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the economic impact of the

ARTS

in south carolina

This brochure is a
summary of a study for
the South Carolina Arts Commission
that was completed by the
Division of Research, Moore School of Business, University of
South Carolina, in April 2002.

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Cultural activities are an important component of quality of life. The arts add to our lives in many intangible ways. However, they also contribute to the economy in ways that can be measured. The arts are, indeed, a significant segment of the economy, with complex linkages throughout.

*An analysis of this chain of economic activity reveals the breadth of the economic linkages centered on the cultural industry. On average in both 2000 and 2001, the arts in South Carolina directly and indirectly supported **\$700 million in wages and salaries, 30,000 jobs, and \$1.9 billion in economic output.***

“Indeed, the arts exist primarily because of the numerous qualitative ways they enrich our lives.”

estimating the economic impacts

The cultural industry entails a variety of direct impacts on the economy. For example, an artist may purchase supplies from a local business. These expenditures by the artist increase the output of the supplier, and hence of the economy. Similarly, visitors to the Spoleto USA festival in Charleston will inject spending into the local economy supporting, for example, activity at hotels and restaurants. These various direct impacts are simply the beginning, however. The total impact on the economy is greater than the initial direct impact. For this reason, these additional effects are often called the multiplier effects.

To uncover the direct impacts, a survey-based approach was used. For most of the cultural activities, a survey was designed to elicit information on the pattern of expenditures.

The appropriate estimates of the direct impacts were then used in conjunction with a detailed model of the South Carolina economy to arrive at the total impact figures. The surveys were conducted throughout 2000 and 2001. The impact results given in the following section therefore represent the annual impact at that time.



Economic Impact of the Cultural Industry

| | Earnings | Jobs | Output |
|--------------------------|-----------------------|---------------|-------------------------|
| Artists | \$ 23,043,234 | 870 | \$ 120,549,836 |
| Arts Education | 98,398,308 | 3,712 | 194,333,580 |
| Festivals* | 27,719,877 | 1,044 | 105,444,058 |
| Film Industry | 29,454,420 | 1,491 | 74,521,536 |
| Cultural Organizations | 148,998,123 | 5,639 | 424,936,314 |
| For-Profit Organizations | 329,910,001 | 14,963 | 925,471,851 |
| Spoletto USA/Piccolo | 29,200,138 | 1,628 | 67,799,479 |
| TOTAL | \$ 686,724,151 | 29,348 | \$ 1,913,056,654 |

*Excludes Spoletto, Piccolo Spoletto, and the Southeast Wildlife Exposition.

cultural industry impacts

The importance of the arts as an economic industry is supported by the magnitude of its impacts on wages and salaries, jobs, and economic output in South Carolina. Overall, the cultural industry supports \$686.7 million in labor earnings, 29,348 jobs, and \$1.8 billion in output. The earnings impact amounts to 1.3 percent of total earnings statewide, while the employment impact represents 1.6 percent of total nonfarm employment. That is, of every \$100 of wages and salaries earned in South Carolina, \$1.30 can be linked to the cultural industry. Of every 100 jobs in the state, 1.6 are directly or indirectly linked to the arts.

The table presents the total impacts supported by each segment of the state's cultural industry.

The annual Spoletto Festival USA and Piccolo Spoletto in Charleston, South Carolina, are perhaps the most visible aspects of the cultural industry in the state. An estimated 153,500 visitors attended the two festivals in 2000. These attendees spent a total of \$43.1 million in the Charleston area. The largest expenditures were on lodging, food and beverages, and tickets to the performances. This spending supported a total of \$29.2 million in labor earnings, the equivalent of 1,628 full-time jobs and \$67.8 million in economic output.



South Carolina artists spent a total of \$35.8 million on supplies and services in the state. Through the multiplier effects, the artists' activities supported a total of \$23 million in earnings, 870 jobs, and \$120.5 million of economic output. Festivals across the state, excluding Spoleto USA, Piccolo Spoleto, and the Southeast Wildlife Exposition, spent a total of \$40 million in South Carolina. This spending supports a total of \$27.7 million in labor earnings, 1,044 jobs, and \$105.4 million in output.

Using data provided by the South Carolina Department of Education, it is estimated that a total of \$75 million is spent on arts education for kindergartners through 12th graders in public schools. This expenditure by the schools, primarily in the form of salaries, supports a total of \$98.4 million in earnings, 3,712 jobs, and \$194.3 million in output.

Numerous types of cultural organizations were identified and surveyed. These include local arts councils, historical sites and associations, libraries, museums, parks, and other organizations. These groups had total expenditures of \$159.9 million in South Carolina. The operations of these

organizations supported a total of \$149 million in earnings, 5,639 jobs, and \$424.9 million in economic output.

The burgeoning motion picture industry in South Carolina spent a total of \$49.1 million in the state. A majority of these expenditures represent new money to the state, that is, money spent by nonresidents. Overall, these direct expenditures support a total of \$29.5 million in wages and salaries, 1,491 jobs, and \$74.5 million in output.

For the first time in the Division of Research's series of cultural industry impact studies (the first was done in 1988), a separate survey was sent to elicit information from the for-profit segment of the cultural industry. Among these businesses are art galleries, craft suppliers, dance instructors, and photographers. The survey results indicate that a total of 9,126 jobs are directly linked to the for-profit cultural firms. The amount of business activity at these firms corresponding with this level of employment results in total impacts of \$329.9 million in earnings, 14,963 jobs, and \$925.5 million worth of economic output.

“A strong cultural industry can provide a state with the competitive edge it needs to stand out from the crowd.”

providing the competitive edge

The economic impacts quantified here highlight the importance of the arts as a viable economic industry across South Carolina. The cultural industry in the state, especially festivals like Spoleto USA and Piccolo Spoleto, is certainly related to the state's highly touted tourism industry. The presence of cultural activities in South Carolina helps attract out-of-state visitors. It is the new money brought into the state by these nonresident visitors that provides a true net addition to the state's economy. However, the economic linkage analysis also reveals the importance of the cultural industry by demonstrating how much of the state's current economy is centered around the arts.

Of course, the full impact of the arts on the state of South Carolina reaches well beyond the measures estimated here. First, staying in the realm of economic impacts, a diverse cultural industry is vital to attracting retirees and new businesses to the state. In terms of economic development, cultural amenities unquestionably play a role in business location decisions. As states grow increasingly competitive in designing tax incentives for economic development, a strong cultural industry can provide a state with the competitive edge it needs to stand out from the crowd.

In the end, however, it is the arts' addition to the quality of life in South Carolina that is perhaps the most important - though inherently immeasurable - impact. Indeed, the arts exist primarily because of the numerous qualitative ways they enrich our lives. The full range of positive impacts of the cultural industry in South Carolina, measurable or not, justifies ongoing support of the arts.

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