

Creative Economy Research

Introduction

Nearly every state arts agency conducts formal research to measure the size, scope, and impact of its creative economy. However, states do not take a one-size-fits-all approach to investigating the economic benefits of the arts. Creative economy studies and research initiatives use different theories, data and inputs, measure various industries, and can be aimed at differing audiences.

Given the breadth of existing research and tools deployed to articulate the economic value of the arts, it can be difficult for state arts agencies, arts organization, artists and arts advocates to unpack methodological differences between studies when communicating about creative economy data and research.

This policy brief attempts to provide practitioners with a reference to answer frequent questions about creative economy research and focuses on effective communications when using data from the Arts and Cultural Production Satellite Account (ACPSA) produced the National Endowment for the Arts (NEA) and the U.S. Bureau of Economic Analysis (BEA).

In collaboration with the NEA, NASAA contributes to the dissemination and visualization of state-level ACPSA data. Additionally, NASAA catalogs individual reports commissioned by state agencies. NASAA's Interactive Database of State Creative Economy Studies (IDSCES) draws on over 150, publicly available creative economy studies published by or in collaboration with state arts agencies.

From a communications perspective, the volume and diversity of studies and approaches can be seen as a challenge. However, the abundance of data and research helpfully covers a wide array of topics in a continuously evolving creative milieu.

The creative economy is not a stagnant monolith, but a morphing concept. Multiple large-scale studies and data initiatives contribute to its understanding and reveal the substantial integration and contributions of the arts and creativity to state, local and national economies. These studies and approaches can be used additively to communicate the economic benefits of investments in the arts and culture.

Is there one definition for the creative economy?

No. There are many definitions deriving from a large body of literature describe the nuance of the interaction between the arts and economic production. Terms such as creative economy, culture economy, creative industries and cultural industries refer to distinct concepts but encircle a similar idea of economic value associated with goods, services and intellectual property born of creative work. Often, the idea of the creative economy includes not just the performing, visual and literary arts but also design, media, film and the creative components of other industries that embed original ideas into their products or services.

John Howkins is often given credit for coining the term and, in 2001, defined the creative economy as "the transactions of creative products that have an economic good or service that results from creativity and has economic value."

The [United Nations Educational, Scientific and Cultural Organization](#) (UNESCO) defined cultural and creative industries as "sectors of organized activity whose principal purpose is the production or reproduction, promotion, distribution and/or commercialization of goods, services and activities of a cultural, artistic or heritage-related in nature."

How does the ACPSA operationalize the creative economy?

When developing the ACPSA, the [BEA](#) and [NEA](#) used industry definitions consistent with definitions from the United Nations and European Union. Generally, there are shared international concepts that creative industries include public, for-profit and nonprofit sectors acting in advertising, architecture, arts and crafts, design, fashion, film, video, photography, music, performing arts, publishing, education, software, video games, electronic publishing, and TV/radio. The creative economy is the sum of relevant industry activities, including trade, labor and production.

Additionally, the ACPSA applies concepts from [David Throsby's concentric circles model of the cultural industries](#). Throsby's theory asserts that creative ideas originate in the core creative arts and that these ideas diffuse into the economy with commercial distribution extending outwardly from the artistic commodity at the core. For example, a novelist would be at the center/core and the publishing industry would extend outward, distributing a product for sale and generating increasing economic value for the artistic work.

No Single Definition

"The creative economy has no single definition. It is an evolving concept which builds on the interplay between human creativity and ideas and intellectual property, knowledge and technology. Essentially it is the knowledge-based economic activities upon which the 'creative industries' are based."

[United Nations Conference on Trade and Development \(UNCTAD\), Creative Economy Programme](#)

What makes the Arts and Cultural Production Satellite Account unique?

The Arts and Cultural Production Satellite Account is produced by the BEA and NEA. The BEA is the federal agency within the U.S. Department of Commerce that is responsible for estimating gross domestic product. Therefore, the data are being developed at the source for national economic accounts.

Key to the importance of the ACPSA is access to BEA national income and product accounts that define arts and culture production within and across industries.

For example, the ACPSA includes only the percentage of software publishing related to computer games, computer-assisted design (CAD) and other arts related software. Jewelry manufacturing data is restricted to the artistic contribution and not commercial costume jewelry. The ACPSA also includes fractional production by advertising services, educational services (e.g., colleges and universities) and printing, to name a few.

How does the work of the publicly funded arts agencies connect to the ACPSA?

Like all industries, public investments in culture play a significant role in economic activity. The ACPSA presents data in “core” and “supporting” categories, congruent with David Throsby’s concentric circles model. Core arts and cultural production contains economic statistics for activities such as performing arts, museums, design services and arts education. In this model, the economic measures generated by artists, organizations, arts education, and public arts institutions contribute to economic value and jobs as well as being central to the development of creative goods, skills and services. “Core” arts and culture productivity is then amplified by “supporting” industries such as promotion, printing and broadcasting. Thus, state arts agencies and other public funders have an important role in enabling the cultural infrastructure, creative skills, and the ideas that allow for the larger creative economy to thrive.

How do state arts agencies contribute to the ACPSA?

In addition to contributing direct economic value through investment in the arts, state arts agencies have an important role in supporting cultural infrastructure, arts organizations, artists, creative skills and the ideas that are **central to thriving state economies**.

The ACPSA quantifies the contributions of the arts and culture to the overall U.S. economy.

While state level economic impact studies are instrumental to understanding the contours of the creative economy in an individual state, ACPSA data is structured and standardized to support national analysis and trends over time. In particular, BEA’s national income and product accounts include gross domestic product—which captures the final value of the goods and services

produced in the United States. This is a powerful tool for assessing the economic benefits of the arts in our nation, one widely understood and trusted by policymakers.

What are the limitations of the ACPSA?

While powerful, the ACPSA has several limitations. First, the data compiled by BEA through national economic accounts takes time to process and analyze and will often represent activities that occurred two years prior. Secondly, the data are only available at the state and national levels. Thirdly, the economic data captured focuses on the chain of industries and commodities included within the ACPSA and their contributions to gross state product (GSP) and gross national product (GDP). Therefore, the ACPSA doesn't capture indirect investments that are often part of economic impact studies. This limitation can also be seen as beneficial to data validity. Furthermore, the ACPSA only captures salary and wage employment figures which leave off many creative workers that are self-employed from the employment and compensation data. However, the value added figures *do* include the economic contributions of self-employed labor to creative industries.

Is ACPSA data available for my state?

Yes! In cooperation with the National Endowment for the Arts, NASAA has produced an interactive dashboard that allows you to explore state level ACPSA data relating to America's creative economy and work force. The [Creative Economy State Profiles](#) tool reveals key statistics for individual states, including value added to state economies through arts and cultural production as well as employment and compensation figures for the creative work force. It also supports regional comparisons, shows how arts and cultural production and employment compare to other industries, and illustrates trends over time.

What other types of studies do states use when measuring the creative economy?

State arts agencies approach the measurement of their states' creative economies in a variety of valid ways. [NASAA's Interactive Database of State Creative Economy Studies \(IDSCES\)](#) draws on over 150 studies. It foregrounds the purposes, methods and key data points for each state level study. The database unearths a variety of methods including in-depth case studies, input-output models, economic impact studies, surveys, secondary data reporting, indexing systems and mixed-methods approaches.

In nearly every case, state arts agencies employ a consultant or partner to conduct creative economic research. Figures from various creative economy studies may not be directly comparable, but offer something different, additive, or more specialized than what is available through the ACPSA.

- The [Western States Arts Federation \(WESTAF\) Creative Vitality Suite](#). This dynamic web-based tool allows states to measure and compare state and local economic data, configure custom reports and comparison with current data provided by public and private data suppliers.
- The [Arts and Economic Prosperity Study from Americans for the Arts](#) is a long-standing economic impact study that collects organization level surveys to measure the economic impact of nonprofit arts organizations. Arts & Economic Prosperity 6 (AEP6) is study of the nation's nonprofit arts and culture industry. AEP6 provides detailed findings on 373 regions from across all 50 states and Puerto Rico.

Additionally, states partner with universities to conduct creative economic research. Here, academic partners seen as credible by policy officials within a state provide local insights and rigorous analysis. Examples include the California Arts Council's work with the Otis College of Art and Design and New Mexico Arts's work with the University of New Mexico's Bureau of Business and Economic Research.

[America's Creative Economy](#) report from the National Creativity Network gives an overview of the many types of reports and data points included in studies at the state and local levels.

Why do states use different methods of measuring the creative economy?

States adopt their measurement strategies for several reasons. One reason is that a state may have a unique cultural asset base that requires special efforts to measure. For instance, Mississippi, the birthplace of American blues, included special case studies of Mississippi Delta blues music production in one of its economic impact studies. Minnesota, recognizing that it is home to the highest concentration of individual artists in the Midwest, released a study placing a special emphasis on the contributions, needs and working conditions of artists in the state.

Can I use data from different studies?

Yes. Creative economy studies and data may not be directly comparable, but offer something different, additive, or more specialized than what is available through the ACPSA.

For example, figures from Americans for the Arts Economic Prosperity Study can be used in conjunction with ACPSA data to amplify information about the nonprofit sector and the return on public investments at the state and local levels.

Data from the Creative Vitality Suite can be used to flexibly report and compare relevant economic data across industries and detailed geographies.

Particular policy or evaluation needs also can drive a state's choice of measurement methods or industry definitions. For instance, digital entertainment is a growth component of Georgia's creative economy—a study was designed allow the state to examine trends in that industry. In Louisiana, when arts were identified as vital to helping the state rebuild after Hurricane Katrina, many of the state's cultural economy measurement activities were designed to support progress toward that policy objective.

Finally, different measurement methods have varying cost and time implications. While an in-depth custom study may yield deeper insights, signing on to a national study may be more affordable.

How can states use ACPSA data and the Creative Economy State Profiles in relevant policy discussions?

The data from the NEA and BEA ACPSA are free, available, and accessible. All national and state data sets, and state summary sheets with key data points can be downloaded from the [BEA's website](#).

Additional summaries, graphics, reports and analyses of current and historical releases can be accessed at the [NEA Arts Data Profiles](#).

NASAA's [Creative Economy State Profiles](#) utilize ACPSA data to easily highlight state findings and understand trends. Creative Economy State Profiles help show state by state figures on:

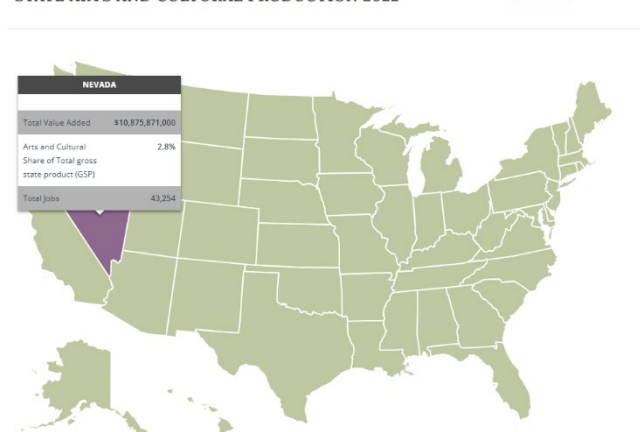
- the total value of arts and cultural production
- total employment and compensation
- arts and culture alongside other industry sectors
- creative economy performance versus overall state economic performance over time
- Regional comparisons for economic value added, employment and compensation
- high-performing creative industries by state



Alabama—2021

ACPSA value added	Share of state value added	ACPSA employment	Share of state employment	ACPSA compensation	Share of state compensation
\$5.4 billion	2.1%	43,981 jobs	2.1%	\$2.8 billion	2.0%
Value added (thousands of dollars)		Employment (jobs)		Compensation (thousands of dollars)	
All industries		254,109,700		2,096,405	
ACPSA industries		5,435,698		43,981	
Top 5 ACPSA industries by value added					
Broadcasting		1,386,736		4,331	
Government		1,314,376		15,193	
Publishing		466,967		2,253	
Wholesale and transportation industries		324,162		1,634	
Retail industries		252,712		6,534	
Core arts and cultural industries		924,872		7,990	
Top 5 core arts and cultural industries					
Advertising		188,035		1,092	
Architectural services		186,125		1,120	
Interior design services		88,734		317	
Photography and photofinishing services		87,117		538	
Promoters of performing arts and similar events		61,823		375	

STATE ARTS AND CULTURAL PRODUCTION 2022



Every state has a unique creative economy story to share. ACPSA data can help uncover stories and lend credibility to the economic importance of the arts and culture in every state. The trends are not the same everywhere. While long-term growth is encouraging, not all industries or aspects of the creative economy grow together.

State Highlight Examples

The following highlights exemplify ways that ACPSA data can be used to tell compelling stories in any state, and the variety of industries in which states may have competitive advantages or room for growth. All rankings and figures cited below use 2022 ACPSA data.

New Mexico, well-known for its history in the visual arts and ties to Native communities, shows long standing strengths in jewelry manufacturing, with concentrations of employment and economic production around five times the national level. Additionally, New Mexico ACPSA employment ranked 3rd among comparison industries in the Creative Economy State Profiles, ahead of employment in the transportation and mining industries.

Washington state continues to have the highest state percentage contribution to GDP at 9.5%. Robust creative retail, software and publishing industries are all part of a powerhouse creative economy in Washington, measuring at over \$70.2 billion dollars. ACPSA data does not include data on the contribution of individual firms, however Washington state is home to several high-profile technology companies with relevant creative commodities.

Georgia is becoming known as one of the world's leading film and television production hubs. ACPSA data confirms that Georgia has particular strengths in motion picture and broadcasting industries with over \$12 billion value added to Georgia's economy. Both industries have higher concentrations of industry production and Georgia ranks as the top creative economy in the southern region.

Michigan, a hub of the American auto-industry, shows an industry concentration for industrial design over 12 times the national average. The creative design process is integral to auto manufacturing, an important industry for the state and the nation.

Tennessee, home to music hotbeds in Nashville and Memphis, reports industry concentrations and strength for a number of industry classifications relevant to the music industry: sound recording, performing arts companies, musical instrument manufacturing and agents and managers for artists are all well above national averages. Sound recording accounts for an astounding \$3 billion dollars in the Tennessee economy.

Maine, home to a large number of skilled artists and craftsmen, shows strengths in pottery and glass manufacturing, musical instrument manufacturing and custom architectural woodwork and metalwork. Maine's creative economy is greater than the transportation and utility industries in the state in terms of value added to GDP.

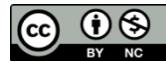
National Assembly of State Arts Agencies

The National Assembly of State Arts Agencies (NASAA) is a nonprofit, nonpartisan organization. In collaboration with the nation's 56 state and jurisdictional arts councils, we advance the arts as a powerful path to economic prosperity, rural resilience, good health, education success and strong communities in which everyone thrives. NASAA serves as a clearinghouse for data and research about public funding for the arts as well as the policies and programs of state arts agencies. For more information about NASAA and the work of state arts agencies, visit www.nasaa-arts.org.



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