



***the Monthly Newsletter of the Arts Consulting Group
June 2007***

THE ECONOMIC IMPACT OF AMERICA'S NONPROFIT ARTS AND CULTURE INDUSTRY

On June 6, 2007, Americans for the Arts released its third national study of the economic impact of arts organizations on local communities. By permission, Arts Consulting Group is pleased to provide a summary of the report's findings on the key role played by the nonprofit arts and culture industry in strengthening our nation's economy. This study demonstrates that the nonprofit arts and culture industry is an economic driver in communities — a growth industry that supports jobs, generates government revenue, and is the cornerstone of tourism. Copies of the full report, *Arts & Economic Prosperity III: The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences*, can be found on the Americans for the Arts website at www.AmericansForTheArts.org/EconomicImpact.

THE ARTS MEAN BUSINESS

Arts & Economic Prosperity III is the most comprehensive economic impact study of the nonprofit arts industry ever conducted. It is based on data provided by 6,080 nonprofit arts organizations (twice as many as the last study conducted in 2000) and more than 94,000 attendee surveys. It documents the economic impact of the nonprofit arts and culture industry in 156 communities and regions (116 cities and counties, 35 multi-county regions, and five states), and represents all 50 states and the District of Columbia.

Among its many findings, *Arts & Economic Prosperity III* shows that:

- America's nonprofit arts industry generates a total of \$166.2 billion in economic activity every year. This figure includes \$63.1 billion in spending by arts organizations and \$103.1 billion in event-related spending by arts audiences.
- The \$63.2 billion injected into the (largely local) economy by arts organizations themselves represents a 19% increase from 2000, the last year for which Americans for the Arts compiled data (up from \$53.2 billion).
- The \$103.1 billion in event-related spending by arts audiences reflects an average of \$27.79 per person in spending for hotels, restaurants, parking, souvenirs, refreshments, or other similar costs—with non-local attendees spending more than twice as much as local attendees (\$40.19 compared to \$19.53).
- The nation's arts and culture industry has grown steadily since the organization's first analysis in 1992, expanding at a rate greater than inflation. Since the 2000 survey, spending by organizations and their audiences has grown 24 percent.

The economic activity represented by the arts sector has a significant national impact, generating the following:

- The equivalent of 5.7 million full-time jobs
- \$104.2 billion in household income
- \$7.9 billion in local government tax revenues
- \$9.1 billion in state government tax revenues
- \$12.6 billion in federal government tax revenues

Collected data also reveals that travelers who include arts and culture events in their trips differ significantly from other domestic travelers in a number of ways:

- They spend more (\$623 vs. \$457)
- They are more likely to stay in a hotel, motel, or bed-and-breakfast (62 percent vs. 55 percent)
- They travel for a longer period (5.2 nights vs. 3.4 nights)
- They are more likely to spend \$1,000 or more (19 percent vs. 12 percent)

The study, which received support from the Paul G. Allen Family Foundation, the John D. and Catherine T. MacArthur Foundation, and The Ruth Lilly Fund of Americans for the Arts, also reveals interesting fiscal information on a variety of areas not directly tied to economic impact. For example, it provides new data on the contributions of volunteers to arts and culture organizations, finding that the average city in the study received 191,499 hours of volunteer service during 2005 – a contribution valued at an average of \$3.4 million per location. The report also presents data on in-kind contributions, their sources, and value.

ECONOMETRICS

As the report notes, “a dollar ripples very differently through each community,” so project economists from the Georgia Institute of Technology defined five separate regional models, customizing input-output analysis for each. Among other sources of data, over 94,000 attendee surveys were compiled and some 156 communities analyzed. Data collection was designed to eliminate factors which might skew results, such as seasonal spikes in attendance or higher attendee spending associated with some art forms, such as opera.

To derive its national estimates, the study stratified city and county participants into six distinct population sets, and an economic impact average was calculated for each. Then, over 12,000 of the nation’s largest cities were assigned to one of the six sets based on their population as reported by the U.S. Census Bureau and assigned the average economic impact value for its population set as determined by the study.

LEADERSHIP RESOURCE

This report provides a rich resource to arts advocates and nonprofit leaders, presenting current evidence that the nonprofit arts are an important, economically-sound investment for local governments. Its in-depth analysis clearly shows that arts organizations spur business development, support jobs, and generate significant government revenue. Implicit in its argument is the fact that they also enhance the quality of life for residents - a factor that likely attracts talent at the same time that the organizations themselves are creating jobs.

Locally and nationally, from small town to major metropolis, it is clear from this important study that the arts mean business.

###

**FOR MORE INFORMATION ON HOW ARTS CONSULTING GROUP CAN HELP YOUR ORGANIZATION HAVE
GREATER ECONOMIC, CULTURAL AND EDUCATIONAL IMPACT IN YOUR COMMUNITY,
PLEASE CALL US TOLL FREE AT (888) 234-4236.**

www.artsconsulting.com

