Economic Impact of the Arts and Culture Industry on Cape Cod, 1995-2005.

By Leslie Richardson, Cape Cod Commission and
Gigi Ledkovsky, formerly of the Arts Foundation of Cape Cod (AFCC)

2005 Impact Study: *"Artists, Artisans, and Cultural Organizations: Economic Impact Analysis of an Emerging Industry on Cape Cod & The Islands," Center for Policy Analysis, University of Massachusetts Dartmouth, for the Cape Cod Chamber of Commerce and The Cape & Islands Community Development Inc., April 2005*

In 2005, the Cape Cod Chamber of Commerce commissioned an economic impact analysis of the arts and crafts sector on Cape Cod and the Islands from the Center for Policy Analysis, University of Massachusetts Dartmouth. The findings of the study are summarized in the following table and list of findings from the report's executive summary.

Artists, Artisans, and Cultural Organizations: Economic Impact Analysis Summary Table

Industry	Impact Area	Direct	Indirect	Induced	Total
Self-employed Artists & Artisans	Employment	2,471	1,140	751	4,362
	Payroll	$70,460,198	$23,309,032	$22,631,979	$116,401,209
Cultural Organizations	Employment	556	161	90	807
	Payroll	$7,011,113	$2,598,399	$2,337,719	$11,947,231
Combine Total	**Employment**	**3,027**	**1,301**	**841**	**5,169**
	Payroll	**$77,471,311**	**$25,907,431**	**$24,969,698**	**$128,348,440**

Employment Impacts – Artists and Artisans

- It is estimated that there are at least 2,471 self-employed artists and artisans working on Cape Cod and the Islands. This is approximately 2.3% of total employment (ES-202 and self-employed) on the Cape and Islands.

- The arts and artisan sector on Cape Cod and the Islands generates indirect employment for 1,140 persons and induced employment for another 751 persons on the Cape and Islands.

- The most significant indirect employment impacts are in real estate, newspaper publishers, and management consulting services.

- The most significant induced impacts are in food service and drinking places, hospitals, doctor offices, real estate, and food and beverage stores.

- The total employment impact of the arts and artisan sector, including direct, indirect, and induced impacts, is 4,362 jobs. This represents approximately 4.0 percent of total employment in the region.

Employment Impacts – Cultural Organizations

- There are 103 cultural organizations in the Cape and Islands region with total annual revenues of $28,861,385. It is estimated that these organizations employ 556 persons. This is approximately 0.51% of total employment (ES-202 and self-employed) on the Cape and Islands.

- The cultural organizations sector on Cape Cod and the Islands generates indirect employment for 161 persons and induced employment for another 90 persons on the Cape and Islands.

- The most significant indirect employment impacts are concentrated in other educational services, promoters of performing arts, and independent artists, writers and performers.

- The most significant induced employment impacts occur in food service and drinking places and health care services.

- The total employment impact of the cultural organizations sector, including direct, indirect, and induced impacts, is 807 jobs. This represents approximately 0.73% of total employment (ES-202 and self-employed) in the region.

Labor Income Impacts – Artists and Artisans

- The arts and artisan sector on Cape Cod and the Islands directly generates labor income of $70,460,198.

- The arts and artisan sector indirectly generates $23,309,032 in labor income, for workers in other sectors, while induced labor income is $22,631,979.

- The total labor income impact for the arts and artisan sector, including direct, indirect, and induced impacts, is $116,401,209.

Labor Income Impacts – Cultural Organizations

- The cultural organizations sector on Cape Cod and the Islands directly generates labor income of $7,011,113 and accounts for approximately $1.8 million in consulting income for independent artists, writers and performers.

- The cultural organizations sector indirectly generates $2,598,399 in labor income, for workers in other sectors, while induced labor income is $2,337,719.

- The total labor income impact for the cultural organizations sector, including direct, indirect, and induced impacts, is $11,947,231 (not including the $1.8 million paid out to independent artists, writers and performers).

Income

- Annual average income in the arts and artisan sector is $28,515, which is below the regional average wage of $33,332. However, this income is higher than wages in other hospitality-related industries such as clothing and apparel stores ($19,604), general merchandise stores ($17,992) and museums ($26,000). The average annual income in this sector is also above the average wage for the hospitality industry in general ($21,000).

- Annual average wages in the cultural organizations sector are $12,609, which is well below the regional average of $33,332.

- The lower than average income in both sectors is largely the result of the large number of part-time employees who work in these sectors. Most of the Cape and Islands artists and artisans practice the occupation on a part- time basis and rely on the industry to supplement family income, rather than pursuing it on a full-time basis or as a sole source of income.

Total Economic Impacts

- Arts, artisan, and cultural organizations have a total employment impact of 5,169 jobs, including wage-, salary-, and self-employment. Direct employment (3,027) in the arts and culture cluster accounts for approximately 2.8% of total private sector employment (ES-202) on the Cape and Islands, which meets the statistical threshold for designating it an emerging cluster in the region.

- The arts and culture cluster is on the threshold of becoming a critical and emerging industry for the region and for this reason it warrants a targeted economic development initiative. The arts and culture cluster is already larger than the region's emerging distribution (2.8%), social services (2.3%), and marine technology (1.1%) clusters.

- The total economic impact of the arts and culture cluster, including direct, indirect and induced impacts, represents approximately 4.7% of total employment on the Cape and Islands, including wage-, salary- and self-employment.

- The employment multiplier effect for the arts and culture cluster is 1.76, which means that every 100 jobs in the cluster generates another 76 jobs in other sectors of the regional economy. This ratio is at the high end of the multiplier effect for service industries, which normally ranges from 1.3 to 1.8.

- The payroll multiplier effect for the arts and culture cluster is 1.65, which means that every 100 jobs in the cluster generates another 65 jobs in other sectors of the regional economy. This ratio is in the middle range of the multiplier effect for service industries, which normally ranges from 1.3 to 1.8.

1995 Impact Study: "*Benchmark Arts/Cultural Data," ArtsMarket Consulting Inc. (Marion, MA) for the Arts Foundation of Cape Cod, August 1995*

In 1995, AFCC commissioned an economic impact study of Barnstable County arts/cultural organizations and working artists. The project began by compiling a list of 2624 cultural organizations and artists on the Cape. From this database, a sample was surveyed with 100 organizations and individuals returning surveys. The following findings are based on these 100 respondents alone, which represented 3.5% of the total number of organizations and individuals in the database. Therefore, the total impact of the industry in 1995 was quite a bit larger than this sample.

1995 Arts & Culture Industry Impact Survey Results	Sample Results N = 100	*Estimated Total Impact Multiplier = 3*
Full & Part time Jobs	938	*2814*
Volunteers	2,399	*7,197*
Volunteer Hours	103,696	*311,088*
Students Served via Education Programs	47,091	*141,273*
Total revenues	$ 9,502,041	*$28,506,123.00*
Charitable Revenue	*22%*	
Public Grant Revenues	*7%*	
Wages & Salaries	$ 4,345,069	*$13,035,207.00*
Direct expenditures	$ 5,500,000	*$16,500,000.00*

Other Economic Impact Studies of the Arts & Culture Industry
(Source: Mass Cultural Council Website:
http://www.massculturalcouncil.org/issues/economicdevelopment.html*)*

"New England's Creative Economy: The Non-Profit Sector, 2002," New England Foundation for the Arts, (c) 2005
This study examines the financial status of New England's non-profit cultural organizations between 1996 and 2002, along with a breakdown of estimates for total spending, income, net assets, admissions, employment and taxes by state. Key findings:

- The total economic impact (spending from out-of-state income sources) of New England's cultural non-profits was $6.6 billion.
- Non-profit cultural organizations contributed $146 million in federal payroll taxes and $10.8 million in state sales taxes.
- More than half of the non-profit cultural sector revenue during the period of study was earned income.
- In Massachusetts alone, cultural non-profits provided nearly 40,000 jobs, collected and/or paid $6.6 million in state sales taxes, and had a total economic impact of nearly $4.2 billion.

Cultural Economic Development Projects: Impact Studies, Center for Policy Analysis, University of Massachusetts Dartmouth, 2002-2003
The University of Massachusetts Dartmouth Center for Policy Analysis conducted independent research to measure the economic impact of three separate projects funded through the Massachusetts Cultural Council's Cultural Economic Development Initiative from 2000-2003. While each of the three projects were quite different, each was successful in using increased participation in cultural activity to spur local and regional economic activity.
Key findings:

- Launched with an MCC grant of $11,500, Campus Provincetown's total economic impact was nearly $600,000 - approximately $51 dollars generated for every state dollar spent in grant money.

- Boston Cyberarts 2003 generated a regional economic impact of over $2.5 million and created over 32 full-time equivalent jobs, including many in the hospitality and professional services industries.

- AHA! New Bedford had an economic impact of over $200,000 in 2001-2002, generated on nights with almost no economic activity in downtown New Bedford previously.

"Arts & Economic Prosperity: The Economic Impact of Nonprofit Arts Organizations and their Audiences," Americans for the Arts, (c) 2002
This study estimated the national economic impact of non-profit arts organizations based on data from 3,000 nonprofit arts organizations from a diverse range of communities.
Key findings:

- America's nonprofit arts industry generates $134 billion in economic activity every year: $53.2 billion in spending by arts organizations and $80.8 billion in event-related spending by audiences.

- This activity translates into 4.85 million full-time equivalent jobs and $89.4 billion in household income.

- $6.6 billion in local tax revenues, $7.3 billion in state tax revenues, and $10.5 billion in federal income tax revenues - a total of $24.4 billion - is raised.

- Event-related spending by audiences reflects an average of $22.87 per person for hotels, restaurants, parking, souvenirs, refreshments and other similar costs, with tourists spending nearly twice as much as local attendees ($38.05 compared to $21.75).

- Travelers who include cultural events on their trip travel longer, are more likely to shop, and overall, spend more than other U.S. travelers ($631 per person for cultural tourists vs. $457 for all tourists).

"Creative Economy Initiative: The Role of the Arts and Culture in New England's Economic Competitiveness," The New England Council, (c) 2000
This report concludes that the Creative Economy - made up of both nonprofit and commercial organizations, as well as a significant population of individuals engaged in or trained in artistic or cultural fields - is an essential force in maintaining the region's economic competitiveness in the 21st century.
Key findings:

- The creative cluster supports nearly 245,000 jobs in New England-nearly as many as the computer equipment cluster, and more than the software and healthcare technology clusters combined.