

City of Berkeley  
**ARTS & CULTURE PLAN**  
**UPDATE 2017**



**ECONOMIC IMPACT REPORT**  
**OF THE ARTS IN BERKELEY**


Prepared by:

MIG, Inc.



September 2017





*“It is my firm belief that public investments in the Arts and in economic development go hand in hand. In addition to fostering civic pride, a flourishing arts scene will bring new visitors to our City and more revenue to local businesses.”*

<sup>1</sup>— Mayor Jesse Arreguin, City of Berkeley



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<sup>1</sup> Proposed Amended Budget for the Arts, Mayor Jesse Arreguin, City of Berkeley, 2017.

## Summary of Key Findings

- Berkeley is home to approximately **152 arts and culture nonprofits** in Berkeley.
- The data presented in this report is based on information gathered from a total of 100 arts and culture organizations in Berkeley. A total of 77 arts organizations participated in the DataArts Cultural Data Profile from 2010 – 2016, and MIG collected financial information from 23 additional organizations.
- The arts and culture industry in Berkeley **generates nearly \$165 million in total economic activity**, including both direct and indirect impact of the arts and culture industry.
- **Total direct expenditures** from the 100 arts organizations come to nearly \$98 million from the economic engine of the arts and culture sector.
- For the 77 organizations participating in the DataArts Cultural Data Profile, **salaries** and benefits paid total \$44.2 million.
- In Fiscal Year 2017, Berkeley **allocated \$500,000 to 60 different individual artist and organizations**, a \$120,000 increase over the previous fiscal year.
- The arts industry provides **6,783 paid positions**, including both full time and part time positions as well as independent contractors. Approximately **942 Full Time Equivalent (FTE)** jobs are supported by the arts sector.
- **Total attendance** for these 100 arts organizations was 2.6 million, including both paid attendance (1 million) and free attendance (1.6 million).
- In 2015, **visitors spent approximately \$37 million on arts**, entertainment and recreation purchases in Berkeley. This figure represents an increase of \$6 million from 2010.
- The arts, entertainment and recreation industries generated \$11 million in earnings from visitor spending in 2015.

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## I. Introduction and Context

For a city of 113,000, Berkeley offers a remarkably diverse and extensive array of arts and cultural opportunities.<sup>2</sup> These cultural assets enrich the lives of individuals, help to build community, and create a positive identity and image for the City as a whole. Along with these social benefits, the arts and cultural assets in Berkeley also spur significant economic growth. Arts and culture organizations “employ people locally, purchase goods and services from within the community, and market and promote their regions.”<sup>3</sup> This economic activity generates substantial household income for residents and revenue for both local businesses and local government.

The **economic wealth that flows from the arts** in the City of Berkeley was initially documented in a study prepared for the [Arts and Culture Plan developed in 2004](#). Numerous changes have occurred in Berkeley’s arts ecosystem over the past 13 years including shifts in demographics, funding resources and recent policies and ordinances. As part of the City’s [2017 Arts and Culture Plan Update](#), MIG, Inc. (City Consultant) developed this Economic Impact Report to **document the significance of the arts and culture industry to Berkeley’s local economy**. This intent of this study is to examine several aspects of the economic impacts generated by the City’s arts and culture sector including employment, direct expenditures, revenue, attendance and cultural visitor spending.

Overall, Berkeley’s arts and culture industry **generates \$98 million in total economic activity**. This spending provides 6,783 paid positions and 942 full-time equivalent jobs and delivers \$3.7 million in local and state government revenue. Based on this compelling data, the Economic Impact Report sends a strong signal that a **“culturally vibrant Berkeley means an economically prosperous Berkeley.”**<sup>4</sup>

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<sup>2</sup> U.S. Census Bureau, 2000 Census, 2010 Census.

<sup>3</sup> Arts and Economic Prosperity in the City of Tacoma, Americans for the Arts, 2012.

<sup>4</sup> Proposed Amended Budget for the Arts, Mayor Jesse Arreguin, City of Berkeley, 2017.

## II. Defining Economic Impact

The economic impact of arts and cultural organizations encompasses more than one driver of economic activity. First, economic impact includes direct expenditures by the organization itself in salaries paid to staff and contractors as well as spending on overhead, exhibits or performances. Second, visitors who attend arts events will significantly expand the economic impact of arts organizations through their spending at nearby restaurants, stores and hotels. This off-site spending may even exceed the direct expenditures of the arts organizations themselves.

A third economic driver stems from the retention of spending by Berkeley residents who by staying in the City to attend local arts events rather than traveling elsewhere for cultural experiences are contributing to the sustainability of the local Berkeley economy. Fourth, cultural events will also attract new dollars by drawing visitors to the City who may spend more on average than local residents by paying for lodging and other related services. Without this variety of artistic and cultural experiences, the City would be unable to attract the new dollars of cultural tourists and it would also lose the discretionary spending of its local residents who would be traveling and spending elsewhere for these experiences.

More importantly, by providing these artistic and cultural opportunities, these **direct and indirect expenditures ripple through the local economy** many times over as each initial purchase will support employment of other workers at businesses that provided the goods and services. This **“multiplier effect”** is repeated each time dollars from the initial arts-related purchase by an arts organization or by residents/visitors engaging in art and cultural events are used again by other local businesses and their employees in their own subsequent, economic transactions. These additional rounds of economic activity will continue until they eventually “leak out” of the local economy when goods and services are purchased from businesses located outside the boundaries of the City.

### Data Collection Methodology and Data Sources

To assess the economic impacts of the arts, MIG gathered and analyzed data from a range of sources. MIG compiled a database of 152 non-profit arts and cultural organizations in Berkeley. Of these 152 organizations, researchers were able to collect budgets and other economic indicators from 100 organizations. Data from 77 of the organizations was collected through DataArts, a respected national resource for in-depth financial and programmatic data for and about U.S. cultural nonprofits. MIG conducted outreach to the 75 organizations that do not participate in DataArts to collect financial information. However, only 23 of those organizations provided the requested information. As a result, MIG reviewed the budgets of 100 nonprofit arts and culture organizations in Berkeley from 2010 through 2016. This **longitudinal data helps create an accurate and credible picture of the arts in Berkeley.**

Table 1. Breakdown of Source Data

Source	Number of participating organizations
DataArts Cultural Data Profile	77
MIG Research	23
Database of Berkeley Arts Nonprofits	152

DataArts has developed the **Cultural Data Profile (CDP)**, an online survey that nonprofit arts, culture, and humanities organizations use to capture, share and analyze their financial and programmatic information. These Cultural Data Profiles provide statistics on employment, direct expenditures, revenue, and attendance. This organizational data can be aggregated to document the economic and community impacts of nonprofit cultural activity within a geographic area such as a local city like Berkeley. Although this is not an exhaustive reflection of all nonprofit arts and cultural organizations in the City, the DataArts information presents compelling evidence of the arts impact for the participating organizations.

To assess the economic impacts of cultural tourists and visitors in Berkeley, MIG coordinated with [Visit Berkeley](#), the destination marketing organization for the City that has become a leading “voice of the hospitality and tourism industry in Berkeley.”<sup>5</sup> In addition, MIG collected data on funding recommendations for the City’s Civic Arts Grants program for Fiscal Year 2017 to assess the City’s investments in the arts.

MIG also used the [Arts and Economic Prosperity V Calculator](#) developed by Americans for the Arts to develop estimates of the indirect economic impact of arts and culture nonprofits. This indirect impact includes both event-related spending for audiences of arts and cultural nonprofits and the additional economic activity generated by a “**multiplier effect**” applied to all arts and culture related spending. The results of this analysis are based upon the averages of communities with a similar population to Berkeley using input/output models which were customized for each of these similarly populated communities.

Taken together, these data support the research and analysis detailed in this report and will contribute to the recommendations identified in the 2017 Arts and Culture Plan.

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<sup>5</sup> Visit Berkeley website: <http://www.visitberkeley.com/about>

### III. Arts Ecosystem in Berkeley

Berkeley is home to numerous arts institutions and organizations. Together, they contribute to a dynamic, continually evolving arts and culture ecosystem in which the precise number of its members is likely to change over time and vary depending on the method used to identify them. When developing its 2004 Arts and Culture Plan, the City administered a local survey of arts organizations. At that time, the City determined there were 130 local nonprofit arts and cultural institutions in Berkeley and then used this information as a baseline to assess the economic impact of these organizations.

In 2011, the William and Flora Hewlett Foundation sponsored a survey of arts and culture assets in Berkeley. The survey mapped nonprofit arts assets and the results indicated there were 185 arts nonprofits in Berkeley, with combined annual budgets of nearly \$124 million.

Table 2: Results of Cultural Asset Mapping Survey (2011-2012)

Arts Assets by Medium*	Number of Arts Nonprofits
Dance	58
Film/Video/Media	48
Literary Arts	49
Music	90
Theaters	42
Visual Arts	62

\*Some organizations represent more than one medium.

For the 2017 Arts and Culture Plan Update, the Planning Team used City records and online sources to develop a database of 152 currently active arts and culture nonprofits.



## IV. City Investment in the Arts

The City of Berkeley has long recognized the importance of the arts to the economic health and livability of the community. This understanding is reflected in the numerous organizational and programmatic commitments the City has undertaken over the years to nurture the growth of arts and culture as a core aspect of life in Berkeley for residents and visitors.

Founded in 1980, the **Civic Arts Commission** advises the City Council and is charged with promoting the arts and urban beautification in Berkeley. The nine-member commission has four subcommittees that address public art, grants, policy, and arts education. Through their work over the past few decades, the Commission has spearheaded changes to the Civic Arts Grant program, the creation of the one percent for public art ordinance, and the formation of the Berkeley Arts Providers School Partnership.

*"Understanding and acknowledging the incredible economic impact of the nonprofit arts and culture, we must always remember their fundamental value. They foster beauty, creativity, originality, and vitality. The arts inspire us, sooth us, provoke us, involve us, and connect us. But they also create jobs and contribute to the economy."*<sup>6</sup>

— Robert L. Lynch, President and CEO, Americans for the Arts

The **Civic Arts Program** administers and develops projects which accomplish the mission of the Civic Arts Commission. The Program is housed within the City's Office of Economic Development and supported by the City's Civic Arts Coordinator and the Assistant Management Analyst. The Civic Arts Coordinator oversees the City's Public Art Program, Community Development, and the Civic Arts Grant Program.

The **Public Art Program** includes, among other components, a City collection valued at \$3 million dollars, city-owned galleries, and public arts programs. The latter includes among others the **One Percent for Public Art in Private Development Ordinance**. The ordinance requires eligible projects to include on-site publicly accessible artwork or alternatively to pay an in-lieu fee to the Private Percent Art Fund.

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<sup>6</sup> Arts and Economic Prosperity in the City of Tacoma, Americans for the Arts, 2012.

## Civic Arts Grants Support

The City of Berkeley has provided financial support to the local art community through the Civic Arts Grant program. Over the past 15 years, the grants program has provided general operating support to arts groups, service organizations, and arts programs within larger institutions, and project support to individual artists.

The overall purpose of the grants program is to strengthen the arts in Berkeley by developing a mutually supportive arts community. It aims to do this by facilitating connections between local arts organizations, and especially with local artists through grants for artistic collaborations, artist residences, artistic commissions, and shared or low-cost rehearsal space, among other investments. In addition to investments designed to catalyze connections between artistic organizations and local artists, other grants are working to turn now vacant or underutilized physical places into temporary spaces for the arts such as pop-up galleries and performing spaces, improvised spaces, and arts in outdoor public spaces.

Investments are also being made in neighborhoods outside the Downtown Arts District to encourage the flourishing of arts at multiple “nodes” throughout the City. And, grants are being used to support the work and presence of individual Berkeley artists. Taken together these investments in the local arts community are raising the profile of the arts and artists in Berkeley.

Until recently the grants program operated on a two-year grant making cycle with a total annual budget of \$240,000. This annual amount had changed very little from 2003 when the grants program offered \$257,000 in funding to local non-profit arts and culture organizations. In Fiscal Year 2017, Berkeley allocated \$379,448 to 57 different individual artist and organizations, a \$150,000 increase over the previous fiscal year (See Appendix A for more details). For Fiscal Year 2018, the funding recommendations for Civic Arts Grants increased to \$500,000. Reflecting the diverse nature of the Berkeley arts community, the grants program is currently divided into three separate competitive grant pools for individual artists, small organizations, and mid-to-large size organizations.

**Table 3: Civic Arts Grant Program Funding (2003-2018)**

	2003	2016-17	2017-18
<b>Civic Arts Grant Funding Allocation</b>	\$257,000 <sup>7</sup>	\$390,000	\$500,000

<sup>7</sup> Berkeley Arts and Culture Plan, 2004.

## Awards Received for the Arts

The significance of the arts in Berkeley is reflected in the various awards that the City has received over the years. In 2001, the Addison Street Arts District was awarded the grand prize in the Economic Development Programs category by the California Association of Local Economic Development. This was in recognition of its role as a **catalyst in revitalizing Downtown Berkeley** and placing the arts at the center of the vitality of the City.

A major contributor to this revitalization was the Berkeley Repertory Theatre (Berkeley Rep), a 400-seat theater located in the heart of the Addison Street Arts District. In 1997, Berkeley Rep won a Tony Award for outstanding regional theatre. The success of Berkeley Rep inspired the City to contribute \$4 million to its expansion, which was used to help build a new 600-seat theatre adjoining the original theatre. The City of Berkeley supported this endeavor believing the expansion of Berkeley Rep could be the nucleus for a revitalized downtown, which has been borne out by numerous subsequent developments throughout the Addison Streets Arts District.

Over the years, the Addison Streets Arts District has received numerous other awards. In 2016, the Diablo Magazine named Berkeley's Art District the "Best Renovated Arts District in the East Bay" citing the new UC Berkeley Art Museum, the new University Theatre Taube Family Music Hall, and the Berkeley Rep venue. The Addison Streets Arts District has also received the "Presidents Award" from the Downtown Berkeley Association and an "Award of Excellence" from Berkeley Design Associates. In 2003, Addison Streets Arts District was chosen by the International Economic Development Conference as the location for a conference workshop and site visit. Likewise, the Association of American Planners Conference Workshop also selected it as the location for a conference workshop and site visit.

Another arts district located in Berkeley has also received recognition. Located in South Berkeley, the Ashby Arts District in 2005-2006 was awarded a Challenge America Fast Track Grant by the National Endowment for the Arts. The funding went towards publishing a monthly district calendar, compiling a database of local artists, installing public art, and producing festivals and other live performances.

In 2016, the City of Berkeley hosted the "Meeting of Mayors" event as part of the Mayors Innovation Project. During the event, former Economic Development Director Michael Caplan delivered a presentation titled, "Arts as Economic Development" which highlighted the contributions of the arts sector to the City's economy. (See Appendix D for the presentation).

## V. Direct Economic Impact of Arts and Culture Nonprofits and Audiences

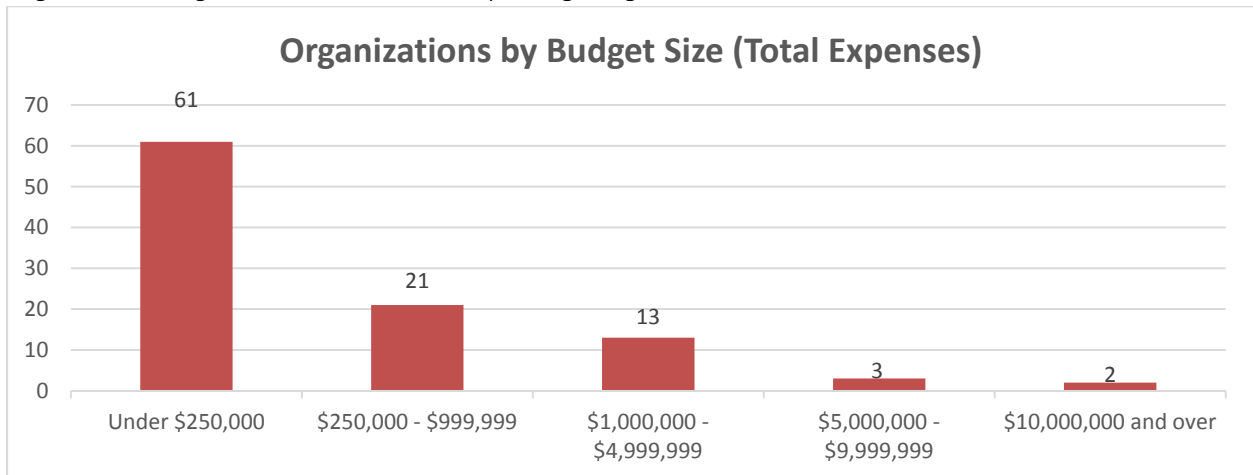
The following is a profile of the Berkeley arts and cultural sector. It consists of data compiled and aggregated by both DataArts and MIG from 100 Berkeley arts and culture organizations completed from 2010 through 2017. The list of participating organizations is included in Appendix B.

The economic impact analysis consists of both an overview of the aggregate economic activity of arts and culture nonprofits, as well as an estimate of the industry's indirect impact on Berkeley's economy. The industry profile presents information on the size and type of participating organizations, employment, direct expenditures, revenue and attendance. Indirect economic impact of the arts and culture consists of two elements: the economic activity generated by arts and culture nonprofit audiences and the indirect economic activity generated by a "multiplier effect" applied to all arts and culture related spending.

### Cultural Data Profile Participating Organizations

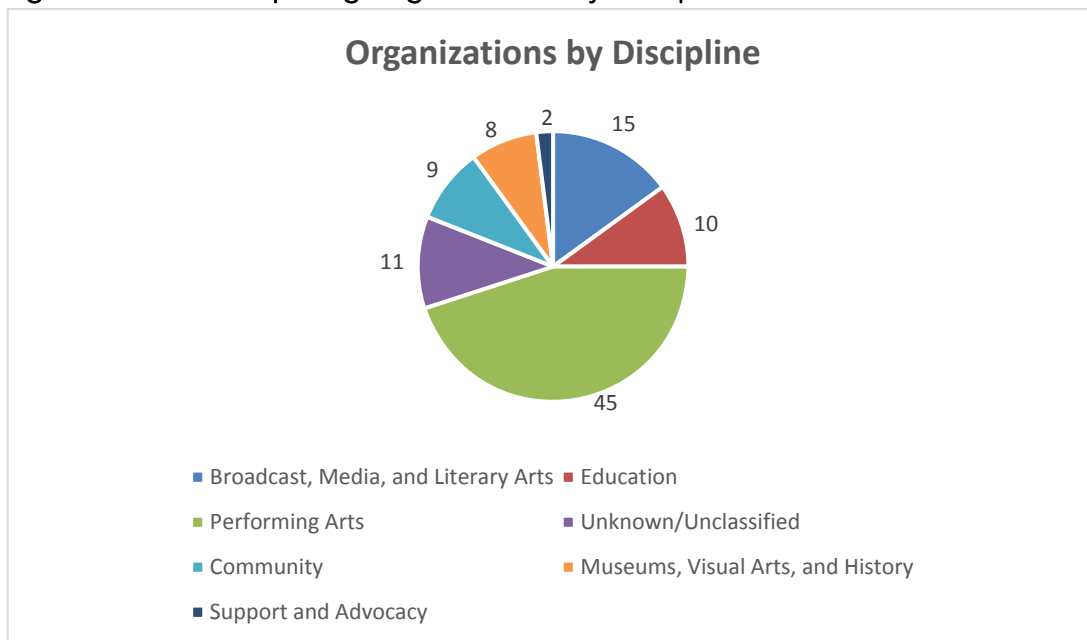
The profile consists of a mix of large, mid-size, and small arts organizations. The greatest number of participating organizations are those with **budgets of \$250,000 or less** (see Figure 1 below). These 61 organizations represent 61% of the 100 participating organizations. Twenty-one (21) arts organizations have budgets between \$250,000 to \$999,999, followed by 13 arts organizations with budgets between \$1,000,000 to \$4,999,999. Five organizations have budgets of \$5,000,000 or more.

Figure 1: Budget Size of 100 Participating Organizations



In terms of discipline, performing arts organizations represent the largest number of participating organizations with 45 of the 100 nonprofits, followed by broadcast, media and literary arts organizations (15), unknown/ unclassified organizations (11), and arts education organizations (10). The other 13 participating organizations constitute a broad spectrum of art and cultural disciplines including community organizations (9), museums (7) and support and advocacy organizations (2). Please refer to Figure 2 for a visual representation of the organizations by discipline.

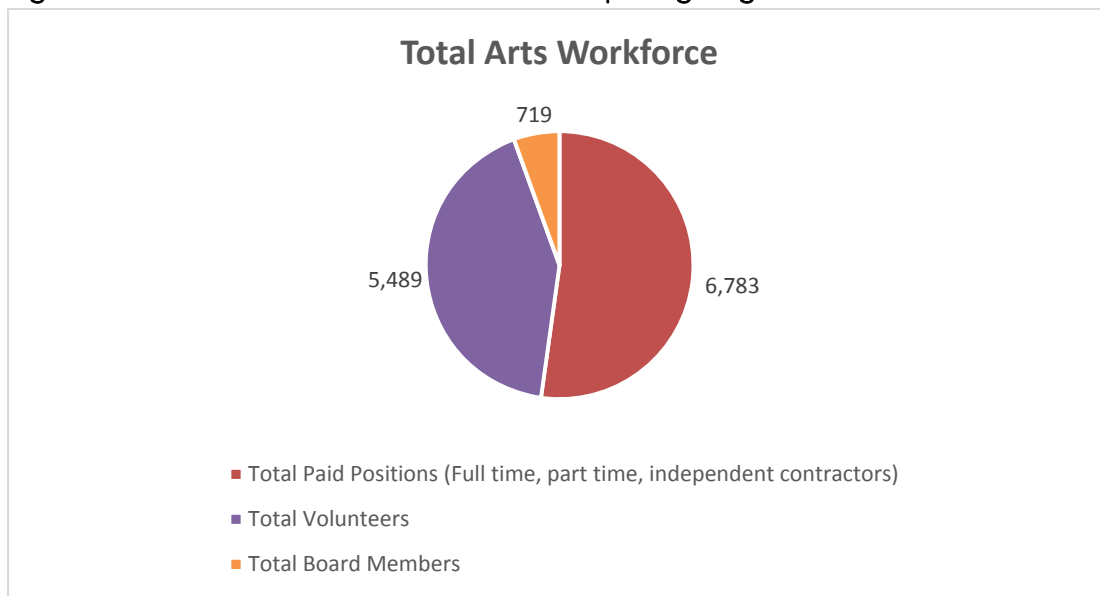
**Figure 2: 100 Participating Organizations by Discipline**



## Employment

The arts and cultural sector provides jobs for a wide range of professionals — from artists and accountants to various other specialists. The 100 organizations that participated in the DataArts survey provide a total of **6,783 paid positions, including both full time and part time** positions as well as independent contractors. This translates into 942 Full Time Equivalent Jobs (or FTEs). The sizable paid workforce is supported by the total number of volunteers who are active in these organizations (5,489) and board members (719).

Figure 3: Total Arts Workforce of 100 Participating Organizations



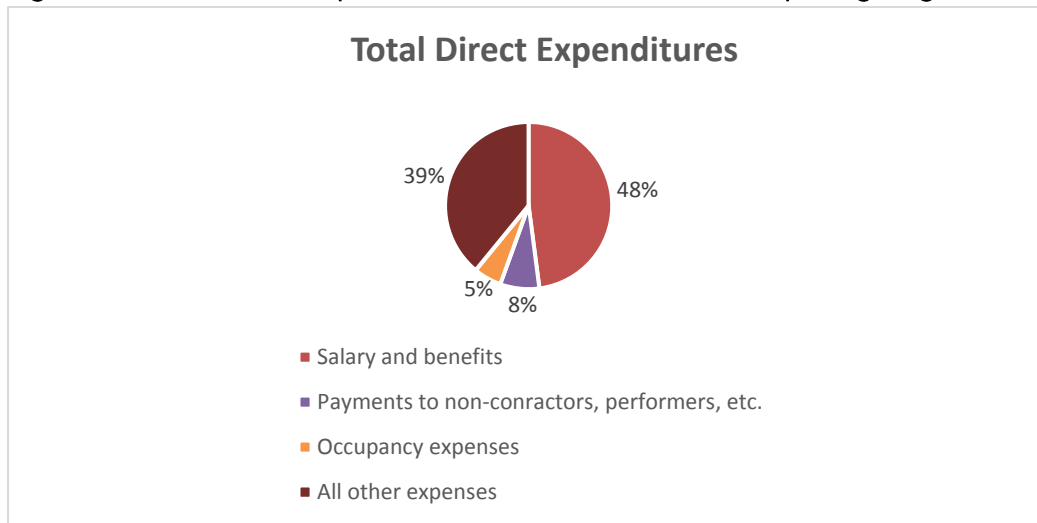
### Direct Expenditures

Arts and cultural organizations have a significant direct economic impact on the community. In particular, salaries and benefits, which go to local residents, and physical venue costs (e.g., rent, repairs) which typically go to local businesses, are direct expenditures that benefit the local economy. In Berkeley, total direct expenditures from the 100 participating organizations come to nearly \$98 million. A breakdown of the direct expenditures of arts organizations is only available for the 77 DataArts organizations. Salary and benefits constitute the largest single type of expenditure by these organizations, representing \$44 million, or 48% of the total.

Table 4: Total Direct Expenditures (Dollars) of 77 DataArts Participating Organizations

Type of Expenditure	Dollar Amount
Salary and benefits	\$44,229,751
Payments to non-contractors, performers, etc.	\$6,990,164
Occupancy expenses	\$4,990,800
All other expenses	\$36,056,176
<b>Total</b>	<b>\$92,266,891</b>

Figure 4: Total Direct Expenditures of 77 DataArts Participating Organizations



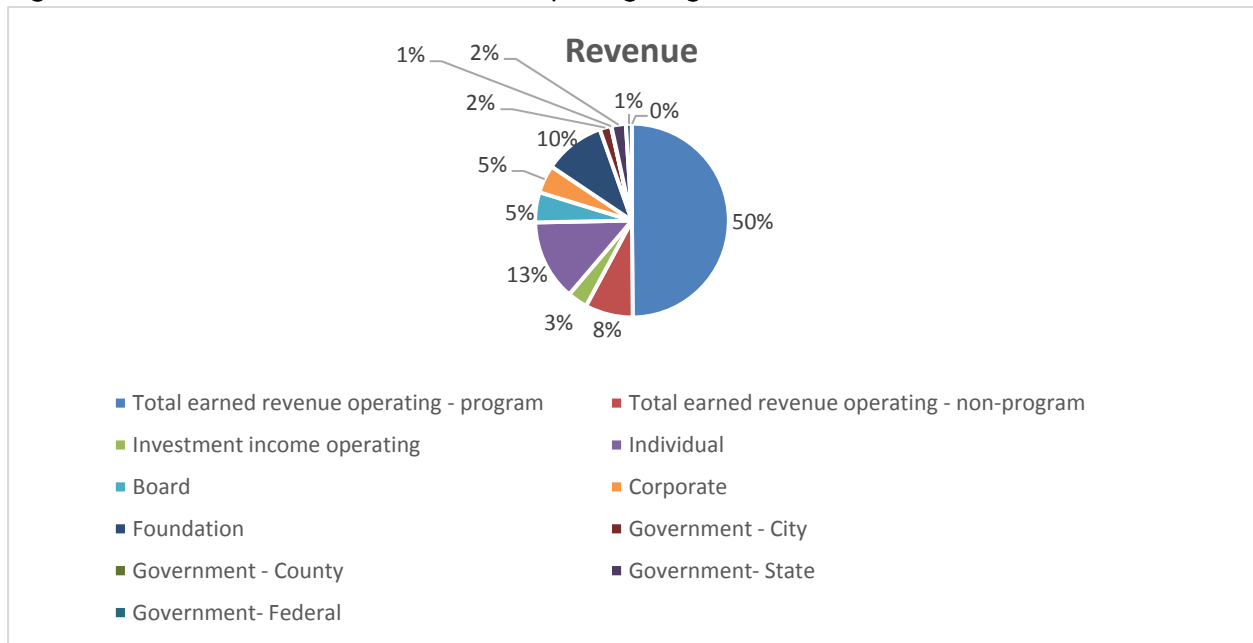
## Revenue

The revenue generated by the 100 participating arts organizations is substantial. **The total** revenue of these organizations, including funds for future use or otherwise not available for operations, **contributes nearly \$210 million to the economy.** A breakdown of the sources of revenue of arts organizations is only available for the 77 DataArts organizations. For these organizations, **total unrestricted revenue comes to \$83,592,658.** Approximately 50% of this amount, or \$42,235,444, is earned operating revenue generated by programs. Other income sources include non-program earned operating revenue, investment income, and individual, Board, corporate and foundation contributions. City, county, state and federal contributions to the government total \$4,574,023 or 6% of total unrestricted revenue.

Table 5: Type and Amount of Revenue of 77 DataArts Participating Organizations

Type of Revenue	Dollar Amount
Total earned revenue operating - program	\$42,235,444
Total earned revenue operating - non-program	\$6,760,199
Investment income operating	\$2,834,600
Individual	\$11,407,136
Board	\$4,269,624
Corporate	\$3,949,346
Foundation	\$8,633,457
Government - City	\$1,621,793
Government - County	\$59,427
Government- State	\$2,029,649
Government- Federal	\$863,154
Restricted Revenue	\$118,677,644
<b>Total</b>	<b>\$203,341,473</b>

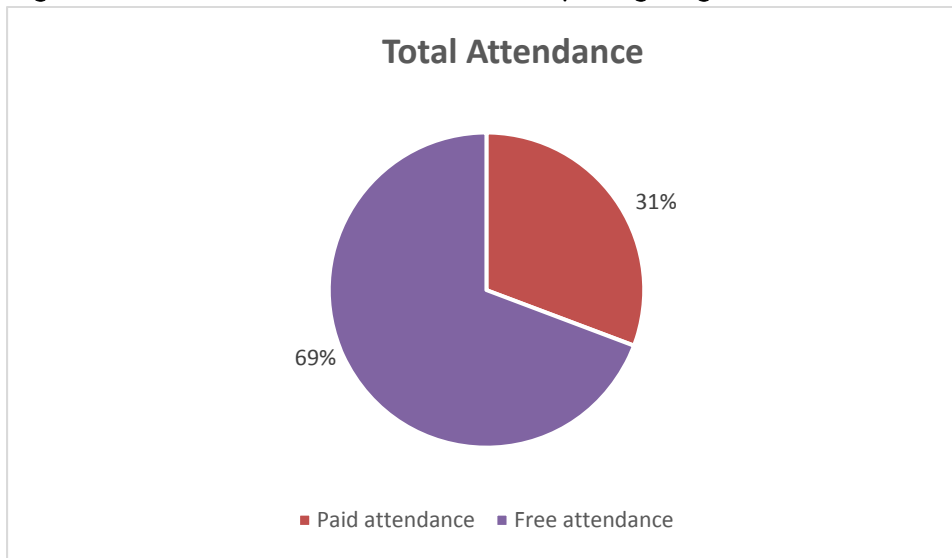
Figure 5: Revenue of 77 DataArts Participating Organizations



### Attendance and Participation

The arts and cultural sector provides high quality experiences that make the community a better place in which to live, and a more attractive location for businesses and in-demand workers. In addition to serving residents of all ages, arts and cultural offerings attract tourists, conferences, and other destination-seekers to the City. Total attendance for these 100 arts organizations was 2,668,825, including both paid attendance (818,132) and free attendance (1,850,693).

Figure 6: Total Attendance of 100 Participating Organizations





## VI. Indirect Economic Impact of Arts and Culture Nonprofits and Audiences

The total economic impact of the arts and culture industry consists of three main elements: 1) the direct economic activity of arts and culture nonprofits, 2) the economic activity generated by arts and culture nonprofit audiences, and 3) indirect economic activity generated by a “multiplier effect” applied to all arts and culture related spending. In order to calculate the indirect economic impact, this study uses the Americans for the Arts methodology to estimate both the average spending by arts and culture audiences and the multiplier effect.

In addition to the \$98 million worth of direct spending by arts and culture nonprofits in Berkeley, MIG estimates that **\$67 million is spent by arts and culture audiences in event-related activities**. Indeed, a significant amount of event-related spending is leveraged by the nonprofit arts and culture industry. For example, this spending can include the cost of purchasing dinner at a restaurant, paying for parking or even paying a babysitter for child care. As a result, this spending generates significant economic activity for local businesses. On average, it is estimated that the **average event-related spending in Berkeley is \$25 per event and per person**<sup>8</sup>.

**Based on these estimates, the arts and culture industry in Berkeley generates nearly \$165 million in total economic activity.** This spending, by both nonprofits and their audiences, supports 5,500 full-time equivalent jobs in addition to the nonprofits’ own workforce. Spending by both nonprofits and their audiences supports a wide variety of other occupations spanning many industries, and in turn these jobs create household income and generate revenue to local and state governments. Over \$120 million of resident household income is therefore generated by the indirect economic impact of the arts and culture industry in Berkeley, which in turn supports over \$15 million in state and local government revenue.

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<sup>8</sup> MIG estimated that the average spending by arts and culture nonprofit audiences in Berkeley is \$25 per event per person. To calculate this estimate, MIG used the Americans for the Arts estimate for Walnut Creek (\$31 per person per event), and assessed per person spending in Berkeley by calculating the difference in median income between Walnut Creek and Berkeley. The median income in Berkeley, in 2015, is 20% below that of Walnut Creek, therefore it is estimated that the average spending per person per event will also be 20% lower than in Walnut Creek.

Table 6: Estimates of Multiplier Effect of the Arts and Culture Industry

	Total annual spending	Full time equivalent jobs supported	Resident household income generated	Local government revenue generated	State government revenue generated
By Berkeley nonprofit arts and cultural <b>organizations</b>	\$97,999,802	3606	\$80,807,697	\$ 3,748,492	\$4,401,171
By Berkeley arts and cultural <b>audiences</b>	\$66,720,625	1895	\$39,454,004	\$3,439,709	\$3,795,738
<b>Total economic impact</b> of the nonprofit arts and cultural industry	\$164,720,427	5501	\$120,261,701	\$7,188,201	\$8,196,909

In 2016, Visit Berkeley commissioned a study of visitor impacts to document the economic significance of the travel industry in the City of Berkeley from 2010 through 2015. This study developed by Dean Runyan Associates provides estimates of visitor volume and visitor spending. **In 2015, visitors spent approximately \$37 million on arts, entertainment and recreation purchases** in Berkeley (see Table 7 on the next page).<sup>9</sup> This figure represents an increase of \$6 million from 2010. **The arts, entertainment and recreation industries generated \$11 million in earnings from visitor spending in 2015.**

<sup>9</sup> This figure encompasses non-profit organizations and for-profit arts, entertainment and recreation businesses.

Table 7: Berkeley Visitor Impacts, 2010-2015

	2010	2011	2012	2013	2014	2015
<b>Visitor Spending by Type of Commodity Purchased (\$Million)</b>						
Accommodations	41	48	56	62	69	77
Food & Beverage Services	96	103	109	108	113	119
<b>Arts, Entertainment &amp; Recreation</b>	<b>31</b>	<b>33</b>	<b>35</b>	<b>35</b>	<b>36</b>	<b>37</b>
Retail	40	43	44	44	45	46
Local Transportation**	16	19	19	19	19	18
Total Visitor Spending	225	247	264	267	282	298

<b>Industry Earnings Generated by Visitor Spending (\$Million)</b>						
Accommodations & Food Services	57	61	64	65	69	73
<b>Arts, Entertainment &amp; Recreation</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>11</b>
Retail (incl. Gas Service)	5	5	6	6	6	6
Local Transportation	3	3	3	3	3	4
Total Earnings	74	79	84	84	89	94

<b>Industry Employment Generated by Visitor Spending</b>						
Accommodation & Food Services	1,790	1,880	1,940	1,950	2,000	2,050
<b>Arts, Entertainment &amp; Recreation</b>	<b>350</b>	<b>370</b>	<b>370</b>	<b>360</b>	<b>360</b>	<b>360</b>
Retail (incl. Gas Service)	150	160	160	160	170	160
Local Transportation	80	90	90	90	90	90
Total Employment	2,370	3,490	2,560	2,560	2,620	2,670

<b>Tax Revenue Generated by Visitor Spending (\$Million)</b>						
Local***	6.8	7.7	8.7	9.3	10.2	11.5
State****	9.1	9.3	9.2	9.4	9.7	10
Total Local & State Tax Revenue	15.9	17.0	17.9	18.6	19.9	21.5

\*\*Local transportation includes motor fuel, parking and taxi service. Spending on motor fuel is included in the retail industry category for earnings and employment.

\*\*\*Local taxes include lodging and city, county and district sales taxes. The 1 percent Tourism Improvement District tax is not included.

\*\*\*\*State taxes include sales, income and motor fuel taxes.

## VII. Bay Area Comparisons of Economic Impact

Compared to other Bay Area cities for which accurate and relevant data is available, Berkeley maintains a strong and vibrant nonprofit arts and culture industry. Berkeley is among the top three largest arts and cultural centers in the Bay Area, behind San Francisco and San Jose. As the region’s hub for arts and culture, San Francisco’s nonprofit arts and culture industry reaches nearly \$1.5 billion in total economic activity, almost ten times greater than Berkeley’s. However, San Jose, the region’s largest city in terms of population, supports an arts and culture industry which is only slightly larger (16%) than Berkeley’s, with \$191 million in total economic activity.

In terms of per capita values, Berkeley’s nonprofit arts and culture economic activity is second to San Francisco. The total economic activity of the arts and culture industry represents \$1,361 per capita, compared to \$1,664 for San Francisco, \$0.19 for San Jose and \$601 for Walnut Creek. Table 8 presents a chart of these comparative figures by city, based on data from Arts & Economic Prosperity V, published by Americans for the Arts in 2017<sup>10</sup>.

Table 8: Economic Impact of Arts and Culture Nonprofits in Five Bay Area Cities

	Spending by nonprofit arts and culture organizations	Spending by nonprofit arts and culture audiences	Total spending by the nonprofit arts and culture industry	Full time equivalent jobs supported	Resident household income generated	Local government revenue generated	State government revenue generated
Berkeley (2015)	\$97,999,802	\$66,720,625	\$164,720,427	5,501.27	\$120,261,701	7,188,201	\$8,196,909
Oakland <sup>11</sup> (2010)	\$31,655,035	\$22,017,486	\$53,672,521	1,663	\$43,485,000	\$2,797,000	\$2,948,000
San Francisco (2015)	\$780,613,098	\$667,740,510	\$1,448,353,608	39,699	\$1,006,718,000	\$53,862,000	\$77,227,000
San Jose	\$73,462,553	\$117,746,926	\$191,209,476	4,255	\$91,719,000	\$5,866,000	\$7,612,000
Walnut Creek (2015)	\$21,097,821	\$20,432,138	\$41,529,959	1,036	\$23,587,000	\$1,491,000	\$2,142,000

<sup>10</sup> The Arts & Economic Prosperity V report was published in 2017 but the values reflect data for 2015.

<sup>11</sup> Data for Oakland was only available for 2010 from the *Arts and Economic Prosperity IV* report published in 2012.

## Economic Impact by Sector

Table 9 below shows the economic impact of six key sectors in the Berkeley economy. We measured economic impact in terms of total employment; **number of firms; quarterly payroll; and gross receipts, as a proxy for total revenues.** The arts and culture sector contributes nearly \$5.3 million in quarterly payroll and \$45,882,400 in 2017 gross receipts. Among our comparison sectors, Biosciences and Technology are the two sectors with the greatest economic impact in terms of gross receipts and employment.

It's important to note, however, that these numbers do not account for organizations with volunteers who are not on payroll, as our data source is the Quarterly Census of Employment and Wages (QCEW). We anticipate that this has the greatest effect on the data for the arts and culture sector, due to the prevalence of volunteer organizations in the arts.

**Table 9: Berkeley's Economic Impact by Sector<sup>12</sup>**

Sector	Employment	Firms	Quarterly Payroll	2016 Gross Receipts	2017 Gross Receipts
Arts & Culture	749	68	\$5,266,546	\$43,065,362	\$45,882,400
Architecture & Design	919	134	\$20,147,523	\$124,342,180	\$125,236,485
Biosciences	7,014	73	\$216,175,677	\$214,811,802	\$240,323,466
Creative Media	1,071	107	\$25,870,382	\$68,991,336	\$61,432,190
Food & Beverage Production/Distribution	890	68	\$9,899,901	\$136,080,197	\$144,684,988
Technology	2,399	169	\$61,251,444	\$270,050,742	\$277,362,684

Researchers used QCEW data for the City of Berkeley in Q3 2016, the latest quarter available, to determine employment, number of firms, and quarterly payroll, aggregated at the 6-digit NAICS code level. To calculate gross receipts per 6-digit NAICS code, we used the City's own business license data sets, which include gross receipts for all 2016 and 2017 business license renewals. (Note: since these are only renewals, this data doesn't include any newly pulled licenses in either year. New business licenses pulled in 2016, however, do appear in 2017 as renewals—as long as the firms remained in business into 2017.)

With data for each variable at a 6-digit NAICS level, we used sector-specific definitions to group individual industries into each of the above sectors. For a full breakdown of the 6-digit NAICS code industries in each sector, please see Appendix C.

<sup>12</sup> Sources: QCEW Q3 2016 (Employment, Firms, Quarterly Payroll)

City of Berkeley Business License Database, accessed August 2, 2017 (2016 & 2017 Gross Receipts)

## **VIII. Conclusion**

Berkeley is an arts-rich city with a vibrant arts scene and 152 arts organizations. The arts sector makes significant contributions to Berkeley's local economy. The arts and culture industry provides 6,676 jobs, reaches an audience of over 2.5 million people, and generates \$164 million in total economic activity. This impact reflects the importance of arts and cultural activities to the City's economic and social well-being, and the importance of City policies and programs that help strengthen and sustain these activities.