Vermont in Transition:

A Summary of Social Economic and Environmental Trends

A study by

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for the

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Chapter 8: CREATIVE ECONOMY

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Chapter 8:
CREATIVE ECONOMY

Vermont is well known for the richness and breadth of its artistic communities. Perhaps it's the state's natural beauty or its geographic separation from the rampant commercialism of other parts of the country that have provided fertile ground for so many artists. Even a short list of Vermont artists and performing groups is impressive: Robert Frost, Howard Frank Mosher, Warren Kimble, Sabra Field, Peter Miller, the MacArthur Family, Phish, the Vermont Symphony, and the actors from the Saint Michael's and Weston Playhouses. But according to the National Endowment for the Arts, the number of artists who reside in the state is over 5,000. Add to the list the work of the Vermont Arts Council, the Vermont Humanities Council, county fairs, and annual jazz, folk and craft festivals, and the influence of the state's artistic communities is quite impressive. All have enriched our lives in ways beyond our ability to measure.

Besides the accomplishments of these artists, there is increasing recognition of the creativity involved in many other sectors of the economy as well. How different is the process of the artist from that of the web creator, the computer chip designer, the carpenter, the innovative marketer of ice cream, the small businessperson with a better mousetrap or the manager with new mechanisms for delivering needed services? Such creativity is essential for a healthy and growing economy. Many would like to be able to segment the specifically *creative* aspect of the economy under the new label of "*the creative economy*" but objectively quantifying the contributions (or boundaries) of this economic cluster is no easy task. The difficulties have not come from a lack of effort, but from the diversity of definitions and the absence of long-term objective data.

Advocates for promoting the concept of the creative economy argue that this is an area as distinctive as the agricultural or financial sectors. Not to recognize this, they say, misses the underlying and unifying forces that are shaping economic change. But how can we identify which workers and organizations should be included in the creative economy? Would it be just the creative *arts,* such as writers, painters and dancers, or would all occupations and organizations that involve creative work such as computer chip designers, chefs, teachers and journalists be included? How about the many support staff such as secretaries, librarians, and video store clerks?[1] Then too, Vermont boasts many innovative corporations and non-profit agencies whose very existence depends on their creative efforts. Few would question the role of creativity in today's economy, but on the other hand, is this category too amorphous to be meaningfully identified as a separate component of the economy?[2, 3]

The debate about the creative economy is more than academic, it is also about the allocation of resources, or the need to sponsor, subsidize, and promote the organizations and companies that are part of this sector. Should this segment be characterized as a "driver" of economic growth or a "recipient" of the benefits of economic growth? Of course, it is both. The inventor can only accomplish his or her achievements in an economy that provides the infrastructure for support; but once accomplished, innovation stimulates further economic growth. Likewise, the musician needs the support of the economy to accomplish his or her work, but the product of such creativity contributes to the quality of life in the state, drawing in tourists, new residents, and new employers.

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1 The controversial nature of this field is well recognized by the involved agencies. One of the major players is the New England Foundation for the Arts who wrote this in their introduction to the 2007 publication "The Creative Economy: A New Definition": "Typically, research models of the creative economy are based on a particular position of advocacy…[and] according to the advocacy position, about which creative workers and creative enterprises should be included…" Such decisions have enormous consequences for the data thus generated.

2 Howkins, John. 2001, *The Creative Economy: How People Make Money from Ideas.*

3 THE VERMONT ECONOMY NEWSLETTER, November, 2004, p.4.

The data that follows in this chapter is presented with the understanding that the concept of the creative economy is still in its formative or developmental stages, yet deserves attention as an important aspect of the state's economy. The enthusiasm of the advocates for this new economic sector often results in very generous definitions and assertions of large "multiplier effects" so we are cautious about data interpretation and urge readers to be similarly cautious.

Many different organizations have weighed in on the concept. One organization calls the creativity in this new segment the "high octane fuel that drives the information economy."[4] Creative attributes, another group argues, can be found in most jobs throughout the state's many communities and act as a catalyst to higher education and innovative technology. Some advocates believe that the term "creative economy" should be reserved for places where creativity intersects with economics and results in a product that has enhanced market value. This ranges from large companies to small crafts businesses. The unique workforce, this position argues, consists of individuals who are innovators, multi-disciplinary in approach and who utilize creativity in their professions, a realm traditionally reserved for artists or scientists.[5] Others suggest that the creative economy can be measured by the "sum total of four sectors: the copyright, patent, trademark and design industries."[6] Internationally, the United Nations Council on Trade and Development documents at least four models for determining which industries can be classified as "creative industries," and these range from advertising, arts, music, fashion, film, publishing, television and radio to including software, sports, musical instruments and household goods.[7] Closer to home, the Vermont Council on Culture and Innovation suggested that cultural expressions and heritage are central to the fabric of Vermont communities and that they also act as a stimulus to job creation and economic growth, and producing revenue.[8]

The newness of the concept also can be seen in the fact that a 2007 survey by UVM's Center for Rural Studies found that only 17% of Vermonters had ever heard of "the creative economy" as a distinct term. This should not be interpreted as being unsupportive of the arts. In response to a separate question, 38% felt that the state "should place a high or very high" priority on spending funds on arts education and other art programs and services.[9] There is little doubt but that Vermonters believe that this segment adds to the quality of life of a community and that the trend in Vermont has been towards increasing artistic diversity, richness and opportunities. Two representative statewide surveys done in 1998 and 2008 revealed that almost 80% of Vermonters in both surveys felt that "cultural activities such as theater and the arts" had "improved" over each of the preceding decades.[10] Finally, a third survey sponsored by the Council on the Future of Vermont, found that 89% of those surveyed felt that "Vermont's creative communities are valuable to the state."[11]

While it is understandable that different researchers emphasize different aspects of the creative economy, without agreed upon definitions, attempts to quantify trends are nearly impossible. For purposes of this chapter the focus will be on the creative arts, narrowly defined.

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4 AmericansForTheArts.org, "The Creative Industries in Vermont," 2006.

5 Florida, Richard. 2002, *The Rise of the Creative Class: And How It's Transforming Work, Leisure, Community and Everyday Life.*

6 Howkins, John. 2001, *The Creative Economy: How People Make Money from Ideas.*

7 United Nations Conference on Trade and Development, 2008. *Creative Economy Report 2008*. pg. 13

8 Advancing Vermont's Creative Economy, 2004. Recommendations from the Vermont Council on Culture and Innovation.

9 University of Vermont's Center for Rural Studies, "Vermonter Poll, 2007: Arts in Vermont," Michele C. Schmidt, April, 2007.

10 New England Foundation for the Arts, "The Creative Economy: A New Definition," 2007. Copyright, 2008 New England Foundation for the Arts/CultureCount www.culturecount.org.

11 Council on the Future of Vermont, "Looking Ahead: Vermonters' Values and Concerns" by the Center for Rural Studies, August 2008, Michael Moser, Jessica Hyman, Fred Schmidt.

Trends in the Creative Economy

***Trend Number 1**: There has been little change in the size of the "cultural workforce," but slight increases in the numbers of artists.*

The New England Foundation for the Arts is a national leader in this area, and shows that as of the 2002 U.S. Economic Census (the latest year available), all six New England states were ranked in the top 25 nationally in terms of the percentage of artistic workers within the labor force. Massachusetts and Connecticut are 4th and 5th respectively, and Vermont is 13th. In one category of artists, we learn that Vermont ranks 3rd highest in percentage of the labor force who are writers, 3rd in visual artists, and 4th in architects.[12]

Cultural Workforce and Cultural Enterprise Industries Number of Workers ~ Vermont 2002

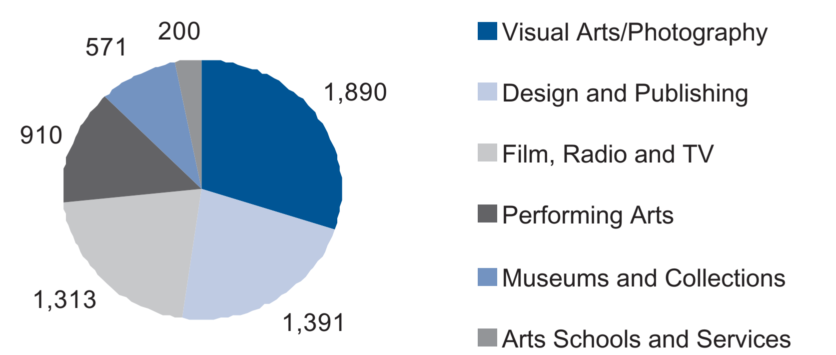
Top cultural workforce occupations Total: 10,131		Top cultural enterprise industries* Total: N/A	
Designers	1,514	Cable and other program distribution	1,020
Librarians	1,020	Newspaper publishers	994
Visual artists and related workers	987	Commercial Lithographic printing	980
Architects	681	Architectural services	521
Writers and authors	640	Video tape and disc rentals	485
Library assistants, clerical	550	Book stores	448
Advertizing sales agents	482	Radio stations	428
Editors	443	Radio, TV and other electronic stores	409
Broadcast engineers and technicians	328	Periodical publishers	385
News analysts, reporters	282	Book printing	375

Source: New England Foundation for the Arts, "The Creative Economy: A New Definition," 2007. Copyright, 2008 New England Foundation for the Arts/CultureCount www.culturecount.org.
* "Top cultural workforce occupations" is based on 2000 Decennial Census Microdata. It lists the largest number of workers in "cultural enterprise industries" but the total is not given.

According to the latest research report by the New England Foundation, Vermont lost about 400 workers in the broad area of "cultural enterprises" between 1997 and 2002—from 10,509 in 1997 to 10,131 in 2002, or a drop from 3.8% of the state's total employment to 3.4%.[13] Prior to the 2007 revision in the definition of the creative economy, the New England Foundation for the Arts only counted employment based on surveys in the non-profit sector, with the resulting narrower focus yielding only 1,807 total workers employed in 2002 within their survey group of 1,365 non-profit organizations. This constituted a 25% annual rate of employment growth over the two prior years—up from 1,197 in 2000.[14] Economic projections, relying on multipliers, estimated that the comprehensive number of jobs created by Vermont's creative economy was 7,523, including 2,767 artists and humanists.[15]

Another organization that attempts to quantify the impact of the creative industries on the nation is "Americans for the Arts," and they too provide estimates of the amount of "arts related employment" in Vermont. Their source, however, are the businesses that have registered with Dun & Bradstreet, so their list undoubtedly underesti-

Distribution of Number of Jobs in the Arts-Related Businesses Total Employment: 6,275



Source: Americans for the Arts, "Creative Industries, 2006," www.AmericansForTheArts.org

[12] New England Foundation for the Arts, "The Creative Economy: A New Definition," 2007. Copyright, 2008 New England Foundation for the Arts/CultureCount www.culturecount.org.

[13] Ibid.

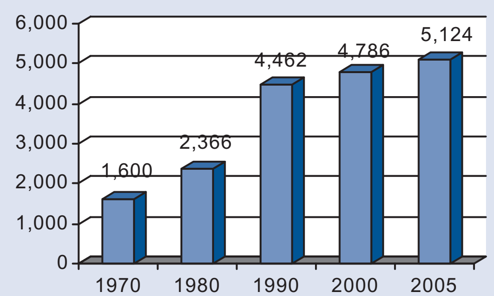
[14] Ibid.

[15] Ibid.

mates the number of smaller non-profit enterprises. According to their latest 2006 estimate, there are 6,275 employees working in about 1,800 arts-related business identified in Vermont, distributed in the manner depicted in the pie chart on the previous page.

A report by the National Endowment for the Arts estimated the actual number of artists in Vermont (including architects, designers, photographers, entertainers, dancers, musicians, and writers) has been steadily increasing since 1970 to a total of 5,124 in 2005.[16] The National Endowment for the Arts published fairly consistent data over the decades that are presented in the bar chart of "Number of Artists." This narrow definition uses Census codes that have shifted and adjusted over time, so is likely that some of the change over the past 38 years is an artifact of re-definition.

Number of Vermont Artists*
1970 to 2005

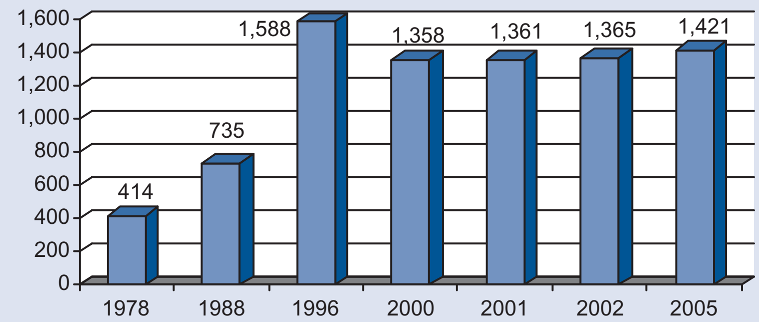


Source: National Endowment for the Arts, "Artists in the Workforce, 1990-2005" and "Trends in Artist Occupations: 1970-1990."
*Artists include architects, designers, photographers, actors, fine artists, entertainers, dancers, musicians, and writers.

Trend Number 2: *The data on trends in the number of non-profit arts and cultural organizations are not clear and some of the primary sources of financial support have declined in constant dollars.*

As can be seen from the next bar chart, the number of non-profit arts and cultural organizations in Vermont has been slowly increasing since the year 2000, with a boom in the number of organizations happening between 1988 and 1996. On the other hand, conversations with researchers at the New England Foundation for the Arts, suggest

Number of Non-Profit Arts and Cultural Organizations*
Vermont 1978-2005



Source: New England Foundation for the Arts, "New England's Creative Economy: The Non-profit Sector, 2000;" "New England's Creative Economy: The State of the Public Cultural Sector, 2005 Update;" "Arts, Cultural, and Humanities Organizations in the New England Economy, 1996."
*Includes organizations dedicated to the performing arts, the visual arts, museums, libraries and other arts and humanities organization that filed IRS form 990. Numbers from 1978 and 1988 are based on surveys, and likely under represent the actual number.

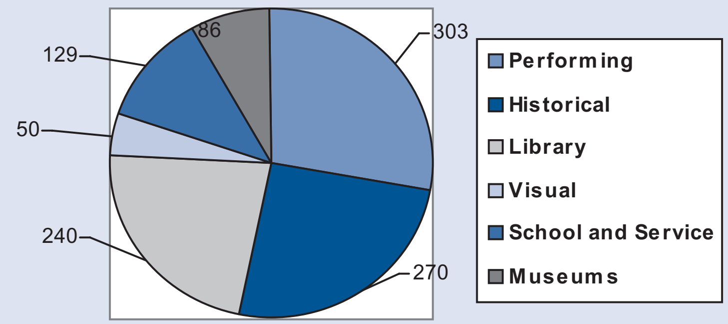
that the low estimates for 1978 and 1988 may merely reflect a different methodology.

Compared to other New England states, Vermont seems to have a higher concentration of artists and arts-related organizations. According to the estimate by the New England Foundation for the Arts, Vermont's "…arts, cultural and humanities industry… provided 7,523 jobs in 2002" while New Hampshire – a state with nearly twice the population – had an arts, cultural and humanities industry which only produced only 2,523 jobs.[17] That same source reports that Vermont also had an accumulated 6.5 million admissions to its cultural events in 2002, 55% of which were paid admissions. The Foundation points out that this number of admissions is nearly nine times the population of the entire state, an "admissions to state population ratio" that is higher than New Hampshire's and the same as Massachusetts. In 2002, Vermont had 1,365 arts, cultural and humanities organizations, while New Hampshire had 1,175 and Rhode

[16] National Endowment for the Arts, "Artists in the Workforce 1990-2005" and "Trends in Artistic Occupations: 1970-1990"

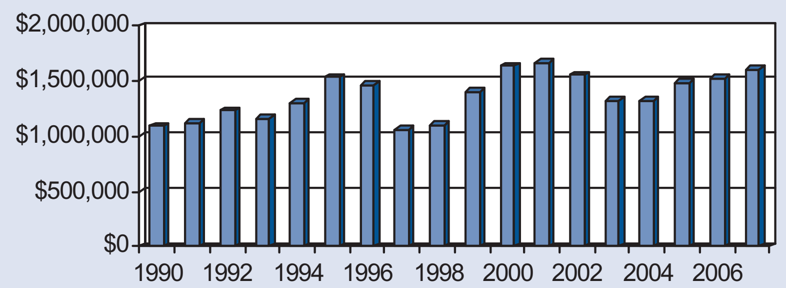
[17] New England Foundation for the Arts "New England's Creative Economy: The Non-profit Sector 2002" Feb, 2005.

Distribution of Types of Non-Profit Arts and Cultural Organizations Vermont 2002



Source: New England Foundation for the Arts, "New England's Creative Economy: the State of the Public Cultural Sector, 2005 Update."

Total Revenue* Vermont Arts Council 1990-2007



Source: Vermont Arts Council, Annual Reports, various years.
*Most funding comes from the State of Vermont, the National Endowment for the Arts, although memberships and private contributions also add to the total.

Island had 881. But perhaps most interesting is the level of volunteerism that Vermont's arts and cultural organizations garner—using an expansive definition in 2002 there were 40,159 recorded volunteers—nearly 6.5% of the state's population.[18] The pie chart above shows the distribution of types of non-profit organizations in Vermont in 2002.

According to newly revised estimates from the New England Foundation for the Arts (derived from IRS form 990) the aggregate 2002 income going to the state's 1,365 non-profit arts and cultural organizations was $132,900,000, a slight decrease from the two prior years. The ratio of how much of their income came from contributions as opposed to "earned" by admissions and fees was about the same each year, with the bulk of all income in each year coming from contributions—64% in 2002, the last year for which data was available.[19]

State support for the Vermont Arts Council, which is matched in approximately equal proportions by the National Endowment for the Arts, has varied over the years. Every state has a similar agency, and it is helpful to note that Vermont's State funding per capita was 79 cents in 2006, a rate that placed Vermont in the middle of the averages for the states. Support for arts agencies range from $5.16 per capita in Hawaii to a low of six cents in California.[20] The Annual Report of the Vermont Council on the Arts reports that about one half of its 2007 total $1,602,339 revenues came from the State. In 1990, the total revenue for Vermont Arts Council was just over one million dollars ($1,091,871). Taking into account adjustments for inflation, however, the total value has declined. Had the 1990 sum of $1,091,871 kept pace with inflation, the value by 2007 would have risen to $2,747,000.

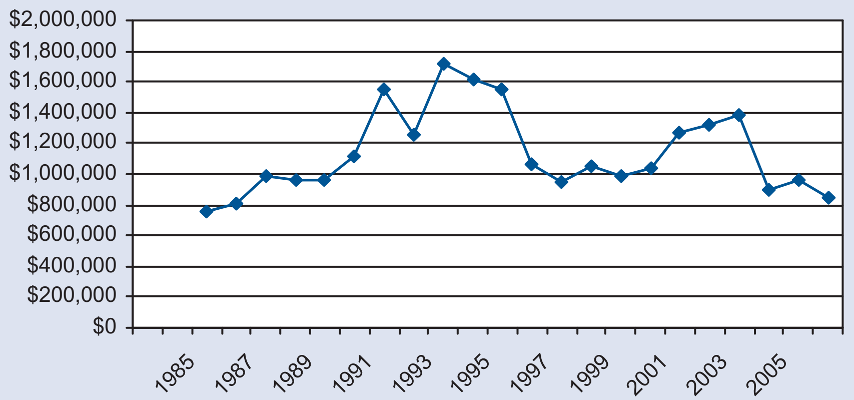
Much of the funding for the State's non-profit arts and cultural organizations is obtained from this State sponsored Arts Council, although they have other sources of revenue as well. Ongoing analysis of the IRS tax forms for these non-profits are collected in the database for the New England Foundation for the Arts (CultureCounts) and the yearly totals for the aggregate of all the cultural organizations appears in the graph to the right. These non-profit organizations have other sources of grants that are not included so that their collective revenue is surely higher than what is listed. Also, while most of the revenue appearing below would be from the Vermont Arts Council, it is possible that Arts Councils from other New England states may have given some funds as well. As with the revenues discussed above, these sums represent a substantial decrease in real value. The inflation adjusted 1985 value of $751,000 would be worth $1.4 million in constant dollars, a much higher figure than the actual 2006 value.

[18] Ibid.

[19] New England Foundation for the Arts, "The Creative Economy: The State of the Public Cultural Sector 2005 Update," 2007. Copyright, 2008 New England Foundation for the Arts/CultureCount www.culturecount.org.

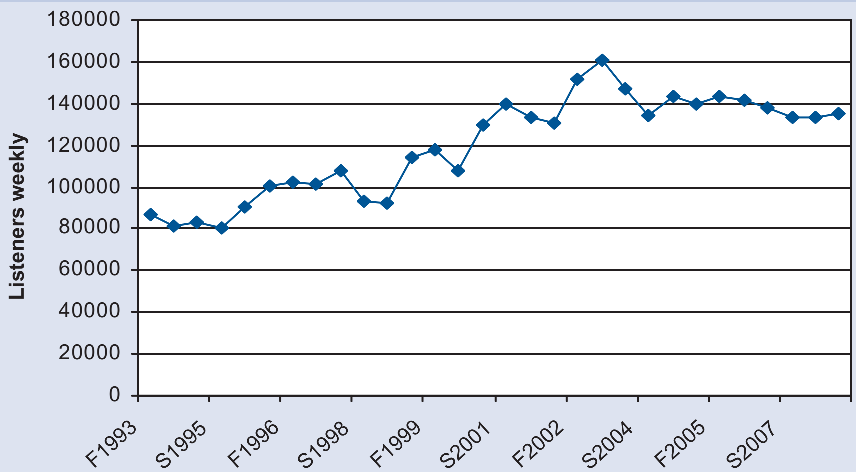
[20] CQ's State Fact Finder, 2003, Rankings Across America, by Kendra A. Hovey and Harold Hovey, CQ Press, 2003.

Grants to the Vermont's Non-Profit Arts and Cultural Organizations, From the Councils for the Arts of New England 1985-2006*



Source: New England Foundation for the Arts and Community Logic, "CultureCount: Vermont," New England Cultural Database, Inc. 2006-2008, copyright © 2008 New England Foundation for the Arts/CultureCount.
Grants derive from the eight state Councils for the Arts of New England, plus the National Endowment for the Arts.
*Sums for 2003-2006 are incomplete.

Vermont Public Radio Listenership Spring and Fall Estimates* 1993 - 2008



Source: Vermont Public Radio records, unpublished.
*The weekly audience is the number of person (over age 12) who listened to VPR at least five consecutive minutes in a week.

One measure of the arts that is reliably quantified across the years is public radio and television listenership. Both outlets serve statewide audiences and offer wide varieties of creative and artistic expression. The line chart depicts the steady increase in weekly listeners to Vermont Public Radio since 1993. Unfortunately, Vermont Public Television has recently changed its methodology so we only have comparisons over four years. According to the Nielson November surveys, viewership in 2004 was 129,244, 125,002 in 2005, 109,669 in 2006, and 117,596 in 2007. It should also be noted that VPT has been active in extending their product through creative use of web-based services and other alternative media platforms to allow programs vastly expanded public access.[21]

Trend number 3: *The arts have a substantial impact on the Vermont Economy.*

The total spending for Vermont's many non-profits in 2002 was estimated to be $328,400,000, of which $126,400,000 was for salaries and $202,000,000 were for other operating expenses. This estimate is up twenty million dollars from two years before.[22] But the full economic impact is reported to be much greater, generating an estimated $163,319,000 in spending and re-spending.[23] Other studies report that Vermont's total economic impact for that same year was closer to $440,600,000,[24] and other reports by the same organization estimate the economic impact in FY1995-1996 to be $94,000,000 when the direct and induced spending was only $23,900,000. Among the many complexities of this segment of Vermont's economy, few are more controversial than estimates of its economic impact. For all the reasons given above, we present these figures while underscoring the wide range of data estimates that are common in this emerging field.

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[21] Vermont Public Television, personal correspondence from Ann Curran, Communications Director.

[22] New England Foundation for the Arts, "New England's Creative Economy: The Non-Profit Sector, 2002" Copyright, 2008 New England Foundation for the Arts/CultureCount www.culturecount.org.

[23] Re-spending included that portion of the industry's initial spending that would not otherwise have occurred in that region.

[24] New England Foundation for the Arts, "New England's Creative Economy: The Non-Profit Sector, 2002" Copyright, 2008 New England Foundation for the Arts/CultureCount www.culturecount.org.

Trend Number 4: *As methodologies mature, objective measures of the full economic impact of this sector of the economy will become more useful and widely accepted.*

The idea of "the creative economy" is a relatively new one and this makes identifying trends a challenge. The major 2007 revision of the very definition of "the creative economy" by the New England Foundation for the Arts appears to be an improvement over prior models, but they warn readers that their revisions have made their own year to year comparisons virtually impossible.[25] As arts enterprises and others involved in the creative economy come to better standardize and quantify their statistical measures, systematic trends will become easier to capture.

The analysis of this economic segment has been more limited than it might be due the inherent difficulty in quantifying the value of qualitative contributions of a field that is by its nature, creative, dynamic and often transient. Even though measurement difficulties abound, it is clear that Vermont possesses a vibrant creative economy that is of enormous value to the state.

Given the limited data available, the most notable trends in the broad field of the creative economy are as follows:

1. There has been little change in the size of the "cultural workforce," but slight increases in the numbers of artists.
2. The data on trends in the number of non-profit arts and cultural organizations are not clear and some of the primary sources of financial support have declined in constant dollars
3. The arts have a substantial impact on the Vermont Economy.
4. As methodologies mature, objective measures of the full economic impact of this sector of the economy will become more useful and widely accepted.

There is no Appendix for this Chapter.

[25] New England Foundation for the Arts, "The Creative Economy: A New Definition," 2007. Copyright, 2008 New England Foundation for the Arts/CultureCount www.culturecount.org