

ATTACHMENT 6:
Urban Land Magazine Article

The numbers impress: the nonprofit arts and culture industry generates \$166.2 billion in economic activity annually and is responsible for 5.7 million full-time jobs in the United States. Moreover, this industry generates nearly \$30 billion in revenue to federal, state, and local governments every year.

investing in arts development

DAVID MALMUTH

THERE IS A GROWING BODY OF EVIDENCE that thoughtful investment in arts and culture initiatives can generate significant economic benefits for cities large and small. Looking at data collected across numerous studies, along with the broad array of recent arts and culture plans and projects, one will likely conclude that the right strategy and implementation approach—whether initiated by the public sector or by private interests—can result in significant increases in property values, revenues, and jobs.

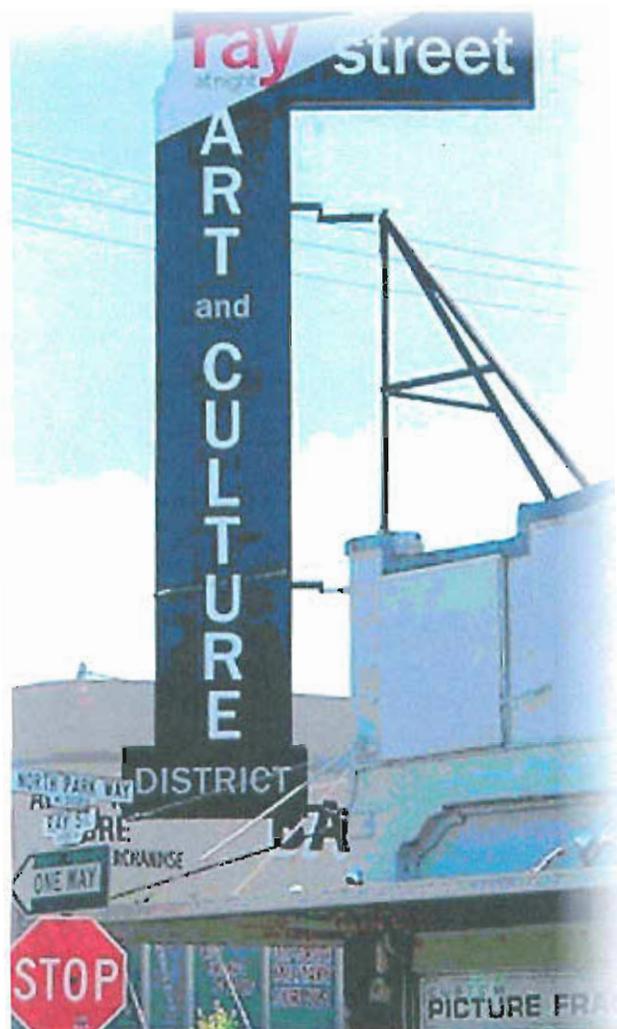
What is not obvious, however, and rightfully should be the subject of greater investigation is what constitutes this elusive “right” strategy for a given city or region. There are myriad examples of major investments in grand new cultural facilities that have not yielded the hoped-for results (e.g., California’s Escondido Center for the Arts). Also for further investigation is the question of what funding approaches have demonstrated the most success in encouraging long-term commitment to arts development and promoting arts patronage. It is well established that simply creating venues is not enough, since it is the quality of programming that determines whether patrons will return on a regular basis.

As expected, a review of the research and case studies does not reveal one solution that fits all situations; but, for the keen observer, there are clues that can lead to successful projects.

The most comprehensive study of the economic impact of arts investment—at least for the nonprofit arts sector—was conducted by Americans for the Arts, a national nonprofit organization with offices in New York City and Washington, D.C. In its most recent report (*Arts and Economic Prosperity III*), the

Ray Street, a narrow one-way street in San Diego’s North Park neighborhood, is home to a number of small galleries and craft stores.

ANDREA CHAMBERLIN RODRIGUEZ



Starting in 2001, a few shop owners, with the help of North Park Main Street (the North Park BID) in San Diego's North Park neighborhood, created Ray at Night (right), a once-a-month celebration of art, music, craft, and local food and beer. What started modestly has now become a major cultural draw of more than 1,500 people. The event moved to a new artistic level in December 2010 with the addition of a light show that "paints" the buildings and is dubbed the Ray of Light Festival.



ANDEA CHAMBERLIN RODRIGUEZ

organization concludes that "the key lesson from *Arts and Economic Prosperity III* is that communities that invest in the arts reap the additional benefits of jobs, economic growth, and a quality of life that positions those communities to compete in our 21st-century creative economy." The numbers impress: the nonprofit arts and culture industry generates \$166.2 billion in economic activity annually and is responsible for 5.7 million full-time jobs in the United States. Moreover, this industry generates nearly \$30 billion in revenue for federal, state, and local governments every year. When one considers that these three levels of government spend less than \$4 billion annually to support the arts, one cannot help but be impressed with the more than seven-to-one leverage.

Several leading thinkers have argued that focusing only on the nonprofit arts sector is too narrow to capture the full economic benefits of a creativity-driven investment strategy. Richard Florida's work on the creative economy and Daniel Pink's discussion of the conceptual age both make the case that investment in creative industries, and fostering the conditions that attract creative people, are the key determinants for success in the 21st-century economy. As Christopher Farrell, contributing economics editor for *Business Week*, put it, "The more creative types working in a regional economy, the better is its outlook for improved earnings, productivity, and competitiveness."

When one moves beyond the data and the theories, what become most instructive are the actions that cities, nonprofit groups, and developers—often in partnership—are taking in pursuit of establishing their creative credentials.

Miami today is a hotbed of creativity—from contemporary art and architecture, to design, to food—and seemingly everyone is taking cues from this highly diverse and cosmopolitan city. But it was not always so. A generation ago, Miami was struggling with ethnic tensions, a sluggish economy, and a lingering perception of a tropical playground that had seen better days. What happened? The private sector discovered "gold" in the tarnished but still beautiful art deco hotels in South Beach. This renaissance led

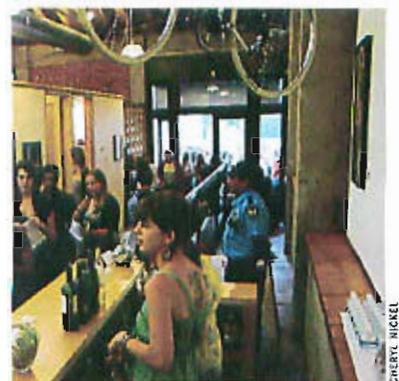
to a growing tourist business, a return of yesteryear's glamour, and a wealthy international crowd to the beachfront and, in 2000, a bright idea for an art fair.

The success of a handful of Miami collectors in convincing the directors of Art Basel (the most prestigious art fair in the world) to locate a second fair in Miami has drastically changed the fate of the city. Since 2002, the year Art Basel Miami opened, it has become an economic engine of unprecedented size and power. In 2009, the 40,000 attendees during the five-day event generated almost \$500 million of economic activity for the region through hotel stays and retail/restaurant expenditures—and this does not even include what they spent on the artwork.

Moreover, the fair has now generated 15 to 20 satellite fairs that have been the primary stimulus to the revitalization of the Wynwood District. This is a district of light-industrial buildings and warehouses that, with the participation of urban developers Tony Goldman and David Lombardi, has gone from virtually abandoned ten years ago to today housing 90-plus galleries, multiple restaurants, and several private collections.

One of the key participants in both the rebirth of South Beach and attracting Art Basel, developer Craig Robins, has also been the driving force behind the Miami Design District. Robins assembled several blocks of decayed and unused buildings a few miles north of Wynwood and created a district of interior design studios, restaurants, retail uses, and public art and open spaces. It also is home to one of the most successful magnet schools in Miami: DASH, Design and Architecture Senior High. Finally, he partnered with Art Basel again in 2006 and created Design Miami, now the most important design show in North America.

At a very different scale is the leadership shown by the city of Boston in developing artist housing. "Boston has become a beacon for displaced and emerging artists thanks to the city's innovative housing program. The Artist Space Initiative [ASI] is dedicated exclusively to artist housing issues, from surveying artist needs in live/work units to imple-



CHERYL NICKEL



CHERYL NICKEL

Three unused warehouses were transformed into 33 low-cost artist studio spaces and five live/work spaces in downtown San Diego's East Village (left). In July 2010, Space 4 Art opened with a huge street party, celebrating a successful community partnership of 95 percent donated time and materials and 100 percent occupancy (far left).

menting zoning tweaks that allow them to reside in industrial areas," according to Heidi Burbidge, ASI's senior project manager. The ongoing success of Boston's Center for the Arts, organized in 1970 to provide artists with affordable studios while injecting life into the run-down South End, is further evidence of the wisdom of this strategy. What was once a struggling neighborhood is now alive with the Boston Ballet and the participation of multiple arts organizations.

The New York City-based Ford Foundation has enthusiastically endorsed the provision of artist housing as an economic development tool. With its recent announcement of a \$100 million, ten-year grant to support arts spaces and housing, the foundation says it is making "an investment in the creative energy of America, to help artists and arts organizations develop vibrant cultural spaces even in times of economic hardship." According to Luis Ubinas, president of the foundation, "We also believe that this investment in arts infrastructure will advance the well-being of our communities because artists and art spaces can play a significant role in boosting local economies."

In 1989, Denver was a cultural backwater. That year, voters approved creation of the Scientific and Cultural Facilities District (SCFD) and a 0.01 percent sales tax that was intended to boost the city's profile in the arts. The results from this dedicated revenue source have been dramatic, as reported by the 2008 Colorado Business Committee for the Arts' *Economic Activity Study of Metro Denver Culture*:

- ▷ The \$42 million in 2007 SCFD funds catalyzed nearly \$1.7 billion in total economic activity in the region;
- ▷ Nearly \$331 million was generated from cultural tourism; and
- ▷ Taxes paid in 2007 from arts, cultural, and scientific nonprofits totaled \$21.3 million.

Denver now consistently ranks as one of the most desirable places in the country to live, and arts and cultural offerings are always cited as one of the most important contributors.

Further examples of civic arts-directed investment include Philadelphia, which has created a cabinet-level position of chief cultural officer in order to better

coordinate the city's wide variety of arts initiatives, and Dallas, which can now boast about the addition of the AT&T Performing Arts Center to its already vibrant arts district. And no survey of culture-driven strategies would be complete without a mention of Chicago's Millennium Park. This nearly \$500 million public/private investment featuring two world-class art pieces and exceptional architecture has become an economic engine—estimated to add \$1.4 billion in value to the adjacent real estate over the next ten years—and a major source of community pride.

These divergent cases underscore the notion that there is no one arts investment strategy that fits every situation. Indeed, perhaps the most important takeaway is that thoughtful planning involving a wide array of stakeholders is a prerequisite to achieving civic and economic goals. A paper recently completed by Ann Markusen and Ann Gadwa for the National Endowment of the Arts, titled "Creative Placemaking," does distill six discreet conditions needed for success:

- ▷ Prompted by an initiator with innovative vision and drive;
- ▷ Tailors strategy to distinctive features of place;
- ▷ Mobilizes public will;
- ▷ Attracts private sector buy-in;
- ▷ Enjoys support of local arts and cultural leaders; and
- ▷ Builds partnerships across sectors, missions, and levels of government.

These emerge from the authors' 20 years of research on public/private arts development initiatives and the multiple case studies in the report.

In the current climate of reduced resources, it seems prudent to some policy makers to cut spending on "frills" like arts and culture. This inclination, however, is wrongheaded. The evidence, both academic and practical, strongly suggests that those communities that continue to invest in their creative appeal will fare much better economically than those that do not. **UL**

DAVID MALMUTH is president of San Diego-based David Malmuth Development LLC and focuses on creating art-inspired places that transform communities.

ATTACHMENT 7:
Arts & Economic Prosperity III, Americans for the Arts



Arts & Economic Prosperity^{III}

The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences



SUMMARY

The findings from Arts & Economic Prosperity III send a clear and welcome message: leaders who care about community and economic development can feel good about choosing to invest in the arts

ROBERT L. LYNCH
President and CEO, Americans for the Arts



The Arts Mean Business

ROBERT L. LYNCH, PRESIDENT AND CEO, AMERICANS FOR THE ARTS

The key lesson from **Arts & Economic Prosperity III** is that communities that invest in the arts reap the additional benefits of jobs, economic growth, and a quality of life that positions those communities to compete in our 21st century creative economy. In my travels across the country, business and government leaders often talk to me about the challenges of funding the arts and other community needs amid shrinking resources. They worry about jobs and the economic performance of their community. How well are they competing in the high-stakes race to attract new businesses? Is their region a magnet for a skilled and creative workforce? I am continually impressed by the commitment to doing what is best for their constituents and to improving quality of life for all. The findings from **Arts & Economic Prosperity III** send a clear and welcome message: leaders who care about community and economic development can feel good about choosing to invest in the arts.

Most of us appreciate the intrinsic benefits of the arts—their beauty and vision; how they inspire, soothe, provoke, and connect us. When it comes time to make tough funding choices, however, elected officials and business leaders also need to have strong and credible data that demonstrate the economic benefits of a vibrant nonprofit arts and culture industry.

Arts & Economic Prosperity III is our third study of the nonprofit arts and culture industry's impact on the nation's economy. Because of their rigor and reliability, results from the 1994 and 2002 studies have become the most frequently used statistics to demonstrate the value of arts and culture locally, statewide, and nationally. This new study is our largest ever, featuring findings from 156 study regions (116 cities and counties, 35 multicounty regions, and five states). Data was collected from an impressive 6,080 nonprofit arts and culture organizations and 94,478 of their attendees across all 50 states and the District of Columbia.

By every measure, the results are impressive! Nationally, the nonprofit arts and culture industry generates \$166.2 billion in economic activity annually—a 24 percent increase in just the past five years. That amount is greater than the Gross Domestic Product of most countries. This spending supports 5.7 million full-time jobs right here in the United States—an increase of 850,000 jobs since our 2002 study. What's more, because arts and culture organizations are strongly rooted in their communities, these are jobs that necessarily remain local and cannot be shipped overseas.

Our industry also generates nearly \$30 billion in revenue to local, state, and federal governments every year. By comparison, the three levels of government collectively

spend less than \$4 billion annually to support arts and culture—a spectacular 7:1 return on investment that would even thrill Wall Street veterans.

Arts & Economic Prosperity III has more good news for business leaders. Arts and culture organizations—businesses in their own right—leverage additional event-related spending by their audiences that pump vital revenue into restaurants, hotels, retail stores, and other local businesses. When patrons attend a performing arts event, for example, they may park their car in a toll garage, purchase dinner at a restaurant, and eat dessert after the show. Valuable commerce is generated for local merchants. This study shows that the typical attendee spends \$27.79 per person, per event, in addition to the cost of admission. When a community attracts cultural tourists, it harnesses even greater economic rewards. Nonlocal audiences spend twice as much as their local counterparts (\$40.19 vs. \$19.53). Arts and culture are magnets for tourists, and tourism research repeatedly shows that cultural travelers stay longer and spend more. Whether serving the local community or out-of-town visitors, a vibrant arts and culture industry helps local businesses thrive.

Right now, cities around the world are competing to attract new businesses as well as our brightest young professionals. International studies show that the winners will be communities that offer an abundance of arts and culture opportunities. As the arts flourish, so will creativity and innovation—the fuel that drives our global economy.

Arts & Economic Prosperity III is great news for those whose daily task is to strengthen the economy and enrich quality of life. No longer do business and elected leaders need to choose between arts and economic prosperity. Nationally, as well as locally, the arts mean business!

In my own philanthropy and business endeavors, I have seen the critical role that the arts play in stimulating creativity and in developing vital communities. As this study indicates, the arts have a crucial impact on our economy and are an important catalyst for learning, discovery, and achievement in our country.

PAUL G. ALLEN

Philanthropist and Co-Founder, Microsoft



Economic Impact of America's Nonprofit Arts & Culture Industry

Every day, the **100,000 nonprofit arts and culture organizations** that populate the nation's cities and towns are making their communities more desirable places to live and work. They provide inspiration and enjoyment to residents, beautify shared public places, and strengthen the social fabric. This study demonstrates that the nonprofit arts and culture industry is also an economic driver in these communities—a growth industry that supports jobs, generates government revenue, and is the cornerstone of tourism.

Nonprofit arts and culture organizations pay their employees, purchase supplies, contract for services, and acquire assets from within their communities. Their audiences generate event-related spending for local merchants such as restaurants, retail stores, hotels, and parking garages. This study sends an important message to community leaders that support for the arts is an investment in economic well-being as well as quality of life.

Nationally, the nonprofit arts and culture industry generates **\$166.2 billion** in economic activity every year—\$63.1 billion in spending by organizations

and an additional \$103.1 billion in event-related spending by their audiences. The impact of this activity is significant, supporting 5.7 million U.S. jobs and generating \$29.6 billion in government revenue.

Arts & Economic Prosperity III is the most comprehensive study of the nonprofit arts and culture industry ever conducted. It documents the economic impact of the nonprofit arts and culture industry in 156 communities and regions (116 cities and counties, 35 multicounty regions, and five states), and represents all 50 states and the District of Columbia. The diverse communities range in population (four thousand to three million)

and type (rural to urban).

Researchers collected detailed expenditure and attendance data from 6,080 nonprofit arts and culture organizations and 94,478 of their attendees to measure total industry spending. Project economists customized input/output analysis models for each study region to provide specific and reliable economic impact data. This study

ECONOMIC IMPACT OF THE NONPROFIT ARTS & CULTURE INDUSTRY (2005)

(expenditures by both organizations and audiences)

Total Expenditures	\$ 166.2 billion
Full-Time Equivalent Jobs	5.7 million
Resident Household Income	\$ 104.2 billion
Local Government Revenue	\$ 7.9 billion
State Government Revenue	\$ 9.1 billion
Federal Income Tax Revenue ¹	\$ 12.6 billion

Mayors understand the connection between the arts industry and city revenues. Besides providing thousands of jobs, the arts generate billions in government and business revenues and play an important role in the economic revitalization of our nation's cities.

DOUGLAS H. PALMER

Mayor of Trenton, NJ

President, The United States Conference of Mayors



uses four economic measures to define economic impact: full-time equivalent jobs, resident household income, and revenue to local and state government.

- *Full-Time Equivalent (FTE) Jobs* describe 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.
- *Resident Household Income* (often called *Personal Income*) includes salaries, wages, and entrepreneurial income paid to local residents. It is the money residents earn and use to pay for food, mortgages, and other living expenses.
- *Revenue to Local and State Government* includes revenue from taxes (income, property, or sales) as well as funds from license fees, utility fees, filing fees, and other similar sources.

Arts & Economic Prosperity III focuses solely on nonprofit arts and culture organizations and their audiences. It excludes spending by individual artists and the for-profit arts and entertainment industry (e.g., Broadway or the motion picture industry). Due to the rigor with which the study was conducted, statistical extrapolations of the nation's nonprofit arts and culture sector can be made and are presented in this report.



There is no better indicator of the spiritual health of our city, its neighborhoods, and the larger region than the state of the arts. The arts deepen our understanding of the human spirit, extend our capacity to comprehend the lives of others, allow us to imagine a more just and humane world. Through their diversity of feeling, their variety of form, their multiplicity of inspiration, the arts make our culture richer and more reflective.

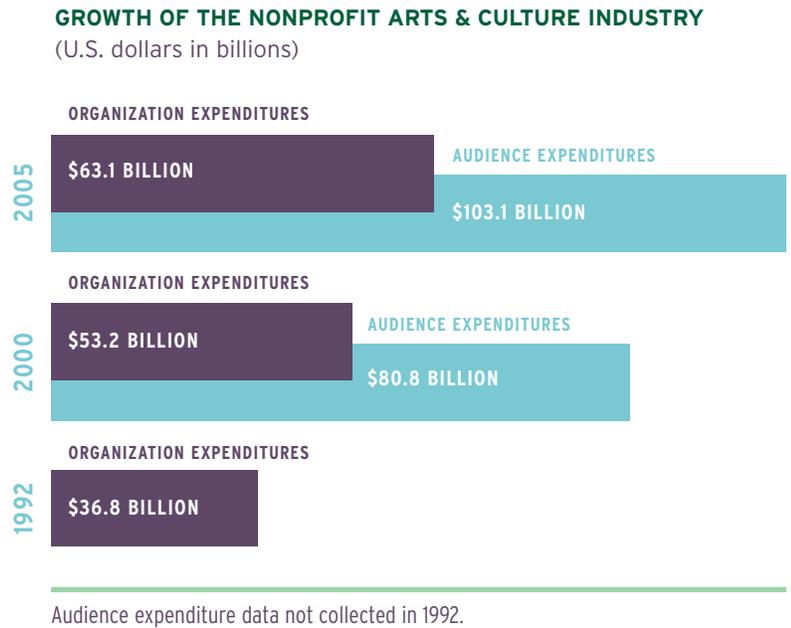
JONATHAN FANTON
President, MacArthur Foundation

Nonprofit Arts & Culture: A Growth Industry

The nation's nonprofit arts and culture industry has grown steadily since the first analysis in 1992, expanding at a rate greater than inflation. Between 2000 and 2005, spending by organizations and their audiences grew 24 percent, from \$134 billion to \$166.2 billion. When adjusted for inflation, this represents a healthy 11 percent increase. Gross Domestic Product, by comparison, grew at a slightly faster rate of 12.5 percent (adjusted for inflation).

Spending by nonprofit arts and culture **organizations** grew 18.6 percent between 2000 and 2005, from \$53.2 billion to \$63.1 billion (a 4 percent increase when adjusted for inflation). Event-related

spending by **audiences** attending a nonprofit arts and culture event increased 28 percent during the same period, from \$80.8 billion to \$103.1 billion, or 15 percent when adjusted for inflation. Audience spending was not studied in the 1992 analysis.



THE PANEL OF 25: ECONOMIC IMPACT TREND COMMUNITIES

Twenty-five communities participated in the 2000 and 2005 economic impact studies (surveying both organizations and audiences). Twenty-three of the 25 communities had aggregate increases in nonprofit arts and culture organization expenditures, with an average growth of 58.0 percent. Event-related spending by audiences grew an average of 50.4 percent, with just five communities experiencing declines. When taken together, annual economic activity grew 49.7 percent, expanding well ahead of not just the national arts and culture industry growth rate of 24 percent, but ahead of the nation's Gross Domestic Product as well. The following are the 25 communities in this analysis:

Anchorage, AK
Boise, ID
Boulder, CO
Broward County, FL
Chandler, AZ
Columbus/Franklin County, OH
Dover, DE
Erie County, PA
Forsyth County, NC

Ft. Collins, CO
Glendale, CA
Homer, AK
Indianapolis, IN
Lehigh Valley, PA
Mesa, AZ
Miami-Dade County, FL
Minneapolis, MN
Newark, NJ

Phoenix, AZ
Portsmouth, NH
St. Cloud, MN
St. Louis, MO
Tempe, AZ
Walnut Creek, CA
Westchester County, NY

NONPROFIT ARTS & CULTURE ORGANIZATIONS

Nonprofit arts and culture organizations are active contributors to the business community. They are employers, producers, consumers, and members of chambers of commerce, as well as key partners in the marketing and promotion of their cities and regions. Spending by nonprofit arts and culture organizations nationally was estimated at \$63.1 billion in 2005. This output supports 2.6 million U.S. jobs, provides \$57.3 billion in household income, and generates \$13.2 billion in total government revenue.

IMPACT OF NONPROFIT ARTS & CULTURE ORGANIZATIONS

Total Expenditures	\$ 63.1 billion
Full-Time Equivalent Jobs	2.6 million
Resident Household Income	\$ 57.3 billion
Local Government Revenue	\$ 2.8 billion
State Government Revenue	\$ 3.5 billion
Federal Income Tax Revenue	\$ 6.9 billion

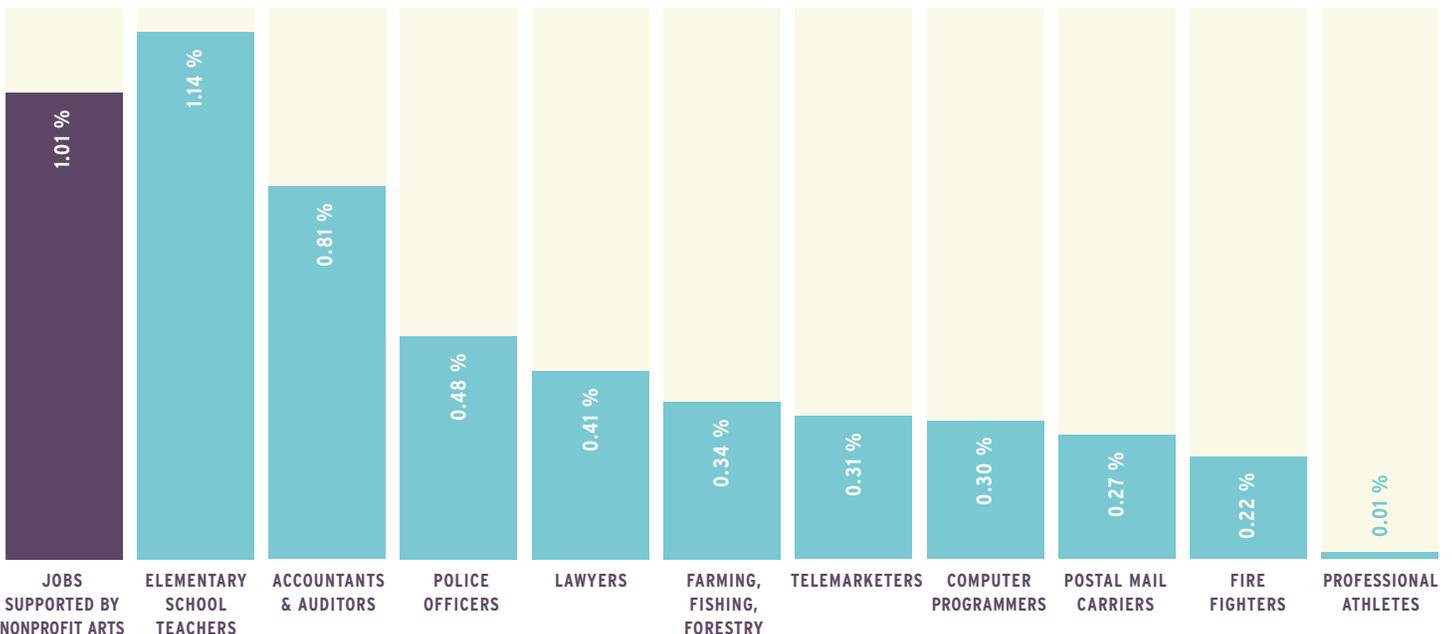
INDUSTRY EMPLOYMENT COMPARISONS

Spending by nonprofit arts and culture organizations provides rewarding employment for more than just artists, curators, and musicians. It also directly supports builders, plumbers, accountants, printers, and an array of occupations spanning many industries.

In 2005, nonprofit arts and culture organizations alone supported 2.6 million full-time equivalent jobs. Of this total, 1.3 million jobs were a result of “direct” expenditures by nonprofit arts organizations, representing 1.01 percent of the U.S. workforce.ⁱⁱ Compared to the size of other sectors of the U.S. workforce, this figure is significant.

Nonprofit arts and culture organizations support more jobs than there are accountants and auditors, public safety officers, even lawyers, and just slightly fewer than elementary school teachers. The chart below provides a helpful context for the large number of jobs directly supported by nonprofit arts and culture organizations. It must be noted that the arts and culture jobs represent portions of multiple industry sectors (e.g., musicians, designers, accountants, printers), whereas the comparison groups are single job classifications.

PERCENTAGE OF U.S. WORKFORCE (2005)



DIRECT & INDIRECT ECONOMIC IMPACT: HOW A DOLLAR IS RESPENT IN A COMMUNITY

Arts & Economic Prosperity III uses a sophisticated economic analysis called input/output analysis to measure economic impact. It is a system of mathematical equations that combines statistical methods and economic theory. Input/output analysis enables economists to track how many times a dollar is “respent” within the local economy, and the economic impact generated by each round of spending. How can a dollar be respent? Consider the following example:

A theater company purchases a gallon of paint from the local hardware store for \$20, generating the direct economic impact of the expenditure. The hardware store then uses a portion of the aforementioned \$20 to pay the sales clerk’s salary; the sales clerk respends some of the money for groceries; the grocery store uses some of the money to pay its cashier; the cashier then spends some for the utility bill; and so on. The subsequent rounds of spending are the indirect economic impacts.

Thus, the initial expenditure by the theater company was followed by four additional rounds of spending (by the hardware store, sales clerk, grocery store, and the cashier). The effect of the theater company’s initial expenditure is the **direct economic impact**. The subsequent rounds of spending are all of the **indirect impacts**. The **total impact** is the sum of the direct and indirect impacts.

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

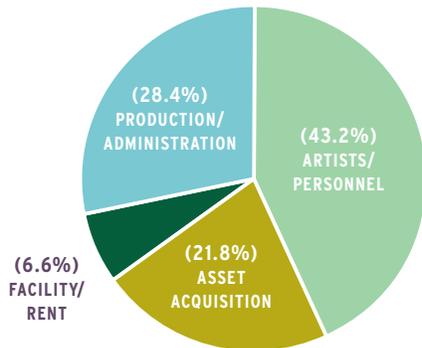
Across America, cities that once struggled economically are reinventing and rebuilding themselves by investing in art and culture. Both are proven catalysts for growth and economic prosperity. By creating cultural hubs, nonprofit art businesses help cities define themselves, draw tourists, and attract investment. Federal support for America’s nonprofit cultural organizations must go on if we hope to continue enjoying the substantial benefits they bring.

LOUISE M. SLAUGHTER
U.S. House of Representatives (NY)
Co-Chair, Congressional Arts Caucus

A LABOR-INTENSIVE INDUSTRY

Dollars spent on human resources typically stay within a community longer, thereby having a greater local economic impact. The chart below demonstrates the highly labor-intensive nature of the arts and culture industry. Nearly half of the typical organization's expenditures are for artists and personnel costs (43.2 percent).

EXPENDITURES BY NONPROFIT ARTS & CULTURE ORGANIZATIONS (2005)



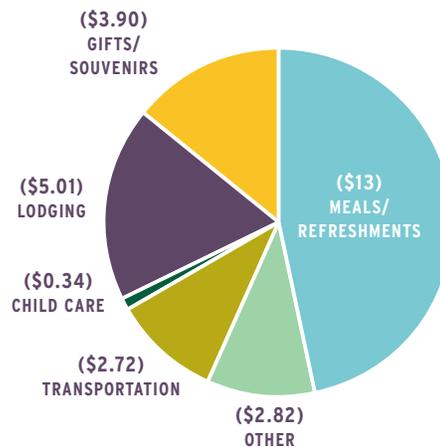
IMPACT OF NONPROFIT ARTS & CULTURE AUDIENCES

Total Expenditures	\$ 103.1 billion
Full-Time Equivalent Jobs	3.1 million
Resident Household Income	\$ 46.9 billion
Local Government Revenue	\$ 5.1 billion
State Government Revenue	\$ 5.6 billion
Federal Income Tax Revenue	\$ 5.7 billion

\$103.1 billion in 2005. This spending supports 3.1 million full-time jobs in the United States, provides \$46.9 billion in household income, and generates \$16.4 billion in government revenue.

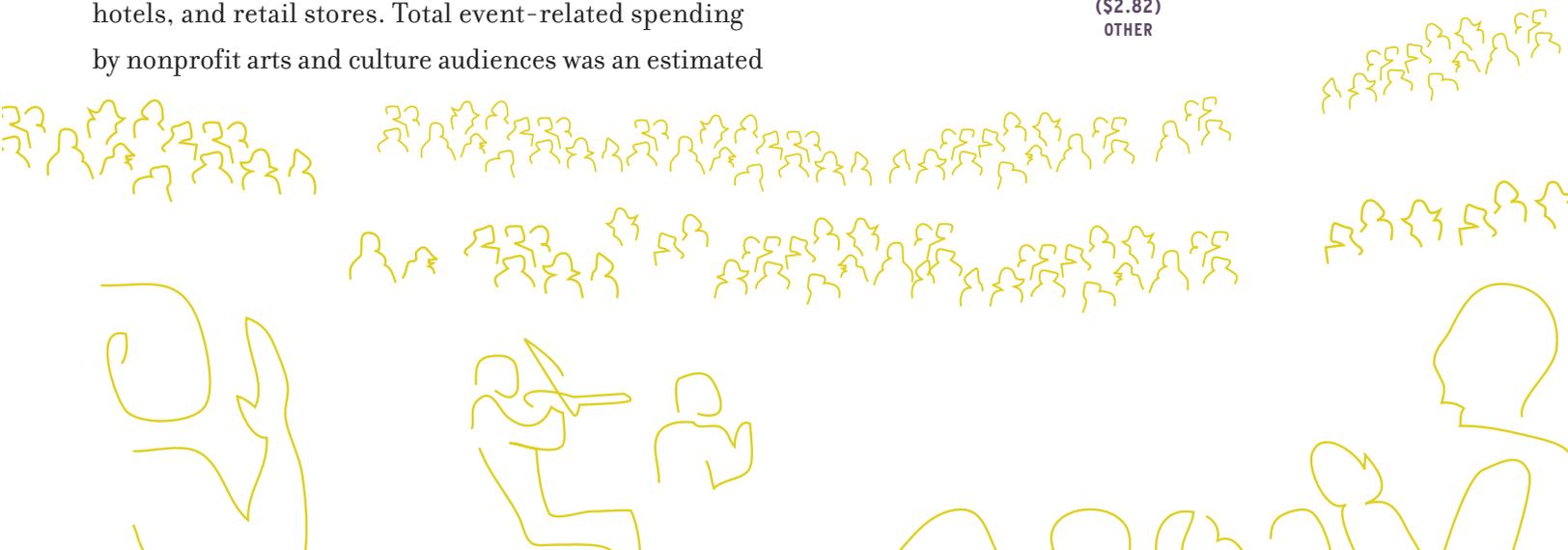
Nationally, the typical attendee spends an average of \$27.79 per person, per event, in addition to the cost of admission. Businesses that cater to arts and culture audiences reap the rewards of this economic activity.

NONPROFIT ARTS & CULTURE ATTENDEES SPEND \$27.79 PER PERSON ABOVE THE COST OF ADMISSION

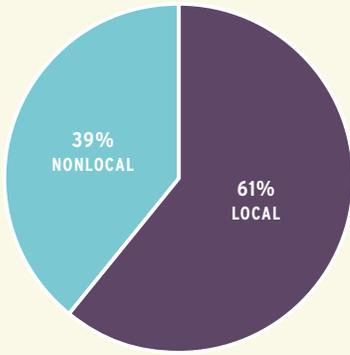


Audience Spending

The arts and culture industry, unlike many industries, leverages a significant amount of event-related spending by its audiences. For example, a patron attending an arts event may pay to park the car in a garage, purchase dinner at a restaurant, eat dessert after the show, and return home to pay the babysitter. This generates related commerce for local businesses such as restaurants, parking garages, hotels, and retail stores. Total event-related spending by nonprofit arts and culture audiences was an estimated



LOCAL VS. NONLOCAL AUDIENCES



While the ratio of local to nonlocal attendees is different in every community, the national sample revealed that 39 percent of attendees traveled from outside of the county in which the event took place (nonlocal) and 61 percent were local (resided inside the county).

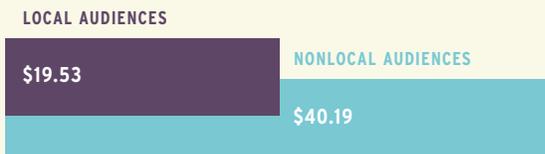
VISITORS SPEND MORE

In addition to spending data, researchers asked each of the 94,478 survey respondents to provide their home zip codes. Analysis of this data enabled a comparison of event-related spending by local and nonlocal attendees. Previous economic and tourism research has shown that nonlocal attendees spend more than their local counterparts. This study reflects those findings.

Local audiences, who live in the county in which the event occurred, spent an average of \$19.53 per person, per event in addition to the cost of admission. Nonlocal attendees, those who live outside the county, spent twice this amount, or \$40.19 per person.

As would be expected, nonlocal attendees spent significantly more in the categories of lodging, meals, and transportation. These findings demonstrate that when a community attracts arts and culture tourists, it harnesses significant economic rewards.

EVENT-RELATED SPENDING BY LOCAL VS. NONLOCAL AUDIENCES



NONPROFIT ARTS & CULTURE ATTENDEES SPEND \$27.79 PER PERSON

CATEGORY OF EXPENSE	RESIDENT AUDIENCES*	NONRESIDENT AUDIENCES*	ALL AUDIENCES
Meals/Refreshments	\$10.77	\$16.35	\$13.00
Gifts/Souvenirs	\$3.32	\$4.78	\$3.90
Lodging	\$1.08	\$10.91	\$5.01
Child Care	\$0.34	\$0.33	\$0.34
Transportation	\$1.62	\$4.37	\$2.72
Other	\$2.40	\$3.45	\$2.82
Total	\$19.53	\$40.19	\$27.79

* Residents are attendees who live within the county in which the cultural event occurred; nonresidents live outside of the county.



This report reinforces why many cities and towns across the nation are stepping up to support the continued growth of arts and culture. Not only do the arts provide a much needed social escape for many in our communities—they also help drive local economies. Having an abundance of unique arts and events means more revenue for local businesses and makes our communities more attractive to young, talented professionals—whose decisions on where to start a career or business are increasingly driven by quality of life and the availability of cultural amenities.

BART PETERSON

Mayor of Indianapolis, IN
President, National League of Cities



ARTS & CULTURE TOURISTS SPEND MORE AND STAY LONGER

As communities compete for a tourist's dollar, arts and culture have proven to be magnets for travelers and their money. Local businesses are able to grow because travelers extend the length of their trips to attend cultural events. Travelers who include arts and culture events in their trips differ from other U.S. travelers in a number of ways.ⁱⁱⁱ

Arts and culture travelers:

- Spend more (\$623 vs. \$457)
- Use a hotel, motel, or bed-and-breakfast (62 percent vs. 55 percent)
- Spend \$1,000 or more (19 percent vs. 12 percent)
- Travel longer (5.2 nights vs. 3.4 nights)

A 2001 research study by the Travel Industry Association of America and Partners in Tourism^{iv} indicates that:

- 65 percent of all adult travelers attended an arts and culture event while on a trip that was 50+ miles away from home.
- 32 percent of these cultural travelers stayed longer because of the event.
- Of those that stayed longer, 57 percent extended their trips by one or more nights.



ARTS VOLUNTEERISM

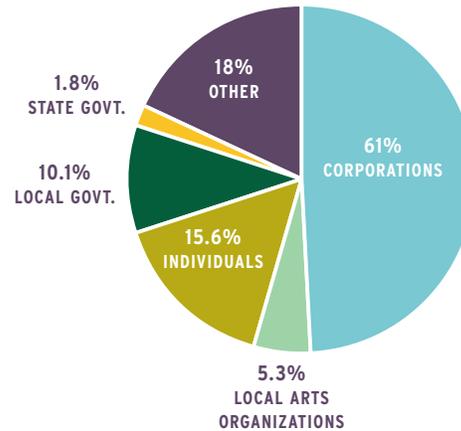
Arts & Economic Prosperity III reveals a significant contribution to nonprofit arts and culture organizations as a result of volunteerism. The average city and county in the study had 5,174 arts volunteers who donated 191,499 hours to nonprofit arts and culture organizations, a donation valued at \$3.4 million.^v The 6,080 responding organizations had an average of 125 volunteers who volunteered 45.3 hours each, for a total of 4,857 hours per organization. While these arts volunteers may not have an economic impact as defined in this study, they clearly have an enormous impact on their communities by helping arts and culture organizations function as a viable industry.

IN-KIND CONTRIBUTIONS

The organizations surveyed for this study provided data about their in-kind support (e.g., donated assets, office space, airfare, or advertising space). Seventy-one

percent of the responding organizations received in-kind support, averaging \$47,906 each during the 2005 fiscal year. Corporations were the largest provider of in-kind services.

SOURCES OF IN-KIND CONTRIBUTIONS TO NONPROFIT ARTS & CULTURE ORGANIZATIONS



Conclusion

Nonprofit arts and culture organizations in the United States drive a \$166 billion industry—a growth industry that supports 5.7 million full-time jobs and generates nearly \$30 billion in government revenue annually. Arts and culture organizations—businesses in their own right—leverage significant event-related spending by their audiences that pumps vital revenue into restaurants, hotels, retail stores, parking garages, and

other local businesses. This study lays to rest a common 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. This report shows conclusively that, locally as well as nationally, the arts mean business.

About This Study

The **Arts & Economic Prosperity III** study was conducted by Americans for the Arts to document the economic impact of the nonprofit arts and culture industry in 156 communities and regions (116 cities and counties, 35 multicounty regions, and five states), representing all 50 states and the District of Columbia. The diverse communities range in population (four thousand to three million) and type (rural to urban). The study focuses solely on nonprofit arts and culture organizations and their audiences. Public arts councils and public presenting facilities/institutions are included, as are select programs embedded within another organization (that have their own budgets and play substantial roles in the cultural life of communities). The study excludes spending by individual artists and the for-profit arts and entertainment sector

(e.g., Broadway or the motion picture industry). Detailed expenditure data was collected from 6,080 arts and culture organizations and 94,478 of their attendees. The 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 about the nonprofit arts and culture industries, specifically full-time equivalent jobs, household income, and local and state government revenue.

156 LOCAL AND REGIONAL STUDY PARTNERS

Americans for the Arts published a Call for Participants in 2005, seeking communities interested in participating in the **Arts & Economic Prosperity III** study. Of the more than 200 participants that expressed interest, 156

As Chairman of the Oklahoma Chamber of Commerce, I visited almost every city and town in the state. There is a visible difference in places with an active cultural community. I see people looking for places to park, stores staying open late, and restaurants packed with customers. The business day is extended and the cash registers are ringing.

KEN FERGESON

Chairman and CEO, NBanC

Past President, American Bankers Association

The arts have been and continue to be an important part of Arizona's culture. By igniting the mind, the arts can spark new ways of thinking, communicating, and doing business.

JANET NAPOLITANO

Governor of Arizona
Chair, National Governors Association

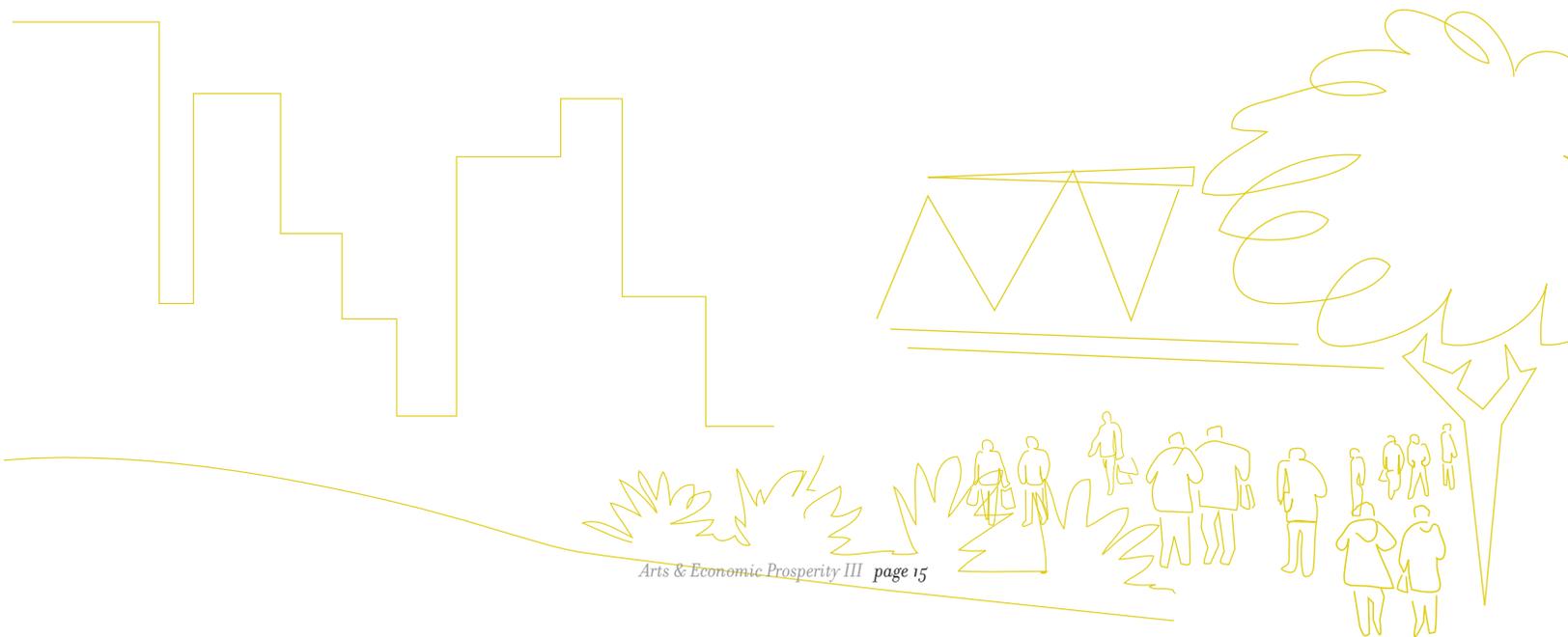
agreed to participate and complete four participation criteria: 1) identify and code the universe of nonprofit arts and culture organizations in their study region; 2) disseminate, collect, and review for accuracy expenditure surveys from those organizations; 3) conduct audience-intercept surveys at a minimum of 18 diverse arts events; and 4) pay a modest cost-sharing fee (no community was refused participation for an inability to pay).

SURVEYS OF ORGANIZATIONS

Each of the 156 study regions attempted to identify its complete universe of nonprofit arts and culture organizations using the Urban Institute's National

Taxonomy of Exempt Entity codes as a guideline.^{vi}

Eligible nonprofit arts and culture organizations—those whose primary purpose is to promote appreciation for and understanding of the visual, performing, folk, and media arts—received a web-based survey. Sent via e-mail, the survey collected detailed information about their fiscal year 2005 expenditures in more than 40 expenditure categories, including labor, local and nonlocal artists, operations, materials, facilities, and asset acquisition. Data was collected from 6,080 organizations for this study. Response rates for the 156 communities averaged 41.3 percent and ranged from 10.4 percent to 100 percent. Responding organizations had budgets ranging from a low of \$0 to a high of



The arts benefit communities as well as individuals. Cities and towns with flourishing cultural activities attract business and tourists and provide tremendous incentives for families. There are wonderful models in Massachusetts and across the country of communities that have integrated cultural institutions into revitalization efforts. They have strengthened their economies and greatly improved quality of life in their neighborhoods.

Edward Kennedy

U.S. Senate (MA)

Co-Chair, Senate Cultural Caucus

\$159.2 million. Each study region's results are based solely on the actual survey data collected, not on fiscal projections. The less-than-100 percent response rates suggest an understatement of the economic impact findings in most of the individual study regions.

SURVEYS OF AUDIENCES

Audience-intercept surveying, a common and accepted research method, was completed in 152 of the 156 study regions to measure spending by audiences at nonprofit arts and culture events. Patrons were asked to complete a short survey while attending an event. A total of 94,478 attendees completed the survey for an average

of 673 surveys per community. The randomly selected respondents provided itemized 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) as well as at a broad range of events (a night at the opera will typically yield more spending than a Saturday children's theater production, for example). Using total attendance data for 2005 (collected from the organization surveys), standard statistical methods were then used to derive a reliable estimate of total expenditures by attendees in each community. The survey respondents provided



information about the entire party with whom they were attending the event. With an average travel party size of three people, this data actually represents the spending patterns of more than 280,000 attendees, significantly increasing the reliability of the data.

INPUT/OUTPUT ANALYSIS

To derive the most reliable economic impact data, input/output analysis is used to measure the impact of expenditures by nonprofit arts and culture organizations and their audiences. This is a highly regarded type of economic analysis that 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 leaks out, and it quantifies the economic impact of each round of spending. This form of economic analysis is well suited for this study because it can be customized specifically to each community.

We in the public sector need to keep in mind what an important role the arts play in economic development. Part of a community's vibrancy is defined by its arts and culture quality and diversity. All the things we do at county level to support the arts can make a difference, and I encourage county officials to step up to make sure their communities understand the linkage between local economic development and the arts.

Linda Langston

Linn County Supervisor (IA)
Chair, Arts Commission, National Association of Counties

On a personal level, I recognize the joyous celebration I experience from the arts and as a policy-maker, I recognize the tremendous economic contribution of the arts, from the most sophisticated urban center to the most precious rural community.

Leticia Van de Putte

Texas State Senate
President, National Conference of State Legislatures



NATIONAL ESTIMATES

To derive the national estimates, the 116 city and county study participants—multiregions and states are excluded from this analysis—were first stratified into six population groups, and an economic impact average was calculated for each group. Second, the nation's largest 12,662 cities were assigned to one of the six groups based on its population, as supplied by the U.S. Census Bureau. Third, each city was assigned the economic impact average for its population group. Finally, the values of the cities were added together to determine the national economic impact findings. The two largest U.S. cities, New York and Los Angeles, each with more than \$1 billion in organizational expenditures, were excluded from this study to avoid inflating the national estimates. In addition, Laguna Beach, CA, and Teton County, WY, were removed when calculating the national estimates due to their comparably high levels of economic activity in the population category.

North Dakota's participation in this study shows the economic impact the arts can have in rural and urban economies alike. We look forward to the state arts council further exploring the role of arts in rural economic development.

Jack Dalrymple

Lieutenant Governor of North Dakota
Chair Elect, National Lieutenant Governors Association

LEARN MORE ABOUT

ARTS & ECONOMIC PROSPERITY III

Visit www.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:

- A downloadable and customizable PowerPoint presentation that effectively communicates this study's findings.
- **Arts & Economic Prosperity III Highlights Pamphlet.**
- **Arts & Economic Prosperity III Summary Report.**
- **Arts & Economic Prosperity III National Report,** complete with national and local findings, background, scope, and methodology.
- A press release announcing the study results.
- Sample Opinion-Editorials.

The **Arts & Economic Prosperity Calculator** is a handy tool that enables users to estimate the economic impact of their organization.

ENDNOTES

¹ This figure includes only income tax paid on the \$104.2 billion in resident household income at the rate of 12.1 percent, the average percentage of adjustable gross income paid to the Internal Revenue Service in 2004 (latest data available).

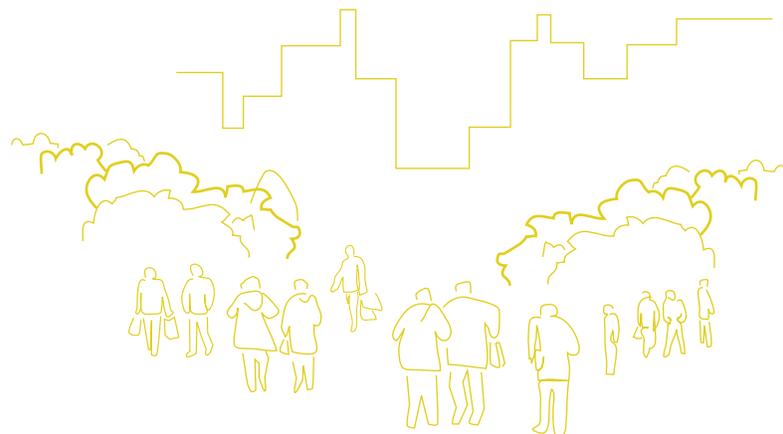
² The U.S. Department of Labor Bureau of Labor Statistics reports that there were 130,307,840 nonself-employed individuals in the U.S. workforce during 2005.

³ The Historic/Cultural Traveler, 2001 (TravelScope Survey).

⁴ Americans for the Arts, 2002.

⁵ Independent Sector, 2007.

⁶ National Taxonomy of Exempt Entities—developed by the National Center for Charitable Statistics at the Urban Institute—is a definitive classification system for nonprofit organizations recognized as tax exempt by the Internal Revenue Code. This system divides the entire universe of nonprofit organizations into 10 broad categories, including "Arts, Culture, and Humanities." The Urban Institute reports that 94,314 nonprofit arts and culture organizations were registered with the IRS in 2005, up from 74,446 in 1999.





Acknowledgements

Americans for the Arts wishes to express its gratitude to the many people across the country who made **Arts & Economic Prosperity III** possible and assisted with its development and production. Special thanks to the Paul G. Allen Family Foundation, the John D. and Catherine T. MacArthur Foundation, and The Ruth Lilly Fund for Americans for the Arts for their financial support. Our local and statewide project partners contributed both time and financial support to the study.

ALABAMA

Cultural Alliance of Greater Birmingham

ALASKA

Anchorage Cultural Council
Homer Council on the Arts

ARIZONA

Chandler Center for the Arts
City of Mesa Arts and Cultural Division
City of Phoenix Office of Arts and Culture
City of Tempe Cultural Services Division
Tucson Pima Arts Council

ARKANSAS

Walton Arts Center (Northwest Arkansas)

CALIFORNIA

Arts Council Silicon Valley (Santa Clara County)
Arts Council of Sonoma County
City of Fullerton Cultural Affairs
City of Glendale Department of Parks,
Recreation, and Community Services
City of Pasadena Cultural Affairs Division
City of Walnut Creek Department of Arts,
Recreation, and Community Services
Cultural Council of Santa Cruz County
Laguna Beach Alliance for the Arts
North Coast Cultural Coalition
(Humboldt County)
Riverside Arts Council
San Francisco Arts Commission
Santa Barbara County Arts Commission

COLORADO

Arts Alive Fort Collins
Bee Vradenburg Foundation (Colorado Springs)
Boulder Arts Commission
City of Loveland Museum and Gallery
Gunnison Council for the Arts

CONNECTICUT

Greater Hartford Arts Council

DELAWARE

Delaware Division of the Arts

DISTRICT OF COLUMBIA

Cultural Alliance of Greater Washington
D.C. Commission on the Arts and Humanities

FLORIDA

Bay Arts Alliance (Bay County)
Broward County Cultural Division
City of Gainesville Department of Parks,
Recreation, and Cultural Affairs
City of Orlando Office of Communications
and Neighborhood Enhancement
City of Winter Park Department of Planning
and Community Development
MyRegion.com (in Partnership with United
Arts of Central Florida)
Orange County Arts and Cultural Affairs Office
Palm Beach County Cultural Council
Pinellas County Cultural Affairs Department

GEORGIA

City of Atlanta Bureau of Cultural Affairs
City of Savannah Department of Cultural Affairs

HAWAII

Maui Arts and Cultural Center

IDAHO

Boise City Arts Commission
Wood River Arts Alliance

ILLINOIS

Champaign County Arts, Culture, and
Entertainment Council
Illinois Arts Alliance (Chicago)

INDIANA

Arts Council of Indianapolis
Community Foundation of Saint Joseph County

IOWA

Iowa Cultural Corridor Alliance (Cedar Rapids)

KANSAS

Salina Arts and Humanities Commission
The Arts Council (Sedgwick County)

KENTUCKY

Fund for the Arts (Louisville-Jefferson County)

LOUISIANA

Shreveport Regional Arts Council

MAINE

Portland Arts and Cultural Alliance

MARYLAND

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

MASSACHUSETTS

City of Pittsfield Office of Cultural Development

MICHIGAN

Arts Council of Greater Kalamazoo

MINNESOTA

Arrowhead Regional Arts Council
(Arrowhead Region)
Arts and Culture Partnership (Saint Paul)
Central Minnesota Arts Board
(Central Minnesota)
East Central Arts Council
(East Central Minnesota)
Five Wings Arts Council
(Brainerd Lakes Region)
Lake Region Arts Council
(Minnesota Lake Region)
Metropolitan Regional Arts Council
(Minnesota Twin Cities' Metro Region)
Minneapolis Division of Cultural Affairs
(Minneapolis)
Minnesota Citizens for the Arts
(State of Minnesota)
Northwest Regional Arts Council
(Northwest Minnesota)
Prairie Lakes Regional Arts Council
(South Central Minnesota)
Region 2 Arts Council
(North Central Minnesota)
Southeast Minnesota Arts Council
(Southeast Minnesota)
Southwest Minnesota Arts and Humanities
Council (Southwest Minnesota)
St. Cloud Arts Commission (St. Cloud)
St. Croix Valley Community Foundation
(Washington and Chisago Counties)

MISSISSIPPI

Meridian Arts Council (Lauderdale County)

MISSOURI

St. Louis Regional Arts Commission

MONTANA

Missoula Cultural Council

NEBRASKA

Lincoln Arts Council

NEVADA

City of Las Vegas Division of Leisure Services (Clark County)

NEW HAMPSHIRE

Art-Speak (Portsmouth/Seacoast Area)

NEW JERSEY

Newark Arts Council
New Brunswick Cultural Center

NEW MEXICO

Doña Ana Arts Council

NEW YORK

Arts and Cultural Council of Greater Rochester
Arts Council in Buffalo and Erie County/Niagara
Erie Regional Coalition
Orange County Department of Planning
Suffolk County Department of Economic
Development, Film & Cultural Affairs
Ulster County Arts Council
Westchester Arts Council

NORTH CAROLINA

Arts and Science Council of
Charlotte/Mecklenburg
The Arts Council of Winston-Salem
and Forsyth County
Asheville Area Arts Council
United Arts Council of Greensboro
United Arts Council of Raleigh and Wake County

NORTH DAKOTA

Lake Agassiz Arts Council
Minot Area Council of the Arts
North Dakota Council on the Arts

OHIO

Fine Arts Fund (Cincinnati Region)
Greater Columbus Arts Council
Mansfield Fine Arts Center

OKLAHOMA

Arts and Humanities Council of Tulsa

OREGON

Arts Council of Southern Oregon
Regional Arts and Culture Council (Portland)

PENNSYLVANIA

Arts Council of Erie
Bradford County Regional Arts Council
Citizens for the Arts in Pennsylvania
Cultural Council of Luzerne County
Greater Philadelphia Cultural Alliance
Greater Pittsburgh Arts Council

Jump Street (Greater Harrisburg)
Lackawanna County Council on Education
and Culture
LancasterArts
Laurel Arts (Somerset County)
Lehigh Valley Arts Council

RHODE ISLAND

City of Providence Department of Art,
Culture, and Tourism

SOUTH CAROLINA

Cultural Council of Richland
and Lexington Counties

SOUTH DAKOTA

Dahl Arts Center/Rapid City Arts Council

TENNESSEE

Metropolitan Nashville Arts Commission

TEXAS

Abilene Cultural Affairs Council
City of Austin Economic Growth
and Redevelopment Services Office

UTAH

Utah Shakespearean Festival (Iron County)

VERMONT

Arts Council of Windham County
Flynn Center for the Performing Arts
(Greater Burlington)

VIRGINIA

Alexandria Commission for the Arts
Arlington County Cultural Affairs Division
Arts Council of Fairfax County

WASHINGTON

Allied Arts of Whatcom County
Bainbridge Island Arts and Humanities Council
City of Seattle Office of Arts and Cultural Affairs
Tacoma Economic Development Department

WEST VIRGINIA

Oglebay Institute (Wheeling)

WISCONSIN

Cultural Alliance of Greater Milwaukee
Fox Cities Performing Arts Center
(Northeast Wisconsin Region)
Oshkosh Opera House Foundation
Overture Center for the Arts (Dane County)
St. Croix Valley Community Foundation
Viterbo College/School District of La Crosse
Wausau Area Performing Arts Foundation
(Marathon County)
Wisconsin Arts Board

WYOMING

Center for the Arts (Teton County)

A study of this magnitude is a total organization effort; appreciation is extended to the entire board and staff of Americans for the Arts. The Policy and Research Department was responsible for the production of this study—Randy Cohen, Benjamin Davidson, Elizabeth McCloskey, Matthew Pena, Eulyynn Shiu, and Marete Wester.





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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.

PARTNERS:



NATIONAL CONFERENCE
of STATE LEGISLATURES
The Forum for America's Ideas



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.

