

# **Economic impacts of Visual Arts Activities in Vermont**

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## **Introduction**

Artists are those that produce aesthetic works for consumption by the public. In most cases, the art is available for sale and those sales are a metric of the value that people put on the art. The dollar sales represent the role of art and artists in the state economy. Furthermore, art is an indicator of the cultural pursuits of a community. A diverse community that includes an active arts culture is more attractive for residents and art represents one of the facets that define diversity. Many studies show that communities that value art have more economic activity. The greater penetration of arts in a community typically represents greater levels of education and income. A robust community needs art and a robust economy needs art. This report is an attempt to gauge the level of economic activity that exists in Vermont for the subset of visual arts.

Measuring the economics of art is difficult. Unlike other economic sectors, the arts business community does not have large firms with high levels of employment. Most artists are self-employed and do not provide data to the government agencies that are the typical source of economic data. To overcome the data challenges, this report collected data from a review of internet sources that represent visual art business activities. As a result of this snapshot approach, this report is unable to provide historical data and provide trend information.

## **The direct sales of Visual Arts production in Vermont**

The table below shows several categories of activities that together, represent the visual arts business sector in Vermont. The estimates on the number of businesses are based on those businesses with an internet presence, either as individual artists, or associated with one of the many associations of artists in Vermont. A single web site – “MadeInVermont.org” has a list of more than 900 visual artists, each providing their arts products for sale.

The table reports some cases where businesses hire employees to help with the artists’ own efforts. For example, this is true in fields such as furniture making and glass blowing. The final column notes that in some cases, the statistics include the work of businesses that are larger than often considered for artisans, but in these cases, the larger businesses are a result of the work of individual artists and the economic impact is important to consider when reviewing the economic impact of the overall sector.

The dollar values for each of the business sectors is developed through the combination of several data sources. There are some websites (e.g. Manta.com) that provide revenue estimates for a wide range of businesses. In addition, a proprietary database from Dun and Bradstreet provides revenue estimates. The Census Bureau in cooperation with the Internal Revenue Service reviews the tax filings for sole proprietorships and publishes results by NAICS code for “nonemployer businesses” that includes receipts as reported to the IRS. Finally, national organizations such as the now defunct Craft Organization Development Association (CODA) carried out surveys to gauge the economic viability of its members.

From all of these sources, it is clear that many artists are part time and many may not report their total income for tax purposes. For that reason, many national studies using public data under report the dollar volume of visual art sales.

### **The spectrum of creativity and productivity - Where do you draw the line?**

This analysis requires a definition of visual arts activities. The table represents several types of visual art products that define the business activity. The additional definitional issue is about who should be included in the economic activities. At the center of the analysis are those that produce singular items, by hand, for sale to the public. However, there are larger scale activities that build on the creativity of the artists. Prints result from original painted or photographic works. Some furniture is reproduced from an original design. Woody Jackson artwork is the source of millions of dollars of production as are the glass production activities at Simon Pearce. At the far end of the spectrum is when the creative design is reproduced by mechanical means.

Going in the other direction, many artistic activities do not result in product sales. Hobbyists love to dabble in painting, throwing pots, weaving, and woodworking. While there are no sales involved, these hobbyists purchase materials and often participate in workshops and pay professional artists for training.

This analysis does not draw a specific line excluding any of the activities in production because like much of the economy, the interplay between the producer of the truly unique and the larger scale production and the hobbyist describes an integral network. The hobbyists would not be as active and the production facilities would have a limited range of products if not for the artist at the center.

	Est. number of business entities	Sales receipts totals for group	Number of owners plus employees	Large manufacturers included
Jewelry	100	\$10 million	200	
Furniture	75	\$25 million	300	Yes (Copeland and Lyndon)
other wood products	200	\$10 million	300	
Photography	500	\$30 million	600	No
Artists/Painters	500	\$50 million	500	
Clay including pottery	>100	\$5 million	(~150 from DOL)	
Sculpture (including stone, not wood)	150	\$10 million	200	
Glass	~10	\$5-10 million	(~150 from DOL)	Yes
Other fiber arts (includes wearable art)	~50	\$1-2 million	75	
Wreaths and botanical arts	Wreaths seasonal	\$10 million	50	Yes, includes VT Ctr. wreaths
Illustrators	75-100	~\$3 million	100	
Weaving (including rugs)	15-20	< \$1 million	50	No
Knitting (knitting supplies)	30-50 ~10	< \$ 1 million \$2 million	10-20	No
Dolls (including clothes)	10?	< \$1 million	10-20	
Metalwork (may overlap with sculptors)	?	?	(~20 from DOL)	
Musical instruments	~30	\$3 million	100	
Large format painting (murals)	~10 (included w/painters)	< \$1 million	20	
Candles	< 10	< \$1 million	20	
Baskets	10-20	< \$1 million	20	No
Leather	~10	< \$1 million	20	
Soap and Lotion	~20	\$1 million	20	
Aromatherapy	< 10	< \$1 million	20	
Handmade toys (not including wood)	< 10	< \$1 million	10	
Dolls and doll clothes	< 10	< \$1 million	10	No
Paper products (includes Origami, books and stationary)	< 10	< \$1 million	10	
<b>TOTAL</b>	<b>~2,000</b>	<b>~\$175 million</b>	<b>~3,000</b>	

The totals reported in the bottom row provide a starting point for the size of the visual arts community and its economic impacts in Vermont. \$175 million is about what Vermont women spend on clothes (and significantly more than what Vermont men spend on clothes). And unlike most purchases, the dollar value of artisans' products is almost entirely Vermont value added meaning that the dollars go directly to Vermont artisans and only a small portion for the purchase of goods and services necessary for production.

### **Retail sales value added**

Vermont is the home to at least 250 galleries that offer visual arts products for sale. There is a wide distribution of sales volume for retail outlets with the larger galleries selling more than \$1 million in value each year. On the smaller end of the sales spectrum, several artists have galleries dedicated to their own work and retail sales are less than \$100,000 per year.

In order to determine the economic value of galleries, this analysis assumes that 40% of the sales value goes to the gallery and the remaining 60% goes to the artist. A review of a sample (22) of galleries that have sales receipt data available suggests that the total sales from Vermont galleries is about \$100 million per year. The value added from galleries would be about \$40 million. This \$40 million supports gallery staff salaries and building rent and maintenance.

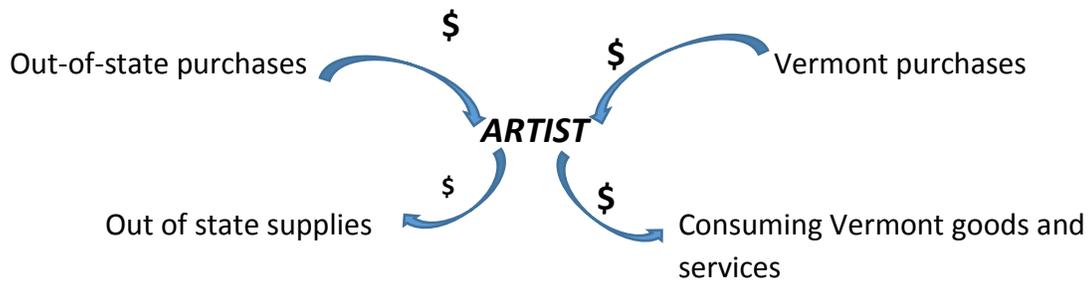
### **Education and training**

Hundreds of Vermont artists also teach others to introduce them to their art, and to cultivate future generations of artists. One set of art instruction takes place in Vermont public schools. Approximately 200 art teachers work in the Vermont public schools with an additional 300 working in higher education and in specialty courses for adults. Many of these artists are already included in the statistics of the table that introduces this report. However, the salaries of these teachers amount to more than \$10 million that is in addition to the figures representing their art sales.

Other visual arts activities are popular with hobbyists. Knitting and painting are two examples where people participate in the activity but do not sell their products. These hobbyists participate in the Vermont economy by both purchasing materials and paying for training. This report does not include a dollar estimate for the volume of this activity.

### **Related businesses**

The greatest factor contributing to value added activity for the visual arts products is labor. As a result, the dollar values reported above are almost entirely the source of Vermont income. In other cases of manufacturing economic activity, a significant portion of the sales price is required to purchase materials that are sourced from out-of-state.



There are a few categories of arts products that use Vermont value added inputs for their production. One example is the fiber arts, knitting, and weaving group. Some of the material for these products is based on Vermont farm fiber production. There are more than 700 farms that produce fiber in Vermont. Besides the value of wool and angora (~\$75,000 per year), the value of other fiber is not reported but the number of llamas and alpacas for fiber suggests an additional \$25,000 value of the fiber from these farms. These figures are included in the sales price of the Vermont artist, but are offered as an example of the other participants in the arts production economy. However, the total value of fiber for knitting, weaving and other textile production is derived from out-of-state sources reducing the Vermont value of those sales by a small amount.

Art supplies is a retail business that provides materials for artists. The dollar volume for stores concentrating on arts supplies is more than \$5 million per year. Other general merchandise stores also provide art supplies and it is difficult to gauge their arts-specific sales.

### **Out-of-state sales and tourism**

Economic activities that cycle local dollars have a different impact than those activities that are funded by out-of-state sales. The \$200+ million volume of visual art economic activity is a mix of in-state sales and out-of-state sales. Assigning a precise value to the percentage of visual arts goods sold to Vermont residents is not possible. However, the concentration of galleries in visitor-oriented destinations (Manchester, Stowe, Woodstock) suggests that out of state sales is an appreciable part of the \$200 million in sales.

This discussion of out-of-state sales introduces another economic activity that is related to visual arts production. Those out-of-state sales are the result of visitors coming to Vermont. Tourism is an important business sector that is influenced by the presence of visual arts in Vermont. As noted above, Vermont has more than 250 galleries – many of them in tourist destinations. The presence of the galleries and the visits to workshops and training programs is an important draw for visitors to the state. Visitors come to Vermont for many reasons and a single trip may include recreational opportunities or visits to friends and family. The chance to visit a gallery is an additional draw that provides yet another reason for people to hop in their car (or a bus or plane) and head to the Green Mountain state.

The total dollar expenditures in Vermont by out-of-state tourists was almost \$2.5 billion in 2013. Even 1% of this value is \$25 million and the influence of Vermont arts galleries, workshops and site visits is certainly greater than 1%.

### **The impact on Vermont income**

Summing the results from artist sales, gallery sales, education and related businesses amounts to more than \$200 million in income represented by the visual arts. That figure represents about 1.5% of the state income total. Many economic impact studies report the “induced” economic impacts of a particular sector. In this case, about 1.5% of all services and most retail sales are purchased by those with visual arts income. One and a half percent of restaurant sales, insurance payments, real estate transactions, and travel services would not happen in the absence of the income from visual arts businesses.

The \$200 million compares to a somewhat smaller value for the total of ski area ticket sales (about \$180 million in 2013). \$200 million is almost one half of the amount spent in Vermont lodging accommodations. And, while this analysis did not do a geographic distribution of arts income, a review of the distribution of artists and galleries provides evidence that arts economic activity is very distributed across the state and not concentrated in the larger cities and towns of the state.

### **The art re-sale market**

Most public information about art sales is based on art auction proceeds which, unlike the art sales described in this report is art changing hands from one owner to another without proceeds going to the artist. This report does not attempt to assign any value of art resales to the Vermont economy.

### **Comparing the Vermont visual arts economic impact with other states**

A figure of 3,000 is an estimate of the total number of self-employed and “covered”<sup>1</sup> employment within the visual arts sector. This represents somewhat less than 1% of the total Vermont workforce. While this is a small percentage, Vermont has a higher proportion of its workers in the arts than do most states.

Several studies that review the status of the arts note that Vermont has a relatively high concentration of artists. Often, these studies include or focus on performing arts. Comparing

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<sup>1</sup> “Covered” employment is the definition used by the Vermont and US Departments of Labor for individuals employed by companies that are responsible for minimum wage, unemployment and workers compensation insurance payments.

the activity of visual arts activities between different states is not available. This report does a comparison of Vermont with other northeastern states for several categories of activities that represent the visual arts.

A primary source of this information is the Census Bureau – IRS cooperative project to describe “nonemployer businesses”. These are largely sole proprietorships and include many of the visual arts activities. A first comparison is to look at the larger categories of occupation. The NAICS category of “Artists, writers and performers” shows that Vermont has a greater percentage of total workers in this group than does our neighbor to the east. “Photographic services” has a more even distribution across the two states.

	Vermont		New Hampshire	
	Workers (% of total)	Receipts (\$ mill.)	Workers (% of total)	Receipts (\$ mill.)
Artists writers and performers	2839 (.87%)	49.4	3536 (0.51%)	72.2
Photographic services	429 (.13%)	7.36	732 (0.11%)	15.45

Several smaller scale production activities show similar statistics and the table below compares Vermont activities with other New England states.

	Vermont		New Hampshire		Massachusetts		Maine	
	Workers	Receipts (\$ mill.)	Workers	Receipts (\$ mill.)	Workers	Receipts (\$ mill.)	Worker	Receipts (\$ mill.)
Apparel	140	2.67	148	4.5	448	14.5	174	2.8
Leather	19	0.44	25	2.27	79	3.9	33	0.7
Wood prods	241	6.59	233	9.02	306	13.2	406	14.6
Printing	80	2.4	153	8.15	565	32.5	127	5.0
Soap	12	0.4	24	0.92	76	1.4	44	0.5
Clay (pots)	45	0.7	27	0.432	75	1.1	40	0.7
Glass	24	0.5	19	0.88	74	3.1	23	0.2
Fab'd metal	127	5.27	276	16.66	677	48.5	247	12.2
Furniture	113	2.84	120	4.63	301	16.5	172	5.8

*Interpreting this table.*

Vermont has one half the population and economic activity as does New Hampshire and Maine. Therefore, in almost every case, because Vermont has more than half of the number of workers and dollar volume of activity than either NH or Maine, it indicates the relative strength of the activity in Vermont. Massachusetts is ten times the size of Vermont in both population and

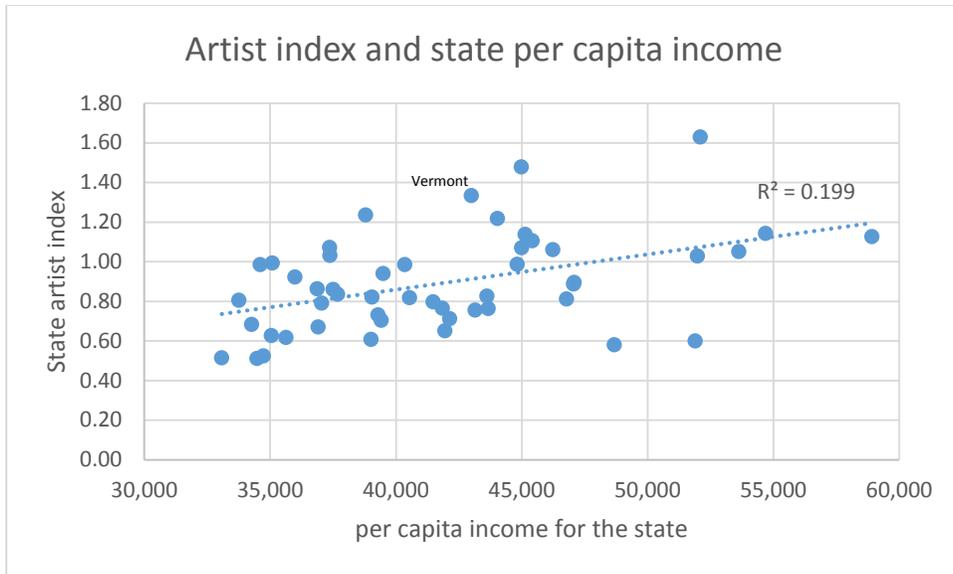
economic activity. Therefore when comparing Vermont with its larger neighbor, the observation that Massachusetts does not have ten times the activity in any of these activities reinforces the observation that the concentration of activity in Vermont is greater than Mass. For almost all categories, Vermont has a lower dollar volume per participant than New Hampshire and Massachusetts representing smaller scale production. However, the per worker receipts in Maine are much closer to Vermont figures.

It is important to note that the nonemployer database does not include any artist employed by a business and does not include part time artists that have more than half of their income derived from other sources. Craftspeople that sell their goods through their own galleries, may designate their activity as retail rather than production and will not be included in these figures.

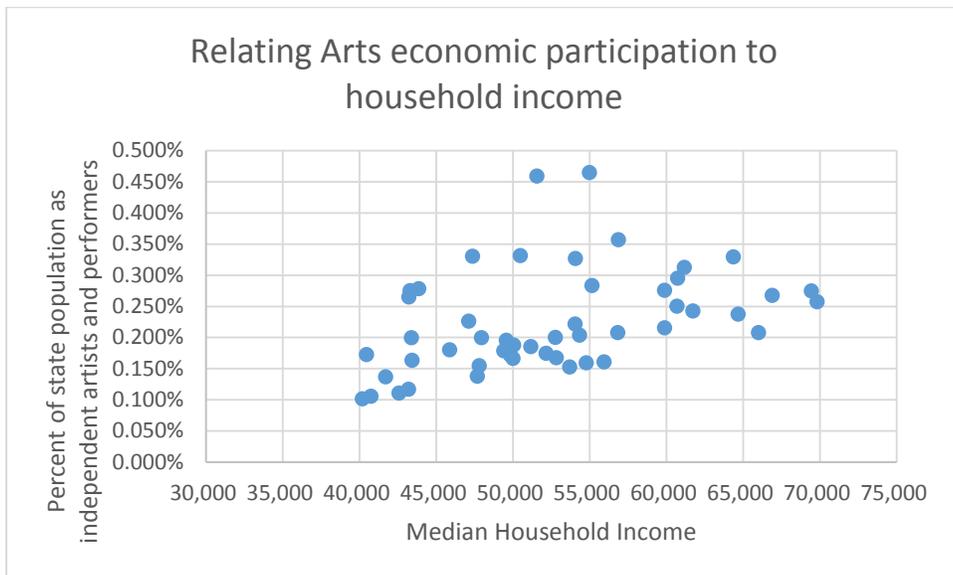
## **Conclusions**

This report identifies more than \$200 million of economic activity that is the direct result of the sale of visual arts products. That \$200 million is also income representing 1.5% of the more general economic activity in the state. In addition to the direct impacts represented by Vermont visual arts, the relative concentration of those activities in Vermont provides an important part of the Vermont brand. The decision to visit Vermont and ultimately to make Vermont home is based on the total of experiences that are available. Certainly jobs, good education, the beautiful scenery and healthy communities make Vermont attractive, and the visible presence of arts in each of Vermont's towns contributes to the attractiveness of the state.

Visual arts are also an indicator of creativity. In the modern economy, creativity is playing a greater role in the design, production and marketing of products. The overlap of creativity represented by visual arts production with more mechanized production or the delivery of professional services is difficult to quantify. However, what is clear is that regions with greater participation in the arts tend to have an overall greater level of economic activity. In the 2014 Vermont Comprehensive Economic Development Strategy, the section focusing on the Arts economic sector noted a relationship between the health of the Arts Sector as gauged by the organization Americans for the Arts, and the economic health of the state represented by per capita income.



The next chart shows a similar relationship between the number of individuals reporting self employment income from the arts and performance and median household income.



It is true that this relationship is partially explained by the fact that artists can only thrive when there are households with disposable income to purchase their products. But, it is also true that in this chicken and egg relationship, the artists contribute to the community attracting households with greater disposable income. To support an arts community, it is important to have a strong economy, and to support a strong economy, it is important to have the arts.