



ARTS &

ECONOMIC PROSPERITY 5

THE ECONOMIC IMPACT OF NONPROFIT ARTS & CULTURAL ORGANIZATIONS & THEIR AUDIENCES



SUMMARY REPORT | CREATING **JOBS**. GENERATING **COMMERCE**. DRIVING **TOURISM**.



America's Nonprofit Arts & Culture Industry

\$166.3 billion in economic activity—\$63.8 billion in spending by arts and cultural organizations and \$102.5 billion in event-related spending by their audiences—supports 4.6 million jobs and generates \$27.5 billion in government revenue.

The Arts MEAN BUSINESS

BY AMERICANS FOR THE ARTS PRESIDENT & CEO ROBERT L. LYNCH

*In my travels, I meet business and government leaders who speak passionately about the value the arts bring to their communities—fueling creativity, beautifying downtowns, and providing joy. Many also share with me the challenge of balancing arts funding with the demands to support jobs and grow their economy. To these community leaders, **Arts & Economic Prosperity 5** offers a clear and welcome message: the arts are an investment that delivers both community well-being and economic vitality.*

Arts & Economic Prosperity 5 (AEP5) is Americans for the Arts' fifth economic impact study of the nation's nonprofit arts and cultural organizations and their audiences. By every measure, the results are impressive. Nationally, the nonprofit arts industry generated \$166.3 billion of economic activity in 2015—\$63.8 billion in spending by arts and cultural organizations and an additional \$102.5 billion in event-related expenditures by their audiences. This activity supported 4.6 million jobs and generated \$27.5 billion in revenue to local, state, and federal governments (a yield well beyond their collective \$5 billion in arts allocations). AEP5 is the most comprehensive study of its kind ever conducted. It provides detailed economic impact findings on 341 study regions representing all 50 states and the District of Columbia. Data was gathered from 14,439 organizations and 212,691 audience spending surveys and our project economist customized input-output models for each and every study region to ensure reliable and actionable localized results.

When Americans for the Arts published its first economic impact study in 1994, it worked with 33 local partners. As evidence of the value of these studies, AEP5 has grown this local participation ten-fold. We also have witnessed a corresponding growth in the understanding of the economic value of the arts. The US Bureau of Economic Analysis, for example, now publishes an annual *Arts & Cultural Production Satellite Account*, which extends beyond the nonprofit sector to include the full breadth of commercial and for-profit arts, education, and individual artists, and lists the sector as

a \$730 billion industry (4.2 percent of the nation's GDP—a larger share of the economy than transportation, tourism, agriculture, and construction). State and local governments have established agencies to track and grow their creative economy.

What continues to set AEP5 apart from other studies is exactly why it is so useful: it uses localized research that not only focuses on arts organizations—but also incorporates the event-related spending by their audiences. When patrons attend an arts event, they may pay for parking, eat dinner at a restaurant, enjoy dessert after the show, and return home to pay the babysitter. The study found that the typical attendee spends \$31.47 per person, per event beyond the cost of admission. AEP5 also shows that one-third of attendees (34 percent) were not from the county in which the arts event took place. Their event-related spending was more than twice that of their local counterparts (\$47.57 vs. \$23.44). What brought those visitors to town? Two-thirds (69 percent) indicated that the primary purpose for their visit was to attend that arts event. The message is clear: a vibrant arts community not only keeps residents and their discretionary spending close to home, it also attracts visitors who spend money and help local businesses thrive.

AEP5 demonstrates that the arts provide both cultural and economic benefits. No longer do community leaders need to feel that a choice must be made between arts funding and economic prosperity. **Arts & Economic Prosperity 5** proves that they can choose both. Nationally as well as locally, the arts mean business.

(Cover and Opposite) Andrew Shurtleff Photography. (Left) New World Symphony WALLCAST concert at the New World Center, Miami, FL. (Right) Street scene, St. Petersburg Arts Alliance, FL



Economic Impact of America's NONPROFIT ARTS & CULTURE INDUSTRY

From coast to coast and from our smallest rural towns to our largest urban cities, America's 100,000 nonprofit arts and cultural organizations make their communities more desirable places to live and work every day of the year.

The arts provide inspiration and joy to residents, beautify public spaces, and strengthen the social fabric of our communities. Nonprofit arts and cultural organizations are also businesses. They employ people locally, purchase goods and services from local businesses, make communities more vibrant, and attract tourists. Event-related spending by arts audiences generates valuable revenue for local merchants such as restaurants, retail stores, hotels, and parking garages.

82%

of Americans believe arts & culture are important to local businesses and the economy

87%

of Americans believe arts & culture are important to quality of life

Source: Americans for the Arts 2016 survey of 3,020 adults by Ipsos Public Affairs

Arts & Economic Prosperity 5 (AEP5) demonstrates that the arts are an economic driver—an industry that supports jobs, generates government revenue, and is the cornerstone of our tourism industry. In 2015, the nation's nonprofit arts and culture industry generated \$166.3 billion in economic activity—\$63.8 billion in spending by the organizations themselves, which leveraged an additional \$102.5 billion in event-related spending by their audiences. The impact of this economic activity is significant, supporting 4.6 million jobs and generating \$27.5 billion in government revenue.

AEP5 is the most comprehensive economic impact study of the nonprofit arts and culture industry ever conducted. It documents the economic contributions of the arts in 341 diverse communities and regions across the country, representing all 50 states and the District of Columbia. The participating communities range in population from 1,500 to 4 million and include rural, suburban, and urban areas (113 cities and 115 counties, 81 multicounty or multicounty regions, 20 statewide study areas, and 12 arts districts).

"As a banker, I have visited businesses in almost every city and town in my state. There is a visible difference in places with a vibrant arts community. I see people looking for places to park, stores staying open late, and restaurants packed with diners. The business day is extended and the cash registers are ringing."

— **KEN FERGESON**, Chairman, NBC Oklahoma,
Past Chair, American Bankers Association



Researchers collected detailed expenditure and attendance data from 14,439 arts and cultural organizations and 212,691 of their attendees to measure total industry spending. Project economists from the Georgia Institute of Technology customized input-output analysis models for each study region to provide specific and reliable economic impact data. **AEP5 uses four economic measures to define economic impact:**

- **Full-time Equivalent (FTE) Jobs** is the total amount of labor employed. Economists measure FTE jobs—not the total number of employees—because it is a more accurate measure that accounts for part-time employment. (For instance, one FTE job could be one person working full time or two people who each work half time.)
- **Resident Household Income** (often called Personal Income) includes salaries, wages, and entrepreneurial income paid to residents. It is the money residents earn and use to pay for food, mortgages, and other living expenses.
- **Revenue to Local and State Governments** includes revenue from taxes (e.g., income, property, or sales), as well as funds from license, utility, and filing fees, and other similar sources.

AEP5 focuses on nonprofit arts and cultural organizations (e.g., theaters, museums, arts education organizations) and their audiences. The study takes an inclusive approach that accounts for the uniqueness of different localities. For example, in some communities the museum and performing arts center are government-owned and government-operated entities, rather than a nonprofit organization. These are included in AEP5, as are municipal arts agencies, living collections (such as zoos, aquariums, and botanical gardens), university presenters, and arts programs that are embedded under the umbrella of a nonarts organization or facility (such as a hospital or church). The study excludes spending by individual artists and the for-profit arts and entertainment sector (e.g., Broadway or the motion picture industry) from this analysis—all vital and valued components of the nation's arts landscape, but beyond the scope of this study.

ECONOMIC IMPACT: *Total, Direct, Indirect, & Induced*

How can a dollar be *respent*?

Consider the example of a theater company that purchases a five-gallon bucket of paint from its local hardware store for \$100—a very simple transaction at the outset, but one that initiates a complex sequence of income and spending by both individuals and other businesses.

- Following the paint purchase, the hardware store may use a portion of the \$100 to pay the sales clerk who sold the bucket of paint. The sales clerk then respends some of the money for groceries; the grocery store uses some of the money to pay its cashier; the cashier then spends some of the money for rent; and so on.
- The hardware store also uses some of the \$100 to purchase goods and services from other businesses, such as the local utility company, and then to buy a new bucket of paint from the paint factory to restock its shelf. Those businesses, in turn, respend the money they earned from the hardware store to pay employees and buy goods and services from still other local businesses, and so on.
- Eventually, the last of the \$100 is spent outside of the community and no longer has a local economic impact. It is considered to have leaked out of the community.

The **total** economic impact describes this full economic effect, starting with the theater's initial paint purchase and ending when the last of the \$100 leaks out of the community. It is composed of the **direct** economic impact (the effect of the initial expenditure by the theater), as well as the **indirect** and **induced** economic impacts, which are the effects of the subsequent rounds of spending by businesses and individuals, respectively.

Interestingly, a dollar ripples very differently through each community, which is why each study region has its own customized economic model.

Opposite Page: Hawai'i Arts Alliance mural

This Page: (Left) Lake Street Dive concert at the River Run Lodge, Sun Valley Center for the Arts, Ketchum, ID. (Right) Chehalem Cultural Center Summer Arts Camp, Yamhill County, OR

Nonprofit Arts & CULTURAL ORGANIZATIONS



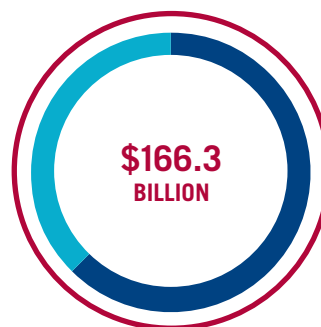
Arts and cultural organizations are valued members of the business community. They employ people locally, purchase goods and services from within the community, are members of their Chambers of Commerce, and promote their regions.

In 2015, these organizations—performing and visual arts organizations, festivals, public art programs, municipally-owned museums and arts centers, and more—pumped an estimated \$63.8 billion into the nation's economy, supporting 2.3 million jobs, providing \$49.4 billion in household income, and generating \$11.9 billion in total government revenue.

“Investments in arts and culture enhance the quality of life, the third-highest measurement businesses use when gauging development trends—behind skilled labor and highway accessibility, but ahead of other factors such as corporate tax rates and incentives. These investments are breathing new life into our downtown areas, creating educational opportunities, and attracting businesses and highly skilled workers to Iowa. Today, nearly 6,000 arts organizations employ 23,000 people in Iowa, and that number jumps to 73,000 when all creative fields are counted. In all, that’s about four percent of our workforce.”

— GOVERNOR KIM REYNOLDS, Iowa

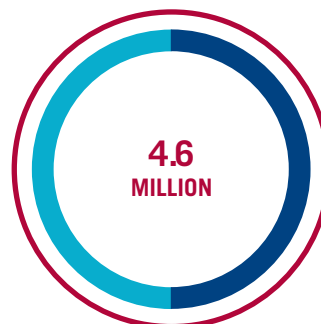
Economic Impact of the Nonprofit Arts & Culture Industry (2015)



Total Direct Expenditures
\$63.8 BIL + \$102.5 BIL



Resident Household Incomes
\$49.43 BIL + \$46.64 BIL



Full-Time Equivalent Jobs
2.3 MIL + 2.3 MIL



Total Government Revenue
\$11.86 BIL + \$15.68 BIL

■ Organization ■ Audiences ■ Total



(Left) Flash mob during the First Friday ArtWalk. Lane Arts Council, Eugene, OR. (Right) AMOCAT Arts Awards 2016, City of Tacoma, WA.



Nonprofit arts and cultural organizations provide rewarding employment for more than just artists, curators, and musicians. They also directly support builders, plumbers, accountants, printers, and an array of occupations spanning many industries. The arts and culture industry is highly labor intensive, with half (52.8 percent) of the typical organization's expenditures spent on artists and personnel costs. Of the 2.3 million jobs supported by arts organizations across the country, 1.15 million were a result of their actual **direct** expenditures. This represents 0.83 percent of the US workforce—a significant share of the nation's labor force when compared to the size of other sectors. In total, these organizations support more jobs than that of the legal or public safety sectors.

Percentage of US Workforce (2015)

Elementary School Teachers // **1.00%**



Nonprofit Arts & Cultural Organizations // **0.83%**



Police Officers // **0.48%**



Lawyers // **0.44%**



Farming, Fishing, & Forestry // **0.33%**



Firefighters // **0.23%**



Computer Programmers // **0.21%**



“In Rhode Island, we know cultural excellence is crucial to economic development and the success of businesses large and small. Arts-related industries create jobs, attract investments, and enhance tourism—the economic impact of arts organizations is significant. The arts also play a role in promoting the health and welfare of our military members, which makes our communities and our state stronger”

— **LIEUTENANT GOVERNOR DAN MCKEE**, Rhode Island; Chair, National Lieutenant Governors Association

Arts and cultural organizations provide rewarding employment for more than just artists, curators, and musicians. They also directly support builders, plumbers, accountants, printers, and an array of occupations spanning many industries.

Arts AUDIENCES



Spending by Arts Audiences Sends \$102.5 Billion to Local Businesses

Every day, millions of patrons attend arts events. The arts, unlike most industries, leverage significant amounts of events-related spending by their audiences. For example, part of the arts experience may include dining out, paying for parking, shopping in local retail stores, enjoying dessert after the show, and returning home to pay the babysitter.

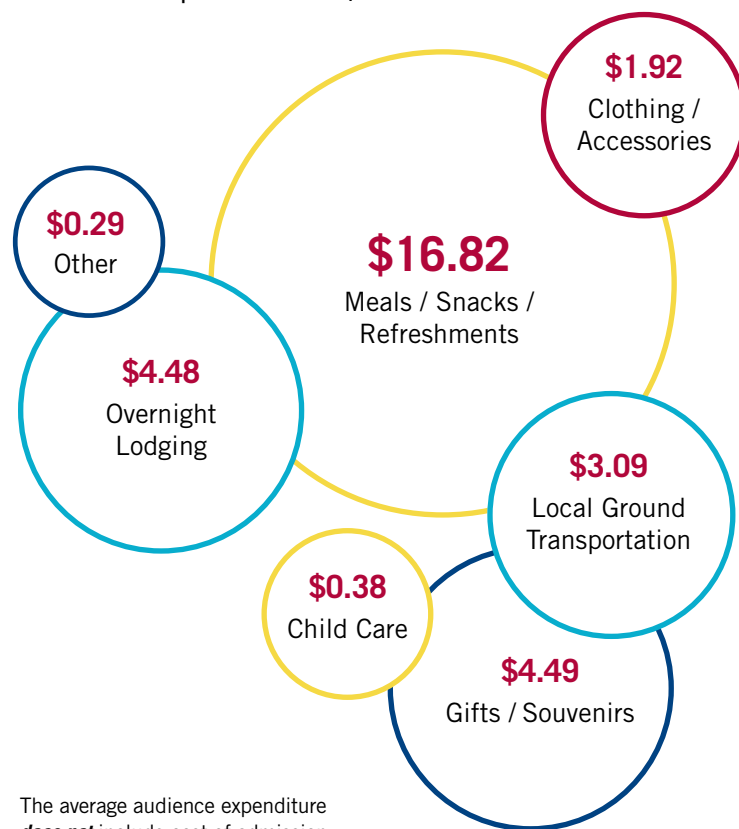
Based on the 212,691 audience surveys conducted for this study, the typical arts attendee spends \$31.47 per person, per event, beyond the cost of admission. Nationally, total event-related spending was an estimated \$102.5 billion in 2015. This spending supported 2.3 million jobs, provided \$46.6 billion in household income, and generated \$15.7 billion in total government revenue.

Local vs. Nonlocal Audiences

When a community attracts nonlocal arts attendees and cultural tourists, it harnesses significant economic rewards. In addition to spending data, researchers asked each of the 212,691 survey respondents to provide their home zip code. Attendees that lived within the county in which the arts event took place were considered local; those who live outside of the county were categorized as nonlocal. While the ratio of local to nonlocal attendees is different in every community, the national sample revealed that 34.1 percent of attendees traveled from outside of the county in which the event took place (nonlocal), and 65.9 percent of attendees resided within the county (local). Nonlocal attendees had twice as much event-related spending as their local counterparts (\$47.57 vs. \$23.44).

Average Per Person Per Event

Audience Expenditures: \$31.47



The average audience expenditure **does not** include cost of admission.

Local vs. Nonlocal Arts Audience Spending

Local Audience Spending // \$23.44



Nonlocal Audience Spending // \$47.57





Arts Events Attract New Dollars and Retain Local Dollars

Nonlocal attendees were asked about the purpose of their visit. More than two-thirds (68.9 percent) indicated that the primary purpose of their visit was to “attend this arts event,” demonstrating the power of the arts to attract visitors to the community. As part of the survey, local attendees were asked about what they would have done if the arts event that they were attending was not taking place: 41 percent said they would have “traveled to a different community to attend a similar cultural event.”

Arts Drive Tourism

Of the 34.1 percent of nonlocal arts attendees, 14.3 percent reported an overnight lodging expense. Not surprisingly, these attendees spent considerably more money during their visit—an average of \$161.83 per person. In fact, nonlocal attendees who reported overnight lodging expenses spent more per person in every expenditure category (food, gifts and souvenirs, ground transportation, etc.) than the average nonlocal attendee. For this analysis, only one night of lodging expenses is counted toward the audience expenditure analysis, regardless of how many nights these cultural tourists actually stayed in the community. This conservative approach ensures that the audience-spending figures are not inflated by nonarts-related spending.

These figures demonstrate the economic impact of the nonprofit arts and culture industry in its truest sense—by attracting out-of-town visitors who spend money. If a community fails to provide a variety of artistic and cultural experiences, not only will it fail to attract new dollars from cultural tourists, it will also lose the discretionary spending of its own residents who will travel elsewhere for a similar arts experience.

Nationally, 69 percent of all nonlocal arts attendees reported that the primary reason for their trip is “specifically to attend this arts or cultural event.”

Arts and Culture Tourists Spend More and Stay Longer

As communities compete for the tourist's dollar, arts and culture is a proven magnet for travelers and their money. Local businesses grow because travelers extend the length of their trips to attend arts events. Multiple research studies have shown that travelers who include arts and culture on their trips are ideal tourists and differ from other US travelers in several important ways.

Arts and culture travelers...

- › spend more than other travelers.
- › are more likely to stay in a hotel or bed & breakfast.
- › are more likely to spend \$1,000 or more during their stay.
- › stay longer than other travelers.

More than two-thirds (68 percent) of American adult travelers included a cultural, arts, heritage, or historic activity or event while on a trip of 50 miles or more, one-way, in 2012. This equates to 116 million cultural travelers. Of this group, 28 percent (32.5 million travelers) added extra time to their trip because of a cultural, arts, heritage, or historic activity or event. Of those who extended their trip, 40 percent did so by one or more nights.

Cultural destinations also help grow the US economy by attracting foreign visitor spending. The US Department of Commerce reports that, between 2003 and 2015, the percentage of international travelers who include “art gallery and museum visits” on their trip grew from 17 to 29 percent, and the share attending “concerts, plays, and musicals” increased from 13 to 16 percent.

Cultural travelers to the United States out-stay, out-travel, and out-spend other types of international tourists. In 2015, the foreign cultural tourist's median length of stay was 12 nights (for business travelers the median was seven), with 89 percent going shopping and 39 percent visiting more than one state (compared to 79 percent and 26 percent of business travelers respectively).

Sources: US Department of Commerce, 2017; Mandala Research, 2013; US Travel Association.

Opposite Page: Cecilia Lueza's *Common Ground*, St. Petersburg Arts Alliance, FL. Photo by Florida CraftArt.

This Page: (Left) San Jose Jazz SummerFest salsa dancing, San Jose, CA. Photo by Daniel Garcia. (Right) Kid at Downtown Festival and Art Show, Gainesville, FL.

Arts Volunteerism

While arts volunteers do not have an economic impact as defined in this study, they clearly have an enormous impact on their communities by helping arts and cultural organizations function as a viable industry. Local AEP5 study regions (cities and counties) averaged 4,002 volunteers who donated 183,102 hours to nonprofit arts and cultural organizations during 2015—a donation valued at \$4.3 million. The study’s participating organizations within these communities had an average of 84.6 volunteers who volunteered 74.3 hours each (6,286.3 hours per organization), a donation valued at \$148,105.

The Independent Sector places the value of the average 2015 volunteer hour at \$23.56.

Value of In-kind Contributions

The organizations that participated in this study also provided data about their in-kind support (e.g., donated assets, office space, airfare, and advertising space): 58.4 percent received in-kind support, averaging \$61,903 per organization during the 2015 fiscal year. Like volunteerism, in-kind contributions are not factored into the economic impact measures as defined in this study, but they also provide an enormous assist to the organizations and their ability to make their cultural product accessible to the community.

“A vital component to generating economic growth in our communities can be attributed to supporting and funding the arts. It is apparent that decreased support of the arts has negatively impacted some areas of our country. In order to compete and thrive in today’s workforce environment it is apparent that supporting the arts helps foster a more creative and innovative workforce that strengthens our economy.”

— NEVADA ASSEMBLYWOMAN MAGGIE CARLTON,
Co-chair, Labor & Economic Development Committee,
National Conference of State Legislatures

America’s Arts Industries Represent 4.2 Percent of the Nation’s Gross Domestic Product



Contributions to the GDP by Arts & Culture Industries (Billions of Dollars)

According to the US Bureau of Economic Analysis (BEA), the arts and culture sector is a \$730 billion industry, which represents 4.2 percent of the nation’s GDP—a larger share of the economy than transportation, tourism, agriculture, and construction. The BEA’s report takes into account the full breadth of the nation’s arts and culture industries—nonprofit, public sector, commercial, entertainment, university education programs, etc.—unlike **Arts & Economic Prosperity 5**, which focuses solely on the nonprofit and public sectors and their audiences.

Conclusion

Nonprofit arts and cultural organizations and their audiences in the United States are a \$166.3 billion industry—one that supports 4.6 million full-time equivalent jobs and generates \$27.5 billion in government revenue.

Arts organizations are businesses. They employ people locally, purchase goods and services from local businesses, make communities more vibrant, and attract tourists. Event-related spending by arts audiences pumps vital revenue into restaurants, hotels, retail stores, parking garages, and other local merchants. This study puts to rest a misconception that communities support arts and culture at the expense of local economic development. In fact, communities are investing in an industry that supports jobs, generates government revenue, and is the cornerstone of tourism. **Arts & Economic Prosperity 5** shows conclusively that, locally as well as nationally, the arts mean business.

“The success of my family's business depends on finding and cultivating a creative and innovative workforce. I have witnessed firsthand the power of the arts in building these business skills. When we participate personally in the arts, we strengthen our ‘creativity muscles,’ which makes us not just a better ceramicist or chorus member, but a more creative worker—better able to identify challenges and innovative business solutions.”

— **VICE CHAIRMAN CHRISTOPHER FORBES**, Forbes, Inc.



The Arts Provide Meaning to our Lives

Americans believe the arts improve the quality of our personal lives and our communities.

63%

believe the arts “lift me up beyond everyday experiences”

73%

say the arts are a “positive experience in a troubled world”

64%

feel “pure pleasure to experience and participate in [the arts]”

Source: Americans for the Arts 2016 survey of 3,020 adults by Ipsos Public Affairs

These personal benefits of the arts extend beyond the individual and to the community: 67 percent of Americans believe “the arts unify our communities regardless of age, race, and ethnicity,” and 62 percent agree that the arts “help me understand other cultures better.” These quality-of-life benefits are not limited to the affluent, educated, or a particular racial group. Rather, they cut across all socioeconomic strata.



Opposite Page: Chalk the Block 8 festival, El Paso Museums & Cultural Affairs Department, TX

This Page: (Top) Fargo-Moorhead Association of Realtors, “Home is where the art is”, Fargo, ND. (Bottom) The Arts Partnership of Greater Spartansburg, SC

About This STUDY



Americans for the Arts conducted Arts & Economic Prosperity 5 to document the economic impact of the nation's nonprofit arts and culture industry. Detailed expenditure data was collected from 14,439 arts and cultural organizations and 212,691 of their attendees.

Project economists from the Georgia Institute of Technology customized an input-output analysis model for each study region to provide specific and localized data on four measures of economic impact: full-time equivalent jobs, household income, and local and state government revenue. These localized models allow for the uniqueness of each local economy to be reflected in the findings.

Studying Economic Impact Using Input-Output Analysis

To derive the most reliable economic impact data, input-output analysis was used to measure the impact of expenditures by arts organizations and their audiences. This highly-regarded type of economic analysis has been the basis for two Nobel Prizes in economics. The models are systems of mathematical equations that combine statistical methods and economic theory in an area of study called econometrics. The analysis traces how many times a dollar is respent within the local economy before it leaves the community, and it quantifies the economic impact of each of those rounds of spending. Project economists customized an input-output model for each of the 341 participating study regions based on the local dollar flow among 533 finely detailed industries within its economy. This was accomplished by using detailed data on employment, incomes, and government revenues provided by the US Department of Commerce (County Business Patterns, the Regional Economic Information System, and the Survey of State and Local Finance), state and local tax data (e.g., sales taxes, lodging tax, property taxes, income tax, and miscellaneous local option taxes), and the survey data collected from the responding arts and cultural organizations and their audiences.

Calculation of the National Estimates

Here are the steps by which the national estimates were derived:

1. The 113 cities and towns that were part of the study were stratified into six population groups, and an economic impact average was calculated for each group. Several participating cities were removed from the population group calculation due to their comparably high levels of economic activity; this was done to avoid inflating the national estimates.
2. The nation's largest 13,338 incorporated places were assigned to one of the six groups based on their population, as supplied by the US Census Bureau.
3. Each was assigned the economic impact average for its population group.
4. The values of the cities and towns were added together to determine the national economic impact findings.

"Even in a strong economy, some may perceive the arts as an unaffordable luxury. Fortunately, this rigorous report offers evidence that the nonprofit arts industry provides not just cultural benefits to our communities, but also makes significant positive economic contributions to the nation's financial well-being regardless of the overall state of the economy. The arts as a driver of employment, vibrancy, tourism, and building a creative workforce is certainly something to applaud."

— **PRESIDENT & CEO JONATHAN SPECTOR,**
The Conference Board

This Page: Northwest Connecticut Arts Council

Opposite Page: (Top) Property of the Saint Louis Art Museum, St. Louis, MO.
(Bottom) Arts Council of Fairfax County, VA.

About Local & Regional STUDY PARTNERS



Americans for the Arts partnered with 250 local, regional, and statewide organizations that represent the 341 study regions. Thirty partners included multiple study regions as part of their AEP5 participation.

All partners agreed to four participation criteria.

- Identify and code the comprehensive universe of nonprofit arts and cultural organizations located in their study region.
- Assist with the collection of detailed financial and attendance information from those organizations and review the information for accuracy.
- Conduct audience-intercept surveys at a broad, representative sample of cultural events that take place in their study region.
- Pay a modest cost-sharing fee. (No community was refused participation for an inability to pay.)

Data from Organizations

To collect the required financial and attendance information from eligible organizations, researchers implemented a multi-pronged data collection process.

Americans for the Arts partnered with DataArts to collect detailed budget and attendance information about each organization's fiscal year that ended in 2015. DataArts' Cultural Data Profile (CDP) is a unique system that enables arts and cultural organizations to enter financial, programmatic, and operational data into a standardized online form. To reduce the survey response burden on responding organizations, and because the CDP collects the detailed information required for this economic impact analysis, researchers used confidential CDP data

as the primary organizational data collection mechanism for the **Arts & Economic Prosperity 5** study. This primary data collection effort was supplemented with an abbreviated one-page paper version of the survey that was administered to organizations that did not respond to the initial web-based CDP survey.

Data was collected from a total of 14,439 organizations for this study. Response rates among all eligible organizations located in the 341 study regions was 54.0 percent, and ranged from 9.5 percent to 100 percent. Responding organizations had budgets ranging from as low as \$0 to as high as \$785 million (Smithsonian Institution). It is important to note that each study region's results are based solely on the actual survey data collected. There are no estimates made to account for nonresponding organizations. Therefore, the less-than-100 percent response rates suggest an understatement of the economic impact findings in most of the individual study regions.

Data from Audiences

Audience-intercept surveying, a common and accepted research method, was completed in all 341 study regions to capture information about spending by audiences at nonprofit arts and culture events. Patrons were selected randomly and asked to complete a short survey while attending an event. A total of 212,691 attendees completed the survey. The respondents provided itemized travel party expenditure data on attendance-related activities such as meals, souvenirs, transportation, and lodging. Data was collected throughout the year to guard against seasonal spikes or drop-offs in attendance, and at a broad range of events (because a night at the opera will typically yield more spending than a Saturday children's theater production). Using total attendance data for 2015 (collected from the participating organizations), standard statistical methods were then used to derive a reliable estimate of total expenditures by attendees in each study region.



Glossary



Cultural Tourism

Travel directed toward experiencing the arts, heritage, and special character of a place.

Direct Economic Impact

A measure of the economic effect of the initial expenditure within a community. For example, when the symphony pays its players, each musician's salary, the associated payroll taxes paid by the nonprofit, and full-time equivalent employment status represent the direct economic impact.

Direct Expenditures

The first round of expenditures in the economic cycle. A paycheck from the symphony to the violin player and a ballet company's purchase of dance shoes are examples of direct expenditures.

Econometrics

The process of using statistical methods and economic theory to develop a system of mathematical equations that measures the flow of dollars between local industries. The input-output model developed for this study is an example of an econometric model.

Full-time Equivalent (FTE) Jobs

A term that describes the total amount of labor employed. Economists measure FTE jobs—not the total number of employees—because it is a more accurate measure of total employment. It is a manager's discretion to hire one full-time employee, two half-time employees, four quarter-time employees, etc. Almost always, more people are affected than are reflected in the number of FTE jobs reported due to the abundance of part-time employment, especially in arts and hospitality industries.

Indirect and Induced Impact

Arts & Economic Prosperity 5 measures the economic impact of the arts using a methodology that enables economists to track how many times a dollar is respent within the local economy, and thus to measure the economic impact generated by each round of spending. When a theater company purchases paint from the local hardware store, there is a measurable economic effect of that initial expenditure within a community. However, the economic benefits typically don't end there, because the hardware store uses some of its income to pay the clerk that sold the paint, as well as to pay its electric bill and other expenses. The **indirect** and **induced** economic impacts are the effects of the subsequent rounds of spending by businesses and individuals, respectively. (See the example on page 3 of this report.)

Input-Output Analysis

A system of mathematical equations that combines statistical methods and economic theory in an area of economic study called econometrics. Economists use this model (occasionally called an inter-industry model) to measure how many times a dollar is respent in, or **ripples** through, a community before it **leaks** out (see Leakage). The model is based on a matrix that tracks the dollar flow among 533 finely detailed industries in each community. It allows researchers to determine the economic impact of local spending by nonprofit arts and cultural organizations on jobs, household income, and government revenue.

Leakage

The money that community members spend outside of a community. This nonlocal spending has no economic impact within the community. A ballet company purchasing shoes from a nonlocal manufacturer is an example of leakage. If the shoe company were local, the expenditure would remain within the community and create another round of spending (and local economic impact) by the shoe company.

This Page: Flash mob dancers at the third annual Block Party for Higher Education, hosted by Broward County in downtown Fort Lauderdale, FL.

Opposite Page: (Left) Outdoor concert, Richardson, TX.

(Right) Art exhibit, Arts Council of Clatsop County, OR.

(Bottom) The Palladium at the Center for the Performing Arts, Carmel, IN.



Multiplier

The multiplier is an estimate of the number of times a dollar changes hands within the community. It is quantified as one number by which expenditures are multiplied. For more information, see page 15.

Resident Household Income (or Personal Income)

The salaries, wages, and entrepreneurial income residents earn and use to pay for food, mortgages, and other living expenses. It is important to note that resident household income is not just salary. When a business receives money, for example, the owner usually takes a percentage of the profit, resulting in income for the owner.

Revenue to Local and State Governments

Local and state government revenue is not derived exclusively from income, property, sales, and other taxes. It also includes license, utility, user, and filing fees. Local government revenue includes funds to governmental units such as a city, county, township, school district, and other special districts.

“Americans for the Arts’ Arts and Economic Prosperity 5 study is an invaluable tool for Guilford County and counties across the nation. The data it has collected and analyzed provide an unparalleled understanding of the influence of the arts on the economy, locally and nationally. It is vital that we continue to measure the impact of the arts on our economy in order to show our constituents and the nation its value. We are grateful for the work Americans for the Arts does to help us show what an important asset the arts are in the areas of education and health, both physical and mental, and as an economic driver in Guilford County and counties across the nation.”

— **COMMISSIONER KAY CASHION**, Guilford County, NC;
Chair, National Association of Counties Arts
& Culture Commission



Frequently Asked QUESTIONS



How is the economic impact of arts and cultural organizations different from other industries?

Any time money changes hands, there is a measurable economic impact. Social service organizations, libraries, and all entities that spend money have an economic impact. What makes the economic impact of arts and cultural organizations unique is that, unlike most other industries, they induce large amounts of event-related spending by their audiences. For example, when patrons attend a performing arts event, they may purchase dinner at a restaurant, eat dessert after the show, and return home and pay the babysitter. These expenditures have a positive and measurable impact on the economy.

Will my local legislators believe these results?

Yes, the **Arts & Economic Prosperity 5** study makes a strong argument to legislators, but you may need to provide them with some extra help. It will be up to the user of this report to educate the public about economic impact studies in general and the results of this study. The user may need to explain (1) the study methodology used, (2) that economists created an input-output model for each community and region in the study, and (3) the difference between input-output analysis and a multiplier (see facing page). The good news is that as the number of economic impact studies completed by arts organizations and other special interest areas increases, so does the sophistication of community leaders whose influence these studies are meant to affect. Today, most decision-makers want to know what methodology is being used and how and where data was gathered. You can be confident that the input-output analysis used in this study is a highly-regarded model in the field of economics (input-output analysis was the basis of two Nobel Prizes in economics). As in any professional field, however, there is disagreement about procedures, jargon, and the best way to determine results. Ask 12 artists to define art and you will get 12 answers; expect the same of economists. You may meet an economist who believes that these studies should be done differently (for example, a cost-benefit analysis of the arts). It

is also valuable to mention the conservative approach used by AEP5. For example, organizational expenditures are based only on the data collected. No estimates are made for nonresponding organizations. The audience surveys are conducted at a broad range of cultural events to ensure a representative sample, and not just at the highest priced venues, which would inflate the audience spending averages.

How can a community not participating in the Arts & Economic Prosperity 5 study apply these results?

Because of the variety of communities studied and the rigor with which the AEP5 study was conducted, nonprofit and public sector arts and cultural organizations located in communities that were not part of the study can estimate their local economic impact. Estimates can be derived by using the **Arts & Economic Prosperity 5 Calculator** (found at AmericansForTheArts.org/EconomicImpact). Additionally, users will find sample PowerPoint presentations, press releases, op-eds, and other strategies for effective applications of their estimated economic impact data.

How were the 341 participating communities and regions selected?

In 2015, Americans for the Arts published a call for communities interested in participating in the AEP5 study. Of the more than 300 organizations that expressed interest, 250 agreed to participate and complete the study's four participation criteria. (See page 11 for more information.) Some partners requested that multiple study regions be included in their study (for example, a county as well as a specific city within the county). As a result, the 250 study partners represent a total of 341 participating study regions.

How were the eligible arts organizations in each community selected?

Each of the 250 study partners identified the universe of nonprofit arts and cultural organizations located in its region(s).



Eligibility was determined using the Urban Institute's National Taxonomy of Exempt Entities (NTEE) coding system as a guideline. Communities were encouraged to include other types of eligible organizations if they play a substantial role in the cultural life of the community or if their primary purpose is to promote participation in, appreciation for, and understanding of the visual, performing, folk, literary, and media arts. These include government-owned or operated cultural facilities and institutions, municipal arts agencies or councils, living collections (such as zoos and botanical gardens), university museums and presenters, and arts programs that are embedded under the umbrella of a nonarts organization or facility. For-profit businesses and individual artists were strictly excluded from this study. In short, if it displays the characteristics of a nonprofit arts and cultural organization, it was included.

What type of economic analysis was done to determine the study results?

An input-output analysis model was customized for each of the 341 participating communities and regions to determine the local economic impact of their nonprofit and public sector arts and cultural organizations and their audiences. Americans for the Arts, which conducted the research, worked with a highly-regarded economist from the Georgia Institute of Technology to design and customize the input-output models used in this study. (See page 10 for more information).

What other information was collected in addition to the arts surveys?

In addition to detailed expenditure data provided by the participating eligible organizations, extensive wage, labor, tax, and commerce data were collected from local, state, and federal governments for use in the input-output model.

Why are admission/ticket expenses excluded from the analysis of audience spending?

Researchers assume that admission fees paid by attendees are collected as revenue by the organization that is presenting the event. The organization then spend those dollars as part of its operating budget. Since the ticket fees are captured in the organization's operating budget, admissions paid by attendees are excluded from the overall analysis to avoid double counting.

Why doesn't this study use a multiplier?

When many people hear about an economic impact study, they expect the result to be quantified in what is often called an economic activity **multiplier**. The multiplier is an estimate of the number of times a dollar changes hands within the community (e.g., a theater pays its actor, the actor spends money at the grocery store, the grocery store pays the cashier, and so on). It is quantified as one number by which expenditures are multiplied. The convenience of the multiplier is that it is one simple number. Users rarely note, however, that the multiplier is developed by making gross estimates of the industries within the local economy and does not allow for differences in the characteristics of those industries. Using an economic activity multiplier usually results in an overestimation of the economic impact and therefore lacks reliability.

Opposite Page: *The Freeman Stage at Bayside, Delaware Division of the Arts*

This Page: *(Left)* Courtesy of Perez Art Museum, Miami, FL. *(Right)* FLUX by Crystal Wagner at the Bedford Gallery, Walnut Creek, CA. *(Bottom)* Marsh Symphony on the Prairie at the Connor Prairie Auditorium, Fishers, IN.



Thank You to our PARTNER 250 ORGANIZATIONS

ALABAMA

Arts Huntsville

ALASKA

Fairbanks Arts Association

ARIZONA

Flagstaff Arts Council

Mesa Department of Arts and Culture

Phoenix Office of Arts and Culture

West Valley Arts Council

Walton Arts Center

CALIFORNIA

ARTS Obispo

City of Benicia Arts and Culture
Commission

City of Laguna Beach Cultural Arts
Department Arts Commission

City of San Diego Commission for Arts
and Culture

City of San José Office of Cultural Affairs

City of Thousand Oaks Cultural Affairs
Commission

City of Walnut Creek Department of Arts,
Recreation & Community Services

Creative Sonoma

Riverside Arts Council

Sacramento Metropolitan
Arts Commission

San Francisco Arts Commission

Santa Barbara County Arts Commission

Silicon Valley Creates

COLORADO

Center for the Arts Crested Butte

City of Boulder Office of Arts and Culture

City of Durango

Cultural Office of the Pikes Peak Region

Grand Junction Commission on
Arts and Culture

CONNECTICUT

Connecticut Department of Economic
and Community Development
(Office of the Arts)

Arts Council of Greater New Haven

Cultural Alliance of Fairfield County
(in partnership with the Cultural
Alliance of Western Connecticut)

Northwest Connecticut Arts Council

Shoreline Arts Alliance

Southeastern Connecticut
Cultural Coalition

DELAWARE

Delaware Division of the Arts

DISTRICT OF COLUMBIA

DC Commission on the Arts and
Humanities

CultureCapital

FLORIDA

Citizens for Florida Arts

Art Mundo

Art, Culture and Entertainment, Inc.

Arts & Cultural Alliance
of Sarasota County

Arts Council of
Hillsborough County

Arts Council of Martin County

Broward County Cultural Division

City of Gainesville Division
of Cultural Affairs

City of Ocala

Council on Culture & Arts

Cultural Council of Indian River County

Cultural Council of Palm Beach County

Florida Keys Council of the Arts

Lake County Arts and Culture Alliance

Lee County Alliance of the Arts

Miami-Dade County Department of
Cultural Affairs

Polk Arts Alliance

Realize Bradenton

Seminole Cultural Arts Council

St. Petersburg Arts Alliance

United Arts Council of Collier County

United Arts of Central Florida

GEORGIA

Atlanta Regional Commission

City of Atlanta Office of Cultural Affairs

City of Savannah Department of
Cultural Affairs

Community Foundation for
Greater Atlanta

Fulton County Department of Arts
& Culture

Greater Augusta Arts Council

Macon Arts Alliance

HAWAII

Hawai'i Arts Alliance

IDAHO

Sun Valley Economic Development

ILLINOIS

Arts Alliance Illinois

INDIANA

Arts Council of Indianapolis

Hamilton County Tourism, Inc.

IOWA

Bravo Greater Des Moines

*Americans for the Arts partnered with **250 local and statewide organizations** that represent the **341 study regions**. Thirty partners included multiple study regions as part of their AEP5 participation.*

KANSAS

Arts Council of Johnson County
City of Lawrence
City of Wichita Division of Arts
& Cultural Services

KENTUCKY

LexArts
Louisville Fund for the Arts
Paducah Convention & Visitors Bureau

LOUISIANA

Acadiana Symphony Orchestra
& Conservatory of Music

MAINE

Maine Arts Commission
Belfast Creative Coalition
City of Bangor Commission on
Cultural Development
Creative Portland
High Peaks Creative Council
Waterville Creates!

MARYLAND

Maryland Citizens for the Arts
Arts and Humanities Council of
Montgomery County
City of Baltimore Office of Promotion
& the Arts
Prince George's Arts and
Humanities Council

MASSACHUSETTS

Massachusetts Cultural Council
Cambridge Arts Council
City of Boston Mayor's Office of
Arts & Culture
Cultural Alliance of Medfield
Cultural Organization of Lowell

Springfield Central Cultural District
Worcester Cultural Coalition

MICHIGAN

Ann Arbor Area Community Foundation

MINNESOTA

Creative Minnesota/Minnesota Citizens
for the Arts

MISSISSIPPI

Yoknapatawpha Arts Council

MISSOURI

Missouri Arts Council
Allied Arts Council of St. Joseph
ArtsKC – Regional Arts Council
City of Columbia Office of Cultural Affairs
Connect2Culture
Hannibal Arts Council
Kansas City Office of Culture and
Creative Services
Springfield Regional Arts Council
St. Louis Regional Arts Commission

MONTANA

Arts Missoula

NEBRASKA

Lincoln Arts Council

NEVADA

Nevada Arts Council
City of Reno Arts and Culture
Commission

NEW HAMPSHIRE

Arts Alive!, Inc.
Art-Speak (the City of Portsmouth's
Cultural Commission)

City of Rochester Department of
Economic Development
Greater Concord Chamber of Commerce

NEW JERSEY

ArtPride New Jersey
Cape May County Department of Tourism
County of Mercer Office of Economic
Development and Sustainability
Cumberland County Cultural
& Heritage Commission
Morris Arts
Newark Arts Council

NEW MEXICO

City of Las Cruces Community
Development Department

NEW YORK

Arts Services Initiative of Western
New York, Inc.
ArtsWestchester

NORTH CAROLINA

North Carolina Arts Council
Alamance County Arts Council
Arts & Science Council of Charlotte/
Mecklenburg
Arts Council of Fayetteville/
Cumberland County
Arts Council of Moore County
Arts Council of Wayne County
Arts Council of Wilmington and
New Hanover County
Arts Council of Winston-Salem/
Forsyth County
Arts of the Albemarle
ArtsGreensboro
Asheville Area Arts Council
Cabarrus Arts Council

Chapel Hill Public and Cultural Arts Office

Cleveland County Arts Council

Community Council for the Arts

Dare County Arts Council

Durham Arts Council

High Point Arts Council

Office of Raleigh Arts

Orange County Arts Commission

Pitt County Arts Council at Emerge

Robeson County Arts Council

Toe River Arts Council

Town of Carrboro Department of Economic & Community Development

Town of Cary Cultural Arts Division

Town of Hillsborough Planning Department

United Arts Council of Catawba County

United Arts Council of Raleigh and Wake County

Yadkin Arts Council

NORTH DAKOTA

North Dakota Council on the Arts

City of Grand Forks Public Arts Commission

Dakota West Arts Council

Jamestown Fine Arts Association (dba as The Arts Center)

Minot Area Council of the Arts

The Arts Partnership

OHIO

Culture Works

Greater Columbus Arts Council

OKLAHOMA

Oklahomans for the Arts

Freedom West Community Development Corporation

Ponca City Art Center

The Arts in Guthrie

OREGON

Oregon Arts Commission

Arts and Business Alliance of Eugene

Arts and Culture Alliance of Central Oregon

Arts Council of Clatsop County

Arts East

City of Corvallis Department of Parks and Recreation

Clackamas County Arts Alliance

Oregon Coast Council on the Arts

Oregon Shakespeare Festival

Regional Arts and Culture Council

Westside Cultural Alliance

Yamhill County Cultural Coalition

PENNSYLVANIA

Citizens for the Arts in Pennsylvania

Berks Arts Council

Cultural Enrichment Fund

Erie Arts & Culture

Greater Philadelphia Cultural Alliance

Greater Pittsburgh Arts Council

Lehigh Valley Arts Council

Pennsylvania Rural Arts Alliance

RHODE ISLAND

City of Providence Department of Art, Culture, and Tourism

SOUTH CAROLINA

Arts Council of York County

City of Charleston Office of Cultural Affairs

One Columbia for Arts and History

The Arts Partnership of Greater Spartanburg

SOUTH DAKOTA

Rapid City Arts Council

Sioux Falls Arts Council

TENNESSEE

Tennessee Arts Commission

Arts & Culture Alliance of Greater Knoxville

Arts in McNairy

ArtsBuild

ArtsMemphis

Athens Area Council for the Arts

Campbell County Historical Society

City of Columbia Arts Council

City of Murfreesboro

City of Tullahoma Arts Council



Clarksville/Montgomery County Arts
and Heritage Development Council

Grinders Switch Foundation

Grundy Area Arts Council

Jackson Arts Council

Johnson City Arts

Kingsport Office of Cultural Arts

Macon County Arts Council

Metropolitan Nashville Arts Commission

Monroe Area Council for the Arts

Paris-Henry County Arts Council

Rose Center for the Arts

Sevier County

Tennessee Tech University

Tusculum College

University of Tennessee at Martin

West Tennessee Regional Art Center

TEXAS

Arts Council of Fort Worth

City of Dallas Office of Cultural Affairs

City of El Paso Museums and
Cultural Affairs Department

City of San Antonio Department for
Culture & Creative Development

City of Sugar Land

Creative Waco

Dallas Arts District

Houston Arts Alliance

Irving Arts Center

Medical Center of Lewisville
Grand Theater

North Texas Business Council for the Arts

Richardson Cultural Arts Commission

UTAH

Cache Valley Center for the Arts

Cedar City Arts Council

Salt Lake City Arts Council

VERMONT

Vermont Arts Council

Burlington City Arts

VIRGINIA

Arlington Cultural Affairs

Arts Council of Fairfax County

City of Alexandria Office of the Arts

City of Lynchburg Office of
Economic Development

City of Virginia Beach Office of
Cultural Affairs

CultureWorks

Piedmont Council for the Arts

WASHINGTON

City of Tacoma Arts Division

WEST VIRGINIA

Morgantown Area Chamber of Commerce

WISCONSIN

Wisconsin Arts Board

Dane County Cultural Affairs Commission

Eau Claire Regional Arts Council

Fox Cities Performing Arts Center

Mosaic Arts

Peninsula Arts and Humanities Alliance

Viterbo University Fine Arts Center

WYOMING

Center of Wonder

Each of the 341 study regions received its own customized report about its economic impact findings. Visit AmericansForTheArts.org/EconomicImpact to access free resources you can use to help make the economic case for arts funding and arts-friendly policies in your community.

Acknowledgments



Americans for the Arts wishes to express its gratitude to the many people across the country who made Arts & Economic Prosperity 5 possible and assisted with its development, coordination, and production. A study of this size and scope cannot be completed without the collaboration of many partnering organizations.

Special thanks to the John D. and Catherine T. MacArthur Foundation, Barr Foundation, and The Ruth Lilly Fund for Americans for the Arts for their financial support.

Finally, each of our 250 local, regional, and statewide research partners contributed both time and financial support toward the completion of this study. We thank each and every one of them. AEP5 would not have been possible without them. A study of this magnitude is a total organizational effort; appreciation is extended to the entire board and staff of Americans for the Arts. Research Department staff responsible for producing this study include Randy Cohen, Ben Davidson, Isaac Fitzsimons, and Graciela Kahn.

"Mayors understand the connection between the arts industry and city revenues. Arts activity creates thousands of direct and indirect jobs and generates billions in government and business revenues. The arts also make our cities destinations for tourists, help attract and retain businesses, and play an important role in the economic revitalization of cities and the vibrancy of our neighborhoods."

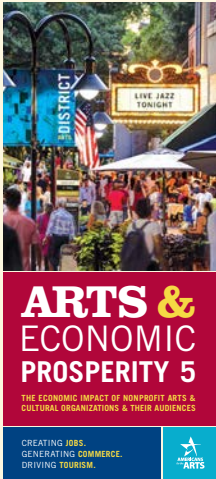
— **OKLAHOMA CITY MAYOR MICK CORNETT**, President,
The United States Conference of Mayors

(Top) Hawai'i Arts Alliance. **(Bottom)** Laumeier Sculpture Park, Regional Arts Commission St Louis, MO. Photo by Abby Gillardi.



Learn more about ARTS & ECONOMIC PROSPERITY 5

Visit AmericansForTheArts.org/EconomicImpact to access **free resources** you can use to help make the economic case for arts funding and arts-friendly policies in your community.



Arts & Economic Prosperity 5
highlights pamphlet



Arts & Economic Prosperity 5
Summary Report



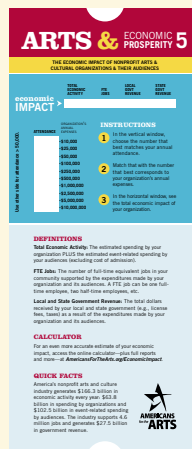
A downloadable and customizable **PowerPoint presentation** that effectively communicates this study's findings



A **press release** announcing the study results



Arts & Economic Prosperity 5
National Report, complete with national and local findings, background, scope, and methodology



Arts & Economic Prosperity 5
Slide Rule enables users to estimate the economic impact of their organization.



Sample opinion-editorials (op-eds) and letters to the editor



AMERICANS FOR THE ARTS IS THE NATION'S LEADING NONPROFIT ORGANIZATION FOR ADVANCING THE ARTS IN AMERICA. ESTABLISHED IN 1960, WE ARE DEDICATED TO REPRESENTING AND SERVING LOCAL COMMUNITIES AND CREATING OPPORTUNITIES FOR EVERY AMERICAN TO PARTICIPATE IN AND APPRECIATE ALL FORMS OF THE ARTS.



The following national organizations partner with Americans for the Arts to help public and private-sector leaders understand the economic and social benefits that the arts bring to their communities, states, and the nation.

Cover: Andrew Shurtleff Photography

(Clockwise from Top) Concert for Miami, Knight Concert Hall, Miami-Dade, FL.; Photos from the Broward 100 'InsideOut' campaign "Creatives Making a Difference in Hollywood". Presented by the Community Redevelopment Agency of Hollywood and supported by the Downtown Hollywood Mural Project and the Art and Cultural Center of Hollywood, FL. Photo by Jill Weisberg.; The Pool, El Paso Museums & Cultural Affairs Department, TX. Photo by Jen Lewin.; Dancer at outdoor performance. Fulton County Arts Council, GA. Photo by CGC Studios.

