

Brief Summary of the Economic Impact of the Contemporary Museum in Honolulu, Hawaii

In estimating the economic impact of The Contemporary Museum, we used an approximate budget of \$1,600,000 per year. We calculated the impact of visitors based on an estimated 25,000 attendees per year to the main museum galleries. Examining address and survey data made available to us by The Contemporary Museum, we calculated that approximately 43% of visitors to the main museum galleries came from outside Honolulu County. These “nonlocal” visitors (an estimated 10,750 per year) bring money, through their local expenditures, into the Honolulu County economy that most likely would otherwise have been spent in their own county.

The summary of results provided below represent the total economic impact of The Contemporary Museum as estimated using an inter-industry model of the flow of goods and services between sectors of the economy in Honolulu County. Expenditures are made by the museum; those monies circulate through the local economy. The suppliers of goods and services to the museum increase their own purchases to meet the new demand; increased local employment results in additional expenditures by local 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 The Contemporary Museum and Honolulu County. 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. We utilized results obtained specifically for spending by nonlocal visitors to cultural venues and events on the island of Maui in Hawaii (*nonlocals* defined as those living off-island); we assumed those figures would represent the strongest available parallel to spending by nonlocals in Honolulu County (comprising the entire island of Oahu).¹

Results:

- The \$1,600,000 in annual expenditures by The Contemporary Museum has an estimated economic impact of \$2,898,486. Sectors of the Honolulu County local economy (beyond the museum sector) that experience a significant increase in economic activity due to the presence of the museum are *real estate, electric power generation, hospitals, and offices*

¹ 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 only count 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.

of physicians and dentists. In addition, the expenditures of the Museum result in an estimated 36 jobs locally.

- An estimated 10,750 visitors from outside Honolulu County (living off-island) visit The Contemporary Museum's main galleries each year. The local expenditures made during their visits have a total economic impact of approximately \$701,528. Sectors of the local economy that benefit most from their presence are *food services, hotels and motels, retail stores, real estate, and wholesale trade.* The expenditures of visitors result in an additional 8 jobs locally.
- The total economic impact of The Contemporary Museum consists of the impact of its own annual expenditures and the local expenditures made by visitors who reside outside Honolulu County. ***The total economic impact of The Contemporary Museum is approximately \$3,600,014 annually. The total impact in terms of local employment is an estimated 44 jobs.***

The Contemporary Museum benefits its community in many ways beyond its economic impact. This summary is only an estimate of the economic impact of the museum on Honolulu County's local economy.

About the Contemporary Museum

The Contemporary Museum, Honolulu (TCM), is the only museum in the state of Hawaii devoted exclusively to contemporary art. TCM provides interaction with art and artists in a unique Island environment. TCM presents its innovative exhibition and educational programs at two venues: in residential Honolulu at the historic Cooke-Spalding house, and downtown at First Hawaiian Center.

The Contemporary Museum's mission is to develop public appreciation and understanding of contemporary art through exhibition and education programs and the collection and preservation of post-1940 art.

More information about the museum is available at www.tcmhi.org.

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, New England Foundation for the Arts, Massachusetts Cultural Council and others. C³D is a research organization working to better quantify and characterize the impacts that neighborhood-based arts and cultural organizations have 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) is an economist who specializes in inter-industry analysis and the use of economic geography to analyze the impacts of brownfields, cultural amenities and other influences on household income, job creation, housing markets and neighborhood development.

More information about C³D and its analyses is available 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 represent the working of the local economy. The economic impact estimates provided here are the result of a predictive model that estimates the amount of aggregate local income and employment that is attributable to expenditures by a particular cultural organization and its non-local visitors (visitors living outside the county). The model is designed for analysis at the county level, meaning the estimates cover impacts occurring throughout the county in which the organization is located.

The input-output model utilizes data from a variety of sources (including the U.S. Bureau of Economic Analysis, the U.S. Bureau of Labor, and the U.S. 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 local 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 throughout the country. The data collected provides 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 up into over 400 sectors ranging from "Abrasive Products" to "Wood window and door manufacturing". Not all of these sectors are present in every local area. The model also draws heavily on data from the federal ES202 database of unemployment insurance filings and the "Regional Economic Information System" of the U.S. Bureau of Economic Analysis.

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For more detailed background on our input/output models for cultural organizations, you are encouraged to visit <http://www.williams.edu/Economics/ArtsEcon/econpages/FAQ.html>.