

## The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences in the Greater Washington DC Region (Fiscal Year 2010)

Direct Economic Activity	Arts and Culture Organizations	+	Arts and Culture Audiences	=	Total Industry Expenditures
Total Industry Expenditures	\$946,533,733		\$563,722,354		\$1,510,256,087

### Spending by Arts and Culture Organizations and Their Audiences Supports Jobs and Generates Government Revenue

Total Economic Impact of Expenditures (Direct & Indirect Impacts Combined)	Economic Impact of Organizations	+	Economic Impact of Audiences	=	Total Economic Impact
Full-Time Equivalent (FTE) Jobs Supported	20,295		8,708		29,003
Household Income Paid to Residents	\$636,596,000		\$180,120,000		\$816,716,000
Revenue Generated to <u>Local</u> Government	\$95,356,000		\$25,124,000		\$120,480,000
Revenue Generated to <u>State</u> Government	\$10,688,000		\$9,966,000		\$20,654,000

### Event-Related Spending by Arts and Culture Audiences Totaled \$563.7 million (excluding the cost of admission)

Attendance to Arts and Culture Events	Resident* Attendees	+	Non-Resident* Attendees	=	All Cultural Audiences
Total Attendance to Arts and Culture Events	16,951,734		3,645,756		20,597,490
Percentage of Total Attendance	82.3%		17.7%		100%
Average Event-Related Spending Per Person	\$19.91		\$33.79		\$22.35
Total Event-Related Expenditures	\$158,148,797		\$405,573,557		\$563,722,354

### Nonprofit Arts and Culture Event Attendees Spend an Average of \$22.35 Per Person (excluding the cost of admission)

Category of Event-Related Expenditure	Resident* Attendees	Non-Resident* Attendees	All Cultural Audiences
Meals and Refreshments	\$11.74	\$17.11	\$12.68
Souvenirs and Gifts	\$2.16	\$2.41	\$2.20
Ground Transportation	\$1.86	\$4.38	\$2.30
Overnight Lodging (one night only)	\$1.09	\$7.92	\$2.30
Other/Miscellaneous	\$3.06	\$1.97	\$2.87
Average Event-Related Spending Per Person	\$19.91	\$33.79	\$22.35

\* For the purpose of this study, residents are attendees who live within the Greater Washington DC Region; non-residents live outside that area.

Source: *Arts & Economic Prosperity IV: The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences in the Greater Washington DC Region*. For more information about this study or about other cultural initiatives in the Greater Washington DC Region, visit the Cultural Alliance of Greater Washington's web site at [www.cultural-alliance.org](http://www.cultural-alliance.org).

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## About This Study

The *Arts & Economic Prosperity IV* study was conducted by Americans for the Arts to document the economic impact of the nonprofit arts and culture industry in 182 communities and regions (139 cities and counties, 31 multi-city or multi-county regions, and ten states, and two individual arts districts)—representing all 50 U.S. states and the District of Columbia. The diverse communities range in population (1,600 to more than 3 million) and type (rural to urban). The project economists, from the Georgia Institute of Technology, customized input-output analysis models for each participating study region to provide specific and reliable economic impact data about their nonprofit arts and culture industry—specifically (1) full-time equivalent jobs, (2) household income, and (3) local and (4) state government revenue.

## Surveys of Nonprofit Arts and Culture ORGANIZATIONS

Each of the 182 study regions attempted to identify its comprehensive universe of nonprofit arts and culture organizations using the Urban Institute's National Taxonomy of Exempt Entity (NTEE) coding system, a definitive classification system for nonprofit organizations recognized as tax exempt by the Internal Revenue Code. In addition, the study partners 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, and media arts. These include government-owned or government-operated cultural facilities and institutions, municipal arts agencies and councils, private community arts organizations, unincorporated arts groups, living collections (such as zoos, aquariums, and botanical gardens), university presenters, and arts programs that are embedded under the umbrella of a non-arts organization or facility (such as a community center or church). In short, if it displays the characteristics of a nonprofit arts and culture organization, it is included. *For-profit businesses (e.g., Broadway and motion picture theaters) and individual artists were excluded from this study.*

Nationally, detailed information was collected from 9,721 eligible organizations about their fiscal year 2010 expenditures in more than 40 expenditure categories (e.g., labor, local and non-local artists, operations, materials, facilities, and asset acquisition), as well as about their event attendance. Response rates for the 182 communities averaged 43.2 percent and ranged from 5.3 percent to 100 percent. It is important to note that each study region's results are based solely on the actual survey data collected. No estimates have been made to account for non-respondents. Therefore, the less-than-100 percent response rates suggest an understatement of the economic impact findings in most of the individual study regions.

**In the Greater Washington DC Region, 299 of the approximately 1,046 total eligible nonprofit arts and culture organizations identified by the Cultural Alliance of Greater Washington participated in this study—an overall participation rate of 29 percent.**

## Surveys of Nonprofit Arts and Culture AUDIENCES

Audience-intercept surveying, a common and accepted research method, was conducted in all 182 of the study regions to measure event-related spending by nonprofit arts and culture audiences. Patrons were asked to complete a short survey while attending an event. Nationally, a total of 151,802 valid and usable attendees completed the survey for an average of 834 surveys per study region. The randomly selected respondents provided itemized expenditure data on attendance-related activities such as meals, souvenirs, transportation, and lodging. Data were collected throughout 2011 (to guard against seasonal spikes or drop-offs in attendance) as well as at a broad range of both paid and free events (a night at the opera will typically yield more spending than a weekend children's theater production or a free community music festival, for example). The survey respondents provided information about the entire party with whom they were attending the event. With an overall average travel party size of 2.69 people, these data actually represent the spending patterns of more than 408,000 attendees, significantly increasing the reliability of the data.

**In the Greater Washington DC Region, a total of 4,351 valid and usable audience-intercept surveys were collected from attendees to nonprofit arts and culture performances, events, and exhibitions during 2011.**

## Studying Economic Impact Using 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. The models are systems of mathematical equations that combine statistical methods and economic theory in an area of study called econometrics. They trace how many times a dollar is re-spent 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 study region. To complete the analysis for the Greater Washington DC Region, project economists customized an input-output model based on the local dollar flow between 533 finely detailed industries within the economy of Montgomery and Prince George's Counties in Maryland; Arlington and Fairfax Counties and the Cities of Alexandria and Fairfax in Virginia; and the District of Columbia. This was accomplished by using detailed data on employment, incomes, and government revenues provided by the U.S. Department of Commerce (County Business Patterns, the Regional Economic Information System, and the Survey of State and Local Finance), local tax data (sales taxes, property taxes, and miscellaneous local option taxes), as well as the survey data from the responding nonprofit arts and culture organizations and their audiences.

## Research Notes

1. According to its IRS Form 990, the Smithsonian Institution accounted for \$1.09 billion in organizational expenditures and 30.2 million in total attendance during fiscal year 2010, more than double the aggregate findings for the rest of the District of Columbia. The Smithsonian Institution's properties include museums, galleries, the National Zoological Park, research centers, libraries and archives, and educational and outreach programs. Because it represents such an outlier when compared to rest of the District's cultural industry, and because itemized financial information were not available to allow for the separation of its arts-related and non-arts-related facilities, programs, and activities, it is important to exclude the Smithsonian Institution from this research analysis.
2. To calculate the total estimated audience expenditures in the Greater Washington DC region, the individual audience expenditure findings were summed for Arlington County (VA), Fairfax County (VA), City of Alexandria (VA), Montgomery County (MD), Prince George's County (MD), and the District of Columbia. Therefore, the total audience expenditures for the Greater Washington DC region do not equal the Region's average per person event-related expenditure for residents multiplied by the Region's total estimated resident attendance plus the Region's average per person event-related expenditure for non-residents multiplied by the Region's total estimated non-resident attendance.