

Economic Impact of the Museum of Fine Arts, Boston

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and
Economic Development
Research Group



March 2002

ACKNOWLEDGMENTS

Mt Auburn Associates and Economic Development Research Group wish to thank all of the staff members of the MFA who took time out to meet with us and provide us with all of the information that we needed to understand the economic impact of the Museum. We also want to thank the vendors, volunteers, and teachers who were willing to talk with us about their experiences related to the Museum. The report also benefited from the editing skills of Linda Hiltz, the interviewing and writing skills of Julie Weiman, and the proofing and formatting skills of Judi Luciano. Finally, a special thanks to Elizabeth Fisher of the MFA who played a key liaison role throughout the process.

TABLE OF CONTENTS

Executive Summary	iii
Section 1: Introduction and Summary of Economic Impacts.....	1
Section 2: The MFA as an Employer and Corporation: Payroll, Spending, and Taxes.....	11
Section 3: The MFA as an Attraction: The Economic Impacts of Visitors.....	21
Section 4: The MFA as an Educational Institution: Impacts of the Educational Activities of the Museum of Fine Arts.....	26
Section 5: Other Contributions to the Economic Competitiveness of Boston and Massachusetts	32
Section 6: Potential Impacts Associated with the MFA Expansion.....	42

EXECUTIVE SUMMARY

ECONOMIC IMPACT OF THE MUSEUM OF FINE ARTS, BOSTON

Inarguably, Boston is currently recognized as a world-class city. However, to ensure that it stays competitive in the ever increasing global market, the public and private sectors in Boston and the Commonwealth must develop a multitiered strategic investment plan—a plan based upon a comprehensive understanding of the full range of the region’s economic assets.

While major cultural institutions have long been recognized as enhancing a region’s “cultural climate,” there is increasing documentation that these institutions have a major role as economic players with far reaching impacts on their region’s economy. In this report, the *Economic Impact of the Museum of Fine Arts, Boston*, we seek to clarify and quantify the substantial economic impacts made by the Museum of Fine Arts on the city of Boston and on the Commonwealth as a whole, thereby warranting a major investment in its future.

Through examination of the Museum of Fine Arts’ current multi-faceted operations, as well as the projected impact of its planned expansion, we document the Museum’s role as a critical economic engine for the city of Boston and the Commonwealth, e.g., generating jobs for residents, markets for businesses and artists, a skilled workforce for employers, and a significant contributor to what makes Boston a destination city.

The report delineates:

- quantitative analysis of the Museum’s economic activities;
- narrative descriptions of the affiliations individuals, residents, vendors, and the city’s cultural sector have with the Museum;
- some of the less tangible impacts of the Museum related to enhancing the city’s attractiveness as a place to live, work, meet, and operate a business; as well as the
- qualitative impacts associated with the role of the Museum as an educational institution, cultural asset, tourist attraction, community builder, and participant in the city’s creative economy.

Quantifying the Economic Impact of the Museum of Fine Arts

As a world premier art museum, the Boston Museum of Fine Arts (MFA) is one of the foremost “cultural treasures” of the city of Boston. It is visited annually by an international population of over one million people. Not typically taken into consideration during a visit, however impacting one’s overall experience, are the numerous elements of the Museum beyond its collection that make the MFA a substantial “economic asset” to the city of Boston and the Commonwealth, e.g., the Museum as an employer, as a market for goods and services, as a retailer, as a provider of food and entertainment services, as an international distributor of arts

and culture, as an educational institution, as a community organization, and as a venue for the creative sector in Boston.

The Museum directly provides more than 1,300 jobs in Massachusetts, including its retail and restaurant components; brings in a significant component of its revenues from outside of the state; and is involved in a variety of educational programs including developing students' workforce skills for the current and future economy. Overall economic effects—business sales, employment, and wages—are interrelated and are part of a “chain” of economic activity.

Summary of Economic Impacts of the MFA Today

The MFA generates \$369 million in economic activity in Massachusetts and about \$293 million in economic output in the city of Boston. This economic impact is derived from:

- *Direct Spending:* The MFA directly spends about \$111 million on payroll, sales, and vendor purchases in Boston and another \$26 million in the rest of the Commonwealth, for total direct spending of about \$137 million.
- *Visitor and Student Spending:* Visitors to the MFA directly spend money outside of the Museum on lodging, meals, and other purchases. Counting just the portion of the visits that can be attributable directly to the Museum and would not otherwise occur within the state, the additional direct spending by these visitors brings nearly \$84 million of business sales to the state. Of this total, \$73 million goes to businesses and residents within the city of Boston. Students at the Museum School, who are not residents of Boston, bring an additional \$2 million of spending to the city.
- *Indirect and Induced Spending:* The MFA's direct spending leads to additional downstream spending by suppliers as well as through respending of employee income. These effects account for an additional \$148 million in impact in Massachusetts, of which \$107 million is within Boston.

The Museum as a Taxpayer

The Museum also provides over \$11 million in revenue to the city of Boston and to the Commonwealth. At the local level, the Museum makes payments to the city of Boston in lieu of taxes, its restaurants pay alcoholic beverage license fees, and the Museum's visitors generate revenues from local hotel taxes. At the state level, the Museum's employment of workers leads directly to payments of state unemployment, universal health, and personal income taxes. In addition, the Museum's restaurants also pay corporate excise taxes. As a result of the Museum's purchases of goods and services from various vendors, and the respending of worker income, there are additional sales, meals, personal income, and corporate income taxes generated.

The MFA as an Employer in Massachusetts

The fact that the MFA is a significant employer in Massachusetts has typically been overlooked not only by the general public, but by economists as well. The workforce of the MFA earns nearly \$39 million in salaries and wages, with jobs in Boston generating \$35 million of that income. A recent BRA study listed the largest private employers in Boston, ranked by number. The MFA should have been ranked in the top 50. *However, the MFA's role as a*

significant employer in the city is so widely unrecognized that it was not even on the list of the top 50 employers.¹

The MFA is also one of the city's largest employers of Boston residents. Approximately 41 percent of all MFA employees are residents of Boston proper, with nearly 97 percent residing within the Commonwealth of Massachusetts. *Using the BRA study, the MFA would be among the 20 largest private employers of Boston residents in the city.*

Furthermore, the MFA provides a wide range of employment opportunities for residents of Boston and the Commonwealth. By providing jobs in 19 occupational categories requiring various levels of education and training, the Museum offers employment opportunities reflective of the broad range of education and training held by the Commonwealth's diverse population.

The MFA as an Attraction

As an internationally recognized cultural destination, the MFA enhances the city's attractiveness to tourists and business travelers from around the world. There are few marketing materials related to Boston and Massachusetts that fail to mention the Boston Museum of Fine Arts as one of the core attractions.

In FY 2001, the MFA generated \$83 million of spending in Massachusetts associated with visitors to the Museum. Of the over one million visitors to the Museum, approximately 430,000 claimed that the Museum was the primary reason that they traveled to Boston or Massachusetts. These visitors provide additional income to the Commonwealth through the purchase of meals and snacks, hotel rooms, cab rides, souvenirs, and other goods and services in Massachusetts.

Typically, the largest proportion of visitors to the Museum come to view the MFA's special exhibits. Described by the Greater Boston Convention and Visitors Bureau as "the largest cultural tourism event in the region's history," the MFA's three month "Monet in the 20th Century" exhibit, attracted 565,992 visitors, making it the most highly attended museum exhibit worldwide in 1998. *The Monet exhibit alone generated over \$30 million in tourist spending.*

The Museum as an Educational Institution

The Museum School is one of the oldest and most highly regarded arts schools in the country. In addition to helping to build the city's creative workforce, the students who attend the Museum School make an economic contribution to the city. The 165 students who are from outside of Boston, and now live in the city, contribute an additional \$2 million in economic output.

In addition to the Museum School, the MFA itself has developed an important role in the education of Boston's youth. With the realization that students will need a profoundly different set of skills than previous generations to enter the workforce, the Museum has developed extensive programming with the Boston Public Schools focusing on enhancing students' critical thinking skills. While it is difficult to quantify the economic impact of the MFA's educational programs, studies suggest that school performance and the quality of public education is an

¹ *The Largest Private Employers in Boston: 2001*, Boston Redevelopment Authority, Report #545, May 2001, Revised August 2001.

increasingly important factor in the economic competitiveness of a city; and that arts education programs improve the academic performance of students as well as the overall performance of individual schools. Moreover, the significant role the arts play in a student's education was recently acknowledged on a national level, with the signing by President Bush of the 2002 federal Education Act, establishing art as a "core academic subject" in elementary and secondary schools.

Potential Impacts Associated with the MFA Expansion

In 2002, the Museum unveiled schematic design concepts for its Master Site Plan, a plan for major expansion and renovation. The first phase of the plan, which will be implemented over a five-year period will include additional exhibition space, a partially enclosed glass courtyard, a new auditorium, improvements to climate controls, as well as enhanced visitor amenities.

We project, that from 2002 through 2009, the new construction associated with the expansion and the attention generated from the opening of the expanded Museum will add nearly \$450 million to the Massachusetts economy, of which \$181 million will pay wages for nearly 6,300 jobs over the eight-year period.² During these eight years, the impact on the Boston economy is expected to be \$409 million in direct and indirect activities, resulting in \$165 million in wages and almost 4,200 jobs.³

In 2007, the MFA's Phase I project will be responsible for more than \$53 million in direct and indirect economic activities, including \$21.5 million in payroll supporting 894 full-time equivalent (FTE) jobs. Furthermore, annually from 2009 and forward, the expanded Museum will generate \$26.5 million in the Massachusetts economy, with \$22.9 million in Boston, in addition to the current economic contribution of the Museum (in constant 2001 dollars).

The MFA anticipates that the expanded Museum will generate excitement in the arts community as well as the general public, leading to a major spike in attendance in 2007—an additional 400,000 visitors, this is in addition to the annual draw the MFA would expect without the expansion. Attendance is then expected to wind down in 2008, and stabilize in 2009 at an additional 275,000 and 178,000 above current levels. The latter figure will be the ongoing visitor increase generated by Phase I of the site plan. From 2009 and on, we will see a growth in Museum attendance and employment, as the 137,000 additional square feet developed in Phase I become an integral part of the MFA.

Our findings on visitor growth associated with the expanded facility indicate that:

- additional visitor spending will add \$42.7 million to the Massachusetts economy in 2007, with \$36 million to Boston. This additional spending will create 741 jobs in the Commonwealth, including 563 in Boston;
- in 2008, additional visitor spending will add \$28 million to the Massachusetts economy, with \$23.7 million to Boston. As a result nearly 500 additional jobs will be generated in the state, including 370 in Boston; and

² Each working year is counted separately. Thus, one worker employed for two years is counted as two years of employment.

³ All dollars in this section are in constant 2001 dollars. We have deflated cost estimates and revenue projections found in the Business Plan to conform to 2001 values.

- the dramatic increase in visitors will also lead to increases in restaurant and retail sales at the Museum, from approximately \$4 million in combined sales (and indirect activities resulting from those sales) in 2007 to \$1.5 million in 2009 and subsequent years, in constant 2001 dollars. (Note: this may be a significant underestimate, as publicity associated with the expanded Museum may generate significant Internet and mail order sales in addition to on site purchases.)

Other Contributions to the Economic Competitiveness of Boston and Massachusetts

While the quantitative analysis of spending by the Museum of Fine Arts and its visitors provides strong evidence of the importance of the MFA to the city and state economies, there are many other economic impacts associated with the Museum that are extremely important, but difficult, to quantify. These non-quantifiable impacts have become even more important in communities like Boston that have a strong concentration of creative and technology-based industries.

◆ *Through Enhancing the Quality of Life, the MFA Helps Boston Attract Skilled Workers and Businesses.*

In an era in which corporations are desperately seeking skilled, young professionals to fill jobs in the financial services industry and the information technology industry, the ability to recruit employees is becoming a major issue. By enhancing the city's quality of life, the Museum is contributing to an increasingly important factor in business location decisions.

Moreover, through the development of new programs specifically targeting young professionals, e.g., "firstfridays," the MFA is playing an important role in maintaining a vibrant arts and cultural environment attractive to this emerging young workforce.

◆ *The MFA Enhances the City's Creative Economy.*

By drawing artists to Boston through teaching opportunities, the Museum School raises the national and international visibility of Boston as a regional cultural center. Once here, these artists through their involvement in a variety of activities, contribute to the vibrancy of the local creative sector; e.g., all of the School's faculty members are working artists who display their works in museum collections, commercial galleries, special exhibits, and open studios. Although this occurs in many national and international venues, a considerable amount occurs locally.

The Museum School is playing a vital role in building the region's creative workforce. While the primary mission of the Museum School is to develop fine artists, in recent years the School has initiated more broad-based career development activities. Graduates of the Museum School have increasingly been entering careers in more broadly defined "new economy" firms. One faculty member, aware of a number of alumni that have found jobs in the dot.com and other new economy firms, notes that some of the general skills developed through a Museum School education—self-direction, visual sophistication, intellectual flexibility, "outside the box" thinking—are highly valued in today's economy.

◆ ***The MFA Helps to Build Community.***

The MFA has been actively engaged in efforts to build community through the arts with a number of community-based organizations in Boston. Over the past five years, the Museum of Fine Arts has significantly increased its community outreach activities and its involvement in a wide range of community building activities in the city of Boston.

These activities include:

- providing free admissions to the MFA to various community-based and youth groups;
- participation in local collaborative and neighborhood organizations;
- hosting events for community-based organizations; and
- involvement in a variety of programs that utilize the arts in work with low-income youth.

SECTION 1:

INTRODUCTION AND SUMMARY OF ECONOMIC IMPACTS

1.1 Purpose of this Report

As the one of the world's premier art museums, the Museum of Fine Arts (MFA), Boston, is one of the more significant cultural "assets" of the city of Boston, as well as Massachusetts. While few would disagree with the conclusion that the MFA is an important component to the city's artistic and cultural environment and that it contributes to the quality of life of the city, there is a more limited understanding of the important economic role that the Museum plays in the city and in the Commonwealth of Massachusetts. Few policymakers, businesses, or residents fully understand the operating scale and complexity of the MFA and its far-reaching impacts throughout Massachusetts. Most people, for example, would probably be very surprised that there are over 1,000 people directly employed at the MFA, that the Museum brings in a significant component of its revenues from outside of the state, and that the Museum is helping to build the workforce skills of Boston residents.

Why is this important? In a period of increasing global competitiveness, both the public and private sectors in Boston and throughout the Commonwealth must consider what strategic investments are needed to ensure competitiveness with other major cities, both nationally and internationally. These decisions must be based upon a thorough understanding of factors affecting the economic performance of economic sectors, as well as factors affecting the attractiveness of the city as a place to live and work. This requires a comprehensive look at individual community "assets" to determine their importance to the city's future.

This report seeks to quantify and clarify the role played by the MFA in the Boston and Massachusetts economies. The effort goes beyond traditional economic impact studies in two ways. First, in order to provide a fuller understanding of the MFA's economic impacts, it augments quantitative analysis with real life examples of the Museum's connections to individuals, residents, vendors, and the city's cultural sector. From the teacher who works with the Museum on its program with the public schools, to the local business that provides printing services to the MFA, the report tries to make sometimes abstract economic concepts more accessible. Second, the report documents some of the less tangible impacts of the MFA related to enhancing the city's attractiveness as a place to live, work, meet, and operate a business. The report identifies the types of "qualitative" economic impacts that in some ways are even more important to the long-term economic vitality of the city and state economies.

1.2 Overview of the Museum of Fine Arts

The Museum of Fine Arts, Boston, is one of the premier art museums in the world. Founded in 1876, it is one of the oldest museums in the United States and one of the largest museums in the country. Moreover, the Museum's collection is extraordinarily diverse—encompassing some of the most rare and important artistic treasures in the world—from ancient Egyptian, Nubian, Near Eastern, and Asian art to classical and contemporary visual arts and European and American decorative arts. The Museum has over 350,000 objects in its permanent collection and is visited by over one million people worldwide every year. This is the MFA that most of us know and understand.

What is less known are the many elements of the Museum—beyond its collection—that also have significant economic and community impacts. To understand its economic role, we must look at the Museum's varied dimensions. These include:

1. ***The Museum as a market.*** The Museum is a large market for goods and services for many businesses in Massachusetts. Its spending generates significant economic benefits throughout the city and regional economies.
2. ***The Museum as a retailer.*** People from all over the world purchase goods through the Museum's retail operations. Museum Enterprise Partners (MEP), which functioned for 30 years as the retail division of the MFA, was recently spun off as a separate legal entity. MEP operates the Museum Shop in the MFA as well as stores at Faneuil Hall Marketplace, Copley Place, and Cape Cod. In addition, it sells products internationally through its catalogue and web-based activities and operates a call center and distribution center in Avon, Massachusetts.
3. ***The Museum as a part of the tourism industry.*** Whether drawing in conventioners who are attracted to Boston partly because of its cultural offerings, or tourists who come to the city specifically to attend an MFA show, the Museum is clearly one of the premier cultural tourism destinations in Boston. Those in the tourism industry clearly see the MFA as one of the core assets that makes the city an attractive tourist and convention location.
4. ***The Museum as an educational institution.*** The School of the Museum of Fine Arts (the Museum School) is one of the most respected art schools in the nation and attracts students from all over the world. In addition, the MFA offers lectures and art classes to thousands of residents every year and hosts students and teachers from schools across the Commonwealth.
5. ***The Museum as a community organization.*** The MFA has taken an active role in engaging the community in its activities and undertaking outreach to local neighborhoods. Through participating in community-building efforts such as open houses, to offering the Museum facilities to local community groups, the MFA is working to help build community in Boston.
6. ***The Museum as a provider of food and entertainment services.*** The MFA houses four separate restaurants and is a venue for catered events put on as part of the Museum's activities, as well as corporate and other private events. The Museum has, in fact, become a

premier location for catered corporate events in the city. The MFA outsources all of these services to Restaurant Associates, a private food service company.

7. ***The Museum as a venue for the creative sector in Boston.*** A recent New England Council report, *The Creative Economy: the Role of Arts and Culture in New England's Economic Competitiveness*, established the creative sector as a major economic force in the New England economy. One aspect of the MFA's role in the creative economy of Boston is as a venue for performing and visual artists as well as a premier site for film series.
8. ***The Museum as an incubator of creative workers and businesses.*** Just as the city's other nonprofits institutions such as Harvard and Massachusetts General Hospital lead to entrepreneurial activities in the biotech and technology industries, the Museum of Fine Arts plays a similar role in the creative industries. Faculty and alumni from the Museum School have gone on to start their own businesses or to become key players in companies in the Boston area's creative cluster.
9. ***The Museum as an international distributor of arts and culture.*** The MFA derives revenues from all over the world by loaning its exhibits and developing shows. Most notably, the development of the Nagoya/Boston Museum of Fine Arts in Japan is not only a good example of the MFA's role in international trade, but also creates an international image of Boston as a cultural center. The relationship, which is the first example of an American museum with an Asian affiliate, will bring in \$50 million to the MFA over the next 20 years.

By examining the Museum's many dimensions, this report documents its role as a critical economic engine in the city—generating jobs for its residents, markets for its businesses and artists, a skilled workforce for its employers, and, in the process, a significant contribution to what makes Boston a world-class city.

1.3 Overview of Economic Impact Analysis

Types of Economic Impacts

The term “economic impact” is commonly used to describe what is more accurately the “economic contribution” of an organization or activity to the local and regional economies. The Museum of Fine Arts makes an economic contribution to the city of Boston and the Commonwealth of Massachusetts through four *types* of impacts:

- ***Direct activities of the MFA.*** This includes all the direct expenditures by and employment at the Museum, including retail activities of Museum Enterprise Partners and food service activities of Restaurant Associates within the Museum. Also included are contracting activities, such as temporary employment and construction.
- ***Indirect effects.*** This includes the jobs and income of businesses that supply the MFA with goods and services.
- ***Induced effects.*** This includes the economic activity generated when MFA employees and suppliers spend their wages on local consumer purchases.

- *Visitor effects.* This includes business activity created by the spending of individuals who specifically visit Boston to visit the Museum. (It includes the direct spending of visitors and their indirect effects on suppliers.)

These overall economic effects—business sales, employment, and wages—are interrelated and are part of a “chain” of economic activity; by generating additional business sales, MFA also supports the jobs created by this increase in output. A portion of the business sales revenue is used to pay wages for those jobs. Our examination of the economic impacts of the MFA in Boston and in Massachusetts is based on three categories of economic activities:

- *The MFA as an employer in Massachusetts.* The MFA provides jobs in Boston and elsewhere in Massachusetts and pays wages. MFA employees then take these wages to spend in the city and state, paying mortgages and rents, purchasing groceries, taking clothes to dry-cleaners, and the many other necessary and discretionary activities that contribute to sales at other businesses, which then employ more workers and pay wages.
- *The MFA as a corporation.* The MFA purchases goods and services from Boston and other Massachusetts companies that, in turn, employ others and pay wages. These earnings then are circulated back into the economy generating more activity.
- *The MFA as an attraction.* Visitors travel to Boston and the Commonwealth specifically to visit the Museum. These visitors spend money to purchase meals and snacks, hotel rooms, cab rides, souvenirs, and other goods and services in Massachusetts. Students who attend the Museum School also spend money for goods and services in Boston.

Methodology

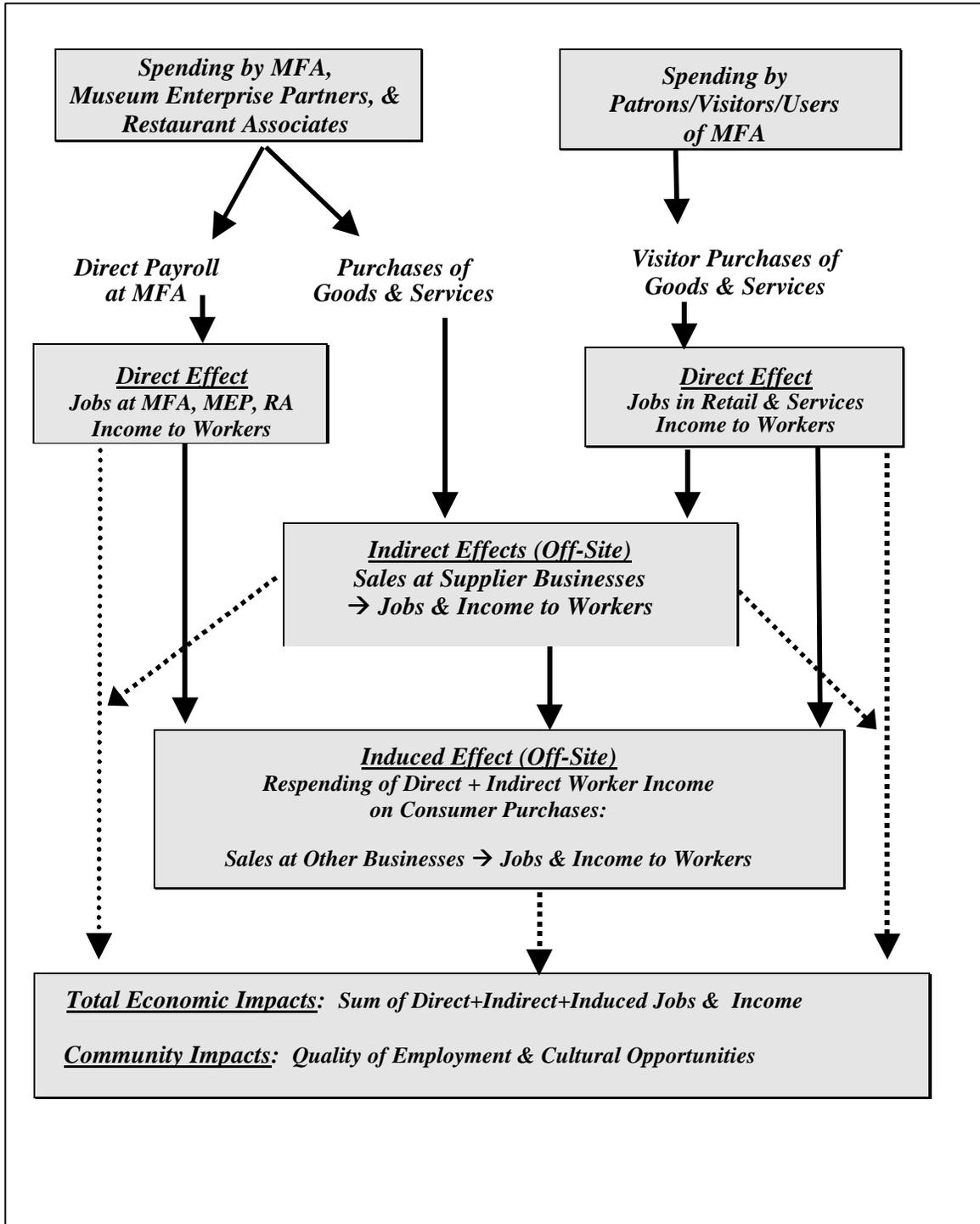
For the purpose of this study, the economic components associated with the MFA were included. Information on the Museum School is included as part of the MFA. However, economic activity of its retail operations was recently spun-off as a separate economic entity. Information on the new corporation, Museum Enterprise Partners (MEP), is included in the analysis. In addition, the economic activity associated with Restaurant Associates, a separate corporation that operates all of the food services at the MFA facility, is included in the analysis. Where possible, data are distinguished between the MFA, Museum Enterprise Partners, and Restaurant Associates.

Estimates presented in this report are based on a range of quantitative and qualitative evidence gathered during the course of the project. In preparing economic impact numbers, data on constituent expenditures were gathered directly from the financial reports of the MFA, as well as from Museum Enterprise Partners and Restaurant Associates. In addition, information on visitors came from Museum data as well as visitor surveys undertaken by the Museum. These data were then supplemented with information gathered during interviews with key MFA personnel, other organizations and persons familiar with the Museum, community groups that have benefited from MFA activities, and firms that supply goods and services to the MFA.

The numbers presented in this report are conservative estimates of the likely economic impacts of the MFA on the local and state economies. Examples of some of the methodological decisions that stem from this approach include:

- In cases where we could not estimate how much of a category's expenditures stayed in the region and it was plausible that none of the spending stayed in the city or surrounding areas, we assumed that all of the expenditures were made outside the region.
- We did not include spending by Museum School students residing in Boston in our estimates of the economic impact of that institution. Instead, we included only student spending for those that reported an address outside of the city of Boston.

Figure 1-1: Elements of Economic Impacts and their Interrelationship



1.3 Summary of Economic Impact Findings

The following four tables review the direct, indirect, induced, and visitor-generated economic impacts of the MFA on the city of Boston and state of Massachusetts economies. Tables 1.1 and 1.2 separately summarize the *direct* and *indirect/induced economic contribution*, and Tables 1.3 and 1.4 summarize the *total economic contribution* including direct spending, the indirect (supplier) impacts, and induced (wage respending) impacts on Boston and the larger impacts on Massachusetts.

Direct Economic Contribution⁴

- The MFA directly generates about \$137 million of economic activity annually, of which \$111 million is in Boston. More than \$29 million is payroll going directly to workers, \$43 million is retail and restaurant sales, and an additional \$67 million is purchases by the Museum from other businesses, with almost half going to Massachusetts companies. We review the direct economic contribution of the MFA in Table 1.1. (See Section 2 for a more complete discussion of impacts related to payroll and spending.)
- Visitors to the MFA directly spend money outside of the Museum on lodging, meals, and other purchases. Counting just the portion of the visits that are attributable directly to the Museum and would not otherwise occur within the state, the additional direct spending by these visitors brings nearly \$84 million of business sales to the state. (Of this total, \$73 million goes to businesses and residents within the city of Boston.) Students at the Museum School who are not residents of Boston bring an additional \$2 million of spending to the city. (See Table 1.1.) (See Section 3 for a more complete discussion of impacts related to visitors.)

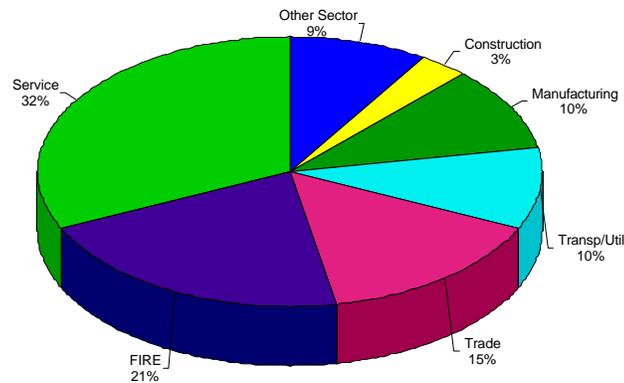
Table 1.1: Direct Economic Contribution of the MFA as a Business Operation and Visitor Generator			
Direct Spending Effects	Boston Economy	Rest of Mass. Economy	Total Statewide Economy
Direct Spending on Payroll, Sales, and Vendor Purchases	\$110.9 m	\$ 25.6 m	\$136.5 m
Direct Tourist/Visitor/Student Spending	\$75.1 m	\$ 9.7 m	\$84.8 m
Total Direct Economic Contribution	\$186.0 m	\$35.3 m	\$221.3 m

Indirect and Induced Economic Contribution

The MFA’s direct spending leads to additional downstream impacts on suppliers, as well as respending of worker income. These effects account for an additional \$148 million of business sales within Massachusetts. Chart 1.1 illustrates the flow of dollars in different sectors of the Commonwealth.

⁴ Sources for Tables 1.1 – 1.4 are information supplied by the MFA, Restaurant Associates, and Museum Enterprise Partners, and the IMPLAN economic model. All job totals are expressed as full-time equivalent positions (part-time jobs are counted as 0.5 FTE and temporary jobs are counted as 0.75 FTE).

Chart 1.1: Distribution of Statewide Indirect and Induced Economic Contribution of the MFA by Industry Sector



Source: IMPLAN Economic Model. Calculations by EDR Group.

The Full Story: Tracking Indirect and Induced Effects

Input-output accounting traces the full contribution of an activity (e.g., the MFA) to the level of economic activity occurring in an area (e.g., Massachusetts). This flow works as follows:

- People (who live or visit Massachusetts) spend a portion of their income on purchases of MFA tickets, food, and gifts.
- The MFA (Museum, restaurant, and retail activities) spend a portion of that revenue to order equipment and supplies, and another portion of it to pay on-site workers.
- Both the orders for supplies and the pay to workers generate additional off-site business activity:
 - the orders generate a stream of revenue to firms that provides the needed goods and services, and those firms also pay their own workers and purchase required materials;
 - the income flowing to workers generates a subsequent stream of off-site spending on consumer purchases.
- These streams of impact (also known as domino effects) do not go on forever. In the end, every product or service is comprised of some raw materials and some value-added by workers along the way. Input-output models can be used to calculate these total effects on business sales and associated jobs and income, and the portion occurring in Massachusetts. The part associated with business supplier orders is sometimes referred to as the “indirect effect,” while the part associated with worker income respending is sometimes referred to as the “induced effect.” Both parts affect the overall level of economic activity occurring in the region.

Of the total \$148 million, \$107 million, or 72 percent, is within Boston. Table 1.2 divides the flows of indirect and induced benefits to Boston and the rest of the Commonwealth.

Table 1.2: Indirect and Induced Economic Contribution of the MFA			
<i>Indirect and Induced Effects</i>	Boston Economy	Rest of Mass Economy	Total Statewide Economy
Generated as a consequence of Museum operation	\$69.6 m	\$29.9 m	\$99.5 m
Generated as a consequence of visitor spending	\$37.6 m	\$10.9 m	\$48.5 m
Total Indirect + Induced Economic Contribution	107.2 m	\$40.8 m	\$148.0 m

Total Economic Contribution

Tables 1.3 and 1.4 show the total economic impacts made by the MFA to Massachusetts and to Boston. *The MFA generates \$369 million of economic activity in Massachusetts, supporting over 4,500 jobs with nearly \$131 million in wages.*

Table 1.3: Total Economic Contribution of the MFA on the Massachusetts Economy			
	Economic Output Generated	Labor Income Generated (portion of output)	Full-Time Equivalent Jobs Generated
Museum Operation			
Direct Spending			
Payroll for the MFA: on-site wages	\$29,021,086	\$29,021,086	811 ¹
Retail and restaurant: on- and off-site sales	\$42,778,124	\$ 8,572,273	393
Purchase of goods and services from off-site vendors	\$64,722,182	0	0
Indirect and Induced Impacts	<u>\$99,469,781</u>	<u>\$37,204,726</u>	<u>1,013</u>
<i>Subtotal</i>	\$236,991,173	\$74,798,085	2,217
Museum-Generated Visitors & Students			
Direct Spending: off-site purchases	\$84,829,152	\$36,021,500	1,765
Indirect and Induced Impacts	<u>\$48,518,425</u>	<u>\$19,815,724</u>	<u>551</u>
<i>Subtotal</i>	\$133,347,577	\$55,837,224	2,316
Total Massachusetts Economic Contribution	\$369,338,750	\$130,635,309	4,532
Note: (1) Full-time equivalents (FTE) are based on 939 full-time, part-time, and temporary employees. Part-time and temporary employees are only counted as a fraction of a FTE.			
Sources: MFA, MEP, RA, and IMPLAN Economic Model. Calculations by EDR Group.			

Within the city of Boston alone, the MFA generates \$293 million of economic activity, supporting over 3,400 jobs and nearly \$106 million in wages.

Table 1.4: Total Economic Contribution of the MFA on the Boston Economy			
	Economic Output Generated	Labor Income Generated (portion of output)	Full-Time Equivalent Jobs Generated
Museum Operation			
Direct Spending			
Payroll for the MFA: on-site wages	\$29,021,086	\$29,021,086	811 ¹
Retail and restaurant: on- and off-site sales	\$17,122,079	\$ 4,512,261	214
Purchase of goods and services from off-site vendors	\$64,722,182	0	0
Indirect and Induced Impacts	\$69,584,895	\$25,533,850	635
<i>subtotal</i>	<i>\$180,450,242</i>	<i>\$59,067,197</i>	<i>1,660</i>
Museum-Generated Visitors & Students			
Direct Spending: off-site purchases	\$75,089,727	\$30,997,042	1,369
Indirect and Induced Impacts	\$37,571,468	\$15,715,930	391
<i>subtotal</i>	<i>\$112,661,195</i>	<i>\$46,712,972</i>	<i>1,760</i>
Total Boston Economic Contribution	\$293,111,437	\$105,780,169	3,420
<p>Note: (1) Full-time equivalents (FTE) are based on 939 full-time, part-time, and temporary employees. Part-time and temporary employees are only counted as a fraction of a FTE.</p> <p>Sources: MFA, MEP, RA, and IMPLAN Economic Model. Calculations by EDR Group.</p>			

SECTION 2:

THE MFA AS AN EMPLOYER AND CORPORATION: PAYROLL, SPENDING, AND TAXES

2.1 Direct Employment and Payroll at MFA

Like many cultural organizations, the core activities of MFA tend to be very labor-intensive. Day-to-day activities utilize large amounts of labor with very little reliance on inputs associated with more traditional economic activities, such as manufacturing. Because of its heavy reliance on labor inputs, a large portion of MFA's total budget is spent on wages, salaries, and benefits.

♦ *The workforce of the MFA earns nearly \$39 million in salaries and wages. Jobs in Boston generate \$35 million of that income.*

The Museum of Fine Arts, including its retail and restaurant components and the Museum School, directly provides more than 1,300 jobs in Massachusetts, which pay \$38.6 million in annual wages. Slightly more than half the jobs are full-time and permanent, while 27 percent are part-time and 21 percent are temporary. The workforce at Museum Enterprise Partners has a 3:1 ratio of part-time to full-time employees. At the Museum, 57 percent of MFA and 75 percent of Restaurant Associates' staff are full-time and permanent.

Sector	Full-Time	Part-Time	Temporary	Total	Total Payroll
Museum	539	113	287	939	\$29,021,086
Museum Enterprise Partners	70	217		287	\$ 6,432,935
Restaurant Associates	94	31		125	\$ 3,105,132
Massachusetts Totals	703	361	287	1,351	\$38,559,153

Most people are very surprised when they find out how many individuals are directly employed by the MFA. Even economic analysts sometimes fail to recognize it when they are examining the Boston economy. For example, a recent study by the Boston Redevelopment Authority lists the largest private employers in Boston, ranked by number. Even without counting the Restaurant Associates' employees, the MFA should have been ranked in the top 50—in the same size range as Liberty Mutual (with 1,305 employees), Mass Eye and Ear Infirmary (with 1,246 employees), and WGBH (with 1,138 employees). *Yet, the MFA's role as*

a significant employer in the city is so unrecognized that it was not even on the list of largest private employers in Boston.⁵

Location of Jobs

- ◆ *Approximately 90 percent of the MFA’s direct jobs and wages are located and earned in the city of Boston.*

Locations of these jobs, in addition to the Museum and its restaurant, are the National Center for Afro-American Artists and retail shops in Copley Plaza and Faneuil Hall Marketplace. Museum Enterprise Partners, the retailing arm of the MFA, supports warehousing and other centralized operations in Avon, Massachusetts, as well as an outlet store on Cape Cod. Table 2.2 displays employment by the location of MFA-related jobs. Table 2.3 shows the wages paid to workers who hold these jobs.

Table 2.2: MFA Employment by Place of Work.					
	Full-Time	Part-Time	Temporary	Total	Total Payroll
City of Boston Totals	663	261	287	1,211	\$35,218,529
Percent City of Boston	94%	72%	100%	90%	91%

Sources: Data provided by the MFA, Restaurant Associates, and Museum Enterprise Partners.

Table 2.3: MFA Payroll by Place of Work					
	Museum	Restaurant	Retail	Total	Percent of Total
Boston	29,021,086	3,105,132	3,092,311	35,218,529	91%
Rest of MA	--	--	3,340,623	3,340,623	9%
Total Payroll in MA	\$29,021,086	\$3,105,132	\$6,432,935	\$38,559,153	100%

Sources: Data provided by the MFA, Restaurant Associates, and Museum Enterprise Partners. Calculations by EDR Group.

Employment of Boston Residents

- ◆ *The MFA is one of the largest private employers of Boston residents located in the city of Boston.*

Another way to look at direct impacts of the MFA on Boston and Massachusetts is by examining where the employees of the Museum live. Not only is the MFA a significant employer located in the city, it is also an important source of employment for Boston residents. About 41 percent of all MFA employees are residents of Boston proper and about 97 percent reside within the Commonwealth of Massachusetts. The percentage of Restaurant Associates’ employees at the MFA who reside in Boston is even higher—at 55 percent. The percentage of Museum Enterprise employees who live in Boston, while lower, is still surprisingly high given the location of its call center and distribution facility in Avon and its outlet store on Cape Cod.

⁵ *The Largest Private Employers in Boston: 2001*, Boston Redevelopment Authority, Report #545 May 2001, Revised August 2001.

This percentage of Boston residents is well above the average of 28 percent that the BRA found amongst the largest private employers in the city of Boston. In fact, using the BRA study, the MFA would be one of the largest private employers of Boston residents in the city.

**Table 2.4:
MFA Employment by Place of Residence**

	Total	Live in Boston	Percent of Total
MFA	939	393	42%
Restaurant Associates	125	70	56%
Museum Enterprise Partners	287	79	28%
Total	1,351	542	40%

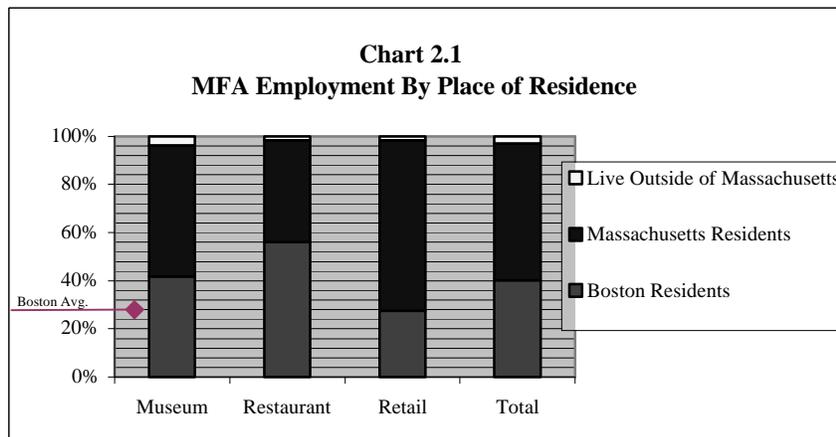
Workers spend money near their jobs, but also buy and rent homes and purchase other goods and services near their homes using paychecks earned at their jobs. Table 2.5 shows the breakdown in earnings by place of residence and by MFA function (Museum, restaurant, and retail operation).

Table 2.5: MFA Payroll by Place of Residence

	Museum	Restaurant	Retail	Total	Percent of Total
Boston	\$10,108,164	\$1,738,874	\$1,483,456	\$13,330,494	35%
Rest of MA	\$18,003,302	\$1,316,576	\$4,805,638	\$24,125,516	63%
Rest of US	\$ 909,620	\$ 49,682	\$ 143,840	\$ 1,103,142	3%
Total Payroll	\$29,021,086	\$3,105,132	\$6,432,935	\$38,559,153	100%

Note: Calculations for Restaurant Associates were prorated based on annual payroll and the ratios of employee addresses.
Sources: Data provided by the MFA, Restaurant Associates, and Museum Enterprise Partners. Calculations by EDR Group.

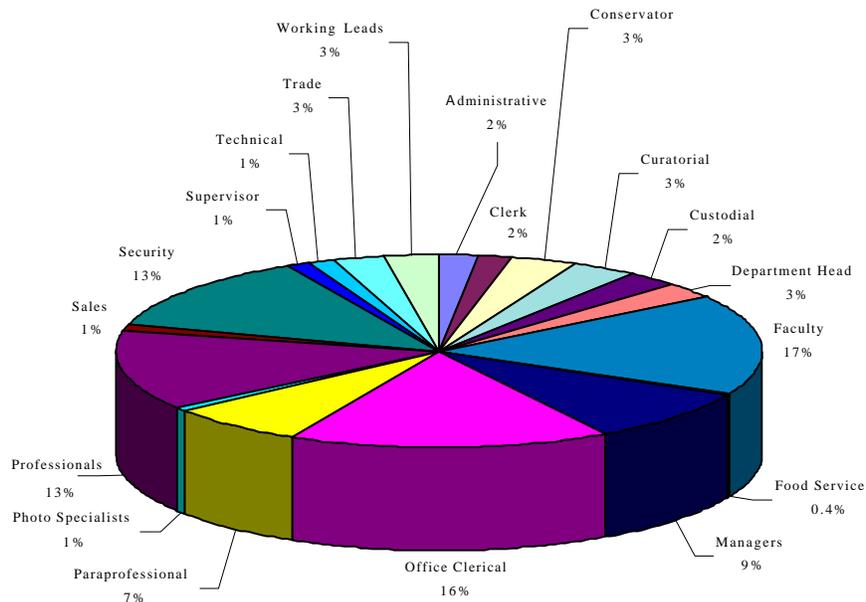
Chart 2.1 illustrates the distribution of jobs by employees' place of residence. Ninety-seven percent of the jobs created directly by the MFA and 97 percent of the resultant payroll are held and earned by Massachusetts' citizens, amounting to more than 1,300 jobs and \$37.5 million in annual income. Boston residents hold 40 percent of all jobs and earn 35 percent of the total income, perhaps attesting to the greater propensity for holding a part-time job when living closer to the Museum and MFA stores (three of five are in Boston).



Types of Employment

The Museum itself employs 939 people in full-time, part-time, and temporary capacities, who work in 19 occupational categories requiring varied types of education and training. Nearly 37 percent of the MFA staff are classified as professional employees who work as curators, conservators, and educators. An additional 13 percent are department heads, managers, and supervisors. Almost 15 percent are employed in paraprofessional or trades positions, while the remaining 35 percent include security personnel, custodians, and administrative and clerical staff. Chart 2.2 presents a detailed breakout of the varied jobs that keep the Museum functioning.

Chart 2.2. Distribution of MFA Employment by Occupation



Note: These data are for the Museum and do not include jobs at Museum Enterprise Partners or Restaurant Associates.

Source: MFA.

The Museum divides its business into four divisions with a total of 31 departments. The major divisions are: Curatorial, Education, External Relations, and Operations. (See Table 2.6.) The largest of these is Operations, which houses the everyday functions that keep the Museum in service to the public and for its staff, including facilities management, protective services, human resources, and financial administration. Combined, the Department of Museum Learning and Public Programs, which includes the Museum School, and the Curatorial Department address the core mission of the Museum and, accordingly, employ more than half of the MFA staff. Most of the MFA's temporary workers are in the Department of Museum Learning and Public Programs, while most of the part-time staff are security guards.

Division	FT	PT	Temp	Totals	Percent
Curatorial	155	14	12	181	19%
Education	104	16	195	315	34%
External Relations	72	16	11	99	10%
Operations	208	67	69	344	37%
Totals	539	113	287	939	100%
Source: MFA					

2.2 Purchases of Goods and Services from Outside Suppliers

✦ *In 2001, the MFA purchased more than \$32.5 million in goods and services from Massachusetts' vendors. About two-thirds of this business was with establishments located in Boston.*

In fiscal year 2001, roughly \$67 million of goods and services were purchased for MFA activities, and almost half of these purchases were made in Massachusetts. Purchases of \$64.7 million were made for the Museum (including the Museum School) and its retailing operation⁶, and over \$2 million of goods and services were purchased by Restaurant Associates.⁷

Overall, the Museum/retail and restaurant purchases in the Commonwealth totaled over \$32 million in fiscal year 2001, including:

- \$20.9 in the city of Boston;
- \$11.7 million elsewhere in Massachusetts.

In addition to local vendors, various suppliers of goods and services are located across the United States and internationally. Table 2.7 depicts the geographic distribution of vendors used to support MFA operations, and Table 2.8 displays those purchases by major category and values. Altogether, almost 48 percent of goods and services purchased by the MFA support businesses and employment in Massachusetts.

⁶ Through June 30, 2001, retail operations of the MFA were part of the Museum. Starting July 1, 2001, Museum Enterprise Partners was created to manage the retail component. Data for vendor expenditures supplied by the MFA are for the period July 1, 2000 – June 30, 2001, and include expenses to sustain the retail element now under the aegis of Museum Enterprise Partners.

⁷ Purchases made by Restaurant Associates were inferred by the IMPLAN economic model, based on reported restaurant and catering sales.

Area	Vendor Purchases	Percent of All Dollars Spent
Total Massachusetts	\$ 32,542,039	48%
Total Boston	\$ 20,875,984	30%
Other MA	\$ 11,666,056	17%
Outside of MA	\$ 34,275,324	52%
Total	\$ 66,817,365	100%

Sources: MFA, Restaurant Associates. Restaurant vendor spending for Boston and Massachusetts is estimated by the IMPLAN model. National spending is based on a sample of vendors provided by RA. Calculations by EDR Group.

Museum and Retail

Table 2.8 illustrates the major categories of expenditures. Among key expense items are:

- printing and publishing of catalogues and other materials, supplies, office equipment and supplies, and other goods and services to maintain daily operations at the Museum;
- legal services, marketing, accounting, security, financial, and other professional or technical services required by the Museum;
- distribution services to provide products and books to consumers worldwide, and to receive and ship works of art;
- costs for capital improvements to facilities, utilities, and rent for offsite stores;
- purchases of works of art and retail merchandise for resale in the Museum Stores in eastern Massachusetts and by catalogue/e-commerce.

Category	Cost	Category	Cost
Prof./Tech. Services	\$16,147,098	Shipping and Transportation	\$ 3,439,710
Financial Services Total	\$ 5,983,038		
Consulting Total	\$ 2,411,591	Facilities/Construction	\$ 5,980,102
Educational Total	\$ 1,736,099		
Design Consultants Total	\$ 1,250,739	Works of Art	\$ 8,271,947
Marketing Total	\$ 1,176,485		
Advertising Total	\$ 1,004,418	Retail Merchandise	\$11,867,848
Other	\$ 2,584,729		
		Food and Liquor	\$ 1,789,298
Operations	\$19,015,477		
Printing Total	\$ 6,946,680	Other Restaurant	\$ 305,883
Postage Total	\$ 992,503		
Other	\$ 7,671,529		

Source: Data provided by MFA. Organization and grouping by EDR Group.

Food Services at the MFA

There are over one hundred food service workers in Boston whose jobs depend upon the activities of the MFA. These jobs are related to on-site restaurants and food vendors, as well as to special catering activities for events hosted at the MFA.

Restaurant Associates, a national catering and food service company, is the primary provider of food services at the MFA. The firm operates four separate restaurants at the Museum and caters all of the gala events. It employs 125 workers, most of whom are Boston residents.

The firm's relationship with the MFA is very important. Corporate clients like the venue because of its prestige. As the caterer to all corporate events, the MFA provides Restaurant Associates with increased visibility in the Boston market.

MFA Vendors

Massachusetts' vendors supply millions of dollars of goods and services to the MFA every year. Vendors provide a wide range of products and services, which include advertising and communications, retail merchandise, art transportation, printing and direct mail, photography, and entertainment. Vendors who were interviewed all maintain that their relationships and their history with the MFA are highly prestigious and of great strategic importance to them.

MFA vendors include one of the country's largest art transportation companies handling art and antiques, the U.S. Art Company, which has two full-time people stationed at the MFA and others at its main office in Randolph who are utilized as needed for services to the Museum. U.S. Art Company was founded and continues to be based in New England. According to one of the owners, the MFA has been and continues to be a key account not only monetarily, but also because it has validated "our work in the industry."

Smaller vendors such as Anne C. Ross, glass artist, make fused glass plates for the MFA store. She says that the MFA is one of her largest clients. For some of the larger shows, she partners with the MFA to make specialty pieces. For example, for the Monet show she made a Waterlilly plate that was so successful she had to hire three additional people to work in her small 2,500-square-foot studio on Cape Cod. She says that there is no question that her relationship with the MFA has helped her to develop other accounts. "My sales reps say to other potential clients, 'The MFA has this, the MFA has that...' it helps other stores get on the bandwagon. I pay an awful lot of taxes because of the MFA."

Paul Saraceno is a Boston-based photographer with a studio in Boston. He photographs the Museum catalogue, an account that he has had for five years. Because he shoots four catalogues a year as well as different variations, it is a year-round job that enables him to keep a large group of freelancers employed, including entire crews when the catalogue is being shot. "It's a great group to work for, a big piece of my business."

While the MFA is not amongst its largest clients, Telluride Clothing of Natick makes sweaters for the Museum stores based on MFA tapestries—projects that its designers say are "fun and challenging." A large local printing company that produces the *Preview Magazine* for the MFA concurs that it is both a prestigious account and an interesting one—its employees get to see what shows are coming way ahead of anyone else.

2.3 Taxes Paid by the MFA

- ✦ *The annual economic impact of the MFA on jobs, wages, and business sales generates more than \$11 million in taxes for Massachusetts and Boston.*

The MFA provides important sources of revenue to the city of Boston and Commonwealth of Massachusetts in many ways.

- *At the local level*, the Museum pays the city of Boston payments in lieu of taxes, its restaurant pays alcoholic beverage license fees, and the Museum's visitors generate revenues from local hotel taxes.
- *At the state level*, the Museum's employment of workers leads directly to payments of state unemployment, universal health, and personal income taxes. The Museum's restaurant operator also pays corporate excise taxes. As a result of the Museum's purchases of goods and services from various vendors, as well as the respending of worker income, there are additional sales, meals, personal income, and corporate income taxes generated.

The analysis below provides further explanation of the three largest sources of tax revenue generated by the MFA—the income tax, sales tax, and hotel tax.

State Income Tax Revenues. Wages are generated for workers associated with the MFA, for workers at the Museum's suppliers that are in Massachusetts, and for workers at other Massachusetts businesses catering to the MFA's outside visitors and students. These wages are scheduled to be taxed by the Commonwealth at a rate of 5.6 percent for 2001 earnings. This translates into an estimated effective rate of 4.59 percent after deductions and exemptions.⁸ The labor income impact in Massachusetts generated by the MFA is estimated to be \$130.6 million. Applying the 4.59 percent mean average effective tax rate indicates that the Museum generates *\$6.0 million in annual state income tax revenues* for the Commonwealth.

State Sales and Meals Tax Revenues. Essentially, general spending on retail merchandise and retail spending for meals and snacks (excluding grocery stores) are subject to a 5 percent sales tax or a 5 percent meals tax. Our analysis of the economic ripples emanating from the MFA show that roughly \$56.5 million was spent in the retail sector, including the Museum's food service and retailing operations. After excluding Internet, mail order, and external sales from the retailing sector, 5 percent of the remaining \$31.5 million of retail sales corresponds to *\$1.6 million in annual sales and meals tax revenues*.

The estimated sales and meals tax revenue of \$1.6 million might be a significant undercount. For example:

- Over \$4 million is generated annually for the construction sector, but we have no way to estimate how much of this is used for taxable materials. Generally, 5 to 15 percent of a construction budget is for materials.
- Similarly, \$11.7 million flows into automotive repair services, but we do not know how much of this is used for parts and other taxable items.

⁸ *Massachusetts Individual Tax Statistics, 1996*, Massachusetts Department of Revenue. 1996 is the most recent year that data are available. The tax rate on wages in 1996 was 5.95 percent. In 2001, the tax rate is scheduled to be 5.6 percent. All reporting in this section has been scaled to match a 5.6 percent tax rate.

State and Local Hotel Taxes. Hotel taxes contribute to the general fund of Massachusetts and Boston, and a portion of tax revenues from hotel occupancy is dedicated to the future convention center in Boston. Our analysis show that hotels and lodging places capture \$29.2 million of the direct, indirect, and induced revenues generated by the MFA (\$24.9 million in Boston and \$4.3 million outside of Boston in Massachusetts).

Hotel receipts are taxed by the Commonwealth at 5.7 percent. In Boston and Cambridge, revenues from hotels opened after July 1, 1997 are dedicated to the convention center, and revenues from hotels opened prior to that date flow to the Commonwealth’s general fund.⁹ Approximately one out of seven hotels post-date July 1, 1997.¹⁰ *Thus, approximately \$1.4 million goes to the general fund and \$238,000 is earmarked for the convention center.*

The Commonwealth also levies a 2.75 percent tax on hotel revenues in Boston and Cambridge for the convention center (in addition to the funds dedicated from the general state tax discussed previously). *This special tax brings in approximately \$800,000 for the convention center.*

Thirdly, municipalities in Massachusetts may (and do) impose a 4 percent local option tax on hotel residency. The MFA generates roughly \$1 million in revenues to the city of Boston through this local option tax, and \$173,000 elsewhere in the state.

All told, economic activities generated by the MFA return more than \$11 million in annual public revenues through the major taxes discussed above, of which \$9 million flows to the Commonwealth and \$2 million to Boston, including the monies earmarked for the convention center. (See Table 2.9.)

Major Tax	State General Fund	Boston General Fund	Convention Center Earmark	Other MA Communities	Totals
Income Tax	\$6.0 Million	-	-	-	\$6.0 Million
Sales and Meal Taxes	\$1.6 Million	-	-	-	\$1.6 Million
Hotel Taxes	\$1.4 Million	\$1.0 Million	\$1.0 Million	\$0.2 Million	\$3.6 Million
Totals	\$9.0 Million	\$1.0 Million	\$1.0 Million	\$0.2 Million	\$11.2 Million

⁹ For the purpose of this analysis, we assume all Museum visitors who use hotel rooms stay in Boston or Cambridge.

¹⁰ Source: Boston Redevelopment Authority

SECTION 3:

THE MFA AS AN ATTRACTION: THE ECONOMIC IMPACTS OF VISITORS

3.1 Types of Visitors

When one thinks about visitors to the MFA, the common perception is that most of them are from the Boston area and visit the Museum to view its collection. In fact, the Museum has a much greater variety of visitors in terms of both geographic origin and purpose of visit. In calendar year 2000, the MFA had about 33,000 visitors from a total of 75 different countries outside the U.S., including 11,000 visitors from Japan.

Only about 15 percent of the visitors in 2000 were paid regular admissions and about 16 percent were members. A large proportion, close to 38 percent, came in order to view the MFA's special exhibits. The number of visitors in this category varies from year to year depending on the shows. In FY 2001, the major shows were "Van Gogh: Face to Face," with total attendance of 302,662 and "Dangerous Curves: The Art of the Guitar," with 140,216. In previous years, the MFA attracted significantly more visitors as a result of blockbuster shows. For example, the Monet exhibit in 1998 brought in over 565,000 visitors and was the biggest museum show in the world in that year.

Another large group of MFA visitors are categorized as "other admissions." Many of these visitors are free admissions—coming to the Museum as part of special community outreach efforts. In addition, the Museum attracts many visitors through its special programming, most notably its film series that attracts over 50,000 visitors a year. Another category of visitor is those individuals who attend special catered events at the MFA.

A final type of visitor to the Museum that is often overlooked is the many volunteers to the MFA who come as often as daily to provide services and support in the Museum. We estimated that these volunteers make about 13,000 individual visits to the MFA each year.

Type of Visitor	Number	Percent of Visits
Volunteers	13,488	1.0%
Admissions: General		
Paid Admission	194,297	14.7%
MFA Members	205,574	15.5%
Other Admissions	240,355	18.2%
Public Programs	62,950	4.8%
Groups	89,293	6.8%
Special Events	21,144	1.6%
Admissions: Special Shows	495,273	37.5%
Total Visits	1,322,374	100.0%

3.2 Economic Impacts Associated with Visitors

✦ *The MFA generates \$83 million of spending in Massachusetts associated with visitors to the Museum.*

More than 1.3 million people visited the Museum of Fine Arts during FY 2001 to peruse its galleries, view special exhibits, or attend events such as lectures, films, or live performances. In context, the Museum attracts about as many visitors as total season attendance at Celtics and Bruins games in the Fleet Center combined.

To measure the economic impact of visitors to the MFA on the Boston and Massachusetts economies, however, we focus on the subset of about 430,000 visitors who live outside of Boston and visit the MFA because the Museum is a primary attraction. (See Table 3.2.) Conservatively, we estimate that visitors to the MFA add more than \$83 million per year to the Boston and Massachusetts economies, outside of what they spend at the Museum. This is spending that would not occur in Boston or Massachusetts but for the Museum.

Of the 1.3 million visitors to the MFA:

- 209,000, or 16 percent, were individual or corporate members. Forty percent of members who visit the Museum are Boston residents. An analysis of zip code addresses of almost 90,000 member visits from 1999–2001 indicates that 12 percent of member visits were by Bostonians, 68 percent were by residents of other Massachusetts’ municipalities, and 20 percent were from elsewhere.¹¹
- Roughly 777,000 non-members paid admission to browse the galleries, attend cultural/special events, and view special art exhibits. The best available information indicates that 11 percent of non-member visits are by Boston residents, 34 percent are by people who live outside of the city but are classified as in the Boston area, and 55 percent are tourists.¹²
- The other 323,000 visitors to the MFA received free admission, or came with a tour or school bus.¹³ We are assuming that these visitors generally do not contribute to the Boston or Massachusetts economy during these trips to the Museum.

Deriving Economic Impacts

From the perspective of economic impacts, Boston residents who visit the MFA and spend money on area establishments during the same trip do not add to the local economy because residents spend most of their money in Boston and Massachusetts anyway. The MFA,

¹¹ Data provided by the MFA. We apply these findings to FY 2001 visitor statistics to derive estimates for use later in this section.

¹² Data of paid admissions are from MFA. Also, see: *Museum of Fine Arts, Boston: Members Survey*, published in August 1999, *MFA Non-Member Visitors: Summer 1999*, and *MFA Non-Member Visitors: Fall/Winter 1999/2000*, all by Kane, Parsons & Associates. The 1999 report estimates the proportion of non-member visits as 45 percent Boston area residents, defined as those who live within 75 miles of downtown Boston, and 55 percent non-residents or tourists. In the three surveys conducted in the winter of 2000, and the fall and summer of 1999, proportions of area residents identified as Bostonians were 33 percent, 23 percent, and 20 percent, respectively. Our general designation of 25 percent should not be interpreted as an arithmetic mean, but, rather, as an approximation of the overall three-year findings.

¹³ Source for data is the MFA.

however, does generate an economic benefit to Boston from other Massachusetts residents who come to the city for the purpose of visiting the Museum. (See Table 3.2.)

All business travelers or tourists in metro-Boston who decide to visit the MFA while in the area are choosing to spend money on a trip to the Museum as opposed to other local entertainment or cultural activities. In addition, various surveys have found that between 20 and 33 percent of tourists visiting the MFA name the Museum as the primary reason for their trip. Further, various surveys document that 10 percent of additional tourists (defined as living 75 miles or more from downtown Boston) who visit the Museum claim that their visit to the MFA is the primary reason for their day-trip to Boston, even though their trip to the region may be for other purposes as well. Taking all of this into account, the economic impacts of visitors are measured as follows:

Place of Residence	Impacts of Visitor Spending on Economies of:	
	Boston	Rest of Massachusetts
Boston	No Impact	No Impact
Massachusetts, but not Boston	100%	No additional Impact
Out-of-state/international tourists whose trip to MFA is the primary reason for their day trip to Boston	100% for day trip only	No additional Impact
Out-of-state/international tourists who identified the MFA as the primary reason for their trip to Massachusetts/Boston	Estimated 85% of total trip	Estimated 15% of total trip
<p>Sources: For motivations of visitors to the MFA by place of residence, we rely on three studies published by Kane, Parsons & Associates: <i>Museum of Fine Arts, Boston: Members Survey</i>, published in August 1999, <i>MFA Non-Member Visitors: Summer 1999</i>, and <i>MFA Non-Member Visitors: Fall/Winter 1999/2000</i>. We adopted the approximate proportion of 85 percent and 15 percent to estimate spending by tourists in Boston and elsewhere in Massachusetts based on the proportion of hotel rooms between Boston and Cambridge, and apply this only for those tourists who identify coming to the area to visit the MFA.</p>		

The last piece of this puzzle is to determine the number of MFA visitors who come to Boston (or the Boston area for long-distance tourists) for the purpose of visiting the Museum. Approximately 60 percent of area residents and 30 percent of tourists surveyed at the MFA identified coming to the Museum as a primary purpose of their visit to the area, with an additional 10 percent of tourists identifying their visits to the MFA as the primary reason that they are in Boston that day.¹⁴ To provide a conservative analysis, we measure economic impacts that are generated by the MFA on the Boston and Massachusetts economies based only on visitor spending that otherwise would not be spent locally if not for the lure of the Museum. (See Table 3.3.)

¹⁴ Ibid. The three surveys show that 27 to 33 percent of tourists at the Museum say that visiting the MFA is the primary purpose of their trip, and 55 to 76 percent of area residents say that the MFA is the primary reason for their visit.

Table 3.3: MFA Visitors by Residence and Purpose of Visit				
		Residence of Visitors		
All Paid Visitors	Totals	Massachusetts, not Boston	Tourists from Other States/Nations	Boston
Members	208,668	142,373	40,772	25,523
Non-Members	777,254	262,323	427,490	87,441
Totals	985,922	404,696	468,262	112,964
Paid Visitors for whom the Museum is a Primary Reason for Trip				
Day trip with primary purpose of visiting MFA	289,644	242,818	46,826	N/A
Longer-term visitors who report that the Museum is a primary reason for their trip to the metro-area	140,479	N/A	140,479	N/A
Totals	430,123	242,818	187,305	N/A
Notes:				
1. The number of day visitors in Boston for the primary purpose of visiting the MFA is calculated as 60 percent of Massachusetts, not Boston, residents and 10 percent of tourists.				
2. Longer-term visitors in the Boston area primarily to visit the MFA are calculated as 30 percent of tourists.				
Sources: <i>Museum of Fine Arts, Boston: Members Survey, 8/99, MFA Non-Member Visitors: Summer 1999, and MFA Non-Member Visitors: Fall/Winter 1999/2000</i> , Kane, Parsons & Associates; <i>Museum of Fine Arts Member Zip Code Analysis; MFA Visitor Statistics, FY 01</i> . Calculations by EDR Group.				

Spending

Local visitors coming to the MFA spend about \$60 on the day of their visit, exclusive of admission, consisting of between \$13 and \$24 at the Museum itself, with the balance spent elsewhere on Boston goods and services. While it is possible that a visitor will have a meal in Waltham or Cambridge after visiting the Museum, we have no way to trace this and, therefore, assume that all money spent during the day of the Museum visit is spent in Boston.¹⁵

Tourists who patronize the MFA spend an average of \$88 a day, including \$17 at the Museum (not including admission). Hotel expenses for tourists who visit the Museum are approximately an additional \$76 for 2.6 hotel nights. We use a very conservative estimate of the \$76 since roughly half of tourist visitors to the MFA in four surveys report that they use other lodging such as friends or family.¹⁶

Table 3.4 details our calculated visitor spending levels, and the impact of this spending on the city and Commonwealth. As mentioned previously, these totals represent spending only by visitors coming to Boston (and Massachusetts) for the express purpose of visiting the MFA. As such, the MFA is responsible for \$83.6 million being added to the local economy, not

¹⁵ The three non-member surveys in *MFA Non-Member Visitors: Summer 1999*, and *MFA Non-Member Visitors: Fall/Winter 1999/2000*, Kane, Parsons & Associates' show that Boston area residents spent \$63, \$42, and \$83 on the day of their MFA visit, not including admission. *MFA Visitor Study*, John Snow, Inc., 1996, displays, on average, that members spend \$24 per day at the Museum and non-members spend \$27, including admission.

¹⁶ Snow also shows that first time visitors to the Museum spend \$31/day, including admission. Kane, Parsons provide four surveys of tourist visitor spending on day trips to the MFA: \$137, \$67, \$79, and \$69. For this analysis, we assume that tourists are first time visitors.

including spending at the MFA itself.¹⁷ Moreover, the spending in the local economy reported in the table below represents less than one-third of the annual 1.3 million visitors to the MFA.

Table 3.4 MFA-Generated Visitor Spending	
Type of Visitors to the MFA	Total Visitor Spending
Day Trips by Massachusetts Residents (1)	10,472,765
Day Trips by Tourists (1)	3,324,660
Visits by Tourists who identify visiting the MFA as the prime purpose for their trip (2)	69,757,177
Totals	\$83,554,603
Notes:	
(1) Day Trips reported are based on visitors who claim that the MFA was their primary reason for coming to Boston.	
(2) Total assumes a visit of 3.6 days (2.6 hotel nights) to the region by tourists who claim that the MFA is the primary reason for coming to the Boston area. This is roughly in line with data presented in Kane, Parsons' reports as well as the <i>Hynes Convention Center Economic Impact Study</i> . Financial calculations for hotel assume that about 50 percent of tourists use commercial lodging at slightly more than \$150/night	
(3) Totals may vary due to rounding.	
Sources: Kane, Parsons and Associates, 1999 and 2000; and City Square Associates, 2001.	

Special Exhibits Bring in Tourists to Boston

The three-month “Monet in the 20th Century” exhibition in 1998 attracted 565,992 visitors and generated more than \$30 million in tourist spending, particularly among the 35 percent of tourists who said the exhibit was their primary reason for traveling to Boston. The president of the Greater Boston Convention and Visitors Bureau called the show “the largest cultural tourism event in the region’s history.” It was the most highly attended exhibit in the world in 1998. The exhibit was used as the focal point of special packages by Boston’s premier hotels. In addition, Amtrak offered packages associated with the exhibit.

The “Van Gogh: Face to Face” exhibit in 2000, while not quite as large, attracted about 302,622 visitors. Other recent major exhibits at the MFA that have attracted significant attention from tourists are: John Singer Sargent, Mary Cassatt, and Pharaohs of the Sun.

¹⁷ Spending at the Museum is reflected elsewhere in this report by income of MFA workers and expenditures to vendors, including the MFA, its restaurant, and Museum Enterprise Partners’ retail establishments.

SECTION 4:

THE MFA AS AN EDUCATIONAL INSTITUTION: IMPACTS OF THE EDUCATIONAL ACTIVITIES OF THE MUSEUM OF FINE ARTS

4.1 Overview of the Museum School

Founded in 1876, the School of the Museum of Fine Arts (Museum School) is one of the oldest and most highly regarded art schools in the country. It is one of only three art schools in the U.S. affiliated with a major museum. The school's educational curriculum is centered on studio art instruction. Course offerings encompass most traditional and new artistic media, including painting, sculpture, film and animation, graphic design, photography, performance art, printmaking, illustration, computer and electronic art, sound, video, and multimedia. Programs include a diploma and certificates in studio art, and five degree programs in affiliation with Tufts University at bachelors and masters levels. The school also has a continuing education program offering an array of open enrollment courses and workshops.

The school has a combined enrollment of almost 1,300. During the first semester of the 2001–02 academic year, it had 739 students enrolled in its diploma and certificate programs—650 in undergraduate programs and 89 in graduate programs, and 545 students enrolled in its Continuing Education Program. The school has approximately 50 full-time regular faculty and approximately 100 part-time faculty. It also has a number of “special visiting artists”—up to 20 at any particular time—offering exhibitions, lectures, and workshops.

The school operates in a complex of classrooms, studios, a library, and exhibition spaces across the street from the MFA. It also utilizes space in two dormitory facilities operated by other educational institutions within several blocks of the school, and will occupy part of an 110,000-square-foot Artists' Residence Hall under development by the Massachusetts College of Art and planned for completion in fall 2002. The new facility will provide living and working space for resident students, gallery space, seminar rooms, and public-art sculpture.¹⁸

4.2 Economic Impacts of Students Attending the Museum School

The quantifiable economic impacts of the school on the city and state economies are primarily of two types. The first is from direct budgetary expenditures of the school, which includes wages paid to employees and goods and services purchased from vendors. These are fully incorporated into the MFA budget and are reflected in the figures on MFA spending provided elsewhere in this report.

¹⁸ The school will cease using one of the existing dormitory facilities when the new facility opens.

The second type of quantifiable economic impact derives from local spending by students who move to Boston and other Massachusetts communities from other areas to attend the school. Based on partial data provided by the school registrar, we estimate that the school generated an additional \$1.8 million annually in non-tuition student expenditures within the state of Massachusetts and \$2 million annually within the city of Boston. (See Table 4.1.) This does not take into account the retained expenditures from local students who would have left the area had the educational opportunity provided by the school been unavailable.

	Temporary Residents (9 months)	Year-round Residents	Total
Annual Per-student Expenditure (1)	\$11,450	\$15,265	
Massachusetts			
Number of out-of-state students	97	47	144
Total annual expenditure	\$1,110,650	\$717,455	\$1,828,105
Boston			
Number of non-local students	135	30	165
Total annual expenditure	\$1,545,750	\$457,950	\$2,003,700
(1) Based on SMFA estimate of student non-tuition expenditures for 9-month school year.			

Student spending will have a higher impact in Boston than in Massachusetts, because spending by Massachusetts residents (who are not residents of Boston) will transfer income from other places of the Commonwealth to the city, and cannot be counted as “additional” spending generated by the MFA.

- Students who relocate from out of state to attend the Museum School generate \$2.1 million in direct and indirect spending in Massachusetts. This spending supports 33 full-time equivalent jobs and about \$860,000 in payroll.
- Students attending the Museum School from out of state as well as from other municipalities in Massachusetts, together generate direct and indirect spending of \$3.2 million in Boston. This spending in Boston supports 41 jobs in the city, which pay wages of \$1.3 million.

4.3 Educating the Region’s Workforce—The Impact of the Educational Activities of the MFA

Profound changes in the corporate and industrial workplace have occurred over the last ten years. Fierce domestic and global competition have forced companies to adopt a number of changes in the way they do business. The result is a dramatically different work environment, one that demands high performance from employees: teamwork, problem-solving, critical thinking, understanding systems, and effective written and oral communications. For businesses in Boston to remain competitive, they need a workforce with these skills.

◆ ***The MFA has developed extensive programming with Boston Public Schools that is helping to enhance the critical thinking skills of students throughout the city.***

It is the city's public school system that is the most important institution for preparing residents for the workplace. Recognizing the importance of the public schools, the MFA has developed extensive relationships with students, teachers, and schools throughout Boston. These programs are contributing to efforts to prepare the city's youth for the new workplace. Evidence suggests that arts programs in the schools build some of the very skills—such as teamwork and effective communications—that are most valued by today's employers.

The Museum of Fine Arts and Boston Public Schools (BPS) have maintained a partnership for over 30 years. The MFA's goal has been to make the Museum a destination for youth and families and an integral part of the Boston Public School system. As Erica Wall, Head of School Programs, says, "We want to promote multiple visits where teachers will come more than once. We are creating a relationship with teachers and students and hope to be an ongoing resource and partner."

Since 1996, the Harcourt General Charitable Foundation has supported the Thinking through Art program for Boston Public School fifth graders and their teachers. In FY 2001, approximately 1,400 of the 4,000 fifth graders in the city schools participated in this program.

Thinking through Art is one of three cross-collection tours offered at the MFA and this year is also available to BPS third through eighth grade students. Additionally, it is available to all students and teachers in New England, but not supported by the Harcourt Foundation. In 2001, the Department of Museum Learning and Public Programs also added Teen-to-Teen Art Talks. Teens trained in visual thinking skills lead these talks each Wednesday night throughout the school year. The MFA also offers six single collection tours for students. In FY 2001, over 31,000 students, teachers, and chaperones visited the MFA and participated in one or more of these instructor-led tours, and an additional 40,000 visited the Museum on self-guided tours.

The MFA offers many other types of educational opportunities to school-age audiences. Among the most popular events are *Family Night Out*, which attracted over 10,000 participants in FY 2001, *Artful Adventures*, *Family Place*, *the Children's Room*, and the *Family Concert Series*. The MFA also offers very popular children's art classes, internships for high school students, and many different school vacation activities and workshops. Susan Longhenry, the Director of Museum Learning and Public Programs, states, "We want our audience to look like the city of Boston."

Do the many educational programs of the MFA have any type of "economic" impact on Boston? Again, while very difficult to quantify, studies suggest that school performance and the quality of public education is an increasingly important factor in the economic competitiveness of a city; and arts education programs improve the academic performance of kids and overall performance at individual schools.

There is a growing consensus that the arts are an important part of education and an important part of the learning process. There are numerous academic studies on the benefits of arts education. They offer statistical evidence for the improved performance of kids who are involved in arts education programs, and they explain the ways in which the arts augment the learning process. In addition to a growing number of academic reports, institutions as varied as

the National Council of State Legislatures, the Association for Childhood Education International, the Arts Education Partnership, and the President's Committee on the Arts and Education, have all taken positions or published papers in support of making the arts a more integral part of education.

MFA's Relationship with Boston City Public Schools: *Thinking through Art*

Thinking through Art is a visual arts curriculum developed by Abigail Housen and Philip Yenawine with the specific intention of facilitating and developing visual thinking skills. It was originally developed at the MFA based on Housen's research on aesthetic development and is now a national model for arts institutions. For teachers, there are five sessions and 20 hours of training at the MFA, visits to the classroom by trained facilitators (Gallery Instructors), debriefings, and ongoing training during the school year. Students come to the Museum, many for the first time, for a two-hour visit led by a trained facilitator and often co-facilitated by a teacher. Because many teachers find the actual learning process to be so rich, many use it in their classrooms after the Museum visit for work in the arts, but also in other subject areas.

Thinking through Art is a learner centered, skills-based approach that encourages critical thinking across curriculum. Facilitators ask a series of carefully sequenced open-ended questions that encourage a thorough and rigorous dialogue about art. The goal is to engage the children in dialogue about what they see and why—the outcome is often an involved group discussion where all opinions are accepted and participation is highly encouraged. In a sense, it offers a level playing field to all students. Teachers we interviewed talked about their surprise and delight that even their typically less participative kids really get involved when they use this process.

By the end of the first year of the Thinking through Art program, assessment data showed that there was a trend toward significant growth in terms of students' art viewing skills. Independent data indicate that students are able to apply these critical thinking skills across curriculum.

Many teachers believe that Thinking through Art directly benefits their students as they take the MCAS because it specifically focuses kids on critical thinking skills. With her class at the Museum, one fifth grade teacher took the opportunity to link a painting directly to the MCAS: "We had a question about the MCAS—they want you to be able to define the word 'apprentice.' See the picture with the blacksmith? The person behind him is an apprentice. If you see that word in the MCAS, think of this picture."

Several fifth grade teachers who have worked with Thinking through Art in their classrooms in Dorchester and Roslindale talked about their observations and use of the curriculum:

"Students were fully engaged and were able to relate the first and third image to history they had studied."

"I found my own students' responses to art very rewarding. My lower level students really took off. Now they are much more comfortable offering their own opinions."

"Kids who didn't say anything were full on all year. They don't stop!"

"It was one of the best trainings I've ever been to. It is totally simplified, but makes so much sense."

"Right off the bat it got kids thinking in a different way. I use it with reading and I give the parents the same questions so that they can work with their kids."

"My students now relate life experiences to images. Students so enjoy TTA (Thinking through Art) that I use it throughout the day."

The importance of arts to education was most recently confirmed by the new federal Education Act that was signed into law by President Bush in January 2002. This Act established art as a “core academic subject” in elementary and secondary schools.

◆ *The Museum of Fine Arts is a partner in educational consortia that are working to improve the educational experiences of students in both high schools and colleges and universities in Boston.*

The Museum School is part of the consortium of institutions involved in creating the Boston Arts Academy, a public high school for the performing and visual arts. The high school was partially sponsored by the ProArts Consortium in Boston—Emerson College, Berklee College of Music, the Boston Architectural Center, The Boston Conservatory, Massachusetts College of Art, and the School of the Museum of Fine Arts. The school opened in 1998, launched by passage of the 1994 Arts in Education Policy, which supported the development of a system-wide pilot school for the arts. The ProArts Consortium wrote grants, developed curricula, and raised funding for the school, and continues to provide instruction, develop faculty, share facilities, enrich curricula, and provide scholarships and other needs for the Academy. As part of its work with the Arts Academy, the MFA gave the school its slide library where the 9,000 slides on the Museum collection will be made available to teachers and lecturers throughout the region.

The Museum is also a participant in the Colleges of the Fenway, a collaborative effort of six neighboring Boston-based colleges in the Fenway area created in 1996. This collaboration was established to add value to student academic and social life while seeking innovative methods of investing in new services and containing the costs of higher education. Collectively, the colleges represent 10,000 undergraduate students, comprising 12 percent of the total Boston student population.

SECTION 5:

OTHER CONTRIBUTIONS TO THE ECONOMIC COMPETITIVENESS OF BOSTON AND MASSACHUSETTS

5.1 The Changing Competitive Environment

While the quantitative analysis of spending by the Museum of Fine Arts and its visitors provides strong evidence of the importance of the MFA to the city and state economies, there are many other economic impacts associated with the Museum that are extremely important, but difficult, to quantify. As one analyst noted:

The true significance of the arts in economic development may not lie so much in the quantifiable direct and indirect effects on the economy of a community as it does in the improvement and attractiveness of the city and center city...The arts can contribute to changing a city's image, retaining downtown retail trade, drawing tourists to the city, creating markets for new business, and encouraging new private investment from suburban to city locations.¹⁹

These non-quantifiable impacts have become even more important in communities like Boston that have a strong concentration of creative and technology-based industries.

5.2 The MFA is an Important Component of the City's Quality of Life

✦ *By enhancing the city's quality of life, the MFA is contributing to an increasingly important factor in business location decisions.*

Over 20 years ago, the Joint Economic Committee of the U.S. Congress concluded after conducting a survey of 1,300 businesses that, "A city's quality of life is more important than business-related factors. The results of this survey suggest that individual programs and policies which respond to a particular business need will probably be of limited success in encouraging firms to expand or attracting new firms if they are not a part of a comprehensive effort to upgrade the quality of life in the city."

More recently, economists have reviewed the literature on business investment decisions to assess the importance of quality of life. James Segedy in a 1997 review of the literature on the importance of quality of life in location decisions and local economic development found: "The classic variables of land, labor and capital as well as utility rates, taxes and the elusive business climate and entrepreneurial environment are now essentially available universally. As the focus of economic activity shifts more toward the service sector we are beginning to see other

¹⁹ From: *The Economics of Amenity: A Policy Guide to Urban Economic Development*, Partners for Livable Places, 1985.

transformations....The new variable has become psychic income. This translates into a higher value placed on more intangible variables such as quality of life and amenities.”²⁰

The Commonwealth recognizes the importance of promoting the state’s quality of life in its effort to market Massachusetts to business and has used the MFA as part of its promotional materials. A recent *Fortune Magazine* special advertising supplement sponsored by economic development organizations in the state showcased the high quality of life, highlighting, in particular, the rich and varied cultural environment. Only three institutions were noted in this advertisement: the Boston Symphony Orchestra, MassMOCA, and the “legendary Museum of Fine Arts.”

✦ ***The MFA is an important part of maintaining a vibrant arts and cultural environment attractive to young, skilled workers.***

Why are quality of life and amenities of increasing importance in business investment decisions? Corporate site selection specialists offer some thoughts in this area. Mike Mullis, who heads a site selection consulting firm, noted in the November 1999 issue of *Area Development*, “I think quality of life is becoming a much bigger issue because it’s labor-driven and labor is the number one component in the site selection process. If you can’t recruit and retain people, you’re not going to be competitive.” The economist Paul Gottlieb of Case Western Reserve University reached a similar conclusion after looking at the academic literature. He notes, “There is wide agreement, however, that pools of technical professionals can only be maintained in an area that has a high quality of life and amenities that appeal to a managerial elite.”

The MFA, while only one of many important arts and culture assets in Boston, clearly does contribute to enhancing the city’s image amongst young, skilled professionals who are deciding where to live. In an era in which corporations are desperately seeking skilled young professionals to fill jobs in the financial services and information technology industries, the ability to recruit employees is becoming a major issue. Having to contend with high housing costs and a very high cost of living, companies in Boston have always faced a particular challenge in their recruitment efforts.

An indication of the role that the MFA plays with young professionals in the city is perhaps best evidenced by the growing popularity of MFA “firstfridays,” held on the first Friday of every month from 5:30 p.m. to 9:30 p.m. in various galleries and courtyards throughout the Museum. These popular events have become an established part of the Boston social scene, particularly for young professionals interested in meeting new people.

5.3 The MFA is Important to the City and State’s Tourism Industry

There is little doubt that the city’s arts and cultural environment has been one of the foundations of its increasing appeal to tourists. Many studies point to the increasing importance

²⁰ James Segedy, “How important is ‘Quality of Life’ in Location Decisions and Local Economic Development?,” *Dilemmas of Urban Economic Development: Issues in Theory and Practice*, R. Bingham and R. Mier, eds., Sage Publications, Thousand Oaks, CA, 1997, pp. 56-73.

of cultural tourism—both nationally and internationally—and provide evidence of the significance of arts and culture as an effective product for tourism marketing efforts. Few would question that the MFA is one of the core elements in a basket of cultural products that helps sell Boston as a tourist destination and for conventions. As an internationally known cultural destination, the MFA enhances the city’s attractiveness to tourists and business travelers from all over the world.

There are few marketing materials related to Boston and Massachusetts that fail to mention the Museum of Fine Arts, Boston, as one of the core attractions. In addition to the thousands of tourists who come to the city every year solely to attend an MFA show or visit its exhibits, there are thousands of others who come to Boston partially because of the MFA or extend their stay because of the MFA.

One indication of the importance of the MFA as part of the city’s “tourism product” is found in the Economic Impact Study on the Hynes Convention Center prepared for the Massachusetts Convention Center Authority. A survey of out-of-state attendees at conventions found that more than one-quarter of respondents indicated their interest in visiting one of Boston’s many museums, with the MFA receiving the most attention. In fact, 396 respondents intended to visit the MFA—the only attraction in the region that received more positive responses was Faneuil Hall. Clearly, the MFA is part of what makes Boston a very attractive convention city.

The experience of the new Guggenheim Museum in Bilbao, Spain, is perhaps the clearest indication of the importance of cultural institutions in the competition for the tourism market. Thomas Krens, the director of the Solomon R. Guggenheim Foundation, recently wrote:

With the force of cultural tourism already in place, cities around the world will compete in trying to attract increasingly mobile tourists. Policies that support the greatest number of exciting cultural experiences will provide the greatest returns to their respective municipalities. As the Internet, the information revolution, and the increasing ease of travel continue to bring the world closer together cultural attractions will serve to differentiate major cities in attracting tourism from around the globe.

5.4 The MFA Enhances the City’s Creative Economy

One of the more vital sectors of the Boston economy is its “creative industries.” This sector includes the nonprofit arts and cultural institutions as well as those commercial enterprises with considerable creative content—media, new media, graphic arts, advertising, publishing, music and video production, etc.—and the many businesses that provide services to this sector.

✦ *Museum School alumni and faculty contribute to the vibrancy of the local creative sector.*

In addition to its quantifiable economic impacts, the Museum School has a considerable impact on the cultural and economic life of Boston and Massachusetts. Most important are the activities of its faculty and alumni. By providing teaching opportunities, the school attracts a cluster of talented artists to the area, many of whom display and sell their art here and otherwise participate in local cultural life. And the school’s educational programs not only enhance the

artistic and creative skills of local residents, but also attract additional artists to the area, many of whom remain after graduation.

All of the school's faculty members are also working artists who display their works in museum collections, commercial galleries, special exhibits, and open studios. While this occurs in many national and international venues, a considerable amount occurs locally. Faculty also participate in the local arts community by contributing time to arts development organizations, teaching and lecturing, and donating their work to arts and other fundraising events.

Museum School alumni also play an important part in the Boston and Massachusetts cultural scene. While the school is only now building a database on its alumni, partial data suggest that at least half of its estimated 8,000 to 12,000 alumni currently live in the city of Boston and many more live elsewhere in Massachusetts. A large number also cluster in New York City, the nation's premier art center, close enough to maintain ties with Boston and its arts community.

A listing in a recent school magazine of alumni activities reported to the school during the prior six months illustrates the breadth of activities and venues in which alumni participate. The activities listed include exhibits and installations at museums, private galleries, studios, churches, schools, libraries, public buildings, and theaters. While many of the activities were in Boston, they were spread among a score of other cities and towns throughout the state, including Amherst, Andover, Attleboro, Bridgewater, Brockton, Brookline, Cambridge, Cohasset, Concord, Foxboro, Gloucester, Malden, Manchester, Marblehead, Nantucket, New Bedford, Newton, North Andover, Provincetown, Rockland, Sharon, Somerville, and Worcester. Because these were only the activities voluntarily reported to the school during a single six-month period, they represent only a small fraction of the activities actually undertaken.

The school serves as a resource for alumni as they seek to develop their artistic careers, helping to sustain and build the local arts community. Its Artist's Resource Center publishes a biweekly *Artist's Resource Letter*, which is read by over 700 students, alumni, and other practicing artists. This publication presents job listings, exhibition opportunities, grants, residencies, studios, and arts community offerings. While it lists activities throughout the U.S., it focuses heavily on Boston and eastern Massachusetts. The center also makes available professional development publications and various resource lists, and is expanding its web-based resources and one-on-one advising. Less formally, the networks maintained by alumni and faculty through relationships forged at the school support information sharing, collaborative activities, and mutual hand-holding that are important to a field which, as artists acknowledge, can be isolating.

Over the years, Museum School alumni and faculty have produced some of the Boston area's most well known public art. Recent works include: the Arthur Fiedler Memorial on the Charles River Esplanade, created by alumnus and former faculty member Ralph Helmick; Make Way for Ducklings in the Public Garden, designed by alumnus Nancy Quint Schön; Glove Cycle in the Porter Square subway station, designed by current faculty member Mags Harries; Eternal Presence outside the National Center for Afro-American Artists in Roxbury, created by alumnus John Wilson; and the Boston Panels outside the new United States Courthouse at Fan Pier, designed by alumnus Ellsworth Kelly.

In addition to their artistic work, Museum School alumni contribute to local cultural and economic life through other professional activities. Only a fraction of graduates practice fine arts as their primary career. While the school does not currently collect data on the professional activities of alumni, interviews with school administrators, faculty, and alumni indicate that the majority of graduates pursue a range of other careers, some directly arts-related, others not. Among the most directly arts-related are arts education, administration of nonprofit arts organizations, and ownership or management of arts businesses such as commercial galleries. Others involve work in media that have both artistic and commercial applications. These include video production, photography, graphic design, interior design, and computer design. Graduates have also been observed entering careers in more broadly-defined “new economy” firms in recent years. One faculty member who is aware of a number of alumni that have found jobs in “dot.com” and other new economy firms notes that some of the general skills developed through a Museum School education—self-direction, visual sophistication, intellectual flexibility, “outside-the-box” thinking—are highly valued in this environment.

✦ *The Museum School is helping to build the region’s creative workforce.*

While its primary mission is to develop fine artists, the Museum School has initiated more broad-based career development activities in recent years. Its Continuing Education Program, which has been expanding, offers a number of courses with commercial applications. Its director estimates that most students are young adults between 25 and 40 and that about 30 to 40 percent are focused on career development outside the fine arts. Some of the program’s most popular courses are in graphic, web, and multimedia design.

In 1998, the Artist’s Resource Center established an internship program offering degree students studio art credit for pursuing opportunities in the wider arts community. Internship positions, which number 15 to 20 per semester, focus on four primary areas: traditional media; electronic media; art administration; and teaching. Students have been placed with a variety of art and non-art organizations, including museums, galleries, performing arts organizations, arts development and education organizations, schools, e-commerce firms, publishing houses, law firms, advertising firms, graphic design firms, magazines, film and TV production companies, auction houses, healthcare facilities, and retailers.

Museum School Faculty as Players in the Creative Economy

The following faculty profiles illustrate the diverse ways in which faculty participate in and bolster the local arts community. They also suggest how, by drawing artists to Boston through teaching opportunities, the Museum School raises the national and international visibility of Boston as a regional cultural center.

Nan Freeman, a full-time faculty member, currently teaches drawing. Also a painter, Freeman has exhibited her works internationally as well as locally. One of the few current faculty members to have had her own exhibit at the MFA, she has shown her work at a number of local commercial galleries and exhibitions as well. Freeman likes to exhibit in non-art settings and was recently invited by Tiffany's to mount an exhibit of flatware drawings at its Copley Place store. Freeman has also used her art to support arts fundraising and has been involved in efforts to promote the development of artists' space.

Rob Siegelman, a part-time faculty member, is a printmaker and photographer. He exhibits locally at a number of exhibitions and commercial galleries. He has a studio at Fort Point where he has participated in open studio exhibits. When not using the space, he rents it to other artists. In addition to teaching at the SMFA, he teaches drawing at a community school in Boston's Jamaica Plain neighborhood, where he lives.

Jim Dow, a full-time faculty member, is an architectural photographer. Although he has a particular interest in photographing soccer stadiums, Dow undertakes photographic studies ranging from the vernacular architecture of Argentina to the depopulation of rural North Dakota. Dow shows his work almost exclusively at museums and galleries in New York and Los Angeles, where he finds the strongest market for his particular style of photography, but sells some of his work locally through private dealers. In addition to teaching at the Museum School, Dow recently finished a two-year stint as a visiting lecturer at Harvard, and has lectured at other local schools. Dow also works pro bono as the staff photographer for the nonprofit Boston Photographic Resource Center.

Maria Magdalena Campos-Pons, a full-time faculty member, works primarily in multimedia and installation. An artist of international repute, she has been invited to show her work in exhibitions around the globe, including Milwaukee and Miami in the U.S., and the nations of Columbia, Italy, Netherlands, and South Africa. Locally, she has exhibited in venues ranging from museums to commercial galleries to community art centers. She has frequently spoken in public forums about sustaining and strengthening the local arts community. She also started a small Museum School scholarship program for economically disadvantaged minority students and is trying to raise additional funds from other sources.

- ◆ *The Museum of Fine Arts is an important venue for local performers, artists, and filmmakers.*

The Museum of Fine Arts sponsors numerous concerts and film series throughout the year that have become staples in the Boston cultural scene.

The MFA as a Venue for Musicians

Performing artists in Boston benefit from their relationships with the MFA. For example, Music Management in Cambridge has been providing musicians for the Museum's public and corporate events for over 15 years. This music management company also provides music for private functions at many hotels in Boston, including the Four Seasons, the Ritz, and the Boston Harbor Hotel. "The MFA has had a huge impact on us and on the Boston arts community," says Judy Neu, of Music Management. Not only is the Museum a favorite place for many of their Boston musicians to perform, but also, annually, the company books over 100 of Boston's most talented musicians to play at the MFA, "We provide an income for many musicians in the city." In addition, at events where Music Management musicians are booked, there are many opportunities for them to pick up additional work. "We'd book a band for an event at the MFA, for example, an eight-piece band, a string quartet, and a jazz trio. Let's say that 800 people come to the party. Many will ask for cards from our musicians. The MFA is a real feather in our cap."

The Museum School makes other contributions to the city's cultural life. Its numerous art exhibits add to the city's cultural offerings and provide valuable exposure to local artists. The most notable of these is the annual December Sale. Open to the public (and typically drawing close to 2,000 visitors), the event displays for sale the work of students, faculty, alumni, and other interested artists, most of whom live in Boston and elsewhere in eastern Massachusetts. Half of the proceeds from each sale go to the participating artist, with the other half constituting a gift to the school. In 2000, the sale grossed almost \$340,000.

5.5 The MFA helps to Build Community

- ◆ *The MFA has been actively engaged in efforts to build community through the arts with a number of community-based organizations in Boston.*

Over the past five years, the Museum of Fine Arts has increased its community outreach activities and its involvement in a wide range of community building activities in the city of Boston. These activities include:

- providing free admission to the Museum to various community-based and youth groups:

- participation in local collaborative and neighborhood organizations;
- hosting events for community-based organizations; and
- involvement in a variety of programs that utilize arts in work with low-income youth.

Specific examples of the MFA’s impact on local community building activities include:

The Diversity Initiative: In 1999, the Museum received funding from the Boston Foundation and the Hyams Foundation to establish its Diversity Initiative. This effort followed up on an earlier Working Group to implement policies within the Museum to increase diversity.

The National Center of Afro-American Artists (NCAAA): In 1969, the MFA and the NCAAA began a partnership that has involved the MFA in the development of the NCAAA Museum located in Roxbury. The museum is dedicated to the promotion, exhibition, collection, and criticism of black visual arts heritage worldwide. The MFA provides over \$150,000 a year for the staffing and operations of the museum. The director of the NCAAA, Barry Gaither, is a member of the curatorial staff of the MFA.

Youth Programs: The MFA and Museum School are involved in a number of outreach efforts to youth including: *The Youth Art in Action Program*, an initiative funded by a \$50,000 Massachusetts Arts Council grant, through which faculty work collaboratively with high school age students in Chelsea and Everett; *Arts in Progress*, a supplemental arts education program offered in the Boston public schools; and *Building Bridges: A Community Partnership*, a pilot program being developed with the Children’s Museum, and the Boys and Girls Clubs of Boston to provide arts-related community service opportunities for local youth.

ACT Roxbury: The MFA has been an active partner in a consortium, ACT Roxbury, which is working on the economic revitalization of the Roxbury community through “direct programming, incubating, and attracting arts-related businesses and by cataloguing and publicizing Roxbury’s artistic and cultural resources.” MFA staff have been attending meetings of this group for a number of years. The most recent example of the collaborative relationship has been the offer of the MFA to host part of the Roxbury Film Festival at the Museum.

◆ ***The MFA volunteers have been a way to build “social capital” in the city— providing a venue for involving hundreds of residents and suburbanites in their community.***

The MFA has a long tradition of volunteerism. Currently, there are 966 volunteers, 575 of whom actively give their time to the Museum on a regular basis. The total number of volunteer hours is estimated to be 108,000 annually. Volunteers have both a very present and very potent impact on the Museum. They are not only the first point of contact for most visitors, but they are also responsible for much of the education that goes on in the galleries, and over the years have raised a tremendous amount of money for the Museum.

For most visitors to the Museum, their first contact is with a volunteer at the Information Center or with a concierge at the front entrance. For any visitors who participate in a tour of the Museum, their guide is probably a highly trained volunteer. For visitors who choose to join the MFA, their contact in the membership lounge will most likely be a volunteer and a member of the Ladies’ Committee. For children who participate in Thinking through Art or any other Museum tour, their tour guide will be a volunteer Gallery Instructor. Families who visit the

Family Place will most likely work with a Museum volunteer. Volunteers also staff the gift shop and many of the Museum's special events, as well as the annual Museum School sale. All of the flower arrangements throughout the Museum are arranged and paid for by the Ladies' Committee. Tea on Tuesday is developed and hosted by volunteers. Art in Bloom, one of the Museum's most significant fundraisers, was developed 25 years ago by the Ladies' Committee, which continues to be responsible for it. Over the last 25 years, the Ladies' Committee has raised over \$5 million for the MFA. In 2001, Art in Bloom contributed \$225,000 directly to the MFA annual fund.

For the most active volunteers, the Museum becomes a family, a way of life, a more-than-full-time job. Many volunteers have had very active and successful careers and have targeted the Museum as an institution where they can give back to the community in truly rewarding ways. The Ladies' Committee and the Gallery Instructors organizations have between them nearly 90 years of ongoing service and commitment to the MFA and each of its members works for the Museum for a period of two to four years, depending on their roles. For Gallery Instructors, their minimum commitment is two years and many stay longer. Their training is very rigorous and many of the long-term instructors have between five and seven years of training in art history and the Museum collections. Ladies' Committee members serve for a minimum of four years. In 2001, members of the Ladies' Committee contributed more than 40,000 in-kind hours to the Museum. At the end of their terms, many participants choose to remain with the Museum as associates of those organizations—roles created so those individuals could continue to participate in meaningful ways with the Museum.

According to the current chair of the Ladies' Committee, volunteer relationships with the Museum last well beyond the terms of its members: "We have had a custom of not attaching a financial commitment to participation with the Ladies' Committee, but so many bond with the institution that at least a majority go on to become patrons of the Museum and many go on to become overseers and trustees. This is a world class institution and it is such a privilege to work here." Also, because many volunteers have such a powerful experience with this major cultural institution, many go on to develop lifelong affiliations with other cultural institutions in the Boston arts community.

In 1998, the Museum created an Office of Volunteer Programs, which is actively involved in recruiting, screening, and placing volunteers throughout the Museum. On the MFA website, there is an interactive link to volunteer opportunities along with an on-line application. In the last year, volunteer opportunities have been advertised in the *Boston Globe* and *Tab* Newspapers. The Office of Volunteer Programs is committed to involving the local community and recruiting volunteers, and is actively involved in creating junior volunteer and teen intern programs within the Boston community. In the last year, the Office of Volunteer Programs has placed over 250 new volunteers.

Ambassador to the Public

Enith Levine is a part time volunteer at the Information Center. She came to the Museum after a long and successful career as an architect. She is also an alumna of the Museum School. She wanted to be involved with the Museum in a volunteer capacity but did not have the time to work as a Museum guide. She loves working with people and sees herself as an ambassador for the MFA. She works one night a week for two-and-a-half hours and would not trade it for anything, “You never know who you will meet and that’s the fun of it. I have been surrounded by art my whole life and it’s completely comfortable. It is a wonderful experience meeting all of these visitors. My personal philosophy is that it has to be fun for me and, given that many of our visitors have been all over the world, what are they going to take away from this visit? It’s the personal connection, either a good or a bad one. I want to make sure that visitors never forget their experience here.”

SECTION 6:

POTENTIAL IMPACTS ASSOCIATED WITH THE MFA EXPANSION

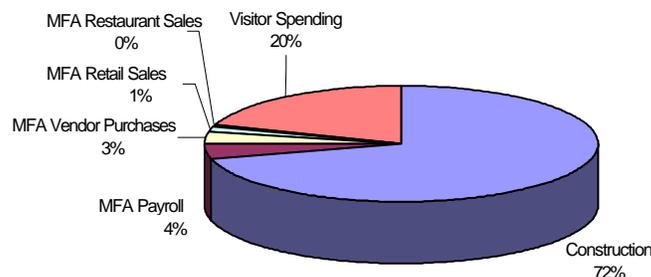
6.1 Summary of Projected Economic Impacts of Phase I of the Museum Expansion²¹

From 2002 through 2009, we project that the new construction associated with Phase I and the excitement generated from the opening of the expanded Museum will add nearly \$450 million to the Massachusetts economy, of which \$181 million will pay wages for nearly 6,300 jobs over the eight-year period.²² During these eight years, the impact on the Boston economy is expected to be \$409 million in direct and indirect activity, resulting in \$165 million in wages and almost 4,200 jobs.²³

By far the biggest contributor to this impact will be the Phase I construction project itself, planned to begin in 2002 and end in 2007, which will be responsible for over 70 percent of all economic activity associated with the expansion and 2,800 jobs over the five-year construction period. Second, the visitor activity that will be engendered by the expanded MFA is expected to draw over 400,000 people during 2007 *in addition to the annual draw the MFA expects without the project*. This increase will taper down to 275,000 in 2008 and 178,000 in 2009 and subsequent years. Twenty percent of the additional economic activity is projected from increased visitor spending away from the Museum in Boston and Massachusetts. (See Chart 6.1 and Table 6.1.)

Chart 6.1.

Distribution of Additional Statewide Spending Generated by Phase I MFA Expansion



²¹ This section is based on the assumptions in the May 15, 2001 Business Plan of the MFA, including the 2002–2007 construction schedule, costs, and anticipated visitor excitement generated by the new opening.

²² Each working year is counted separately. Thus, one worker employed for two years is counted as two years of employment.

The economic impacts of the planned construction has three pieces: (1) the physical construction planned for the years 2002–2007; (2) the operational ramp-up by the MFA to prepare for the opening of the new/renovated facilities, which also will occur in the six-year 2002–2007 period; and (3) the initial three years after construction, 2007–2009, which will see a dramatic rise in visitors initially, and then a more modest annual increase that can be attributed to this expansion program. From 2009 and on, we will see a growth in Museum attendance and employment as the 137,000 additional square feet developed in Phase I become an integral part of the MFA.

Table 6.1: Total Additional State and Local Spending and Employment Generated by Phase I MFA Expansion			
Massachusetts			
	Direct & Indirect Output	Direct & Indirect Labor Income Generated	Full Time Equivalent Jobs by Years
Construction	\$318,430,894	\$126,666,774	2,807
Payroll	19,136,155	11,942,039	334
Vendor Purchases	15,078,151	2,738,854	245
Retail Sales	6,376,159	1,286,738	49
Restaurant Sales	1,691,344	664,298	33
Visitor Impacts	88,851,758	37,205,292	2,807
Totals	\$449,564,462	\$180,503,994	6,274
Boston			
	Direct & Indirect Output	Direct & Indirect Labor Income Generated	Full Time Equivalent Jobs by Years
Construction	\$295,009,500	\$118,443,655	2,471
Payroll	18,455,210	11,578,540	318
Vendor Purchases	12,249,151	1,640,151	132
Retail Sales	6,260,449	1,250,217	47
Restaurant Sales	1,596,797	656,191	28
Visitor Impacts	75,068,070	31,125,648	1,173
Totals	\$408,639,177	\$164,694,402	4,169

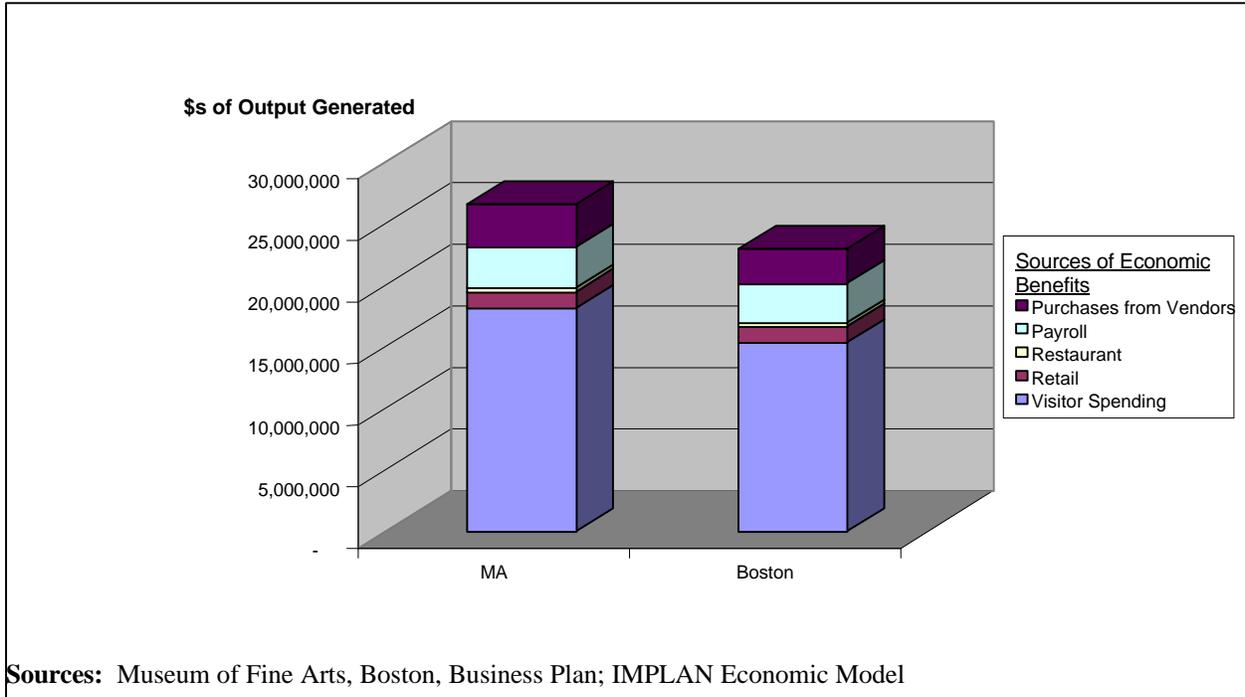
Phase I of the MFA expansion will continue to generate incremental impacts on the Boston and Massachusetts economies after the construction project is completed and the initial excitement over the opening of the upgraded facility settles down. Annually, from 2009 and forward, the new project will generate \$26.5 million in the Massachusetts economy, with \$22.9 million in Boston, in addition to the current economic contribution of the Museum (in constant 2001 dollars). Chart 6.2 illustrates projected impacts from the new construction in excess of those impacts measured by current operations at the Museum and visitors to the MFA in fiscal year 2001.

- In Boston, the \$22.9 million will include \$10.7 million for wages and salaries to pay additional workers annually.

²³ All dollars in this section are in constant 2001 dollars. We have deflated cost estimates and revenue projections found in the Business Plan to conform to 2001 values.

- Other communities in Massachusetts will gain \$3.6 million dollars, including \$1.6 million of personal income and 105 jobs per year.

Chart 6.2: Sources of Economic Benefits Generated by Phase I MFA Expansion



6.2 Construction²⁴

As planned, the Phase I expansion of the MFA is anticipated over a six year period, fiscal years 2002–2007, at a cost of \$206.8 million.²⁵ As the MFA budget accounts for inflation over the six-year time span, we discounted the budget by 3.95 percent per year over the anticipated construction period to arrive at a value of \$180.1 million in constant year 2001 dollars. As shown on Table 6.2, we project more than 2,800 jobs will be created in Massachusetts from Phase I construction of the MFA expansion, with 88 percent of these jobs in Boston. Of these jobs, 45 percent will be direct construction jobs in Boston, with the remainder being indirect and induced employment resulting from construction spending and the respending of workers' income.

²⁴ The source for construction cost estimates and timetables are The Museum of Fine Arts, Boston Business Plan, May 15, 2001.

²⁵ Construction budget plus contingency funding. For the purposes of this analysis, we assume the entire contingency will be spent.

Table 6.2: Construction-Related Employment Impacts of Phase I MFA Expansion

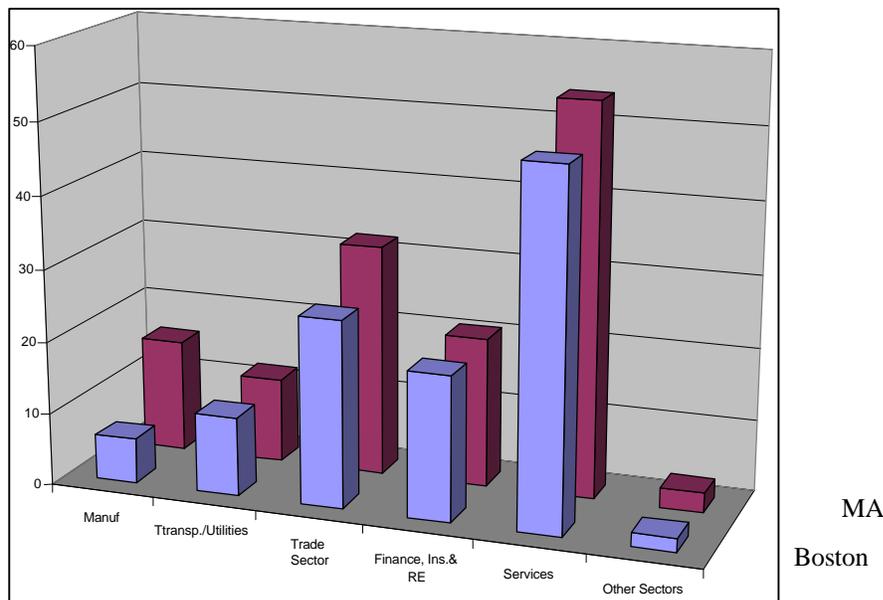
Year	Construction Jobs in Boston	Boston Indirect/ Induced Jobs	MA Indirect/ Induced Jobs, including Boston
2002	96	111	139
2003	145	155	196
2004	319	317	404
2005	341	313	401
2006	335	283	367
2007	32	25	32
Total	1,268	1,204	1,539

Note: Each job is equivalent to one year of employment.
Source: MFA and IMPLAN Economic Model.

These jobs will pay almost \$127 million in wages in Massachusetts, with 94 percent paid for jobs in Boston. Construction workers will earn more than \$68 million, and \$58 million of additional income will be paid to workers in other sectors of the Commonwealth’s economy (\$50 million in Boston) as a result of the construction program.

As a construction project, counting wages and purchases from businesses in Massachusetts, the anticipated Phase I expansion of the MFA will yield \$318.4 million of direct and indirect economic activities in Massachusetts as measured in 2001 dollars, with 93 percent (\$295 million) in the city of Boston. Chart 6.3 illustrates that the construction will bring \$137 million into other sectors of the Massachusetts economy, with \$113 million in Boston.

**Chart 6.3:
Distribution of Construction-Related Economic Benefits of Phase I MFA by Industry Sector**



Source: Economic IMPLAN Model

6.3 Operations Ramp-up: 2002-2006

As Phase I construction is occurring, the MFA is planning to ramp-up operations to prepare for its expanded capacity. During this interim period, as the construction is underway, the MFA will be hiring staff and purchasing goods and services above what it would spend to sustain operations of the existing facility. Incremental spending to support the expanded Museum begins in 2002, and proceeds through 2006, predating the opening of Phase I.

As seen in Table 6.3, the operational ramp-up period will add \$14 million of new spending to the Massachusetts economy, in preparation for the enlarged Museum.²⁶ Over 90 percent of this activity will be in Boston.

Table 6.3:			
Economic Impact of Operations Ramp-up Related to Phase I MFA Expansion			
Massachusetts			
Direct Effect	Output (Spending and Sales)	Labor Income Generated	Full-Time-Equivalent Job Years
Payroll	4,111,806	4,111,806	115
Vendor	2,617,104	-	-
<i>Subtotal</i>	<i>6,728,910</i>	<i>4,111,806</i>	<i>115</i>
Indirect Effect			
Payroll	5,087,144	1,624,210	45
Vendors	2,117,557	860,022	77
<i>Subtotal</i>	<i>7,204,702</i>	<i>2,484,233</i>	<i>122</i>
Total Impacts in Massachusetts	13,933,612	6,596,038	237
Boston			
Direct Effect	Output (Spending and Sales)	Labor Income Generated	Full-Time-Equivalent Job Years
Payroll	4,111,806	4,111,806	115
Vendor	2,617,105	-	-
<i>Subtotal</i>	<i>6,728,911</i>	<i>4,111,806</i>	<i>115</i>
Indirect Effect			
Payroll	4,759,367	1,449,237	38
Vendors	1,229,228	488,761	41
<i>Subtotal</i>	<i>5,988,596</i>	<i>1,937,998</i>	<i>79</i>
Total Impacts	12,717,506	6,049,804	194
Note: Assumed that pattern of vendor spending is the same as current expenditures by the MFA.			
Sources: Museum of Fine Arts, Boston, Business Plan, May 15, 2001; IMPLAN Economic Model.			

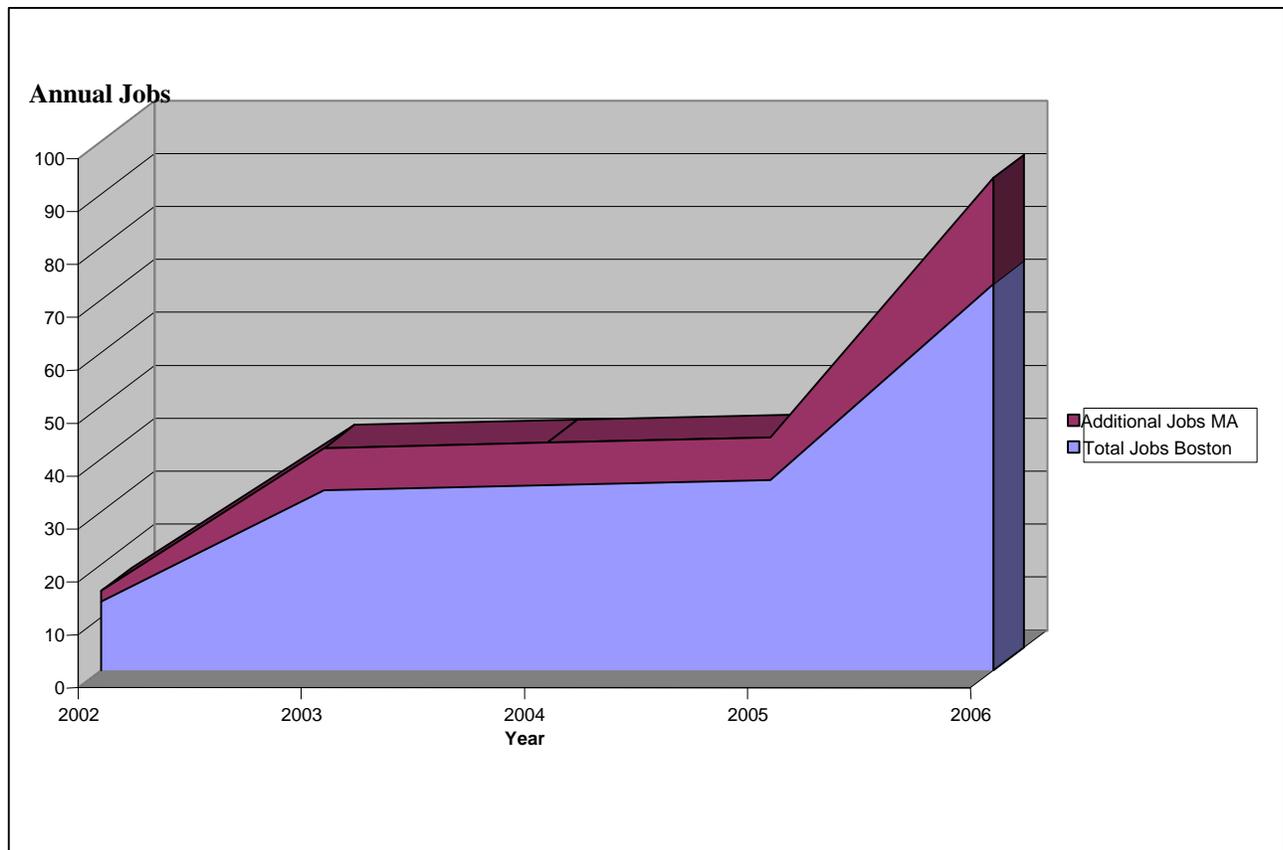
²⁶ As a reminder, all dollar figures reported below have been deflated to 2001 levels.

Because the MFA is located in Boston and pays its new employees within the city, the impacts of payroll and purchases are overwhelmingly local.

- 91 percent of the direct and indirect spending is in Boston;
- 92 percent of the labor income generated is in Boston;
- 82 percent of the jobs are Boston.

Spending will be phased-in over the five-year period. As the project begins, the MFA is planning to spend about \$77,000 for additional payroll and vendor purchases in anticipation of the expansion. By 2006, the year preceding the scheduled opening, the Museum projects its direct spending to exceed \$1.4 million, an increase of 20-fold in constant dollars. Figure 6.4 below shows the phase-in of direct and indirect employment in Massachusetts from 2002 through 2006 that we anticipate to be spurred by the ramp-up for Phase I.

**Chart 6.4:
New Permanent Employment Generated by Phase I MFA Expansion**



6.4 The First Three Years 2007-2009

In 2007, the opening year of the new building, the MFA's Phase I project will be responsible for more than \$53 million in direct and indirect economic activities, including \$21.5 million in payroll supporting 894 FTE jobs. Eighty-six percent of the direct economic activities will be in Boston, generating 85 percent of the payroll and 77 percent of the jobs—including 70 at the MFA—within the city. (See Tables 6.4 and 6.5.)

MFA is expecting that the opening of the Phase I project will generate excitement in the arts community as well as the general public, leading to a major spike in attendance in 2007, the opening year. The Museum is expecting 400,000 additional visitors that year to experience the new facility. Attendance is then expected to wind down in 2008, and stabilize in 2009 at an additional 275,000 and 178,000 above current levels. The latter figure is the ongoing visitor increase estimated to be generated by Phase I. In addition, payroll and vendor spending by the Museum in constant dollars will peak in the 2007–2009 period.

Direct Effect	Output (Spending and Sales)	Labor Income Generated	Full-Time-Equivalent Job Years
Payroll	1,485,331	1,485,331	42
Vendor	1,890,432	-	-
Retail	2,582,577	423,750	16
Restaurant	479,721	199,454	12
Subtotal direct	6,438,061	2,108,535	70
Indirect Effect			
Payroll	1,827,070	583,342	16
Vendors	1,529,591	621,226	56
Retail	481,716	194,639	7
Restaurant	337,984	130,711	4
Subtotal indirect	4,176,361	1,529,918	83
Total Museum Operations	10,614,422	3,638,453	153
Visitors Generated by the Museum Expansion			
Direct Spending: Offsite Purchases	27,164,220	11,534,902	565
Indirect and Induced Impacts	15,536,701	6,345,445	176
Subtotal: Visitor Impacts	42,700,921	17,880,347	741
Total Contribution to MA	\$53,315,343	\$21,518,800	894
Sources: Museum of Fine Arts, Boston: Business Plan, May 15, 2001; IMPLAN Economic Model. We assume that the same proportion of visitors are attracted to Boston and Massachusetts because of the MFA, as discussed in the Visitors section of the main report, and that proportion of retail sales to visitors in FY '01 is constant. With the excitement of the expansion, both assumptions may be understating the economic impact of Phase I.			

Table 6.6: Projected Economic Impacts in the Year 2007 of Phase I of Expansion on the Boston Economy			
Direct Effect	Output (Spending and Sales)	Labor Income Generated	Full-Time-Equivalent Job Years
Payroll	1,485,331	1,485,331	42
Vendor	1,890,432	-	-
Retail	2,582,577	423,750	16
Restaurant	479,721	199,454	12
Subtotal direct	6,438,061	2,108,535	70
Indirect Effect			
Payroll	1,709,348	520,500	14
Vendors	887,917	380,917	30
Retail	426,108	177,087	7
Restaurant	292,274	116,062	3
Subtotal indirect	3,315,647	1,194,566	54
Total Museum Operations	9,753,708	3,303,101	124
Visitors Generated by the Museum Expansion			
Direct Spending: Offsite Purchases	24,045,435	9,925,956	438
Indirect and Induced Impacts	12,031,237	5,032,597	125
Total Impacts Generated by Visitors	36,076,672	14,958,553	563
Total Contribution to Boston	\$45,830,380	\$18,261,654	687
Sources: See Table 6.5.			

Visitor Impacts

As discussed in Section 3, not all visitors to the Museum add to the economy of Massachusetts or Boston. For the purposes of this analysis, we assume that the distribution of new Museum visitors by place of residence will be the same as that of current visitors. We also assume the same patterns of visitor attendance at the MFA as documented in the 1997–2000 visitor surveys *although, with the excitement of the new construction, it is not unreasonable to believe that a much higher ratio of visitors to the city during 2007 and 2008 will be there for the express purpose of visiting the Museum.*

Our findings on visitor growth associated with the expanded facility indicate that:

- In 2007, additional visitor spending will add \$42.7 million to the Massachusetts economy, with \$36 million of that in Boston. This additional spending will create 741 jobs in the Commonwealth, with 563 in Boston.
- In 2008, additional visitor spending will add \$28 million to the Massachusetts economy, with \$23.7 million in Boston. As a result, nearly 500 additional jobs will be generated in the state, with 370 in the city.
- In 2009 and subsequent years, additional visitor spending attributable to the completed and operating Phase I project will contribute an additional \$18 million to Massachusetts, with \$15 million of that in Boston. Three hundred additional permanent jobs (on a full-time-equivalent basis) will be created in Massachusetts, with 240 of those in Boston.

- Salaries and wages for these additional jobs are projected at \$17.9 million in Massachusetts and \$15 million in Boston during 2007; \$11.7 million in Massachusetts and \$9.8 million in Boston during 2008; and \$7.6 million in Massachusetts and \$6.4 million in Boston during 2009, and beyond.
- The dramatic increase in visitors will also lead to increases in restaurant and retail sales at the Museum, with a boost of \$3.8 million in combined sales (and indirect activities resulting from those sales) in 2007, then declining to \$1.6 million by 2009 and in subsequent years, in constant 2001 dollars. (See Table 6.6.) *This may be a significant underestimate, as publicity associated with the expanded Museum may generate significant Internet and mail order sales in addition to on-site purchases.*

Table 6.6: Increased Economic Impact Associated with Increased Visitation Resulting from the Expansion			
Year	Combined Direct and Indirect Sales	Labor Income Generated	Employment
2007	3,881,999	939,553	39
2008	2,543,131	614,877	26
2009+	1,642,374	396,606	17
<p>Note: All direct activities take place in Boston. As a result, a Boston table would show equivalent impacts, roughly 98 percent, as some of the indirect activities will “leak” from the city.</p> <p>Sources: Museum of Fine Arts, Boston: Business Plan, May 15, 2001; IMPLAN Economic Model.</p>			