



South Carolina's LGBT Population – Economic & Business Impact

Talent powers economic growth. And diversity and openness attract talent.

Analysis of Census 2000 data indicates a strong link between a thriving tech-oriented economy and diverse populations, including those with high concentrations of gay and lesbian couples. Gay people are an important part of economic growth. The amount of tolerance that a region has is directly related to the quality of the work force that exists there. ("Technology and Tolerance: The Importance of Diversity to High-Technology Growth." The Brookings Institute Center on Urban and Metropolitan Policy, June 2001)³

Efforts to attract and retain top-notch employees and students are impeded when a state has a reputation for intolerance. Many same-sex couples may avoid and even refuse promotions and reassignments that require transfers to places where they and their families lack critical legal protections. 9

A majority of Fortune 500 companies offer domestic partner health insurance benefits and include sexual orientation in their non-discrimination policies. Corporate America has recognized that supporting same-sex relationships improves employee productivity and attracts/retains the best and brightest, thus enhancing corporate reputation and competitive advantage.

Companies increasingly will go where talented people are located.

In *The Rise of the Creative Class*, Richard Florida demonstrates that a community's success in attracting and retaining high-tech business is strongly correlated with its success in providing a safe, respectful, and congenial environment.

The five U.S. metropolitan areas with the highest concentrations of gay residents are all among that nation's top 15 high-technology areas—San Francisco, Washington D.C., Austin, Atlanta and San Diego. Conservative cities such as New Orleans, Memphis, and Louisville, meanwhile, ranked near the bottom of the "Tech" index. ⁴

Businesses or corporations with a commitment to equal treatment and opportunity for all its employees may not consider South Carolina as a viable



state for re-location. Companies, even if they might want to treat their employees equally, would question, be discouraged, or be possibly prevented from offering domestic partner health insurance benefits. Benefits are crucial for recruiting and retaining top-tier employees.

There are over 1.2 million gay and lesbian business owners in the United States. Like businesses owned by women, African-Americans, and Hispanics, they look to be held to the same standard and have a chance to compete in a climate that's fair and equitable.

Domestic partnerships reduce a state's expenditures.

New Jersey found that the state could save more than \$61 million per year by extending benefits to same sex-couples and keeping them off state assistance roles. (2003)

When civil unions were recognized in Vermont, the state saw an increase of \$170 per male-couple and \$48 per female couple in state income taxes. ("The Fiscal Impact on the State of Vermont of Allowing Same-Sex Couples to Marry." M.V. Lee Badgett, Ph.D. These figures are based on childless households.)

A 2004 study by the non-partisan Congressional Budget Office found that the federal government would actually gain \$400 million per year in revenue if gay couples could marry. Another study of the impact of marriage equality on California's budget found that allowing same-sex couples to marry will result in a net gain of 22.3 to 25.2 million each year for the State budget.

Gays and lesbians have economic power.

Nationally, the economic power of the gay market was estimated for 2005 at \$610 billion (Witeck-Combs Communications; "The US Gay and Lesbian Market") Extrapolating to our state, the economic power of the gay and lesbian market is \$5.1 to \$8.4 BILLION to the annual South Carolina economy. And that's just the resident population. Lost tourism dollars produced by an anti-gay climate increase the consequences dramatically.

Market research shows that gays and lesbians make more money than the population at large, are better educated, and travel more. They are two times more likely to own a vacation home than their straight counterparts.



They are also early adapters of new technology. Gays and lesbians are less likely to have children, and thus have more disposable income. And when they get behind a brand, they tend to be some of the most loyal consumers around. According to one recent study by Greenfield Research, 94 percent of gays and lesbians surveyed said they would go out of their way to purchase products and services marketed directly to them.

Roughly two-thirds of gay and lesbian respondents (64%) said they were likelier to consider buying products and services from companies that market directly to gays and lesbians over competing brands that do not.⁵

Gays and lesbians travel – a lot.

Tourism is the largest employer in South Carolina. Travel and tourism brings in more new money than any other industry. (“Impact of Travel and Tourism in Jobs and the Economy in South Carolina, 2002 Update.” Isabell Hill and Julie Flowers). According to the US Chamber of Commerce in 2000, gay and lesbian tourism generated over 54 billion dollars—10% of the nation’s tourism market.¹ South Carolina businesses do not want government to purposely alienate a significant market.

Fort Lauderdale is generally considered the first U.S. city to actively promote to gays. This year 660,000 gay and lesbian visitors are expected to visit the city, dropping some \$600 million - about 12 percent of the city's tourism revenue.²

Greater Cincinnati Convention and Visitors Bureau Tourism officials estimated a loss of \$46 million in convention business alone since the city passed an anti-gay ordinance in 1993. (“Businesses say perception of Cincinnati as intolerant of gays hurts recruiting,” Associated Press, 9 Feb 2004) Largely because of the economic impact, the anti-gay measures were repealed in November 2004.⁶

Within one year of the November 1992 election, when voters approved the (anti-gay) amendment, Colorado lost 31 conventions worth \$38 million.⁸

Greenville County’s 1996 anti-gay resolution that “homosexuality is incompatible with the standards of this community” received harsh national press. Although opposed by the Greenville Chamber of Commerce, Furman University, the Greenville City Council, and a group of over 100 religious leaders, it passed with the result that South Carolina tourism revenue was lost.



Presentation to the Charleston Metro Chamber of Commerce



¹ Gay Tourism

Tourism Intelligence International & U.S. Chamber of Commerce

According to Tourism Intelligence International (2000), some 10% of international tourists were gay or lesbians, accounting for more than 70 million arrivals worldwide. This important market segment is expected to continue to grow as a result of a change in world-wide attitudes to homosexuality. American gay and lesbian tourists are estimated to generate \$54.1 billion a year— about 10% of the total US travel industry.

According to the chamber, the U.S. lesbian, gay, bisexual and transgender travel market is estimated at \$54 billion in U.S. dollars. Last year, a U.S. travel survey estimated the economic impact of same-sex marriage for Canada's economy could be \$1 billion over the next three years. But the group believes it could be more, saying an investment of just over \$1 million could garner a \$1 billion return annually for Canada.

² Gays now major force for change in travel

Gay travelers are three times more likely to spend more than \$5,000 on travel annually. While gays may make less than straight people in the workforce, a same-sex couple - with two incomes and usually no children - is a prime travel demographic.

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³ "Gay Brain Drain"

Laws that limits the rights of LGBT people may result in gay brain drain because LGBT people are more mobile than the general population. LGBT people are more mobile because they are less likely to have children and therefore, on average, have more disposable income and less restraint in making housing choices. If a state is already experiencing brain drain, there is good reason to think that LGBT people are even more likely to leave because they have less barriers to doing so.

If LGBT people leave a state because of intolerant laws, that may make the state less attractive to high tech industries. Analysis of Census 2000 data indicates a strong link between a thriving tech-oriented economy and diverse populations, including those with high concentrations of gay and lesbian couples. The presence of a large gay and lesbian population indicates a high level of community diversity and tolerance. This tolerance creates low barriers to entry for all people into the labor market and enables firms to draw from the widest possible mix of creative and innovative employees. If laws become intolerant and LGBT people leave a state, the state might lose the diverse and creative workforce that high tech industries require.

Laws that limit companies' flexibility in offering benefits to LGBT employees may make them less competitive and complicate recruitment strategies and benefit programs, particularly for interstate companies. Laws that take away the right of companies to determine their own benefits programs reduces their flexibility in hiring, retaining, promoting, and transferring LGBT employees, thus hindering their efficiency and competitiveness.

⁴ From *The Gay and Lesbian Atlas* (Gary J. Gates and Jason Ost):

One of the most intriguing uses for census data on gay and lesbian location comes from Richard Florida, best-selling author of *The Rise of the Creative Class* (Florida 2002), who argues that creativity constitutes the central driving force for success in today's economy. Florida posits that regions must attract and retain creative and innovative people to secure a promising economic future, and will thrive when individuals with diverse backgrounds and viewpoints can easily interact. Because a concentration of gay/lesbian couples signals diversity, knowing where they live can prove useful to those communities.

This link between diversity and economic success was first proposed in a Brookings Institution paper (Florida and Gates 2002) exploring the relationship between technology and tolerance. The authors demonstrate a strong link between a thriving tech-oriented economy and diverse populations, including those with high concentrations of gay couples. The presence of a large gay and lesbian population serves as one signal of a high level of community diversity, tolerance, and acceptance for people who are different. This tolerance, the authors find, creates low barriers to entry for all people into the labor market and enables firms to draw from the widest possible mix of creative and innovative employees. The five U.S. metropolitan areas with the highest concentrations of gay



residents are all among that nation's top 15 high-technology areas—San Francisco, Washington D.C., Austin, Atlanta and San Diego. Conservative cities such as New Orleans, Memphis, and Louisville, meanwhile, ranked near the bottom of Florida's "Tech/Gay" index. Florida's research has pointed to a new business paradigm, one that embraces the advantages of nonconformity, embraces social justice, and creates opportunities from artistic expression. What Florida has said is that gays can create wealth and energy in a city (2002).

Corporate America and, to a lesser degree, governments are increasingly including gay and lesbian-supportive policies as a way to encourage diversity. Ninety-two Fortune 100 companies ban discrimination based on sexual orientation in their organizations. Further, nearly two-thirds of them offer health benefits to same-sex partners. Governments appear a bit slower to catch on to this trend, as only 14 states and the District of Columbia prohibit discrimination based on sexual orientation in both public and private employment (an additional 11 states prohibit such discrimination in public employment only). Regional diversity (reflected in part by the visible presence of gay men and lesbians) does not go unnoticed by companies seeking to locate in communities where creative and innovative individuals can flourish. Bill Bishop, reporting on Florida's work for the Austin American-Statesman, put it well. He wrote, "Where gay households abound, geeks follow." These geeks can be the engine of success for many regions and corporations responding to their presence. Richard Florida often cites Carley Fiorina, CEO at Hewlett Packard, telling America's governors, "Keep your tax incentives and the like, just give us talent. We will go where the highly skilled people are."

⁵ **Gay-friendly ads up brand loyalty** *Eric Johnston, PlanetOut Network*

SUMMARY: A study finds that gays and lesbians tend to show brand loyalty to gay-friendly companies, and are likelier to keep up with the latest styles and upgrade to the newest products. Gays and lesbians tend to show brand loyalty to gay-friendly companies, and they are likelier to keep up with the latest styles and upgrade to the newest version of a product, according to the results of a study released on Friday. The nationwide online survey asked questions of 2,092 U.S. adults, of whom 107 self-identified as gay, lesbian or bisexual (GLB).

The survey was conducted Dec. 8-15, 2004, by Harris Interactive in conjunction with Witeck-Combs Communications Inc., a marketing firm with special expertise in the gay, lesbian, bisexual and transgender market. Roughly two-thirds of GLB respondents (64 percent) said they were likelier to consider buying products (64 percent) and services (69 percent) from companies that market directly to gays and lesbians over competing brands that do not.

Seven in 10 (70 percent) GLB respondents said they were likely to consider a brand that is known to provide equal workplace benefits for all of their employees. Half (51 percent) of the respondents also said they were likely to consider brands that support causes that are important to them as GLB people. "If there's a gay-friendly or gay-identified vendor or supplier with a product that I like, I tend to go to those places before others," said Sanford Smith, 40, a gay man from San Francisco.

"Understandably, gays like to spend their money with companies that treat their gay employees equitably, value them as customers and represent them openly and accurately in marketing initiatives," said Jake Stafford, senior marketing strategist at Witeck-Combs Communications

. Noah Langley, 27, a gay man from Napa, Calif., cited Abercrombie & Fitch as an example of the kind of company where he likes to make purchases. The chain store's catalogs are legendary among gay men for their erotic images of athletic young men. "For the most part I go for whatever's cheaper," said Langley. "But if I know I'm going to buy a new outfit for going out, I usually buy a brand that's gay-affiliated. They make cuter stuff."

The survey also found that 24 percent of GLB adults always or often "like to keep up with the latest styles and trends," compared with 17 percent of heterosexual adults. Seventeen percent of GLB adults also state that they always or often "tend to upgrade to the latest model or version of a product," while 15 percent of their heterosexual counterparts do the same.

⁶ "Cincinnati Businesses want gay to return" by The Associated Press Posted: November 22, 2004 12:01 am ET

(Cincinnati, Ohio) City tourism officials are targeting gays that had previously taken their convention business elsewhere because of a charter provision banning laws protecting LGBT people from discrimination. Cincinnatians voted to repeal the 11-year-old Article XII this month after city and business leaders warned that it was harming the city's economy.



Last week, the Greater Cincinnati Convention and Visitors Bureau sent letters to 200 groups that cited gay rights issues as a reason for not hosting meetings in Cincinnati. And bureau representatives are considering meeting with eight groups that canceled scheduled events in Cincinnati after voters approved the amendment in 1993. Those conventions had been expected to bring \$25 million to the area. "We'll follow up with every group that canceled," said Alan Welch, interim bureau president. The impact on the convention business may not be immediate, because some of the groups targeted by the bureau are locked into deals to hold conventions in other cities through 2010. But some groups say repealing the amendment could be the first step toward bringing their business back. The Rockville, Md.-based American Speech-Language-Hearing Association canceled its 1995 convention in Cincinnati because of the charter provision. The group wrote a letter at the time that said the amendment "sends the message that some of our members will not be welcome in Cincinnati." Now Cheryl Russell, director of convention and meetings for the group, said it would consider Cincinnati for its regional meetings. "If they took it (Article XII) off the books, Cincinnati's opened up to us now," Russell said. The American Library Association pulled out of a scheduled January 1995 convention, saying it wanted to take a "stand on human rights." "We're glad you changed it," Deidre Irwin Ross, the group's director of conference services, said. "Our association is very inclusive."

⁷ Tampa Area Feeling Effects Of Anti-Gay Policy

by Fidel Ortega 365Gay.com Miami Bureau The Florida Library Association has passed a resolution that the association will not hold conferences, meetings of its Executive Board, committees, or other association groups in Hillsborough County until the anti-gay law is rescinded. At least 1 conference has already been cancelled, and the boycott is scheduled to take place on August 15- Michael Saripkin, co-owner of Sardis Mini Systems, a Mississippi-based company has cancelled plans for a convention in the county that would have attracted 2,000 people estimated to spend about \$1 million

⁸ "Impact of Outrage" - St. Petersburg Times

By Steve Huettel

July 10, 2005

Rich Grant, spokesman for Denver's convention and visitors' bureau.

GLBT community called to boycott Colorado as a protest against voters approving statewide anti-gay rights amendment. Within 1 year of the November 1992 election, when voters approved the amendment, Colorado lost 31 conventions worth \$38 million. That doesn't take into account lost revenue from groups & tourists.

⁹ From *Investor's Business Daily* Op-Ed (Bob Witeck and Gary J. Gates):

Uncertainty in a corporation can be distracting and expensive. Consider a Fortune 500 company with a multi-state workforce spread from jurisdiction to jurisdiction—with a mill in Vermont, a port facility in Virginia, a finishing plant in Oregon, a sales division in New Hampshire, and a corporate headquarters in Massachusetts.

What happens if New Hampshire fails to recognize the legality of same-sex marriages performed in Massachusetts, Virginia continues to deny basic domestic partner benefits and Oregon validates marriages between same-sex couples? What does such a patchwork of legal rights and partner responsibilities mean for employers and their workers and families?

Many same-sex couples may avoid and even refuse promotions and reassignments that require transfers to places where they and their families lack critical legal protections.
