

The Economic Impact of the Arts Industry in Oregon

Prepared for the Oregon Arts Commission
by Anthony Radich and Erin Trapp

June, 1997

WESTAF

ACKNOWLEDGMENTS

The researchers wish to acknowledge the forward thinking and support of Christine D'Arcy, the Executive Director of the Oregon Arts Commission. Her vision established the framework for the conceptualization of the arts industry as a continuum that includes, among other elements, individual artists, non-profit arts organizations, for-profit arts enterprises, amateur artists, and persons who use the arts in only a portion of their work. This more complete articulation of the scope of a state's arts industry ultimately will lead to a better understanding of the value the arts contribute to a state's economy.

We appreciate Chris D'Arcy's willingness to work with the Western States Arts Federation in the development of a low-cost model for a state economic impact study of the arts. The model that was developed for this study is now available for use in other states and will enable many more state arts agencies to describe the full impact of the arts in their state economies.

We appreciate the financial support and the excellent advice of the Oregon Department of Economic Development. We are particularly indebted to Art Ayre, economist, who provided us with valuable introductions to knowledgeable experts and also to rich sources of existing data. Ayre also helped articulate and support the research standards that were observed throughout this study. We also wish to acknowledge Russell Beaton, professor of economics at Willamette University, for his review of and augmentation of the project's economic data. Professor Beaton's experience with the Oregon economy was an invaluable addition to our work.

We wish to thank Oregon's non-profit arts organizations and the individual artists who responded to our survey. We understand that in the current rapidly changing social and economic climate, non-profit arts organizations face tremendous challenges and overwhelming workloads. Their willingness to spend valuable time to complete a rather complex survey is very much appreciated. Similarly, we are thankful for the willingness of Oregon's individual visual artists to share confidential economic information in a survey. That survey provided us with a far deeper understanding of the structure of the economic life of an individual artist than we possessed previously. Finally, we wish to thank the many individuals involved in for-profit arts-related enterprises that set aside time to meet with us. Their participation in this project provided us with critical information that helped us construct a more complete picture of the range and scope of Oregon's arts industry.

TABLE OF CONTENTS

	<u>Page</u>
Executive Summary	4
Introduction	5
General Trends in the Oregon Arts Industry	6
Oregon's Non-Profit Arts Industry: Profile and Economic Impact	10
Artists and Arts Workers in Oregon: Profile and Economic Impact	22
The Value of Arts Skills in Oregon's Labor Force	29
Profiles of Innovative Arts-Related Companies in Oregon	35
The Arts and Tourism in Oregon	43
Conclusion	46
Bibliography	49

EXECUTIVE SUMMARY

The key findings of this study of the economic impact of Oregon's arts industry are:

- Oregon is the home of a broad and diverse arts industry that encompasses both non-profit and for-profit economic endeavors. This industry makes a meaningful contribution to the economy of the state and to the maintenance and improvement of Oregon's quality of life.
- The arts industry in Oregon is strong due to the presence of an infrastructure that includes: a thriving small arts and crafts culture, the benefits of 1960s' era entrepreneurial opportunities, community involvement in and a voluntary commitment to the arts, and an emerging creative commercial sector.
- Cultural tourism is an important part of Oregon's tourism industry. In addition to direct spending at festivals, such as the Oregon Shakespeare Festival (which generates \$30 million annually for the state's economy), there has been a long-term and broad-based integration of the arts heritage and culture into tourism throughout the state.
- The state is home to 19,539 artists and arts workers who earn a total of \$480 million annually. In 1996, the individual visual artists in this group spent \$24 million in Oregon for supplies and services.
- In 1996, Oregonians working in the non-profit sector of Oregon's arts industry paid \$1,555,115 in state taxes.
- Oregon is home to 213 non-profit arts organizations and cultural institutions that contributed \$74.5 million in direct spending to the Oregon economy.
- In 1996, the non-profit arts sector presented 10,711 public events in Oregon.
- In order to qualify for work in a broad range of occupations, Oregon's labor force relies upon arts-based skills as key components of its skill mix.
- Over \$5.8 million in professional volunteer services were contributed to Oregon's non-profit arts organizations in 1996.
- When the findings of this study are subjected to multiplier analysis, the total economic impact of spending of non-profit arts organizations on Oregon's economy in 1996 was found to be \$183,016,370.

INTRODUCTION

Oregon is home to a vibrant arts industry that makes a meaningful contribution to the state's economy. This study documents the breadth and depth of that industry and also identifies a number of indirect ways that the arts industry strengthens Oregon's economy. The research that revealed these findings was based on the following core assumptions:

- Oregon's arts industry consists of much more than the non-profit arts sector. In addition to that sector, it encompasses: amateur artists and home crafters; individual performing, literary, and visual artists; arts educators; for-profit industries that are either arts based or that rely in part on the arts; and many other activities and types of arts workers. Although the non-profit arts serve as the source of inspiration and energy for many of these arts enterprises, they are not the sole component of the arts industry.
- Fully measuring the economic impact of the arts in Oregon is difficult because the state's tax structure and other factors unique to Oregon limit the availability of data concerning Oregon's for-profit arts activities. In spite of these limitations, existing data from a variety of credible sources, combined with new quantitative and qualitative research, can properly indicate the scope and influence of Oregon's arts industry in that sector.
- Because this study was completed in 90 days and with a modest research budget, several areas of inquiry invite further research. Additional research into topics such as the role the arts play in workforce development, their contribution to the state's quality of life, and their function within the for-profit sector would likely yield valuable information.

The findings of this study should serve as an extension of the current conversation in the state about the value and benefit of developing Oregon's arts industry. A focus on enhancing that industry can assist in the development of arts-related commercial enterprises; help state government meet many of its policy objectives; and expand the quality, quantity, and creativity of the arts in the state. The documentation of the economic value of Oregon's arts industry, as well as the identification of the scope of this industry, should enrich the discussion about the value of the role the arts play in Oregon. All Oregonians will benefit from the expansion of this continuing dialogue.

GENERAL TRENDS IN OREGON'S ARTS INDUSTRY

The state of Oregon derives substantial benefits from a highly diverse and robust arts industry that contributes significantly to many of the state's principal economic endeavors. Although the arts industry is not considered one of Oregon's largest industries in terms of size alone, it is an important secondary and service industry in a state that derives an increasing share of its economic strength from such industries (Oregon Blue Book, pp. 198-199). The arts industry has increased in importance as the Oregon economy has developed and diversified. Today, an increasingly strong relationship and a growing interdependency exists between the non-profit and educational segments of Oregon's arts industry and a variety of the state's commercial endeavors.

Oregon has a long and illustrious history of activity in the arts. The arts have been the focus of attention and development from a variety of interested parties and economic forces for some time, resulting in an innovative and diverse industry. This unique mix of elements is the foundation for understanding the depth, vibrancy, and potential of Oregon's arts industry.

Following is a summary of the key thematic threads that have influenced and continue to influence the development of the arts industry in Oregon:

- A Small Arts and Crafts Business Culture. The state is home to a significant community of small arts and crafts businesses that are widely distributed across the state. Their abundant presence has contributed to the public's understanding of the arts themselves and therefore of the commercial value of the arts.¹ Although the low dollar volume of sales of such business may appear to diminish their importance, the fact that they are numerous and well integrated into the state's local economies is important.

Oregon's small arts business culture contributes to the overall economy of the state in a number of ways. First, the pervasiveness of small arts-based businesses in a community serves as a business model for members of a community. Young persons and entrepreneurs can observe the functions of these businesses and see first hand that a career in an arts-related enterprise is a possibility. Second, small arts businesses historically have made a visible contribution to the redevelopment of downtown areas and urban neighborhoods. Their importance to community redevelopment efforts is widely known and well documented (Violette and Taqqu, pp. 26-66). Finally, the state's small arts and crafts businesses have made a significant--and, at times--highly visible contribution to the tourism industry. The mix of attractions and shopping opportunities provided by these businesses helps to attract tourists to the state. The strength and diversity of these attractions and opportunities play a role in enticing first-time and repeat tourists to the state.

1 Although a lack of retail sales data makes the accurate enumeration of all of the state's arts and crafts businesses difficult, a review of local yellow pages reveals that nearly all of Oregon's communities have several of these businesses.

- 1960s'-Era-Based Entrepreneurship. In the 1960s', counter-culture activity enveloped much of the Western portion of Oregon. One dimension of this activity was the development of community- and neighborhood-based fairs at which emerging entrepreneurs could sell food, clothing, home-crafted items, and art. These fairs--and the resulting opportunities for retail sales--offered a large number of Oregon residents access to entrepreneurial opportunities with very low barriers to entry because participation in these fairs was typically a no- or low-cost proposition. In addition, these activities provided a source of entertainment for residents and other individuals who thus created a demand for fair-related entertainment services.

Two continuing and influential examples of this type of entrepreneurship are the Eugene Saturday Market and the Portland Saturday Market. Although an in-depth analysis of the economic impact of these two markets is beyond the scope of this study, an analysis of the arts-and-crafts infrastructure in Oregon clearly indicates that these low-barrier entry points to sales opportunities have incubated many emerging businesses. In addition, these markets are responsible for bridging artistic activities in Oregon with entrepreneurial possibilities to create opportunities for artistic and entertainment commerce that would not exist otherwise.

- An Understanding of the Dynamics of Tourism. From close to the time of its settlement, Oregon has been a popular tourist destination. The magnificent and diverse natural scenery of the state long has been the primary factor in the development of tourism in the state. As the industry grew, however, Oregon's tourism sector was challenged to develop tourism-enhancing activities that were consistent with the low-impact development attitude of state residents. This challenge has been addressed in part through the implementation of low-impact visitor strategies that focus on the arts.

Oregon's arts community is encased in a state culture that understands--and an economy that depends upon--tourism. Accordingly, the arts have been a part of the state's tourism consciousness for years. This is manifested primarily in the development of fairs and festivals such as the Mt. Hood Jazz Festival and the Oregon Shakespeare Festival, as well as the development of shops that sell visual art and art-related handcrafts that depend, to some degree, on the tourist trade. The state is also capable of mounting temporary activities that have an extraordinary impact on tourism. The Portland Art Museum, for example, drew 430,000 visitors for its Imperial Tombs of China exhibit in May-September, 1996 (Dean Runyon, p. 7).

- A Mature Arts-Research and Development Sector. Oregon is home to a robust network of high-level arts-education institutions that serve as core research and development centers and vehicles for encouraging advanced education and development in the arts.

One such institution is the Portland Contemporary Crafts Gallery in Portland, which has served as an early center for learning about crafts through workshops, exhibitions, lecture presentations, and its maintenance of an adventuresome retail-sales store. The Gallery's influence on the development of interest in crafts and as an incubator for commercial craft enterprises throughout the region is substantial and worthy of a study in itself.

Another important center of arts development is the School of Music at the University of Oregon. The School has served as the home of a number of distinguished educators and has been a source of progressive music-based development for some time. Perhaps the most successful product of the School is the Oregon Bach Festival, which is housed at the School. Although the Music School is one of the state's most prominent schools, all of the state's institutions of higher education have served important research and development functions for the arts.

Other institutions in the state that continue to provide a stimulus for the continuing development of the arts are the Department of Architecture and Allied Arts at the University of Oregon, the Pacific Northwest College of ArtArchitecture, and the Northwest Film Center. In addition to these institutions, arts organizations of all sizes throughout Oregon often have contributed to the continuing development of the field through the periodic sponsorship of advanced research and opportunities to experiment in the arts.

This infrastructure for fostering the development of the arts on a high level and sponsoring opportunities for advanced and continuing education provides many benefits to the state and serves to:

- Update constantly the technical and creative knowledge base of the arts industry.
 - Foster the development of artists and arts-related entrepreneurs.
 - Educate individuals who, although they may never work as full-time professionals in the arts, retain a life-long interest in the field and serve at the core of informed arts consumers.
 - Provide opportunities for experimentation and leadership in the arts.
- A Foundation in Community Service. Although Oregon's arts industry includes endeavors that range from the non-profit to the for-profit, its core technologies and ideologies are centered in the non-profit field. This fact affects the attitudes of the public about Oregon's arts industry and influences the internal dynamics of the industry itself. Because of this fact, subsidies and voluntary activities are an integral part of the culture of the entire arts industry (Weisbrod). This relationship is frequently manifest in the form of: arts-dependent, for-profit

industries supplying volunteer labor to non-profit arts entities; arts patrons influencing the direction and momentum of activities in the arts in a way that affects the for-profit arts industry; and in the general perception of the public that the arts are a dependent--rather than a contributing-- element to the economy (Zeigler, pp. 1-11).

- The Emergence of Arts-Dependent Technology and Creative Industries. In the recent past, for-profit, arts-related endeavors generally were found to have a direct and obvious relationship to non-profit arts activities and arts-education efforts. For example, musical instrument stores sell instruments to school boards, theatrical supply shops service the theatre trade, and graphic design students are being hired to produce work for architectural or design firms. Today, industry leaders in all sectors of the economy take a more expansive view of the utility of the arts and artists' skills. The arts are now often viewed as an incubator for alternative, "out-of-the-box" thinking that can refresh any industry and allow it to compete more effectively in the global marketplace (Packer). In addition, new technologies have challenged the for-profit sector to cultivate a workforce that understands the visual potential of computers, as well as the organizational pattern and rhythms possible through the use of micro-processing.

The growing trend for businesses with little or no apparent relationship to the arts is to seek the qualities and skills that are possessed by artists and learned through the arts. For example, one challenge in the market of expanding technology is providing products to a wide variety of users with vastly different abilities and comfort levels with computers. This need has greatly expanded the demand for individuals who are fluent in the performing and visual arts to aid in the creation of products that are highly accessible to consumers (Sterling).

- The Attraction to the State of a Highly Educated Pool of Workers. As a group, Oregon's visual artists are highly educated and innovative, and they possess skills that are in increasing demand throughout all sectors of the economy. Visual artists in Oregon can expect incomes that are low relative to national averages and, indeed, most engage in "day jobs" to supplement the income from their art. Artists continue to flock to the state, however, attracted to Oregon for reasons other than simply income. Thus, the quality of life in the state is a non-pecuniary benefit that attracts arts and arts-related workers, thus creating a supply of highly skilled, discounted labor for the arts and other industries. The culture of the state, which is most certainly augmented by the arts, offers the state's industries a comparative advantage in recruitment.

These attributes of Oregon's arts industry provide an insight into some of the key internal dynamics of the industry. They illustrate that the arts industry is well grounded in the state and that it has the necessary core infrastructure to advance. These qualities also identify key characteristics that must be taken into account when initiatives are planned to expand or otherwise transform the industry.

OREGON'S NON-PROFIT ARTS INDUSTRY: PROFILE AND ECONOMIC IMPACT

Oregon's non-profit arts industry is comprised of a broad and diverse collection of organizations that serve the varied arts interests of the state's residents. The melange of organizations found in the state is one indicator of the ability of the non-profit arts field to adapt to regional and local needs and interests.

A survey was conducted to measure the economic impact of Oregon's non-profit arts organizations and to obtain detailed information about their revenue and expenditure streams. The data gathered from the 49 responding organizations then were augmented by an analysis of the information housed in the various data bases of the Oregon Arts Commission and other state agencies. Use of these existing data bases allowed the researchers to infer spending, revenue, and other data to a total of 213 non-profit arts organizations of record.

The surveys that were returned included virtually all of the state's largest arts organizations and allowed the results to reflect the unique economic structures of those organizations. Unfortunately, surveys mailed to many of the state's smallest arts organizations were not returned. Existing Oregon Arts Commission data bases, however, allowed the researchers to examine much of the necessary data for these smaller organizations.

Size of Oregon's Non-Profit Arts Industry

The survey conducted for this study of non-profit arts organizations in Oregon and a review of existing data maintained by the Oregon Arts Commission provide an insight into the scope and diversity of Oregon's non-profit arts industry. This material complements the data that were collected and analyzed in the recent cultural mapping study that was completed for the Oregon Arts Commission (ArtsMarket Consulting). Following is an overview of the character and dimensions of this industry:

- Oregon is the home to a number of arts organizations that have existed for more than 100 years and several that have operated in the state for 50 years or more. In a field of enterprise that depends on long-term relationships to develop critical volunteer and monetary support from the private sector, these organizations serve as important nodes of stability and influence that affect the entire field (Weisbrod, pp. 80-38, 98-100).
- Although the state is home to a number of established arts organizations, the average age of arts organizations in Oregon is 26 years.² This relative youth is fueled by a large number of young, small arts organizations. In fact, the state is home to 52 arts organizations that are less than 10 years old. The presence of such young organizations is an indication of the state's success in accommodating and encouraging new arts organizations that depend on the interest and support of state residents in the form of volunteer services and monetary contributions.

2

The average age was computed only for organizations that answered the survey. The organizational age was computed after discarding the highest and lowest organizational ages. A review of organizations that did not respond indicated that many of these were younger, leading us to propose that the true average age of Oregon's arts organizations is somewhat lower than the average reported here.

[CHART]

- music/opera (22%) and visual arts (19%) organizations are the most prevalent in the state. In addition, despite their relatively new presence in the state, local and regional arts councils and service organizations now account for a substantial percentage (16%) of the state's arts organizations.

The Economic Activity of Oregon's Non-Profit Arts Organizations

- Most of the state's arts organizations (91%) operate with annual budgets of less than \$250,000, and a majority (76%) have budgets of less than \$100,000. The state, however, is home to arts organizations that have budgets greater than \$5 million. The four organizations in this category are:
 - the Oregon Shakespeare Festival (\$12.3 million annual budget).
 - the Oregon Symphony Association (\$10.8 million annual budget).
 - the Portland Art Museum (\$11.4 million annual budget).
 - the Portland Opera Association (\$6.5 million annual budget).
- the organizations reported a total of 2,234,900 paid admissions, with many of the largest admission figures being reported by the largest performing-arts institutions such as the Portland Opera Association (60,103), the Oregon Symphony (300,000) and the Oregon Shakespeare Festival (386,429). The average reported admission price was \$12.87.

[CHART]

- Oregon's arts organizations report that some 89,594 people have purchased subscriptions. Subscriptions are an indicator of a higher level of commitment by the public and frequently serve as a source of advance financing and a budget stabilizer for an arts activity. Subscriptions are centered in the state's largest arts organizations, with the Oregon Symphony reporting 26,500 and the Portland Opera reporting 6,982 subscriptions. Smaller arts groups, however, also report substantial subscription support. For example, the Sitka Center for Arts and Ecology in Otis, with a budget of \$122,000, reported a subscription base of 238; the Oregon Repertory Singers of Salem, with a budget of \$112,000, reported 220 subscriptions.
- Virtually all of the state's arts organizations offer free admission to certain programs. Last year, Oregon's non-profit arts industry underwrote 576,048 free admissions to events across the state. These admissions have included access to activities such as classical music performances, artist residencies in the schools, theatrical performances at outdoor festivals, and visual arts exhibitions. At the average admission price of \$12.87, the value of these free admissions totals \$7,413,737.

- The non-profit arts industry in the state employs a significant number of Oregonians. A total of 937 are employed full time in the non-profit arts industry, along with an additional 1,847 part-time employees and 1,349 contracted personnel. Collectively, these individuals were paid \$33,087,557 by the arts organizations that employed them.

[CHART]

[CHART]

- Volunteers are a key component of the non-profit arts industry. In 1996, a total of 362,145 hours of volunteer time were reported, with a dollar value of \$5,858,171. Volunteers contributed time to a variety of endeavors, resulting in significant savings to the arts community.
- Last year, Oregon's non-profit arts industry attracted \$1.05 million in National Endowment for the Arts (NEA) grant funds.

[CHART]

A snapshot of the income and expenditure of an average Oregon non-profit arts organization indicates that earned income (including admissions) accounts for more than half of the average annual income of these organizations. On the expense side, personnel costs account for the single largest expense item for most Oregon non-profit arts organizations. This finding is not unexpected given the labor intensity of the industry as a whole.

[CHART]

[CHART]

The Economic Impact of Oregon's Non-Profit Arts Organizations

Ideally, the economic impact of arts organizations would be broken into the key elements of organization spending and audience spending. Unfortunately, the resources available for this study allowed only for the study of organizational spending. If the measurement of audience spending had been possible, such spending would have been identified as either resident or visitor spending and then would be further divided into spending directly related to an arts activity and spending related to a visitor's attendance at an arts event (e.g., meals, lodging, travel expenses). This audience spending would have been analyzed further to identify the taxes that such spending generates.

Although audience-spending data cannot be reported as a result of this study, the scope of such spending as reported in studies of the economic impact of the arts in other states is informative. State economic impact studies that measure audience spending consistently have demonstrated that such spending can make a significant economic contribution to a state.

In the case of Oregon, where the survey identified the percentage of out-of-state participation in non-profit-sponsored arts events at 19%, this measure would have been an important additional indicator of the economic value of the activity of non-profit arts organizations in Oregon to the state's economy in general and to the tourism industry in particular. In California's 1993 study of all direct economic impact of the arts, for example, audience spending was determined to total \$400 million (KMPG, p. 8). In Colorado's pioneering economic impact study of 1983, where extensive data were collected on audience spending, the total spending by arts organizations in the Aspen/Snowmass area was \$4.5 million, visitor spending was estimated at \$3.2 million, and total organizational expenditure was \$51.4 million (Cuciti, pp. 3.16 - 3.37). Thus, the exclusion of such spending from this study renders the economic impact numbers reported here to be very conservative. This segment of research represents fertile ground for additional inquiry.

In order to determine the economic impact of the expenditures of non-profit arts organizations, the spending by 49 non-profit arts organizations in Oregon was researched in detail and imputed through the above-mentioned method to the remaining 164 arts organizations in the state. The result was that non-profit arts organizations in Oregon were found to spend directly a total of \$74.5 million on all goods and services. Survey data also revealed that a very modest 2.4% of all operating expenditures for arts organizations were made outside the state, and 6.1% of payments for goods and services purchases were made to out-of-state sources. Because those funds left the state and had almost no influence on Oregon's economy, they were deducted from the direct spending total specified above.

In addition to measuring the direct economic impact of the expenditures of non-profit arts organizations on goods and services, the study also identified the number of employees who work for these organizations. Such persons pay state taxes that are a

measure of return to the state for its subsidy of arts activities. In their most recently completed fiscal year, 4,133 full-time, part-time, and contracted arts workers were employed by arts organizations in Oregon. They earned a total of \$33,087,557 and paid state taxes totaling \$1,555,115.

Secondary Economic Impact and Multipliers

The differentiation between direct and indirect effects should be addressed in any discussion of total economic impact. This distinction immediately invokes such terms as: primary vs. secondary activity and/or basic vs. non-basic (or service sector) activity. The brief discussion that follows explores these concepts as general background considerations for addressing the arts as an economic sector. Possibly the most interesting question that arises--the conceptual issue of whether the arts should be considered a basic or non-basic sector--occurs at the end of the section.

When a large percentage of receipts are re-spent, especially in the community, the secondary impact is extensive. Each re-spending creates an entirely new income for the next recipient. To the degree that retention in the form of savings or profits is high or the money is immediately re-spent outside the community, the multiplier, at least for that particular area, will be smaller. This is the fundamental notion of the multiplier; quantitative estimation of its value is quite another matter.

A common method of examining the total economic impact that any industry has on a state or regional economy is to estimate the multiplier for that industry. The purpose of a multiplier is to explain the total effects on a regional economy resulting from an outside injection of supposedly "new" money into the particular area being studied. This total economic impact therefore includes the initial direct or primary expenditure as well as the indirect, secondary, or induced expenditures that subsequently occur as ripple effects emanating from the original new expenditures. Multiplier analysis is subject to considerable misuse in common practice, and in any attempt to employ the concept, three fundamental issues need to be sorted out. First is the general multiplier effect, which already has been discussed above. The second is quantitative estimation methods, and the third relates to their prescriptive or policy use.

Estimation of Multipliers

Multiplier estimation methods are often debated in technical economic literature. Perhaps the most technically accurate method of estimating a multiplier is via an input-output analysis, often called intersectoral analysis. With this method, extensive data are gathered for as many different sectors as possible with regard to where a firm purchases its inputs and where it sells its output.

The data are used to create coefficients identifying underlying economic structural relationships between and among sectors and do not just measure aggregate variables, such as total sales, incomes, or output. Indeed, by counting all transactions, both intermediate and final, the real final value of the output of the region is grossly overstated, since all transactions, even those intermediate exchanges just "passing through" inputs employed in earlier phases, are tabulated. In input-output terminology, a multiplier measures how much intermediate spending, including that in the household sector, supports the creation of a given final product. Intuitively, a given expenditure will

have “ripple effects” that should be measured when determining the economic impact of an activity.

A second way of approaching multipliers is via economic base analysis. This is a commonly employed framework that begins with the categorization of all economic activity as either basic (export oriented) or non-basic (service sector). Through the sale and export of basic goods, an area derives income and purchasing power to pay for raw materials, finished products, and services that it does not supply or produce itself and that must thus be imported. Clearly, no area is totally self-sufficient. The basic sector attracts these outside dollars, and the non-basic service sector recycles the dollars as it produces goods and services and imports and re-sells goods and services for the needs of people and businesses in the area.

Both types of economic activity are necessary for a well-balanced economy that meets the needs of individuals and businesses. In the parlance of economic base analysis, a multiplier is the ratio of all economic activity to basic sector economic activity. Implied in the ratio is that employment levels and profitability of non-basic sectors depend on the health of the economic base. As the next section argues, given the delicate infrastructure needs of many technologically sophisticated new sectors of any regional economy, this may be an outmoded way of examining a modern dynamic economy.

Both input-output and economic base techniques share the goal of shedding light on the process of creation of value added. Value added is the amount added to the value of a final product within a region and is the real contribution and thus the measure of value of the resources of the region. Essentially, value added is the amount that workers and owners of natural resources keep as gross income and thus have available to re-spend. Any product or service, whether exported or not, must contribute to value added in order to be an effective player in the engine that drives the economy. In the case of the arts, some resources are used in the production of a piece, but the total selling price normally would represent return to the labor or efforts of the artist. Suppose that a woodcarving sells for \$100. Chances are that the wood itself cost very little--perhaps under \$5. If we examine this phenomenon under a different light, however, the artist creates tremendous value added from the wood, which any resource-based economy ideally seeks to do. The same would occur for farm output if a crafts person in a cottage industry made expensive gourmet jams out of berries and packaged them in gift packs.

Predictives of Multipliers

With both input-output and economic base analysis, the objective is understanding how new business acts as an "engine of growth" for the economy of the state. Both analysts and policy makers would like the ability to say: "If we attract or support this amount of that particular industry into Oregon, the economic impact will be X." Unfortunately, the relationship is not so straightforward. With both techniques, the data mostly provide a picture of the patterns that have prevailed in the past.

Therefore, the proper interpretation of multipliers is that they provide a useful suggestion of how new activities and dollars have supported additional economic activity in the past. Especially in these times of rapid structural change in the Oregon economy, multipliers offer no

guarantee that historical patterns of development will prevail in the future. They merely offer a snapshot of past results and relationships and indicate what could be the case in the future. In addition, multipliers make no comment on time lags necessary for secondary or support services to develop in the wake of an injection of new business.

In working to maximize the overall economic health of the state, one goal could be to create additional value added by effectively utilizing the resources. Most often, reference is to Oregon's land-based natural resource. In the case of the arts, however, the labor resources--the talent and skills of artists--offer the primary focus. If, through effective use of these resources, considerable value is added between the purchase of inputs from outside the state to the sale of the final product, then people in Oregon are in a position to experience healthy growth in terms of jobs and incomes, and resources will be used efficiently.

The Arts -- Service or Basic?

Whether the arts are a service or basic industry is an important question to any discussion of the economic impact of the arts. The fundamental point, however, behind an economic base approach is that activity brings in dollars from outside the region. A common belief, which can be a misconception, is that goods must be exported, which requires that the basic sector be an export sector. This is not necessarily the case. The key point is that the earnings (or jobs, presumably) that support the purchasing power for the good or service occur outside Oregon, or the region in question.

Thus, tourist expenditures inside Oregon, even as for a service, represent basic activity, since tourists earn their income outside the state. Conceptually, such expenditures represent "new" money that legitimately can be multiplied.

Expenditures by Oregon residents on arts products or activities are not as legitimate to multiply since they already represent "re-spent" dollars that may compete with other service-sector items. Thus, such dollars are a diversion rather than a new injection of funds.

An input-output model designed specifically for Oregon's arts industry does not exist and must be inferred from similar studies that have addressed the same issues. While the design of a customized arts-based input-output model for the arts industry in Oregon is beyond the scope of this study, a review of arts economic impact study multipliers indicates that 2.5 is a conservative and accepted number that is grounded in quality input-output research (Radich).

The most recent detailed reconsideration of the arts economic impact multiplier as it relates to the arts was completed by KMPG Peat Marwick in 1993 for the California Arts Council. For that study, the multiplier was determined to be 2.4. Because the California economy is vastly larger than Oregon's, one might assume that Oregon's multiplier would be lower. However, since the Oregon data collected for this study do not include

audience expenditures and are limited to the expenditures of arts organizations, the overall number is moderated because much of the spending is centered on personnel costs. Arts-organization personnel can be

expected to expend a large portion of their income on services that commonly have a higher multiplier than the overall arts industry.

Thus, the multiplier number of 2.5, although conservative, is appropriate for this study. When the findings of this study are subjected to multiplier analysis, the total economic impact of non-profit arts organization spending on Oregon's economy in 1996 was \$183,016,370.

ARTISTS AND ARTS WORKERS IN OREGON: PROFILE AND ECONOMIC IMPACT

Nationwide Population of Artists

As defined by the National Endowment for the Arts (Ellis and Beresford), there are over 1,600,000 artists working nationwide, accounting for 1.37% of the total workers in the U.S.

Size of Artist Occupations

Designers	596,802	35.7%
Painters, Sculptors, Craft-Artists and Artist Printmakers	212,762	12.7%
Architects	156,874	9.4%
Musicians and Composers	148,020	8.9%
Photographers	143,520	8.6%
Actors and Directors	109,573	6.6%
Authors	106,730	6.4%
Artists, Performers, and Related Workers not Elsewhere Classified	93,421	5.6%
Announcers	60,270	3.6%
Dancers	21,913	1.3%
Teachers of Art, Drama, and Music	21,393	1.3%
TOTAL	1,671,278	100.0%

Source: NEA Census Analysis,

1994

The proportion of artists and arts workers in the U.S. has increased since 1970, when the 740,000 artists comprised less than 1% of the total number of workers in the United States. Artists are widely dispersed throughout the country but, nonetheless, can be found in clusters that are generally found in major metropolitan areas (NEA Census Report, p. A-6).

In Oregon, the more than 19,539 artists and arts workers account for 1.39% of the labor force, a proportion in keeping with the national ratio of artists. The total dollar value of their incomes was \$196,109,035, with a median income of \$24,600³ (Ellis and Beresford, p. A-6). Indeed, the growth in the artist population in Oregon has mirrored the nation's upward trend in all artist occupations, with the exception of teachers of art, drama, and music. The number of such educators actually fell 42% from 1970-1990 in Oregon (Ellis and Beresford, p. 16).

- 3 The aggregate income for all artists is based upon the median income for only the 40% of artists reported to be working full time.

[CHART]

In 1994, Oregon ranked 12th in the nation in terms of arts workers as a percent of the labor force. This rank has been rising steadily since 1970, when Oregon was ranked 20th. The segment of artists and arts workers in the labor force has grown much faster than the overall economy since 1970. Since that time, the number of artists and arts workers employed in the state increased by 180%, while the overall labor force grew by only 84%.

With a population of 1.6 million inhabitants and 11,692 artists and arts workers, the Portland metropolitan area ranks 29th among the nation's 30 largest metropolitan areas in terms of proportion of artists and 30th in actual population (Ellis and Beresford, p. A-29).

[CHART]

[CHART]

The Economic Impact of Oregon's Individual Artists and Arts Workers

For the purposes of this study, arts workers are defined broadly to include: designers; painters; sculptors; craft-artists and artist printmakers; architects; musicians and composers; photographers; actors and directors; authors; artists, performers, and related workers not elsewhere classified; announcers; dancers; and teachers of art, drama, and music.⁴ This broad definition illustrates that the contribution of the arts industry to the Oregon economy is not limited to the work of individual artists and non-profit arts organizations.

In fact, the line between artist and arts worker always has been indistinct. This study's survey of individual visual artists clearly demonstrates that most visual artists in Oregon rely upon work apart from their artistic pursuits for one-third to one-half of their incomes. Indeed, the rather low degree of available public and private funds for the arts in Oregon, as well as the somewhat lower relative income for artists in the state, necessitates the "day-job" phenomenon. Thus, many serious and professional visual artists are engaged in commercial and educational activities as necessary secondary professions.

Oregon offers work opportunities for individual artists in both the traditional sense as well as in the broader commercial sense, providing access to commercial endeavors for creative, artistically trained individuals. In addition, the large and growing population of artist residents in the state provides a ready supply of highly educated and highly skilled labor that fuels other creative industries.

In summary, individual visual artists contribute to Oregon's economy in a number of significant ways. Among the most important are:

- They constitute a pool of workers dedicated to creative thinking and alternative approaches to problem solving. These attributes, which are increasingly sought across all industries, are the very ones in which artists have been schooled.
- The group is highly educated and makes available the benefits of education to the workforce and to volunteer community activities.
- Because individual visual artists are persistent in their desire to continue to work in the arts despite the dearth of adequate career opportunities in Oregon, they provide the state with a substantial body of discounted artwork and a large pool of highly qualified low-cost employees (Kreidler).
- The expenditures of artists on supplies and other items in Oregon totaled \$24,000,000 in 1996. These expenditures maintain a small network of art-supply stores and artist-services enterprises.

4 Definition taken from NEA "Trends in Artist Occupations" 1996.

Visual Artists in Oregon

In addition to analyzing data from the NEA review of the 1990 U.S. Census data, a survey of individual visual artists was conducted in conjunction with this study. The survey was limited to visual artists because an adequate mailing list existed only for this type of artist. The survey was mailed to 450 individual visual artists, and a response rate of 18% was achieved. The principal findings of the survey were as follows:

- Visual artists appear in Oregon's population in a manner that reflects the general distribution of the population across the state. The survey revealed no substantial, previously unknown pockets of artists but rather confirmed the fact that the large Portland metropolitan area is home to the greatest number and concentration of artists. In addition, the survey identified the Eugene, Salem, and Medford areas as home to a substantial number of artists in proportion to the cities' populations.
- Oregon's smaller and rural communities are not devoid of artists. Artists residing in these areas represent a relatively small but active segment of the state's overall artist population. It should be noted that the number of artists in an area does not necessarily correlate with the degree of artistic importance an area radiates. For example, a small community may be home to a small cadre of very active and productive artists who have a collective reputation disproportionate to their numbers.
- The majority of visual artists classified themselves as being engaged in the general "visual arts" (74%), with an additional 13% listing "crafts" as their core activity occupation within the visual arts. Another 8% were engaged in the "design arts," and another 5% identified "photography" as their primary discipline.
- Visual artists in Oregon typically receive between one-third and one-half of their income from their preferred occupation in the arts. The remaining income sources include: teaching in elementary and secondary schools, 17%; college-level art instruction, 11%; and graphic design and commercial art, 8%.

Visual Artist Employment and Income in Oregon

A strong majority (60%) of visual artists report that they consider themselves to be self-employed in the arts. An additional one-quarter (23%) of artists report that they are not currently earning money in the arts, while 18% report that they are employed by a firm or another individual in an artistic field.

Oregon's individual visual artists do not earn substantial annual incomes. Following are the major findings related to visual artists' income:

- Most Oregon artists (59%) in the state earn less than \$25,000 from all sources, and over one-third (35%) earn a total of less than \$15,000.
- Only a small number (17%) of Oregon's individual artists earn more than \$45,000 a year from all sources.
- For Oregon, the median total income for artists is \$24,600, somewhat lower than the median national income for all artists, which is \$26,000.
- On average, artists report that approximately two thirds (65%) of their income comes from sources within the state.

[CHART]

- Although the average income of Oregon's individual visual artists is low, the funds artists expend to pursue their profession are high as a percentage of their income. In 1996, the average artist spent \$8,840 pursuing his or her profession, with the greatest amount of money expended on supplies.
-

Artists Income Earned Outside of their Art Specialty

Artists were asked to classify their income-earning work outside of the arts and were provided with 15 categories taken from the Oregon Employment Department classifications of art-related endeavors. These fields range from architecture and advertising to graphic design and woodworking. The results of the survey indicate that being an individual visual artist in Oregon is a part-time job.

- Oregon artists typically earn between one-third and one-half of their income in their artistic pursuits. The most commonly reported field of employment outside of traditional fine arts is art education, with 28% reporting employment as elementary, secondary or post-secondary art teachers.
- One third of the artists surveyed reported no income outside of their art, while an additional 23% reported earnings in non-art-related fields, such as health care and office administration.
- Three quarters of Oregon's artists own their residences. Of those, almost half (46%) use that residence for work/studio space as well. Because of the emphasis on property tax as a local revenue source in the state, artists, as property owners and as renters, contribute in a meaningful way to local property-tax receipts.
- Oregon enjoys a reputation as a desirable place of residence for artists. Indeed, the majority of artists surveyed consider Oregon to be an advantageous place to live and work. Most (87%) stated that Oregon is "just about the best place to live" or "better than most." Of the 13% who have plans to relocate, half intend to relocate within the state.

Thus, Oregon is considered "artist friendly," and artists choose to make Oregon their residence for reasons beyond simple earnings potential, such as quality of life and a strong arts culture.

THE VALUE OF ARTS SKILLS IN OREGON'S LABOR FORCE

In addition to enhancing the quality of life of residents and contributing to the volume and diversity of Oregon's economy, the arts can play a central role in the development of Oregon's present and future workforce.

The public perception of the arts in America long has been that they are frivolous and of little practical value. This reputation is now being challenged by researchers and members of the business community who have discovered that the arts can make a practical contribution to the development and competitiveness of economies.

The Need for Skills Cultivated through the Arts

Due to changes in the nature of the U.S. economy in the past decade, the value of the skills and creative thinking that are cultivated through arts pursuits are increasingly valued by the business community. Following is a review of recent material that underscores the value of arts education to the workforce:

- A study by the J. Paul Getty Trust notes that arts education is critical to the development of the "knowledge worker" needed in the workforce of today and tomorrow. The study notes:

The potential contribution of arts education extends across the board. It builds such thinking skills as analysis, synthesis, evaluation, and critical judgment. It nourishes imagination and creativity. While recognizing the importance of process, it focuses deliberately on content and end product. It develops collaborative and teamwork skills, technological competencies, flexible thinking and an appreciation for diversity. An arts education also fosters such valued personal attitudes as self-discipline (Getty).

- Newsweek magazine recently published a cover story on brain research. Part of the story was concerned with the relationship between music and brain development. The article reported the results of research at the University of California--Irvine that proved that a link exists between music and human intelligence. This knowledge is just now moving into the education systems and will influence workforce development. If the future belongs to the knowledge worker, the knowledge worker who is more intelligent and who has a higher knowledge and intelligence-based skill level should be more valuable (Newsweek, Feb. 19, 1997).
- Richard E. Allen, the Chair of the Board and Chief Executive Officer of AT&T, represented the thinking of a number of corporate leaders when he stated:

It is, after all, the human condition and the world around us that impels artist, scientist, businessperson and writer alike. In all our endeavors, it is the creative spirit that discovers the new in the commonplace; that jars us out of the rut of conventional thinking that anchors us and limits our possibilities. Creativity cuts through the gloom of self-satisfaction and smugness to provide fresh insights, new perspectives.

We live in an increasingly complex age governed by knowledge that simply won't stay put. To make our way and to harness this knowledge to human needs, we need to encourage, not simply endure, our creativity. We should instill creativity in our children and nurture it through adulthood. We should recognize it and reward it in the workplace. And we should seek out its muses in all fields, from science and history to the arts (Business Committee for the Arts).

- Anecdotally, many company representatives told the study researchers that even if the arts are not a central facet of their operations, the presence of art and culture in the state was important. Charles Jennings, Chief Executive Officer of Portland Software, was quoted in Oregon Business in December, 1996, as asserting, "Art informs business, inspires business. That's why we're located here—right across the street from the performing arts center" (Grund).
- The fact that the arts may play a role in the development of the knowledge worker is just now being researched. One of the most promising measures of this potential role is found in a review of student Scholastic Aptitude Test scores. A review of 1993 scores revealed that test takers with coursework and/or experience in music performance scored 45 points higher on the verbal portion and 32 points higher on the math portion of the test than students with no coursework or experience in the arts. The study also revealed that those who had studied the arts for 4 years or more scored 9 points higher on the verbal and 44 points higher on the math portions of the test than did students with no coursework or experience in the arts (Getty).

The Size and Growth Potential of Oregon's Arts Industry

The Occupational Employment Division of the Oregon Employment Department recently completed a project that illustrates the value of the arts to workforce development. The purpose and findings of that project are detailed here in order to illustrate another dimension of the economic impact of the arts in Oregon.

The Oregon Occupational Program Planning System is a computer-based information system that is designed to identify patterns of development for all types of occupations in the Oregon economy. The project was initiated because of "fundamental technological changes in the workplace, the emergence of world wide free trade, and continuing controversies about the exploitation or conservation of the planet's resources [that] are but three of the many globe-sweeping issues that will soon affect everyone's jobs" (Oregon Occupational Projections Handbook, p. i).

In order to address these changes in the nature of employment, the Oregon Employment Department studied occupations in terms of the skill mix required to work successfully in each, the unemployment rate in the occupation, its prognosis for growth, and other factors. The results of that study were designed to “provide educational and training program planners with a single source that matches estimates of the need for workers by occupation with estimates of current unemployment by occupation” (Oregon Occupational Projections Handbook, p. i). At the present time, the database is only available to professionals in the employment field, but the system eventually will be available to the entire Oregon workforce.

Information from the handbook offers several important insights into the meaningful role that the arts play in Oregon’s economy. The handbook notes, “Technological change, including the automation of many traditional work functions, is an important and continuing factor in Oregon’s economy.” It notes that in 1997, an estimated 3,000 positions were available for drafters in Oregon, a decrease from the estimated 4,100 positions available in 1979. The handbook authors suggest that the reason for this decline is likely due to the introduction and rapid growth in the use of computer-assisted design and drafting (CAD) software. “The decline in the number of drafter occupation positions has occurred even as the size of Oregon’s economy has expanded, indicating that productivity in drafting has greatly increased.” The handbook authors also note that the use of personal computers continues to grow and that clerical and other occupations that have depended upon old technology are declining in number.

The implications of these developments for the arts are significant. As applied-arts endeavors such as drafting and graphic design become more accessible, the number of professional positions in those fields may decline. This decline, however, may be offset by the fact that the accelerated use of technology also can be expected to increase the demand for persons who understand the complexities of visual images and possess the ability to create graphics on computers in a way that increases productivity. This phenomenon ultimately may increase the demand for design professionals and/or design educators.

The handbook contains projections for non-self-employed persons in seven broad occupational areas⁵. Out of a labor force of an estimated 1.46 million persons in 1996, arts and communications workers are estimated to total 28,597. That area is expected to expand to a total of 34,045 out of an estimated 1.74 million employed Oregonians in 2005.

Compared to the growth of jobs in other areas, jobs in the “arts and communications” sector are predicted to grow very slowly compared to openings in areas such as “business management and technology” and “industrial and engineering technology.” An examination of the sub-occupations within the arts and communications area, however, illustrates that the general area is quite broad and includes occupations such as printing-press operations, radio/TV broadcasting, and cosmetology along with craft, folk art, and the visual and performing arts.

⁵ The skill areas include arts and communications; human resources; industrial engineering and technology; health services; natural resource systems; and business, management and technology.

**Oregon Statewide Occupational Employment Projections:
1996-2005**

Growth Ratings: vh=very high; h=high; m=medium;
l=low; vl=very low

Source: Oregon Occupational Projection
Handbook, 1997

*Certificate of Advanced Matery

**Oregon Occupational Projections for
Visual/Performing Arts and Communications: 1996-2005**

Although several of the occupations listed are not commonly considered arts occupations, the table is instructive and illustrates two important facts:

- As technology develops, occupations in the applied arts that are directly related to equipment used to produce a communications or art product have very low growth rates.
- When they are disaggregated from other items in the category, the segment of “visual and performing arts, other” has the highest growth rate of all those in the overall category, and areas of “graphic design/commercial” are two of the three highest rated segments of the field.⁶

The Value of Skills Possessed by Arts-Trained Workers

Although the arts may not expand to become a primary industry in the state, the skills and thought processes that are learned through the arts are poised to emerge as integral elements in Oregon’s expanding workforce.

The handbook authors note this fact when they state:

Although relatively few wage and salary jobs in Oregon are coded into programs in this Endorsement Area, the artistic and communication skills stressed in these programs are, at the same time, among the most highly refined and the most basic of human abilities. The skills required here are among the “most transferable” to a wide variety of occupations, and it is arguable that the skills developed in art, music, dance, drama, literature, and writing classes are the very skills that enable workers to use creativity to find ways to work more productively, allowing their employers to do business more competitively (Oregon Occupational Projections Handbook, p. 39).

The fact that artists so often work outside of traditional artistic pursuits is a benefit to the state’s economy and labor force. Data from the Oregon Employment Department indicate that employers in all areas of the economy value the skills possessed by artists and, in fact, that the skills possessed by artists are among those most highly valued by employers.

⁶ This table identifies arts workers differently from the research presented in this study. In spite of this fact, the different numbers reported for arts workers are confirming. Although the “arts and communications” workers reported in the handbook that are included in this study total only approximately 13,000 persons, the list does not include self-employed persons and part-time workers who appear in great numbers in Oregon’s arts industry.

The Oregon Employment Department devised The Oregon Skills Exploration System that job seekers can use to match their skills to a particular industry or occupation and, at the same time, to inform them of the skills necessary to enter a field of interest. The information in the system has been aggregated to provide a list of skill sets for various endorsement areas.

Based on the aggregate information from the system, a comparison of the skills possessed by artists with those demanded most by employers in various occupations is possible. Such a comparison shows that skills possessed by artists are among those that are the most sought after by employers. These skills include:

- use of a computer
- graphic production applications
- graphics technology
- interpersonal techniques
- creating art from ideas

The reader should note that the arts and communications endorsement area is not limited to arts but also includes occupations in the communications areas such as journalism; thus, these data are not limited purely to visual artists. The preponderance of the data, however, is compiled among either traditional or commercial artistic pursuits and, therefore, is a useful guide.

Another reason for the high value Oregon employers place on artists may be explained, in part, by the fact that, as a group, Oregon artists are highly educated--to an even greater degree than can be found nationwide. In fact, 4 in 5 Oregon artists have at least a four-year degree versus slightly less than half of all artists nationwide. Oregon artists are also far more likely to have completed formal post-college education than nationwide averages.

The conclusion that can be drawn is that the large population of artists attracted to Oregon by the "artist-friendly" environment provides a large and steady stream of highly sought-after workers for a wide variety of economic endeavors in Oregon.

PROFILES OF INNOVATIVE ARTS-RELATED COMPANIES IN OREGON

Oregon's arts industry currently plays a meaningful role in the expansion and diversification of the state's for-profit economy. Although the constraints of this research project precluded a comprehensive survey of the depth of arts-related activity in the Oregon economy, a series of interviews conducted with arts-related businesses in the state provides a significant indication of the role the arts now play and have the potential to play in the state's economic life.

The following brief profiles describe noteworthy Oregon businesses that are largely arts related and/or arts-skills dependent. Some of the businesses depend on an arts-educated workforce, others rely on raw materials found only in Oregon, and still others trace their roots to the unique entrepreneurial opportunities for artists that historically have been available in the state. Whether the businesses are large or small, they are bound together by a deep commitment to the quality of life in the state and a firm understanding of the value a healthy arts industry plays in their long-term success.

Digital Artworks

Location: Eugene
Industry: Film, television and digital entertainment
Firm Size: 15 employees

Description:

Digital Artworks, the largest computer graphic imaging company in the Northwest, creates computer animation and visual effects. The firm specializes in “location-based entertainment” such as theme-park rides that emphasize video features. It also has produced animation for National Geographic, Nova, IBM, ESPN, and the New York Yankees.

Relation to the Arts:

The majority of employees of the firm are artists, particularly designers and painters. Director of Sales Paul Scott notes that while computer skills are important, training creative people to use intuitive new software programs is relatively easy. The firm works closely with the University of Oregon to encourage the training of future employees, and also supports arts organizations in its home area. In addition, it contributed pro bono video graphic work to one of the area’s most popular arts activities--the Oregon Bach Festival.

Benefits of Oregon Location:

Scott believes that Eugene, a place where quality of work and quality of life come together, is the ideal location for the business. “Everyone working here could easily make more money in Los Angeles, but we appreciate what Eugene has to offer.”

Bullseye Glass

Location: Portland
Industry: Fine art glass
Firm Size: 70 employees

Description:

Bullseye Glass is one of ten major manufacturers of art glass in the country—a market that has a total dollar volume of approximately \$40 million. Its products are used in windows, lighting, and fine-art applications. The company, which has been in operation since 1973, ships approximately 98% of the glass it produces out of state, with 40% of that exported out of the country. The company recently opened a retail resource center in Portland's Pearl district, where artists and the public may purchase glass and art-glass supplies. The resource center also houses a sales gallery that features fine art-glass created by professional artists from around the world.

Relation to the Arts:

Fine art-glass production is a process that depends upon a number of experienced alchemical and aesthetic judgments. Unlike other manufacturing processes, the variables in art-glass-making must be learned through an apprenticeship process rooted in traditional arts-craft practices. Because the company's products depend on these art traditions, a supply of art-skilled labor is critical to the success of the company. The company has served as the home to residencies and projects of a number of internationally recognized glass artists. The presence of these artists has built the skills of the company's employees and simultaneously made Oregon a recognized center for art glass worldwide.

Benefits of Oregon Location:

This company does not currently enjoy a commercial advantage from its location in Oregon. In the long term, the company hopes that through the building of relationships with Oregon schools and the arts community, it can develop a stream of potential employees and end-product users to support its work.

East Cascade Products/Inner Child Toys

Location: Bend
Industry: Wood Products
Firm Size: 12 employees

Description of Firm:

East Cascade Products produces high-quality, innovative wood products for specialized industries, including ski and snowboard cores, toy components, and bamboo products. East Cascade President Larry Papa is also the President of Inner Child Toys, an affiliated company, that is the sole producer of puppet stages in the United States.

Relation to the Arts:

Although the primary business of this company is focused on wood production, artists and artistic skills are critical to the final product. Explains Papa, "Innovation doesn't come from within people who have been doing the same thing for a long time. People that look at things differently, that's how innovation happens within a company. . . . Artists, designers, and graphics people all add to the value of the wood." Papa employs artists to create renditions of products that eventually are produced using computer-aided machinery. His employees range from graduates of the Seattle Art Institute to a woman who performed for 19 years as a clown.

Benefits of Oregon Location:

Papa asserts, "Being in Bend, Oregon, in this industry is like having four stars after your name. . . . Oregon has a terrific employee pool, and we strive to pay a family wage."

Wieden and Kennedy

Location: Portland
Industry: Advertising
Firm Size: 350 in Portland

Description of Firm:

Wieden and Kennedy is an international advertising firm headquartered in Oregon. The company specializes in building brand images for major corporations and has a client list that includes Nike, ESPN, Microsoft, and Coca-Cola. The firm has received numerous major national awards and is considered to be in the top echelons of the advertising industry.

Relation to the Arts:

Because the quality of human resources drives the success of the advertising business, Wieden and Kennedy is constantly concerned about the quantity and quality of the potential employees available to it. The office manager of the company described the ideal employees as those who have a gift of creativity, are highly disciplined, are able to blend the creative with the technical, are independent thinkers and are able to work effectively in a group. She noted that a surprising number of the company's employees have a formal background in the arts.

Benefits of Oregon Location:

The company has benefited from its proximity to major corporations in the Northwest. This proximity has given it a minor, but important, edge in serving those customers. The fact that the company is, by far, the most prominent advertising firm in the region--in a field where the major firms are located in New York--means that Oregon's quality of life can play an important role in attracting the highly qualified employees this company seeks.

Mystic Mud Studio

Location: Hood River
Industry: Ceramics
Firm Size: 11 employees

Description of Firm:

Mystic Mud Studios, a ceramic design and manufacturing firm, is in its second full year of business in Hood River. At the studio, artist Trudi Klinger creates slip-cast ceramic items and spends the majority of her time and artistic talent hand painting each item, often spending two hours on a single piece.

Relation to the Arts:

Mystic Mud is a visual arts studio that was started by Klinger, an artist originally from Texas.

Benefits of Oregon Location:

Klinger discovered the seven-acre studio site in Hood River and took up residence. Her proximity to the Portland metro area brings many visitors to the studio, and, "if they drive all the way out here," explains employee Carolyn Boaz, "they almost always buy some of the work." Klinger also allows visitors to throw pots and decorate and fire greenware in the studio and only charges them for the cost of the materials and firing.

While the studio used to seek nationwide locations for shows, the majority of the art shows at which the studio exhibits work now are in the Northwest. Boaz notes, "People appreciate our art right here in Oregon. We get a lot of calls to help out at schools in the area; people in this state are very pro-active artwise."

Mobius Incorporated

Location: Eugene
Industry: Specialty store fixtures, exhibits, and retail environments
Firm Size: 160 permanent employees and 200+ seasonal employees

Description of Firm:

Mobius, established in 1973, designs and fabricates exhibits, custom store fixtures, displays, and retail environments for clients nationwide. The company is known for the quality of its fabrication and also for its creation of designs that make use of combinations of unusual materials. In order to sell its work to the trade, the firm maintains showrooms in New York and San Francisco. Major clients include the Levi Strauss Company, Microsoft, Adidas, Eddie Bauer, the Buffalo Sabers, and the National Football League.

Relation to the Arts:

The company, founded by a graduate painter from the University of Oregon, is an outgrowth of a 1960s' commercial enterprise centered on screen printing. The current firm's dependence on high design requires it to maintain a core group of highly creative designers, many of whom have professional art and design backgrounds. In addition, the firm's success very much depends upon a very high level of technical skill in the fabrication of its designs. Many of the creators of Mobius designs are craftspersons who emerged from Oregon's small and home-based craft industries.

Benefits of Oregon Location:

The company relies upon the state as a core source for designers and craftspeople and makes special use of graduates of design education at the University of Oregon and Lane Community College. Although the salaries paid to such individuals often are less than many of them could earn elsewhere, many employees at Mobius are attracted to the state and/or plan to remain in the state because of its quality of life.

Will Vinton Studios

Location: Portland
Industry: Computer animation
Firm Size: 75-80 employees

Description of Firm:

The Will Vinton Studios created and trademarked the computer-animation process known as Claymation. The award-winning Studios create stop-motion Claymation television commercials for advertising agencies worldwide, and created well-know advertisements featuring the California Raisins, the talking M&Ms, and Nissan's "Toys."

Relation to the Arts:

Since 1987, the Studios have offered apprenticeships, and many key staff people have emerged from that program. Studio President David Altschul stated that "problems require creative solutions and new thought--the kind of thought that comes from creative training."

Benefits of Oregon Location:

Altschul believes that Oregon is a strong location for retaining employees: "From a lifestyle point of view, it is the kind of place in which artists and animators like to live. Many [of our employees] came from more traditional commercial locations and chose to make their life and work here."

THE ARTS AND TOURISM IN OREGON

With a total direct economic impact of \$4.5 billion and 69,000 employees, Oregon's successful tourism industry is substantially larger than the state's arts industry. In spite of the difference in size, however, the arts industry makes a continuing contribution to the success of Oregon's tourism industry and, as a development strategy, offers the tourism industry a number of attractive options. Although the arts already are well integrated into many aspects of the Oregon tourism industry, additional opportunities exist for further industry collaboration. Such collaboration is especially timely because the Oregon Tourism Commission has noted that special interest travel will become more important in the future growth of tourism and that "cost-effective, safe, family oriented destinations will become increasingly popular in the next century" (Oregon Tourism Division). The arts can play an important role in meeting both of these future needs.

Perhaps the state's outstanding example of the way in which the arts can stimulate tourism development is found in the Oregon Shakespeare Festival. The Festival, which was established in 1935, has grown to become the chief tourist magnet for Southern Oregon. A 1996 study of audiences attending the Festival revealed that 84% of all Festival visitors travel there primarily to attend plays (Oregon Shakespeare Festival). The study also reported most (88%) of those who attend the Festival traveled a distance of more than 125 miles and that each visitor stayed an average of 3.5 days in Ashland. Individuals attending the plays were found to have spent \$75.32 each day they were in the community. The total economic impact of visitor spending related to the Festival was reported to be \$17,468,200 in 1996. When this figure is combined with the \$12 million budget of the Festival, the direct spending related to the Festival totals approximately \$30 million.

Festivals that are not solely arts based but that have arts activities in their mix of offerings also can be significant contributors to tourism development; The Portland Rose Festival is a prime example. While not primarily an arts festival, arts events at the Festival include a performance by the Oregon Symphony, a jazz band program, and a festival of bands event. A recent study of the economic impact of the Portland Rose Festival found that although arts events were not the most heavily attended attractions of the event, arts activities of the Festival attracted a total of 140,000 out-of town visitors who spent \$329,000 in the city during their visit (Dean Runyon).

Many festivals across Oregon are either pure arts festivals or festivals that have significant arts content. An analysis of The 1997 Events Calendar, issued by the Tourism Industry Council of Oregon, reveals that the state hosts 74 festivals that could be considered primarily arts festivals and another 44 festivals that have significant arts content. Beyond these arts-centered and arts-dependent festivals, the state is home to many tourist-attracting festivals that, although they are not art dependent for their success, can be considered to be art related. For example, the many exhibitions of historic and classic automobiles across the state rely, in part, on the aesthetics of the vehicles as much as the audience's interest in and knowledge of the mechanical aspects of the cars; similarly, the state's flower and kite festivals have a strong aesthetic

element. Also worth noting is the fact that the vast majority of festivals rely on some aspect of the performing arts for their success.

Although the degree to which the arts play a role in attracting and retaining visitors is difficult to determine without additional research, the fact that the arts are so broadly included in festivals is an indicator of the power of arts activities to attract visitors. In many cases, tourists may not be drawn to an area solely for the art content of a festival; however, the arts may be one selection in a menu of activities that makes the program attractive to visitors.

The arts dimension of Oregon's festival activities is particularly important in light of the 1997 series of regional conferences on cultural tourism sponsored by the National Endowment for the Arts and the American Association of Museums. Those conferences renewed interest in the use of the arts and artists in tourism planning and development. They helped focus attention on the fact that cultural tourism can benefit a region in a number of ways:

- Cultural tourism can benefit local residents by drawing visitors from other regions and capturing a larger percentage of the discretionary dollars being spent by these individuals. Those visitors support an arts event with audience numbers and admissions that may not be available in a local area. The result is that visitors frequently provide the additional resources necessary to make quality arts activities available. In many cases, the tourist share of the costs of an arts activity is essential to a region's ability to make high-quality activities available to local residents at a reasonable cost.
- Cultural tourism can facilitate tourist activities that have a lower environmental and community impact than many other types of tourism. Cultural tourism offers the possibility for a community to engage tourists more deeply in the community's history and cultural values.
- Cultural tourism can be used to diversify the menu of tourist attractions in an area and may help extend a traditional tourist season. Throughout the country, traditional tourist destinations have identified ways to extend their seasons by cultivating new and different audiences for shoulder season activities. These programs often are developed with little additional impact to the community because they rely upon the use of existing tourist infrastructure. In addition, they frequently evolve into events that contribute to the identity and character of an area that previously was lacking.
- Just as cultural tourism can bring events to a community that a community otherwise might not be able to afford, so too, can cultural tourism be utilized in the restoration and/or revitalization of a historic district or arts area. The Pearl district in Portland is an example of an area that, although it does not depend upon tourism, certainly offers tourists a distinctive sightseeing, shopping, and amenity option in the city and allows the community to recoup some of the costs related to the establishment of the district through the patronage of businesses by tourists. In smaller communities,

including tourists into an economic development strategy for such a district may be the only way it can be packaged and financed successfully.

The arts in Oregon are crucial to the success of the state's tourism industry and have the potential to make an even greater contribution than they do today. Out of state visitors bring new dollars to communities, and this fact is a powerful base upon which to build an even stronger relationship between the arts and tourism interests in the state.

CONCLUSION

Oregon's Return on Investment from its Sponsorship of the Oregon Arts Commission

In 1967, the state of Oregon established an Arts Commission and charged it with fostering the development of the arts throughout the state. The Oregon Arts Commission always has operated with a modest budget, and experienced a downturn in funding from 1990 to 1997. However, its funding level increased in FY 98, and is currently 19% higher than in FY 90.

In FY 97, Oregon ranked 48th in the nation in terms of per capita state legislative appropriation for the arts. This low ranking is somewhat out of proportion with Oregon's population rank, which is currently 29th in the nation. In contrast, the 1970 legislature appropriated funds to the state arts agency that gave it the 38th state per-capita-funding rank in the nation at a time when the state's population was ranked 31st.

In spite of the Commission's small budget and its very small staff of five, it has played and continues to play an important role in the development of the arts in the state. The Commission has made a special commitment to ensuring that the arts industry has both the capacity to grow and the resources necessary to adapt to the constantly changing economic and social environment.

Arts-Industry Development. With an arts industry that has a direct economic impact of \$74.5 million in the non-profit art sector alone and employs 19,539 persons in all sectors of the industry, Oregon is home to a creative and profitable industry. Although all of the economic benefits of the arts industry cannot be attributed solely to the work of the Commission, the agency continues to play an important role in the industry's development:

- Throughout its 30-year history, the Commission has played a role in the establishment and growth of organizations that make up the state's non-profit arts industry. It has accomplished this primarily through its matching grant programs that provide funds to underwrite non-profit arts activities throughout the state. While the successful development of Oregon's non-profit arts industry cannot be attributed entirely to the work of the Commission, the agency, through its grant programs, has offered significant funding to fuel the growth of arts organizations during critical periods of development.
- Through its support of arts endeavors in rural and economically depressed communities, the Commission effectively encourages the development of the arts throughout the state. Clearly, the Commission can take substantial credit for the expansion of organized arts activities to regions outside of the state's major population areas. The existence of arts activities throughout the state today is

largely due to both the funding and the technical assistance that have been provided by the Commission.

- The Commission's matching-funds programs successfully have leveraged new local support for Oregon's arts organizations and have positioned many of those organizations to secure funds from outside of their local areas and outside of the state. The Commission's recognition of an organization with a grant is frequently viewed by public and private funders as a strong endorsement and a "seal of approval" that encourages them to support the organization.
- The Commission is the vehicle through which the people of the state officially encourage volunteering for the arts. The \$5,858,171 value of volunteer work that was contributed to Oregon's arts organizations in 1996 was possible in part because the Commission actively has encouraged and rewarded arts volunteers. Virtually all of Oregon's arts organizations are governed by volunteer boards and are supported by the contributions and work of volunteers.
- The Commission provides policy leadership in the area of arts education in a manner benefiting workforce development as well as the quality of arts education. As the corporate community becomes increasingly interested in and dependent upon the value of the skills and creative thinking developed through arts education, the maintenance and improvement of arts-education programs have become an important function of the Commission. Although the state has a number of associations concerned with arts-education development, the Commission has a track record of effective work in that area and is uniquely positioned to provide leadership to statewide arts-education improvement efforts.
- The Commission continues to encourage the development of arts activities that support Oregon's tourism industry. The Commission has accomplished this by funding festivals of all sizes that attract tourists, supporting regional arts councils that help communities develop effective relationships with the tourism industry, and enacting a policy and communication structure that encourages the development of new arts-related tourism. The Commission is engaged to some degree in many of the 74 primarily arts-oriented state festivals and often has a role in the 44 other festivals that include some arts activity.
- The Commission is a source of information for the commercial sector. Through this agency, businesses can access information about the arts, engage in cooperative research and development activities, and structure public-private partnerships that result in an expansion of the for-profit elements of the arts industry. Although the agency often is considered to be solely a funding agency for the non-profit segment of the arts industry, its policies and mission are much broader, although its interest in the development of the for-profit segment of Oregon's arts industry is less well known.

- The Commission's presence assists in the attraction of \$1.05 *million* in federal arts funds and \$471,170 in non-resident foundation monies to the state. Although the Commission is not solely responsible for the attraction of all of these funds, it is directly responsible for attracting \$462,000 in federal funds to the state. In addition, the benefit of a visible and active spokesperson in the role of the Commission's Executive Director cannot be underestimated. In this role as regional and national spokesperson, the Executive Director is influential in obtaining foundation grants for the state and frequently participates in committee work that sets policy for the development of federal and regional arts grants that can benefit Oregon's arts industry.
- Recognizing the importance of individual artists and their contribution to the state, the Commission has made a special commitment to encouraging individual artists and providing career-enhancing activities that attract artists to Oregon. With few exceptions, Oregon's artists do not have large annual incomes. They do provide the state, however, with a pool of highly educated persons with skills that are increasingly valued by the workforce. In addition, artists' willingness to work second jobs in order to pursue their work in the arts has given the state a pool of highly skilled, well-educated workers who are available for part-time work in positions that normally would not attract applicants with such high levels of skill.

The return to the residents of Oregon for their investment in the Oregon Arts Commission is substantial. Although the direct return is difficult to quantify in its entirety, the agency's ability to leverage funds and volunteer efforts has created a significant and measurable return to the state. Less visible, but extremely important, is the agency's role in the development and growth of arts organizations during critical stages of their development. Time and again, the Commission has supported various arts organizations at critical points in their development and has made an enormous difference in the financial stability of such organizations, their ability to serve the community, and their capacity to improve the quality of art offerings. The agency continues to play an important role in accomplishing a variety of state goals in the areas of tourism, community development, small-business development, and labor-force development. This ability to affect statewide policy positively for the benefit of arts interests is unique to the Commission.

Finally, the Commission is a vehicle through which the commercial art sector can partner with the non-profit art sector for research and development into art technologies and policies that will assist them in leveraging the arts-based skills and creativity possessed by the artistic community.

Various elements of Commission work, then, have made a substantial return to the state and have the potential to be even more valuable in the future. In pure monetary terms, the return on the investment of Oregonians in this agency is substantial; however, the work that the Commission accomplishes in areas such as arts-policy development and technical assistance is perhaps even more valuable than the monetary measures might imply.