

## **A Brief Summary of the Economic Impact of MOCAD on Wayne County, Michigan**

In estimating the economic impact of MOCAD, we used an approximate budget of \$1,000,000 per year. We calculated the economic impact of 35,000 visitors to MOCAD per year, with at least 25% of visitors coming from outside Wayne County.<sup>1</sup> These ‘nonlocal’ visitors (an estimated 8,750 per year) bring money, through their local expenditures, into the Wayne County economy that most likely would otherwise have been spent in their own county.

The results below estimate the total economic impact of MOCAD using an inter-industry model of the flow of goods and services between sectors of the economy in Wayne County. Expenditures are made by MOCAD; those monies circulate through the regional economy. The suppliers of goods and services to MOCAD 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 MOCAD. 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.<sup>2</sup>

### Results:

- The \$1,000,000 in annual expenditures by MOCAD has an estimated economic impact of \$1,615,994. Sectors of the Wayne County regional economy (beyond the museum sector) that experience a significant increase in economic activity due to the presence of MOCAD are real estate, power generation, insurance, hospitals, and management services. In addition, the expenditures of MOCAD result in an estimated 13 jobs regionally.
- The local expenditures made by 8,750 visitors from outside Wayne County to MOCAD have a total economic impact of approximately \$692,059. 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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<sup>1</sup> Estimates of annual expenditures and number of visitors are based on an interview with Luis Croquer, director and chief curator, as reported in Crain’s Detroit, “Building on the energy” by Ellen Piligian, May 5, 2010, accessed on 9/28/2011..

<http://www.crainsdetroit.com/article/20100505/DM01/100509929/building-on-the-energy>

Our estimate of 25% of visitors coming from outside of Wayne County is based on an examination of a small number of visitor zip codes provided by MOCAD. We consider this to be a minimum estimate of the percent nonlocal visitors to MOCAD.

<sup>2</sup> 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](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, and power generation. The expenditures of 8,750 nonlocal visitors to MOCAD result in an additional 9 jobs regionally.

- The total economic impact of MOCAD consists of the impact of its own annual expenditures and the local expenditures made by visitors who reside outside Wayne County. ***The total economic impact of MOCAD is approximately \$2.3 million annually. The total impact in terms of employment in Wayne County is an estimated 22 jobs.***

The presence of MOCAD in Detroit, Michigan results in benefits to the community and county far beyond its economic impact. This summary is only an estimate of the economic impact of MOCAD on the economy of Wayne County.

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### **About MOCAD**

MOCAD, the Museum of Contemporary Art Detroit, is a non-collecting museum in Detroit's Midtown neighborhood. In addition to gallery exhibitions MOCAD offers lectures, performances, films, literary readings and educational activities. MOCAD is located in a 22,000 square-foot building that had been an early Detroit automobile dealership. It maintains its large open spaces, well-suited to the exhibition of contemporary art.

### **About the Williams College Center for Creative Community Development (C<sup>3</sup>D)**

The Center for Creative Community Development (C<sup>3</sup>D) 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. C<sup>3</sup>D 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.

C<sup>3</sup>D 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 C<sup>3</sup>D and its analyses is available<sup>3</sup> at [www.c-3-d.org](http://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.

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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>.