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C 3 D
CENTER FOR CREATIVE COMMUNITY DEVELOPMENT

A Brief Summary of the Economic Impact of
MACLA on Santa Clara County, California

In estimating the economic impact of MACLA, we used an approximate budget of $500,000 per year.[1] We calculated the economic impact of 25,000 visitors to MACLA per year.[2] Examining address data made available to us by MACLA, we estimated that approximately 15% of visitors come from outside Santa Clara County. These 'nonlocal' visitors (an estimated 3,750 per year) bring money, through their local expenditures, into the Santa Clara County economy that most likely would otherwise have been spent in their own county.

The results below estimate the total economic impact of MACLA using an inter-industry model of the flow of goods and services between sectors of the economy in Santa Clara County. Expenditures are made by MACLA; those monies circulate through the regional economy. The suppliers of goods and services to MACLA increase their own purchases to meet the new demand; increased employment results in additional expenditures by households. Similar modeling has been undertaken to estimate the impact of expenditures by nonlocal visitors as well.

The results are calculated for the specific case of MACLA. Estimates of average spending by each nonlocal visitor are based upon an extensive national survey by Americans for the Arts of expenditures made by nonlocal visitors on the day of attendance to a cultural site or event.[3]

Results:

- The $500,000 in annual expenditures by MACLA has an estimated economic impact of $810,997. Sectors of the Santa Clara County regional economy (beyond the promoters of performing arts sector) that experience a significant increase in economic activity due to the presence of MACLA are real estate, insurance, food and drinking places, hospitals, wholesale trade, independent artists, and health practitioners. In addition, the expenditures of MACLA result in an estimated 8 jobs regionally.

- The local expenditures made by 3,750 visitors from outside Santa Clara County to MACLA have a total economic impact of approximately $212,643. Sectors of the economy that benefit most from visitor expenditures are food and drinking places, hotels and motels, retail stores, gasoline

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[1] Annual expenditures of $500,000 are based on IRS Form 990-EZ FY2009 and FY11 projected budget provided by MACLA.

[2] The estimate of 25,000 visitors per year is based on earlier conversations with MACLA. To estimate the economic impact of MACLA based on alternative visitation figures please visit our interactive web page at http://web.williams.edu/web/Economics/ArtsEcon/econpages/c3ddisplay.php?file=MACLAEconModelCounty.xml where you can update visitor and budget numbers to calculate different economic impact scenarios.

[3] Information on the Americans for the Arts study is available for download at http://www.artsusa.org/information_services/research/services/economic_impact/default.asp. The survey was carefully designed to count only the expenditures directly tied to visiting a cultural organization on a specific day, so as not to 'take credit' for expenditures primarily resulting from an extended vacation or other reasons for traveling.

stations, real estate, power generation, and hospitals. The expenditures of 3,750 nonlocal visitors to MACLA result in an additional 2 jobs regionally.

- The total economic impact of MACLA consists of the impact of its own annual expenditures and the local expenditures made by visitors who reside outside Santa Clara County. ***The total economic impact of MACLA is approximately $1 million annually. The total impact in terms of employment in Santa Clara County is an estimated 10 jobs.***

The presence of MACLA in San Jose, California results in benefits to the community and county far beyond its economic impact. This summary is only an estimate of the economic impact of MACLA on the economy of Santa Clara County.

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About MACLA

MACLA is a contemporary arts space in San Jose, California. Founded in 1989, MACLA has consistently advocated the arts as a tool for social equity and civic dialogue. MACLA is a community-based arts organization grounded in the Chicano/Latino experience with an emphasis on bringing together traditional audiences, new art forms, and emerging artists. MACLA offers programming in visual arts; performance arts; youth arts education; and community development through the arts.

About the Williams College Center for Creative Community Development (C³D)

The Center for Creative Community Development (C³D) was founded in June 2004 with an initial grant from the Ford Foundation and subsequent funding from the Institute of Museum and Library Services (IMLS), Leveraging Investments in Creativity (LINC), Massachusetts Cultural Council (MCC) and others. This report is part of a research initiative on organizations awarded Space for Change planning and pre-development grants. The Space for Change program is funded by LINC in partnership with the Ford Foundation. C³D is a research organization working to better quantify and characterize the impacts of neighborhood-based arts and cultural organizations on their surrounding communities. The Center provides sound data and case studies that can be used for case-making as well as for planning and evaluation purposes. Such measurements are essential for communities to manage the process of change, and to ensure equitable distribution of the benefits created by cultural economic development.

C³D is located on the campus of Williams College in Williamstown, Massachusetts, and is directed by Stephen Sheppard, Class of 2012 Professor of Economics. Professor Sheppard (PhD from Washington University in St Louis) is an economist who specializes in urban and regional economics and the use of economic geography to analyze the impacts of cultural and environmental amenities on housing markets, job creation, and neighborhood development.

More information about C³D and its analyses is available3 at www.c-3-d.org.

About this Study

The economic impacts reported above are based on standard input/output analysis. This type of model has been in use at least since the publication in 1960 of Walter Isard's important book *Methods of Regional Analysis: an Introduction to Regional Science* (M.I.T. Press). An input/output model is a set of mathematical formulas whose values are based on statistical analysis of actual observations. In this case, the formulas are designed to present the workings of the regional economy. The economic impact estimates provided here are the result of a predictive model that estimates the amount of aggregate

regional income and employment that is attributable to expenditures by a particular cultural organization and its nonlocal visitors (visitors living outside the county). The model discussed in this report is designed for analysis at the county level, meaning the estimates cover impacts occurring throughout the county.

The input/output model utilizes data from a variety of sources (including the US Bureau of Economic Analysis, the US Bureau of Labor, and the US Census Bureau) to characterize the flow of goods and services among sectors of the economy and the employment and consumption patterns of different sectors of the regional economy. The sectors are identified by NAICS (North American Industry Classification System) codes. Much of the data is collected at the county level through a survey process that examines the spending patterns of representative firms in every sector of the economy in every county in the US. The data collected are used to provide estimates of the purchasing patterns of each sector of the county economy, identifying how much of every dollar spent in one particular sector is received as income in every other sector of the county economy, and how much of every dollar 'leaks' outside the county economy or is considered 'final consumption'. The input/output economic model divides the economy into over 400 sectors ranging from 'Abrasive products' to 'Wood window and door manufacturing'. Not all of these sectors are present in every region. The model also draws heavily on data from the federal ES202 database of unemployment insurance filings and the 'Regional Economic Information System' of the US Bureau of Economic Analysis.

This study was supported by a research grant from LINC in partnership with the Ford Foundation.

For more detailed background information on our input/output model for cultural organizations, we encourage you to visit http://www.williams.edu/Economics/ArtsEcon/econpages/FAQ.html.