

The Economic Footprint of the Arts in Vermont

An Update

Vermont is home to a vibrant Arts industry that includes a diverse array of individual artists, performers, writers, nonprofit organizations, and businesses. Taken together, the Arts in Vermont is big business, employs a significant number of Vermonters, and generates a considerable amount of tax revenue. Results of an economic impact analysis conducted on behalf of Main Street Landing in 2010, using 2009 data, estimated that Vermont's creative industry generated over \$443 million in total output (sales), 6,361 jobs, and nearly \$200 million in compensation (including benefits), while contributing over \$19 million in taxes to the state and local governments.¹

At the request of the Vermont Arts Council, the Center for Policy Analysis conducted this update of the 2010 report using a similar methodology. The definition used to measure Vermont's creative industry is purposefully narrow. This conservative definition avoids "creative creep" that is evidenced in many studies where the Arts industry is broadly defined and may include industries that are only partly involved in a creative endeavor. The four industry sectors included in the analysis as described by their respective North American Industry Classification System (NAICS) codes are:

- Artists (NAICS 7115),
- Arts Promoters and Agents (NAICS 7113 & 7114),
- Museums and Historic Sites (NAICS 712), and
- Performing Arts Companies (NAICS 7111).

Using Quarterly Census of Employment and Wages (QCEW) data and Census Nonemployer Statistics, the number of people working in those fields was inputted into IMPLAN, a commonly used input-output modeling program that describes the flows of money between sectors within a region's economy. IMPLAN calculates the multiplier effects of direct economic activity, including the indirect and induced effects.² The data used in the model for this report are for 2012 (latest available) and model outputs are reported in 2014 dollars.

The direct, indirect, and induced impacts of Vermont's Arts industry are significant:

- The over \$304 million in direct spending by Vermont's creative individuals and businesses generated an additional \$247 in indirect and induced impacts, for a total output (sales) of over \$551 million. Or put another way, Vermont's creative industry leveraged an additional \$247 million in economic output for businesses throughout the state (see Table 1).
- The total employment impact of Vermont's Arts industry is 7,424, which includes 4,300 people directly employed in the industry, 2,414 employees who supply inputs to the industry (indirect impacts), and 710 employees who benefit from wages spent by arts-related individuals and businesses (induced impacts) (see Table 1).
- The total amount of compensation (including benefits) generated by Vermont's creative industry is over \$158 million. This includes \$77 million in direct compensation and \$81 million in indirect and induced compensation (see Table 1).
- Vermont Arts industries paid over \$14.7 million in state and local taxes (see Table 1).

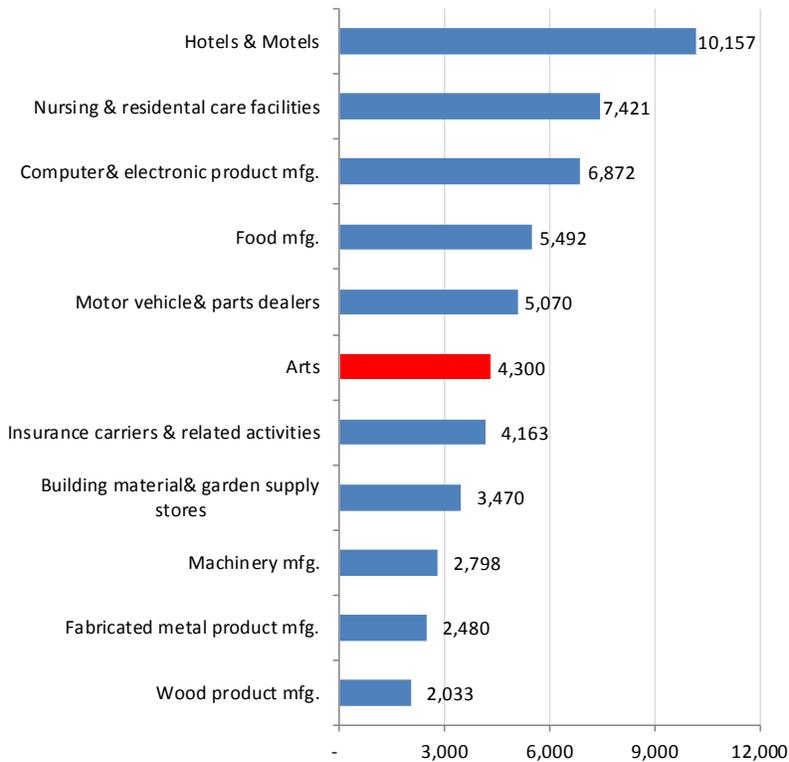
¹ Hoffer, Doug. 2009. *The Economic Footprint of the Arts in Vermont*. Market Street Landing.

*Table 1
Detailed Findings from the IMPLAN Analysis*

Activity	Output		Employment ³		Compensation ⁴		State & Local Tax Impacts ⁵	Federal Tax Impacts ⁶
	Direct	Indirect & Induced	Direct	Indirect & induced	Direct	Indirect & Induced		
Independent artists, writers & performers (NAICS 7115)	\$198,413,293	\$175,658,304	2,945	2,427	\$51,234,022	\$57,940,115	\$ 8,448,410	\$18,311,613
Museums & historical sites (NAICS 712)	\$ 77,422,118	\$ 40,581,613	558	346	\$19,470,207	\$13,331,531	\$ 4,545,216	\$ 8,251,293
Promoters of performing arts, sports (and agents) (NAICS 7113 & 7114)	\$ 20,074,167	\$ 21,829,799	438	251	\$ 3,598,581	\$ 7,169,689	\$ 1,169,402	\$ 2,039,205
Performing arts companies (NAICS 7111)	\$ 8,875,200	\$ 8,677,263	359	100	\$ 2,875,943	\$ 2,820,104	\$ 568,773	\$ 978,285
Sub-total	\$304,784,778	\$246,746,979	4,300	3,124	\$77,178,753	\$81,261,439	\$14,731,801	\$29,580,396
Totals	\$551,531,757		7,424		\$158,440,192		\$44,312,197	

Direct employment in Vermont’s creative industry is estimated to be 4,300, which is larger than a number of well-known Vermont industries (see Figure 1).

*Figure 1
Employment In Selected Industries*



Source: Vermont Department of Labor (QCEW) & Census/IRS (Non-Employer Data), 2012

² Employment includes self-employment.

³ Compensation includes wages, self-employment income, and benefits.

⁴ State and local taxes include income, sales, property, excise, and other taxes.

⁵ Federal taxes includes payroll taxes (employee & employer), income (personal & business), excise tax, etc.

Vermont had 3,317 businesses in its Arts industry in 2012 (see Figure 2) that directly employed 4,300 of the state's residents (see Figure 3).

Figure 2

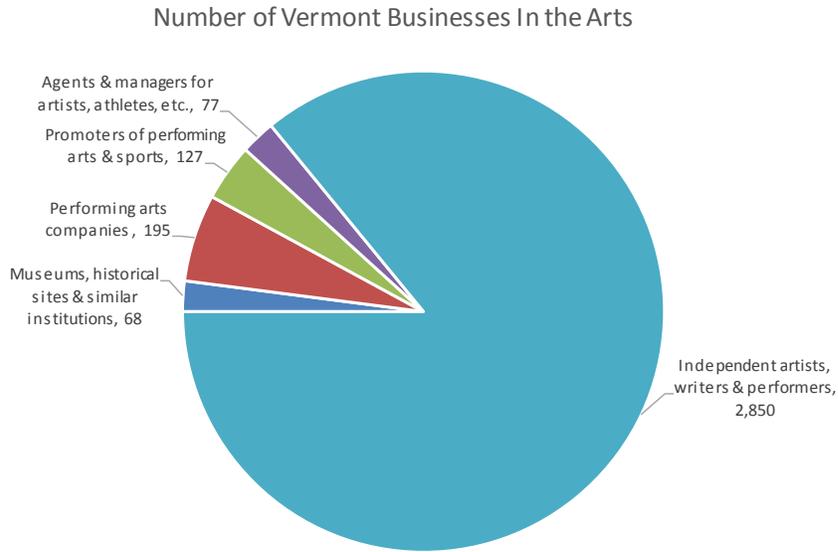
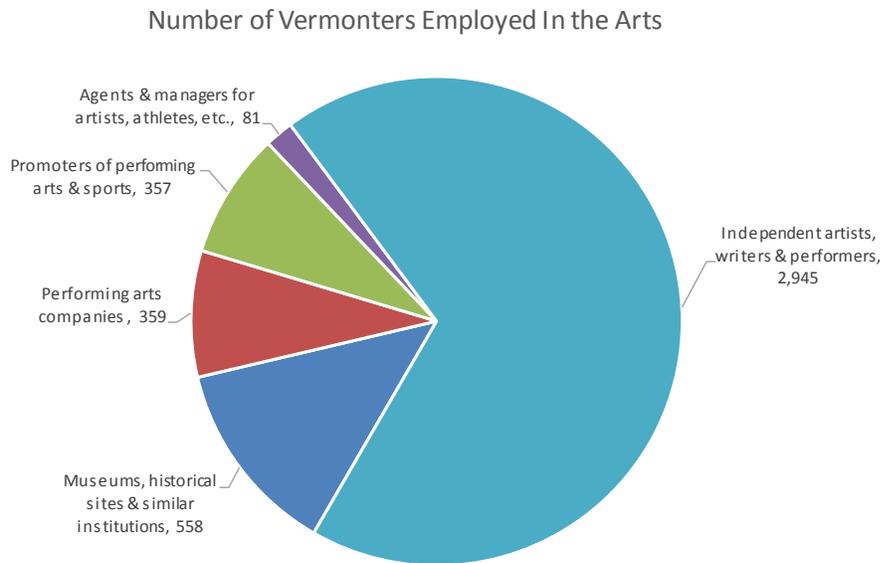


Figure 3



Notes on the Methodology:

1. It is well-established that the Arts industry stimulates other indirect (ancillary) economic impacts because the industry attracts individuals to areas where they shop and have dinner as part of their entertainment. These impacts occur primarily in the eating and drinking sector and the retail sector. For example, a couple may dine before a performance or have a drink at a local bar after an event. Unfortunately, secondary data that measures this ancillary activity (e.g. sales and meals taxes) do not provide the level of detail necessary to attribute an increase in sales to an arts-related event. Even if that data were available, one would not be able to accurately attribute which portion of that spending is simply substitution (i.e. consumers simply shift their spending from one night or one establishment to another) and which is new spending or the extent of arts expenditures by Vermonters versus out-of-state tourists.
2. While this report focuses only on the economic impacts of the arts, Vermont's Arts industry contributes in other significant ways. For example, the state's Arts industry brings intrinsic benefits to the community by creating a welcoming and exciting environment that make many of the state's areas desirable places to live and work such as Burlington, Vergennes, and Bellows Falls. The state's Arts industry also promotes cultural tourism that attracts out-of-state visitors whose spending boosts the state and local economies. Similarly, many of the Vermont's creative individuals and businesses export their goods and services outside the state, bringing new money into the state's economy. Other examples of the benefits of the arts are included on page 5.

Mechanisms of Arts Impacts ⁶						
	Individual			Community		
	Material / Health	Cognitive / Psych.	Interpersonal	Economic	Cultural	Social
Direct involvement	Builds interpersonal ties and promotes volunteering, which improves health Increases opportunities for self-expression and enjoyment Reduces delinquency in high-risk youth	Increases sense of individual efficacy and self-esteem Improves individuals' sense of belonging or attachment to a community Improves human capital: skills and creative abilities	Builds individual social networks Enhances ability to work with others and communicate ideas	Wages to paid employees	Increases sense of collective identity and efficacy	Builds social capital by getting people involved, by connecting organizations to each other and by giving participants experience in organizing and working with local government and nonprofits
Audience participation	Increases opportunities for enjoyment Relieves Stress	Increases cultural capital Enhances visuo-spatial reasoning Improves school performance	Increases tolerance of others	People (esp. tourists/visitors) spend money on attending the arts and on local businesses. Local spending by arts venues and patronized businesses has multiplier effects	Builds community identity and pride Leads to positive community norms, such as diversity, tolerance and free expression.	People come together who might not otherwise come into contact with each other
Presence of Arts Organizations and Institutions	Increases individual opportunity and propensity to be involved in the arts			Promotes neighborhood cultural diversity Reduces neighborhood crime and delinquency	Increases individual opportunity and propensity to be involved in the arts	Increases propensity of community members to participate in the arts Increases attractiveness of area to tourists, businesses, people and investments Fosters a "creative milieu" that spurs economic growth in creative industries.

⁶ Guetzkow, Joshua, *How the Arts Impact Communities: An introduction to the literature on arts impact studies*, Princeton University, Center for Arts & Cultural Studies.