary in position and influence from place to place. The people needed to advance these movements are the ones who act in the best interests of the community, rather than in their own best interest.

Michael Rushton

I think a common obstacle is obtaining support for a tax increase from people in outlying suburban areas, who may question why they should support urban arts institutions and organizations. How can we get people in distant suburbs to support such regional taxation, especially in those metropolitan areas where transportation is

an issue? For instance, in the Atlanta metro area, from a relatively nearby suburban county like Gwinnett, it takes about an hour to reach downtown to go to the opera or to the major museum of art. Having lived there, I know there would not be much support from some of the suburban counties in Atlanta.

David Thornburgh

Well, when you begin to consider how to structure a region, you must identify the existing ties between counties and understand them. If they don't exist, you cannot make them up; they must be authentic. For example, consider an urban zoo funded by city tax dollars. 70 percent of its visitors do not come from the city. So then, where do they come from? You must conduct some research to determine those connections, which in turn will inform your proposal for a regional configuration.

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Session One: The Cultural Tax District Landscape

A comparative overview of cultural tax districts now in operation

Kris Tucker

I will provide an overview of the cultural tax district landscape, specifically focusing on six existing districts. I want to draw your attention to a few particular characteristics such as location, funding source, governance, and administration. To understand the history and the origins of these districts, we can start with the oldest tax district I found and work toward the most recent district which was established a year ago. St. Louis is where the first tax district was established in 1971 to support the St. Louis Zoo and the St. Louis Art Museum. The tax district was later expanded to include the Missouri Historical Society, the St. Louis Science Center, and the Missouri Botanical Garden. The funding source for these large cultural institutions is city- and county-level property tax. The population of the region is about 1.5 million people, and the total is around 22 cents per hundred dollars of assessed value. The amount provided to each institution is specified in law, so there are clear boundaries of how funding is delineated. There is no application process or review; the structure provides a direct funding stream to these five institutions.

I learned that this system has complicated governance, comprised of boards for each funding recipient to oversee the distribution of financial resources. The funding requires that these institutions provide free admission. Some exceptions are made for special programs offered by some of the institutions, but the general requirement is free admission. The founder of this structure was a civic leader named Howard Baer, who selected property tax as the mechanism to be used. At the time, the population of the region was in decline and Howard was concerned that this would result in decreased revenue for the two original institutions, the zoo and the art museum. In about 1985, a regional arts commission was established to serve the city and the county of St. Louis. The commission provides grants through a competitive review process. Its grant budget in 2007 was \$3.5 million, and it supported 209 organizations and projects. No overlap in funding exists between the commission and the

regional tax district—an organization can receive money from either one source or the other. The Zoo-Museum District, or ZMD, is not known as a collaborator, nor does it have much of an identity. It is a funding stream directed specifically to the five aforementioned institutions. As I mentioned, free admission is a key characteristic of the funding recipients.

About a decade after the St. Louis cultural tax district was founded, the Scientific and Cultural Facilities District [SCFD] was established in the Denver metropolitan area. Because the reading material thoroughly covered this district, I will not spend much time describing it. The SCFD provides funding to a seven-county area in and around Denver, Colorado—which is identical to the regional transportation district, the urban drainage corridor, and the stadium district. I mention the other districts because I think it is interesting to see where and how these tax mechanisms are being created to form a new regional identity. The SCFD administration cost is less than \$500,000, and it employs four people. The district has a board of directors of 11 members, one member from each county, and four more who are appointed by the governor.

The funding-source mechanism is a sales tax—a penny per \$10 purchase, which generates more than \$40 million annually. The origins of this mechanism, as explained in the readings, involved a 1982 fiscal crisis in which cultural organizations in the Denver metro area lost city and state funding. The funding effort was subsequently expanded to include more institutions. The origin is represented in the unique three-tier funding distribution that exists today. Tier one is formula funding, tier two is application, and tier three is re-granting. The Denver Office of Cultural Affairs and the Denver Commission of Cultural Affairs are now parts of the city's cultural landscape. These agencies do not provide grants, but instead participate in an innovative revolving loan fund, which is a fairly newly established mechanism. In sum, the key phrases from the prepared materials that I think are important include maintain investment, high-quality programs, and enhance access.

Now we will look at the St. Paul, Minnesota cultural tax district, known as the Sales Tax Revitalization, or STAR, program. Its funding source is a one-half percent sales tax. The origins of the district are interesting. In 1993, Mayor Norm Coleman wanted to bring an NHL hockey

team to the city, and to do so he needed a hockey arena. He also knew the city's convention center needed some remodeling and upgrades. So, he and his administration packaged those needs together and also identified the need for expanding public support for arts and culture. The proposal included a window of time sufficient enough to pay off the debt created by the civic center renovations. The result was a 25-year window that expires in 2018. I spoke to someone within the administration of the district who anticipates an extension. This person indicated that they will likely refinance the civic center debt.

The geography of the district comprises specifically the city of St. Paul, but not the entire city; it is targeted on a cultural district which was originally an eight-block area. The area has since expanded to include more of downtown and even a regional park across the river from St. Paul. Of the total half percent sales tax revenue, 10% is distributed as cultural capital investments. The governance structure is a nine-member board. Five members are city-appointed, and the other four are nominated and elected by arts and cultural organizations. The mayor's office handles most of the staffing for the program via a nomination process. The city of St. Paul has no arts commission. Essentially, the role of the distribution is for organizational development of special projects, capital grants, and low interest loans. Currently, low interest loans are not one of the mechanisms they use, although I was told by someone at the mayor's office that they were considering that option.

About 80% of the generated revenue goes toward the cultural district, and the remaining portion goes to businesses outside of the district. The administration is now considering making it closer to a 50/50 split, so that more applications can be made outside of the limited geographic area. I think the key words for this district are cultural capital investment. Even when investments are made through grants, and used for operating support and project support, they are referred to as cultural capital investment.

The next district is the Allegheny Regional Asset District, known as RAD, located in Allegheny County, Pennsylvania. There are 130 municipalities in the county, 128 of which are eligible to participate and do participate. The funding source is a one-percent sales tax. Half of that revenue goes to RAD, which generated \$78 million

in 2007. The regional district was developed because the city of Pittsburgh was pursuing a larger tax base, so the city would not be solely responsible for supporting its cultural institutions, and would instead be sharing the burden with areas outside of the city boundaries. The effort was linked to tax reform, which has become one of the key messages with respect to this mechanism. It was essentially understood as tax reform even though it was initially about broadening the base of support for the city zoo, the library, and the conservatory.

In Pennsylvania, referendums are unusual and this proposal was actually never presented to the voters. It was instead approved by the legislature, the county, and the municipalities. A controversy developed when a stadium was added about four years into this mechanism. The public expressed uncertainty about whether the stadium was a good idea. Consequently, the whole RAD experienced a bit of an upset for a period of time. The contact I spoke to at the RAD said that shortly thereafter, they hired a part-time communications manager to address the controversy—this person continues to be on staff. My contact also said that the legislature would likely be less receptive to this kind of proposal now than they were at that time.

The RAD's allowable expenditure for administration is up to 1%. It used about \$573,000 in 2007. The administration has six staff members, including the communications manager, and the governance is very sleek. The person who runs the governance told me that the system works and is efficient. The applicants interested in receiving funding do a presentation before the board, which makes all of the allocation decisions. The funding is reserved primarily for general operating support, along with some capital. The mechanism has evolved; initially the funding included 3% for arts and culture. Now, nearly 10% of the total revenue is distributed for arts and culture.

No real relationship between RAD and the state arts agency exists. There are some other peer organizations in the Pittsburgh metropolitan area, such as the Greater Pittsburgh Arts Council, which is a non-profit agency that re-grants some state funds, but has no other grants budget. The city of Pittsburgh has an arts commission that was established in 1911 as a design review board. It plays a very small role with regard to public art, and plays no other significant roles for the city. As a side

note, both Erie and Harrisburg, Pennsylvania, have made a case to create a regional district, but neither one has gained any traction.

In sum, the keywords I identified for this region, based on their materials, are regional assets and cultural assets. The word assets can be found everywhere in their materials. The region emphasizes the importance of this in reducing property tax, and values outreach into neighborhoods and outreach by way of reduced ticket prices. The RAD puts more emphasis on quality of life than it does on economic development.

Moving on to the next region, Salt Lake County's tax district is called Zoo, Arts, and Parks and is referred to as ZAP. This is a statewide program, but we will look specifically at the mechanism used in Salt Lake County. Like the SCFD, this district also employs a sales tax of one cent on a \$10 purchase. The tax generated \$20 million in 2006 and \$12.9 million in 1997. Sales tax proceeds, of course, have grown and so has the funding available through this mechanism. Public support has also increased—it was approved by Salt Lake County voters in 1996 with a 58% majority, and then reauthorized in 2004 with a 71% majority. The impetus for the district was the symphony, which was in financial disarray at the time of formation. The original effort was defeated, as it was seen as a “wine and cheese tax.” The effort was subsequently redesigned to appeal to a broader base of voters and also became wider in scope to include recreation, zoos, parks, and historical organizations. The revamped effort passed. The mechanism was authorized by state code as a local option that can be implemented by municipalities and counties. The program has a very small administration with less than two full-time employees.

Currently, the ZAP's funding is broken down as follows: 12% is distributed to zoos, 30% goes to recreation, and the remainder goes toward arts and culture in two tiers. These tiers involve a broader definition of eligibility than what we might see elsewhere. The success in Salt Lake County has contributed to development of similar funding mechanisms in other municipalities within Utah—those areas see that the Salt Lake County mechanism is working and believe it can work in their communities too.

The Salt Lake City Arts Council is a division of the city's community development office that provides grants for general operating support, projects, and art-in-classroom programs. Utah, notably, had the first state arts agency in the country in 1899. The state has a long history of supporting arts and culture, which I think could have contributed to the support for this effort in the legislature. The legislation states explicitly that this effort will not reduce state support of the arts, although the grants received through ZAP are much larger than those provided by the state arts agency. Nevertheless, the state arts agency is seen as providing a stamp of approval for its grant recipients in both the county and across the state. ZAP also provides funding to every city arts commission in the county. Keywords from this region include stability, enhance and outreach.

The final region we will look at is an interesting one, in Cuyahoga County, located in the Cleveland, Ohio, metropolitan area. In 2006, a cigarette tax was approved—a penny and a half per cigarette or 30 cents per pack. Interestingly enough, this passed on the same ballot as a statewide smoking ban, so the city is expecting that the revenue generated might decrease over time. The cigarette tax is authorized for 10 years, so it is in the early stages. The program just awarded its first round of grants and still has some money that the administrators are anticipating distributing for project support. The initial funding round was not without controversy. In fact, some of the advisory board's recommendations were overturned by the board itself. So the board is still improving its organization and determining role delegation.

With regard to the origins of this program, the initial conversations began about 10 years earlier. A similar effort was put on the ballot in 2004, but it was narrowly defeated. That effort proposed an increase in property tax. Considering that the effort only lasted about two months and it was close to being passed, it was rather remarkable. The program's advocates did an extensive analysis after the defeat and regrouped, deciding to target cigarette tax. There was a great deal of press coverage on the so-called sin tax, and less coverage about whether the arts and culture was worth funding. The tax was expected to raise \$19 million in 2007, a number that is expected to drop in 2008. While a fairly rapid decline is anticipated, the revenue is expected to stabilize at approximately \$15 million.

The district uses a fairly broad definition of culture that includes the Rock and Roll Hall of Fame, the Museum of Natural History, and the International Women's Air and Space Museum, so it supports a variety of institutions. The state arts agency was involved only at the periphery. It has received some questions about the impact of this program statewide. The state arts agency distributes grant funding for general operating support, which is determined by a formula. This tax is going to boost the budget of arts organizations in the Cleveland area and skew the formula that is used by the state arts agency, so it will be interesting to see its effects. Some key words about this mechanism include health and quality as well as excellence and access.

Stephanie Stebich

Could you please clarify what you mean by free admission? Is free admission offered to local residents or to everyone, including out-of-state visitors?

Frank Hamsher

Free admission is offered for four of the institutions, although the Botanical Garden requires a small charge. Also, there is a charge for special exhibitions at the art museum and a charge for shows and special exhibits at the zoo.

Susan Coliton

I am very curious about Cuyahoga County distributing half a million dollars in grants to individual artists. This seems like a significant amount and an uncommon practice for a public agency; can you talk more about that?

Kris Tucker

I did not actually examine that, but I can't think of any other tax district that offered funding to individual artists, so it does seem unusual.

Michael Rushton

I believe it is part of Cleveland's strategy to try and attract artists to live in the old warehouse and loft district. Savannah, Georgia, is using a similar strategy, so the grants become an additional incentive to enhance the city's arts culture.

Ricardo Frazer

Can you elaborate on the city of St. Paul's funding to businesses? Does this pertain to for-profit businesses?

Kris Tucker

Yes, it is an increasing trend. When I mentioned that one of the districts is looking at perhaps moving the distribution of funds closer to a 50/50 split—with 50% of funding going toward the cultural district and 50% going more broadly—the interest is to include a broader definition of arts participation, such as music venues. This was one of the topics that the representative from the mayor's office mentioned. They are interested in developing more support for music, and they realized that one of the ways to do that is to support privately owned music venues that do not fit into the non-profit model.

Ricardo Frazer

How does that play out with the citizens who are funding these private businesses?

Kris Tucker

I don't know. I do know that there are many examples of public support for private, commercial enterprises, so it's certainly not unheard of in the public sector. It is not only something with which we in the arts and cultural organizations are familiar.

Robert Booker

I just wanted to add something about St. Paul. St. Paul has been trying in recent years to build a certain momentum downtown. This effort has included building several residences in the downtown core, where there is a substantial artist community. I think the people of St. Paul understand that a city's nightlife and music scene is central to its vitality. A number of people involved in that effort were connected to the STAR program. I think some of those people see it simply as a business development initiative, on the sideline of the arts.

Dale Erquiaga

For the programs that provide funding for individual artists, business programs, or revolving loans, are those elements written into the authorizing legislation? Or is the legislation such that the distribution of funds is determined first, before the programming is decided?

Kris Tucker

I'm not exactly certain what is written into the legislation. I know that the ZMD in St. Louis has its funding recipients written into the legislation, as well as some of the SCFD's recipients, within the three-tier system.

Anthony Radich

A very important consideration is how St. Louis and Denver are often used as base models for these kinds of cultural tax districts. Having lived in both of those communities, I want to point out a very real difference between the two efforts related to the public policy dimension.

I would describe both of these systems as entitlement systems. With some exceptions, they both essentially predetermine the level of funding organizations receive. The St. Louis district has encountered very little controversy about its funding approach. One key reason for this is that the funding system in St. Louis exists in an environment where three easily accessible, well-funded, and flexible mechanisms exist to support the arts in addition to the Zoo-Museum District. Through these mechanisms, arts efforts can obtain significant funding support from outside the district structure. Those mechanisms include the Regional Arts Commission, which has a budget of approximately \$3 to \$4 million; a corporate and individual giving fund, with a budget of around \$2 million; and the Missouri Arts Council, which expends approximately \$2.5 million of its budget in the St. Louis area. Nothing like that exists in Denver—with the minor exception of the Colorado Council on the Arts, which has a very limited funding program. Denver has never enjoyed major arts funding outside the SCFD. The result is that the ability of public funding to respond to the changes in St. Louis far exceeds that of Denver. I think that is a very real difference and one that is sometimes lost on those who want to treat the two models similarly. In fact, they are quite different from one another because they exist in vastly different public funding contexts.

Frank Hamsher

I would like to add something: the majority of the funds spent by the three flexible entities is directed to the same organizations year after year—not all of the money, but most of it. So there appears to be more theoretical flexibility than actual flexibility.

Joaquín Herranz

I think it was very helpful to hear how the cases were presented. One issue that comes to mind has to do with the failures. The cases discussed seem to be successful case studies and I'm curious about other attempts around the country that were not successful. I also wonder about conversations you may have had about lessons learned, advice about how to avoid pitfalls, and how to overcome potential obstacles.

I am also interested in the way regional cultural tax districts are framed, with respect to local individuality of the political and policy context. For example, are they framed as preserving large institutions, or perhaps contributing to economic development? When we reach the point of thinking about they are framed, what are the choices and what are the trade-offs?

Kris Tucker

That is a very good point, which brings to mind the earlier comment about the STAR initiative in St. Paul. I find it interesting to think about that as a city-specific framework, and how the STAR program has tied in with the city's effort to revitalize its identity. It will be intriguing to see how cities position themselves around these issues in an attempt to accomplish other city initiatives, as well as those in even broader regions. I perceive that as a very localized identity crisis, and a regional conversation would have a number of different identities that might develop different levels of momentum. The ways in which various cities and regions coordinate those different messages, to obtain the authority to adopt this tax, could become quite complicated. Assuming some type of overriding frame that still respects the local conversation could be challenging.

Larry Meeker

What is it in St. Louis that allows the other organizations to fund the key institutions? If the major institutions receive fixed funding, what is the impetus for attaining another source, or even multiple sources of funding outside the fixed funding?

Frank Hamsher

About 15 years after the ZMD was enacted, we established the Regional Arts Commission which covers the same geographic territory of both the city and county.

This translates to roughly half of the current region, comprising about 1.5 million people. For the Regional Arts Commission, the impetus was basically to accomplish what Anthony mentioned. There were several other kinds of institutions, particularly in the performance area, which were receiving no funding from the ZMD. In addition, the United Arts Campaign has existed for approximately 40 years. It has struggled to gain traction for a very long time. It does not grow very much, but it does not go out of business, and it does raise about \$2 million dollars. The impetus for its establishment was primarily to meet the needs of the symphony. I think one of the underlying themes that I have read in all of the prepared materials is that everybody who has a symphony has a problem with how to pay for it. A symphony is a very uneconomical enterprise, so determining a funding mechanism is crucial.

Larry Meeker

Does this perhaps suggest an approach of pursuing funding for a few key institutions—followed by a second tier—rather than putting it all under one umbrella? In Kansas City, when we pursued a bi-state cultural tax, the funding recipients were numerous and wide-ranging. The tax was to provide funding to various tiers, from the major agencies down to the smallest of organizations.

Frank Hamsher

I would say that, at least in our circumstances, a recommended approach involves identifying the most significant areas of need that community leaders want to address. The impetus for developing the ZMD was the city zoo. The impetus for initiating the Regional Arts Commission was the symphony. I think that ideally, having a system that encompasses all of them is preferable. We essentially have two entities that provide arts and cultural support. Public funding could serve the needs of these organizations together through a single entity. The city of Denver learned some lessons about how to combine those two entities. From a policy perspective, that is a much better approach, but you must figure out the drivers that will energize your civic leadership and win over your voters.

Anthony Radich

I would agree. Looking at the entire arts ecosystem is becoming more and more important. Audience participation patterns have not necessarily increased in some of our entitled organizations. As new populations grow in numbers and voice they often seek support for other art forms—perhaps art forms that are more familiar to their communities. I think the days of essentially talking about “the flagships” are definitely over. Although I would agree with Frank; a tax district effort may have to hitch its wagon to so-called flagships—even those that are dying—to obtain support for lesser-known arts organizations. The flagship institutions will likely have the horsepower to advance public and civic support for such an effort. Nevertheless, designing a tax effort with an open vision of what future cultural support will look like is increasingly important.

David Thornburgh

Just to underscore a couple of things, the last few comments pertained to context, which I think is extremely important. Context determines the leading issues and the drivers, and the broader context of a community is actually what you should aim for and focus on primarily. The Denver district was created in the context of an economic collapse. So the formation of the cultural tax district was perceived as part of a comeback and a way for the community to pull itself up. The context is the most critical intangible that frames these issues and sets the stage, if you will.

Frank Hamsher

These days, in order to get voters' support and to enrich your arts community, it is very important to look at the diversity of what you are offering. I'm referring not only to the cultural diversity of the art, but also the demographic diversity of the community. We all need to remind ourselves that we are asking the voters to support these cultural tax mechanisms. This is not about the arts organizations—it's about what our voters who represent various interests are going to consider worthy of their tax dollars. Finding a way to tap into art forms that draw a much broader audience than a ballet, symphony, or an opera is very crucial when making such a request of the voters.

Session Two: Written History

An analysis of the Detroit Cultural Tax effort

Michael Rushton

Some background information for what I will be discussing can be found in the articles I wrote, which are included in the prepared readings. One is written specifically about the Detroit case (Rushton, 2005). The other is about earmarked taxes for the arts in a more general sense (Rushton, 2004). To give you a bit of perspective I approached these matters essentially as a public policy academic economist. These articles were not written as advocacy pieces but rather as analyses of these particular questions. I think they can perhaps provide a useful perspective for people who are coming at it specifically from an arts point of view.

When I heard the four magical words: “Pay more, what for?” I had a much clearer idea of what I would present at this seminar. To advocate for any kind of initiative involving dedicated funding for the arts, there must be a good answer to that question. The people advocating for public funding need to offer a convincing, definitive answer to the general public. The answer should explain why it would be valuable and why public funding is needed in lieu of private sources like donations or ticket sales. Providing such an answer requires some advance strategic planning.

Last year I was involved in the preliminary efforts to promote dedicated funding for the arts in Atlanta. It was interesting to be a part of a large panel of people from arts agencies, the business community, and the city and county government to try and foster discussion about the purposes behind the effort. There were some people at the table who were requesting more money for the arts. As you work in the field, of course, you realize that “the arts” is very broad and ambiguous. There are particular institutions that run some programs. There are some smaller community-based organizations that run other kinds of programs. There are individual artists; there are different venues for the visual and performing arts, and so on.

When you start to ask questions about what the funding is for, you begin to strategize in terms of what specific things really need additional funding in this particular region or community. It's not very useful to enter a conversation by saying, “Well, Denver has these three different tiers of funding, so we should do something like that because that sounds very organized.” Instead there must be something more community-specific that determines what merits public support. So the notion of public funding does not just lead to increasing the general amount of money for “the arts.” Instead, it often means something quite specific. If a proposal goes forward and its advocates have not done that kind of thinking ahead of time, it will likely meet some resistance.

In my opinion, that is one of the things that went wrong in Detroit. I should say at the outset that I don't live in Detroit, nor did I live there during the debate over this referendum. I received this information secondhand simply by reading the old newspapers and what people had said and so on. But the way the proposal was structured suggested that it went forward without very much strategic thought. Consider how the extra money was going to be dispensed, for example. Two-thirds of the money raised, which is quite a significant amount of about \$46 million, was going to go to 17 large organizations. It was going to be divided proportionately among those organizations on the basis of what they already spend, with an added condition of a cap on the total amount that any recipient could obtain. I used to work in the central cabinet agency in the government of Saskatchewan. When different departments would propose their budget submissions, it always had to be in the context of a strategic plan. If any department approached us with a budget allocation with a plan to give everything it funded an amount of extra funding, we would have sent it back. We would have said that the plan showed no real thinking about the issue at all.

Of course there are politics involved that may lead to that type of situation, but the Detroit plan basically stated that its big arts organizations needed more money. So the plan proposed increasing property taxes for everyone in two counties to pay for it. That plan was not strategic, and did not articulate exactly what the funding would go toward. I never found anything that definitively identified the community values in the context of the plan. In fact, the debate was framed by the advocates in terms

of what the organizations needed. The president of the Henry Ford Museum, which would have received \$4 million per year, said something to the effect of, “We made a compelling case, but voters just don’t understand what it takes to fund cultural institutions.”

It is crucial to consider the question, “Pay more, what for?” in developing the plans for cultural tax districts. For instance, does that mean we are going to provide simply proportionate funding to everything we’ve always supported, or can we come up with a real strategy? Sometimes this requires some hard thinking. Richard Florida might be right or wrong about the impact of making neighborhoods “cool” and stimulating by having an active nightlife scene and so on. Is that the way to attract people with Ph.D.s in biochemistry and software engineering to a region? Well that might be so, but if that is the strategy you want to put forward, you would need to place a particular emphasis on the types of programs and institutions you would fund.

For example, within that strategy some of the commercial arts such as those related to the nightlife scene might warrant funding. There is a downside to this approach, however, which I think is often overlooked. When Florida talks about trying to attract the creative class, well, who are the other people? The majority of your population consists of the “non-creative” class. The result is that a large section of the population of a region is being disregarded by the advocates of the cultural tax program. These people are essentially being told, “Our arts policies are not for you; we’re trying to attract smart people who make a lot of money and tend to move around.” The way I’ve seen some people try to present their approach can skew their arts policy in a way that might not be wise.

I can even see this happening in Bloomington, the small university town where I live. Bloomington has a population of about 60,000 people. It’s very lively in the arts, primarily owing to the university, which has strong music and visual arts programs. The town is adopting a strategy to lure a certain type of people, which involves sprucing up the downtown area, among other strategies to attract this mobile creative class. But Bloomington is very much two cities. If you’ve seen the classic late 1970s movie called *Breaking Away*, it depicts what is occurring in Bloomington. What do you want to say to the people who work at the elevator plant or at the GE plant, who

put doors on refrigerators? Is cultural policy not for them anymore? I think that really focusing on how to answer the “What for?” question is important.

What you are trying to achieve largely influences the kind of funding you want to advance. Should it go toward the existing large arts organizations? Do those organizations truly represent the public interest? As Anthony discussed, do we want to continue to think in terms of flagship institutions? Is that the way in which most people are arranging their cultural lives now? Do the major symphonies and the major art museums inform our public arts policies? To what extent should arts policies be devoted to education, programs for children, and after-school programs? Thinking these questions through has a considerable influence on how you proceed.

With respect to the Detroit effort, it is an interesting case on the notion of regionalism. One of the three metropolitan Detroit counties, Macomb County, was actually not a part of the proposed district. So only two of the three main counties in metropolitan Detroit were part of this tax initiative. There were numerous comments in the press suggesting people were very unhappy about that. Oakland County was part of the referendum, while Macomb was not. Macomb was not included because at the time the legislation passed, each county had to meet a particular size requirement, and Macomb was below that threshold. People in Macomb County were living fairly close to the city center of Detroit where most of the big organizations were going to be funded. Oakland County residents were unhappy with this.

The furthest reaches of Oakland County are 58 miles away from downtown Detroit, where there is a rough climate and no rapid transit and so on. The residents of Oakland County were being asked to pay about \$50-\$100 dollars per year more in property taxes, for the funding of central agencies far away from where they reside. We had a map of how all the precincts voted and you could clearly see the support draining away as you move further out into these counties. In terms of regional initiatives for arts and culture, I think one task is determining the relevant region. Was, in fact, an initiative that included both Wayne and Oakland Counties appropriate for what the city was trying to achieve? Could it have been more narrowly focused?

This came up in our discussions in Atlanta as well, where implementing regional policy is extremely difficult because it is such a sprawling city, even in the five innermost counties. Getting cooperation on any kind of initiative is actually quite tough, which is why there is no decent transportation system. Even though there was some consideration about a five-county region similar to Denver's configuration, it simply was not going to pass. The city of Atlanta was essentially trying for some type of independent initiative for the city without support from the counties. Now we are seeing some interesting decentralization of the arts, as more and more people live and work in Atlanta's suburbs. Cobb County now has an opera house, for example, and arts organizations are beginning to scatter throughout the counties. It will be interesting to see how that plays out. Atlanta might be more successful with its regional effort, based on the research I conducted.

One of the things I looked at in the Detroit study was the voting behavior related to these tax initiatives. We examined the precinct level analysis of the ballot, which included about 1,800 precincts. When we matched up the precincts to the census tracts, the results we got were consistent with what we find in surveys of public opinion about public funding for the arts. Last year I published a paper with my colleague Greg Lewis from Georgia State University about which states tend to fund more for the arts. We found that people who are more liberal generally are more in favor of public funding for the arts, which is not very surprising. It's odd, but I could ask a person about his or her opinions on several social issues totally unrelated to the arts, and I could make a good prediction about how that person would vote on an initiative for public funding of the arts. We essentially found that there are different measures political scientists have derived for liberal views of the population, and those tend to drive state funding. Interestingly, these liberal positions tend to drive state funding regardless of what political party happens to be in power. So a switch in power of a state from Republican to Democrat does not drive public funding so much as the underlying values of the community.

We also found that divided government actually tends not to have an effect on state funding. I once spoke to Kelly Barsdate, who suggested that divided government is very good for the arts because it tends to facilitate

increased funding. Empirically, however, we did not find that to be true. From what we found, divided government had neither a positive nor a negative effect. But general liberalism seems to foster support. Levels of higher education tend to make a difference, much more so than income. This is true both in public opinion surveys and in voting. In a given neighborhood, the percentage of the population over the age of 25 with a bachelor's degree tends to have considerable support for the arts. Education seems to matter more than income does in that respect.

We learned some other things in the Detroit study involving the property tax initiative. One is that renters liked the proposal. Also, I can take a guess at how people voted for the Cleveland initiative, with regard to smokers and non-smokers. As an aside, I am wary about smoking taxes for the same reason I am wary about lotteries. Of course, in Canada, lotteries are used for a great deal of the arts funding, as in Britain. What do cigarette taxes have in common with lottery revenues? They are both very regressive; in both cases there tends to be a sizeable transfer from the poor to the rich, in terms of where the money is coming from and where it is going to go. More states are beginning to use lottery funding for education scholarships and the like, but the numbers still end up the same. The end result is taking money out of poor neighborhoods and putting it into the richer ones.

To sum up my remarks, I think forcing the discussion on identifying what you actually want to achieve with this spending is crucial. Are you trying to change the culture of the city? Are you trying to change how young people grow up with culture? Are you trying to make a statement about your elite art organizations? Are you trying to give your city a particular look? Are you interested in historic preservation? Answering those questions is critical before anything can move forward. They are not easy to answer because you will have particular interests, and the largest arts organizations are typically going to press very hard for guaranteed funding for their organizations. We saw that in Atlanta, and I think this happened in the process of developing Denver's system as well. The big organizations want guaranteed funding, and there must be some push back in order to stay focused on the community interests, which is what the public is going to support. When that is achieved, the framing debate becomes much easier in light of a clearly developed

policy. We simply have to maintain that focus so there is no need to brainstorm about an effective way to sell the initiative to the voters.

Larry Meeker

That was an excellent presentation. I think turning our focus outside of the arts groups and onto the larger questions and the voting public is certainly appropriate. Anthony discussed how we can no longer look to the large flagship institutions. In what ways can large institutions decentralize? For example, in Kansas City, the Nelson-Atkins Museum recently added a fabulous new 165,000 square-foot wing. Had the museum taken an alternative approach and put an American museum subsidiary in the eastern portion of the metro area by the Harry Truman Library, a Native American museum subsidiary out west by Cabela's, and another contemporary museum subsidiary perhaps in the southern metro area, we could have spread that new museum across the city and increased access to its components. This would be more difficult to manage from the museum's perspective, but it would have potentially been of more service to the community. How do we address these issues with the large organizations? I think you are suggesting that perhaps they are not the flagships anymore, perhaps because they lack a larger vision, and we should basically work around them. That is not a very politically easy thing to do when you are trying to advocate for an arts tax. To ignore those major institutions in that way and yet be responsive to suburban growth and the public's wishes would be challenging.

Michael Rushton

I'm not sure that the large institutions need to be worked around. Generally, I think the problem we will encounter is that they want their secure position. A number I have always found interesting is that more than half of the art museums in the United States have been established since the 1970s. Your existing institutions are essentially looking at a snapshot of the landscape and saying, "Well, it would be nice if we could maintain this particular position we've got here." But if one of the public benefits that you are trying to achieve is a dynamic cultural community that encourages the public's involvement, then there has to be room for cultural entrepreneurs to start new organizations, new museums, new musical ensembles, new resident theater companies, new dance companies,

and so on. Again, I saw this in Atlanta, where the existing large institutions wanted a protected sphere with secure funding. It's not clear if that is good for the long-term environment of the city. So I don't think it's a matter of saying to the flagship institutions that we no longer care about them, or that they are all going to be decentralized. It's rather a matter of saying that there must be room for growth, and that growth is not necessarily going to occur within your organization, but might occur elsewhere and we need to implement a funding mechanism that allows for that possibility. You ultimately want to attract cultural entrepreneurs to your city.

Michael Killoren

Your points about messaging and value to the community are very well taken, but how do you navigate the ambiguity of that situation? Resistance is expected when funding is solely focused on the arts, but many successful initiatives have been much broader in scope—including parks, libraries, and other elements. On the one hand, it might complicate the messaging, especially in regard to the question of "What for?" Perhaps there are some ways of reducing it down to simple language?

Michael Rushton

Not necessarily; I think the idea of including science and historical museums, zoos, and botanical gardens can be thought of as culture at large. A message to the public might state that we think it requires a public effort to ensure everyone's enjoyment of cultural amenities in this city or region. You can emphasize the idea that there will be something for everyone, and that we want this to be an attractive region in which to live and to raise a family with all of the different amenities that people are going to want. I think a strong message can be inclusive of those concepts.

The message can also be put forward that most people go through a life cycle in which they are going to take advantage of these things in different stages. They may be enjoying more of the high culture later in life. They might be using the zoo often when they have young children, and they may use bike paths and things like that at other times in their lives. You can also assert that we are trying to create an environment that you will be proud of, and in which you would be pleased to entertain visitors.

Joaquín Herranz

It's interesting that Democrats, people with liberal views, people with higher education, and renters support the initiative. I am curious to know whether, in your research, you came across rationales that help persuade Republicans with a high school education who are homeowners to support these initiatives. Presumably, some of them voted for, or were interested in it. I wonder whether there are any arguments that resonated with those kinds of voters in your research.

Michael Rushton

I'm not sure that any persuasive arguments were identified. Looking at the map, I noticed that the support for this initiative really decreased in the area of Grosse Pointe. This is where you can find large homes, and it is fairly Republican, but close to the center of the city. In terms of attracting the more conservative base, I think it can be done. It's interesting that the National Endowment for the Arts has lately been receiving a lot of praise from conservative circles. *The New Criterion* is even writing about how great Dana Gioia is doing. So there are some strategies that can be used, but if you notice what their focus is on, it is on things like preservation and presentations of Shakespeare. But the focus has changed over time. Otherwise, I think the quality of life issues can matter. It is a tough question involving the real public benefit, and determining if there is a strong case to be made about everybody pitching in through a common funding mechanism to improve the overall quality of life.

Frank Hamsher

I like your emphasis on how voters see this issue. That perspective is certainly welcome. I think all of us, as arts advocates, and because of the people we are involved with and the things we believe in and try to support, tend to look at this way too often from the perspective of the arts community. If you're asking the voters for money, we need to be thinking about what's in it for them. We can look at the point of pain that an organization may have, such as our symphony may be in trouble or our museums may need money. Voters don't necessarily see it that way, however.

I had some direct, visceral experience with this 20 years ago when our symphony tried to become a free-standing member of our Zoo-Museum District in St. Louis. They

had been authorized by the state legislature to seek voter approval, and a major campaign had been organized to accomplish it although it did not involve a major election. At the time I was working in the Mayor's office on behalf of a basic services proposition that ensured the city's ability to pave its streets and adequately staff the police and fire departments. Concurrent with this effort, people were working the polls in an attempt to pass a property tax for the symphony. The polling place where I was working was in an economically marginal part of the city of St. Louis where people—if they were employed—were worried about being unemployed the next week. For these people, the economic struggle was a genuine struggle. I must confess that I had a hard time figuring out the relevance of the symphony joining a taxing district was to those individuals. Very few of them would attend the symphony. The symphony was going to increase its educational outreach, but is that enough? We need to think like those who we are asking to vote for this particular issue; what's in it for them? What's the point of pain or the opportunity for them? The question for voters was not, "How can we fix the problem that we think our organizations are facing?" I think that's the point you're essentially making.

Michael Rushton

Yes, and it can be put forward even in discussing how the fund is going to be allocated. If I look at an application form from an organization to the SCFD, for example, a lot of the form's content relates to outreach: What are you doing for a non-traditional audience? What are you doing to partner with other organizations? Outreach programs can be encouraged, by deciding that one of the ways we will award grants is based on what kind of community initiatives are going to be implemented.

David Thornburgh

Michael, there has been an enormous amount of time, energy, and funding emphasis put into economic impact arguments about arts and culture. At least in our neck of the woods, there is no exhibit or organization that lives or breathes without some statement about multiplier effects and pumping dollars into the regional economy. I'm curious as to whether you find those arguments compelling, and even in the Detroit example, what kind of impact have those arguments had?

Michael Rushton

Since we are having a frank and open discussion here, those studies have no validity. I personally would not feel right going forward to people trying to persuade them that due to these so-called multiplier effects, this investment is actually going to pay for itself and generate considerable economic impact. I'm not sure how much people actually buy those arguments because I think they would, in the end, start asking the questions that any economic analyst would ask, which include, "How exactly does this add up?" I don't think this is a good approach. I think an argument can be made that building up a city or region with excellent cultural amenities is what will attract people to live in a city. It's going to attract entrepreneurs to the city and people who want to expand their businesses. I also think an economic case can be made along those grounds. As I stated earlier, I think care must be taken to avoid skewing information toward attracting a particular so-called "desirable" type of person to the exclusion and disadvantage of the general population. But I think a case can be made to people that it is a beneficial investment to have an attractive place with real cultural and recreational amenities. But I do not think the multiplier effects argument is advantageous in the least.

Frank Hamsher

Do you have any sense of what percent of the population in Detroit actually participated in the arts? That kind of connection would either involve the voters themselves or their kids, for example. I presume it's probably never going to be a majority. The question then seems to turn to, how do you attract other people? How do you get someone, who does not participate in the arts or does not have kids, to vote for the initiatives? I think you ultimately have to promote that quality-of-life message, and convince voters that while they may not go to the sports stadium, they should realize that it does add something to the community and that it pertains to overall image. Marketing that message, however, seems to be very difficult.

Michael Rushton

There are many cultural institutions that I've never visited and I might never visit, but I'm happy they are there because I like having the opportunity or the option of enjoying them someday. I like knowing that my kids could

enjoy them if I don't, and that other people can as well. I think recognizing that these institutions are valuable to have is important. You may not go to the ballet this year or next year, but you may find a real value in living in a city with a ballet to have that option, and so your family can have that option. I think we can look at the overall benefits to the fabric of a city rather than the numbers and data of who actually attended the ballet in a given year.

Anthony Radich

Following up on Michael Rushton's remarks, I want to comment about economic impact studies. I agree with you, but I would hope we could characterize it differently and say that economic impact studies of the arts are largely as bogus as all other economic impact studies.

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Session Three: Unwritten Histories

The St. Louis Zoo-Museum District

Frank Hamsher

Before I talk about the Zoo-Museum District in St. Louis, I wanted to add a footnote about economic impact studies. About 15 years ago, our Mayor was trying to sell the Board of Alderman on a major subsidy for building a new football stadium. He went through this prolonged discussion about something called net fiscal benefit from one of those studies you referenced, with a very practical, sensible alderman who was a working class guy. After the mayor made his long-winded presentation, he said, "Mr. Mayor, you've made such a persuasive case for this that I think we should build two of these things." I think this tells you something about these studies.

We have been talking about the here and now, but transport yourself back for a moment to 1969. None of what we've been talking about here had happened at that point. Your name is Howard Baer, and you are a very well-to-do, very well-connected businessman who happens to have been the chair of the zoo board for the past 10 years. The zoo had been owned by the city of St. Louis and funded by a dedicated property tax since the beginning. They were able to get the tax increased in 1962. The tax had not been raised because the city of St. Louis was in the midst of a serious population loss of about 25% over 20 years. The prospect was likely that this tax was not going to go up at all.

As the chair of the zoo board, you have a fairly good, but upper-middle level zoo and you see other zoos around the country with much more money. This is before most of the major private fundraising efforts for similar institutions involved a big friends group, with many reliable major donors. What do you do? You decide how to get the suburbanites to pay the same property tax that the residents of the city pay. There was not much policy discussion back then, but you are experiencing a point of pain and have to consider how you want to advance your arts and cultural policies. You can see your organization financially sinking, so you determine how to get the state legislature to authorize you to ask suburban voters to support your institution.

Even though you think the art museum is not nearly as popular as the zoo, and frankly you are annoyed by their "smug" attitude about things, you decide that the art museum is dealing with the same problem. It is also owned by the city. You decide that you cannot have the suburbanites support only two institutions in the city, and there is a brand new Natural History and Science Museum that happens to be located in the suburbs. So you decide to include the science museum in the same process, within the same authorization, so the suburbanites are not just bailing out the institutions owned by the city government of St. Louis. You confront the opposition from the mayor of the city who claims you are taking the two most glamorous city institutions and divorcing them from the city of St. Louis.

In addition, all the major donors for the symphony admit that there is a big problem, and believe that they have been bailing the symphony out for years, and want it included in the group of institutions. However, you decide that the symphony is not popular and widely used enough to be included, and believe you must go with more broadly supported institutions. Thus was born the Zoo-Museum District in metropolitan St. Louis, which has been an enormous success. Even today that taxing district generates nearly twice as much money as any of the other regional cultural tax districts in the country. It supports only five institutions, two of which have been added since the beginning: the historical society and the botanical garden. We now have five institutions, three of which receive almost \$10 million each year from the property tax, and two of which get close to \$20 million each year.

These institutions used to be fairly decent, middle of the road institutions. Now two of them are among the best in the entire world. The three others are now among the best in the country. This is in a medium-sized city—not as big as many other metro areas nor is it growing as quickly. There is a degree of excellence in these institutions that would not have been possible if not for this tax. You can contemplate the benefits of this tax—we have all been involved in fundraising and we know about endowments. The zoo and the art museum receive the annual equivalent of an endowment of \$400 million that comes from tax money. You have not had to ask one rich person for a bequest in order to make that happen. That is simply what is received from the voters of St. Louis,

so these institutions have become terrific. Fifteen years later we added a Regional Arts Commission that primarily supports the performing arts and visual arts, and over 200 related organizations. Between the two of those funding sources, they have created for St. Louis a quality of arts life that we do not deserve in some respects. We have better arts institutions in St. Louis for the size of our city and our region than probably any other city in the United States.

Jill McGuire, who runs the Regional Arts Commission, repeatedly tells me that we are the number one arts city of our size in the country. That is quite a remarkable achievement. The Zoo-Museum District made that possible, along with the Regional Arts Commission. The ZMD worked from the beginning, because it primarily supported institutions of broad appeal. Art museums do not have as broad an appeal as zoos, but they do have some relevance to everybody. The same applies to science museums. When the history museum was threatening to close, people rallied to support it. The Botanical Gardens offer an emphasis on the outdoors, which attracts a certain type of people that few other artistic endeavors attract. These institutions have become quite extraordinary, due to the property tax that supports them. The decision to use a property tax was not the result of a thorough policy analysis. It was chosen for a very simple reason; it is what the city residents were already paying, so simply extending it to the county made the most sense. It also predated the existence of local sales taxes in the United States, and hotel and motel taxes. There were few to no local tax options in those days. Property taxes were basically how local governments raised money.

One of the benefits of the St. Louis district is obviously the excellence of the institutions that receive funding. Another benefit is the popularity of the institutions. Still another is the inclusiveness that the tax district has encouraged the institutions to embrace. They have the resources and the reason to ensure that they are more inclusive than they had ever been before. All of them run outreach programs that are effective in the broader community. They have not geographically decentralized, but they have worked very hard to develop outreach programs of varying types. They know that if they ever need to go to the voters again, they must have to appeal to a broad segment of the population. The one institution

that tried to get into the ZMD and failed is the symphony, which has since developed a superior, intensive community outreach program that extends well into poor and minority communities. They did so primarily because they knew if they were ever going to ask voters for money, they needed to expand their outreach.

We can see the clear benefits from this tax district. It is effective because it works in conjunction with the Regional Arts Commission, which provides support for the other programs that are no longer envious of the large funding base that the big institutions have. We can look at some of the disadvantages of this regional district. I would not necessarily recommend the stand alone Zoo-Museum District to anyone in its current state, but I would recommend some of its elements. Getting the large, broadly popular institutions well-supported in a way that makes them truly outstanding is a real benefit to your community. But having only a few institutions is a real disadvantage—it's hard to get included in the district. An institution has to approach the state legislature to get authorized. Then it must go to the voters and ask for a tax specific to the institution. Each of the taxes that generate funding is for an individual organization, and they are each detailed on the ballot as separate entities so voters know where their money would go. This means that each institution must make its case, although the overall effort facilitates the individual effort.

As much benefit as it provides to us, I would question whether spending this much public money on a small number of arts organizations is necessarily the best policy. Distributing it around more evenly to more strategic activities would likely be beneficial, despite the advantages created by the current structure. Also, property tax is not a particularly good tax source for the purposes of this district. It is not very popular with the voters, and it is an impediment to getting other institutions added into the district. In more recent times we have looked at the possibility of adding Forest Park, a wonderful urban park where four of these institutions are located, to the ZMD. Frankly, the single biggest obstacle to adding it was the property tax because people find it so abhorrent. Polls show that people support a sales tax over a property tax by about 20 points. The challenge is that the sales tax in our community is getting significantly overloaded.

One benefit that can also be a detriment is the isolation from the political process. ZMD institutions and their funding are not subject to the pull and shove of all of the normal political activities of government agencies to ask for support. But it also means that political support for the cultural institutions is that much more difficult because political establishments are not invested in the same way they might be if they had more direct responsibility. The tax districts are also perceived as competitors of those government agencies who provide other services for public funds. Each time we ask for a popular tax like sales tax, we get in a position of competing with mayors, county executives, and other people in governmental positions who are looking to improve the public transportation infrastructure and the police and fire departments. We wanted to use a sales tax to fund Forest Park, for example, and the Mayor and county executive were not enthusiastic because they had other matters to address which they, and likely the voters as well, regarded as more urgent.

The Denver Scientific and Cultural Facilities District

Jane Hansberry

I am going to provide a backdrop for what it's like to oversee a cultural tax district and discuss what I would and would not recommend in that regard, based on my experience. I ran the Scientific and Cultural Facilities District in Denver for 10 years, before pursuing a doctorate degree in Pittsburgh. The focus of my dissertation was the impact of collaboration on organizational effectiveness. In many ways, collaboration has become a key word in my professional life because as Anthony stated, obtaining dedicated funding is essentially about making a deal. What kind of a deal are we going to make? Who's going to be at the table? What is it going to look like? How are we going to work together?

Regionalism is great, and I think we are now in the midst of another renaissance of regionalism so we are facing a great geography of opportunity, as David said. It can be very tricky at times because politically, that is not what people get elected to achieve. Regionalism gets very much involved with governance because regions span jurisdictional boundaries, and they even lead to new jurisdictional boundaries at times. As it has already been said, we were lucky in the Denver metropolitan area. We happened to fit into an elegant footprint that existed in 1982, after we had lost city and state funding. We were in the throes of the worst regional recession in decades. We were faced with the problem of how to get the suburban residents to be receptive to paying for some of the arts and cultural institutions. We did not want the sole responsibility to rest on the residents of the city and county of Denver. We were dealing with an erosion of sales tax, white flight, and other issues plaguing urban centers. We were also fortunate enough to be presented with a special district opportunity. In the West, we have an affinity for special districts involving political jurisdiction.

When framing an issue, there are three driving elements that have resonance for me: the opportunity, the possibility, and the challenge. Those who work in public policy will look at, for instance, a case study of homeless people in an urban district. People from the Convention and Visitors Bureau may view that as a problem for tourism, while people from Human Services regard it as

a problem concerning innate human dignity. The point is, frame an issue in a way that truly makes sense for everyone. This involves asking several questions. What do you want it to look like? What is the outcome? Where are you going? Start envisioning the future of what you hope to accomplish. Also, who is getting to ask and answer these questions? Who gets to be at the table? How do you identify the opportunity, the challenge, and the possibility? I will tell you about how we did and did not answer those questions in Denver.

As I mentioned, the region was experiencing a major recession involving the loss of state and city funding to the major institutions: the zoo, the art museum, the botanical gardens, and what is now the nature and science museum. Among the arts organizations and advocates, there was a regrouping effort. The individuals who initially framed the rationale for what is now the SCFD were primarily the trustees of the major institutions. They primarily framed the opportunity as replacing the lost funds. That was the central motivation; how do we get that lost money back? The way the problem was originally framed was limiting. I think the SCFD has suffered as a result, because that was not enough of a challenge, opportunity, or possibility to address with such a big effort. Nevertheless, good things happened that could not have been intended. But I think we would have had a richer, more interesting mechanism more capable of promoting innovation, had the question been framed more deeply, diversely, and thoughtfully.

When this district passed in 1988 during the recession, there was a considerable civic pride element involved in its success. I was in graduate school at the time and was working in public art for the new airport project. Nobody could find a job in government, many people were leaving the city, and the office vacancy rate downtown was somewhere in the range of 30 percent. It was a common joke that you could rent an office cheaper in Sri Lanka than you could in Denver. This district effort caught the wave of a strong need for civic pride. The timing was critical, and we experienced some favorable unintended consequences.

If we had framed the issue as a larger question, as opposed to simply replacement dollars, we might have seen some different things. We could have framed it by putting forward a new cultural and artistic climate for the region, and proposing a new understanding of

the potential for arts and science institutions to be true partners in every arena of our communities. The fact is you can go back and make some adjustments. As Michael said, some of what we have been able to do in Denver through outreach with innovation, access, and quality were possible because we made some changes in the legislation. That is a good thing, and a good thing to remember: nothing is intractable, and things can be fixed. It can become more difficult, though, once legislation is in place.

With that said, there were some things we were not able to fix, because the district was proposed by people who wanted to simply replace money for the major institutions. It was not perceived as an entity that could be a change-maker, a collaborative player, or a real force in the community. One thing the district has never been able to fix is the administrative cap, which allows less than three-fourths of a percent for administration. Unless you want to effectively function as an ATM machine for the major cultural institutions, this ends up being a struggle. Colleagues like WESTAF and the state arts council were able to offer a depth of collaborative energy and expertise to overcome that obstacle. Would we have done some other things differently? Yes. Don't ever name different funding levels as tier one, tier two, and tier three. Nobody wants to be two or three. Use other words—words and nomenclature matter.

In terms of who was at the table, the trustees for the major institutions identified a need and recognized that they needed to be involved. The table was missing other people who should have been there, however. This district almost did not happen for that reason, in my opinion. In 1986, the first time the legislation was put forward, it failed because it was just going to consist of tier one and the major institutions. A large portion of the cultural landscape had been omitted, including the performing arts institutions. The legislature was halfway into the deal, but cultural representatives were fighting. So the legislature basically instructed the people involved to go away and resolve the dispute, and come back only when they had their act together.

The entire initiative could have collapsed, and I totally believe it was because initially there had not been enough people at the table. There should have been enough people involved so the people would have realized this was not only for the elites, but for the suburban voters and

the smaller community organizations. So the subsequent effort drew more of the needed people to the table. The civic champion Rex Morgan was able to get people from all of the disciplines who represented a much broader cross-section of the communities involved.

The process of answering those questions I mentioned should comprise many inclusive, brainstorming, and diverse conversations, and then you must make sure you have the right people at the table—find the right people and err on the side of inclusive. It's not easy, because sometimes there is agony in the process. But ultimately you will end up with a much better product if you have people who are focused and smart and who know what they're doing.

The Salt Lake City Zoo, Arts and Parks District

Margaret Hunt

The Zoos, Arts, and Parks district, or ZAP, contains some very specific requirements for counties of the first class. But there is only one county of the first class in Utah, which is Salt Lake County, so all of the other counties have much more latitude with which to adapt this mechanism. The initiative was initially introduced as a way to address the financial crisis that the Utah Symphony was facing at the time. It was run by leadership from the symphony board until 1993, when the effort was unsuccessful. Then, outside consultants were brought in to analyze what went wrong, and to determine how to change the message and become more inclusive of other cultural organizations. This effort was driven by a group of people in Salt Lake County, who realized that the legislature was made up primarily of people from rural areas outside of Salt Lake County. So the revamped initiative was crafted in a way that was more attractive to the rural areas of the state. Looking back, that was probably a very wise decision for a number of reasons, especially considering how it has expanded and spread to cities and counties throughout the state since its establishment just over 10 years ago. The legislation has been amended twice since it was originally created.

The funding mechanism in Salt Lake County goes toward recreational, zoological, botanical, cultural, and arts organizations and facilities. The intent was to provide local government with a greater role in supporting its arts and cultural organizations. Having learned from the SCFD, language was included to make certain that the funding from this tax would not jeopardize the state's ongoing support and cannot supplant existing funding in place. In fact, Salt Lake County specified in the statute that an advisory board would be appointed, which must include two representatives from the state arts agency. This was done to ensure that the state funding that was already in place would not be eliminated. The tax district is referred to as ZAP (Zoos, Arts, and Parks), but as other communities are creating taxing districts of their own, they are developing their own names for them. One community is putting a great deal of money into parks and recreation so they call it the PAR tax. Another is the RAP tax, with funding going toward recreation, arts, and parks.

The distribution has evolved in an interesting way. The statute specifically says that in Salt Lake County, 30% of the revenue will go to support recreational facilities. This was a deliberate strategy implemented after the legislation failed the first time, to ensure that the soccer moms and golfers could see how it would benefit them. This was a concession by the major arts organizations. About 12% goes to zoological facilities. The city zoo has incredible political clout, and we knew that getting them on board in support of the initiative would be instrumental to its success, so this was also somewhat of a concession. The funding is distributed in proportion to the organization's annual operating expenses. With some years of experience in administering the funds behind us, we have discovered how creative organizations can get with regard to their expenses. The advisory board has spent a great deal of time writing specific language concerning qualifying expenses; for example, we believed that salaries and rental fees needed to be capped in some cases.

The statute indicates that the amount of funding cannot exceed 35% of an organization's annual operating budget, and it requires the formation of advisory boards to keep the local governing body informed. As ZAP began distributing funds, it required that organizations offer certain days of free admission. This helped the ZAP mechanism become a very popular tax in Salt Lake County—when it was up for reauthorization, it was approved by over 70% of the voters, which was even a higher approval rate than what the judges who were up for reelection received. With the popularity of the ZAP tax in Salt Lake County, other communities began to sit up and take notice. Proponents cited the Salt Lake County ZAP tax as the model they wanted to replicate. They were able to do so without some of the restrictions on the ways they spent the funds. So one trend we saw was cultural tax districts getting approved by local voter options in various communities, but without any specific percentages designated for different uses. That is, voters would go to the poll assuming they were approving a ZAP-like tax, only to find out that a greater percentage was going to parks and recreation than that which was going to arts. So elected officials were given incredible discretionary power over how those funds were allocated.

As Kris mentioned, the tax district has expanded from one county to five counties, and to 10 individual cities throughout the state. It has been interesting to see the growth; since the beginning of 2006, we have had nine new cultural tax districts. This was directly in response to efforts for tax reform—communities hoped to get tax districts created before changes were made in the tax structure. So, there were some sudden attempts to authorize these taxes while it was still viable. Tax reform did occur subsequently, but it did not impact what we refer to as the boutique taxes. The initial purpose of the formation of the tax district was to stabilize the major arts organizations, which continues to be a strong emphasis of the Salt Lake County program.

From 1997 to 2006, Utah has provided statewide funding for the arts of about \$113 million dollars. Keep in mind that a considerable portion of this funding entered the picture in 2006. That is a significant statewide investment in arts and cultural programs and facilities. I already mentioned Salt Lake County's distribution formula. Uinta County is an area that has been highly impacted by gas and oil exploration. All of its funding, which has amounted to just over \$4 million since the tax was passed in 2004, is used for an arts and recreational facility.

I think it is interesting to look at how different communities have chosen to apply this mechanism. In Summit County, which contains the Park City ski resort area, 55% is designated for arts, and 45% for recreation, which is an unusual allocation. In Cache County in northern Utah, home of Utah State University, 40% of its funding is designated for the arts, 50% for recreation, and 10% for the zoo. Weber County comprises the Ogden area just north of Salt Lake. Its tax district failed on the first vote. The advocates went back to the voters after they made some adjustments, such as removing \$1 million for major projects that the county commission gets to determine, and providing cities with funding of a dollar per person based on their population.

This is a trend we are beginning to see statewide, particularly in Salt Lake County which is made up of 15 different municipalities. Municipal leaders in places like West Valley City, West Jordan, and Holladay are starting to look at whether they are receiving their proportionate shares for arts and cultural organizations. Weber County addressed that concern by deliberately providing a dollar per person based on population, with the remainder split

equally between arts and recreation. These communities are getting very creative about how they authorize and distribute funds. As I mentioned, the specific requirements for allocation are not detailed in state statute, except for counties of the first class. In most cases, the particulars are determined by the city or town council. The smallest community we have is a community called Brian Head, a small ski resort outside of Cedar City, Utah. I think it has a population of 250 and the town is generating about \$16,000 per year from sales tax revenue. But they do not have any arts organizations, so they are trying to determine how to spend it. I think the funds will likely end up going toward parks, trails, and recreational uses.

Kris Tucker

It seems like the theme thus far has been learning from the successes and challenges of history relating to these cultural tax districts. One thing I have noticed is that a crisis mentality seems to have initiated most of these efforts, if not all of them. Also several of them took multiple attempts—if not with the legislature, perhaps with the voters. So, framing certainly was a consistent theme up to this point in the discussions. Thinking about how to frame these, with regard to the “Pay more, what for?” question is an important concept. It helps guide the outcome and intended consequences, and also helps us make sense of what we are proposing for different groups of people.

Another concept for me relates to ecosystem: What is the ecosystem we are trying to design? How do we want this to play out within the ecosystem? Rather than thinking in terms of a domino effect, how are the ripples of what we implement going to spread throughout the ecosystem? That can be considered initially at the table when we have these conversations, and also as we set up the governance and the administration of the districts. What are we tracking with regard to the ecosystem, as well as the initial investments? As we think in terms of ecosystems, I think more conversations are needed about developing more dynamic cultural communities, with broader participation in arts and culture. The conversations can include developing and supporting new needs, new opportunities, and new challenges. Also, entrepreneurship and the role of public funding and pub-

lic policy related to that ecosystem should be included in these discussions. All of these concepts should make for a very ripe conversation.

Session Four: Intended and Unintended Outcomes

Recipient definitions

Margaret Hunt

When this legislation was initially proposed, the state arts agency was very involved in the process and helping to lead the charge. One of the unintended outcomes after Salt Lake County's tax passed, however, was that local communities began considering their own local tax options. We were not at the table for that discussion. I came on board three years ago and I began seeing newspaper articles about local communities passing these taxes. I immediately started wondering how many there were, and what revenue was being collected. What we realized is that there was no state agency keeping track of those things, and we felt it was our role to do so; consequently, we began collecting the data. Another challenge we saw was that many of these decisions were being made at the local level without very good information from an outside perspective to provide technical assistance and guidance on how to craft their language on the ballot. Nor were they getting information about how to provide their local elected leaders with guidelines. The advantage was that local communities felt they had real freedom and flexibility to design their programs, but the disadvantage was poor planning. Elected officials at the local level can be somewhat inexperienced politicians; they are re-elected every two years, so there is a lack of continuity of knowledge, information, and planning.

Accordingly, I realized that as a state arts agency we should be playing a greater role to address those concerns. One unique aspect we saw was a for-profit organization, a theater company, deliberately decide to become a non-profit in order to qualify for the ZAP tax, much to the consternation of some of the more established agencies that had been trying to raise funds. This particular organization gets 80% of its revenue from government sources, which created some resentment on the parts of the arts organizations. Thus, the ZAP advisory board spent a great deal of time examining those qualifying expenses. In this particular case, we saw the former owners of that for-profit who had become trustees or administrators of the organization making six-figure salaries, which was incompatible with what

other arts organizations were paying their administrators. These individuals were also getting their local municipality to construct a new building for them, and they were claiming the lease costs as qualifying expenditures. We consequently implemented policies at the local level to address some of those concerns.

I have given much thought to the challenge concerning the tier levels. The tier one category is based on qualifying expenses for the top 23 organizations with the highest expenses. But within that first tier category, we have had an arts organization that has a one-day event, along with our symphony which is a 365-day-a-year paid orchestra. That becomes an interesting challenge to evaluate. I think this whole notion of looking at tiers or categories is very important. There are no easy answers. As I mentioned, the percentage for arts and culture is not always spelled out in advance, and the individual municipalities within our larger counties want their fair share of the funding. How do we address that? We are also now seeing, within the larger counties, a competition for cultural facilities—it's becoming quite rigorous in the Salt Lake County area for a 2,600-seat Broadway style theater. Multiple municipalities are now competing to build the facility first in their area. That is an interesting policy dilemma at the state level because they will go to the state legislature to get funding for that facility.

What is appropriate for de-centralized, local facilities versus larger facilities to meet local community needs? I don't have the answer to that but there are some schools of thought that believe it makes sense to cluster larger facilities in a district within a capital city, versus de-centralizing them in an urban area. Salt Lake County has now instituted a cultural facilities master planning effort. It is underway and at the table are leaders of corporations, government, and the philanthropic community who invest a great deal in funding these facilities. So we are just beginning to navigate the process of that master plan. I think these are all direct outcomes of this tax having passed and been in place long enough for there to be competition for that funding. Because it is open to both facilities and operating expenses, we are starting to see some hardball negotiation regarding how those funds will be utilized.

Impact on the development of cultural policy

Anthony Radich

Cultural tax districts can and do profoundly affect the cultural policy contexts into which they are deployed. If one were to imagine local cultural policy as an ecosystem, the infusion of substantial new funds into that ecosystem is certain to induce changes, both intended and unintended. Today, I will propose what I have observed to be the unintended policy consequences of the creation of cultural tax districts. An analysis of these impacts, I believe, can inform and improve the development of cultural tax districts that are now in the planning stages.

I approach this topic with an established position. I believe that when significant public dollars are expended on any activity, the manner in which those dollars are allocated, the purpose for which they are placed, and the qualifications of the recipient should be regularly revisited. This revisiting should occur in the context of a discussion of the manner in which these allocations help address cultural policy goals that are established in consultation with the public. Such consultation should consider the evolving tastes and needs of the public. The consultation should also consider the need for those who use public funds to be fiscally accountable, aesthetically and creatively accountable, and accountable for serving the evolving—not just the present—population. I oppose long-term, public-dollar entitlements to any entity. I consider such entitlements to be poor public policy because they insulate the recipients of the entitlements to change rather than motivate them to change. The result is that public dollars are not used to their maximum reasonable extent and the public is less well served.

Cultural tax districts unleash a cluster of unintended consequences into the cultural policy environment in which they are launched. Nearly all of these consequences can be linked to the entitlement nature of the funding formulas of tax districts. This entitlement feature is something district organizers have largely been unable to avoid because, during the organizational phase of a cultural tax district effort, in order to attract the financial and advocacy support needed to launch the effort, an advance and long-term commitment of dedicated funds

to designated cultural organizations has been essential. I have identified six key unintended outcomes of this approach:

- The entitlement of organizations places an undue emphasis on maintaining organizations rather than on the development of art forms.
- The largest entitled organizations become untouchable and allowed to lose touch with the public.
- The entitlement structure prevents the allocation system from being nimble and responsive.
- The culture of entitlement discourages robust cultural policy discussion that can benefit the arts in the long term.
- By bracketing out emerging and non-mainstream organizations from eligibility for significant funding, the system is insensitive to issues of cultural equity.
- The limited criteria used to qualify organizations for funding allocations leaves them unaccountable for their aesthetic decisions.

I will now offer an expanded perspective of each unintended outcome.

A major outcome of establishing cultural tax districts is an exaggerated focus on organizations—at the expense of art and art forms. This is the case because the funding allocations related to cultural tax districts are commonly constructed and then distributed to organizations that present cultural programs rather than to the cultural ideas that underpin the provision of such programs. As a result, policy and decisions about allocations are not focused on how funds might best be utilized to support the development of, for example, music or horticulture in a community. Nor are provisions made to allow for new and emerging cultural forms or for the development of unusual one-time events or significant community cultural activities that emerge unexpectedly. Rather, the focus is on how to keep a specific set of music organizations or perhaps a botanic garden alive to provide programming.

The highly structured entitlement system that serves the largest cultural organizations does not allow for flexibility in the structuring and evolutionary restructuring of cultural experiences for the public. Nor does it take into account

the need for allocations and decision-making about the selection and presentation of cultural forms to be in a more conceptually flexible vessel than that of support for what are sometimes referred to “flagship” organizations. While these aircraft carriers of the cultural world may have been the source of energy in the past, they may not be in the present or future. Why lock the public into financially supporting these institutions instead of the cultural ideas that are most vital to a community?

The entitlement structure of a tax district presents another unintended outcome: it often renders the very largest cultural entities virtually untouchable. The legislative entitlement to these entities can be so ironclad that a scenario can be created in which public monies flow to them for years even if they attract very little community participation. With funds flowing regardless of the role the tax-district actors are playing, they are insulated and have little incentive to raise or participate in discussions about broad cultural policy issues.

Another unintended outcome of the cultural tax district is its inability to be nimble in a time when that particular attribute is increasingly in high demand. Again, the largely locked-up entitlement structure of the tax districts greatly limits their capacity to respond in what is proving to be a rapidly changing world. What is being lost is the capacity to significantly respond to the cultural interests and aspirations of changing populations, many of which seek to participate in different forms of cultural expression than those provided through the entitlement structure. According to a 2002 NEA national study of participation in the arts, audiences are declining for a number of traditional art forms (National Endowment for the Arts, 2004). Also reported is that the participation of young people in traditional art forms is low. Concurrently in the commercial sector, major changes are taking place in both the sales and the method of consumption for music, video, and books. In today’s more fluid cultural reality, some of the most established art forms and the institutions that promote them may shrink in importance and even disappear, while others may emerge to be more heartily embraced. This cycle of change can be temporarily arrested by the tax-district entitlement system that insulates the major cultural organizations from change rather than helping them embrace and adapt to

it—but change will occur, and the entitled organizations will need to find a way to be more responsive to what the new public wants to do with its cultural dollars.

Yet another unintended consequence of today’s cultural tax districts is they tend to limit the formal cultural policy discussion on nearly any topic—except the strategy to be used in the next reauthorization campaign for the district and the interpretation of the statute in the awarding of funds. Most tax-district boards are limited to being toothless auditors of funds distribution and little or no ability to make policy. This is the case even when the district overseen by the board is often the major funder of culture in a community by far. This funding can and does reshape the policy environment—but through omission rather than direction. Why should the oversight board of the district consider the fact that a cultural group is greatly lagging behind its peers across the country in vitality and quality when there is very little the board, through its charge, can do about it? Why question why the larger cultural organizations in the community have failed to unite in an effort to increase participation or assist with tourism development when there is little or no leverage the district board can use to encourage such behavior?

In addition to their leaders having few levers with which to encourage cooperation and initiatives among the funded organizations, the districts have little motivation to engage the community in substantive discussion on cultural policy. The result is an underdevelopment of mechanisms that can strengthen a community’s ability to frame and process issues of cultural policy. For example, when there is not an annual public process used to allocate the significant funds allocated by the districts, members of the community are not drawn into forums and allocation panels that consider how cultural efforts should be supported and at what level. Neither are they called on to regularly evaluate the level of service provided and to motivate the organizations to be responsive by altering allocation levels. But the most important thing that is lost is the development of a knowledge base within the community about cultural support and cultural policy that extends beyond the relatively small group involved on the boards of the major entitled institutions. The result is a community with a diminished capacity to discuss, design, and enact its cultural future.

The limitation of the policy-making powers of a cultural tax district board is premeditated. Those who seek to establish the districts seldom seek to build a sophisticated policy-capable entity. Rather, they are motivated to ensure that significant amounts of funds flow in a stable manner to a limited number of organizations and to keep policy making at the organizational board level, not in the hands of those who supervise the funds allocation. To do this, the districts are established with provisions that effectively starve policy making around culture in a community. These provisions include those that ensure the growth rate of a tax district's administrative apparatus is severely restrained. In the Denver area, the administration of the Denver Scientific and Cultural Facilities District's (SCFD), which distributes approximately \$40 million annually, is limited to 0.75% per year or approximately \$315,000. In Salt Lake County, the annual cost of the administration of the district is limited to 1.5%, or approximately \$206,000; that district oversees the allocation of approximately \$13 million.

As a result of this highly restrained administrative structure, a number of policy-fostering activities fail to take place. For example, the tax districts usually do not conduct research on topics such as the funded organization's overall community impact and the impact of its participation levels and the relation of the findings to funding allocations. Nor do they regularly convene experts to consider changes in the cultural environment that will impact the districts in the future. They also do not formally evaluate ways the district's population is changing and relate that to future allocation models. Similarly, they do not convene experts to advise them regarding developments across the country that may collectively affect their community's cultural success.

The issue of equity is also an important factor in the structure of a tax district. Tax-district distribution rules tend to pigeonhole organizations that do not represent the dominant culture. This issue is most evident in how funding structures disadvantage ethnically based organizations by the funding structure. In at least two allocation structures for existing cultural tax districts, these entities suffer significant disadvantages. They are locked into a stable funding stream, but they are also denied the opportunity to grow. This is the case because the organizations were not large and considered to be culturally significant organizations when the districts

were established, and thus the groups were not allocated funding on a top-tier basis. Instead, they were situated in a lower-level funding bracket from which—due to set formulas—they find it almost impossible to migrate upward. One result is that, even though a community's interest in an ethnically specific cultural organization might grow, the tax district that supports culture cannot readily be responsive to such growth. As a result, the district finds itself unable to recalibrate funding allocations to the level the community desires. Instead, these groups encounter a steel ceiling through which they cannot hope to pass until the time of a reauthorization effort, during which at least an attempt can be made.

Aesthetic accountability is another area in which cultural tax districts have proven themselves to be weak policy vehicles. Well-intentioned and well-funded cultural organizations may be entitled, but they do not always demonstrate rigor in their application of aesthetic quality. One reason for this is that the system of the cultural tax district does not make use of the citizen and expert panel-review systems employed by many national, state, and local level public funders. Such reviews commonly consider aesthetic quality as a major criterion in annual decisions related to the allocation of funds.

The cultural tax district structure, in contrast, invests no such effort in considering the aesthetic quality of what is presented for the allocation of its more significant funds. Nor does it evaluate whether the quality of what is delivered locally with district dollars is competitive in terms of quality with what other communities are receiving across the country. Although often proffered as a rationale for district reauthorization, increased funding alone is no guarantee that local institutions will remain aesthetically competitive with similar efforts across the country. A further downside to this lack of aesthetic accountability is a situation where, because there is no annual public review of these organizations, the local conversation that extends into the community about their aesthetic stature and the quality of their aesthetic ambitions for the future is lacking.

One could assume from my presentation that I am not a friend of the cultural tax district. That is not the case. These important but often flawed mechanisms require reform, renovation, and inspiration—not abolition. A place to start is with the core entitlement feature of these entities. Surely there is a way to bring key players on board

in an effort to develop a cultural tax-district effort without imposing a rigid entitlement system that can do so much to undercut the development of a robust cultural policy. Certainly, the cultural community can rise to the challenge of sharing resources with growing communities with different cultural appetites. I also believe the cultural community can come to stop considering cultural tax districts as ATMs for private sector interests. If the funding allocation policy of cultural tax districts is disconnected from proven public sector processes of accountability, transparency, and public participation; the result will not be good for cultural development in the long term.

While the public sector approach may seem messy and inefficient to some, engaging in it may be just what many institutions need to do to connect in a more meaningful way with their communities. I can assure you that community has very little interest in “saving” a cultural organization. It does, however, have a strong interest in creating opportunities to celebrate its cultures, finding ways to improve the creative lives of its children, and imagining and collectively realizing a community with a creative future. Those aspirations are best addressed in a public process where the public investment in culture can constantly be recalibrated to best reflect these needs and desires. That is the future of the cultural tax district.

Margaret Hunt

I would like to add something about the importance of regional organizations to consider the transportation overlay in this regard. Along the Wasatch front, we are preparing to institute a commuter rail system in April, 2008. We need to be looking much further into the future in terms of how we get particularly young people involved in our arts organizations and how we can make it very accessible and easy for them to get involved. In 2005-2006 we undertook a very ambitious statewide listening tour visiting communities around the state. Two things came up consistently about their concerns. One was the loss of arts education in our public school system, and the second was the need for small- to medium-sized rehearsal and performance space. As we think about young people and our future audiences, we should pay attention to our transportation planning as an integral element.

Ricardo Frazer

What troubles me is the notion of who sits at the table, and who determines who sits at the table. I think we need to look at that issue and resolve it because there are too many organizations and people who are excluded. If the large organizations like the symphonies and the ballets are leading the charge for the cultural tax districts, then they will be the ones at the table. They will also determine who sits at the table, I would imagine. But how do we go about encouraging more inclusion?

Robert Booker

We are currently looking at that with the Maricopa Partnership for Arts and Culture (MPAC), which Myra will discuss more when she speaks. We have had a number of large meetings where literally everyone was invited to imagine the possibilities of \$50 to \$60 million coming into Maricopa County, which is the area of Phoenix, Scottsdale, and Tempe. One concern involves money; if you look at what it costs to mount a voter initiative, which we will have to do in Arizona, it takes about \$3 to \$5 million. When you consider who has the capital to invest in such an initiative, it is invariably the major institutions and their board members. A natural outcome of asking an institution's board members for \$250,000 to \$500,000 is their expectation of getting something out of their investment. So you weigh those financial resources against the good will of many of us here wanting to expand that gathering and include various voices, but economics come into play. Who can actually make those contributions to make an initiative a success?

Larry Meeker

I think one of the problematic tendencies we have is looking to the arts institutions for public policy too often. I don't know that any of the individual arts institutions are great sources of public policy. If we want to seek their input, perhaps we should ask them how they would like to see the money spent if they couldn't get a nickel of it? That question forces them to look at the larger picture—because in order to benefit themselves, they must look for ways to broaden the base of support for the arts in general.

Anthony Radich

I think some advance work is needed to educate the broader arts community about public policy and how it has progressed. There is nothing wrong with working intensively with the large cultural organizations. However if we want to involve the broader arts community and in order to be effective decision makers, they need to understand the implications of cultural policy and how it has evolved. Only then can they appreciate the role of the big organizations in pushing these initiatives through. That education process is not something that can be done overnight—it takes years.

Larry Meeker

Who do you think pushes it through? Do you think the big institutions have more leverage with the public? Or do you think the local, community-based organizations ultimately have more political influence?

Anthony Radich

I think it's split; I think the big organizations can pass it through the legislature and the Mayor's office, for example, and everyone else with some exceptions can get it passed through the vote. So I think it's a combination. Some people identify with small groups, but when the large groups are active and alive in your community they are a draw, even if you do not attend. Ultimately, I think both are instrumental in getting the initiatives passed.

Jane Hansberry

I live two blocks from the Denver Zoo. It's no accident that the Scientific and Cultural Facilities District logo is a polar bear. This is an important, delicate interplay between the involvement of the big institutions and the smaller organizations with respect to who brings what to the table. I think you are all poised to have a discussion that is much larger than only the arts community. The public policy infusion that will come from the academics, the government employees, and the various think tanks is going to provide a higher level of thought about working together as a coalition. How do we make sure that we have the richest assortment of people around the table? I think you have the opportunity to do it much in a much smarter way than any of the rest of us has done in the past.

Dale Erquiaga

In regard to campaign costs, can you tell us where the money came from for the reauthorization of ZAP in 2004?

Margaret Hunt

It came from contributions by various arts organizations and from foundations that support the arts.

Dale Erquiaga

In the interest of full disclosure, the ad agency that I worked with handled that campaign. I don't recall the specific budget but it was less than a million, I believe, in that case because it was a single county. It was also not a media-heavy campaign. How about Denver? Where did that money come from and how much?

Jane Hansberry

The trustees and major donors of what would become Tier I mounted a fundraising campaign and raised approximately \$750,000 in 1987 and 1988, which was a lot of money back then. In 1994, that same group for the next reauthorization formed a political action committee. The majority of the money came from the major institutions, however. Most recently, smaller institutions contributed proportionally. I do not recall what the most recent costs were.

Frank Hamsher

In St. Louis, whenever we have made recent changes, it has cost probably between \$1.5 and \$3 million to fund a campaign. The money has primarily come from the two main business civic organizations which collectively represent about 130 leading companies in town. The key to remember, however, is that the boards of those big arts institutions are highly populated with people who are represented in those civic organizations. So I think it is important to try and get business civic leaders who are writing these checks—to the extent that they are able—to take off their arts-institutions hats. Many of them actually sit on numerous boards of this kind. That's easier said than done but it is important and it certainly relates to the inclusion question of getting the right people involved at the table. I also want to remind everyone about legal constraints. Foundations of these non-profit arts organizations cannot give significant amounts of money to

political campaigns. So effectively what they are doing is going to their donor base to make this happen, not to their tax exempt funds.

Larry Meeker

In Kansas City, the major funding for promoting the 2004 failed bi-state tax initiative came from the sports teams. The sports teams had a clear economic interest in it and wanted to see it pass. In fact, the whole initiative was tied to a sports agenda and the arts tagged along. The arts were to receive half of the money. Further, the tax revenue stream was to continue for as long as it took to pay off the bonds needed for the sports stadium renovation.

Michael Rushton

In Atlanta, the Metro Chamber of Commerce provided the big push behind the initiative. They essentially started putting up the funding for research, organizing discussion groups, and getting the media involved before any specific initiative was developed. So they spent a couple of years generating publicity before the Mayor actually created a specific task force. Then the Mayor did rely heavily on the big corporate players. That is fairly typically the case in Atlanta, where a lot of head corporate offices are located, such as Coca-Cola and Home Depot. Those large corporations generally have their own foundations as well. So the city was able to draw on corporate support, which enabled the discussion to get outside of only the big players.

Kris Tucker

Looking at my notes about the SCFD, they apparently did give some money out of the SCFD coffers into the most recent campaign election costs, which they are required by law to do.

Larry Meeker

We have been talking about vision in the arts and how we create these campaigns. At least from a Kansas City perspective, I don't think the arts focus enough on regionalism. We have a One Kansas City campaign in an effort to promote regionalism. A few people attempt to focus on regionalism when planning for transportation and in other areas, but this is not without difficulties. It seems that those of us working in the arts could lead the charge for regionalism. Are there any thoughts about

ways that the arts might lead that regional visioning process? It seems difficult to create a vision for the arts in a region when you have no vision for the region itself.

David Thornburgh

Well in fact, I think in a number of communities around the country the logic is that conversations about arts and culture at the regional scale are where you ought to start. That could be the vanguard of getting people to think and act that way, based on the logic that arts is more accessible and more familiar than transportation or water or other such issues. I'm not sure if that's true; the politics end up being every bit as intense I think. But it's no accident that the successful campaigns have built a broad appeal that connects to average voters. Sometimes the message and the reality do not coincide perfectly. But it's also no accident that we promote these quality of life packages, which pertain to arts, sports, recreation, and libraries. In fact if you begin to think of it that way, as a specific piece of a regional quality of life package, then it opens up a whole new avenue and way of connecting to voters. To that end, I think there is a great deal of possibility in what you said. The arts represent a gathering place for people to have a discussion about regional thinking, cooperation, and collaboration that would perhaps be more difficult to have in other areas.

Larry Meeker

While the arts are sometimes harder to sell, their funding needs are relatively small. This differentiates them from school districts, roads, sewers, and other things you might notice on a property tax bill. Further, art is not something I think citizens feel politically bound by. Hence, it seems possible to open up the arts and public policy conversation to those outside of the arts community. It's easy to gather arts people around the table because we have common goals and we know we will probably not face too many tough questions. Yet broadening the scope would pull in the business and political communities, among others, which would create more diversity in what we do, and ultimately create an improved artistic and community vision.

David Thornburgh

On that point, in the Philadelphia community the editorial and political support for creating some kind of regional mechanism simply involves making a statement about

determining how to encourage regionalism. The organizing and executing on a regional scale is where we ought to start. It's about building a model and a prototype that we can follow in other issue areas.

Kris Tucker

I found the comment Anthony made about supporting the art rather than the institution very provocative. I'm thinking about how supporting music might be the message instead of supporting the symphony. It seems that we are facing a paradox—we are trying to determine how we can be strategic about framing the discussion about public funding for the arts. In framing that, we want to be specific enough about what the new policy would accomplish, yet it is important to us to have a mechanism that is very flexible and creates dynamic opportunities. I am wondering if framing it as music, not the symphony, helps us be flexible at the expense of specificity, or if it actually accomplishes both.

Michael Rushton

It is interesting because in terms of supporting music rather than the symphony, I think there is something in between the two, which are actually specific programs. Think about the way government provides funding to non-profit social service agencies and so on. The agencies do not apply for money, nor does the government assert that it will fund services for poor people; it's something in between. Namely, a cultural tax district could determine specific programs that can meet certain goals, and invite interested organizations to apply if they would be interested in delivering those types of programs. The programs could include after-school programs or community theater, for instance. I think there is something in between music and the symphony that we can look toward—programs that are going to have some effect.

Frank Hamsher

This discussion goes back to a couple of the comments Anthony made. One was the support of the activities rather than the organizations, and one was the whole question of how much is enough. This discussion is a reminder of the fact that since this is not part of a broader political process, some of the things that normally get arbitrated through a political process of legislatures and

city councils and so on do not happen here, because the advocates are already sitting around the table rather than the people who have the broader considerations.

An example might be useful in terms of the funding question and how it relates to the inclusion issue. About four years ago, the zoo in St. Louis had essentially decided to go for a tax increase even though it already received \$20 million per year. They decided to go for it for a very simple reason: because they could. The other four institutions in the ZMD wanted to go along with them, because they did not want to be left out when the popular polar bear symbol is being used. The business community had to be very heavy-handed with all of the institutions collectively to stop this contemplated tax increase effort. There were some bruised egos involved in this process because the ZMD organizations had to hear, "This is not the current priority for public funding in the quality of life area in our community." They were told that the focus should be on maintaining the park and address the problems in the symphony, and until those issues were resolved they were not welcome to request a tax increase. But the zoo, simply because it could, was going to see if it could get a 50% increase in its property tax. It probably would have passed too, because every time there is a poll in the communities people are willing to pay for the zoo.

Susan Coliton

I was struck by what was said about the way social service agencies are funded. Someone asked how we get away from the tiers. It is interesting to think about goals and outcomes and possibly awarding money based on number of people served, like public fees to social service agencies. It would be a completely different way of doing things, but it would certainly allow for growth—for new organizations to enter the system and for flexibility. I was also thinking about Dana Gioia and his success in raising more public money for the National Endowment of the Arts. I believe that part of his success is due to being more cognizant of geographic distribution of funding, and by putting new funds into highly accessible programming—the programmatic approach was very effective for him.

Kjris Lund

In response to the point about framing through activities rather than through organizations, it seems like there are three different stages in this: the legislation, a campaign,

and then operation of distribution. If we don't talk about institutions, it seems like we miss the connection with the public. We recently did a public opinion survey in the greater Seattle area and the name recognition of our organizations was enormously high. If we do not talk about the institutions, how will we make that connection with the public?

Anthony Radich

I don't think we have to abandon the institutions. But when you entitle organizations in a tax district, you are funding the organizations and not the discipline. In my view, public money is best utilized when you can maximize its leverage. You do that by constantly revisiting how it is allocated. Such an approach furthers the public's interest—an interest that is probably largely not positioned for institutional survival. Instead, that interest ultimately lies in access to what an institution is providing. By saying this, I do not mean one should not work with the institutions. They should be part of that discussion; in part because most of them have made important contributions to the community. But again, with respect to maximizing those public dollars and leveraging them as much as possible, it ideally means that each year a process should be utilized to determine how maximum leverage for public good can best be achieved. Some of that public money might be better allocated to extend to parts of the commercial music sector because it makes a big difference, whereas it would make slightly less of a difference to someone else.

David Thornburgh

For those of you in existing cultural tax districts, was there ever consideration made to matching public funding to increase leverage if you wanted to encourage growth in the individual or corporate donor base? This is actually quite common now on the regional scale. There are dozens of states that now have regional economic development that includes base economic development activities where dollars are put up and universities or private companies have to match them. I'm curious to know whether that has been considered. For example, you can put up \$5 million for a programmatic initiative, but in order to get funding you must get it from private or individual sources.

Jane Hansberry

No; the only place was in the discretionary funds process which allowed the district Board of Directors to set that kind of criteria in motion. So if you wanted to apply for a project with discretionary funds the board was able to ask for more evidence of other kinds of support. Otherwise, the formulaic funds never had any kind of a challenge grant or matching grant apparatus.

Margaret Hunt

That is true with the cultural districts in Utah as well. The state arts agencies funding has a match requirement.

Philip Horn

This begs the question that I have been considering for a time, which is that we are working from a model we borrowed from private philanthropy 40 years ago. We are employing an entirely supply side strategy. What would happen if we thought about a demand side strategy? I hear elements of that in what Anthony and Michael have said about government services rather than engaging in private philanthropy, as I would describe it.

Jane Hansberry

The SCFD does have some public demand side. The initial entities were the large, regional institutions, so people voted to support them. There is a running battle between the Denver Zoo and the Museum of Nature and Science about which is bigger and draws more attendance. Also, the mid-tier organizations get their annual funding based upon their prior year's income—not on expenses, but on income and attendance. So demand is built in both of those places. Demand exists at the aggregate level.

Dale Erquiaga

We are using a model that's 45 years old, in the way state arts agencies and philanthropy works, and now we are merely applying tax money to it. What role does the state arts agency play in this discussion?

Stephanie Stebich

That question came to me also, after what Anthony said about the administrative funding available for an entity to determine how to distribute funds. I am wondering about the notion of these entities doing research and perhaps cultural policy work because that is exactly what I see as

the arts commissions' role. People who are developing and modifying cultural policy for a district may have a different kind of training potentially than people who are appointed to do the administration for the cultural tax district entities.

Anthony Radich

It is a dance that could be orchestrated, regarding whether the district is simply the ATM, while the city and the state provide these other services. I wanted to point out that when an entity distributes \$40 million per year, it is making cultural policy through your check writing. Jane knows I have at times called the SCFD the "Jolly Green Giant with a Lobotomy," because the entity has no feeling and merely writes checks, which can be problematic. I don't think it has to be; it's a matter of orchestrating that dance to elicit a rich cultural policy discussion about everything else. Part of that in my view, and people would disagree with me, involves removing some of the more absolute entitlement dimensions to the extent possible. But that is a controversial idea because organizations want to go into tax district efforts knowing they will get a return on their investment. However, when an absolute entitlement is in play, it eliminates, in my view, a great deal of the cultural policy discussion.

Jane Hansberry

Our state arts agency was not involved in the formation of the SCFD and hence was politically marginalized. In 2002, our former governor cut out all of the state funding to those seven counties of the SCFD, which dropped Colorado down to 50th in the nation in terms of state arts funding. We have never had very great per capita state funding, but going from 47th to 50th was a setback.

Margaret Hunt

Our law, in Utah, contains specific language that prevents existing state arts funding from being reduced.

Robert Booker

That is a worry of mine. We have a great relationship with Maricopa Partnership (MPAC) and so does our citizens' group. The three of us communicate on a regular basis and we hosted three major listening sessions together. We worry that if the initiative passes, we may find that legislators will not be open to providing funding to the state arts agency as well. Or, if it fails, then the legislature

will simply say that the vote of the people is clear and may cut funding for the arts commission—because the public voted against funding for the arts. This applies not only to the state arts agency, but in Arizona we have several strong city arts agencies, local arts councils, and county arts agencies. So this initiative could cause some negative repercussions for the public funding currently available in Arizona.

I would like to see that particular language because we have talked about how to ensure stability in state funding by asserting it in the language, but I'm uncertain as to how to do that. Our budget is up for revision every year at the legislature. I can't imagine that they would lock themselves into a guaranteed funding scenario, especially in a year like 2009, when we are currently facing a potential \$1.7 billion deficit in Arizona.

The other question I want to raise relates to state arts agencies and their historical tendency to be very mindful of the amount of money that they grant to a single organization. When I was the director in Minnesota, we tried to achieve a 10% figure. Some of the smaller organizations received that, but the larger organizations—like the symphony—certainly didn't, and instead received about four to five percent. But when I hear that an organization could be receiving up to 35% of its budget from public dollars, that concerns me—perhaps they are overly dependent on a particular source of revenue. If that revenue source decreased, like what happened in the Detroit area, and major institutions have suddenly lost massive amounts of revenue, then the institution would immediately be in crisis and would almost have to close its doors. So can we imagine that there is an appropriate level of public support, and what do we think about a number as big as 35%?

Larry Meeker

How much cultural planning is going on within the organizations and with whom? We have heard about how some of these initiatives get started due to a crisis. That to me is a short-term plan, and certainly not a long-term cultural plan. Is anyone engaging in long-term cultural planning and trying to create that vision? If so, who is doing it?

David Brown

Well most arts organizations, at least those of them with resources, develop long-range plans. That is about as far out as I think most of the large organizations prepare. Those plans typically include three to five years per organization, but they are isolated to an organization, and do not represent a broad policy.

Julie Goodman Hawkins

That is what we are engaging in currently in Philadelphia. That is part of the work that David is doing with us. It's also something we are going to be taking beyond our organization's membership. Typically we do that largely with our members and then somewhat more broadly in the sector. This spring we are going to be taking that conversation into the general public as well, through a combined effort with a local group called Great Expectations which did a lot of public work around the Mayor's race. They are taking on the issue of what a regional fund to support the arts is all about in general public discussions.

Debra Twersky

We are seeing considerable interest in cultural planning occurring in new suburban communities that have reached a certain size. Here in Washington State, the communities of Shoreline, Burien, Federal Way, and Bellevue have recently created a cultural plan. We are working with these individual communities, but there is no county-wide comprehensive plan. Particularly as it relates to cultural facilities, I think it is certainly a dilemma that deserves a closer look in policy because every one of those communities would like to have a major regional performing arts center. Each one would like to offer its citizens certain cultural amenities.

Michael Killoren

This has been an interesting discussion about inclusivity, equity, who's at the table, and support. One of my questions comes from the Seattle region, where the different layers of the public sector have influenced the development of our cultural infrastructure. The most significant role that the public sector has played is probably in facility investment. How does the relationship among local government—cities, counties, and the state—change as a result of a regional influx of funding? Capital needs

do not go away, and there are still small- and mid-sized organizations that need funding while new communities are growing. There will continue to be an ongoing need and I wonder how we can keep the political entities engaged if only at that level.

Jane Hansberry

Well it has been somewhat Darwinian in the Denver metropolitan area, as in what suburb gets there first. What the SCFD has done is wonderful for the suburbs. People actually have places to go in the suburbs now. A few suburbs have made some great things happen, such as Lakewood which is to the west of Denver. But it has not been incredibly organized and people have essentially had to come together and coordinate those efforts. We have an organization called the Denver Metro Network that promotes communication about economic development among different areas in the region. During my tenure, we encountered many people who were unaware that their neighbors were considering doing the same thing or developing the same kind of arts program just six miles away. There needs to be more interaction among neighborhoods and suburbs; unfortunately, it hasn't improved.

Anthony Radich

This is where the limited 0.75% allocation for administration is a real obstacle. Jane was using her free time to help people with respect to cultural facilities.

Jane Hansberry

It's true that it became frustrating. I would hear people six miles apart proposing the same kind of idea for a theater, and the region cannot support every facility or program.

Margaret Hunt

This language is included in the purpose statement for the Utah region. It states, "The Utah legislature finds and declares that...without jeopardizing the state's ongoing support of its recreational and zoological facilities and its botanical, cultural and zoological organizations, the legislature intends to permit the counties of the state of Utah to enhance public financial support of Utah's publicly owned or operated recreational and zoological facilities and botanical, cultural and zoological organizations owned or operated by institutions or private, non-profit

organizations through the imposition of a county sales and use tax.” That is how it is stated in the legislative language.

David Thornburgh

I want to go back to the important question of how state arts agencies relate to these regional initiatives. I truly believe that regional approaches are optimal because they fit people’s lives—the are the geography of opportunity to which I referred last night. Regional approaches have to do with the quality of life package, for both people and businesses. Companies draw on competitive assets at a regional scale. Even acknowledging the word region means quite different things in quite different states. Some of you know Peggy Amsterdam, who runs the Greater Philadelphia Cultural Alliance, now that Julie and I are working with her. She used to run the state arts organization in Delaware, where there is a population of 900,000 people in a very small area. Delaware essentially is a region. I believe that regions are the geography of opportunity and that they reflect people’s experiences in their daily lives, which tie in with their identities. Consider sports teams, for example, which tend to connect people. We really ought to be looking for ways to plan, act, and fund activities at that scale. The role of the state with multiple regions should be to help its regions foster some kind of a partnership in order to understand their assets, opportunities, and challenges and work toward those. That is why I mentioned the notion of matching funds; states have greater revenue-raising abilities than local municipalities or even regions, and they have the advantage of already existing.

Somewhere in that blend of states and regions and then the local and county governments, I think is the sweet spot. We have to revert back to the “form follows function” notion, that there is a set of things you believe you need to have in order to provide the kind of quality of life and competitiveness package you want. There is also a capital planning piece, a marketing piece, and a product improvement piece. We talked about excellence and how some of these funds can contribute to that. So if we think about the geography and about the different functions we need to carry out, then it’s a question of sorting out the roles of state and regional entities, along with the non-profits like the Greater Philadelphia Cultural Alliance, which also have very important functions. Somewhere in

all that I think is the right answer, but I keep coming back to the question of what are we trying to do here and what are the functions necessary to achieve that?

Susan Coliton

As someone outside of the public policy arena, I am curious if all the participants have the same definition of “region,” and if so, what is that definition?

David Thornburgh

I bet they do not all have the same definition, because it varies so much from one place to the next.

Larry Meeker

I have a quick observation. I appreciate you asserting that the way people and businesses live and work is defined by regions. I think there is another important concept, which is the perception we think others have of the region in which they live. My indicator of metro Kansas City regional thinking has always come from walking through the Kansas City airport and observing the wording on the various t-shirts and sweatshirts for sale. While most still have “Kansas City, Missouri” on them, increasing numbers are now leaving off the Missouri tagline. While these businesses have no political charge to think or act regionally, I believe they reflect the local sense of regionalism. Non-residents are knowledgeable enough about Kansas City geography and they will often ask if I am from the Kansas or Missouri side. I typically will not tell them what town I’m from unless they pointedly ask. So I think we as individuals clearly think regionally. As a result, the businesses making those t-shirts may have a perception of how others view the region even though they may not hold that perception themselves. Minds are difficult to change!

Anthony Radich

I think it would be great if state arts agencies and tax district efforts had significant conversations during the early organizational stage then continuing through the implementation; that did not happen in Denver unfortunately. One outcome that I believe would be very beneficial would be for the state agencies to provide different kinds of services with a cultural tax district that elsewhere in the state are provided on a regional basis. If some group, entity, or region has a major tax district that is allocating thousands or millions of dollars a year,

should the state arts agency provide exactly the same level of opportunity services grants? Maybe it should, but probably not. In Denver, the mechanism collects approximately \$40 million from seven counties. Should the state arts agency offer general programming grants in amounts of let's say \$53,000 to the same organization that receives \$3 million from the SCFD? Shouldn't the state arts agency offer a different mix of support to these entities? This perhaps relates back to that cultural policy conversation. Shouldn't the state arts agencies convene on behalf of the people in a region, educating business leaders about cultural policy interests, and so on? They could play a different role—a complementary role, and not a competitive one.

Dale Erquiaga

I will attempt to summarize the morning's discussions. I have consistently heard two questions. The first is how do we frame the issue, and the second is who is at the table and who is this for? Who gets the funds? I think those questions are definitive and will lead you to a couple of places in your discussion. I have heard four paths which these organizational efforts or district efforts have gone down. One is the crisis of arts groups needing funding. Another is a broader conversation of the arts needing money, which represents a smaller subset and has been used less. A third pertains to recreation; tying ourselves to someone else's boat because zoos or parks are more popular. Lastly, Minneapolis-St. Paul appears to be the leader in economic development, with respect to a creative class and creative economy.

All of these efforts relate back to the question, "Why are you doing it?" You are doing it because of crisis, because of economic policy, and because people need the arts. Those four paths I mentioned are all connected to the same questions. Regarding the earlier political question, we seem to be most successful when more people are involved and someone else pays for the campaign to pass these initiatives because our arts organizations don't have that kind of money, and/or they are prohibited by federal law from paying for them. What I've heard is that it is not enough to simply decide that we need money. Everyone needs money. Collaboration and answering these broader questions are critical. Perhaps the most troubling piece concerns the unanswered question of who is in charge. The arts community is not at the table at the right time to participate in regional cultural planning.

Whose job is this anyway? Apparently it is nobody's job, which leads us back to where David began yesterday—regional entities do not truly exist in government, so no one has ownership of this issue.

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Session Five: Proposals For New Cultural Tax Districts

Johnson County, Kansas

Larry Meeker

About a decade ago, Kansas City passed the first bi-state cultural tax. The legislation was authorized in the Missouri and Kansas legislatures to allow citizens in several counties that spanned the tax line to be taxed. At the time, the arts community was somewhat involved and wanted to propose a plan but their attempt was not organized. Consequently, the focus shifted to restoring Union Station, an icon of Kansas City. Out of that came something that I think still plagues the arts community today: the notion that, “Well, we passed Union Station; next time will be the time for the arts.” This attitude seemed to create a sense of entitlement, in that when the next opportunity arose, the arts would get its turn. That opportunity came in 2004.

I mentioned earlier that we had a bi-state proposal tied to the sports teams that failed. I think a major part of the reason—some would say the sole reason—the 2004 initiative was strongly defeated in Johnson County, Kansas, was its tie to sports teams. In particular, the sports stadium renovations would occur in Jackson County on the Missouri side and there was voter concern about enriching sports owners who were already rich.

My perspective was that the arts were never examined very closely in the process because those who were against the initiative wrote it off based on sports. Voters did not need to take a further look at the arts component, which I believe was plagued with significant problems. I believe the arts community would be wise not to assume the sports piece caused the defeat and assume the arts part of the proposal was fine.

No active regional arts funding proposal exists today in Kansas City, albeit some initial seeds of a proposal are being sown. Two entities in Kansas City, to my knowledge, are pursuing something with respect to a larger taxing district. One is the Metropolitan Arts Council that led the charge for the last initiative. The initiative was devised behind closed doors and then the plan was to determine if the concept could be sold to others. At the heart of the marketing campaign was the question: “If

you had all this funding, how would you spend it?” The idea was to put some of those things up on a billboard and show people what could potentially happen. As I mentioned earlier, I think the proper question we might have asked is: If you can’t get a nickel of the funding, how would you like to see it spent? This question might have resulted not only in a better marketing campaign, but perhaps in a better proposal.

The issues shaping public arts funding today are fundamentally tied to the fact that a large amount of the wealth in Kansas City lies on the Kansas side and in Johnson County in particular. If you think of metro Kansas City as a quadrant, the southwest quadrant would include Johnson County, Kansas. It is one of the wealthiest counties in the country, with a nationally recognized public school system, nationally recognized parks, and a nationally recognized library system. The quality of life in the county is deemed to be quite high.

While much of the wealth lies on the Kansas side of the state line, by virtue of history and geography most of the major cultural institutions are on the Missouri side of the state line and closer to the downtown area of Kansas City, Missouri. That seeds the problem. If you plot on a map where the institutions and their patronage are located, you will find that the patronage stems primarily from Johnson County. Further, we are seeing more and more arts and cultural institutions streaming down into Johnson County.

The politics of administering any regional arts funding is also a big issue. The Pendergast mentality—which dates back to the 1920s when Kansas City was ruled by insiders often tied to sex, gambling, and alcohol—still pervades some of the politics in the area today. It is not uncommon to see city council members and other governmental officials in Kansas City, Missouri and in Jackson County, Missouri in court facing various charges. This creates a lack of confidence in any kind of administrative structure for addressing the arts. In addition, the politics of suburbia also have an effect. Much is made of the state line; the fact that Kansas and Missouri were on opposite sides in the Civil War is an easy angle for sports writers.

I believe the bigger issue is urban versus suburban and the question becomes: What is urban? Kansas City has never truly had an urban core in the way that San Francisco or New York do. Most of the early development

dispersed relatively quickly due to the stockyards, which produced a foul odor in the area. Kansas City has perhaps the most suburban metropolitan area in the world—the area is spread wide and is not densely populated. America’s first shopping center, the Country Club Plaza, was built there in 1924. It was a landmark initiative dependent upon the public using automobiles in new ways. Would they actually go shopping and drive away from their neighborhoods? About seven years later in 1931, the Nelson-Atkins Museum was founded just a few blocks away from the Country Club Plaza; it was equally dependent upon the automobile and in a suburban area.

In the past year, an addition to the Nelson-Atkins Museum was completed. We have a brand new museum, the Nerman Museum of Contemporary Art on the Johnson County Community College campus in Johnson County, which is the second largest museum in the Kansas City area. We are also building a performing arts center—designed by Moshe Safdie—which will be a phenomenal structure. It may even do for Kansas City what the Sydney Opera House has done for Sydney in terms of becoming an icon. These are impressive accomplishments.

All of this relates to what I believe is the next problem we face—the public does not perceive a critical need. These things are happening with private money and the support of a few key foundations established by local philanthropists. In the 2004 bi-state initiative, the initial four years’ funding for the arts was earmarked for the new performing arts center. Even though the initiative was defeated, the performing arts center is being completed anyway and is scheduled to open in 2010. The public must be asking, “is the arts community crying wolf, or is there truly a need that must be addressed with respect to the arts?”

The most significant risk for the major arts institutions—as well as the entire community—is the fact that only a handful of people provide the bulk of the funding for the major institutions. These people are not young and despite having established foundations, the question of whether their heirs will maintain the same priorities as they begin to administer some of the funds remains.

I think the path to success in regional arts funding in Kansas City is going to be a public process that ultimately creates a vision for the arts in Kansas City. Given

that private funding is going relatively well, we must provide the public with an answer to these questions: What will change? What will the metropolitan area look like if we pass this tax? How will the metropolitan area benefit from this tax?

We must also engage the suburbs, which we have not done very well. There is somewhat of a “poor me” mentality downtown that is not evident in the mentality of the suburbs. The most recent proposals have included a very defined tier structure with a focus on the major institutions. Much of the campaigning by the institutions and for the proposal itself involved comparisons to other cities such as Denver and St. Louis, with the assertion that we deserve the benefits that come with the initiative, which relates back to the entitlement mentality.

I believe the key will ultimately be focusing on what will change and how we can market that change. Perhaps we need to undertake another project first. Union Station’s restoration was such a project. Projects allow you to be specific about what you are doing and about where the money goes; there is implicit accountability. Once that particular project is completed, the groundwork is in place for building the case for continuing the tax to provide ongoing support. This notion is not very popular with institutions and organizations that want to move quickly, but you do not get many chances when you begin proposing plans to voters.

Kansas City, Missouri has a history of passing initiatives on the tenth or twelfth attempt. On the Kansas side, once an initiative is defeated, it stays down for a long time and there are not many opportunities to bring a similar initiative to the voters—there is a difference in the political culture. I think the political approach to these efforts is quite different on the Kansas and Missouri sides of the state line. The politics of Kansas are focused on grassroots; the Johnson County commissioners are responsive to grassroots efforts. They want to hear public input and they want to see a lot of people behind an initiative. On the Kansas City, Missouri side, the approach is more top-down. Those two divergent cultures clash quite clearly in Kansas City.

Phoenix, Arizona

Myra Millinger

I'm going to try and condense four years of a very complex process, which only gets more complex as each day goes forward, into a few key points that will hopefully generate some discussion. In terms of cultural context, prior to 2004 the arts and culture community in the Phoenix region was viewed as the class of the needy—the people who asked for handouts, and certainly not as a partner or as an important piece of the competitive positioning of the region. That mentality has changed, and it has actually changed much more than we had expected. That change occurred as a result of essentially three things. The first was the creation of a task force in 2003-2004 led by 30 business, arts and culture, and public sector leaders. They came together not because they suddenly viewed the sector of arts and culture as front and center in their lives, but because Arizona was positioning itself as a bioscience hub. In looking around the country at competitor regions, these leaders were surprised to learn that arts and culture were being used as a competitive positioning tool. At that point in time, not only were we not at the table, but we were not even in the room. The convening of the task force itself, which met over nine months, initiated a crucial dialogue.

Next, because our region was so far behind with respect to arts and culture, instead of retaining an arts consultant we approached a firm specializing in economic development. The Battelle Technology Partnership Practice is the same firm that was doing the bioscience road-mapping for leaders in Arizona. The firm is very well-respected and its involvement brought legitimacy to the research and to the ensuing conversation. The most compelling aspects of the research stemmed from a comparison of Phoenix against nine competitor regions experiencing new growth, including Austin, Seattle, Denver, and Charlotte. The two findings that stopped and changed the dialogue had to do with (1) the amount of product per capita in the region, and (2) the amount of contributed revenue per capita. Our region was dead last in the amount of product per capita, and we were at \$12 per capita in total contributed revenue for all government, corporate, private sector, private philanthropy, and public sector funding. The next lowest to us was San Diego at \$23 per capita in contributed revenue, to provide some perspective. Seattle had \$60 per capita at that time.

This discovery stopped the conversation and led us to the next step. The business community had an epiphany that unless they addressed the issue of under-capitalization very aggressively, the region would only slip further behind. They also realized that we would have difficulty competing with Atlanta and Seattle in biosciences if we could not attract the talent and industry to live in the Phoenix area. So the process was very self-serving, but that was fine with us, because it prompted the effort to move forward.

Ultimately two organizations were created as a result of the task force work. One is the Maricopa Partnership for Arts and Culture (MPAC), for which I serve as president. This 501(c)3 organization is essentially an economic development entity that uses the cultural sector to design various strategies. The second organization is the Maricopa Campaign for Arts and Culture (MCAC), a 501(c)4 entity. Some of the leadership of the task force joined the boards of these organizations, which represented a positive shift in the emerging value of the cultural sector. The MCAC leadership has six board members, compared to the 26 board members of the MPAC. The MCAC board members were hand-picked for their understanding of politics and for their position of leadership and respect in the corporate community. The board is largely developer-driven, which is an important element of the leadership.

We began with a goal in the campaign, which was the work that Battelle completed. The firm calculated what it would take for us to approach the median of the nine competitor regions, and it found that we needed somewhere in the range of 50 million new dollars per year in dedicated, unrestricted public sector funding. Private sector funding is essentially depleted, so public sector money is our only option as a funding source for arts and culture. We determined that there are only two methods to generate that amount of money. One is through a property tax increment, which would never have passed, and the other is through a sales tax increment. A sales tax of one-tenth of a percent, the mechanism Denver has adopted, was the plan we decided on after extensive investigation.

What has happened since then can be described as a tale of two expectations, or a tale of expectation and reality. In 2005, the expectation was that the economy would remain as strong as it was then, when it was quite

strong. In 2008 we are experiencing a real estate crash, significant budget shortfalls, and a sudden end to state revenue sharing. The county is also cutting back on services. We are in a very bad situation as a development community so dependent upon real estate. The board members of the MCAC are now hurting. There is now a very different attitude about fundraising than there was in 2005. The second shock of reality was that we assumed when we began this process that we would be pursuing a referendum from the legislature that would allow the county board of supervisors to place a measure before voters in the 2008 election. In 2004 when the MCAC was formed, it seemed like a 2008 goal would provide plenty of time. However, the reality is that a referendum is off the table, for a number of reasons. The Arizona legislature is never inclined to act on behalf of the citizens of the region, with the exception of saving them tax money.

In Arizona, we are now faced with the fact that our only option is to go to the ballot. Consistent with the state constitution, we have moved from what was to be a county-only effort to a statewide effort. We must also revisit whether we can make this all happen in 2008, as we originally intended. The third surprise was that in 2004 we planned a campaign in the county that would have cost about \$2 million to be successful. Now we are facing a statewide campaign that needs a minimum of \$4 million to even get it off the ground. In 2005, business support was strong for the effort. By now the business community is hurting and other issues surpass this effort with regard to importance and relevance. I was basically told to “get in line” for the 2008 year because there will be a number of very contentious ballot initiatives, some of which are business-funded. The other expectation was that we would have sufficient time to prepare for the initiative. We are now heading toward the final moments because we never expected the process to take so long. When we discovered that we would need to go statewide, we spent months trying to determine a legal mechanism to maintain some bi-county autonomy in the process. We now think we have found it, but the reality is we have run out of time to get the campaign going. I don't think we will be able, in the next 48 hours, to raise sufficient capital to proceed for 2008.

We are now faced with about 10 interesting policy dilemmas. We have a governor who is very supportive, but she will be leaving office and we are uncertain who

will be elected next. We have a decline in the economy that will not improve much, at least not in the short term, with respect to the real estate market. Somehow we will have to reposition and maintain the momentum we have been building in order to go forward and make this happen three years from now. In short, that is where we are currently. The overarching issues will never change. We are a region that is terribly Balkanized—we tend to be fragmented and we do not share well. That aspect of our region is not getting better, so to try and create a regional identity and brand for the arts community is a challenge. We have huge population churn that will not change. We have no natural constituency for our measure for arts and culture, with the exception of the arts and culture community. When you propose a transportation tax, the people who build roads would support it because it means jobs for them. So there is a very interesting dynamic and we are a very young region. It will be an interesting case study to watch unfold.

Puget Sound Region, Washington

Dwight Gee

My organization is ArtsFund, a private united arts organization similar to United Way, but for the arts. ArtsFund is deeply involved in the effort as a fiscal agent. I have also contributed a great deal of time to the effort, but we do not own it; we are merely trying to help move it forward. The greater Seattle area has experienced considerable growth in the past 15 years, which has informed much of what is happening with the current effort. For about a 12-year period particularly in the late 1980s, 1990s, and the early part of this decade, about \$1.5 billion was given to cultural facilities in the region, which gives us an amazing inventory and lifts the budgets of certain arts and culture organizations.

Another facet of the region involves some strong and effective regional planning by an organization called the Puget Sound Regional Council (PSRC). This organization is a four-county group of local governments that works with contributions or fees from those governments. The PSRC has examined regional planning efforts, as well as transportation planning and economic development in the region. The idea for the cultural district relates back to our long-standing aspirations to implement what we have seen in Denver. Following a Chamber trip to Denver a few years ago, people came back with tales about the SCFD. The Denver model was in our minds for a long time and we have been thinking about how we could implement something similar in the Seattle region. Some visionary leaders from the PSRC asserted that we needed to figure out how we can make this four-county region—King, Pierce, Snohomish, and Kitsap counties—more competitive on the world stage. Seattle is already noted, but the question was how we could ensure that it will continue to prosper economically.

The PSRC pulled together the top industry sectors including aerospace, clean technology, information technology, life sciences, logistics and international trade. They asked leaders from these sectors to identify ways that were helping to move their businesses and industries forward, along with the obstacles in their way. The obstacles they named were transportation, poor education, and the faulty tax structure, among others. Factors that were helping them move forward were the national environment and the reality that Seattle was a very livable

place, in spite of the traffic. These leaders immediately recognized that social capital and quality of life gave the city an important, strategic advantage for being economically viable. They wanted to create 100,000 new jobs by the year 2010. How would we work toward that objective? They decided that the Seattle region needed a platform for a strong cultural life; that is, similar to the Richard Florida argument, we needed to attract the right kind of businesses and talent, and to make the region a great place to live.

Those of us who were thinking about the SCFD had some suggestions about how to make Seattle a better place to live. We said we needed more money for arts and culture, and they emphasized broader access to those things. That is how this collaboration came about—they viewed us as useful partners in accomplishing their strategic mission, and vice versa. This collaboration was a dream for the arts community because instead of the arts people clamoring for more money, the economic development people were asserting that we needed to develop a stronger cultural life. I am referring to the cultural life in a somewhat broad sense, in terms of activities for families and visitors to the city. We first initiated this venture at the PSRC, where I have attended countless meetings, and the first thing we did together was assemble a very small group to develop a plan for the collaborative effort. This group consisted of some very brilliant people, such as a local public law attorney who has a strong understanding of the relevant issues and knows how the process works. There were also economic development advocates from the PSRC, of course, and some people from the arts community.

We plundered as much information as possible from the SCFD, and its staff was very helpful in providing us with information. We then entered a period of what the attorney called the Groundhog's Day meetings, because we had the same meeting repeatedly. We were not moving forward in the process. We consequently started broadening the base of the people involved. It began with a cultural task force comprised of some elected officials, public figures, arts individuals, and science people. Then we realized that we needed to bind our stakeholders more strongly to the effort, so that they could provide leadership and frankly cover the cost of hiring the public relations firm, the lobbyists, and the other expenses necessary to move ahead. They have since been directing

the effort. We are moving even further, as we go out into the community to enlist community leaders to encourage support among elected officials. So the cultural organizations are now carrying the weight.

We are currently promoting our ideas to elected officials and community leaders to see how they respond. We have done some polling, and were encouraged to find that 60% of the people polled in the four-county area said they would vote yes on a sales tax increment to support the initiative. The initiative is intended to be statewide, in that it would provide the authority for populous areas of the state to form their own taxing districts. Currently, we are focusing on outreach and building levels of support.

One of the important issues we considered was how we would interface with the proposed lodging tax. That tax is vital for county funding of the arts in Seattle and an effort to secure it for the long term has been about three years in the making. ArtsFund is invested in passing that as well. We decided to stay out of Olympia, the state capital, so the lodging tax could be passed and it would not get confused with the sales tax effort. We also were not ready since we had not adequately developed the base of support. We are now building the base of support. Our plan is to approach the legislature for approval in 2009, but we have a lot of work to do before then. There would be a subsequent election, assuming that the state does not give us a tax credit, which is possible. Since the state owns the sales tax, it could simply decide to give one-tenth of a percent to the arts without going to a public vote, which is not very likely. The state is more likely to give us the authority to create the district, go to the voters, and ask for the increment.

Anthony Radich

Both the Seattle and Phoenix efforts have been connected to larger development processes, which I think is good, but what contingency plans are in place for when the drivers of those processes leave the picture, when Richard Florida is forgotten and biotech sciences are a thing of the past? How can you make sure that your initiatives don't fall off the wagon when that happens?

Myra Millinger

That's a very good question. I emphasized the negative aspects of the Phoenix initiative, so I will discuss some of the positive shifts I am seeing, which would make that

less likely to happen. We are not just a political effort in one entity. We are strongly connected to the 501(c)3 and to a range of people from the economic development, tourism, commerce, scientific, and technology communities on many levels. These groups are addressing the same issue we have been discussing about the Seattle region, with respect to an understanding that regardless of the industry, in order to attract people to a region you must cultivate an environment that is advantageous and exciting for people. The region should be appealing because it is where people want to live, and not merely where their job happens to be. In many places, we are seeing the cultural sector viewed as a partner and as very instrumental, which is unlike anything I have seen in my experience. I think it's going to be very hard to lose that momentum provided there is a focal point to develop a product that is of value to other sectors. I think we could slip back very quickly if the Maricopa Partnership for Arts and Culture went away because there would be no unifying force across sectors and across the creative community to promote that case.

Dwight Gee

I think that for some people, the Florida mentality has already lost some of its luster. I think the political and economic development leaders are strongly invested in it, but more importantly, the initiative we have is standing firmly on two feet. The economic development component is important, but the people whose first interest is in having a great community irrespective of the economic aspects, through cultural organizations, are profoundly committed to this effort and are very willing to support it. So I think keeping those sides in some kind of balance is important.

David Thornburgh

Dwight, can you talk more about how much money you could conceivably raise through your working concept, as well as the particulars of distribution and perhaps what the funding will go toward? Also what is the strategic face of this effort as it emerges from the distribution process?

Dwight Gee

Based on 2005 data, the funding generated from the one-tenth of a percent sales tax in the four-county region would be about \$40 million. That figure would

now increase to about \$60 million because the region is growing considerably. What would these funds be going toward? I think the primary focus would be on increasing access to the arts and cultural organizations. I personally don't subscribe to the notion that we must give more money to arts organizations because they need it. That is not an outcome. The outcome is what those organizations do for the community, which can have enormous effects. The key is expanding access to those benefits. In our working concept, we are considering having each potential beneficiary present plans on how they will expand access through outreach or free or discounted days. In addition to better access, presumably with more financial stability these arts and cultural organizations will provide a higher quality of service.

Myra Millinger

From our perspective, we have done two public opinion polls, one as recent as late December. This region is very conservative and averse to taxing, but the good news is that we had a much more positive response than we expected from voters, though the response was mostly about two issues: kids and education. Even for people who say they do not attend arts events and facilities, they want them available for their children and they want to see them in their communities. Secondly, people want access; they don't want to have to drive an hour away to benefit from these organizations. We also found that people are very adverse to the funding. We did not mention Denver's model but the original tier structure in Denver would never sell in this region. We would lose the election if a significant portion of the money went to only a few institutions. We were able to learn quite a bit from the public opinion polls. But we are working toward an effective strategy if we can simply raise enough money to put before the voters. That strategy involves reaching people and families, and promoting the arts so that they believe it adds value to their lives.

Larry Meeker

Dwight, how has your experience with ArtsFund helped this effort? In Kansas City we have a new united arts fund that formed last year and there is a sense that it will create a model for public funding for the arts, most likely through the distribution mechanism. Is your involvement in a united arts fund viable and relevant in your experience with this initiative?

Dwight Gee

I think the main benefit of the 19 years of experience I have had with ArtsFund is the connections that the organization has across the community. ArtsFund is known and respected, which has helped to pull different areas together. We understand quite a bit about distribution but we are not anticipating that our distribution system will be the model used for this cultural district.

Ricardo Frazer

Dwight, you mentioned that the PSRC is a four-county group, yet the initiative is meant to be statewide. Can you clarify that, and if it is in fact a statewide initiative, is the state arts agency involved? Why or why not?

Dwight Gee

The PSRC covers four counties, but the legislation we are planning would enable populous regions in the state—populous because very rural regions will not have the tax base so it does not make much sense—to establish a similar district.

Myra Millinger

Because we were forced to look at something on a statewide basis, we came up with a strategy for legislation that we are going forward with, at least at this point. As it is now written this effort would have to pass by the majority of Arizona state voters, but it would only be enacted in those counties where the majority of voters supported it. The sales tax revenue generated would also be retained in the county. As a result, Tucson residents would not feel like they were being taxed for the Phoenix Art Museum, prompting them to vote against the initiative. In turn, we have a very strong feeling of local control. This allowed us to maintain some measure of autonomy within each county and yet have a statewide vote that would be presented once to the voters. We still have an issue for which, even if it was enacted in Maricopa County for example, the county board of supervisors would still have to support it by majority vote. We thought it would be very awkward for them not to enact it if 60% of the county residents supported it and were willing to be taxed for this purpose.

Dwight Gee

For our proposal, the entire legislature would have to pass it, but it would be left up to the individual areas. In response to the question about whether the Washington State Arts Commission has been involved in this process, we have met with Kris and representatives of the state agency on a number of occasions. I think we have kept the agency fully updated on the ongoing process, and Kris has helped us make sure the effort remained statewide. I will ask Kris to provide her perspective on that.

Kris Tucker

I'd like to ask a related question. Suppose these three efforts are successful. After 10 years, how might we conceptualize the relationship between these successful tax districts and the state and local arts commissions in the communities where these are implemented? How might that be envisioned?

Myra Millinger

I think we are very aware of the dynamic that must develop for the state and local arts commissions of the municipalities to remain vital in 10 years. They must be funded at a higher level than what they currently receive, and we need to make a case for why the state and local arts agencies are not crossing over into what we are trying to achieve with a pure infusion of capital into the non-profit sector. I think that is an argument that must be carefully crafted because we understand the risk to the state arts commission that comes with a tax district. This is something that has been front and center in our minds from the beginning, after our task force results were shared with the community. We are trying to communicate to people that if funding for local and state arts agencies is cut, we are simply going to fall back to where we used to be rather than make progress. We have to demonstrate how the roles of those agencies are critical, in that they strengthen cultural communities. But it is a tough argument to make. I think that in 10 years, if we have vibrant tax districts with stronger and healthier non-profit arts organizations, but at the cost of the thriving and capital base of the local and state arts entities, then we have failed.

Larry Meeker

There are two strong arts councils in Kansas City, the Metropolitan Arts Council, a Missouri-side arts council that is closer to downtown; and the Arts Council of Johnson County, a major suburban arts council in Kansas. The former tends to take a top-down approach with respect to policy issues while the latter takes a bottom-up approach. This lays the groundwork for a clash between the two organizations over development of a bi-state funding proposal.

The incentive for everyone, however, is that a bi-state tax is more viable politically than local funding. Because local governments do not have to promote it—the voters can decide. The argument for a bottom-up approach is that everyone will be stronger because people are advocating for arts policy and trying to create an arts vision within a regional economy.

Dwight Gee

With respect to a 10-year prediction for the Seattle region, a condition of the legislation we are developing is no displacement of existing support for the arts due to the tax mechanism. That has been a guiding principle from the beginning. Someone made the observation that imposing that condition is difficult; that is, if we simply write it in the legislation, is that sufficient? We have seen instances when it was not, but we need to maintain that fundamental principle. The work the Washington State Arts Commission does is of critical importance and I have worked for many years trying to help boost the money. However, we don't have anywhere near enough funding for the Washington State Arts Commission to do the work it should be doing.

Anthony Radich

I want to encourage everyone working on these initiatives to develop a small policy paper on the relationship between cultural tax districts and local and state arts agencies. They should consider how the tax district will unfold and what it will look like in five or 10 years.

Also, we have mentioned the impact of the SCFD on different entities such as the Colorado Council on the Arts. I want to explain that the SCFD alone did not cause the state council to implode. When the SCFD was first proposed, the director of the Colorado Council at that

time did not seek to actively engage in that process, which led to some real detrimental effects. She was an outsider in the organizational effort and perhaps at times an antagonistic outsider, so that was not a good start to the process. What later greatly diminished the Council was another director who, years later, adopted a confrontational approach with the governor's office and the legislature. That approach was complicated by the already poor positioning of the Council. The result was catastrophic. Now the agency has rebounded and there is some hope of collaboration among the SCFD and the Council. I am relaying this information because I did not want anyone here to leave with the impression that the SCFD killed the Colorado Council.

Jane Hansberry

I absolutely agree—it is a two-way relationship. We don't want to reinforce this perpetrator-victim mentality of regional districts, wherein the state arts councils are the victims. Although it happened before my time and during the campaign, Anthony characterized it perfectly to my knowledge. The state arts council did not want to be involved. From what I understand of those dialogues, they were fearful that the arts community would be perceived as greedy by the legislature, so they opted to stay under the radar. Then it became easy to characterize what happened in a perpetrator-victim context, with the regional district excluding the council to some degree. But Anthony's right; it was a two-way street and the state arts agency chose not to engage.

Margaret Hunt

As an agency that now has a 10-year history, I wanted to flip that question, and also respond to Philip Horn's earlier question about whether the cultural tax district accomplished what it was intended to do. Keeping in mind that our district was framed around stabilizing arts organizations, it is a yes and no answer. The symphony and the ballet are still in trouble, but some of the other organizations are doing better. Another interesting thing is a trend we have been seeing in the last couple of years, which is arts organizations going directly to the legislature for line item operating support. Looking back, obviously stabilization was the crisis that led to the tax district. But in re-framing this for the future, I like the

notion of focusing on access rather than stabilization. I think we have an opportunity to re-craft that message as we go forward.

Closing Session

Joaquín Herranz

Rather than provide a summary, I wanted to pick up on the theme of public benefits and this notion of “Pay more, what for?” I was invited here because of my background in public policy and I wanted to position some of this conversation in the public policy arena. First, regionalism is not a new idea. The issues we are discussing at this seminar are widespread around the country; no one has it entirely figured out, however. Another issue is the multi-central nature of thinking about services, some of which was referenced in the readings and mentioned by participants here. In that regard, it is not adequate to only talk about public money or non-profits; we must consider the commercial side as well. A further matter involves the question of, “What for?” This is a major issue around governance in this country and others, regarding results and outcomes.

I wanted to explore that question of “What for?” and offer one way of thinking about it, in terms of public benefits. On the one hand, we can look at reasons why the cultural policy planning is so lacking in this country. One reason pertains to the market orientation, and the notion that the market takes care of matters that need public support. People need to hear a compelling argument for why there should be public support for the arts. We need to pay attention to the public benefit side of this issue, not because of voters, but because therein lies the motivation.

To that end, one way of thinking about public policy is in terms of four bottom lines. The first bottom line has to do with finances and economics, as we have discussed today. I think there is a lot more work to be done, and there may be debates around the economic impacts of the arts because that is critical for a lot of voters and policy-makers. It has to make sense economically for the public, given the level of competition for scarce resources. Too many urgent issues such as housing, healthcare, transportation, and the work force demand public resources, so unless we can make a compelling argument on why it’s connected, funding for the arts is always going to be challenged.

The second bottom line relates to social concerns, as we have been discussing with regard to access and equity. I think this applies when we consider crafting any kind of district—to be mindful of the experiences of other places where these funding mechanisms exist to maintain privilege. So how do we think about methods to operationalize the formation of cultural tax districts in ways that support the social benefits of access? People have talked about a variety of ways to fund activities rather than institutions, and about ways to build in incentives such as performance-based contracting, which enhances accountability. While it is difficult to assess the long-term differences these regional districts make—a challenge in almost every public policy sector—performance-based contracting can facilitate that process.

The third bottom line, one we have not discussed, concerns environmental sustainability. There are implications related to the equity and access issue as we consider creating mechanisms that support arts and culture in other places, not just here in Seattle. For example, in this region we have smart growth and urban growth boundaries and centers being developed. How do we connect this kind of work with something that we know motivates many people in this part of the country? So we can think about ways of reducing transportation by giving people choices and access. I think that is an underdeveloped concept we should explore.

The fourth bottom line has to do with cultural vitality and creativity, which in and of itself, should be a compelling public policy concern. This requires us to use caution in privileging or favoring a purely economics argument, and to recognize that there is public benefit in arts and culture. There is benefit in enabling people to be involved in creativity. Someone mentioned earlier that although some people may not be invested in that idea for themselves, they might be interested in it for their children and grandchildren. So, arts education is one means of supporting creativity. Creativity also relates back to that first bottom line, when we think about the Florida argument. That is, as we move into a knowledge-based economy, innovation and creativity is crucial. We are familiar with those arguments and it will be advantageous to sharpen those arguments and use them to appeal to voters and policy makers to examine the issues that resonate with them. It will be important to use that language and move it away

from the focus of arts organizations needing money. The more we build connections the greater opportunity there is to inform cultural policy and planning.

In the way that Portland was perceived for a long time as a national example of actually managing growth, perhaps Seattle has an opportunity to tie funding in with cultural planning. In much of Europe, this is taken for granted, in that the role of the state is recognized and acknowledged. So this touches on some very deep ideological issues, and questions about American exceptionalism and what we value in the way of culture in this country. But I think we should raise our sights to the opportunities presented, as we think about a taxing district and the prospects for creating a new institutional infrastructure, just as it was done at the turn of the century. I think that is the opportunity we are faced with here at this seminar, with all of these thinkers and doers—imagining not just what the returns are in five or 10 years, but in 50 years or 100 years. So one of our main focuses can be those four bottom lines, and advancing those ideas so that we connect them to what motivates voters and decision-makers.

Larry Meeker

I strongly concur. I think it's one thing to advance the idea of cultural tax districts because there is a need for them and because something needs to be fixed. However, it is quite another to engage in cultural planning and envision what we want to see happen in a region. As I think about those who have started these districts based upon need, as those programs continue on after the need is addressed, the result becomes no different than starting a district that is not based on need. Therefore, it seems reasonable to develop a vision for the dividends generated by these districts once the initial need is met. I prefer to imagine things 50 to 100 years down the road, because that timeframe allows us to avoid the limitations in our thinking that are imposed by a five or 10 year horizon.

Michael Rushton

I would like to make two points about the creative economy. First of all, it's a potential strategy but I think anyone going into it has to remember that all the participants at this seminar are part of what new geographers would call the creative class. The majority of the population, however, is not part of the creative class. I can look out

the window down the street on Marginal Way and see places where workers are building cardboard boxes and doing similar kinds of jobs. I would suggest using caution when approaching particularly those who hold blue-collar jobs; when you tell this audience that it is worth investing in the arts and culture because we are trying to build a creative economy, many people feel threatened by that prospect.

I live in a town where GE recently announced that it is closing a refrigerator plant. The employees who worked there for 15 or 20 years putting on refrigerator doors are not going to work in the creative economy—they do not see those possibilities. All they see is the economy changing and they feel they are being left behind. Now people are telling them that they ought to pay more taxes for arts and culture, which will hasten that process and strengthen the creative economy. So I would advise using caution and thinking about your whole population because you will likely encounter some fear about that.

The second point also relates to the creative economy and to a point I made earlier. There are multiple bottom lines, but when you think about the goals you want to ultimately pursue, they influence the choices you make. If we want to spur innovation and creativity, many of the large arts organizations that we heavily fund are not in that business. I find it interesting that when we look at the creative core we would include someone who is a violinist at the Seattle Symphony. Actually that person is not considered to be a member of the creative class in the true sense, in terms of fostering a culture of innovation. Violinists perform works composed by others typically from the 18th or 19th centuries; they are in the job of preservation, as are many of the large arts organizations we tend to fund. Of course there are some sectors of the arts that are innovative and cutting edge, but is that where the bulk of the funding goes? I don't think so. Again, thinking about what we are actually trying to accomplish influences how we think about funding. If you really want to pursue the creative economy ideal, I bet the distribution structures and the tiers of the cultural districts would look quite different.

Joaquín Herranz

I agree. I think that mentality relates to how we interpret the creative economy argument. I think that is why arts education is so critical, because it is not just about

supporting people who are already on a path to being members of the creative class. In order to succeed in this new economy, young people must learn how to be creative thinkers. A great deal of research shows that everything is being automated, so all of those skills—and you’ve heard these arguments before—that enable young people to adapt and be successful in this new economy are similar to creativity.

When we think about funding mechanisms, we can consider the possibilities for creating incentives for the violin player to engage in arts education. We can think of ways to circumvent the constraints of how the institutions have been set up. How can we think about funding in a way that does not simply assume it is provided to the symphony, but rather asks for evidence that potential recipients are responding to all four bottom lines? How can we encourage potential recipients to, for example, help children develop their creativity and appreciation for music? Perhaps contingent funding and contracting are possibilities. This concept is also sweeping through government services. So we need to be careful because when we reinforce the old frameworks, nothing changes and we miss the opportunity to envision an entirely different way of funding a new kind of cultural plan.

Jane Hansberry

This is a wonderful dialogue to hear, particularly as we prepare to go to a vote and consider how to position the issues. Joaquín recommended taking a long view of 50-100 years. I would wager that even those people who might be losing jobs in the current economy will want to create better opportunities for their children and their grandchildren. We want to be competitive, so I think there is a way to craft that message. Frank, Larry, and I were talking earlier about how they are not currently facing a huge crisis. Yet we all know that we actually are, in that we are losing ground as regions and as states. Our kids are losing ground. They cannot think creatively because of what we have decimated in our schools. I think the long view will be extremely helpful for everyone who is contemplating campaigns because there are some great ways of portraying how these young, maturing institutions can propel us toward a much more creative future.

Michael Killoren

Michael, your comments are very well taken, and they brought a few thoughts to mind. Should we categorically assume that because someone is making boxes down on Marginal Way that they are not touched by culture in that broader definition? The success of many of these efforts has depended on a much broader vision and understanding of arts and culture, beyond what has been a fairly traditional definition. Those broader definitions are what I find interesting at a local level, and I think it also relates to the sustainability question with regard to demographics, and being more inclusive of diverse communities. Do we have the means to determine how those people making cardboard boxes are authentically touched and impacted by the broader definitions of culture? Or, we can perhaps think in terms of building our partners; how do we engage those partners and draw them in? There is likely a way to bridge that connection but we have yet to achieve it.

Larry Meeker

I was asked an interesting question during the last bi-state effort in a lower income neighborhood. It came from a resident of a lower income neighborhood. The question was simple: “Why should I support the tax when I can’t even afford to go to ball games?” I responded by saying that sports and arts institutions can ultimately bring more businesses and more competition to the labor market, which means more jobs, higher wages, and a more vital economy. It is important to consider how we shape these answers. I would not always emphasize the creative economy, but we can certainly stress how these initiatives are going to attract a lot of businesses and increase the job base. For each creative business that comes into a region, the local grocery stores will need more employees, and so on. When you consider the ripple effects of these efforts, you will see many jobs emerge for a variety of people—this is what fuels economies.

Dale Erquiaga

I am thinking of two things as I listen to this discussion. My daughter is an artist and attends a performing arts high school, and we had an interesting conversation about politics recently. We discussed how much minutiae, from a policy perspective, we should talk about versus the big picture. My daughter, with due respect to all the political opinions in the room, supports Barack Obama

rather than Senator Clinton. When I asked her why, she said that Senator Clinton “has all those details and she’s always trying to fix everything, and [Senator Obama] just wants to change everything.” I found that interesting—her shift of perspective in wanting to see things change as opposed to things fixed. For me, language is crucial to what we are trying to achieve. My daughter is an artist and does not want to be bothered with the details of a candidate’s platform for health care reform. She wants to hear more eloquent language. I think learning to use language and express ideas in a certain way is important for us.

I am also a consultant in the fields of education and human services, and I can tell you that the same conversation is taking place in the human services field. The United Way of America organization is trying to shift its position away from distribution of funds to individual agencies and toward a model of outcomes. They are looking for language around which to say that providing money to a given agency such as the Salvation Army or American Red Cross supports the common good, and the common good by way of helping the less fortunate ultimately benefits everyone. This is the same case we are trying to build, yet others are also grappling with it from the human services perspective. The same conversation is happening within the field of education. Educators are looking for language to draw people into their sphere so they can say that language acquisition and high school graduation are good for society as a whole. They are stating that test scores are not nearly as important as graduation rates and acquired language skills, particularly in the Southwest. So we are not the only sector seeking this type of language. We are all looking for the same allies.

Anthony mentioned that this is a process of deal-making. I am a political hack and have worked on campaigns since I was 15 years old. Campaigns are about building a coalition and determining how to accomplish political goals. One of the things we have not discussed much is that if you are engaging in deal-making or back-room politics, you’re going to form alliances with some people in the present with whom you will not want to be associated 10 years later. That is something we should think about. To that end, we need zoos, parks, and aquariums included in these initiatives if we want to get them passed; we need a much broader definition of culture. What do

we do in 10 years when the allocation of funds remains the same, and zoos and aquariums are still more popular than the arts institutions, which continue to receive less funding? That is my question to which I do not have an answer. My reluctance about these funding mechanisms stems from the likelihood that in 10 or 15 years the arts will still be considered a low priority, unless we can use compelling language to convince people otherwise.

I also believe that the people instrumental in forming these large efforts are important. Consider how the history of the cultural tax districts and the rationale for forming the districts, as Dwight and Myra discussed, are very distinct from each other. Responding to a crisis in stability is very different from taking advantage of a community conversation about regional competitiveness on an economic level. That represents a significant shift, and means different people are involved in devising the efforts. In Phoenix, those people were not only from the arts community; they were the wealthiest and most successful developers and bankers in Arizona, because they represent the sectors that drive our economy. The arts community was essentially riding the coattails of those people who initiated the effort. This shift calls for a different tone to the whole conversation about who is in the room and at the table.

One of my concerns is, as a person with a different-sounding last name, what is the diversity like? People of color or Latinos frequently are not wealthy bankers and developers, so they are not in the room. A whole new mechanism is being designed through these tax initiatives that will potentially under-serve people of color, primarily Latinos, who comprise 25% of my state’s population and 50% of my state’s student population. We are designing a tax district for which my voice does not count if I have the funniest-sounding last name in the room. This is a concern with regard to the design of these mechanisms—who we have inadvertently excluded—and yet we are designing mechanisms to be in place for the long-term. As Anthony pointed out, what happens in 10 years when the biotech industry is no longer exciting? What happens in 10 years when, and it already is in my state, the most commonly given baby name in Arizona is Jose? It seems we are designing a program for Joe rather than Jose. I think that is something we must think about in terms of who is at the table.

I also have questions about citizen advocacy versus business leaders, which Kris raised as well. A group of rich white men in a room is different than a grassroots organization. It's encouraging to hear these efforts percolating instead of being suppressed. But I think it is difficult to oversee them, which leads me finally to my last question: Who's in charge? Who sets cultural policy? We keep reverting back to that issue and we have decided as a nation that the NEA should not set cultural policy, because it will create problems. So we will fund opera and Shakespeare, and many state arts councils will fund certain programs, and if they are fortunate the governor includes them in the room. If they are not included, they will simply wait until the next governor comes into office. But who is ultimately in charge, and who sets the tone of the conversation? When someone like my daughter is part of the future audience—someone who is not interested in the NEA or the state arts council—how does the message change?

Michael Rushton

The way your discussion progressed was quite interesting; it reminded me of the Atlanta situation, which was guided by the bankers and big developers. The problem I found in Atlanta, and I think you are finding this in Phoenix, was that it forced a bypassing of the issue regarding the underlying public purpose. Because generally that group has a particular idea of what they perceive to be the arts, and their idea tends to be great big buildings that typically have donors' names on them and so on. So it is no surprise that you raise the issue of with whom you must form alliances, such as the aquarium and the zoo, because again the mentality of equating arts with great big institutions biases one's whole approach toward cultural policy.

At the meetings I had with the Atlanta group, a senior vice president for a bank would insist during every meeting that we needed to determine how much the institutions needed and then make a plan to raise that amount of money. So it was essentially predetermined, prior to any discussion, that the goal was to provide guaranteed funding to the big institutions. The meetings initially did not include any talk about cultural policy whatsoever, and there was no consideration given to innovation, the creative economy, or arts education of any kind. The people spearheading the effort, like ourselves, did not have to worry about arts education for their children, who will get

plenty of social capital from their parents. Our children are going to do fine, regardless of what particular public programs are available in Phoenix. Several programs and agencies get pushed aside when an effort is initiated by certain types of people. In Atlanta many of the people leading the effort had children who were attending private schools, so the whole idea of arts education in public schools was fairly pointless. The different bottom lines we have talked about get pushed aside if you start by assembling bankers and developers because in practice, they have a rather skewed idea of arts policy; they tend to have tunnel vision.

David Thornburgh

In doing this work with regions around the country for the last few years, one of the analogies that keeps coming back to me is the pick-up game, in terms of how to approach the challenges and opportunities presented. You begin to realize that in order to be successful you ultimately need to have a leadership core made up of a broader base than has been typical in the past, drawn together from different sectors. I actually think the days of the bankers—the largely white male bankers and business people—running the show are over. Some people are actually experiencing a great deal of anxiety about that prospect because they are uncertain about what to do instead.

I think the answer really lies in this pick-up game mentality. Think about how to get a successful outcome for the community in terms of using a pick-up team, in which no one really knows what position anyone is playing. The players are going up and down the court trying to figure out who is good and how they ought to play and so on. It comes back to the coaching and the level of trust developed among the members of the team. The process is inherently messy and is, in a way, community chaos theory in action. The question of who is in charge is raised, but everyone and no one is in charge. To pretend that somehow you could clean it all up by applying the hierarchy of the past is simply nonsense—it's not going to happen.

The good news in all of this is that despite the confusion of the process, you will end up with an environment in which everyone is in charge, which provides more opportunity for powerful, well-developed ideas to emerge. The fact that the ideas can derive from anywhere is actually

an advantage. There is likely more field testing that goes into this process in contrast to getting daily orders from upstairs or from headquarters and determining how you will complete them, but you will end up with a better result. This sense of a new order can be considered positive for that reason.

Larry Meeker

Your comments bring to mind an idea I've tried to promote in Kansas City, but we have not made much progress yet. Before we can answer the arts policy question, it would be very interesting to address the public policy question of economics. Looking back, economic development has always been key, and we have structures in place that focus on attracting businesses because that's where the money is. Beginning in the 1990s we saw a new phenomenon in which people began to choose a place to live before they looked for a job—something many of us would have never considered when we finished school. I think the question becomes: What's the public policy response? Do we simply continue trying to attract businesses or are there other alternatives?

We clearly devote a great deal of public resources to attracting and retaining businesses. Should we take a different approach and direct a portion of those dollars toward improving our communities to make them more attractive places to live? Quite frankly, the highly profitable businesses in a community in the 21st century are the ones that do not need a big plant and significant amounts of equipment. All they need is an office space, a computer, and a light bulb and they are up and running. What is our policy response to that? What do we say to city councils, county commissions, and metropolitan regions about this shift? If we begin that conversation, it seems that we could then determine where the arts fit in. We might find our niche because the arts could attain the status of parks, aquariums, schools, and other related necessities. If we could somehow respond to that question, we would be better able to find our niche.

Kris Tucker

A few years ago, Mark Schuster visited Washington State to examine cultural policy from a mapping perspective. One of his lines in the many meetings was, "It sounds like the history of the state arts commission is pretty much history plus or minus." I think that is actually the nature of state arts agencies; much of our business has been

history plus or minus, along with a few interventions. It seems that as these cultural tax districts evolve, they give us an opportunity to be more deliberate. It could be a big plus in that we would have opportunities to improve what we were doing with more resources. Or it could be an opportunity for us to engage in a different kind of leadership. I certainly agree with David that no matter what we do, it will be messy. But as we have talked about the different initiatives and whether or not they have been successful, leadership has made a significant difference. I am thinking about what type of leadership might emerge if we were to create the perfect environment for good cultural planning. What kind of leadership would be optimal? How could we develop an environment in which that leadership would be successful?

I also agree with Joaquín; it was surprising that no one could name a community that has achieved good community cultural planning. Strategic planning has been accomplished, as have four-year plans. But in terms of broader community cultural planning, looking forward 50 to 100 years, we are unaware of a community that has successfully done that. Is there a way to that these two conversations about long-term cultural planning and tax districts could be connected? While I'm uncertain if it is possible, I certainly think it's interesting to consider the combination of leadership, cultural planning, and potential cultural tax districts.

Keith Colbo

I would tend to agree; however, we are dealing with a fairly short window of opportunity. If we fail to move quickly and decisively as an arts or cultural community in that arena, the window will close on us. With regard to the difficulties involved, we must remember that regardless of how well-developed an arts or cultural policy is, we always deal with it in one- to two-year increments. This is true at both the local and state levels. It is quite easy to lose your way when policy decisions are made within that short timeframe. The policy bodies will never address the policies beyond that point. The bodies change as time passes, so anything you have done to make headway must be remade going forward. Consequently, you have to double the amount of work and the amount of focus you maintain to make any kind of progress.

Anthony Radich

I would like to respond to several things; one is Dale's comment about how the arts community should respond when it is led by developers and bankers. I think it's very important for us to think about developing a vibrant, cultural community rather than a funding mechanism. The cultural community might need a funding mechanism but if the cultural policy development is very healthy—through planning, networking, and cooperation—it will endure and find solutions. In some years it might be a real-estate-centered solution and in other years it may be a large networking event; the solution may have nothing to do with money. I think building the capacity of the arts community is extremely important.

With regard to Joaquín's vision for the extended future, I also believe leadership is crucial. I think we need to be increasingly careful about how we select leaders, and avoid having leaders by default merely because they control money. Cultural leaders need to understand economics, funding flows, government funding mechanisms, and regionalism. We cannot necessarily recruit just anyone to our cause and expect a positive outcome. We need to make an effort to be more proactively selective in establishing leadership; otherwise, we will never initiate a deeper conversation about the structure of the future.

In terms of planning, I agree with Keith that decision-making and planning often focus on the short-term outcome. But what excites me about cultural planning is that even if decisions are made on a one- or two-year basis, if we have a good, ongoing planning process, those making decisions will have a much heartier array of possibilities in their minds. It may not happen according to plan, but again we have a smarter, healthier community considering viable options.

Robert Booker

Dale asked me to pull together some thoughts on the main aspects of the issues we've addressed. I think they can be divided into three categories: motivation, or how to achieve the desired outcomes; best policy, or the infusion of mindful practice into the work we are doing; and growth in the field of learning. I certainly wish my director colleagues from around the country could have participated in this seminar because I think we have elevated our field of learning much higher than it was when we began this conversation.

A few things I have heard discussed include the respect for major institutions we all have, but with an awareness of the changing factors and the ways people are using these major institutions. Another thing I heard discussed is doing more than simply plugging a deficit with regard to stabilization, and enhancing the practices of professional organizations. Philip talked about helping them balance their budgets. Can we help them do new work? Can we help them provide more programming for young people? Can that be part of what we consider stabilization rather than merely covering the million dollar deficit that they seem to accumulate every year after year? Imagine achieving success in helping our field, and consider how we could transform our communities. The reality is that true success goes beyond dollars, and relates to what we are doing for our citizens and visitors. Keeping that notion in the forefront of our minds as we go back to our communities is very important.

Michael began this discussion some very important concepts about why regions and public funding are valuable, which relate to my concern about determining an appropriate amount of public funding. How much is enough, and when is enough too much? What if the amount of public funding were to decrease; what would be the shape of that organization after it lost 35% of its annual funding? How can we protect organizations as we move forward with prudent amounts of public resources? Another question that was raised concerns an issue that has been discussed in Arizona. Myra explained that if the initiative is passed in Arizona, the responsibility for managing the district will go to the county boards of supervisors that will either manage the process or pass the task on to another entity—for example, the Tucson Pima Arts Council, a county-wide arts council. While that council could easily handle the job, what do voters think

about those individuals managing the district? Do they respect their county board of supervisors? We are in the process of learning whether Arizona residents have respect for their county boards of supervisors. We may find that people might vote against an initiative because they do not believe the people in charge are thoughtful or are doing the right thing for the community. There are multiple layers to consider, with respect to how these funds will be managed once the initiatives are passed.

Another important question concerns timing. When is the right time for these cultural tax districts to be introduced? Also, as Dale said, who are your partners and who can you live with down the road? Who will be instrumental in the process of earmarking and identifying potential sources of funding? I must always ask myself whether something represents good public policy. We have to examine whether a policy will create a hole in state government or in the services provided to our citizens. Finally, two other ideas resonated with me, which Larry raised. First, if you cannot get a dime of the funding, how would you suggest it be spent? I think that is a wonderful concept to advance this conversation. The second idea involves coalition building, as Jane discussed. It is important for us to bring together a broad range of individuals to use their knowledge, dollars, and contributions on any level, in order to equalize the playing field between the major institutions and the smaller organizations. The large institutions tend to have considerable financial resources through their board members, while the smaller organizations that may be more effective in serving our citizens, are at a disadvantage. To that end, how can we best use everyone around the table and what can they truly offer?

Michael Rushton

In response to the question about the lack of trust in county boards of commissioners, one thing to consider is the example of Columbus, Ohio. That city has dedicated funding for the arts, but the funds are distributed by an independent non-profit organization rather than a governmental agency. The non-profit also handles the other responsibilities for the tax mechanism, such as the performance assessment and the auditing. So there are ways to manage a tax district independently if it helps elicit support from people who prefer for the funds not to go directly into the county treasury.

Larry Meeker

Kansas City did something similar with Union Station and there is a proposal to have a separate commission with people from various counties and on both sides of the state line represented. Keith raised the issue of two-year planning, which Anthony discussed as well. Even though the reality of the political process involves only two years, I think developing a long-term vision simplifies the message and keeps it consistent across administrations. A long-term plan can help bridge the gap between elected officials; I think it is essential to have. It is also helpful to know your position in the list of priorities. We often hear about studies regarding the economic impact of the arts that indicate how many dollars are generated in a community as a result of every dollar invested in the arts. Politicians know that if they invest x amount in education or hospitals, they get y amount in return. The key for political decision-making is not this multiplier effect alone, but how dollars spent in education, for example, rank against dollars spent on the arts. They have a limited purse with which to make funding decisions, so it's beneficial for the arts community to know where it stands in the line-up, in terms of these broader economic development issues.

Michael Killoren

I have an observation about leadership and how to get things going. There has been some conversation in this community about a movement, such as the environmental movement. For example, who is the leader of the environmental movement? Taking care of the environment has been instilled in many different people on an individual level, but it has also become major public policy and an economic driver. Could we be facing an opportunity to create a similar value system? A powerful message here is that every individual can participate and achieve something. How can we harness that power? I think it goes beyond marketing; it's something much more profound than that.

Larry Meeker

I think the arts community has a natural advantage in terms of trust. Generally, arts organizations are trusted. When people go to a museum, they tend to believe that it has integrity. There are not many perceived conflicts of interest despite the fact that they can exist. There is a certain element of integrity in the arts and I expect that arts leaders can probably come into regional issues with

fewer perceived biases. As a result, arts leaders have the potential to be trusted community leaders more than many others with known agendas. Arts leaders may have some degree of leverage with respect to leadership.

Anthony Radich

One thing that seems endemic to these activities is a significant absence of options. If Joe has a new vacuum cleaner that he likes and tells people about it, we want to go buy one just like Joe's. Then we may learn that Mary has a better vacuum cleaner that cost less money. The SCFD mechanism in Denver worked, as did the one in St. Louis, so looking to successful efforts is one way of learning. But have we talked about the \$100 million bond issue for the arts, or other options that exist? Some of those options are admittedly untested which makes them much more risky, but we are not inclined to sit down and consider other options. Furthermore, we generally don't have the people in the room who know how to fully explore those alternative options.

David Thornburgh

One of the things we encounter in Pennsylvania is a curious custom called the legislative initiative grants, otherwise known as "walking around money," which is essentially a pool of money that particular legislators get to distribute to their favorite causes. The causes range from little leagues to volunteer fire companies to cultural organizations. I am interested as to whether we are unusual in that practice, because it makes brainstorming about public policy issues for arts and culture just that much more complicated. Many people are nodding their heads—clearly we are not alone!

Chris Wineman

I wanted Jane to tell the story of how a non-profit aquarium turned into a seafood restaurant, because I think it addresses some of the important questions that have been raised about whether certain people can get thrown out of the club, and if some people will be told that they cannot join the club. This story is an illustration of that type of situation.

Jane Hansberry

In the mid-1990s there were a couple of people who were trained in working with dolphins who had traveled around the world and wanted to come home to Denver

where they had grown up. They wanted to continue working with dolphins but there was no place large enough to accommodate dolphins so they decided they needed an aquarium. They were—and I'm sure they still are—extremely smart, lovely, charismatic, dolphin-loving people. They made the rounds and started talking to everybody who was anybody in government and in culture, telling them that Denver had every major cultural amenity except for an aquarium. Their push was quite effective and they were able to rally considerable support for an aquarium. Then the money started to come in, followed closely by increasing debt. The reality was that the people who were developing this plan were so certain that they would pull everything together successfully that they actually made a deal with the SCFD, in which they would not apply for funds until at least after 2012. The aquarium ended up being a mess because it was completely undercapitalized. Where we used to have an aquarium, we now have a fish restaurant.

The cultural managers throughout the city, particularly those at the zoo and the nature and science museum, told anyone who would listen that the plans to build an aquarium would not work. The people contributing the money were being told that they should not support it. But the SCFD was fine with the idea since the agreement was made that they would not be requesting any funds. The aquarium's advocates had also agreed to honor that pledge with some of the major foundations, to let them know they would not be going after public SCFD funds. Later on, in 1998, the aquarium was hurting beyond belief. I think it was one quarter away from opening at that point and it hardly had the money for a marketing campaign prior to opening. They approached the SCFD with the intention of applying for funds. The aquarium people asserted that they were eligible according to the statute. The SCFD board rejected the request, because we had a copy of the signed agreement in which they stated that the aquarium would not apply for funds. Everyone knew the aquarium would not make it, and the SCFD did not want to be involved in it.

Before the aquarium even opened, it was \$70 million in debt. They started to put considerable pressure on the SCFD board, emphasizing their eligibility. It became an important public policy debate in my opinion, because the SCFD agonized over the decision. We finally decided that despite what the statute said, we were stewards of

the public trust and were supposed to be watching out for the public dollar in the citizens' best interests. So we stood firm on our decision to disallow them to apply for public funding. It was an interesting story with a good outcome, I think. The aquarium did go bankrupt, and it was purchased by the Landry's seafood chain for around \$15 million. It was a good thing that the SCFD board rejected the appeals for funding—we understood that we were not going to serve as an ATM machine for these institutions. It was strange how everything happened, without a cohesive body to take on the cultural planning. None of us were able to prevent it from going forward even though we knew it was a bad idea. But this board, which had never been very assertive, ultimately understood its role as public trustees and did the right thing.

Anthony Radich

I think that's exactly it—if we have a healthier cultural community with more communication, we could avoid some of that wreckage.

Jane Hansberry

From my perspective, the cautionary tale is that it should have never gotten that far. There should have been several mechanisms in place that allowed for input from people who possess knowledge about cultural facilities and programs. For example, the director of the Denver Zoo who recently passed away, Clayton Freiheit, advised against going forward with the plans for the aquarium, to no avail. The powerbrokers who created the cultural district were the same people who were looking for a new adventure in the form of the aquarium. A considerable amount of power was wielded in the initial stages when they claimed they would only be using private money, but they eventually needed public money. We all feel sad about it—there was no need for it to happen. Again, ultimately I think it was a credit to the SCFD board of directors in how it handled the situation.

Frank Hamscher

Jane, how much money was raised from the donor community and how much was borrowed?

Jane Hansberry

About a third was raised from the donor community, which was a substantial amount of money and lost opportunity. The rest was borrowed. The aquarium debacle has been written about in some cultural journals since then. I think it's become a case study in arts administration.

Dale Erquiaga

I would like for each participant to briefly discuss what you have learned from this conversation and what you are taking away from it, keeping in mind that we are not trying to solve any problems or come up with any big answers. My hat goes off to the people at MPAC, who must have had a difficult time grappling with this issue, particularly for people who don't do what we do all day. They have been working toward a cultural tax district for four years now, only to learn at this late hour that they still cannot go to the ballot and must wait three more years. So I have more respect for them after learning how hard this process is.

Kris Tucker

The term "messy" is the first one that comes to mind. It seems there are so many examples of how funding can support arts, culture, and healthy communities. We have heard about some of those at this seminar. I am actually astonished by the opportunities offered by the future and I think the limitations are those created by our imaginations. The best opportunities from my perspective involve having conversations with people who have strong ideas and who have achieved things, and those who are willing to risk doing things in the future that perhaps have not yet been realized.

Michael Rushton

I found this gathering very valuable. As someone who sits in the ivory tower, it is quite helpful to meet people who actually implement these policies and get them started from the ground up. It is rare in the conference circuit to be able to spend this much time discussing one well-defined issue with such depth. I don't often get this opportunity and I learned a tremendous amount by spending this much time on it, rather than simply talking about arts policy in a very general sense.

Frank Hamsher

One key thing I learned concerns the importance and the difficulty of aligning both the objectives and the language of arts policy amongst at least three main constituency elements. One is the arts organizations and advocates; the second is the business community, which has a huge role in paying for whatever happens; and the third is the citizens who are asked to vote on the initiative we are trying to achieve. What I believe we heard from everyone is that those constituencies have a different vision about what is worthwhile. But I suppose that is also indicative of the opportunity for state arts organizations, as well as for arts advocates, to find ways to better inform the discussion about the values held by both the arts community and the public in our respective communities.

Ricardo Frazer

I have learned an enormous amount at this seminar, the most significant of which involves building a coalition and being able to sit at the table. Not much can be done outside of that inner circle, so it is crucial to determine how to get into that inner circle where you can have a voice and have an impact. That is what I will be looking to do.

David Thornburgh

My burning questions around these cultural districts are about how they developed in the first place and about the messy process, the big idea, and the crisis or the impetus which brought them about. My observation about this conversation is that while the St. Louis district was created from a sense of crisis and a need for stability, we must now conceive a new set of driving ideas that will propel these initiatives and policies forward. I certainly think a great deal of practical thinking about what exactly those might be occurred at this seminar.

Anthony Radich

I believe that we are at the end of a highly productive 40-year cycle of growth in the state arts agency field. The field is beginning to engage in reflection and discuss where to go next but few pathways have been envisioned. Over the years I have had several intense, and not always positive, experiences with tax districts. As we discuss these issues, I am quite hopeful for the

beginning of a more sophisticated conversation about how these two entities could interact in the long-term for the benefit of the public.

Joaquín Herranz

I wanted to first thank everyone for the privilege of being a part of this learning community. What I am taking away is a great deal of insight about some success around taxing districts and policy matters. I am inspired by the level of energy from the participants and the prospects for the future.

Robert Booker

This is an incredibly knowledgeable group and yet there is a simplicity to the thoughts and ideas put forth—ideas of collaboration and what kinds of deals to make. Some of the statements we have made and questions we have asked each other will continue to resonate with me after I leave.

Jane Hansberry

As someone who was very involved in one of these districts for a significant portion of my career, I am honored to participate in this discussion and to see that everyone has put so much energy into ensuring that we get increasingly smarter and more strategic about how we go about these efforts. We always want the next generations to be better. I am thinking about leadership and inclusiveness, as well as the importance of creating a more diverse collective of leaders in every aspect of our society. I am thinking about those people who are two to three degrees of separation away from the inner circle, and we all know who they are. I am also thinking about how we can groom arts leaders to be generalist leaders and how they can switch back and forth between different sectors.

Dwight Gee

I feel very fortunate to be involved in a community that is embarking on this; we get to stand on the shoulders of other communities that have engaged in these efforts and find out what the limitations are, and what has worked and what has not worked. Above all, I am inspired by the possibilities and the potential for collaboration and forward thinking.

Margaret Hunt

What I am coming away with is beginning to question the leadership role of the state arts agencies, as well as the shared leadership role of local community leaders. As I witness more and more communities in our state establishing these districts, I am seeing a greater sense of local ownership around arts and cultural policy, which I think is very important. I was also struck by the discussion of regions in terms of the geography of opportunity. I have been thinking about the regions that impact my state, and they vary for different parts of the state, so determining the specific region will involve some more thought. I like the notion of looking at the regional draw of sports organizations as a potential starting point.

Michael Killoren

I want to thank WESTAF for bringing this gathering to Seattle. This conversation has certainly given me a lot to think about in my current role. I remember a time when I had to make some difficult decisions and a prominent leader in cultural research said to me, “The arts are far too important to leave to arts advocates.” That conversation reminds me that we cannot do this on our own. We truly need to broaden our base of support and reach out in a meaningful way to a wide range of communities. The comments on inclusivity are very well taken and they broaden our concepts of what arts and culture can be. I also appreciate the insightful comments about looking toward the next 50 years.

Larry Meeker

I too would like to thank WESTAF. I think the main thing I will take away is the slogan: “Pay more, what for?” I think that should be the mantra for creating a vision for the arts as we approach arts initiatives and related public policy questions. We need to make clear the rationale for the arts if we are to build supporting partnerships and if we are to connect with the public—who not only votes on the policies and taxes but is also served by them.

Chris Wineman

As an observer, one of the things that strikes me is the long-term perspective. Thinking about the impact these efforts can have in terms of an investment is incredibly wise. My own feeling is that I do not get to do this often enough, and I suspect that many people in the

field feel the same way. As a means of helping us think, strategize, and make good investments, this is a model worth following in this area, and perhaps in addressing some other questions as well.

Jean Mandeberg

I think I came into this seminar expecting this discussion to primarily be about money. While it was obviously partly about money, I am very appreciative of the fact that it led directly into several other issues that, in my opinion, are fundamentally much more important. Those issues include sustainability, diversity, access, collaboration, and leadership. These are the ideas I will take away from this conversation, rather than the minutiae of dollar amounts.

Mary Langholz

As an observer and a newcomer to the whole process of tax districts, I have learned a great deal about the different ways in which they were created. I also recognize the importance of leadership and building community and dialogue. I always value dialogue and collaboration—when you assemble people together for a discussion, good things happen. I am especially drawn to the idea of a legacy. Having worked with one of the large organizations during a 100th anniversary, I had a genuine appreciation for the legacy of what someone initiated in 1903 and remains today in a much greater capacity. It is important to remember that we are laying the groundwork for future generations. I am also very interested in how the organization I run, the Washington State Arts Alliance, figures into this process, and in what ways we can collaborate and help.

David Brown

The concept of “Pay more, what for?” was the take-away for me from this discussion, whether it concerns diversity, education, or high-quality arts activities. The slogan reminds us that we must build a compelling case, which makes us more deserving of community support.

Julie Goodman Hawkins

I have learned a couple of things. First, Philadelphia and Seattle are very much sister cities at the moment. We currently have synergy, both in terms of our standing with this issue and with activities such as hosting the Americans for the Arts conference. Second, the language

we use, is key, as is connecting the process to the real purpose of these initiatives and programs and their true beneficiaries. It also struck me how people were, for lack of a better term, horrified at the lack of cultural planning. What I subsequently heard was that cultural planning is not as significant as developing a community vision, which is quite different than working within the confines of the cultural sector. In the same way that Dale discussed the difference in public perception between Barack Obama and Hillary Clinton, I think it carries over into everything we are talking about with respect to inclusion, diversity, funding structures, and the ways in which those decisions are made.

Mayumi Tsutakawa

I expect that the man who builds cardboard boxes on Marginal Way is involved in the arts in some capacity. The city of Seattle to its credit has so many valuable neighborhood programs, and whether he has attended a large cultural festival or has a child in a steel-drum band, he has likely participated somehow in the arts given the wide range of opportunities. It is our job to get in touch with that connection at every level. The other critical idea is patience—if we think about that long-term vision, I think that we can make it happen.

Appendix

The SCFD Story: A History of the Scientific and Cultural Facilities District

By Dinah Zeiger

Dinah Zeiger has written numerous research reports for WESTAF over the last 10 years. Prior to that, she was a business-economics-financial journalist with news organizations ranging from the *Wall Street Journal-Europe* and *Investor's Business Daily* to Knight-Ridder Financial Wire and McGraw-Hill Online. She earned a PhD in Mass Communications from the University of Colorado at Boulder and presently teaches media law at the University of Idaho. This is the first of two pieces commissioned by WESTAF for this seminar on cultural tax districts.

Section I: A Confluence of Events

In August 1981, Denver's Office of Budget and Management informed its four city-operated cultural institutions—the Denver Art Museum, the Denver Zoo, the Museum of Natural History and the Denver Botanic Gardens—that their subsidies for 1982 would be slashed by \$2 million. The cuts reflected a \$30 million city budget shortfall and prior action by the Colorado General Assembly. The state had subsidized the city's cultural services based on the amount of use by non-Denver residents. Under pressure from cuts in federal funds, the state Joint Budget Committee cut Denver's funding to \$1 million in 1981 and eliminated it entirely in 1982. City support had comprised 47 percent of the total budgets of the four, but Denver's static tax base was unable to absorb the state cuts. The effect was instantaneous: the Zoo's budget shrank by 59 percent; the Natural History Museum's allocation dropped 45 percent; the Art Museum's fell nearly 25 percent; and the Botanic Gardens lost 22 percent. They responded by inaugurating or raising admission fees and reducing staff. For the cultural institutions, the challenge was where to set admission fees that offset the impact of the city's funding cuts without driving away patrons (Heschmeyer, 1981).

The severity of the cuts left board members reeling. The president of the Denver Zoological Foundation, Dr. Conrad Riley, said in a letter to Mayor Bill McNichols that it was "tantamount to a shutoff of city funding." The trustees of each board met to discuss ways to address the shortfalls, but they appeared reluctant to tap foundation

or individual donors. Instead, they considered raising admissions, increasing concession prices, relying on volunteers in place of paid staff, and tapping the private and corporate sectors (Heschmeyer, 1981).

Contemporary media accounts reveal a deeply ingrained sense of entitlement among the board members and staff, who reacted to the funding cuts with dire predictions of cultural collapse and severe limitations of services, programs and public access. Given the tenor of the times and the particular personality of Denver, that may not be surprising.

Denver: A Provincial Arts Town, Weak Cultural Policy Under McNichols

Bill McNichols, Denver's mayor through the 1970s, epitomized the city's image as a "cow town preoccupied with skiing and the Broncos" (O'Neal, 1987). He was, as one columnist wrote, "at once civilized and raw, a rose springing up in the midst of cow dung" (Satlow, 1983). By the 1980s, critics were citing his lack of leadership in solving regional problems, like a rapid transit system, and his complete disregard for the arts: He skipped the opening of the new, city supported, Gio Ponti-designed Denver Art Museum to attend a Broncos game ("Broncos game," 1971).

The scandal-plagued McNichols era was marked by cronyism and rapid growth. For 15 years, McNichols, Denver's longest-serving mayor, oversaw an ambitious program of urban development, which included city-backed bonds for two of the city's major institutions, the Denver Art Museum and the Denver Center for the Performing Arts (DCPA). But he never fully supported the arts, and in the late 1970s, only Denver, Pittsburgh and Newark, among major U.S. cities, lacked an official arts agency (Bogard, 1980). In 1979, McNichols created the Mayor's Commission on the Arts to "promote interest in and support of the arts in Denver," but it had no budget, no staff and no clear mission. Critics said the mayor only acted to take the heat off himself, not because he was committed to the arts. Others pointed out that the composition of the Commission included "the old standbys"—representatives from the Denver Art Museum (DAM), the Denver Center for the Performing Arts (DCPA), the Symphony, and the University of Denver—hardly indicative of an exciting or contemporary art scene (Calhoun, 1979). Jeff McCarthy of Colorado

Lawyers for the Arts said the Commission was a “lesson in civics,” that nothing would be initiated by the city until “the people demanded a better arts climate . . . and some pretty savvy lobbying groups getting organized” (Bogard, 1980).

The Commission’s members, appointed by the mayor, included the editor of *The Rocky Mountain News*, Michael Balfe Howard, and the president, chairman and publisher of *The Denver Post*, Donald R. Seawell. The Denver arts community blamed the Commission’s lack of funding for its inability to provide strong cultural policy leadership for programs, which were dominated by “well-intended but wheel-spinning amateurism” (Bogard, 1980). Critics said cultural institutions had failed to evolve and adapt to a new reality; they needed to “act like a corporation and hire professional fundraisers, marketing and advertising experts, like any other business” (Bogard, 1980). In a word, they had to learn to stand on their own two feet and not “wait for funding and end up on arts welfare.”

Some in the arts community cited the lack of understanding of the non-profit sector, especially within the corporate community, for the toxic atmosphere. John Jay, executive vice president and GM of the Colorado Ballet during the early 1980s said the problem stemmed from “well meaning, well intentioned [members] with business expertise . . . [but] a certain naivete and insularity” (Osburn, 1985). He also pointed out that Denver’s fund-raising relied too heavily on benefits rather than the “quiet, non-public way” of raising money in other large cities. Gully Stanford, director of public affairs for the DCPA, cited Denver’s “quick-buck, profit-making culture,” which elevated tensions in the arts community if its endeavors were not immediately successful (Osburn, 1985).

When the state and city subsidies collapsed, the city’s cultural leadership –or at least its imagination –did, too. Into the mess stepped Rex Morgan, the “people’s lobbyist,” who was drafted to the DAM board in the spring of 1983 as the full extent of the loss of funding blossomed. He said his purpose was clear: “to use his extensive knowledge of Colorado’s legislative system to help the museum gain new funding” (McCarthy, 1993).

Morgan, a relative newcomer to Denver, arrived in 1968 having made a fortune in the chemical fertilizer business. A graduate of the University of Missouri with a degree

in economics, he founded Arkmo Plant Food Co., an agricultural chemicals business, which he sold to Gulf Oil in 1967. In Colorado, Morgan devoted his energies to lobbying state and local officials on behalf of social causes, mainly health-related. State lawmakers praised him as “the people’s lobbyist” because he was unpaid. Independently wealthy, he turned his attention in the mid 1970s to pressing for legislation on public health, treatment for alcoholism and changes in sentencing laws. In addition, Morgan served as a trustee of the Bank of Denver, the Denver Art Museum and the Colorado Academy and was a key fundraiser for Federico Peña in his successful bid for mayor in 1983 (Kowalski, 1986; Soto, 1993)

Morgan was a political player, with key contacts in city and state government and a financial position that had gained him a seat on the Denver Art Museum board. He wasn’t prepared for a challenge to the grand scheme he concocted to bail out the city’s Big Four cultural institutions, but that’s what he got when he excluded the interests of the Denver Center for the Performing Arts from the table.

Impact of the DCPA and Donald Seawell

“The 1970s will be known as the DCPA Decade—the period when the city’s highest cultural hopes and aspirations came to fruition,” trumpets a special section of *The Denver Post* in 1979 (Price, 1979). The newspaper was blowing its own horn: the chairman of Denver Center for the Performing Arts was also the chairman and publisher of the *Post*. Donald Seawell also headed the Bonfils Foundations, established by the deceased owners of *The Denver Post*. In 1971, Mayor McNichols commissioned a feasibility study for a cultural center in downtown Denver, which recommended construction of a concert hall and parking garage and remodeling the existing Auditorium Theater. The Denver Symphony Association backed the recommendation and sought inclusion of \$6 million for a concert hall in an \$87 million capital improvement bond issue approved by voters in 1972. Before the vote, Seawell, president of the Helen G. and Frederick G. Bonfils Foundations announced creation of the DCPA, with the support and approval of the City and County of Denver. The DCPA would be a public, non-profit foundation, and the Bonfils Foundations would build and maintain a theater complex, create a resident theater company, and contribute to the

maintenance of the center (Price, 1979). Seawell promised the Bonfils Foundations would provide “perpetual endowment” for the center. It was later revealed that the foundations owned little besides 90 percent of the stock of *The Denver Post* and produced little income (Satlow, 1983). Construction of the complex was beset with cost overruns and other problems. The final configuration included the Boettcher Concert Hall, home of the Denver (now Colorado) Symphony; the Helen Bonfils Theater Complex, which contains four theaters, the Auditorium Theater, used for traveling productions booked by Robert Garner’s Center Attractions, and an 1,800-car garage.

Critics of the DCPA scheme pointed out that its board was little more than a rubber stamp for Seawell. Of its 19 members, only three are elected, and the mayor ostensibly shifted recalcitrant members off the board. One city council member serving on the DCPA board was ousted when she requested financial information on the Bonfils Foundations (Satlow, 1983). McCarthy points out that it was the DCPA’s wealth—the foundations’ endowment was estimated at \$55 million—that created most of its difficulties with the Big Four. They feared a public backlash against giving public funds to an institution lavishly supported by a family foundation—the Helen Bonfils Foundation alone pumped \$5.5 million a year into the DCPA (McCarthy, 1993). As a practical as well as political matter, the Big Four did not want a non-public institution included in the tax district.

The Denver Symphony: Canary in the Coalmine

If the DCPA was conspicuous by its absence among the “Big Four,” so was the Denver Symphony, launched in 1934 and recently installed in its new Boettcher Concert Hall. In the early 1970s, the orchestra—aided by funds from the Ford Foundation, grants from the National Endowment for the Arts, and support from the state of Colorado and the city of Denver—embarked on an ambitious outreach effort that included residencies at most Colorado universities, free “city” concerts, regular performances in the Denver and Jefferson County public schools, and statewide tours. (Goble & Goble, 2005).

In 1972, the Symphony had pushed for inclusion of a new concert hall in the DCPA bond issue. But as construction neared completion, labor negotiations with the musicians union delayed the start 1977-78 season, a pattern

that continued throughout the decade of the 1980s and eventually doomed the Denver Symphony. A public appeal for funds resolved the first impasse, with most of the money placed in a separate trust fund and used over three years to augment musicians’ salaries. But Denver’s deteriorating economy, fueled in part by the collapse of the oil industry in the mid-1980s, overwhelmed the symphony’s long-range plans. Denver wasn’t alone: Political crises in the Mideast in 1979 had sent the price of oil soaring from \$2 a barrel to \$40, igniting a drilling boom in the U.S. Many thought oil would approach \$100/barrel by 2000; instead, the price collapsed to \$10 in mid 1986, sending the domestic oil industry into a free-fall (Nulty, 1993).

The symphony found itself in the same boat as the other major cultural institutions, and according to McCarthy, Rex Morgan, invited the orchestra to join the alliance in 1984 or 1985, but they rejected the offer. However, the orchestra’s board feared that “participation in a tax district would chase other donors away” (McCarthy, 1993). Ironically, the symphony’s continuing financial troubles over the following year drove it back to seek an alliance; by that time, however, the Big Four had crafted the outlines of Tier I legislation and divvied up the pie, and it didn’t include the symphony.

The symphony’s missteps led ultimately to bankruptcy. Its outreach efforts proved costly, and an expanded series of summer concerts in 1984 at the new Fiddler’s Green Amphitheater coincided with unusually wet weather, resulting in the loss of hundreds of thousands of dollars. In addition, according to Jim Copenhaver (personal communication, January 8, 2008), the orchestra ran through five executive directors in a five-year period, from 1984-1989. Although musicians agreed to a 20-percent pay cut in 1986, by the fall of 1988 money matters had become critical and the first three weeks of the season were cancelled. The final concert of the Denver Symphony Orchestra occurred on March 25, 1989. The organization filed for bankruptcy in October 1989, and ultimately merged into a new entity, the Colorado Symphony Association, in May 1990.

Section II: Organization & Concept of an Arts Tax District

The cuts took a toll on the daily operations and maintenance at the Zoo and Botanic Gardens. By 1985, according to McCarthy (1993), “1,600 zoo animals ate on an increasingly barebones budget; at the Botanic Gardens, high thermostat temperatures protecting rare plants drew down its budget” (p. 12). Established as a city agency in 1951, the Botanic Gardens’ faced critical upkeep issues: how would it preserve the acreage and plants under its care without sufficient funds to pay for water and basic help? The Museum of Natural History, established in 1908, found itself in dire need of funds for structural improvements to its main exhibition hall.

The Denver Art Museum, founded in 1893 by a group of citizens with no art collection or permanent home, became an official art organization of the City and County of Denver in 1932. Initially housed in a variety of public spaces, including the lobby of City Hall, the museum moved into its new Ponti-designed building, built with public funds, in 1971. By the early 1980s, the Denver Art Museum’s image and orientation were due for a correction, according to a report prepared by the University of Denver’s marketing department (Clurman, 1983). The report found widespread community apathy and misunderstanding about the museum’s exhibitions and collections, and a continuing decline in attendance. Once, the DAM had boasted the highest per-capita attendance in the U.S., but the imposition of an entrance fee, coupled with public indifference had taken a toll. The report recommended several remedies including offering discount coupons and family days to attract new visitors. The visual arts critic for *The Rocky Mountain News* observed that the “cuts in public funds, and without sufficient private support to fill the gap, the institution seems to have retrenched into its role as guardian of yesterday,” while valuable display space had been consumed by a bookstore to “bring in needed revenues” (Clurman, 1982).

All four institutions had long-standing contracts with the city, which offset various operating expenses. For example, employees were paid from the city’s general operating fund. In addition, “a combination of direct and indirect subsidies, from health insurance to electricity, contributed between 15 percent and 30 percent of each agency’s budget” (McCarthy, 1993, p. 2). The institutions

scrambled to make up the shortfall, initially by imposing entrance fees or raising those fees. The public, faced with a fee for something previously free, chose not to spend its money with these institutions, and attendance plunged. Other measures included employee layoffs and programs cutbacks. The DAM closed off whole floors to the public, and the Botanic Gardens created a foundation to generate replacement income, while the others tapped their existing foundations (McCarthy, 1993).

The DAM’s Morgan, drafted to its board in 1983 specifically to help the museum find a solution to its financial difficulties, combined his business and legislative skills and connections with a lawyer-like mind: he studied issues in detail and provided reams of information to bolster his causes. He concluded after several months of scrutiny that what might be possible “was the establishment of some form of tax district” similar to the one created in St. Louis in 1971 (McCarthy, 1993, p. 6). St. Louis’s Metropolitan Zoological Park and Museum District (MZPMD) was established in 1972 and is a leading example of a cultural district with a guaranteed funding mechanism at the local level. Prior to its establishment, the city was the primary funder for the zoo and art museum. Under the old system, some cultural and scientific facilities such as the Museum of Science and Natural History (now the Science Center) received no public support. To ensure comprehensive support for cultural and scientific institutions, the Missouri Legislature enacted H.B. 23 in 1971 authorizing the possibility for a tax levy of up to 4 cents per \$100 assessed valuation for the zoo and art museum and 1 cent for the science center (Moon, 2001). The MZPMD later included two subdistricts for the Botanical Gardens (1983) and the Missouri History Museum (1988). As a result, five different subdistricts exist under the umbrella of the MZPMD: the zoo, the art museum, the science center, botanical gardens, and the history museum (Moon, 2001).

Crafting a Tax Plan

As a first step, Morgan approached the city, in particular the newly elected mayor, Federico Peña, with the taxing district idea; next, he hired former Colorado General Assembly president Fred Anderson to lobbying the state legislature on behalf of a similar funding mechanism for the DAM. The city was skeptical on two counts: it involved a property tax, unpopular in 1982 (and today), and it likely would have aroused the suspicions of a

bail-out by the surrounding suburban communities. Another key player—and institution—entered the fray, Ed Connors, a member of the board of the Botanic Gardens. Connors hatched a plan to copy a Chicago initiative, which involved Cook County establishing a single-mill taxing instrument to support the gardens of the Chicago Horticultural Society; a private board would pay for capital improvements and the city would provide upkeep (McCarthy, 1993).

Each scheme supported only its own institution; that changed during the 1984, when board members of the zoo, the art museum and the botanic gardens found themselves together on a trip and began informal discussions, which bore fruit the next year. According to McCarthy's (1993) account, Connors hosted a "spring break" boat trip on the Nile, which included Julie Smith, a member of the Denver Art Museum board and Charles Warren, who sat on the Zoo board. During the trip, they talked about their independent endeavors and informally agreed to continue discussions when they returned home. In February 1985, representatives of the zoo, the art museum, the natural history museum and the botanic gardens, plus members of the Peña administration and several statehouse lobbyists, met and began to hash out a plan. Morgan proposed creating a metro-wide tax district; it would be a one-mill property tax levied in five surrounding counties. Three-quarters of the proceeds would go directly to the Big Four and the remainder would be split among the counties. The group decided to pursue the requisite enabling legislation in 1986 to put the idea before the voters.

It was an uneasy alliance among a group whose members had no history of cooperation. Their previous relations had been aloof, often suspicious and sometimes hostile as they jockeyed for foundation and private support (McCarthy, 1993). One big stumbling block involved the division of the spoils. The Big Four would get the bulk of the funds (80 percent of the total because their "need" was greater) with a small piece (20 percent) earmarked for the counties to distribute (McCarthy, 1993). The greater difficulty lay in splitting their own pie. The group finally agreed, after much wrangling, to share out their 80 percent of the proceeds, with the natural history museum getting 33 percent, the art museum and zoo, 26 percent each, and the botanic gardens 15 percent.

The first consideration was the nature of the tax to be levied. After briefly considering head and bed taxes and the St. Louis-model property tax, the Big Four settled on a sales tax because those revenues tended to grow over time (keeping pace with inflation) rather than remaining static. The group reasoned that tourists often footed more of the bill than residents, which lessened public resistance, and that a sales tax was less regressive and burdensome to the ordinary taxpayer (McCarthy, 1993). The group also agreed on the size of the tax—a one-mill levy, one-tenth of one percent (only a penny on a \$10 bill, as it was later marketed)—as sufficient for their needs. A third consensus involved the structure of the tax district, which would conform to the already existing Regional Transportation District.

Early Formula and Selection of RTD as Geographic Boundaries

Denver already had two successful metro-wide agencies—the Metropolitan Sewage District (now the Metropolitan Wastewater District) and the Regional Transportation District—in 1982. The Sewage District, organized by state law in 1961, encompassed 20 different municipalities and in 1988 gained voter approval for a \$97 million bond issue to expand sewers and treatment plants. The agency epitomized metropolitan cooperation, perhaps, as historian Tom Noel observes, "because local governments are not so territorial about their sewage" (n.d.). After the Denver Tramway Company went out of business in 1970, the legislature approved the establishment of Regional Transportation District (RTD) in 1974. Initially, RTD aspired to be one of the largest transportation districts in the country, embracing seven metro counties. Residents of Douglas and Weld counties, as well as eastern Adams and Arapahoe, however, removed themselves from the RTD tax district. Remaining voters in Adams, Arapahoe, Boulder, Denver, and Jefferson counties approved a 0.5 percent sales tax to finance RTD. The RTD footprint provided a practical solution that cut across boundaries without having to create a new tax-collecting mechanism.

Morgan carefully selected allies in the General Assembly, choosing an influential metro-county, not Denver, legislator, who was president of the Senate, to carry the bill. Senate Bill 55, "Cultural Facilities District Act" was introduced on January 16, 1986 and included the main points the Big Four had hammered out over the previous

year: a taxing district superimposed on RTD boundaries encompassing six counties that would levy a one-tenth of one percent sales tax dedicated to funding area cultural institutions. The bill specified that 80 percent of the yield would be divided among the four flagship institutions, based on a formula of attendance and operating budgets; the remaining 20 percent would be distributed as grants to any other cultural facilities in the district. It also established a six-member board to administer the funds, and the entire proposal would be submitted to the voters for approval. The local newspapers endorsed the bill; *The Denver Post* said these facilities were a “special responsibility” of the city but enjoyed by “the entire region” (“Sales tax bill,” B-6). Muted lawmaker opposition revolved around whether rich, elitist institutions should receive public funds and why suburban communities should subsidize Denver attractions. The bill seemed to be on track until the whole scheme blew up, with salvos fired from within the ranks of cultural institutions.

Section III: The Fruits of Non-Collaboration

The Rest of the Story: Reaction by the Arts Community to the Proposed Bill

A “coalition of the excluded” appeared to testify at a hearing of SB55 before the Local Government Committee. The group included representatives from the Denver Children’s Museum, the Arvada Center for the Arts and Humanities, Opera Colorado, Colorado Ballet, the Denver Symphony, the Denver Center for the Performing Arts, the Mayor’s Commission on the Arts, and later the Central City Opera and a host of other arts councils, commissions and organizations. Among the excluded, although not a member of the group, was the Colorado Council on the Arts, which was never invited to the table. Barbara Neal, executive director of the CCA at the time, said a degree of tension existed because of the amounts of money involved and the CCA’s own somewhat precarious position with the state legislature over its funding (personal communication, January 8, 2008). “The CCA wanted more support for the arts in the metro area, so there was no way we could say the SCFD was not a good idea,” said Neal (personal communication, January 8, 2008), “In reality, however, it [the SCFD] dwarfs the Council’s presence in the metropolitan area and marginalized the CCA in terms of Colorado legislative funding.”

The issues raised by the Cultural Advocacy Group involved equity, secrecy, arrogance and greed. Critics of the bill accused the Big Four of drafting a financial settlement that benefited them and no one else, despite the fact that some of the excluded were equally high-profile, high-attendance venues also in need of funding. Andrew Witt, director of the Arvada Center, told the committee his facility “should have been included, not as an after-thought, but with recognition that we are a major institution” (Roberts, 1986). Gully Stanford, public affairs director of the DCPA, testified that the measure was inadequate and ineffective (Roberts, 1986). They charged that the 20 percent “sop” was a political ploy “designed to attract a county vote for Denver agencies [rather] than to enhance the cultural capacities of either the counties or the institutions” (McCarthy, 1993, p. 28). Worse, the whole scheme smacked of the arrogance of back-room dealmaking that “threw a monkey-wrench into attempts to pass other bills” providing something for everyone in the state (Osburn, 1986). The latter included bills increasing funding for the Colorado Council on the Arts and Humanities as well as an appropriation request for matching funds to support monies from the National Arts Stabilization Fund. Stanford called it “a greedy little bill” (Osburn, 1986). Also speaking for the “excluded” were Joan French of the Denver Symphony, and Greg Geissler of the Mayor’s Commission on Cultural Affairs. The charges caught the committee and the bill’s sponsors off guard and pitted the regional cultural community against itself.

Stanford (personal communication, December 8, 2007) said the split was really between exhibiting institutions and performing institutions. The latter were seen “as less worthy, as mere entertainment. Performing arts weren’t seen as ‘needy.’ What the Big Four failed to recognize was that performing groups were especially strongly supported in the suburbs,” he said. The depth of disagreement staggered the Senate committee, which told both groups to work out their differences and bring back a united bill.

The challenge occurred on Jan. 30, and the committee gave the groups two weeks to rewrite the bill. The major issue was division of the funds. The Big Four believed the 80-20 split was equitable; the Gang of Seven—the largest institutions in the Cultural Advocacy Group with operating budgets over \$1 million—thought the formula of

attendance and operating budgets should apply to them as well as to the majors. The core negotiations were conducted out of the public spotlight and involved trustees of the Big Four as well as Gully Stanford, Greg Geissler, and Anthony Radich—the then chair of the Denver Commission on Cultural Affairs—representing the other position. The sessions, which included Floyd Ciruli as an advisor to the Big Four, were highly confrontational.

Eventually, the Big Four group accepted the funding formula presented by their opponents. The two groups agreed on a 65/35-percent split. Then, in a repetition of the Big Four, McCarthy (1993) says, “the Gang of Seven distanced themselves from the rest of their coalition” by creating a third echelon: the middle tier would get 25 percent of the total, with the remaining 10 percent divided among the other 250 smaller organizations (p. 35).

The groups returned to the Senate committee on Feb. 15 with a compromise, which passed on a 5-1 vote. Objections by senators from suburban communities concerned about tax-equity issues almost killed it on the Senate floor, but it finally won approval on Feb. 26 and was sent to the House. When it got to the House, Rex Morgan again intervened, attempting to dismantle the 65-25-10 compromise and reinstate the 80-20 split. The bill was assigned to the local affairs committee, which was not especially friendly, where it was postponed, effectively killing it for the 1986 session. House opposition came from several quarters: some legislative critics disliked in principle the idea of taxing districts on the grounds they could become “governments on their own;” other lawmakers opposed taxes in general; and for others, the bill looked like a bailout of Denver’s institutions. The biggest problem, however, lay in the continuing animosity among the cultural institutions (McCarthy, 1993, p. 37-38).

That summer, Morgan regrouped and called in an ally, Denver political consultant Floyd Ciruli. Ciruli became a key strategist, shepherding the taxing district through the legislature in 1987 and every subsequent voter-approval campaign since 1988. He resigned as chair of the Colorado Democratic Party in the spring of 1985, ostensibly, according to *The Rocky Mountain News*, after “behind-the-scenes pressure from ranking Democrats,” rankled by his insistence that the party was “sick and needs radical medicine” (Roos, 1985, p. 8). As

a former elected official and party-insider, Ciruli played an instrumental role in crafting the messages and strategies in the summer and fall of 1986 that brought a new bill to the state legislature in 1987. Initially, it looked like the same approach as SB55, primarily in aid of Denver’s four major institutions, although the language changed. The Big Four now called themselves Tier I institutions; the others, linked primarily by their performing arts base, became Tier II. Old wounds reopened.

The Compromise Plan—Tier II & Tier III

Tier I institutions suspected that the agenda of Tier II organizations was more about financial opportunism than culture. According to McCarthy (1993), the major institutions believed their own instincts were “rooted in a genuine desire to spread culture to the masses,” while the Tier IIs were “piggybacking” and interested only in the money (p. 43). At the heart of the issue was whether Tier II institutions should receive their share based on a formula or by grant. All along, Tier I insisted on its disbursement by a formula based on attendance and operating budget, but its members wanted Tier II distribution to be via competitive grants—their rationale being that the funds were rewards for quality work. Ciruli argued, according to McCarthy (1993), that “while voters might accept spending tax dollars on competitive grants, they would not accept spending them on anything resembling entitlements” (p. 44).

Tier I institutions argued that its members’ contractual arrangements with Denver—and the obligations stemming from them—entitled them to public support. Moreover, precedents existed (in St. Louis, New York, Miami and San Diego, among others) for public funding of “culture” and “science,” but no such precedent existed for supporting “performing arts” (McCarthy, 1993, p. 42). However, Denver’s own suburb of Arvada belied that claim.

The city-owned Arvada Center served 200,000 patrons annually with an annual operating budget of \$2 million. Yet the Center had been arbitrarily excluded from Tier I, where, it argued, it belonged. If Denver’s four major institutions received “entitlements” based on their relationship with city government, the Arvada Center should, too. Furthermore, the Center claimed that 59 percent of its attendance in 1985 came from the suburbs, more than the big Denver institutions; in fact, it drew 39 percent of its attendance from Denver itself. The Center’s point was

that if Denver's institutions received funds for suburban visitors, Arvada should as well—and if Denver received funds for visitors from the suburbs, Arvada should get corresponding funds for its visitors from Denver. Andy Witt, executive director of the Arvada Center, said if any institution was specifically written into the enabling legislation, then all similarly eligible institutions (like Arvada) should also be written in. Arvada wanted a place in Tier I and settled gracelessly into what it considered to be a marginalized position in Tier II, where, according to McCarthy (1993), it “contributed nothing but disruption to it [Tier II]” (p. 53).

Tier II organizations pointed out that its member organizations also were struggling with budget shortfalls. In addition, Tier II members constituted the grassroots “cultural feeders”—the small theater, dance and music companies, local galleries, and museums—that seeded and nurtured the patrons of the major institutions. They were essential to the cultural environment and without them there would be no audience for the majors. For that reason alone, Tier II deserved the same treatment as Tier I. Ciruli crafted a bill modifying parts of SB55, designed to protect the majors but not excluding Tier II (McCarthy, 1993).

Wrangling over legislation went down to the wire as Tier I and Tier II organizations each introduced their own bills—each had the ability to destroy the other. Finally, with a warning from a lawmaker that “if you eat each other for lunch, you can be sure the Senate won't pass your bill,” representatives from each side sat down for serious negotiations (McCarthy, 1993, p. 63). The compromise included a provision empowering the SCFD's board to allocate and distribute 10 percent of monies collected as “discretionary funds” among the tiers. It gave the board minimal oversight responsibility. In addition, it was a way to move some of the monies out of Denver and back to the counties, especially to the very smallest organizations and agencies. In the end, HB1138 was virtually identical to SB55, the bill originally introduced in 1986. It was signed into law on May 22, 1987, by Governor Roy Romer (McCarthy, 1993.)

The final product contained most of the points sought by the originally excluded Tier II members, with some additional sweeteners thrown in for members of a Tier III—made up of the smallest organizations. Despite their resistance, the Tier I institutions capitulated finally

because lawmakers came to see it as an equity issue that affected their constituents, Stanford (personal communication, January, 8, 2008) said. McCarthy (1993) paints a rosier picture: It was their respect for each other, if not each other's positions, and their willingness to “subordinate ego and loyalty and turf to the common good and accept the best product they could for the community in which they lived” (p. 67). According to McCarthy (1993), the Tier I institutions still believed the Tier IIs were carpetbaggers—in it only for the money, while the Tier IIs saw the situation as an issue of fairness—an equal place at the table (p. 66). Stanford (personal communication, December 8, 2007) says the fight really concerned perceptions: “they (Tier I) thought it was about survival; we saw it as their greed.”

As amended, the enabling legislation called for a taxing district within the RTD footprint, with a board with broad oversight authority, a one-tenth of one percent sales tax levy, and a 65-25-10 distribution of the funds collected to three distinct tiers. County cultural councils would distribute the funds to Tier III agencies. Tier I, with four named institutions, would receive \$8.3 million; Tier II, \$3.2 million; and Tier III, \$1.3 million. The next task was to sell it to the public.

Section IV: The Fruits of Collective Action

How the Bill Became Law

Historically, Denver voters have supported infrastructure taxes. This does not diminish the merits of SCFD, but may be a sign that Denver's experience may not be replicated easily. Denver's history of civic support for public infrastructure extends back to the 19th century. Robert W. Speer, who migrated to Denver from Pennsylvania in 1878, helped transform a raw, young city into what he called “the Paris of America” (Noel, n.d.). Speer, initially a successful real estate developer, served as Denver's mayor from 1905-1916, during which time he implemented a grand plan to remake the city. He built a network of tree-lined parkways leading from downtown to outlying residential neighborhoods, many with public parks, lakes and bathhouses. His “City Beautiful” plan included public libraries and fire stations, as well as a Denver Mountain Park system, all paid for by taxpayers.

By the time Federico Peña became mayor in 1983, Denver citizens had paid for an art museum, a zoo, a botanical garden, and one of the foremost natural history

museums in the country. When Peña took office, Denver was floundering in one of the worst recessions since the Great Depression, but in his eight years as mayor, he persuaded the city's citizens to invest billions in its infrastructure (Noel, n.d.). In a three-year period, Denver voters approved the Scientific and Cultural Facilities District in 1988, a \$3 billion airport in 1989; and a \$242 million bond issue to rebuild streets, provide infrastructure for redevelopment of the South Platte Valley, improve parks, plant 30,000 trees, expand the National Western Stock Show Grounds, update Denver General Hospital, and restore Civic Center Park and the City and County Building in 1989. In 1990, Denver completed the \$126 million taxpayer-approved Colorado Convention Center, with almost a million square feet on a 25-acre site downtown. That same year, citizens also voted for a \$200 million bond issue for the Denver Public Schools, while another \$95 million bond issue won overwhelming support to enlarge the central library and restore and/or expand many branch libraries. Voters also narrowly approved a 0.1-percent sales tax to build a new baseball stadium for the Colorado Rockies major league baseball team.

The lobbyists' carefully crafted 1987 campaign to sell the idea of a taxing district to voters included several strategic decisions. First, the message emphasized that funds were distributed as grants and not entitlements, except of course for Tier I—the disbursements of which were based on a formula determined by attendance and operating budgets. They feared that disbursing funds to Tier II institutions with no track record of public financial accountability, “would almost certainly send both tiers to defeat in the referendum” (McCarthy, 1993, p. 44). Critics pointed out that the rationale was less about financial accountability than about exhibiting-collecting institutions with issues of maintenance and sustainability sharing funds with performing-arts organizations. The poster child for their rationale was the crumbling Denver Symphony, on the verge of bankruptcy in 1987-88. Tier I feared that if voters were “presented with the possibility of an organization, such as the symphony, receiving annual revenue entitlements, good year or bad, good product or not, the public would summarily reject it,” (McCarthy, 1993, p. 44).

One big concern in the legislature was that the SCFD not become another big bureaucracy, according to Greg Geissler (personal communication, December 6, 2007), director of the Mayor's Commission on the Arts. The legislation had to assure the public that their tax money was not going to pay a bunch of bureaucrats. Thus, a minuscule amount of the funds (0.75 of 1 percent) were allocated to administration.

All of the institutions contributed funds to the campaign, which focused on need. Voters “needed” to get something for their money and had to know who would benefit and why; most importantly, they had to know how much the tax would bite into their pocketbooks and what benefits it would yield. Throughout, the campaign emphasized the smallness of the tax levy—only one penny on a \$10 purchase. One ad featured a cup of coffee surrounded by eight pennies: the message—two cents a day, 57 cents a month—became a potent selling point (McCarthy, 1993). The committee even produced a penny lapel pin: Morgan bought \$6,000 worth of pennies and drafted volunteers, who welded together two pennies—symbolizing the two-cents-a-day cost of the SCFD plan—and glued on a pin, which were widely distributed.

The main messages of the campaign revolved around the benefits to particular segments of the population, first, children; second, the economy; finally, the community as a whole. Children, then and now, rated the highest priority because cultural education polled highest (McCarthy, 1993). The emphasis on “future generations” was a conscious marketing strategy. The economy provided a new, and at the time largely unexplored, focus. It was not specifically addressed in SB55, but became a prominent feature in the bill finally approved by lawmakers. The legislative “declaration” said “scientific and cultural facilities are an important factor in the economic well-being of the state” (McCarthy, 1993, p. 74). McCarthy (1993) observes its inclusion was:

for a purely tactical reason: that while the legislature likely would not have funded culture for itself, it may have funded it as a support

for something else...the idea of culture as an economic stimulus was created, then 'positioned' purely for the legislature's benefit (p. 75).

The economic argument also sat well with voters and the influential community leaders. With a flat economy and high unemployment, the benefits of cultural institutions providing economic stimulus was (and remains) attractive. Donald Seawell's (1987) comments, published in *The Denver Business Journal*, emphasized that "every dollar spent by cities on the arts returned more in direct taxes than the amounts spent" (p. 5). A feature section in that same issue spelled out the economic spill-over effects and pointed out a residual benefit—the opportunity for Denver to shed its "cow town" image (O'Neal, 1987). The quality-of-life issue played well, especially when attached to a regional argument positioning Denver as the arts mecca for several adjoining states.

The major institutions led the marketing campaign, with the arts institutions taking a backseat to the immensely popular Zoo and Natural History Museum, which had strong family appeal (McCarthy, 1993). The Zoo, especially, epitomized the culture of the commoner, and it provided the campaign's paramount (and still used) symbol: a polar bear. Significantly, all parties came together to sell the idea, regardless of who led it or the images used. Stanford (personal communication, December 8, 2007) emphasizes how critical that was to passage of the legislation. In addition, success required "a 'champion' to provide leadership; buy in from the business community, critical in the early stages; and support from the county commissioners," which the inclusion of Tier III made possible.

McCarthy (1993) points out one reason Amendment 9 prevailed with voters in 1987: "nearly relentless advertising," some on television, most of it in print (p. 81). Yard signs popped up everywhere; volunteers mailed letters, postcards, pamphlets and brochures to every home in the proposed district; and a two-month, evening and weekend "phonathon" urged voters to talk to their friends about SCFD. The campaign fielded a very effective (and ubiquitous) speakers bureau, which included all of the main players. The organizers sought to preempt any potential opposition by engaging "leadership groups"—community and business leaders—who spoke to PTAs, labor organizations, chambers of commerce, city councils, etc. In particular, they courted the counties. The

counties had to see the political and economic benefits to their constituents. Tier III, included begrudgingly in the legislation, proved an ingenious selling point because it "allowed the counties to take ownership," Stanford (personal communication, December 8, 2007) said.

In addition, the campaign recruited the support of the city's two newspapers, even though one of the main beneficiaries would be the DCPA, chaired by the publisher of *The Denver Post*. Little sustained opposition surfaced, in part because the organizers began the campaign late, giving detractors little time to organize. On Nov. 9, 1988, voters in the six counties decided: over half a million people, 75 percent of the total vote, approved the amendment.

Section V: Implementation

Its planners had to move quickly, as the SCFD became a tax-collecting district on January 1, 1989. A board, comprising three members appointed by Gov. Romer, plus one member appointed by each county, formed and immediately hired Ciruli, who had masterfully guided the plan through the legislature and a voter campaign, as manager. The board quickly drafted and adopted bylaws and set up committees and elected officers. Ciruli prepared a budget and hired a staff attorney. One major issue that had to be addressed immediately was setting up a mechanism to collect the tax from businesses in the newly formed district. By law, it would be collected as part of the RTD tax, which rose from 0.6 percent to 0.7 percent of sales. The SCFD share was to be forwarded within six weeks of the end of the affected month. Delay in notifying affected businesses would make vendors liable for funds they didn't collect, thus, potentially, sewing ill will, which was something the SCFD did not want to happen.

The biggest issue, however, was distributing the funds to the tiers. According to McCarthy (1993), Ciruli established a tentative formula to determine who got what and when the initial distribution would occur. Then, he crafted the procedures. Tier I recipients, the four named institutions, would submit formal requests for funds by March 1, along with a statement of planned use of the funds and an audited 1987 and preliminary 1988 budget. The budgets would be reviewed between March and June, and hearings would be held in August, followed by a

distribution of six-months' funds on September 1. The process has been refined over time, but the initial structure was in place.

Tier II had to submit "definitions" by March 1. From April 1 to June 1, applicants submitted notice of application and entered a 60-day review period, followed by hearings in August and distribution in September.

Tier III faced the most challenges. In a short window between January and April, each county had to establish a cultural council—a slow process involving six councils and hundreds of small cultural institutions. In Denver, politics and rivalries, rather than slowness, delayed formation of a council. Part of the problem lay in municipal statutes, which dictated that the Denver City Council distribute cultural funds. The council, facing budget shortfalls in many areas, did not want to be in the position of distributing monies for culture when it was cutting other programs. Instead, it would shift the burden to a third party. The obvious candidate was the Denver Commission on Cultural Affairs, the successor to the Mayor's Commission on the Arts, led by Geissler, one of the original activists objecting to the Big Four's initial legislation. A second contender was the private Denver Foundation, which offered not only to distribute the funds but to pick up the administrative costs, too. The City Council chose the Foundation, based on the reasoning that the Commission on Cultural Affairs (and Geissler) were mayoral appointees, who could be influenced in their distribution decisions by pressure from the mayor's office (McCarthy, 1993). The Council's decision ignited a protest from Geissler (personal communication, December 6, 2007), who saw it as a slap at the Commission, and him directly, for oversetting the efforts of the Big Four to secure a permanent source of funding exclusively for themselves. Stanford (personal communication, December 8, 2007) supports that interpretation, also pointing out that the Commission on Cultural Affairs (and Geissler) got caught in the middle of mayor-city council politics.

Tensions erupted in the first years over accountability, a critical component of both legislative and voter support, but one that frequently provoked the ire of the large Tier I and Tier II institutions. The SCFD board was charged with making certain that the funds collected from the public were spent as intended, which required documented proof. The institutions balked at first but

over time fell in line. The procedures also irked the Tier IIIs, especially over the insistence of the SCFD board to review their applications, which already required the approval of their county cultural councils. The SCFD, flexing its oversight muscle, wanted to review the plans of the tiny Tier III recipients to ensure they conformed to the SCFD guidelines (McCarthy, 1993).

One other stumbling block that affected Tier III was clarification of the statute regarding questions of "primary purpose" and "public benefit." By law, the primary purpose of an agency, organization or institution had to be "the enlightenment and entertainment of the public through the production, presentation, exhibition, or preservation of art, music, theater, dance, zoology, botany, or natural history" (McCarthy, 1993). Excluded from the SCFD in the legislation—for fear they would gobble up the funds—were schools, public broadcasting, libraries and historical societies. The latter were problematic because they appeared to be more about preservation than programming. The state continued (and continues) to fund the Colorado Historical Society, and eventually SCFD allowed the county historical societies into the Tier III fold.

Yet, at the end of its first year in operation, the SCFD distributed \$5.3 million of tax monies to the Tier I and II institutions; Tier III was still organizing its cultural councils and received its share of the payout in March of 1990. The cultural institutions in six counties had accomplished something even more remarkable, according to those who helped make it reality. They had learned to work together for a common goal, and the voters responded, and in this case have responded twice more, each time giving the reauthorization an overwhelming thumbs up.

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Reflections by Jane Hansberry on her 10 years of experience as the district administrator of the Scientific and Cultural Facilities District in Denver

by Dinah Zeiger and Jane Hansberry

The following comments were captured in an interview with Jane Hansberry, conducted by researcher Dinah Zeiger on December 18, 2007. Zeiger reports the interview as a series of key insights. Both the outline for this piece and the final written material have been approved by Jane Hansberry. This is the second of two pieces commissioned by WESTAF for this seminar on cultural tax districts.

The Regional Model is Smart

A regional approach to serving major institutions makes sense. The rapid suburbanization of the United States means many residents live far from major cultural institutions, historically located in urban core areas. Suburban communities have demonstrated an appetite for the construction and support of performing arts venues, yet they have been averse to founding and supporting major museum-type institutions. New taxes remain unpopular. However, implementing a tax system to support regional cultural institutions that benefit suburban populations can prove to be an efficient use of tax dollars, with two caveats. First, the institutions supported must provide a high level of service; second, efforts to establish high-cost institutions in multiple suburbs must be avoided.

Regionalism has a Great Future

As we increasingly come under the influence of globalization, aggregating ourselves in a way that provides a meaningful counter-balance becomes a useful strategy. Regional efforts incorporate the ideas, attitudes and aspirations of multiple communities; local communities provide the social glue, infusing a regional effort with its particular texture and perspective. Towns are too small, and states are too large and diverse. Regions, on the other hand, can bring the mix of local communities together.

The District's Footprint

The SCFD conforms to the footprint of three existing districts: the Regional Transportation District (RTD), the Urban Drainage Corridor, and the Stadium District (baseball and football). Plotting a new tax district within the

boundaries of an existing voter-approved district allows organizers access to previous and newly generated polling, voting pattern, and organizational analyses from other efforts, thus lowering costs. However, the overlay, particularly within the RTD boundaries, greatly limited discussion about the SCFD's geographic borders and which areas should be served.

Inclusion and Collaboration Fuel Long-Term Success

When developing a regional cultural tax district, the greater the effort to collaborate and include others, the greater the possibility of success. The SCFD's first effort at drafting legislation derailed when a group of cultural organizations and their leaders objected at being excluded from the decision-making. Lawmakers forced the warring factions to collaborate, thereby producing a much more effective—and politically palatable—piece of legislation. A more inclusive and collaborative process at the outset likely would have saved time and effort.

The lack of collaboration at the inception of the SCFD did more than add time to the project's timeline. The absence of these smaller cultural institutions hindered any discussion of the potential impact the SCFD might have on the region's cultural ecosystem. The originators of the District sought funding to backfill lost public revenues—but the SCFD did much more than that. It added significantly more money to the cultural funding pool, affecting the perceived need for a state arts agency to serve the metro area, and became a major factor in many cultural policy decisions over the next several years. While these intersections may have occurred anyway, more thoughtful advance community dialogue about them would have fostered a healthier cultural ecosystem long-term.

The Issue of Excellence

Cultural funders are always interested in the impact their funding has on excellence in programming and excellence as expressed in the management of a cultural organization. Certainly the funding function of a large cultural tax district such as the SCFD inevitably affects these factors. Some of the tax district implications related to excellence are:

- Because cultural tax districts appear to reward stability over innovation, board and staff decisions may lean toward not rocking the boat. Indeed, retaining

the regular receipt of a large check from a dependable source may trump taking risks that might impair the flow of such funds.

- The significant volume of money received may create a tendency toward self-censorship and more conservative programming. Anything that risks the loss of public support for the tax district and, thus, the flow of funds to an institution may be shunned.

One possible way to avoid these shortcomings is for the cultural tax district legislation to address its role in encouraging excellence and supporting groundbreaking work. Although many cultural tax district supporters abhor the inclusion of policy directives in legislation, it may actually ensure the district's long-term survivability by directing funding away from the most conservative, and possibly no-longer publicly supported, art forms.

Culture and Science

Culture tends to get lost when a tax district emphasizes its science and nature components. Yet, a regional infrastructure needs public support across a range of community interests, and a cultural tax district may not be possible based on "cultural" alone. Salt Lake City organized its first cultural district campaign around the city's arts institutions, and it failed at the polls. When a revised effort encompassed the zoo and recreation—for this read "Soccer Moms"—the effort succeeded. Cultural tax district organizers need to determine where culture is—or is not—on the public's radar and be realistic about the ability of culture alone to carry a district.

Once arts-based cultural interests join with science and nature entities in a compact, they may find their ability to influence the conversation—let alone control it—greatly curtailed. This occurs partly because science-based cultural institutions usually command large budgets and large audiences, enhancing their ability to influence the general public. If the cultural community wants a voice in the development of a cultural tax district and the policies that unfold through it once implemented, arts-based institutions must speak with a united voice and present a cohesive vision to the larger group of collaborators.

Including non-cultural organizations in a district also brings influential board members and funders necessary to support the effort. In fact, the arts component

of cultural organizations alone may not have sufficient breadth or depth in a community to advocate for a tax district, let alone get it passed.

Conversations that Become Principles

When something is new and grows to be significant in terms of funding, the precedent established in even informal early discussions becomes consequential. Everything done at the beginning becomes "first principles," which control all later choices and decisions. Thus, a full and formal discussion of the policies and core philosophies that will govern a cultural district should be an important first step. Without this level of discussion, informal, ad-hoc, and sometimes under-informed decisions become the guiding star, which may not always be in the best interest of the district or its constituents.

Conclusion

The SCFD is a wonderful addition to the cultural ecosystem of Colorado. The district has created new cultural opportunities for many citizens and helped ensure that the largest cultural institutions receive support on a regional basis—as they should be. But the SCFD is not a perfect system, and I encourage those seeking to develop a cultural tax district to analyze its weaknesses along with its strengths before designing legislation. New legislation inspired by the success of the SCFD should seek to improve on the model. Doing so is a complement to our success, our learning, and our willingness to share information.

Cultural Equity and the Scientific and Cultural Facilities District

Executive Artistic Director Anthony J. Garcia, El Centro Su Teatro Cultural and Performing Arts Center, Denver, Colorado

Anthony J. Garcia was invited to participate in this seminar on cultural tax districts but was unable to attend due to illness. He is a leader in the Denver community and has strong experience and perspective on the issue of cultural tax districts. Garcia has been the executive artistic director at El Centro Su Teatro since 1989 and has been director of the Su Teatro company since 1974. He is an instructor in Chicano Studies at the Metro State College of Denver, and he is the vice chair of the Board of Directors for the National Association of Latino Art and Culture.

Garcia serves as resident playwright at the Centro, generating successes such as the 1986 production of "Introduction to Chicano History: 101," which was featured in Joseph Papp's Latino Theater Festival in New York and subsequently toured the U.S. Southwest and Mexico. In 1991, Ludlow, Grita de las Minas, also by Garcia was performed at the TENAZ Festival in San Antonio, TX. La Carpa Aztlan presents: "I Don't Speak English Only!" is the company's most successful touring production to date. Written in 1993 by Garcia and the late Jose Guadalupe Saucedo, the production has toured Colorado, Wyoming, Utah, New Mexico, Kansas, Massachusetts, Pennsylvania, Texas, and California.

"Since 1989, Scientific and Cultural Facilities District (SCFD) has distributed funds from a 1/10 of 1% sales and use tax to cultural facilities throughout the seven-county Denver metropolitan area. The funds support cultural facilities whose primary purpose is to enlighten and entertain the public through the production, presentation, exhibition, advancement and preservation of art, music, theatre, dance, zoology, botany, natural history and cultural history.

Distributions are made through a three-tiered system. SCFD annually distributes approximately \$40 million to over 300 organizations. In 2005, cultural facilities funded by SCFD contributed \$387 million in new dollars to the local economy, a 10:1 return on investment at the time" (www.scfcd.org).

To gain perspective on the SCFD's commitment to the arts, the SCFD's \$40 million distribution is nearly 1/3 of the \$124.4 million that the National Endowment for the Arts appropriated in 2007.

Since the institution of the SCFD, Su Teatro has received grants ranging between \$18,000 and \$50,000 from the Denver SCFD Tier III and local county cultural commissions. The SCFD tax distribution has grown from \$14.9 million in 1989 to more than \$40 million in 2007. The Denver Mayor's Office of Education and Children conducted a quick survey of groups that could be identified as possible culturally specific organizations and found that the total distributions to these groups is probably a little more than \$312,000. Denver's Latino population is around 34.8%.

The founders of the SCFD never really intended for the money to do more than support the larger mainstream arts organizations of Tier I and Tier II, but at some point a third funding tier (Tier III) was established as a catch-all for smaller arts groups to be eligible for funding. They would be allotted 10% of the pot—which has since increased to 13%. This included all of the Latino organizations and all but one African-American organization that struggles to stay in Tier II—an intermediary category to which Tier IIIs are encouraged to aspire.

The SCFD has been a boon to all cultural arts organizations in the SCFD district and really has increased cultural participation in very unique and profound ways. However, in a somewhat Orwellian fashion—where all organizations are equal, but some are more equal than others—it has managed to maintain a system segregated by class and race. It rewards organizations with money and resources disproportionately. The more you have, the more you get. And conversely, the less you have, the less you get. Organizations can move from Tier III to Tier II, but only one, the Denver Center for the Performing Arts, has been able to move from Tier II to Tier I. It is very doubtful that it will ever happen again.

The Tier I organizations maintain a unique relationship with the city in that they are quasi-city organizations: the Zoo, the Botanic Gardens, the Museum of Nature and Science, the Denver Art Museum, and the aforementioned Denver Center for the Performing Arts. In most cases, the City of Denver owns their facilities and maintains them, while the organizations offer programming. While no one

would argue against the need for organizations such as these, these organizations are also independent non-profit organizations with boards and visions that reflect the preferences of many of the elite in the area. Although there are occasional efforts meant to foster inclusivity and diversity, such as offering community free days and the attempts by organizations to diversify their boards of directors and campaigns, not much has changed and very little pressure has been placed on these organizations to open up.

In the SCFD authorization, the Colorado legislature mandated the three-tier system to be policy and is therefore bound by statute. Consequently, to raise criticism about the inequities of the system is often met with hands thrown in the air in helpless resignation that nothing can be done. After all, the SCFD structure is the law and to propose a challenge at reauthorization time is tantamount to attempting to kill the golden-egg-laying goose. We are not supposed to notice that the goose is laying bigger and brighter eggs for those who already have big golden huevos in their nests.

Where does the SCFD money come from? Well, we all pay into the pot—after all, it is a sales tax. That means Latinos, with a population in Denver of 34.8% and growing, pay a significant amount into the SCFD distribution pot. Maybe not 34.8%, but certainly not less than half of 1%, which is what Latino organizations cumulatively receive from SCFD funding.

Among the many arguments in favor of the SCFD is its positive effect on tourism and also the creation of additional dollars for other industries—from hotels to restaurants to artists to construction to advertisers to trash removal to Internet and cable providers to maintenance workers. The arts have a role as an economic engine. The SCFD could be looked at like a \$40-million stimulus injected into the economy. It is a fair to assume that this butterfly effect happens in the Latino community in a lesser—significantly lesser—capacity. While Latino arts organizations can certainly create additional opportunities in their communities, such opportunities are created at a diminished level. We can only supply those opportunities to our community based on our capacity. And as long as our capacity is disproportionately (and by statute) less, then what our community receives in return is also less. This also includes our artists who toil for less and thus never receive the support and time to develop

their artistic skills to the highest level—leading us to the circular conversation about artistic quality. Artistic quality requires resource investment, which sets standards, evaluates, and rewards on the basis of artistic quality.

The SCFD has no mandate for cultural equity and the governing boards have only a little wiggle room to address this issue. But to place any culturally specific pots or diversity funds aside is to raise the specter of affirmative action or quotas that—even in a progressive city such as Denver—generates tremendous fear. Also, many believe that the arts are above such things, because of a belief that great art transcends all things—including class and race. The reality is that the arts are one of the largest domains of exclusivity and elitism and for the almost 20 years of the SCFD's existence there has never been a real serious discussion of this issue.

So what do we do? First off, I would like to thank WESTAF for the opportunity to express these thoughts. This has been one of the few opportunities for a forum to offer these views without the fear that any criticism of the SCFD is an immediate advocacy for its demise.

Obviously, I feel there is a real need to invest in our organizations of color, in terms of infrastructure as well as financially. Here are some thoughts:

- Building solid staffing, revenue streams, and facilities for these organizations would allow them to begin competing with mainstream organizations for revenue and audiences, and would dramatically expand the programming palette of our cities and grow the arts communities there.
- Allowing organizations of color to compete is important. The SCFD three-tier model eliminates that possibility. Small organizations must compete with hundreds of other small organizations for a limited amount of resources, but cannot compete with larger organizations for larger amounts of resources. If it is truly about quality, then let us all prove our quality on a level playing field.
- Ethnic participation must be more than just a marketing tool. A few years ago at a Colorado Council on the Arts Task Force meeting, organizations passed around their season brochures with colorful pictures of folkloric dancers, Aztec dancers, and mariachis.

But when you looked inside the brochure to see the board and staff members, the brown faces on the covers were absent. What we have is a commoditization of the ethnic arts so that they present the illusion of inclusion. It is safe enough to present ethnics, but less so to actually allow them to have any control, autonomy or independence.

- Cultural organizations of color need control, autonomy and independence. Unfortunately the price of independence has been a “ghettoization” of ethnic arts where they are presented in inferior facilities, and with limited resources. We don’t necessarily need others to do our programming, run our organizations, or tell us what we are doing wrong. We feel we are capable of programming ourselves. Since we have not had the time and resources available to build our organizations, we remain at a disadvantage.
- We must really look at cultural equity as an asset. We need to re-examine our definition of the mainstream. My audiences are no longer exclusively brown; they are black, white, Asian, and everything in between. We have nurtured audiences that identify culturally in many ways. People will go to the opera one night, the hockey game the next, and come to Su Teatro on the next night. We are willing to not be marginalized.
- Do not look at our growth as a threat to the stability of mainstream organizations. According to the Denver Mayor’s Office of Education and Children, the Denver school population is now more than 57% Latino. This will be our future audience. They will also be future arts subscribers—and our organizations would be more than willing to share our audiences and resources.

Rather than sounding like an artist’s whine and a demand for more recognition, I would like this to read as a cautionary tale as well as an opportunity to address our collective future. If we believe that we will forever live in a segregated arts world of the haves and have nots, then the three-tier model of the SCFD will need no revisions or challenge. However, if we really have any interest in providing equitable access to all our communities, especially as we ask

for public funding from an ever-diversifying public, then we need to accept the challenge of building the resources available to those communities as well. Any change in the SCFD structure would take an incredible universe-altering event. It may not happen in my lifetime. But for those of you considering such a model, it is not too late to save yourselves. At a minimum, please raise this discussion: What will your city look like? What do you want it to look like? And what are the wonderful possibilities that a cultural tax district has for inclusion, equity, and change?

Comparative Research on Dedicated Public Funding Models for Arts & Culture

Maricopa Partnership for Arts and Culture, October 2007

This data was compiled by the Morrison Institute for Public Policy at Arizona State University under a contract with the Maricopa Partnership for Arts and Culture (MPAC) and is presented here courtesy of MPAC.

Summary of Funding Sources*

Sales Tax Initiatives

Detailed information included within this report

Sales Tax Initiatives					
City/Region	Tax Mechanism	Approved	Distribution	Allocation	Governance
Denver (7 Counties)	Multi-tax sales tax 0.1%	Legislative referendum	\$39,692,827 (2006)	Tier I – 65.5% Tier II – 21% Tier III – 13.5%	SCFD Board appointed by County and Governor
Salt Lake City (Salt Lake County)	County sales tax 0.1%	Legislative referendum	\$13,775,767 (2006 – 70% represents Tier I, Tier II and Zoological)	Tier I – 48.875% Tier II – 9% Zoological – 12.125% Recreational – 30%	Advisory Boards appointed by County Council recommends – County decided final funding
Albuquerque (Bernalillo County)	County sales tax 3/16 of 1%	Legislative referendum	Estimated \$40 million	City A&C – 65% County A&C – 5% Big Non-profit – 2% Other – 12%	Advisory Boards appointed by County Council recommends – County decided final funding
Pittsburgh (Allegheny County)	County sales tax 0.5% (adtl. 0.5% for County purposes)	Direct legislative approval	\$77,602,700 (0.5% - 2007)	Tier I – 11% (A&C) Tier II – 10% (A&C) Libraries – 32% Parks – 28% Sports – 18%	RAD Board appointed by County and Mayor w/one member elected by existing Board members

*Research provided in part by the Morrison Institute for Public Policy’s report, PERFECT PITCH: Considerations for a Dedicated Funding Source for Arts & Culture

Denver

Name of Initiative:	Scientific and Cultural Facilities District			
Geographical region:	Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson counties			
Population served:	2,592,172*			
Sales tax mechanism:	0.1% sales and use tax			
Total annual distribution:	\$39,692,827 (2006)			
Authorized:	1989 (5 years), 1994 (10 years), 2004 (14 years – 65% voter approval)			
Approved:	Legislative Referendum			
Allocation (2006):	0.75% of total taken out prior to distribution for administrative costs			
	Tier I:	65.5%	\$24,725,324	5 organizations
	Tier II:	21%	\$9,694,761	27 organizations
	Tier III:	13.5%	\$5,518,728	273 organizations

Governance	<ul style="list-style-type: none"> • 11-member board with a member appointed by the county commission of each participating county and four governor-appointed members (Tier I & II) • County Cultural Councils represent their areas' needs. (Tier III) • Counties receive funds in proportion to amount generated in their jurisdictions. • Counties develop own guidelines for Tier III recipients. • Detailed, public "Economic and Social Activity Reports" track participation county by county. 		
	Tier I	5 major institutions (Denver Art Museum, Denver Botanic Gardens, Denver Museum of Nature and Science, the Denver Zoo, and the Denver Center for the Performing Arts) included in statute. Paid quarterly without condition.	
	Tier II	Have an annual operating income of over \$1.295 million and meet basic eligibility criteria: <ul style="list-style-type: none"> • Non-profit 501 (c)3 status or local government agency; • Provide, as a primary purpose for the enlightenment and entertainment of the public through the production, presentation, exhibition, advancement or preservation of art, music, theater, dance, zoology, botany, natural history or cultural history; • Principal office within the district; • Operate primarily within Colorado; • Principally benefit district residents; • Must be in existence for five years 	
Tier III	Have an annual operating income under \$1.295 million. Distribution decided by individual County Cultural Councils. Same criteria as Tier II: must be in existence for three years		

* According to 2006 US Census estimates

Salt Lake City				
Name of Initiative:	Zoo, Arts and Parks (ZAP)			
Geographical region:	Salt Lake County			
Population served:	964,048*			
Sales tax mechanism:	0.1% sales tax			
Total annual distribution:	\$13,775,767 (2006)			
Authorized:	1993 (failed), 1996 (10 years), 2004 (71.3% voter approval – 10 years)			
Approved:	Legislative Referendum			
Allocation (2006):	1.5% of total taken out prior to distribution for administrative costs			
	Tier I:	48.875%	\$6,732,906	23 organizations
	Tier II:	9%	\$1,239,819	112 organizations
	Zoological:	12.125%	\$1,670,311	2 organizations
	Recreational:	30%	\$4,132,730	N/A

Advisory Boards make recommendations to the County Council, which ultimately approves all distributions.	
Governance	<p>Tier I</p> <ul style="list-style-type: none"> • Applications reviewed by 7 member advisory board appointed by the County Council and must include at least 2 arts community members. • Organizations that apply and qualify as a Tier I organization are not guaranteed funding. • Applications not recommended as one of the 23 organizations submitted for Tier II funding.
	<p>Tier II</p> <ul style="list-style-type: none"> • Applications reviewed by 9 member advisory board appointed by the County Council and must include at least 1 arts community member and 2 local mayors. • Organizations that apply and qualify as a Tier II organization are not guaranteed funding. • Priority given to organizations that can solicit and receive matching funds, in-kind contributions also considered. • Priority given to organizations that can demonstrate a strong connection to the community, have a substantial track record and show a stable history. • No Tier II applicant may receive more than 7% of the total amount of funding allocated annually to the Tier II process.
	<p>Zoological</p> <ul style="list-style-type: none"> • Zoological applications reviewed by the Tier I Advisory Board. • Distributed to no more than 3 zoological facilities and organizations within the county. • 94.5% of that revenue distributed to zoological facilities/organizations with average annual operating expenses of \$2,000,000 or more. • 5.5% of that revenue distributed to zoological facilities/organizations with average annual operating expenses of less than \$2,000,000.

Continued on page 94

Salt Lake City (continued)

Eligibility	Tier I	<p>To build organizational capacity, create stability and provide adequate, predictable support.</p> <ul style="list-style-type: none"> • Must have qualifying expenditures of \$250,000 in average eligible expenses over a three year period • Must pass the Zoo, Arts, and Parks Program’s minimum financial health test on a regular basis
	Tier II	<p>Utilized to build organizational capacity, create stability and enhance Salt Lake County’s cultural offerings and community.</p> <ul style="list-style-type: none"> • Funding based on the organization’s clear cultural or botanical purpose, community/public purpose, organizational stability, financial accountability, and community served.
	Zoological	<p>Zoological funding utilized to build organizational capacity, fund zoological facilities, create stability and provide adequate predictable support.</p> <ul style="list-style-type: none"> • An organization will not qualify to receive ZAP Zoological funds unless it has its headquarters, a significant presence or manages/presents in Salt Lake County and serves an audience of 75,000 or more persons annually.

* According to 2006 US Census estimates

Albuquerque				
Name of Initiative:	Quality of Life Initiative			
Geographical region:	County of Bernalillo			
Population served:	607,510*			
Sales tax mechanism:	0.1875% (3/16 of 1%) increase in the Gross Receipts Tax			
Annual total payout:	Best estimate approximately \$40,000,000 per year. First proposals will be funded in 2008.			
Authorized:	2006 (10 years)			
Approved:	Legislative Referendum			
Allocation:	Revenue may NOT be used for capital expenditures, endowments or fundraising. Educational institutions (K-12) are not eligible for distributions.			
	<ul style="list-style-type: none"> • 1–3% will be used to educate the public on the use of the revenue. • 3–5% will be used for administration of the revenue received from the tax. • 1–3% will be used for the implementation of the Cultural Plan. 			
	The remaining revenue will be distributed to private non-profit 501(c)3 organizations, non-profit foundations, the city and county as follows:			
	<ul style="list-style-type: none"> • 65% will be distributed to the City of Albuquerque for cultural programs and activities. • 5% will be distributed to Bernalillo County for cultural programs and activities. • 16% will be distributed to non-profit organizations with an annual operating budget of more than \$100,000. • 2% will be distributed to non-profit organizations with an annual operating budget up to \$100,000. • 12% will be distributed to organizations that have a strong cultural program but do not have culture as their primary purpose AND foundations that are affiliated with state or federally owned institutions that offer cultural programs to the general public. 			
	Tier I:	65.5%	\$24,725,324	5 organizations
	Tier II:	21%	\$9,694,761	27 organizations
	Tier III:	13.5%	\$5,518,728	273 organizations

Governance	Funds will be managed by the County of Bernalillo, which in turn, will appoint a Cultural Advisory Board to advise the County Commission. The Board would be composed of people knowledgeable about the arts and cultural community. Every two years, the Cultural Advisory Board will put out Requests for Proposals to the arts and cultural organizations, evaluate responses, and develop a package of recommendations that will go to the County Commission. The evaluation process for the review of proposals will include a public review component. The Board will consist of between 9 and 15 members. Members of the board will serve three-year, staggered terms and shall not be removed during their terms except for malfeasance.
Eligibility	<p>Cultural organizations and institutions that have as a primary purpose the advancement or preservation of zoology, museums, library sciences, art, music, theater, dance, literature or the humanities.</p> <ul style="list-style-type: none"> • Principal office located within Bernalillo County. • Must have held 501(c)3 designation for a minimum of three years. • Primary purpose is cultural programs.

* According to 2006 US Census estimates

Allegheny County (Pittsburgh)				
Name of Initiative:	Allegheny Regional Asset District (RAD)			
Geographical region:	Allegheny County			
Population served:	1,181,776*			
Sales tax mechanism:	1% sales and use tax (½ goes to arts/culture/sports contracts, ½ goes to the county and its municipalities)			
Total annual distribution:	\$77,603,700 (2007 – does not include 50% allocated to the county & regional municipalities)			
Authorized:	1994			
Approved:	Legislative Approval (approved directly by the legislature without being voted on by the public)			
Allocation:	(2007) Less than 1% of total taken out prior to distribution for administrative costs.			
	Nine regional assets (Special facilities) are contractual assets and have been given guaranteed funding for a period of five years (2005-2009).			
	Libraries	32%	\$24,731,000	43 libraries
	Parks	28%	\$21,233,000	14,000 acres
	Sports facilities	18%	\$14,400,000	2 distributing organizations
	Special facilities	11%	\$9,503,000	9 contracted organizations
	Arts and cultural	10%	\$7,736,700	77 organizations
Governance	Distribution for all allocated areas is made by Board of Directors composed of 4 persons appointed by the County Chief Executive, 2 appointed by the Mayor of Pittsburgh and 1 person elected by the 6 appointees. The 6 appointees serve terms concurrent with the appointing authority while the seventh member serves for two years. The Board appoints a 27 person Advisory Board to provide public input and comment on policies and procedures.			
	Provides 2 types of funding: <ul style="list-style-type: none"> • Category A - Operating support for ongoing activities of the organization. Support is typically unrestricted. • Category B - Capital maintenance for repair of existing facilities; accessibility improvements; new equipment or repairs to equipment. 			
Eligibility	<ul style="list-style-type: none"> • Applicants must be governmental entities or non-profit, tax-exempt corporations • Applicants must provide programming or services of a regional nature in Allegheny County. 			

* According to 2006 US Census estimates

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- Denver. Scientific & Cultural Facilities District Website. Retrieved from <http://www.scf.d.org/>.
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Background Readings

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Rushton, M. (2005). Support for earmarked public spending on culture: Evidence from a referendum in metropolitan Detroit. *Public Budgeting & Finance*, 25 (4), 72–85.

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Seminar Agenda

The seminar was convened at the Sorrento Hotel in downtown Seattle, Washington.

Agenda

Monday, February 11, 2008

7:10 p.m. **Working dinner**

Welcome

Kris Tucker, Anthony Radich, Keith Colbo

Seminar introduction

Dale Erquiaga

7:45 p.m. **Keynote on regionalism**

David Thornburgh

8:15 p.m. **Discussion**

8:45 p.m. **Adjourn**

Tuesday, February 12, 2008

8:00 a.m. **Breakfast**

8:15 a.m. **Brief reintroductions**

8:25 a.m. **Review of ground rules**

8:30 a.m. Session One

The Cultural Tax District Landscape

Kris Tucker will present a comparative overview of cultural tax districts now in operation.

8:45 a.m. **Discussion**

9:10 a.m. Session Two

Written History

An analysis of the Detroit Cultural Tax effort

Michael Rushton

9:30 a.m. **Discussion**

9:45 a.m. Session Three

Unwritten Histories

Moving beyond official histories, leaders who were active in three different tax-district processes will provide perspectives on and analysis of processes related to establishing and maintaining the districts.

- The Denver Scientific and Cultural Facilities District

Jane Hansberry

- The St. Louis Zoo-Museum District

Frank Hamsher

- The Salt Lake City Zoo, Arts and Parks District

Margaret Hunt

10:15 a.m. **Discussion**

10:30 a.m. **Break**

10:45 a.m. Session Four

Intended and Unintended Outcomes

- Recipient definitions

Margaret Hunt

- Impact on the development of cultural policy

Anthony Radich

11:15 a.m. **Discussion**

11:45 a.m. **Break**

12:00 p.m. **Lunch**

1:00 p.m. Session Five

Proposals for New Cultural Tax Districts

- Phoenix

Myra Millinger

- Seattle

Dwight Gee

- Johnson County, Kansas

Larry Meeker

1:30 p.m. **Discussion**

2:00 p.m. **Break**

2:15 p.m. **Wrap-up session**

Joaquín Herranz, Dale Erquiaga, Robert Booker

3:45 p.m. **Final comments by each participant**

4:00 p.m. **Adjourn**

Participant Biographies

The biographies listed here were current in July, 2008. Some information may have changed by the publishing date.

Robert Booker is the executive director of the Arizona Commission on the Arts and also a WESTAF trustee. He was appointed as the co-chair of the Arts and Culture Committee of the Arizona Mexico Commission by Governor Napolitano in 2006 and serves on the Arizona Centennial Commission and the Inaugural Leadership Council of the Alliance of Arizona Non-profits. Booker has served on a number of grant review panels for State Arts Agencies and the National Endowment for the Arts. Prior to joining ACA, Booker was the executive director of the Minnesota State Arts Board for eight years. He joined the Arts Board in October 1985 where he was the assistant director of touring arts and institutional support program director. He has served as president of the board of the National Assembly of State Arts Agencies (NASAA), as a member of the Minnesota Governor's Quarter Dollar Commission, and is the chair of the Minnesota Governor's Residence Committee. Booker has served on the boards of Arts Midwest, Minnesota Museum Educators Association, Arts over AIDS, and the Minnesota AIDS Project. Booker is an art collector and painter.

Keith Colbo is the president of Colbo Consulting Group, where his responsibilities include lobbying, program evaluations, and business consulting. Colbo was involved with the Montana Interagency Coordinating Council for Prevention, a nine-member council of agency heads that fostered planning, collaboration, and cooperation around young child and family well-being. Prior to founding his firm in 1989, Colbo served under four Montana Governors in various offices, including budget director, retiring from state government service after 25 years. His last appointment was director of the Department of Commerce. Colbo has been the executive director of the Montana Independent Bankers since 1994 and is also the chair of the Board of Trustees of WESTAF.

Susan Coliton is vice president of the Paul G. Allen Family Foundation and the library, Media, and Art Collections at Vulcan Inc. The foundation is a regional grant maker focused on strengthening the cultural sector and responding to the needs of vulnerable populations

in the Pacific Northwest. Prior to joining Vulcan in 1999, Coliton was director of the Cultural Facilities Fund in San Francisco, where she managed a loan and grant program for the development of cultural facilities. She also held a position as visual arts consultant for GAP, Inc., where she designed and implemented a national sponsorship program focusing on contemporary visual art. Coliton was a visual arts specialist at the National Endowment for the Arts in Washington D.C. from 1990 to 1995. She currently serves on the boards of the Seattle Public Library Foundation, Experience Music Project, Allen Institute for Brain Science, Philanthropy Northwest, and Americans for the Arts. She holds a bachelor's degree in art from Saint Mary's College, Notre Dame, and a master's degree in interdisciplinary studies from John Hopkins University, Baltimore.

Dale Erquiaga is president of Consensus LLC, a firm specializing in group facilitation, strategic planning, brand development and organizational change. He was formerly a vice president with R&R Partners, the agency behind Las Vegas' "What happens here, stays here" campaign. Erquiaga's experience in government includes a stint as director of Nevada's Department of Cultural Affairs and service as chief deputy secretary of state. In 1996, Erquiaga joined a United Nations delegation that supervised the first post-war elections in Bosnia-Herzegovina. In 1985, President Ronald Reagan appointed him to the public affairs staff of the White House Conference on Small Business. His essays have appeared in the Nevada Historical Quarterly and the Online Nevada Encyclopedia. He holds a bachelor's degree in political science from the University of Nevada-Reno and is currently pursuing a master's degree at Grand Canyon University. Erquiaga is also a WESTAF trustee.

Ricardo Frazer is the president of Hardroad.com, an entertainment company focusing on the distribution of urban music, artist management, and video development. He is also the president of Rhyme Cartel Records Inc., an independent record company, where he is responsible for the management, planning, marketing and promotion of multi-platinum, Grammy Award winning artist Sir Mix-A-Lot and a roster of eight other recording artists. He served as the co-executive producer/music supervisor for Playboy Television and the music supervisor for United Paramount Network's (UPN) weekly television series,

The Watcher. Frazer is a former chair of the Seattle Arts Commission, a current WESTAF trustee, a community activist, and artist.

Dwight Gee is the executive vice president of community affairs for Seattle-based ArtsFund, an organization he joined in 1989. In that capacity he works with the media, many corporations, public institutions, and arts groups on community relations, arts and non-profit advocacy issues and studies of economic and non-profit policy matters. Beginning in 2005, he has worked extensively to build coalitions and craft action plans to support the non-profit sector—specifically in the area of cultural activity—through the Puget Sound Regional Council's Prosperity Partnership. In 1999, he established a board leadership training program to help train and place volunteers with boards of non-profit arts groups. He is also past two-term board president of FareStart (a non-profit program to train the homeless for jobs in the food-service industry), is past member of the Leadership Tomorrow Curriculum Committee and a 1997 graduate of that program. He serves on the visiting committee of Seattle University's Non-profit Leadership Program. Since 2002, he has also served as consultant to the George Soros Foundation and then as volunteer and board member in establishing and running arts councils promoting Mongolian arts both in Ulaanbaatar, Mongolia, and in the U.S.

Frank Hamsher is an independent public and civic affairs consultant. Formerly, he was the former president and executive director of Forest Park Forever, a non-profit organization partnering with the City of St. Louis to restore and maintain a premier 1,300 acre urban park. Hamsher has provided strategic communications and operational counsel on public issues, civic matters, controversies, and crises for public and private entities in St. Louis region and nationally. He has also worked as senior vice president and partner for Fleishman-Hillard, senior counselor to the mayor of St. Louis, and as a partner at Husch Blackwell Sanders (formerly Husch & Eppenberger), a regional law firm based in St. Louis. Hamsher serves on the boards of the Urban League of Metropolitan St. Louis, the United Way of Greater St. Louis, Downtown St. Louis Partnership, University of Missouri-St. Louis Chancellor's Council, Metropolitan Forum, New City School, and the public affairs advisory

council of Danforth Plant Science Center. Hamsher received a bachelor of arts from Princeton University and juris doctor from Yale Law School.

Jane Hansberry is the executive director of the Foundation for Human Enrichment, a Boulder, Colorado-based somatic psychology training organizations. Hansberry previously served from 1990-1999 as the district administrator for the Denver Scientific and Cultural Facilities District. Hansberry has served on numerous non-profit boards and committees, including Denver's Rape Awareness and Assistance Program; Denver Comprehensive Plan 2010; Denver Schools Budget Advisory Committee; Denver Metro Convention and Visitor's Bureau. She has been involved in developing ski racing programs for skiers with disabilities, and has been involved with Winter Park's National Sports Center for the Disabled as a disabled athlete and instructor. She currently serves on the Summer Scholars Board of Directors and East High School's A+ Angels Mentor Program. In addition to a doctorate, Hansberry has a master's degree in public administration from the University of Colorado and a bachelor's degree in economics from the University of Massachusetts.

Joaquín Herranz is a professor of public administration and urban studies at the Evans School, the University of Washington. Herranz currently conducts research on the strategic management of public and non-profit agencies, inter-organizational networks, workforce development, as well as the intersections of community development and arts and culture. He holds a master's degree in city planning from the University of California at Berkeley and a Ph.D. in urban political economy and policy from the Massachusetts Institute of Technology. His research includes studies for The Urban Institute, U.S. Department of Housing and Urban Development, World Bank, and the International Labour Organization. Prior to his doctoral studies, he was director of research at the Urban Strategies Council.

Margaret Hunt is executive director of the Utah Arts Council and a WESTAF trustee. Hunt is a visual artist who has been active in the local arts community since 1988. She served as the director of Community and Economic Development for the Salt Lake City during the 2002 Winter Games. Most recently, Hunt worked as a consultant for Fundraising Counsel Inc., a Salt Lake City-based firm that advises non-profit organizations on

how to raise money. She has also been a special projects manager and economic development specialist at PacifiCorp and has served on the boards of Repertory Dance Theatre and the Downtown Alliance, and was active in fund raising for Ballet West. She holds a degree in communications from the University of Utah.

Michael Killoren is the director of the Mayor's Office of Arts and Cultural Affairs for the city of Seattle. The agency's mission is to promote the value of arts and culture in Seattle. The office manages Seattle's public art program and a portfolio of "Civic Partners" which includes individual artists and arts and cultural organizations of all shapes and sizes. Killoren served as Seattle's first director of cultural tourism for the Seattle/King County Convention and Visitors Bureau, where he developed a new marketing initiative and built partnerships to promote arts and cultural offerings to regional audiences, and positioned Seattle as a cultural destination. He is the former executive director of the King County Arts Commission, where he worked with artists, arts organizations, rural and suburban communities, local arts agencies, elected officials and commissioners to encourage and support arts and audience development throughout the region. He was managing director at the not-for-profit Alice B. Theatre in Seattle and program manager at the Sheldon Arts Foundation in St. Louis.

Larry Meeker is the current mayor of Lake Quivira, Kansas, as well as the president of Meeker Consulting, a sole proprietorship that focuses primarily on facilitating strategic planning for financial institutions and presenting workshops that address economic development, fair lending, and serving economically disadvantaged populations. Meeker is also a professor in the Business and Criminal Justice Department of Western New Mexico University, where he teaches an annual course on economic development. He retired from his post as vice president of the Federal Reserve Bank of Kansas City after 28 years of service. Meeker currently serves as the president of the Kansas City Jewish Museum Foundation Board of Directors, board member of the Arts Council of Johnson County, commissioner of the Johnson County Public Art Commission, and board member of the Nerman Museum of Contemporary Art in Overland Park, Kansas. He holds a Ph. D. in business from the University of Kansas.

Myra Millinger is the president of the Maricopa Partnership for Arts and Culture in Phoenix, Arizona. Prior to assuming this position in 2004, Millinger was associate director of the Flinn Foundation, an Arizona philanthropy established in 1965. During her twenty-one years at the Flinn Foundation, she provided leadership in the development of initiatives in arts, education, and community health. She has also held a number of administrative positions in higher education, government, and private philanthropy, including three years on the staff of The Ford Foundation in New York and six years as a dean in the admissions office at Wesleyan University. Millinger is a native of Massachusetts, and holds a degree in political science from the New School for Social Research. Prior to entering her university studies, she was a serious student of dance and drama, studying at the Boston Conservatory of Music, Jacob's Pillow Dance Festival, Martha Graham School, and the American Academy of Dramatic Arts.

Millinger is a member of Grantmakers in the Arts, where she served on the Board of Directors. In 1992 she joined the Board of National Arts Strategies in Washington, D.C. (formerly National Arts Stabilization), and in 2002 was appointed Chair of the Board. She has been actively involved in the activities of the Conference of Southwest Foundations, a regional consortium of over 200 member foundations in a seven-state area, and served as its president from 1999-2000. Locally, she served as a member of the Phoenix Commission on Excellence in Education, as a commissioner for the Phoenix Office of Arts and Culture, and on the board of the Educational Policy Fellowship Program. Ms. Millinger served two terms as president of Arizonans for Cultural Development, Arizona's statewide advocacy organization for the arts, and as president of the University Club of Phoenix. In 1995 she was the recipient of the Governor's Arts Award in recognition of her significant contribution to the arts of Arizona, and in 1999 she was recognized by The Business Journal as one of the ten most influential non-profit leaders in Phoenix. In 2004 she was the recipient of the Founder's Spirit Award of the Conference of Southwest Foundations in recognition of her many years of service to philanthropy in the Southwest.

Anthony Radich has served as the executive director of the Western States Arts Federation (WESTAF) since August of 1996. In that capacity he is responsible for

providing leadership to the thirteen-state regional arts organizations' programs and special initiatives. He oversees WESTAF's work in the areas of research, advocacy, and online systems development designed to benefit the cultural community. Prior to accepting his position at WESTAF, Radich served as the executive director of the Missouri Arts Council for eight years. There he led the successful effort to create a state cultural trust fund supported by a stream of dedicated state funding. Preceding his work in Missouri, Radich was the senior project manager for the Arts Tourism and Cultural Resources Committee of the National Conference of State legislatures. As senior project manager, he worked with state legislators from across the country to develop state-level legislation and policy concerned with the arts, tourism and historic preservation. While working for the Conference, Radich was appointed by Denver's Mayor Federico Peña to chair the Denver Commission on Cultural Affairs, the city's arts agency. Radich holds a bachelor's degree in physical anthropology and a master's degree in art education, both from the University of Oregon. He holds doctorate from the Graduate School of Public Affairs at the University of Colorado at Denver.

Michael Rushton is an associate professor and director of Arts Administration Programs in the School of Public and Environmental Affairs, Indiana University. His research interests are in cultural policy, tax policy, and non-profit organizations. In the field of cultural policy he has published articles on copyright, freedom of expression, other legal rights of artists, the role of non-profits in the arts, and public funding of the arts (especially the use of earmarked taxes for the arts). His current research projects include the relationship between the arts and rural economic growth, and the use of economic analysis in arts advocacy. Prior to joining Indiana University in 2006, Rushton held positions at Georgia State University, the University of Regina (Canada), where he also served as dean of the Faculty of Fine Arts, the University of Tasmania (Australia) and St. Francis Xavier University (Canada). He has also held visiting positions at Erasmus University (The Netherlands), the University of Chicago, and Freiburg University (Germany). From 1998 to 2000 he worked with the Cabinet Planning Unit of the Government of Saskatchewan. He is co-editor of the *Journal of Cultural Economics*, and is on the edito-

rial boards of the *International Journal of Cultural Policy*, and *Public Finance and Management*. He earned his doctorate from the University of British Columbia.

David Thornburgh is a senior advisor with Econsult Corporation and works with private and civic clients on strategic planning, policy development, and communications issues. He is currently active in the investigation of the development of a regional cultural fund in the Philadelphia area. He is the former president and CEO of the Alliance for Regional Stewardship, an organization that is building a national best practice network of community leaders working at the regional scale. Thornburgh is also the former executive director of the Pennsylvania Economy League. The Economy League is a business-led civic organization that supports private sector leadership in improving state and local government and creating a more competitive Pennsylvania. Under Thornburgh's leadership, PEL became one of the nation's leading regional "think and do tanks". Through its research, communications, and leadership PEL helped develop more competitive tax policy, improve the quality of the regional workforce, support the growth of arts and culture, and improve the quality of public sector decision-making. In the process, the organization quadrupled its project income, doubled its corporate leadership support and grew the organization's revenues to over \$2.0 million, the highest level ever.

Thornburgh has extensive experience in the areas of regional economic development and civic leadership and has received a number of awards for his professional and civic leadership. He is a frequent commentator on public policy and regional economic development issues and has been quoted in several Philadelphia newspapers, the *New York Times*, *Wall Street Journal*, Inc. and *Fortune* magazines. Thornburgh holds a bachelor's degree in political science from Haverford College and a master's degree in public policy from Harvard University's Kennedy School of Government.

Kris Tucker has is the executive director of the Washington State Arts Commission and a WESTAF trustee. Before taking the position in Washington state, Tucker was the executive director of the Boise City Arts Commission from 1993-1999. In addition to her work in the public arts, Tucker was formerly a freelance writer, contributing articles to magazines and newspapers and

publishing books. She holds a bachelor's degree from Oregon State University and a master's degree in whole systems design from Antioch University in Seattle.

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