

About This Study

Arts & Economic Prosperity III was conducted by Americans for the Arts to document the economic impact of the nonprofit arts and culture industry in 156 communities and regions 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 and 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. To derive the national estimates, the study regions were stratified into six population groups, and an economic impact average was calculated for each group. The nation's largest 12,662 cities were then assigned to one of the six groups based on their population as supplied by the U.S. Census Bureau. Each city was assigned the economic impact average for its population group, and then all 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.

For more information on **Arts & Economic Prosperity III**, including information on downloading and purchasing all study reports, please visit www.AmericansForTheArts.org/EconomicImpact. Americans for the Arts staff are available for speaking engagements. If interested, please contact the Research Department at 202.371.2830 or at research@artsusa.org.

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

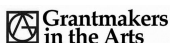




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The following national organizations partner with Americans for the Arts to help public- and private-sector leaders understand the economic and social benefits that the arts bring to their communities, states, and the nation.

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.





Arts & Economic Prosperity^{III}

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



HIGHLIGHTS

Economic Impact of America's Nonprofit Arts & Culture Industry

America's 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 audiences. The national impact of this activity is significant, supporting 5.7 million jobs and generating \$29.6 billion in government revenue.

ECONOMIC IMPACT OF THE NONPROFIT ARTS & CULTURE INDUSTRY (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	\$ 12.6 billion

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.

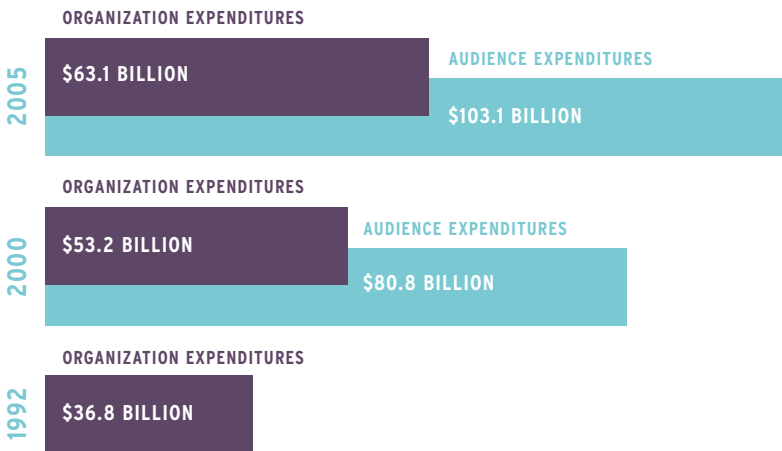
JONATHAN FANTON
President, MacArthur Foundation

NONPROFIT ARTS & CULTURE: A GROWTH INDUSTRY

Between 2000 and 2005, the nonprofit arts and culture industry grew 24 percent, from \$134 billion to \$166.2 billion. Spending by organizations grew to \$63.1 billion in 2005, up 19 percent from \$53.2 billion in 2000. Event-related spending by their audiences boasts an even greater increase—from \$80.8 billion in 2000 to \$103.1 billion in 2005 (28 percent).

GROWTH OF THE NONPROFIT ARTS & CULTURE INDUSTRY

(U.S. Dollars in Billions)



Audience expenditure data not collected in 1992.

ECONOMIC IMPACT OF NONPROFIT ARTS & CULTURE ORGANIZATIONS

Nonprofit arts and culture organizations are valuable contributors to the business community. They are employers, producers, consumers, and key promoters of their cities and regions. Nonprofit arts and culture organization spending in 2005 was an estimated \$63.1 billion.

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

ECONOMIC IMPACT OF NONPROFIT ARTS & CULTURE AUDIENCES

The arts and culture industry, unlike many industries, leverages a significant amount of event-related spending by its audiences. Attendance at arts events generates related commerce for local businesses such as restaurants, parking garages, hotels, and retail stores. Data collected from 94,478 attendees at a range of events reveal an average spending of \$27.79 per person, per event—in addition to the cost of admission. This spending generated an estimated \$103.1 billion of valuable revenue for local merchants and their communities in 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

The findings also reveal that nonlocal attendees spend twice as much as local attendees (\$40.19 vs. \$19.53), demonstrating that when a community attracts cultural tourists, it harnesses significant economic rewards.

Across America, cities that once struggled economically are reinventing and rebuilding themselves by investing in art and culture—a proven catalyst for growth and economic prosperity. By creating cultural hubs, nonprofit arts 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

The Arts Mean Business

From major metropolitan areas to small rural towns, this research shows that the nonprofit arts and culture industry is an economically sound investment. It attracts audiences, spurs business development, supports jobs, and generates government revenue. Locally as well as nationally, the arts mean business.

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

President, The United States Conference of Mayors

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