a special series report of the southern legislative conference

more than a song and dance
the economic impact of the arts in the southern legislative conference states
more than a song and dance

the economic impact of the Arts

in the southern legislative conference states
This report was prepared for the membership of the SLC under Speaker Tim Ford, Mississippi, Chairman of the SLC. Research and development of this report was conducted by Sujit M. CanagaRetna for the SLC Economic Development, Transportation, and Cultural Affairs Committee under the Chairmanship of Representative Tommy Woods, Mississippi.

Cover images, from left to right: Balé Folclórico de Bahia; Kimbell Art Museum, Fort Worth; Giuseppe Sinopoli, conductor, Dresden Staatskapelle; Maceo Parker, saxophone; The Cock Fight from the exhibition Island Delights: The Spirit and Passion of Haitian Art; Whitman String Quartet, Spoleto Festival USA; the High Museum of Art, Atlanta Georgia.


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Constant, Voodoo Flag (Dambala), 1990s, sequins, pearls, and cloth. From the
  collection of Rod and Kay Hellar. From the Exhibition Island Delights: The Spirit and
  Passion of Haitian Art. Photo courtesy Tampa Museum of Art.
More Than a Song and Dance:  
The Economic Impact of the Arts in the  
Southern Legislative Conference States

“Over the years, Mississippi’s contributions to the arts have gained the state worldwide fame. Those of us in the Mississippi Legislature are acutely aware of this and will continue to value the contribution of the arts in our economic development plans. We are honored to have hosted the Palaces of St. Petersburg and the Splendors of Versailles exhibitions in 1996 and 1998 and look forward to the upcoming Majesty of Spain in 2001. It is also a boon to host the International Ballet Competition, quadrennially, in Jackson. All these activities reinforce the concept that Mississippi values the arts immensely.”

Representative Tim Ford  
Speaker of the Mississippi House of Representatives

“The arts are, and must continue to be, an integral part of our culture. Beyond the benefit to us as a society, I am repeatedly reminded that a strong cultural foundation has a direct and undeniable impact on our economy and future economic development. Quite frankly, investment in the arts makes good sense—culturally, educationally, and financially.”

Senator Thomas V. Mike Miller, Jr.  
President of the Maryland Senate

“The arts are the best expression of true quality. By supporting the arts and associating with the arts, we strengthen our company’s commitment to high-quality management and products. We believe that our efforts with the arts serve the interests of the corporation and our stockholders, as well as the communities in which we live and work.”

John H. Bryan  
Chairman and Chief Executive Officer  
Sara Lee Corporation

“At Bayer, we look for scientists who are well-educated, multi-dimensional and socially concerned. Bayer believes that the arts, along with the sciences, provide challenges for the mind—challenges that encourage creativity in all aspects of life. As a company which is highly dependent on creativity through its research and development, we recognize that it is in a corporation’s best interest and its obligation to support the arts.”

Helge H. Wehmeier  
President and Chief Executive Officer  
Bayer Corporation

“Progress in economic impact studies of the arts needs to be measured in ways that go beyond aggregate figures of economic impact. . . . The arts help build human capital. . . . The art’s capacity to build human capital, then, might be an element that should be measured in these studies.”

Anthony Radich  
Economist
Introduction

In the current era of unprecedented prosperity and surging growth, the contribution of the arts has received minimal attention. To a vast number of Americans, the economic contribution of the arts, in its many permutations, is perceived as a low-impact charitable venture; in addition, the arts are considered the enclave of a few high-profile cultural institutions and their elite patrons. The reality of the situation is strikingly different and reinforces the adage that “truth is stranger than fiction.” According to Americans for the Arts, the total economic impact of the nonprofit arts industry in the U.S. included the following impressive statistics: $36.8 billion in total expenditures; $25.2 billion paid out in salaries and wages; $790 million in local government revenue; $1.2 billion in state government revenue; and $3.4 billion in federal income tax revenue.\(^1\) (It should be noted that the extensive, national economic impact study generating these figures was conducted several years ago, in 1994; hence, it is very likely that the current figures are even more impressive.) Furthermore, the Business Committee for the Arts, Inc. reports that the arts account for about 6 percent of the U.S. gross domestic product (GDP) while, in contrast, the construction industry accounts for 4.8 percent of GDP. Similarly, the Business Committee for the Arts, Inc. notes that while the arts employ 2.7 percent of the American workforce, or 3.2 million people, agriculture employs 2.6 percent.\(^2\) All these indices reflect the expansive contribution of the arts to the U.S. economy, a phenomenon of which most are unaware.

Even in the 16 states of The Council of State Governments’ Southern Legislative Conference (SLC), the economic impact of the arts extends far and deep into the region’s communities.\(^3\) The following data from a sampling of the SLC states reveal the extent of this impact. For instance, research released by the Florida Cultural Action and Education Alliances in January 2000 indicated the Florida arts and cultural industry contributed $1.4 billion toward gross state product in 1996/97 while creating 22,237 full-time equivalent jobs.\(^4\) In Georgia, the Metro Atlanta Chamber of Commerce released a PriceWaterhouse study in March 1998 showing that the local arts and cultural community had a direct and indirect impact on the metropolitan Atlanta economy of $700 million and 24,000 jobs in 1997.\(^5\) In Maryland, according to a Maryland Department of Business and Economic Development study issued in June 2000, the state’s arts industry (arts organizations and arts audiences activities) contributed $726 million to the state’s economy in 1999, including $230 million in direct spending on
goods and services by audiences and attendees at arts events; $111 million in direct spending by arts organizations on goods and services; $255 million in total employee income; $27 million in selected annual state and local taxes; and about 11,602 full-time equivalent jobs statewide.6 Finally, in Tennessee, the arts industry employs more than 2,700 people in full-time and part-time positions, annually spends more than $100 million on salaries and other expenses, generates more than $5 million in state and local taxes every year, incurred almost $15 million in capital expenditures in 1998/99 and attracts more than 4 million Tennesseans and tourists each year.7 These figures certainly demonstrate the economic importance of the arts in the SLC states, not only in terms of their pure dollar impact, but also in terms of a number of criteria including jobs created and revenue raised via taxes.

The arts encompass a broad array of disciplines, a factor that further enhances the ripple effect of its economic impact. Some of the disciplines under this broad umbrella include folk arts (methods of building, storytelling); dance (folk, ballet, modern); music (folk, blues, zydeco, jazz, bluegrass, country, classical, ethnic, contemporary); theater performance art (plays, mimes, puppetry); visual arts (drawing, painting, photography, sculpture); crafts (pottery, weaving, basketry, furniture making, quilting); literature; and media (film, video, community radio and television). All these disciplines, together with several others, combine to foster artistic expression, preserve certain historic and cultural traditions, significantly expand the number of people enjoying different artistic endeavors and act as a catalyst for economic growth in neighborhoods and communities across the country.

In recent years, arts-related activities and events in the SLC states have included:

- the acclaimed Palaces of St. Petersburg exhibition in Jackson, Mississippi;
- the well-organized arts district in Houston, Texas, enveloping the Houston Opera, Houston Ballet, Houston Symphony, Alley Theatre, the exquisite art works contained in the Menil Collection and the Museum of Fine Arts with its new Audrey Jones Beck Building, an impressive $85 million expansion effort;
- the American Quilter’s Society show, drawing thousands of visitors and generating millions of dollars in economic activity in Paducah, Kentucky and other Kentucky cities every year;
- the state of Louisiana supporting individual artists through fellowships, folklife apprenticeships, the Louisiana Crafts Program and numerous community artists projects designed to enhance artistic and commercial opportunities for local artists;
- the North Carolina Film Office transforming the state into one of the nation’s leading film producing locales;
- the New Orleans Jazz and Heritage Festival, now in its 31st year, welcoming more than 200,000 people and featuring a veritable pot pouri of musical fare;
- the Red Earth Festival in Oklahoma City, the largest gathering of Native American tribes in the world, with more than 100 northern and southern Native American tribes showcasing dance competitions and arts festivals while pulling in more than 160,000 visitors and millions of dollars in revenue; and
- the annual storytelling festival in Jonesborough, Tennessee, attracting tens of thousands of visitors from around the country and the world while producing a substantial amount in economic activity.
These examples are a sampling of the myriad artistic endeavors that captivate visitors from around the region, country and world and lure them to the different SLC states, creating abundant economic opportunities.

The objective of this Special Series Report is to comprehensively document the manner in which many aspects of the arts help sustain and spur economic growth in the SLC states. In order to meet this objective, the report pivots around the state-specific sections which enumerate some of the artistic ventures recently featured in the SLC states and present economic impact data such as employment figures, personal income (salary, wages, and proprietary income), and government revenue created by the dollars spent in the local economy. Prior to developing the state-specific sections, the report presents several key concepts in formulating a discussion on the economic impact of the arts; features trends associated with state legislative appropriations to arts agencies from a national and SLC perspective; highlights the critical role played by the arts in rejuvenating previously moribund downtown areas; and demonstrates the influence of ‘superstar’ or dominant museums and blockbuster exhibitions in promoting cultural tourism and how this contributes to economic growth.
Economic Impact of the Arts: What Is It All About?

In devising a rationale for greater investment in the arts, policymakers can look beyond the most obvious one, i.e., the need to preserve certain cultural mores, customs and historic traditions. As the National Endowment for the Arts proclaims, “the arts reflect the past, enrich the present, and imagine the future.” Beyond this nostalgia-tinged rationale lies a more worldly and quantifiable one: the sheer force of extensive facts and figures clearly documenting the positive economic impact created by the arts. In essence, an investment in the arts is not a choice for cultural benefits at the expense of economic benefits but the opportunity to foster a certain cultural activity alongside the potential for sizable economic gains. Analysts often make the point that:

“The arts have a positive impact not only on a community’s quality of life, but also on the entire social and business fabric. Arts districts attract business investment, reverse urban decay, revitalize struggling neighborhoods, and draw tourists. Attendance at arts events generates related commerce for hotels, restaurants, parking garages, galleries, and more. Arts organizations themselves are responsible businesses, employers, and consumers.”

Furthermore, several additional benefits are discernible. There is a growing sense that a vibrant arts environment remains essential for a city, region and, eventually, a country to rank high as a world class location. Analysts often assert that the arts can evoke a certain competitive edge to a location and act as a fount of creative energy, as a magnet for corporations considering new locales, and as an effective means of asserting civic, regional or national identity through the quality of cultural life. In fact, as documented anecdotally and by official corporate pronouncements, the social enrichment quality of the arts remains an important ingredient in corporate relocation policies, which provides further evidence buttressing the capacity of the arts to heighten economic growth in communities of all sizes. The influence of the arts on the business community, including its place in decisions about where businesses might choose to invest, where executives might live and work and their role in developing the image and appreciation of particular regions, remains significant.

Insights from a pioneering study conducted by Cwi and Lyall of the economic impact of the arts in Baltimore remains instructive to this day and specifically addresses
the point concerning the role of the arts in business relocation plans.\textsuperscript{10} This study, published in 1977, is considered by many as a benchmark in the economic impact analysis of arts and cultural institutions and dealt directly with the impact of the theater, opera, symphony, dance and the visual arts on Baltimore. Even though the study noted that the arts by themselves are not the solitary determining factor in corporate location decisions, cultural and recreational opportunities are viewed as an important area of concern with firms interested in the total mix of educational and entertainment opportunities available to an employee and his or her family. The study also noted that quality-of-life issues appear to be more important to firms that employ highly trained, salaried and mobile personnel. In fact, the presence of varied and high-quality arts appears to be used as a mark of a community’s level of civility and culture; the presence of these amenities is used to suggest that a community is progressive, resourceful, energetic and concerned about itself. Again, a study conducted by the Joint Economic Committee in Congress inquiring about the characteristics that influenced corporations to expand, move or stay at their present location, ranked cultural attractions seventh among a total of 26 diverse criteria.\textsuperscript{11}

The following quotes from high-ranking corporate and state government officials help further elucidate this point. As noted by Robert Minkhorst, president and CEO, Phillips Consumer Electronics Company, “Atlanta’s international reputation as a visionary business and cultural center was one of the reasons Phillips Consumer Electronics Company relocated our North American headquarters here.”\textsuperscript{12} Similarly, Pete Correll, chairman and CEO, Georgia Pacific Corporation, has commented that “[T]he arts represent a critical aspect in enhancing quality of life and the economy in our region.”\textsuperscript{13} The former executive director of the Mississippi Department of Economic Development stated that “[T]he arts not only enrich our culture, the arts are a valuable component of our economic development. They play a significant part in tourist attraction. The arts bring beauty, creativity and energy to people in our state.”\textsuperscript{14}

The former executive vice president of the Lockheed Martin Corporation stated that “successful businesses do more than simply pass through a community. They have a vested interest in living where the quality of life attracts the very best employees, customers, suppliers and government, academic and civic leaders. It is inconceivable that such a quality can exist where the arts are silent.”\textsuperscript{15} The chairman, president and chief executive officer of the Norfolk Southern Corporation has stated that “the arts, as a means of human expression, transmit culture from one generation to the next. By enriching every aspect of life, the arts contribute to the quality of life in every community.” Finally, the former chairman and chief executive officer of PepsiCo, Inc. noted that “[G]reat art is really a lesson in geography. It transcends artificial barriers. And so does good business. To operate effectively in the world today, a business person is not boxed in by borders, not limited by languages. That is also a primary quality of art, and this is why partnerships between business and the arts work—both for the arts and for business.”

The views expressed by these corporate leaders are ably supported by the enormous financial investment made by corporations toward promoting the arts. According to a summer 1998 study conducted by Roper Starch Worldwide, Inc., based on 938 usable responses, business support for the arts reached an all-time high of $1.16 billion in 1997.\textsuperscript{16} This dollar figure compares very favorably to the $875 million recorded in 1994 and the $22 million secured in 1967. The study also noted that 65 percent of all business support to the arts in 1997 was attributed to small businesses, i.e., those with annual revenues between $1 million and $50 million. These companies represent 96 percent of the American business community, and its sizable financial involvement is a clear indication of the value of the arts to these corporations. While 93 percent of all decision making regarding support of the arts was made by top-level executives, 92 percent of all business investment was allocated to local projects in a company’s headquarters and major operating communities. Finally, 7 percent of this
business allocation to the arts was earmarked for national projects and a mere 1 percent toward international programs.

In elevating the contribution of the arts and culture in contemporary society from a pragmatic, corporate level to a more conceptual level, certain economists have argued that a distinct category entitled “cultural capital” should be added to the list of the three principal forms of capital distinguished in economics. Specifically, David Throsby has proposed that cultural capital should be included alongside physical, human and natural capital.\(^\text{17}\) (Physical capital refers to the stock of real goods such as plant, machines, buildings etc. which contribute to the production of further goods; human capital arises from the embodiment of skills and experience in people—eventually represented in capital stock—that remains every bit as critical as physical capital in overall production efforts; natural capital refers to the stock of renewable and non-renewable resources provided by nature and used in the production cycle.)

In developing his proposal, Throsby maintains that cultural capital should be identified as a distinctly different category since it refers to the stock of cultural value embodied in an asset. This stock may, in turn, give rise to a flow of goods and services over time and could take on both tangible and intangible forms. Tangible cultural stock exists in buildings, structures, sites and locations endowed with cultural significance such as artworks, artifacts, paintings, sculptures and other objects. In effect, these assets lead to a flow of services that may be consumed as private and/or public goods and may contribute to the production of new cultural capital. Examples cited by economist Throsby as tangible cultural stock include a painting by Velasquez, or the Alhambra Palace at Granada, both items that belong to the Spanish people, in particular, and humanity, in general.

In Throsby’s definition, intangible cultural capital includes the set of ideas, practices, beliefs, traditions and values which serve to identify and bind together a distinct group of people. It is possible that this group of people may be determined together with the stock of artwork existing in the public domain as public goods. Even in this instance, this intangible cultural stock gives rise to a flow of goods and services, consumable, once again, as private and/or public goods. Here, Throsby cites an example of an intangible cultural stock from Spanish music. The works of Manuel de Fella required investment in their creation and may deteriorate if not performed. The stock of de Fella’s work facilitates a flow of services valued in both cultural and economic terms; even though these services could be sold as private goods (the price of a ticket to a de Fella performance or the cost of a compact disc), the public-good nature of the services provided by the capital asset means that this service may be reproduced.

A breakdown of the different forms of economic impact yields two main categories: direct and indirect economic impacts. Each time a dollar changes hands, either a direct or indirect economic impact is created. A direct economic impact is a measure of the economic effect of the direct local expenditures of a particular arts-related activity and is generally the first level of economic impact within the community. For instance, when a museum pays its curators and other staff, each staff member’s salary, full-time-equivalent employment status, and taxes paid to the different levels of government are evaluated to measure the direct economic impact. Similarly, the purchase of dance shoes by a ballet company remains an example of a direct expenditure.

An indirect economic impact occurs when an individual or organization locally re-spends money obtained as a consequence of a direct expenditure. This local re-spending on jobs, personal income, purchase of goods and services, and state and local government revenue ripples through a community while creating the indirect economic effect. For instance, when an orchestra purchases a violin stand from a music store, a direct economic impact is created. When the manager of this store pays the janitor’s salary, an indirect economic is created. When the janitor uses part of his salary to pay for
groceries and when the grocery store cashier pays part of the utility bill, additional indirect impacts are created. Until the original dollar value is spent non-locally, when it is deemed to have ‘leaked out,’ the dollar is tabulated as an indirect economic impact.

A discussion of direct and indirect economic impacts often brings up the issue of the multiplier effect. The multiplier effect, also referred to as an economic activity multiplier, involves an estimate of the number of times a dollar changes hands within the community. In estimating this multiplier, a single number is used to multiply the expenditures involved. For instance, if the arts industry in a particular city is estimated to have a direct economic impact of $100,000 and a multiplier of four is used, total economic impact, including indirect, is estimated to be $400,000. Despite the widespread use of the multiplier effect, economists often caution against over reliance on this technique because the multiplier is developed by making gross estimates of the industries within the community. Since it does not allow for differences in the essential features of these industries, the multiplier could result in an overestimation of the economic impact.

In contrast to the economic multiplier approach, experts tout another, relatively inexpensive, method of economic impact analysis—an input-output model. These experts contend that an input-output model reflects a much more accurate count of the number of times a dollar is spent in the local community. This model is based on a matrix that closely follows the dollar flow between a number of pre-determined industries within the community before it leaks out. Using the input-output model, economists can render an accurate estimate of the impact of full-time equivalent jobs, personal income (salary, wages, and entrepreneurial income) alongside tax revenue raised by state and local governments. If a matrix that is sophisticated enough is formulated, the effect of arts organization expenditures such as paying their employees, purchasing supplies, contracting for services, acquiring assets within the local economy—considered direct impacts—and the results of these direct impacts on supporting local jobs, creating personal income and the capacity to purchase goods and services and generating government revenue—considered indirect impacts—combine to produce a precise summary of total economic impact.

In sum, the arts industry contributes to the local economic base primarily in two ways. First, by exporting a major part of its output, the industry brings new net income dollars into the economy. Second, by relying on local firms and local factors of production for its activities, the local arts industry retains dollars within the area. As a result, economic growth occurs because of increased demand for the export of locally-produced arts or by reducing reliance on key ingredients such as fixed capital, current supplies, new materials, labor, etc. from other regions.
The Economic Impact of the Arts: National Trends

According to the final report of an unusually comprehensive three-year study, conducted by Americans for the Arts, that analyzed the economic impact of the arts in 33 local economies across the country, spending by arts organizations generated billions of dollars in personal income and revenue for various levels of government. In addition, the various arts organizations supported more than a million jobs across the United States. Table 1 provides the exact economic impact breakdown.

<table>
<thead>
<tr>
<th>Economic Impact of the U.S. Nonprofit Arts Industry</th>
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<tbody>
<tr>
<td>• Expenditures of nonprofit arts organizations</td>
</tr>
<tr>
<td>• Full-time jobs</td>
</tr>
<tr>
<td>• Personal income</td>
</tr>
<tr>
<td>• Local government revenue</td>
</tr>
<tr>
<td>• State government revenue</td>
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<tr>
<td>• Federal income tax revenue</td>
</tr>
</tbody>
</table>

Source: Americans for the Arts

Another important issue that deserves mention in a discussion of economic impact involves the in-kind contributions to local arts organizations as a result of volunteers. While the above referenced report indicates that tens of thousands of volunteers donate hundreds of thousands of hours every year to the arts organizations, this represented a major source of assistance to these organizations. Even though the contribution of the volunteers, ranging from members of the boards of directors to ushers to stage hands to writers, cannot be categorized as an economic impact in the manner defined in this report, it remains a critical factor. By offering their time, skills and resources, these arts volunteers ensure arts organizations function effectively and efficiently.
Another very important facet raised in this study dealt with the number of jobs across the United States supported by the nonprofit arts industry. Of the 1.3 million full-time equivalent (FTE) jobs created by the nonprofit arts industry, 908,800 were specifically in the arts sector—a direct result of expenditures by the various nonprofit organizations. The remaining 391,200 jobs were created outside the arts industry as a result of the indirect impact of the industry. Of note, the number of jobs generated directly by the arts industry represented nearly 1 percent of all the full-time equivalent positions in the United States. Table 2 provides an indication of the importance of the nonprofit arts sector in overall U.S. employment numbers.

<table>
<thead>
<tr>
<th>Percentage of U.S. Workforce By Industry</th>
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<tbody>
<tr>
<td>• Active duty military</td>
</tr>
<tr>
<td>• Building construction</td>
</tr>
<tr>
<td>• Nonprofit arts</td>
</tr>
<tr>
<td>• Legal services</td>
</tr>
<tr>
<td>• Police and firefighting</td>
</tr>
<tr>
<td>• Mining</td>
</tr>
<tr>
<td>• Motion pictures</td>
</tr>
<tr>
<td>• Advertising</td>
</tr>
<tr>
<td>• Forestry and logging</td>
</tr>
<tr>
<td>• Professional athletes</td>
</tr>
</tbody>
</table>

Source: Americans for the Arts

In the professional categories, based on data maintained by the U.S. Department of Labor and reported in the Americans for the Arts report, the nonprofit arts sector ranks third with just under 1 percent of the total U.S. workforce. This percentage distribution gains even greater significance when viewed against some of the other professions listed in the report. For instance, the percentage of those working in the nonprofit arts sector even exceeded the percentage of police and firefighters in the total U.S. workforce.

More recent employment information is featured in Figure 1 where the employment levels for several selected arts-related/nonprofit industries—museums, botanical and zoological gardens—in the last 10 years are presented. Even though these industries represent a limited number in the gamut of professions, industries and specializations in the arts/nonprofit field, they do indicate the sheer strength of the employment numbers in these three fields.
The Economic Impact of the Arts in the SLC States, page 11

Figure 1 demonstrates the number of employees working in America’s museums, botanical and zoological gardens for the period 1990 to 2000. The most significant trend apparent in Figure 1 is the 45 percent expansion in employment in these employment categories between 1990 and 2000. Specifically, employment in these fields increased from 66,200 in 1990 to 96,000 (annualized) in 2000.

Additional information on the economic impact of the arts is provided in a study released by the National Assembly of Local Arts Agencies, which noted the following: for every $100,000 of local spending by nonprofit arts organizations, an ensuing economic impact of 400 full-time jobs, $90,780 in paid personal income, $3,385 in local government revenue and $4,544 in state government revenue is created. Similarly, the New York State Teachers Association also has documented that in addition to providing nourishment and enjoyment to a diverse society, the arts add directly and indirectly to the economies of these states and cities in the following manner: New York, New York, $9.2 billion; Boston, Massachusetts, $100 million; Cincinnati, Ohio, $102 million; Orange County, California, $269 million; Connecticut, $353.8 million; Massachusetts, $1.2 billion; Wisconsin, $91.8 million; Oregon, $42 million; Colorado, $97 million; and Vermont, $92.2 million.

While the preceding sections describe some key concepts in developing a discussion on the economic impact of the arts and an indication of broad trends, it is appropriate to relate these tenets to a practical, real-life scenario. The following performs this task.

- Beyond Rock and Roll: The Grateful Dead’s Economic Impact on a Local Economy

  While literature on the economic impact of the arts is certainly not voluminous, analysis of the economic impact of popular music remains even scarcer. In this connection, the results of a detailed study conducted by Ricardo C. Gazel and R. Keith Schwer on the economic impact of three Grateful Dead concerts in Las Vegas remain critical and useful points of reference to the many theoretical terms discussed previously. The Grateful Dead, one of rock and roll music’s most legendary bands, with millions of loyal followers spanning several generations, has been performing for decades at numerous locations across the country and around the world. This particular series of concerts, held on consecutive days in Las Vegas in May 1995, had a total paid
attendance of 111,554. (Specifically, the concerts attracted close to 48,000 out-of-town visitors, of which almost 46,000 came exclusively to attend the concerts.) Gazel and Schwer’s method to measure the economic impact of these concerts was an input-output model, a reasonable choice, given the fact that these concerts were not likely to affect prices on a permanent basis—in both the labor and goods markets—in the Las Vegas economy. As noted earlier, the input-output model is considered a more complete method of assessing economic impact trends.

In breaking down their economic impact analysis, Gazel and Schwer recognized both the benefits and negative factors associated with the Grateful Dead performances. On the positive side, they listed expenditures injected into the local economy by the sale of goods and services to non-local concert attendees and the expenditures of local attendees who might have attended a Grateful Dead concert at another location. On the negative side, they listed some of the typical costs associated with dealing with a large concert crowd such as additional police staff time ($134,350), parking and restoration of the grounds outside the stadium ($186,000), cleaning up after the crowd ($33,000). However, Gazel and Schwer indicated that the promoters of the concerts paid the Las Vegas city officials directly for these costs; hence, they did not represent a cost to the local economy.

In assessing the monetary impact of the concerts, Gazel and Schwer presented four components: (1) the expenses (excluding local and state taxes) of out-of-town fans who came to Las Vegas exclusively for the concerts; (2) the tax revenue (sales, hotel, gas, gaming, and other entertainment) secured by the state and local governments as a result of expenditures by concert goers; (3) the cost of coordinating and running the show; and (4) the expenditures local residents would have incurred if they had attended a Grateful Dead concert in another location.

In further probing the monetary impact of the thousands of concert tourists, the authors identified multiple ways in which money was injected into the Las Vegas economy. Specifically, they considered all expenses related to lodging; food and beverages (restaurants and bars outside the stadium); grocery and convenience stores; gas stations; gambling; local transportation (car rental, taxicabs, and city buses); entertainment (shows and sightseeing); shopping; and expenses within the stadium in their calculations. Based on these expenses categories, Gazel and Schwer conservatively estimated that close to $12.5 million (direct spending of about $7 million and additional spending of over $5 million) was created in new income for the local economy. On the other hand, Gazel and Schwer’s more optimistic estimates actually double these values: the estimated direct expenditures exceeded over $9.5 million and the total estimated impact almost equaled $23 million.

Gazel and Schwer’s analysis also reveals interesting trends on the tax revenue impact front. Once again, the study’s authors presented data based on two scenarios: conservative and optimistic. Based on their conservative estimates, the local area received almost $400,000 in local and state taxes directly related to the expenditures incurred by the tourists attending the concert. When the direct and indirect effects of the tax revenue impact efforts are factored in, the conservative estimate is around $600,000. On the optimistic front, the authors estimate a direct impact (net tax revenues) close to $800,000, while the total (direct plus indirect) impact is over $1.1 million.

In addition, the three concerts incurred a slew of operational expenses, including a large amount of support staff (event staff, medical, clean-up, catering) and significant overhead (rent of stadium, telephones, ticket fees). The total impact of operations was estimated to be more than $1.6 million.

Finally, in tabulating the total economic impact of these three Grateful Dead concerts, Gazel and Schwer indicated that the more conservative estimate pointed to
almost $17 million in additional income in the local economy as a result of the concerts; the more optimistic scenario placed the impact at over $28 million. The authors of the study also translated this monetary impact into jobs in estimating that the concerts created between 346 (conservative) and 589 (optimistic) sustained jobs. In addition, they estimated that an additional economic impact of close to $10 million could be expected from future visits from fans who otherwise might not have visited the area.

In conclusion, Gazel and Schwer note: “Clearly, popular artistic events, even when subsidized by local businesses or government, can have a positive net economic impact in the local economy. The net impact depends on the size of the spill-over effects. Furthermore, spill-over effects can mitigate the costs of subsidizing the arts and cultural events, bringing benefits to a local economy.”22
State Legislative Appropriations for the Arts

According to the annual legislative appropriations survey conducted by the National Assembly of State Arts Agencies (NASAA) in fiscal year 2000, the legislative bodies in the 50 states and six special jurisdictions allocated a record $396.5 million to the arts. While this amount was the highest on record, it dwarfs the less than $100 million or so appropriated to the federal National Endowment for the Arts (NEA) by the U.S. Congress for the same period. In addition, the unprecedented amount appropriated for fiscal year 2000 amounts to an increase of more than $26.6 million, or 7.2 percent, compared to the $369.9 appropriated in fiscal year 1999.

New York allocated $50.2 million to the arts in fiscal year 2000 and, once again, as in the previous year, ranked first in terms of sheer dollars. (California, the nation’s most populous state, was second with $47.5 million.) Even after excluding New York and California from overall calculations, given the vastness of their allocations, legislative appropriations in the remaining states and special jurisdictions increased by $19.6 million, or 7 percent, between fiscal years 1999 and 2000. In addition, in the period between fiscal years 1995 and 2000, legislative appropriations to state arts agencies increased by 49 percent, a reflection of how state legislatures are realizing the importance of the arts in stimulating a multiplicity of economic and other positive benefits. Furthermore, while 42 arts agencies secured funding increases, 19 arts agencies experienced a growth of more than 10 percent in their allocations. Nine agencies actually reported an exceptional growth rate of more than 20 percent. Even though 10 arts agencies experienced declines in their allocations in fiscal year 2000, only three of these saw sharp declines, i.e., more than 20 percent.

In exploring the rationale for this noteworthy increase in aggregate spending on the arts, the most obvious factor is the scintillating performance of the national economy. Furthermore, most state budgets have been flush with funds enabling states to embark on ambitious tax cutting programs alongside significant spending increases, a trend that was certainly absent in prior years. In fact, the salubrious economic times have permitted states to collect tax revenues from surging industries, enjoy close to fully-employed work forces, reap substantial stock market gains and, this year, for the first time, secure payments from the $246 billion settlement with the tobacco companies. (It should be
noted that due to the special circumstances of their taxation systems and/or their economies, a few states have been unable to garner the benefits of these booming economic times.) Consequently, state arts agencies have benefitted from the growing fiscal opulence, facilitating the increase in legislative allocations to state arts agencies. In fact, for the fourth consecutive year, funding for state arts agencies outpaced aggregate expenditures by state governments. For instance, in fiscal year 2000, while state government spending increased by 5.5 percent, arts appropriations increased by 7.2 percent.

Despite these gains, state spending on the arts remains a tiny sliver of state budgets. Specifically, in terms of overall spending, legislative appropriations to the arts amounted to only .081 percent of state general fund expenditures; in other words, for every $1,000 spent by the state, only 81 cents was spent on the state art agency. Cumulatively, while total general fund expenditures in the 50 states and special jurisdictions amounted to a colossal $492 billion in fiscal year 2000, as noted earlier, state arts agency allocations amounted to only $396.5 million, a minuscule proportion of total expenditures.

Figure 2 demonstrates how state legislative appropriations have fared between fiscal years 1991 and 2000.

As indicated in Figure 2, legislative appropriations to state arts agencies have risen in seven of the last 10 fiscal years. However, the most significant decline in the last 10 years was experienced between fiscal years 1991 and 1992 when total appropriations declined by $59.1 million, a steep 22 percent. (It should be noted that the fiscal scenarios in states across the country were precarious at this time since the nation was just emerging from the recession of the late 1980s and early 1990s.) Since fiscal year 1996, the last year in which appropriations actually declined, albeit slightly, aggregate appropriations to the arts agencies have increased by $134.2 million, an impressive 51 percent. Similarly, for the decade under review, allocations have expanded from $272.5 million in fiscal year 1991, to $396.4 million in fiscal year 2000. This amounts to an increase of $123.9 million or 45 percent. Finally, per capita spending on the arts by state legislatures rose 8 cents from $1.36 in fiscal year 1999 to $1.44 in fiscal year 2000. In this vein, total appropriations on a per capita basis, for the most recent fiscal year, is 50 cents higher than it was in fiscal year 1994.
In further probing legislative appropriations, it is proper to consider the performance of the SLC states in this connection. Table 3 provides data on legislative appropriations for three years (1998 to 2000) in the SLC states.

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<td>Oklahoma</td>
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<td>Texas</td>
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<td>1.19</td>
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<td>$103,172,089</td>
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<td>U.S. Total</td>
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<td>7.2%</td>
<td>1.44</td>
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Source: National Assembly of State Arts Agencies

As demonstrated in Table 3, the increase in legislative appropriations in fiscal year 2000 in the SLC states was well below the national average, an increase of 0.5 percent in contrast to an increase of 7.2 percent. However, certain SLC states fared better than others. In this connection, North Carolina (28.4 percent), South Carolina (25 percent) and Maryland (23.8 percent) showed the highest percentage increases. On the other hand, Tennessee (-19.1 percent) and Florida (-18.9 percent) were the only two SLC states that actually experienced declines in arts agency appropriations. Florida, the SLC state with the largest dollar allocation at $28.1 million, suffered a steep decline between 1999 and 2000. Nationally, however, Florida, continues to rank very high in dollar appropriations, third, in fact, behind New York and California.

Even in terms of per capita rankings, the SLC state average of $1.09 falls below the national average of $1.44 cents. In this respect, Missouri ranks first among the SLC states and eighth nationally; Maryland ranks second among the SLC states and 10th nationally while Florida ranks third among the SLC states and 11th nationally. At the
other end of the spectrum, Texas, with only 26.74 cents in per capita spending on the arts, ranks last among the SLC states, a ranking it secures nationally as well. (Texas’ fiscal year 2000 appropriation was $5.3 million).

The previous section demonstrates trends related to legislative appropriations to the respective state arts agencies and helps compare these allocations in the different SLC states. While the debate over government support for the arts certainly has been rancorous in the past several years, generally minimal investment in the arts has proven to be a sound strategy since the return on this investment with direct, indirect and induced economic impacts far exceeding the initial outlay.

The SAF’s Role in Southern Arts:
- The Southern Arts Federation (SAF) has been making a positive difference in the arts throughout the South since 1975. SAF programs bring together presenters and managers, artists and audiences, educators and policymakers. Each year SAF programs reach over 17 million people around the globe.

- The unique nature of the South, and the artists and arts organizations that reside in the region, are a significant part of the cultural heritage of our nation. Presenting, promoting, preserving, enhancing and sharing the cultural and historic resources of the South are viable ways to enhance economic development. The arts are a tool to stimulate and support the economy of our region; to create and maintain jobs, increase local tax revenue, expand tourism and convention activity and to improve education and workforce preparation.

- The Southern Arts Federation is available to help identify opportunities to utilize the arts for economic development in our region. Contact the Southern Arts Federation at 404/874-7244. More information about the programs and services of the Southern Arts Federation can be found at www.southarts.org.

- The Southern Legislative Conference of The Council of State Governments and the Southern Arts Federation have enjoyed a close relationship during the past two decades. In addition to staff from the two organizations attending and participating in the other’s annual meetings, SAF has been instrumental in ensuring that the arts remain on the legislative agendas of Southern state legislators.
A detectable pattern that surfaced in the late 1960s and 1970s involved the gradual decline and demise of the downtown areas of cities across the country, including a number in the SLC states. Even though in a former era, the downtown areas of America’s cities hummed with scores of people who lived and worked in the neighborhood and frequented nearby movie theaters, art galleries, concert halls and other performing centers, this scenario underwent changes. As a result of a number of interrelated factors, the downtown sections in a host of America’s cities soon became synonymous with boarded-up buildings and crumbling facades that concealed illegal drug operations, unsafe neighborhoods with shockingly high crime rates, pervasive homelessness, deserted parks and secluded streets, a dwindling number of full-time residents, a rapidly depleting stock of businesses, and dilapidated roads, bridges and transportation systems. Inevitably, the combination of these odious trends resulted in many residents and businesses fleeing the inner cities for the perceived safer, cleaner and newer suburbs with their spacious homes, manicured lawns, sprawling neighborhoods and bustling shopping malls. The aforementioned conditions and the ensuing flight to suburbia further cast an economic pall over inner city neighborhoods, perpetuating the desolation in a vicious cycle of cause and effect.

By the late 1970s, policymakers, businesses and residents alike soon realized the importance of revitalizing these downtown areas in an effort to expand economic growth opportunities. While some cities’ projects were very comprehensive and included more planning and foresight than others, the overall approach was the same: create and foster an environment where residents, businesses, tourists and conventioneers could flourish. In devising strategies to resuscitate these moribund downtown areas, policymakers embarked on two distinct strategies, most often operating in tandem. While the first strategy revolved around the entertainment industry, the second strategy depended on enticing full-time residents to move in and purchase residences in these downtown areas. As noted by the Federal Reserve Bank of Atlanta, “. . . it is difficult for a city to have a successful downtown area without full-time residents.”

The Role of the Arts in Downtown Rejuvenation

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Fortunately, the efforts of cities to revive their downtown areas appear to be quite successful in recent years, and a number of contributory factors can be identified. These include the extremely salutary economic fortunes sweeping the country and the much improved fiscal position of all levels of governments, diminishing crime rates, luring of businesses to downtown areas with attractive benefits packages, and the great reluctance of a number of people to spend inordinate amounts of time commuting to work in the city.

In probing the economic rationale for the revival of downtown areas, the work of prominent urban planner Harvey Perloff remains a useful point of reference. According to Perloff, as we move from the post-industrial era further into the service/technology era, the economic future of the urban center depends on competition for certain service industries: company headquarters and the knowledge/technology services industry; recreation and tourism; arts and cultural services; and health, learning and other personal services. For the reasons stated in the previous paragraph, a number of new manufacturing and technology-based companies, retail and wholesale trade, and even the traditional finance, insurance and real estate companies, increasingly are looking to relocate, and sometimes expand, operations in the heart of metropolitan areas.

While this has resulted in the economic boom of a number of urban centers, an important side effect of this expansion has been its implications for the arts. As noted earlier, a number of corporations do consider the artistic elements of a city in calculating their relocation decisions. Even though the arts scene is certainly not the sole deciding factor, it is nevertheless important. Furthermore, while the economic revival of a city, particularly its downtown area, serves to promote patronage of the arts, the various strands of the arts industry—through direct and indirect economic benefits—serve to enhance economic growth as well. Hence, these two forces engage in a mutually beneficial relationship.

In terms of the link between the downtown revitalization efforts and the arts industry, Perloff notes that the arts institutions and performing arts centers have a clear preference for central-city over suburban locations. Specifically, he notes:

“For many of the arts activities, such as symphony, opera, major theatre, dance, and the like, a central location is an advantage. For visual arts and crafts, the highly unique nature of the individual products recreate many of the “market place” needs which originally contributed to the evolution of urban areas.”

In addition, Perloff makes the point that the importance of the arts for attracting people to large urban centers revolves around the element of cultural variety that inevitably follows. As he states, the arts effectively serve to enhance some of the great advantages of city life, the elements of urbanity, excitement and variety. Specifically, Perloff notes that:

“The arts serve to enhance one of the built-in advantages of the city, that of urbanity. The arts serve to increase the element of excitement and variety which is the key to urbanity. Government and the private sector need to recognize the role of artists as dynamic city builders.”

However, the presence of an active cultural life alone will not suffice to generate economic vitality to the downtown area of a city, but the combination of safe neighborhoods, clean streets, attractive job opportunities, varied housing scenarios, efficient transportation and a number of other factors remain equally significant.
The following sections highlight several efforts to revitalize the downtown areas in a number of key SLC-state cities.

- **Re-energizing the Downtown Area in Houston, Texas**

  By the late 1970s, the downtown area in Houston suffered from many of the ills described. In an effort to reverse this situation, J. Pittman McGehee, the retired Dean of Christ Church Cathedral, and a group of businessmen founded the Downtown Houston Association. The express objective of this group was to improve the quality of life in the downtown community, an objective that continues to be the focus of the Association. Currently, the Association’s members include almost 2,000 corporations, businesses and individuals who share this common goal of working toward the betterment of downtown Houston in conjunction with city officials, project directors and community leaders.

  In formulating a plan to attract residents and businesses back to downtown Houston, the city has embarked on a number of projects, with several involving arts and entertainment to resuscitate the area. Some of these redevelopment projects include:

  - **ENRON Field**: Houston’s new premiere sports facility and home to baseball’s Houston Astros has been touted as a potential magic formula for central-city revitalization. This $265 million construction project includes a retractable roof, a life-size, functioning locomotive steam engine, and a number of other features.

  - **Bayou Place**: Advertised as the epicenter of downtown Houston’s entertainment universe, the Bayou Place will feature a number of formal and informal restaurants, the Angelika Film Center and Cafe and the Aerial Theater, where prominent performers share the marquee with major touring productions.

  - **Cotswold 2000**: This is a three-phase master plan that will by 2002 transform the street scape of 85 blocks of the historic north end of downtown Houston. The project includes sidewalk replacement, addition of trees, diagonal parking, historic street lights, a series of fountains, heightened security and other amenities that will encourage pedestrian activity along with retail and residential development. The entire cost of the project, approximately $39 million, will be secured from additional on-street parking that the project will make available.

  - **The Hobby Center for the Performing Arts**: The $75 million facility is estimated to lure 500,000 patrons to downtown each year, an impressive number indeed with tremendous direct and indirect economic impact potential. The Center will consist of two performance halls with one seating 2,650 patrons and the other 500. It also will include the ‘Theater Under the Stars, the Humphreys School of Musical Theatre and a restaurant for pre-and post-performance dining.

  - **Sesquicentennial Park**: At a cost of over $20 million, this project renovated Sesquicentennial Park and enhanced hiking and biking trails around it. Conceived in recognition of the City of Houston’s 150th birthday in 1986, the park offers a multi-level setting on the banks of the Buffalo Bayou. The second phase of the park, complete with an amphitheater, opened in May 1998.
Transforming the 18th & Vine Jazz District in Kansas City, Missouri

In the 1920s and 1930s, the area around 18th & Vine was the “central business district” for Kansas City’s black community. Shops, theaters, restaurants, hotels and jazz clubs flourished; black professionals rented office space in the district; social clubs thrived; *The Kansas City Call*, the main newspaper for the community, burgeoned. However, in the years leading up to the 1970s, grim economic times fell upon the district as the population moved outward, along with businesses, leaving behind “an often deserted and blighted urban core.”

As in the Houston example, the energy and vision of entrepreneur Horace M. Peterson III resulted in a massive effort to revive the waning 18th & Vine district from an economic and cultural angle. The role played by Emanuel Cleaver II, former Mayor of Kansas City, in this revitalization program remains crucial too. In this connection, Cleaver, “an adroit wooer of federal funds,” committed $24 million in city funds to restore the 18th & Vine area and also amassed another $34 million in federal grants and loan guarantees. Mayor Cleaver also was successful in luring the giant telecommunications company, Sprint, the first major corporate employer to return to the district and establish a call center in the old Lincoln Building (a building once used by black doctors and lawyers). The Sprint International Call Center, opened in 1997, has become a national model of public/private partnership.

The redevelopment effort proposed by the Jazz District Redevelopment Corporation (JDRC) for the 18th & Vine district is a “mixed-use” project designed to recreate, preserve and enhance its historical value and heritage. It also is an effort to restore the district economically and culturally to its heyday during the height of the “Jazz Era.” The project, which is being implemented in three phases, is intended to span 204 residential units and 80,000 square feet of commercial/retail space. The JDRC has initiated a variety of programs and resources for qualified businesses looking to locate their operations in the 18th & Vine district, including technical assistance on operating a business in Kansas City, Missouri, accessing federal tax credits, securing favorable reductions in the initial year of their lease and obtaining capital from a pool established for this purpose. As evident, the entire rejuvenation effort in the 18th & Vine district revolves around the rich jazz history of the district.

Some of the specific components of developing the area to entice residents and businesses involve the following:

- **American Jazz Museum and the Blue Room**: Four major exhibits in the museum celebrate the memory of jazz legends Louis Armstrong, Duke Ellington, Ella Fitzgerald and Kansas City native Charlie Parker. While each exhibit has its own audio listening stations, memorabilia and interactive audio and video capabilities, traveling exhibits featuring other jazz figures also are included. The Blue Room offers live entertainment several times a week and an opportunity for Kansas City’s current jazz musicians to showcase their talent.

- **Negro Leagues Baseball Museum**: The Museum features a $25 million, 10,000 square foot, multi-media exhibit and a 75-seat theatre with ballpark bleachers for viewing a film on the Negro Leagues’ history. While it is the only museum dedicated to preserving the history of Negro League baseball, it is a privately funded, nonprofit organization located in the heart of the 18th & Vine district.

- **Gem Theater**: This venue, which opened as a movie theater in 1912, is currently the main performance venue for the 18th & Vine district. The facade of the Gem—with its stained glass and distinctive neon
marquee—is still intact. The theater seats 500 and features the latest technology in sound, lighting, and acoustical design.

- **Mutual Musicians Foundation (MMF):** The MMF has been the home of Kansas City Jazz and the musicians who developed this particular sound since 1917. It is currently a nonprofit social club for professional musicians and jazz enthusiasts. In the 1930s, the MMF was a musicians’ union and boasted several jazz luminaries among its members. However, after incorporating another musicians’ union into its ranks in the 1970s, the MMF was eventually restructured to function in its current form as a tax-exempt entity.

- **Charlie Parker Memorial Plaza:** The Kansas City Parks and Recreation Department was responsible for creating the new plaza that honors jazz legend Charlie Parker. New sidewalks, new sod landscaping, and new lighting make the plaza another attractive place in the historic jazz district.

- **Basie Court Town Homes and Garden Apartments and Parade Park Co-Op Apartments:** The Basie Court Town Homes and Garden Apartments project is a $7.5 million construction of an 88-unit facility while the Parade Park Co-Op Apartments project is an $8 million renovation of an already existing apartment complex.

- **Commercial/Retail:** In the commercial/retail component of the project, the JDRC seeks tenants to operate restaurants, jazz clubs and a range of neighborhood retail stores.

The Resurgence of Asheville, North Carolina’s Downtown

A number of individual cultural institutions and several lobby displays and free-standing galleries make up the Pack Place Educational Arts and Science Center, the cultural centerpiece of a revitalized downtown Asheville. Even though Asheville’s fame always centered around the Biltmore Estate and Castle and Biltmore Village, the city’s downtown was plagued with a litany of economic woes. Hence, the creation of Pack Place was a major force in bringing about the highly successful resurgence of downtown Asheville in the last several years.

The prime motivator for the construction of the Pack Place complex was the North Carolina Arts Council Commission that decided in 1982 that an operation of this nature would be an effective stimulus for the arts and the local downtown economy. When the classically designed and long-vacant Pack Library and its adjacent theater were donated to the city, efforts were initiated to garner resources to transform the south side of Pack Square as the cultural hub of the city. Consequently, existing arts organizations located in inaccessible basement facilities in other parts of the city were moved to Pack Place concurrent with the construction of a brand new performing arts center in 1992. Pack Place is housed behind historic century-old facades, connected with a contemporary corner-entry structure and beautifully restored areas facilitated by a $15 million fundraising campaign. Of this amount, $9 million was raised in private gifts while the remaining $6 million consisted of public funds. The new Pack Place Education, Arts and Science Center includes the following notable attractions:

- **The Young Men’s Institute (YMI):** The YMI was founded in 1892, when George W. Vanderbilt commissioned the construction of a building similar in architectural style to the Biltmore Castle and Biltmore Village. The YMI was supposed to house a YMCA equivalent for black residents of the then-segregated city. The structure, over a 100 years old now, is listed on the National Register of Historic Places and is
administered by a private board of directors and the city Department of Parks and Recreation. The YMI currently offers exhibits, performances, lectures and other cultural and educational programs.

- **The Asheville Art Museum**: Rated as the premier fine arts museum in western North Carolina, the museum contains a permanent collection of more than 1,500 20th century American works with an emphasis on the Southeast. The museum, which occupies the former Pack Library and the upper floors of the adjacent Legal Building, also features visiting exhibitions from around the nation.

- **The Colburn Gem and Mineral Museum**: Referred to in *The Washington Post* as “a mini-Smithsonian of gems,” even when it operated out of cramped and obscure quarters, the galleries of the Colburn Museum display treasures both from around the world and native to North Carolina.

- **The Health Adventure**: Members of the public and school classes often attend the 11 new and spacious galleries functioning as a medical and health education center within Pack Place.

- **The Diana Wortham Theatre**: A completely modern theatre, the Wortham was designed and built from scratch and contains a 500-seat jewel box of intimate space in the tradition of a European court opera house. Separate, but adjacent, is a large unstructured “black box” performing area called The Forum, which hosts local and visiting performers in theater, dance, music and other creative performing arts.

While the arts, in their multi-faceted forms, have contributed significantly toward developing and implementing downtown revitalization plans, the question of funding continues to be the critical component in these efforts. Regardless of the influence and history of the arts in a particular downtown area, without an adequate funding program, the revitalization effort cannot come to fruition. In this connection, cities can apply for state and local money through a variety of programs and then apply for matching funds from the federal government. Sometimes local funding comes from an additional tax on certain types of expenditures or from the sale of bonds. Finally, cities can seek private-sector and corporate funding to initiate downtown revival programs. However, as the Federal Reserve Bank of Atlanta notes, even though some lessons can be acquired from other cities’ efforts, the revitalization process is very individualized, and the path to success varies from project to project and from city to city.34
Superstar Museums and Blockbuster Exhibitions

In a discussion of the economic impact of the arts, two topics are hugely relevant: superstar museums and blockbuster exhibitions. Superstar museums are exceptional in the vast pantheon of museums scattered across the globe because they house rare and stellar works of art. Bruno S. Frey, an academic at the University of Zurich in Switzerland, in further illustrating this concept of superstar museums, identifies several essential elements in this connection.35

First, superstar museums are a “must” for tourists and are prominently featured in guide books. Some examples include the Hermitage in St. Petersburg, the Louvre in Paris, the Metropolitan Museum of Art in New York, the Smithsonian Institute in Washington, D.C. and the British Museum in London. Second, these museums attract a huge number of visitors. For instance, every year about 4 million people visit the Met in New York and between 7 million and 8 million visit the Louvre in Paris. Third, these superstar museums feature world famous artwork and artists. The best example is Leonardo da Vinci’s Mona Lisa in the Louvre or Michelangelo’s frescos in the Capella Sistina in the Vatican Museum. However, these locations are not just “one-picture shows” and they often contain a range of superlative paintings and artwork that draw legions of visitors each year. Fourth, these superstar museums often are world-renowned architectural wonders. Some examples are I.M. Pei’s pyramid at the entrance to the Louvre, Frank Lloyd Wright’s Guggenheim Museum in New York, Frank Gehry’s Guggenheim Museum in Bilbao, Spain, and Richard Meier’s Getty Center in Los Angeles. Fifth, these superstar museums are commercialized in two important ways—a significant part of their revenue derives from the museum giftshop and restaurant, and they have a significant impact on the local economy with the substantial amount of money, unrelated to the museum, spent by the multitude of visitors and tourists who visit every day. Ideally, a superstar museum will meet all these criteria.

Cities that lack the aforementioned superstar museums have embarked on an interesting pattern of substitution: blockbuster exhibitions. Museums holding less vaunted positions in the ethereal world of art often seek to temporarily “borrow” exhibits, paintings and art work from the superstar museums and create their own blockbuster exhibitions. In an interesting twist to this trend, the Frist Center for the Visual Arts in Nashville, Tennessee, will operate solely as an exhibition center filled
with rotating collections from museums around the world and borrowings from other Nashville institutions and private collections. By adopting this strategy, the Frist Center will avoid the need to collect vast amounts of money for the purchase of expensive artworks and rely purely on the “traveling” collections of better established museums to attract art patrons.

This strategy also is an extremely lucrative one for the superstar museums since it affords them the possibility of generating substantial rental income and frees wall space for other impressive items in their collections. These superstar museums have a significant number of paintings and art work in storage due to a lack of exhibition space. Hence, these blockbuster exhibitions, often centered around a theme, painter or period, have increased in popularity across the country, particularly in the SLC states. In fact, the art world’s proven standbys, such as exhibitions of Impressionism, Egyptian art, Picasso and, most of all, Van Gogh, lured millions of Americans into art museums across the country in recent years, especially in 1999. According to The New York Times, the number of shows in the United States that attract more than 200,000 people has grown from 14 in 1996, to 18 in 1997, to 21 in 1998 to 31 in 1999, an astounding growth rate by any standard.36

Table 4 provides a glimpse at the wave of enthusiasm sweeping the country in America’s desire to experience these blockbuster exhibitions.

<table>
<thead>
<tr>
<th>Blockbuster Exhibitions Drawing More than 300,000 People in 1999</th>
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</thead>
<tbody>
<tr>
<td>Exhibition</td>
</tr>
<tr>
<td>Van Gogh’s Van Gogh</td>
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<tr>
<td>Egyptian Art in the Age of Pyramids</td>
</tr>
<tr>
<td>John Singer Sargent Retrospective</td>
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<tr>
<td>Cezanne to Van Gogh: Dr. Gachet’s Collection</td>
</tr>
<tr>
<td>Louis Comfort Tiffany</td>
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<tr>
<td>Juiiao Sarmento</td>
</tr>
<tr>
<td>Jackson Pollock</td>
</tr>
<tr>
<td>From van Eyck to Breugel</td>
</tr>
<tr>
<td>Picasso: Painter and Sculpture in Clay</td>
</tr>
<tr>
<td>Impressionism from European Museums*</td>
</tr>
</tbody>
</table>


*This exhibition also traveled to the High Museum of Art in Atlanta, the Denver Art Museum, the Albright-Knox Art Gallery in Buffalo and the Portland, Oregon Art Museum.

The economic impact of vast throngs of people attending these types of blockbuster exhibitions remains gigantic. In fact, museums have improved their marketing capabilities, often working with the state/local visitors’ bureau to organize tourist promotions that include hotel packages and events at other cultural attractions. Museums also have been daring in their efforts to satiate the large demand for these exhibitions by extending admission hours and even remaining open throughout the night. Both the Los Angeles County Museum of Art and the Museum of Fine Arts in Boston kept their doors open around the clock in the closing days of the much-acclaimed Van Gogh and John Singer Sargent exhibitions.
As noted earlier, the SLC states have been extremely pro-active in securing a number of blockbuster exhibitions to their museums. Some of the exhibitions featured recently in the SLC states include:

- the Virginia Museum of Art in Richmond’s *Fabergé Exhibition*;
- the Kimbell Art Museum in Fort Worth’s *Matisse and Picasso, Impressionist Masters from the Barnes Collection* and *Monet and the Mediterranean*;
- the North Carolina Museum of Art in Raleigh’s *Monet to Moore: The Millennium Gift of the Sara Lee Corporation*; the High Museum of Art in Atlanta’s *Picasso*;
- the Mississippi Arts Pavilion’s *Palaces of St. Petersburg: A Russian Exhibition* (which attracted 560,000 visitors in 1996, the second highest admission count anywhere on its U.S. tour) and *Splendors of Versailles*;
- the Museum of Fine Arts in Huntsville, Alabama’s *Italian Renaissance* and *A Taste for Splendor: Russian Imperial and European Treasures*; and
- the Museum of Art in New Orleans, Louisiana’s *Degas in New Orleans*.

In addition to the hosting of blockbuster exhibitions in the SLC states, a recent phenomenon is the surge in the building of art museums in a number of SLC states. Table 5 provides some insight into this recent trend.

<table>
<thead>
<tr>
<th>Art Museum Name</th>
<th>Locale</th>
<th>Other Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile Museum of Art</td>
<td>Mobile, Alabama</td>
<td>$15 million expansion; construction has already begun</td>
</tr>
<tr>
<td>Museum of Fine Arts</td>
<td>St. Petersburg, Florida</td>
<td>$8 million expansion in planning</td>
</tr>
<tr>
<td>Tampa Museum of Arts</td>
<td>Tampa, Florida</td>
<td>$45 million new facility</td>
</tr>
<tr>
<td>Norton Museum of Art</td>
<td>Palm Beach, Florida</td>
<td>$20 million expansion</td>
</tr>
<tr>
<td>High Museum of Art</td>
<td>Atlanta, Georgia</td>
<td>$60 million (at least) expansion</td>
</tr>
<tr>
<td>Telfair Museum of Art</td>
<td>Savannah, Georgia</td>
<td>$16 million expansion; awaiting approval</td>
</tr>
<tr>
<td>Ogden Museum of Southern Art</td>
<td>New Orleans, Louisiana</td>
<td>$15 million new facility; opening in 2001</td>
</tr>
<tr>
<td>North Carolina Museum</td>
<td>Raleigh, North Carolina</td>
<td>$60 million new facility; construction starts in 2003</td>
</tr>
<tr>
<td>Nasher Museum of Art</td>
<td>Durham, North Carolina</td>
<td>$15 million new facility at Duke University; construction starts in 2001</td>
</tr>
<tr>
<td>Frist Center for Visual Arts</td>
<td>Nashville, Tennessee</td>
<td>$45 million new facility; opening April 2001</td>
</tr>
<tr>
<td>Cheekwood Museum of Art and Botanical Gardens</td>
<td>Nashville, Tennessee</td>
<td>$18.5 million renovation and expansion; just completed</td>
</tr>
</tbody>
</table>

Table 5 depicts a growing trend in the Southern states, and analysts contend that when one factors in the projected expenses on art museums in several Texas cities (Houston, Dallas, Fort Worth, Austin, Corpus Christi), the South’s current projected expenditures for new buildings easily surpass half a billion dollars. While this post-mid 1990s building boom is not purely a regional phenomenon, the unrelenting strength of the American economy is considered a strong influence in this expansion effort. Demonstrating this national museum building boom in recent years, impressive museums opened in San Francisco and Los Angeles while more openings are scheduled in Seattle with the Experience Music Project (an interactive music museum and shrine to guitar legend Jimi Hendrix funded by software billionaire Paul Allen with the eminent architect Frank Gehry at the helm) and in New York (with the Museum of Modern Art planning an $800 million expansion project and the Guggenheim Museum working on a second location off the waterfront in Lower Manhattan).

In sum, blockbuster exhibitions have gained in popularity across the country as the non-superstar museums continue to realize their value and role in attracting patrons and generating significant revenue flows. Yet, museum directors continue to be challenged to draw an audience for exhibitions that do not have the lure of the Impressionists, Egyptian art or certain types of antiquities, since these art works also possess the ability to command adoring crowds.
The Economic Impact of the Arts in Alabama

The Alabama State Council on the Arts is the statewide organization charged with promoting the state’s cultural resources and serving as liaison between the public and private sectors and residents of the state. The Alabama Council on the Arts was created by Executive Order in 1966 while Legislative Act No. 551 of 1967 actually established the organization. The Council’s mission is “to promote Alabama’s diverse artistic and cultural resources.” Toward this goal, the Council stimulates growth of the arts and their impact in Alabama by working with a broad group of arts organizations, artists, educational institutions, and local communities.

One of the major mechanisms used by Alabama’s state government to promote the arts is annual appropriations. In fact, Alabama’s appropriation for fiscal year 2000 was $4.7 million, an allocation that ranked Alabama 21\(^{st}\) in the national per capita standings. While this was a 3.4 percent increase over the $4.6 million allocated in fiscal year 1999, it amounted to a per capita distribution of $1.09. (In fiscal year 1998, the allocation was $3.9 million.) Interestingly, the corporate community in Alabama, recognizing the economic multiplier effect of arts spending, has responded to the pool of grant-funded projects with more than $12 million in additional support in 1998. As noted in this same report, Winton M. Blount, business leader and major supporter of the arts in Alabama stated, “[B]usiness support of the arts is a matter of enlightened self-interest,” given the propensity of the arts to educate the workforce, revitalize the community, promote cultural tourism, and expand a host of factors that lead to business and economic growth.

Birmingham

A major player in the arts and business nexus is the Birmingham Metropolitan Arts Council (MAC), an organization started in 1986 by a group of prominent area business people, to be the “arts chamber of commerce.” In fact, the MAC is the central arts agency for programs, information and arts advocacy and the clearinghouse for financial support. In 1998, MAC distributed over $2 million, including arts funding from Jefferson County, the city of Birmingham and donations from businesses, to various arts groups and individual artists. Businesses in the area appreciate the convenience and are supportive of MAC handling the actual logistics and administration behind the distribution process.

In computing the economic impact of the arts in Birmingham, the Birmingham Area Chamber of Commerce reports that, based on its 1997 study, Economic Impact of the Arts, 1997, after totaling the annual budgets of the different arts groups ($32.2 million) and adding the other cultural outreach programs, the dollar figure stands at approximately $48.8 million. This dollar figure ranks the area’s arts industry among the major industries in Birmingham. In calculating this impact estimate, 35 arts organizations (such as Alabama Ballet, Performing Arts Center, Alabama Jazz Hall of Fame, Summerfest, etc.), five universities, and numerous other “community resources” (such as Boutwell Auditorium, Sloss Furnaces, Birmingham Zoo, etc.) presented their financial and other information for the 1997 survey. While these different groups were extremely varied in size, structure, facilities, type of activity and a number of other criteria, according to the survey they cumulatively employed over 665 full-time and 609 part-time employees.

Several trends identified in Table 6 are significant. For instance, the annual budgets for the organizations increased from $9.2 million (21 organizations) in 1982 to $32.2 million (35 organizations) in 1997; despite the 67 percent increase in the number of organizations, the annual budgets increased by 250 percent. Similarly, economic impact increased by 209 percent between 1982 and 1997; annual audiences increased by 339 percent; and potential audience spending expanded by an astounding 1,479 percent.

In keeping with the aforementioned trend of blockbuster exhibitions, the Birmingham Museum of Art featured an exhibition of the works of Henri Matisse, a giant of modern art and considered one of the most beloved artists of the 20th century. This exhibition, entitled *Matisse from The Baltimore Museum of Art*, depicted 68 dazzling works spanning paintings, bronze sculptures, drawings and illustrations. While this exhibition marks the largest U.S. tour of Matisse works from The Baltimore Museum of Art’s Cone Collection, for the first time in its history, the Birmingham Museum of Art will be open seven days a week to accommodate the thousands expected to throng the museum. The exhibition’s organizers, sponsors and the city of Birmingham anticipate a substantial economic impact from this renowned collection of modern art.

**Montgomery**

Based on surveys conducted by the Center for Government and Public Affairs at Auburn University between November 1997 and July 1998 for the Montgomery Area Business Committee for the Arts, Inc., the total economic impact of the arts in the Montgomery metropolitan area, including Montgomery, Autauga and Elmore counties, currently exceeds $50 million annually. This $50 million economic impact produced by the area’s arts offerings breaks down in the manner depicted in Figure 3.
As displayed in Figure 3, the $50 million economic impact figure in Montgomery comprises $27.1 million generated in spending by out-of-town patrons; $10.4 million in spending by arts employees; $7.2 million in spending by the industry’s organizations; and $5.8 million created by the spending of arts organizations on local goods and services. Additional statistics based on these economic impact numbers further amplify the valuable role played by the arts industry in fostering economic growth. For instance,

- of the total economic impact of $50 million, an estimated $20.3 million flows into the tri-county (Montgomery, Autauga and Elmore) economy in the form of wages and salaries resulting from local arts offerings;
- this constitutes an eight-fold return on the $6.3 million paid in salaries to arts employees;
- the equivalent of nearly 1,100 full-time jobs exist in the community because of arts spending;
- more than 50,000 volunteer hours are donated to the region’s arts interests each year; and
- forty percent of the industry’s 617,655 annual admissions are free.

Finally, the results from the Montgomery area survey confirm a trend alluded to in this report, i.e., the economic importance of the cultural tourist. This survey revealed that out-of-town patrons represented 42 percent of the audience.
attending arts events in the Montgomery area and traveled solely for the purpose of attending arts events in 85 percent of cases. In addition, these out-of-town patrons indicated that they would return to the area 75 percent of the time and choose to stay in hotels (rather than with friends and relatives) 59 percent of the time. All these signs are indicative of the greater spending power of the cultural tourist, who has the propensity to spend more in the local economy in comparison to regular tourists.

Talladega
Several other Alabama cities also have made efforts to invigorate aspects of their arts sectors to enhance quality of life and promote economic opportunities. For instance, in Talladega, a major revitalization project involved the Ritz Theater. Initially built in 1936, the Ritz is now widely recognized as one of the best surviving examples of America’s main street Art Deco movie palaces of the 1930s. However, over the years, the “derelict downtown syndrome,” referred to earlier, affected downtown Talladega. Fortunately, an effective coalition of public and private interests coalesced to spearhead a drive to renovate the Ritz with an ambitious two-phase plan. The $800,000 renovation effort was completed in 1998, and the Ritz soon featured an adaptation of the Henri Ibsen play Peer Gynt by the National Theater of the Deaf, a performance by the National Symphony Orchestra’s String Quartet and a showing of Heartaches: The Unauthorized Biography of Patsy Cline.43

Huntsville
Another Alabama city that has made a diligent effort to promote the arts is Huntsville. In this connection, the role of the Huntsville Museum of Art, a brand new $7.7 million structure, remains significant. By fall 1998, the museum’s membership had more than doubled, and annual attendance had increased from about 37,000 to about 100,000 in four years. (Museum officials estimate that it would soar to about 150,000 shortly.) While businesses donated $1.8 million toward the building campaign, $3.7 million was raised in private donations to augment the $4 million provided by the city of Huntsville. Among the two dominant ‘blockbuster’ exhibitions featured in the Museum’s new environment were a show of Italian Renaissance paintings and A Taste for Splendor: Russian Imperial and European Treasures.

These examples serve to document the important role attributed to the arts by both public and private entities and policymakers in serving as a catalyst for economic growth and expansion.
The Economic Impact of the Arts in Arkansas

The Department of Arkansas Heritage is the statewide agency responsible for coordinating a range of activities related “to protecting the places and remembering the people who brought us to where we are today.” The department is made up of six divisions, each with its special responsibilities including the Arkansas Arts Council, Arkansas Historic Preservation Program, Arkansas Natural Heritage Commission, Arkansas Territorial Restoration, Delta Cultural Center and the Old State House Museum.

Of these six divisions, the Arkansas Arts Council and the Delta Cultural Center remain central to arts promotion and development in the state from the Ozarks to the Delta. The Council is dedicated to advancing the visual and performing arts for the benefit of all state residents and accomplishes this goal by providing grants to the state’s art museums, arts council and individual artists; offering technical assistance through the presentation of workshops, seminars and management consulting; and providing information on hundreds of Arkansas’ visual artists. The Center offers a variety of exhibits dedicated to the arts and architecture of the Arkansas Delta.

With regard to Arkansas’ legislative appropriations for the arts, there have been some increases between 1998 and 2000, with a 14.8 percent increase occurring during the 1999 to 2000 period. Specifically, the legislative allocation increased marginally from $1.32 million in 1998 to $1.33 million in 1999 and jumped to $1.52 million in 2000. The 2000 allocation ensured a per capita distribution of 60 cents and a national ranking of 42nd in the per capita ranking scale.

In its fiscal year 2000 grants, the National Endowment for the Arts awarded three grants totaling $434,200 to Arkansas. The Arkansas Arts Council received $421,700 in partnership funds; the Arkansas Symphony Orchestra received $7,500 to support “Music in Our Town,” an outreach project for the city of North Little Rock; and the Hot Springs Documentary Film Institute received $5,000 to support educational activities during the 2000 Hot Springs Documentary Film Festival.

According to the Arkansas Arts Council, the city of Little Rock has embarked on a downtown revitalization program utilizing the arts as a catalyst. A former warehouse district, just east of downtown Little Rock, has been converted into a ‘River Market District’ with successful restaurants, shops, art galleries, library and museum. A major player in this revitalization effort was the Kramer Arts Cooperative, the state’s first artist live/work space, housed in a now-renovated 1889 building. The presence of the future Clinton Presidential Library also is expected to generate economic benefits to Little Rock.
The Economic Impact of the Arts in Florida

The Florida Arts Council, the agency that serves as the pivot for the numerous local arts agencies scattered throughout the state, is a 15-member advisory body appointed by the secretary of state. The Florida Arts Council specifically operates under the aegis of the Division of Cultural Affairs, one of nine divisions functioning under the control of the secretary of state. Members of this advisory body, who serve without pay and meet at quarterly intervals at locations around the state, are appointed to four-year terms. Their responsibilities include making recommendations for cultural grant funding to the secretary of state, encouraging the statewide development of culture, and advising the secretary of state on matters related to Florida culture.

Florida ranks as the SLC state with the highest legislative allocation to its arts agency in fiscal year 2000, an impressive $28.1 million. Even nationally, in fiscal year 2000, Florida’s per capita arts allocation ranking, 11th in the country, was high. As a result of this financial commitment by Florida, there has been increasing attention directed toward the economic impact of the arts in the state. Consequently, the different government jurisdictions in Florida, both state and local, continue to produce a regular series of economic impact studies. These studies emphasize the valuable role played by the arts in economic growth and reinforces the need for continued public support and participation in the promotion of the arts.

An interesting recent development with regard to Florida state policy and the arts involves “Connexiones Culturales: Florida Department of State’s 1999 Mexico Cultural Initiative.” With the passage of the North American Free Trade Agreement (NAFTA) in 1994, the 11 states bordering the Gulf of Mexico, five in the United State and six in Mexico, formed the Gulf of Mexico Accord in 1995. While the dominant factor driving the Accord is economic expansion, the state governments and the private sector in the relevant states on both sides of the border have included social development of the communities, specifically scientific and cultural enrichment, as priorities. In this connection, in July 1999, Florida Secretary of State Katherine Harris led a delegation of 30 participants to Mexico with the goal of developing international cultural exchange. The members of the delegation were chosen because of their desire to initiate specific cultural exchange programs with Mexico and because of their proven organizational abilities to do so. As a result of this visit, a series of cultural initiatives in the areas of museum exhibitions, artists residencies, handicrafts and folk art, exchanges in the fields of cinematography, cultural projects between the children of Mexico and Florida via the Internet and children’s museums, collaboration in sub-aquatic archaeology, interaction between the Miami City Ballet and the Compania Nacional de Danza, have either begun or are in varying stages of development.45

The most recent state-wide economic impact study from Florida was released in January 2000, and this report updated similar studies conducted in 1989 and 1993.46 Both the basic data and a majority of the funding for the latest study came from the Florida Department of State’s Division of Cultural Affairs, the agency with jurisdiction over the Florida Arts Council. According to this study:

- Nonprofit organizations, universities and colleges that make up the Florida arts and cultural industry spent a total of $738.1 million in 1996/97. When ripple or multiplier effects are included, the Florida arts and cultural industry contributed $1.4 billion toward the state’s gross state product, generated $393.1 million in income (mostly payroll) and created 22,237 full-time equivalent jobs;
Of this $738.1 million, approximately $616.7 million (about 84 percent), was spent by nonprofit arts and cultural organizations, while the remaining $121.4 million (16 percent) was expended by college and university fine arts departments and schools. (While performing arts organizations, galleries, museums, and non-arts cultural organizations—such as zoological gardens, science museums—account for about 70 percent of the nonprofit sector, cultural service organizations and government programs account for the remaining 30 percent);

The data listed previously is represented graphically in Figure 4.

Performing arts organizations enjoy the largest budgets of the numerous nonprofit outfits in Florida, totaling $215.5 million, while galleries and museums were next with $134.0 million in total;

Large arts and cultural organizations—those with more than 10 full-time-equivalent employees—spent $382 million during the survey period, accounting for more than 75 percent of the expenditures in the industry;

Forty-seven million tourists visited Florida in 1997 and spent $14.1 billion. These tourists added $26.9 billion to the state’s gross state product and created 309,000 full-time equivalent jobs with a payroll of $8.3 billion. More than one in six tourists (about 18 percent) visiting the state during this period reported that they enjoyed the arts and cultural programs offered. (It should be noted that the latter percentage excluded the commercial entertainment available in locales such as Disney World);
Once again, confirming a phenomenon documented earlier on in this report, the economic impact of cultural tourists proved to be larger than regular, i.e., non-cultural, tourists. While cultural tourists spent $2.9 billion in 1997, this spending created $5.6 billion in gross state product, more than 64,000 jobs and $1.7 billion in wages. In addition, these cultural tourists spent an average of $348.84 each while visiting Florida in comparison to $291.16 spent by other individual tourists;

Income earned via admissions, subscriptions, and fees for contractual services accounted for almost 49 percent of the budgets of arts and cultural organizations. The remaining portion of the organizations’ budgets was generated from grants and contributions;

Individual contributions exceeded total contributions from corporations and foundations, and private funding exceeded funding from government sources. Specifically, almost 72 percent of the revenue of the smallest organizations, i.e. volunteer organizations, was earned with less than 30 percent secured from private contributions and government grants. Medium-sized organizations earned more than 50 percent of their revenue, while the largest organizations were the most successful in garnering private contributions because of relatively strong corporate support.

Data included in the preceding two bullets are clarified in Table 7, further documenting the income revenues of nonprofit arts and cultural organizations by size in 1997 in Florida.

<table>
<thead>
<tr>
<th>Income Streams of Florida’s Nonprofit Arts and Cultural Organizations by Organization Size (millions of dollars and percentage breakdown)</th>
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</thead>
<tbody>
<tr>
<td><strong>Volunteer</strong></td>
</tr>
<tr>
<td>Total Income</td>
</tr>
<tr>
<td>Earned Income</td>
</tr>
<tr>
<td>Private Contributions</td>
</tr>
<tr>
<td>Government Grants</td>
</tr>
</tbody>
</table>

Source: The Economic Impact of the Florida Arts and Cultural Industry, January 2000
Note: Earned income includes admissions, contracted services and other revenue. Private contributions include grants from corporations, foundations and individuals. Government grants include allocations from federal, state and local governments. Percentages may exceed 100% due to rounding.

While the statewide data for the economic impact of the arts in Florida remain valuable, a number of cities and metropolitan areas in the state also track this issue and compute the impact in their respective jurisdictions. The following sections highlight this information.

**Duval County (Jacksonville)**

A study conducted by the Cultural Council of Greater Jacksonville, with the cooperation of Jacksonville University’s Graduate School of Business, indicated that the area’s nonprofit cultural industry supports jobs and stimulates the local economy in very measurable ways.47 This study, performed in 1994, indicated that the
operating and capital expenditures of the 23 participating organizations totaled $32 million. (These participating organizations ranged from the Amelia Community Theater to the Duval Beaches Fine Arts Guild to the St. Johns River City Band.) In addition, the arts brought in $4.5 million to the city from state and federal grants during this period. Cumulatively, the overall economic impact from capital expenditures, when applying a conservative multiplier of 2 to the total, is an estimated $64 million.

Alongside this overall economic impact in Jacksonville, the study also reported that area nonprofit cultural organizations created 369 full-time jobs and 542 part-time and contracted jobs in 1994. In terms of the total employment impact, the study notes the creation of 730 full-time jobs with a payroll of $9.5 million. Once again, using the conservative 2 multiplier, the impact on the Jacksonville community from payroll alone was $18.9 million.

Another trend reported in the study deals with the burgeoning audience attendance figures, reiterating the community’s great interest in a vibrant cultural scene. In 1994, attendance at these various cultural functions reached an all-time high of 3.2 million, increasing from 2.9 million in 1992 and 2.4 million in 1992.

From the recently constructed Jacksonville Times-Union Performing Arts Center to the Jacksonville Symphony Orchestra, the community’s efforts have been directed toward expanding cultural opportunities and fostering economic growth in the area.

**Dade County (Miami)**

A study initiated by the Metropolitan Dade County Cultural Affairs Council and conducted by the Department of Economics at Florida International University revealed that in fiscal year 1994/95, an annual investment of $186 million in cultural spending produced an economic impact of $329 million. While this represented a 64 percent increase in the economic impact of cultural spending over the $201 million reported in 1991/92, it confirms the vitality and dominance of the nonprofit cultural industry in Dade County. These economic impacts sprang from employment, business activity generated by arts organizations, financial flows from festivals and other special events, capital expenditures on cultural facilities, and from the conservatively assessed value of voluntary services.

According to the study, the operating budgets of the 98 participating nonprofit cultural organizations stood at $128.3 million; the ensuing economic impact of these budgets was just slightly more than $250 million. Similarly, the study also documented 42 participating festivals and special events with a cumulative operating budget of $22.1 million. From the latter, an economic impact of $43.2 million was extracted. Hence, in total, the 140 cultural organizations and festivals injected a whopping $293.4 million in economic impact on the local economy in the year under review.

In terms of employment generation, the numbers were impressive as well. Specifically, there were 4,367 employees in Dade County-based cultural and arts organizations ranging from the Bass Museum of Art to the Florida Dance Association to the Miami Chamber Orchestra. This comprised 1,623 full-time and 2,744 part-time employees who earned a combined income of $52.3 million. The Dade County arts and cultural organizations also were fortunate to secure the services of 4,506 volunteers who contributed 286,261 hours during the review period; this amounted to $2.3 million in donated services. The study also noted that some 34,000 other jobs were produced as a result of this cultural work force. All these facets combined in a ripple effect to create a workforce impact of $104.3 million.
Audience attendance remains another highpoint of the Dade County arts and cultural scene and the study projected that some 3.5 million people attended the numerous activities in fiscal year 1994/95. This amounted to an increase of 600,000 from the 2.9 million people that were estimated in the previous economic study of the area in 1991/92. Additionally, it should be noted that attendance at the festivals and special events totaled an astounding 5.2 million in 1994/95.

While the keen interest of the Dade County community to patronize the many cultural and arts attractions in the area remains unquestioned, various arts officials have embarked on numerous capital expenditures to continuously improve and refine the area’s cultural fare. For instance, in recent years, the magnificent Dade County Performing Arts Center, a $139 million building project designed by the highly-acclaimed architect Cesar Pelli, a new performing arts facility at Florida International University and a range of festivals and special events such as the Actors’ Playhouse at the Miracle Theatre in Coral Gables, the Museum of Contemporary Art in North Miami, the Dade County Youth and Fair and Exposition, all have been attempts to achieve this goal of self-improvement. In facilitating these capital expenditures, Dade County relies on several sources for capital. Figure 5 delineates these sources.

Another interesting development with important economic impact potential involves Art Basel, the giant contemporary art event held each June in the Swiss city of the same name. The organizers of Art Basel are taking their show on the road to Miami Beach, and they recently signed a multi-year contract with local officials and the Miami Beach Convention Center. While about 100-150 dealers are expected to participate in the Miami Beach fair every December, the organizers hope to attract exhibitors and collectors from all over the United States as well as Latin America and Europe. This event is expected to generate substantial economic benefits for the Miami area with the anticipated crowds scheduled to attend the event.
Sarasota County (Sarasota)

In March 1993, the Sarasota County Arts Council released the results of a study assessing the economic impact of the arts in Sarasota County. The approach of this study was unique in that it estimated the size and effects of both the nonprofit arts organizations and the for-profit arts businesses in the area. In approaching this issue, conceptually, the study viewed the area arts industry as a pyramid consisting of three interrelated levels. Level One contains businesses, groups and individuals, both creative and non-creative, involved in the creative process such as opera, actors, singers; Level Two consists of businesses concerned with art display and art instruction, but not art production such as art museums, music schools, botanical gardens; and Level Three includes businesses that manufacture or distribute art materials, such as art supplies stores and art and antique restorers.

Based on these categories, the arts industry pyramid in Sarasota County included 697 businesses, or 7.5 percent of all business entities in the county. These arts businesses generated jobs for 3,873 employees, payrolls of $66.1 million, and sales revenues of $192.7 million. Subsequent spending by arts businesses created secondary economic impacts of 2,601 new jobs, $54.0 million in additional payrolls, and increased sales revenues by $179 million. While the arts industry attracted 74,000 tourists to the Sarasota area, it produced an additional 1,314 new jobs, $20.2 million in payrolls, $64.0 million in increased sales revenues. Ancillary spending by arts patrons also was significant and resulted in 860 new jobs, $5.7 million in payrolls and $18.9 million in sales revenues. Cumulatively, the arts industry contributed to Sarasota’s economic base in the following manner:

- Jobs for 8,657 employees;
- Annual payrolls of $140.0 million; and
- Sales revenues of $454.6 million

The study also touts several other features which exemplify the unique nature of the arts industry in Sarasota County. For instance, Sarasota has the highest concentration ratio (3.75) of performing arts of all Florida counties; a fact that implies that the arts in Sarasota are almost four times as important to the local economic base than the Florida average. Sarasota County households have the fifth highest level of cultural/arts attendance for all counties in the United States. Finally, the city of Sarasota has a greater per capita concentration of commercial art galleries than any other Florida city. These factors influence the need for the arts industry in Sarasota County to keep growing (12.5 per cent per annum between 1978 and 1991) so that the area’s overall economy maintains impressive growth rates.

Individual contributions remain the most important source of income for arts in the Sarasota area. Specifically, 81 percent of all private support to Sarasota nonprofit organizations were individual contributions in contrast to the Florida average of 66 percent. On the other hand, businesses provided only 7 percent of all private support for nonprofit arts organizations in comparison to the Florida average of 24 percent. Finally, government support provides almost 15 percent of the average Sarasota nonprofit arts organization budget in contrast to the Florida average of almost 19 percent.

Hillsborough and Pinellas Counties (Tampa Bay)

The Tampa Bay Business Committee for the Arts and Deloitte & Touche, LLP, released “Dollars and Sense: The Economic Impact of the Arts on Tampa Bay” in 1995. The goal of this study was to heighten awareness in the business and cultural communities of the relationship of the arts to the economy and the community. To this end, the study developed an overview of the arts and cultural organizations by quantifying and describing the economic and social impacts of these institutions.
In 1995, arts and cultural organizations created a total sales economic impact of $232.2 million in Tampa Bay. Figure 6 demonstrates the breakdown of this impact.

Alongside this impressive $232.2 million total sales economic impact, several additional impacts may be identified. For instance, this sales impact supported an estimated 5,174 full-time equivalent jobs with a payroll of more than $90 million. Arts and cultural organizations in the Tampa Bay area experienced in 1995 approximately 4.1 million visits consisting of approximately 2.8 million paid admissions, 1.3 million unpaid admissions with 541,000 of the latter consisting of children’s admissions. While the participants of this particular study represented both Hillsborough and Pinellas Counties, they included such diverse entities as the Master Chorale of Tampa Bay and the Tampa Bay Symphony.

### Palm Beach County (West Palm Beach)

In August 1995, the Palm Beach County Cultural Council published “Update on the Economic Impact of Cultural Organizations on Palm Beach County 1994.” The report is based on an analysis of updated financial data provided by 37 major cultural organizations to the Palm Beach County Cultural Council as part of its grant applications process. The report also included an analysis of 820 survey questionnaires filled out by out-of-state tourists to Palm Beach County.

The arts and culture industry in Palm Beach County remains a vital component of the area economy and has experienced strong growth in recent years. Expenditures in the nonprofit, cultural tourism sector and public education arts programs stood at an impressive $403.3 million in 1994/95. Similarly, the total economic impact of these same three sectors expanded to $766.7 million in 1994/95, proving that cultural attractions were definitely one of Palm Beach County’s growth industries during the review period. However, it should be noted that the latter figure might be viewed as an overstatement since cultural tourists might be expected to
attend other events if the cultural industry did not exist in Palm Beach County. If it is assumed that these cultural tourists would come to the county even if there were no cultural programs, the economic impact would decline from $766.7 million to $199.8 million. Hence, it is probably safe to say that the total economic impact of the cultural industry ranges between these two figures.

On the employment front, the results of the study are equally compelling. During the review period, nonprofit organizations were estimated to have created 2,253 jobs; cultural tourism created 11,123 jobs; and the public education arts programs created 1,667 jobs. Cumulatively, these sectors accounted for 15,043 jobs.

Table 8 summarizes these figures in terms of the economic impact of cultural organizations in Palm Beach County in 1994.

<table>
<thead>
<tr>
<th>Impact Source</th>
<th>Direct Expenditures</th>
<th>Total Economic Impact</th>
<th>Number of Jobs Created</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonprofit Organizations</td>
<td>$60.4 million</td>
<td>$114.8 million</td>
<td>2,253</td>
</tr>
<tr>
<td>Cultural Tourism</td>
<td>$298.2 million</td>
<td>$566.9 million</td>
<td>11,123</td>
</tr>
<tr>
<td>Public Education Arts</td>
<td>$44.7 million</td>
<td>$85 million</td>
<td>1,667</td>
</tr>
<tr>
<td>Total</td>
<td>$403.3 million</td>
<td>$766.7 million</td>
<td>15,043</td>
</tr>
</tbody>
</table>

Source: “Update on the Economic Impact of Cultural Organizations on Palm Beach County 1994,” Palm Beach County Cultural Council, August 1995

A facet that is quickly evident is that culture in Palm Beach County has a close relationship to the state’s number one industry: tourism. There is evidence that seasonal visitors are among the most active local culture consumers. For instance, the Norton Museum of Art in Palm Beach County reports that fully 27 percent of memberships are seasonal visitors, who stay in the area for less than six months.
Finally, another development with important economic impact potential involves the International Art and Antique Fair, held every February in Palm Beach. This is another reason why Florida is rapidly gaining an international reputation as a hotbed of art and antique fairs.

**Broward County (Fort Lauderdale)**

In 1995, Florida Atlantic University and Florida International University jointly published “An Assessment of the Economic Impact of Cultural Activities in Broward County.” According to this study, a survey of 23 cultural organizations in the county ranging from the Florida Philharmonic Orchestra to the Hollywood Playhouse to the Broward County Film Society, the total impact on Broward County’s economy from the arts was $140 million. This dollar value was reached by applying the conservative multiplier of 2.1476 to the $65 million operating budgets for the aforementioned 23 cultural organizations.

On the capital expenditure front, a total of $6 million was reported during this period, including building improvements and permanent and new facility construction. This resulted in an economic impact of $13 million. With regard to employment and payroll generation, the results were formidable as well. Specifically, cultural organizations employed 820 full-time employees and 1,350 part-time employees for a total of 2,170 employees in Broward County. The gross payroll of $26 million facilitated a total economic impact of $55.8 million. Even with regard to volunteers, more than 2,900 volunteers contributed to the area’s cultural life. Some 2,925 volunteers donated nearly 170,000 hours, the equivalent of 82 full-time positions, totaling $1.2 million in donated services. Approximately 2.46 million residents attended 4,200 cultural events in Broward County during the review period.

In breaking down the county’s cultural income several interesting factors emerge. For instance, earned income amounts to 49 percent of total income while individual contributions (24 percent); corporate donation (10 percent); donations from foundations (8 percent); local government grants (6 percent); and state government grants (3 percent) provided the remainder of income in that particular order. This breakdown is reflected in Figure 7.

![Broward County Cultural Income Breakdown by Percent](figure7.png)
These trends and the wealth of economic impact information from around the state of Florida reinforce the fact that the arts and cultural organizations play a huge role in the economic affairs of the state. State policymakers are well aware of this role, a fact underscored by the sizable allocations to the state’s arts agencies annually.
The Economic Impact of the Arts in Georgia

Established by the Georgia General Assembly in 1968, the Georgia Council for the Arts is the major state-wide agency mandated to promote and encourage the arts. Twenty-six Advisory Council members, all appointed by the governor, with two members selected from each of the state’s 11 congressional districts and four members appointed at large, direct the efforts of the Council. In a shift from some of the other SLC states, the Georgia Council for the Arts is a unit within the Office of Planning and Budget, and consequently, the governor’s Advisory Council appointments do not need approval by the General Assembly.

Notwithstanding the role of the Council, several other county and local government jurisdictions, especially in the metropolitan Atlanta area, operate organizations that promote the arts in their respective areas. Two such examples are the Fulton County Arts Council and the City of Atlanta’s Bureau of Cultural Affairs.

In terms of Georgia’s annual legislative appropriations for the arts, the past three years have witnessed slight increases, with the allocation increasing from $4.5 million in 1998 to $4.6 million in 1999 and $4.7 million in 2000. In fiscal year 2000, this allocation amounted to a per capita distribution of 61 cents and a ranking of 41st on the national per capita ranking scale.

Even though a statewide study on the economic impact of the arts has not been conducted, there have been fairly exhaustive studies of the impact of the arts in the greater Atlanta area. In 1992, the Metro Atlanta Chamber of Commerce released its “Economic Impact Study of the Nonprofit Arts and Cultural Organizations in Greater Atlanta,” which exemplified the substantial financial impact and contribution of the nonprofit arts and cultural organizations on the economy of greater Atlanta. Then, in March 1998, in the midst of a national debate on government funding of the arts, the Metro Atlanta Chamber of Commerce and the Arts and Business Council of Atlanta released another study on the topic.

This particular report was compiled utilizing the expertise of PriceWaterhouse, LLP, Atlanta Group, which examined the financial and operating performance of 102 participating nonprofit arts and cultural organizations in the five-county metro Atlanta area (Clayton, Cobb, DeKalb, Fulton and Gwinnett). The rationale for limiting the study to these five counties, given the fact that metro Atlanta encompasses a number of additional counties, was that the arts and cultural organizations continued to be concentrated in these five counties. While the participating 102 organizations emerged from 11 broad categories (from dance to music to theater to visual arts), they included such diverse groups as the Atlanta Ballet, Fernbank Science Center, Jimmy Carter Presidential Library, public radio and companion television station WABE/WPBA, Gwinnett Council for the Arts, DeKalb Symphony Orchestra, Spivey Hall, Kennesaw Civil War Museum, National Black Arts Festival, Jewish Theatre of the South and High Museum of Art.

How influential is the arts community on the Atlanta economy? As noted in the study, in 1997, the local arts and cultural community had a direct and indirect impact on the metro Atlanta economy of $700 million and over 24,000 jobs. This total economic impact indicates the economic activity produced by the arts and cultural organizations’ daily operations, capital improvements spending and ancillary audience spending. Table 9 presents this information graphically.
The $368 million in operations spending included both direct and indirect impacts, with the latter being calculated using a multiplier of 2.49. With regard to the $287 million ancillary audience spending, the indirect impact was computed using a conservative ancillary spending estimate ($16.65 per patron), a multiplier (1.99) and the number of admissions to all the arts and cultural events (8.6 million). Capital improvements, such as building new facilities and improving and expanding existing facilities, resulted in direct and indirect impacts with the indirect impact being computed using a multiplier of 2.07.

Gains on the employment front are another important benefit of the arts and cultural organizations in the Atlanta area. In calculating the employment gains, the study broke it down by the impact categories listed earlier. This information is contained in Table 10.

The more than 24,000 jobs created by way of the arts and cultural organizations solidify the investment made in the arts area. In fact, according to the mathematical model used in the study, every new 100 jobs created by a local arts/cultural entity, either through the expansion of an existing operation’s workforce or the establishment of a new arts organizations, necessitates the need for 119 additional workers in other industries in the region. These trends indicate the important role played by the arts in propelling Atlanta to the top of American cities in terms of employment generation. In addition, arts and cultural organizations ranked seventh highest in terms of non-government employers in the Atlanta area in 1997, behind companies such as Delta Air Lines, BellSouth, AT&T, Lockheed Martin, Kroger and Bank of America but ahead of Columbia/HCA, SunTrust Bank, United Parcel Service, IBM, Coca-Cola, Turner Broadcasting System, Georgia-Pacific and General Motors.
The Metro Atlanta study also reported on the income status of the participating cultural and arts organizations. In 1997, these 102 participants reported a total of $156.5 million, a 9 percent increase over the amount reported in 1996 and well over the $110.8 million reported by the 160 participants included in the 1992 study. Income is separated into three categories in the study, government contributions, private contributions and earned income and the distribution is represented in Figure 8.

As indicated, a bulk of the arts organizations’ operating income—about 55 percent—was earned, i.e., revenue generated from admissions, classes, workshops, sponsor fees, membership dues, facility rentals, concessions, souvenirs and investment income. Private sector contributions amounted to 33 percent of total revenue and government contributions amounted to only 12 percent, the lowest contribution category. In the latter category, only 12 cents of every dollar of the $18.9 million operating income represented government support, the bulk of it local government support. Of note, in 1997, the arts organizations also secured $6.8 million of in-kind contributions and amassed $230 million in endowment funds.

Several other statistics highlight the importance of the arts organizations to the Metro Atlanta area. For instance, in 1997, the arts and cultural community provided over 58,000 events, an average of 160 per day. Also, about 8.7 million visits to arts and cultural opportunities were reported by the participants, ahead of such attractions as Stone Mountain Park, the Atlanta Braves and World of Coca-Cola. (About 4.5 million of these visits were free admissions.)

A major player in the Atlanta arts scene is the Woodruff Arts Center, which is on the verge of a major redesign program under the direction of the internationally-famed architect Renzo Piano for its High Museum of Art. For the past several years, the High Museum of Art has been working on a strategic plan for a major expansion, especially since its space has not kept up with its growth. (The existing
High Museum is the 53rd smallest museum in the country.) The Woodruff Arts Center also includes the Alliance Theatre ($9.4 million budget); Atlanta Symphony Orchestra ($23 million budget); and Atlanta College of Art. In its own right, the Atlanta Symphony Orchestra has embarked on an endowment building campaign and has currently collected close to its $40 million target. Home Depot Chairman Arthur Blank’s $15 million donation for the construction of a new hall for the Atlanta Symphony Orchestra remains important here.

Furthermore, in September 2000, the Woodruff Arts Center Board authorized the High Museum to proceed on what is thought to be the largest non-academic fund-raising campaign in Georgia’s history; the High Museum’s intent to raise more than $100 million to expand the museum, increase its endowment and enhance its acquisitions of art. (Significantly, just over $60 million already has been raised toward this effort). High Museum officials note that these funds were raised from museum board members and a few bequests and that the next step in this fund-raising pitch is to approach foundations and major donors before launching a public campaign in 2002. The financial success of the High Museum is attributed to several factors: the growth of its current endowment to $100 million, the five blockbuster exhibitions conducted since the 1996 Atlanta Olympics and the impressive expansion in its membership cadres. (The High’s membership rolls currently rank it as the seventh largest of any museum in the United States).

Bolstered by these forceful economic results, the arts continue to flourish throughout the state with the greater Atlanta area leading the way. F. Duane Ackerman, chairman and chief executive officer, BellSouth Corporation, stated it best: “We support the arts in Atlanta because it is important that all of our citizens experience the great resource of cultural experiences that are offered by the arts and cultural groups of our city.”

In addition to the Atlanta arts scene, another Georgia city, albeit a much smaller one, Tifton, has been receiving a great degree of prominence nationally as an arts center by attracting chamber music virtuosos, acclaimed sculptors, muralists, and even a national ballet company. The attraction of these assorted cultural groups is due in large measure to the Abraham Baldwin College Arts Station (ABAC) in Tifton, which soon will play host to the National Ballet of Caracas, the renowned Venezuelan dance troupe. It also has hosted the acclaimed Julliard School of Music chamber musicians. The latter event was a collaboration between the National Endowment for the Arts and New York City’s Chamber Music America. Furthermore, Tifton’s Arts Station was selected by the Smithsonian Institute and the Library of Congress to begin a series of documentary projects on folk life while the Arts Station has planned 86 performances in a range of different artistic fields for 2001. All these events include a sizable economic impact component with direct, indirect and induced impacts.

A number of other cities in Georgia, such as Savannah, Columbus, Macon, Athens and Bainbridge, continue to maintain strong arts scenes and contribute to the economic welfare of these regions.
Blockbuster Exhibition:
Norman Rockwell: Pictures for the American People

Atlanta’s High Museum of Art was the initial stop of a seven-city tour that began in November 1999, and will end in February 2002, of an unprecedented collection of Norman Rockwell paintings. Some 20 years after Norman Rockwell’s death, his paintings and illustrations are being lauded by a broad spectrum of the art world, a trend that resulted in his work being exhibited nationwide on this blockbuster museum tour. While this is the most comprehensive exhibition of Rockwell’s art ever assembled, the tour already has made stops in Atlanta, Chicago (Chicago Historical Society), Washington, D.C. (The Corcoran Gallery) and will stop in San Diego (San Diego Museum of Art), Phoenix (Phoenix Art Museum), Stockbridge, Massachusetts (The Norman Rockwell Museum) and New York (The Solomon R. Guggenheim Museum).

The traveling exhibition features more than 70 of Rockwell’s oil paintings and all of his 322 acclaimed Saturday Evening Post covers. While many of the works are drawn from The Norman Rockwell Museum at Stockbridge, Massachusetts, a number of the works are on loan from rarely-seen private collections and venerable public art institutions. In its essence, the exhibition explores Rockwell’s role as an unparalleled American icon and storyteller. The exhibition also captures Rockwell’s artistic and personal growth with his post-1963 work powerfully reflecting the painful struggles of the 1960s.

Georgia crowds flocked to the High Museum of Art to experience the wonders of Rockwell’s work, enabling more than 225,000 tickets to be distributed. Even though there is currently no estimate of the economic impact of this exhibition, it is safe to assume that the direct and indirect impacts will be substantial. In fact, if a previous blockbuster exhibition, Picasso, also held at the High Museum of Art in 1998, which is reputed to have generated an estimated $43 million for the local economy is any indication, the Rockwell exhibition will reap substantial profits as well.59
The Economic Impact of the Arts in Kentucky

The Kentucky Arts Council is an agency of the Education, Arts and Humanities Cabinet, established in 1965 by the General Assembly to develop and promote support for the arts throughout the commonwealth. In order to meet this goal, the Arts Council administers four interconnected grant categories geared toward organizational support, community art development, individual artist recognition and arts education. In addition, the Council administers two other projects, the Kentucky Craft Marketing Program and the Kentucky Folklife Program, to elevate the state’s craft industry and increase awareness of the state’s rich cultural heritage.

In terms of legislative appropriations, in fiscal year 2000, the General Assembly allocated $4.1 million to the state arts agency, an increase of 2.8 percent from the prior year. (In both 1998 and 1999, the legislative allocations stood at approximately $3.9 million.) The 2000 allocation amounted to a per capita distribution of $1.03, which ranked Kentucky 22nd nationally.

Kentucky realizes the economic importance of the arts. The Kentucky Arts Council and the Kentucky Center for the Arts sponsored an economic impact of the arts study that was conducted by the Center for Business and Economic Research at the University of Kentucky in 1998. To obtain information for this study, the University of Kentucky distributed survey questionnaires to 600 artists, 200 craft artists, 400 arts organizations, and 12 performing arts centers throughout the state. In addition, surveys were sent to 600 randomly selected Kentucky households and 600 households whose members regularly attend cultural/arts performances.

According to the study, artists and craft artists as well as individuals working at arts organizations and performing arts centers earned $77.4 million in income, a figure which was divided among 3,100 full-time workers, 430 part-time workers and 4,600 temporary workers. In addition, the economic impact of the arts within the state during the same period due to arts spending, arts donations, or spending at restaurants, hotels, and shopping near arts events was projected to be $41.5 million and 2,400 full-time equivalent jobs. The economic impact of arts organizations alone was $22.0 million in worker income and 1,324 jobs. Furthermore, nearly 1.27 million people attended events hosted or produced by performing arts centers in Kentucky.

Interestingly, the study reported that Kentucky households would be willing to cumulatively spend $10.9 million in order to expand the number of arts performances in the state by 25 percent, while Kentucky households would be willing to pay $21.8 million in order to avoid a 25 percent decline in the number of arts performances. It should be noted that these payments would be over and above any money Kentucky residents would need to spend to purchase tickets for arts events.

In further elaborating state-wide trends, the study broke down the economic impact data for the 12 performing arts centers distributed throughout Kentucky. From the Kentucky Center for the Arts in Louisville to the RiverPark Center in Owensboro to the Paramount Arts Center in Ashland to the Singletary Center for the Arts in Lexington, some 1.1 million residents attended more than 2,580 arts events/performances. The 273 full-time and part-time employees at these performing arts centers earned $9.3 million in income during the review period. There also was an additional economic impact for the state due to out-of-state revenue earned by performing arts centers and spending at businesses near the centers on the day of performances. This additional economic impact amounted to $5.4 million in income and 325 jobs.
As indicated earlier, the craft industry is an integral component of the Kentucky Arts Council’s activities. Even though the Kentucky Craft Marketing Program originated in the early 1980s under the leadership of Kentucky’s then first lady, Phyllis George Brown, with a highly publicized Kentucky craft boutique in New York City’s Bloomingdale’s department store, Kentucky’s craft tradition goes back hundreds of years. Even though the contemporary appeal of crafts is largely aesthetic, the industry’s origins are deeply rooted in practical uses, and Kentucky owes its strong craft tradition to the historic isolation of large parts of the state, especially its eastern region. In fact, Berea College Crafts, Kentucky’s oldest continuously-operating manufacturing establishment, relied on the expertise of college students from the mountain areas that the college was instituted to serve.

In more recent times, the crafts industry has become a major economic venture. According to a study performed by the University of Kentucky, *The Economic Impact of the Kentucky Craft Industry*, the economic impact of the industry in 1993 was about $52.5 million. Actual sales of crafts by Kentucky craftspeople amounted to $24.2 million, and selling of Kentucky crafts by others added $2.2 million. Furthermore, indirect impacts accounted for about $26.2 million of the total impact. Figure 9 graphically presents the output impacts of the Kentucky crafts industry in 1993. (It should be noted that the economic impacts involved are probably much higher in more recent years.)

![Figure 9: Output Impacts of the Kentucky Crafts Industry 1993 ($ millions)](image)

Source: *The Economic Impact of the Crafts Industry*, 1993

Under the rubric of the Kentucky crafts industry, the American Quilter’s Society annual show looms large. During the 1999 American Quilter’s Society, visitors were surveyed to determine the amount of money spent in Paducah and other Kentucky cities during the April show. The results of this survey reveal a total statewide economic impact of $17.5 million. In the Paducah area alone, visitors spent a total of $10.8 million with a per person expenditure of $218.12.
The Economic Impact of the Arts in Louisiana

The Louisiana Division of the Arts was created in 1977 to support established and emerging artists throughout the state and to stimulate public participation in the arts. In order to meet these goals, the Division annually awards more than $5 million in grants to Louisiana artists and a range of different arts-related programs. As part of its mission, the Division seeks to reinforce the concept that the arts are an essential and unique part of life in Louisiana to which each citizen has a right.

In fiscal year 2000, the state arts agency secured a little over $5 million in legislative appropriations from the Legislature. This was the same amount the arts agency received in the previous fiscal year and the allocation amounted to a per capita distribution of $1.15. This ranked Louisiana 20th nationally in terms of per capita arts allocations.

“The Arts Industry in Louisiana: Investing in People and Places,” a report prepared by Morrison & Associates, with a grant from the National Endowment for the Arts, the Louisiana State Arts Council and the Louisiana Division of Arts, was released in May 1995. According to this study, the economic impacts of the nonprofit arts industry in the state created:

- Total expenditures: $187.7 million
- Total full-time jobs: 2,498
- Arts full-time jobs: 1,718
- Personal income: $55.7 million
- Local government revenue: $2.0 million
- State government revenue: $2.8 million

The $2.8 million in state revenue generated by the nonprofit arts industry is more than half the legislative appropriation, a fact which reinforces the ability of state arts investments to create substantial positive effects. In addition, the nonprofit sector in Louisiana has proved to be quite adept at using the annual state appropriations to leverage significant levels of funding in private and corporate sector donations. In fact, a survey of 23 arts organizations in New Orleans revealed that for every $1 in government support, these arts organizations were able to procure $4 in private support and nearly $8 in earned revenue. In fact, the study points out that allocations by the Legislature represent an investment in Louisiana’s people and places since virtually all the money invested in the arts stays in Louisiana.

The study also described the nonprofit arts industry in New Orleans, since this city dominates the arts scene in Louisiana. By collating data from 35 randomly-selected nonprofit arts organizations, the study reported that these organizations generated $33.9 million in local business for the economy; accounted for 809 full-time jobs, including 527 in the industry and 282 outside the industry; created $20.6 million in personal income including $14.9 million in direct economic impact and $5.7 in indirect economic impacts; produced $1.1 million in state government revenue and $792,667 in local government revenue. This information is a further amplification of the importance of the arts industry in fostering economic opportunities.
Blockbuster Exhibition:
Degas in New Orleans

In 1999, the New Orleans Museum of Art (NOMA) after securing $400,000 in funding from the Louisiana Department of Culture, Recreation and Tourism, mounted the exhibition “Degas and New Orleans: A French Impressionist in Louisiana.” The exhibition was part of a year-long celebration, FrancoFete, that commemorated the 300th anniversary of the French settlement in Louisiana. The paintings featured in the exhibition were the work of the Impressionist Edgar Degas, completed when he spent several months in New Orleans in 1872-73.

The most important economic impact feature of this exhibition was the fact that it attracted over 200,000 patrons from a wide spectrum of locations, mostly from the Southeastern United States, but also from more distant parts of the United States and international locations. Figure 10 depicts the direct spending of visitors to the Degas exhibition.

While direct spending amounted to the above mentioned $37.1 million, it is estimated that the total economic impact of the exhibition (inclusive of indirect and induced impacts) stood at a sizable $71 million.

Direct Spending of Degas Visitors
New Orleans, Louisiana, May-August 1999

Source: “Opinions and Attitudes of Visitors to Degas and New Orleans,” September 16, 1999
The Economic Impact of the Arts in Maryland

The Maryland State Arts Council’s (MSAC) mission is to encourage and invest in the advancement of the arts for the people of Maryland. The MSAC was founded in 1967 and operates under the authority of the Department of Business and Economic Development and within the Division of Tourism, Film and the Arts. The Council is an appointed body of 17 citizens, with 13 named by the governor to three-year terms and two legislators and two private citizens appointed by the President of the Senate and the Speaker of the House.

In terms of legislative appropriations, Maryland remains one of the nation’s most progressive allocating $10.6 million in fiscal year 2000, an almost 24 percent increase from the prior fiscal year. (Maryland appropriated $8.2 million and $8.5 million, respectively, in fiscal years 1998 and 1999.) On the per capita front, Maryland’s fiscal year 2000 allocation amounted to a per capita distribution of $2.06, an allotment that ranked Maryland 10th nationally.

In June 2000, the Maryland Department of Business and Economic Development released “Economic Impact of the Arts in Maryland: A 2000 Update,” the fourth in a series of reports on the economic and fiscal impacts of the nonprofit arts organizations in Maryland. For purposes of this study, the nonprofit organizations were grouped into four broad categories: performing arts, visual arts, multi-disciplinary arts and arts services. At the suggestion of the MSAC, the study divided the state into six regions. The six regions were Western; Central; Washington; Southern; Upper Eastern Shore; and, Lower Eastern Shore. (The MSAC saw these regions as a consistent grouping for the economic impact analysis.) The study tabulated information from about 289 Maryland nonprofit organizations on arts products and services.

In computing the total economic impact of the arts industry in Maryland, the study factored in direct, indirect and induced impacts. Direct impacts involved spending by the nonprofit arts organizations, indirect impacts involved local vendors increasing their production so as to meet additional demand placed on them by the arts industry and induced impacts resulted from the increased consumer spending by the employees of the arts industry and its supporting businesses. Under these definitions, the total economic impact of the arts industry amounted to about $726 million in gross sales, about $255 million in employee income and approximately 17,330 jobs statewide including 11,602 full-time jobs and 5,728 part-time jobs.

Table 11 demonstrates the total economic impact of the arts industry in the state by the six regions above.
As indicated in Table 11, the Central Region (Anne Arundel, Baltimore, Carroll, Cecil, Harford, and Howard Counties) generated the most economic impact in all three categories. The Washington region (Frederick, Montgomery, and Prince George’s Counties) was second in terms of economic impact. Alongside the description by region, the study also indicated the total economic impact of the arts industry by the categories referred to earlier. Figure 11 shows this.

<table>
<thead>
<tr>
<th>Region</th>
<th>Gross Sales</th>
<th>Employee Income</th>
<th>FTE Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western</td>
<td>$28.0</td>
<td>$9.4</td>
<td>449</td>
</tr>
<tr>
<td>Central</td>
<td>$454.1</td>
<td>$158.4</td>
<td>7,096</td>
</tr>
<tr>
<td>Washington</td>
<td>$190.2</td>
<td>$69.9</td>
<td>3,188</td>
</tr>
<tr>
<td>Southern</td>
<td>$6.5</td>
<td>$2.1</td>
<td>103</td>
</tr>
<tr>
<td>Upper Eastern Shore</td>
<td>$5.7</td>
<td>$2.6</td>
<td>100</td>
</tr>
<tr>
<td>Lower Eastern Shore</td>
<td>$40.9</td>
<td>$12.9</td>
<td>666</td>
</tr>
<tr>
<td>Total</td>
<td>$725.5</td>
<td>$255.2</td>
<td>11,602</td>
</tr>
</tbody>
</table>

The tax impact is another area covered in this study, and it contains valuable information on the annual state retail sales tax and personal income tax receipts from the expenditures generated at all levels—direct, indirect and induced—by the artistic events held at Maryland’s nonprofit arts organizations. Table 12 presents this information for the six regions in the state.

<table>
<thead>
<tr>
<th>Region</th>
<th>State Sales Tax</th>
<th>State Personal Income Tax</th>
<th>Local Personal Income Tax</th>
<th>Total State &amp; Local Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western</td>
<td>$640</td>
<td>$288</td>
<td>$144</td>
<td>$1,073</td>
</tr>
<tr>
<td>Central</td>
<td>$8,901</td>
<td>$5,141</td>
<td>$2,570</td>
<td>$16,612</td>
</tr>
<tr>
<td>Washington</td>
<td>$4,346</td>
<td>$2,192</td>
<td>$1,096</td>
<td>$7,634</td>
</tr>
<tr>
<td>Southern</td>
<td>$155</td>
<td>$61</td>
<td>$30</td>
<td>$246</td>
</tr>
<tr>
<td>Upper Eastern Shore</td>
<td>$104</td>
<td>$85</td>
<td>$43</td>
<td>$232</td>
</tr>
<tr>
<td>Lower Eastern Shore</td>
<td>$952</td>
<td>$389</td>
<td>$194</td>
<td>$1,535</td>
</tr>
<tr>
<td>Total</td>
<td>$15,098</td>
<td>$8,155</td>
<td>$4,078</td>
<td>$27,331</td>
</tr>
</tbody>
</table>

Note: Totals may not add up to due to rounding.

It also is interesting to evaluate the state and local tax collections by type of arts industry category, and this information is displayed graphically in Figure 12.
In closing, the study emphasizes the important role played by the arts in enhancing the quality of life for Marylanders—a fact which remains valid in both the metropolitan and rural parts of the state. It is estimated that some 10.6 million people attended arts events sponsored by nonprofit organizations across the state during the one-year period reviewed in the study, with every $1 of direct spending by these patrons resulting in $2.30 generated on goods and services.
The Economic Impact of the Arts in Mississippi

In 1968, the Mississippi Legislature created the Mississippi Arts Commission and designated it as the state’s agency for the arts. In more recent years, the Commission has branched out from its original mandate of awarding grants and now functions as an active supporter, presenter and promoter of the arts in community life and arts education. Another valued role played by the Commission is serving as a catalyst for securing private support for the arts. The Mississippi Arts Commission is governed by a 15-member volunteer board, with all board members appointed to five-year terms by the governor. In an attempt to incorporate diverse levels of expertise, the board members include those with expertise in the arts, business and community affairs.

In recent years, the Legislature’s appropriations to the Commission have been increasing steadily. In fiscal year 2000, the Legislature allocated $2.2 million, a 4.9 percent increase from the prior year. (In contrast, in fiscal years 1998 and 1999 the Legislature allocated $1.7 million and $2.1 million, respectively.) The fiscal year 2000 distribution amounted to a per capita rate of just slightly more than 81 cents, an appropriation that ranked Mississippi 29th nationally under this criteria.

During 1999, the Mississippi Arts Commission ordered its first-ever economic impact of the arts study. The Report on the Multiple Impacts of the Arts in Mississippi, released in January 2000 and prepared by ArtsMarket Inc., ably demonstrates the far-reaching impact of the arts industry in the state and serves as a valuable benchmark for future analysis. From the results of this study, several important facts may be gleaned pertaining to the depth of influence the arts have on the economy:

- $55.3 million in total output was created;
- revenues of $22.7 million, including $10.4 million in earned income, was generated;
- 1,498 Mississippi jobs were produced;
- a $17 million total effect on worker income;
- 5,000 arts-related events throughout the state, including performances, exhibits, classes and workshops, literature readings, festivals and special events were held;
- 15,500 persons, working approximately 400,000 hours (the equivalent of 200 full-time jobs) volunteered in the arts;
- 2 million people, including 800,000 children and 350,000 visitors from out-of-state, attended arts-related events;
- organizational expenditures of $14.9 million and off-site spending (expenditures of arts participants at restaurants, stores, hotels, etc.) of $40.4 million were created;
- a return on investment of $6.50 for every $1 granted by state government agencies was secured;
- a leveraging of $9 in revenue for every $1 contributed by Mississippi corporations was attained; and
- a contribution of $1 in tax revenues for every $1 received from state government was gained.

Another interesting development that surfaced during the study was the fact that Mississippi residents were willing to annually pay between $9.1 million and $16.5 million in order to expand the number of arts events by 25 percent or to avoid a 25 percent to 50 percent reduction in the number of arts events. The inclination of Mississippi residents to support the arts is confirmed by the fact that cumulative attendance at arts events and destinations in fiscal year 1999 was as high as 2 million, with 1.65 million of these attendees being state residents. This is certainly a
compelling statistic given the fact that the state population is approximately 2.7 million.

The impact of the arts industry on Mississippi’s tax revenues is another area of importance. Not only were ticket and concession sales subject to a sales tax, taxable worker income was also generated on employees hired at arts organizations. In both these instances, additional sales and income tax accrued to the state as a result of additional activity produced by the multiplier effect. In this connection, the study reported that state taxes estimated due to the total (direct and multiplier) economic impact of Mississippi arts organizations in fiscal year 1999 stood at $3.1 million, almost $1 million more than the amount allocated by the Legislature in the same fiscal year.

The revenue flows associated with the state’s arts organizations remain another important component of the study. Accordingly, of the $22.7 million reported as revenues in fiscal year 1999, the five largest organizations gathered $10 million in revenue. Figure 13 depicts the state’s revenue flows by source.

As noted, $10.4 million, or 46 percent, of all revenue originated in earned income from such sources as admissions, membership, net concessions, fund raising, class and workshop fees, and sales of art. Private donations came next with $6.4 million (28 percent), and government donations (federal, state and local) stood at $5.9 million (26 percent). Interestingly, Mississippi arts organizations were able to successfully build on the $5.9 million government contributions and raise a total of $22.7 million. In sum, the arts industry raised or earned from private sources an additional $6.50 for every $1 raised from government sources. This reinforces the concept that even a minimal government contribution will attract additional donations from private and corporate sources.
The study reported that with 1,345 employees and an employment impact of 1,498 jobs, the nonprofit arts sector rivaled the contribution of the state’s other major employers. For instance, the Mississippi arts sector has a larger employment base than the Mississippi Power Company (1,250 employees) and Chevron (1,200 employees). In addition, the arts contribute indirectly to industries such as travel and tourism with their attendant ripple-effect spending, a factor that further augmented the state’s economy. In fact, the total retained in-state spending associated with cultural tourism in Mississippi is estimated to hover around $14.5 million.

In sum, the arts industry plays a vital role in the Mississippi economy, a fact reinforced by a number of recent activities, including the USA International Ballet Competition and several high profile exhibitions. Jackson became the official home of the ballet competition, one of the world’s most prestigious dance events, through a Joint Resolution of the United States Congress in 1982 and has hosted the quadrennial competition in 1982, 1986, 1990, 1994 and 1998, with plans already underway for 2002. This renowned competition, held in the tradition of competitions in Varna, Bulgaria and Moscow, Russia, draws world-class competitors and thousands of spectators. Jackson also hosted the famed exhibitions the Palaces of St. Petersburg: Russian Imperial Style in 1996 and the Splendors of Versailles in 1998. Finally, Mississippi is currently engaged in preparations to host The Majesty of Spain exhibition, possibly the largest Spanish cultural exhibition conducted abroad. In October 2000, Spain’s Duke of San Carlos was in Jackson to meet with Governor Ronnie Musgrove (former Governors Fordice, Mabus and Winter were also on hand) to view preparations for the exhibition. (During the 2000 legislative year, Governor Musgrove signed into law $1 million in funding for the exhibition.) The Patrimonio Nacional (Spanish National Heritage Museum) is partnering with the Museo del Prado (Prado Museum) in the loan of artwork and royal treasurers for The Majesty of Spain, organized by the Mississippi Commission for International Cultural Exchange, March 3-September 3, 2001, in Jackson. The exhibition will focus on the years 1746-1833 and feature a number of rare objects and artifacts from two of the most important cultural institutions in Spain.
The Economic Impact of the Arts in Missouri

The Missouri Arts Council (MAC), a state agency operating under the aegis of the Department of Economic Development, has been providing grants to stimulate and encourage the growth of the arts across Missouri for the past 35 years. With funds from the General Assembly and a host of other sources, MAC has issued grants to both large and small communities across the state to bring about quality arts programming to the state’s residents. Examples of Missouri organizations that take advantage of MAC funds include the internationally known St. Louis Symphony and small, local arts groups like the Shelbina Arts Council. The Missouri Arts Council consists of 15 volunteer citizens from throughout the state appointed by the governor.

With respect to legislative appropriations in recent years, the executive branch and the General Assembly have been extremely pro-active in promoting the arts, facilitating a $11.7 million allocation in fiscal year 2000. This was a 13.7 percent improvement over the prior fiscal year (the allocations for fiscal years 1998 and 1999 were $10.1 million and $10.3 million, respectively) and it amounted to a per capita distribution of $2.13. This per capita allocation resulted in Missouri securing the eighth spot in the national ranking of state arts agency legislative appropriations. Missouri’s eighth place national ranking was the highest among all the SLC states.

Missouri has enacted a number of specific measures in the past several years to cultivate the arts throughout the state. These steps include:

- In 1993, the Missouri Cultural Trust Fund was established as the first public endowment fund for the arts with a designated source of revenue. In 1994, 50 percent of the income tax collected from non-resident athletes and entertainers was designated as the Trust’s funding source;
- In 1998, then Governor Mel Carnahan signed into law Senate Bill 724 designating 100 percent of the aforementioned tax to five cultural partnerships, including the Missouri Arts Council, Missouri Humanities Council, historic preservation, public broadcasting and the state library system. Consequently, the Missouri Arts Council will receive approximately $1 million more per year in annual appropriations from the Cultural Trust Fund;
- The Missouri Fine Arts Academy also was established under Governor Carnahan’s administration and offers a residential academic setting for more than 200 artistically gifted high school juniors and seniors from around the state; and
- The Missouri Arts Council’s budget has increased in recent years to establish initiatives to improve existing--and create new--arts festivals, provide enhanced statewide technical assistance and spur minority participation in the arts.

The impressive results of an economic impact study released in September 1997 was the rationale for a number of these impressive new arts-related initiatives. The MAC contracted with the University of Missouri’s Tourism Research and Development Center to gauge the valuable role played by the arts industry in the state’s overall economic expansion. This study, entitled “An Economic Activity Survey of Missouri Nonprofit Arts Organizations,” is derived from a survey of 88 of the state’s 576 recognized nonprofit arts organizations.
According to the results of this study, these nonprofit arts organizations directly contributed $76.9 million annually to Missouri’s economy through salaries and contracted services. This $76.9 million figure grows to $326 million when one considers the ripple effect, i.e., the manner in which capital is spent in multiple layers within the economy. Finally, the $76.9 million figure would increase by another $5.7 million if the value of volunteer services was added, and it would rise even more dramatically if ancillary revenues were included. It is important to note that the study did not include such ancillary spending as hotel stays, restaurant dining, gift shop purchases, and transportation-related purchases, a series of expenditures included as indirect expenses in other studies.

On the employment and payroll generation front, the statistics from the study were equally impressive. The direct contributions to Missouri’s payrolls paid by the 88 arts organizations exceeded $66 million. Specifically, salaries paid to artists associated with these organizations exceeded $23 million; salaries paid to non-artistic individuals were nearly $34 million; and employee benefits contributed an additional $8.8 million.

Finally, the 88 organizations employed a total of 7,371 Missourians which included 4,475 full-time and 2,896 part-time employees. Incidentally, 52 percent of the organizations surveyed were staffed by non-union employees, and the remaining 48 percent belonged to unions.

Figure 14 provides insights into the income sources of Missouri’s arts organizations.


Figure 14 also illustrates that Missouri arts organizations rely on government contributions for about $11.6 million of a total $141.8 million (less than 8 percent of their income). A bulk of their income flows from earned income (ticket sales and admission fees), endowment income, contributions and other revenue sources.
Even in terms of audience participation and attendance, Missouri’s arts organizations attracted 11.3 million patrons, more than double Missouri’s population and more than twice the number of admissions to all professional sports events in Missouri during the same year. (The sports teams included the St. Louis Cardinals, Kansas City Royals, St. Louis Blues and Kansas City Chiefs.)

Following the example of a number of other museums and galleries across the country in its eagerness to feature blockbuster exhibitions, the Missouri History Museum in St. Louis recently sponsored “Unseen Treasures: Imperial Russia and the New World.” This exhibition is the first mounted in the museum’s brand new Emerson Electric Center and includes 350 rare Russian art objects and artifacts with about 70 percent of the items being displayed for the first time. While the exhibition celebrates the 200th anniversary of the Russian-American Company, which managed most of what is now Alaska until 1867, St. Louis is the second of three U.S. cities that will host the exceptional artifacts and artwork. (Trenton, New Jersey hosted the exhibition first and Charlotte, North Carolina, will host it last). Among the items included in this exhibition are Catherine the Great’s coronation sleigh and correspondence between Alexander II and President Abraham Lincoln, an indication of the close links between the two countries during that era. Not only is a sizable crowd expected to attend this rare exhibition, the accompanying economic impacts are expected to be significant as well.

In closing, the study noted that the economic impact of the arts in Missouri is significantly greater than the actual figures reported, given the fact that the survey only covered about 15 percent of the state’s nonprofit arts organizations. Hence, not only is the arts industry in Missouri a source of intellectual stimulation, artistic expression and entertainment for state residents, it is a major industry, employing thousands of citizens and generating millions in direct, indirect and induced economic impacts.
The Economic Impact of the Arts in North Carolina

The North Carolina Arts Council, a division within the North Carolina Department of Cultural Resources, seeks to enhance the cultural life of the state by fostering and encouraging excellence in the arts and by extending opportunities for every North Carolinian to enjoy the arts. Through a citizen board appointed by the governor, the Council channels both federal and state monies appropriated for arts programs to artists, arts organizations and different community groups.

In terms of state assistance to the arts, in fiscal year 2000, the General Assembly allocated $7.5 million, a substantial 28.4 percent increase from the prior year. (Specifically, the General Assembly appropriated $5.9 million and $5.5 million in fiscal years 1999 and 1998, respectively). North Carolina’s most recent distribution amounted to a per capita rate of 98 cents, an allocation that ranked the state 26th nationally.

In addition, North Carolina has been one of the more active states in touting its cultural resources and advantages at an international level. In this connection, North Carolina Governor Jim Hunt led the state’s first cultural and trade mission to Israel in September 1995. Not only did the mission include a trade focus, but it also included a sizable cultural and educational emphasis that involved bringing the culture of Israel in a series of artists and exhibits to the state and exhibiting the work of North Carolina in Israel.

Even though a comprehensive, state-wide study of the economic impact of the arts has not been conducted recently in North Carolina, a number of counties and other jurisdictions have performed such studies to measure actual impact. A brief sampling of these different studies is presented below.

Mecklenberg County (Charlotte)

In December 1998, the University of North Carolina at Charlotte released a report, “The Economic Impact of the Affiliated Members of the Charlotte Arts and Science Council: 1997-1998,” that measured the economic impact of the 41 affiliated members of the Charlotte Arts and Science Council on the local economy’s output, employment and earnings. Organized in 1958, the Charlotte Arts and Science Council is a nonprofit organization that provides planning, oversight, and funding to support a vibrant and culturally diverse arts and science community in North Carolina’s Mecklenberg County. Among the 41 organizations included in the study were the Afro-American Children’s Theatre, Inc., Charlotte Symphony, Opera Carolina, Mint Museum of Art and Queen City Brass Band.

One of the more striking aspects of the study involves the number of performances and audience participants in the dazzling array of cultural events in the Charlotte area. Specifically, during the study’s review period almost 39,000 different cultural activities were attended by a staggering 2.4 million attendees in Mecklenberg County. Table 13 provides further insights into these figures.
On the employment front, the study notes that the county’s arts and science council affiliate organizations maintained 441 full-time and 318 part-time employees who were paid a combined payroll of $14.83 million in 1997/98 by these different organizations. Additionally, there were 6,235 volunteers who worked an average of 7.4 hours per week; the volunteers’ labor time was the equivalent of 1,153 full-time employees working for organizations in the study.

In further elaborating on the economic impact of the 41 affiliated arts organizations in Mecklenberg County, the study categorizes the impact into three areas: economic output, employment and earnings impacts. Furthermore, these three impacts are subdivided into on-site, off-site and total impacts measured in dollars of expenditure. While the definition of an on-site impact is self-explanatory, an off-site impact includes expenditures at food and entertainment establishments, gasoline and automotive retailers, general retail outlets and hotels and other lodging providers.

To summarize the results of the study, the activities and operations of these arts-affiliated organizations generated a total impact of $55.03 million in output through 1997/98; supported 1,237 total jobs; and created $33.74 million in earnings. Hence, not only is quality of life significantly enhanced by the many arts operations in Mecklenberg County, the economy is markedly boosted as well. Figure 15 graphically presents the impact of the arts organizations on total output.
**Figure 15**


Figure 16 graphically presents another economic impact: employment.

**Figure 16**

Even more recent information on the Charlotte arts scene emphasizes the continuation of this trend with a number of major corporations leading the way. Bank of America, under the aegis of its chief executive officer, Hugh McColl, is thought to have been more instrumental in the arts renaissance of Charlotte than any other corporate entity. In addition to locating its impressive company headquarters—designed by the world-renowned architect Cesar Pelli—at the corner of North Tryon and Trade streets in downtown Charlotte, Bank of America and a number of other corporate entities have resuscitated a downtown that was once described as “the perfect example of sterility.”

From this abyss of desolate buildings and vacant parking lots, a flourishing downtown has sprung, led in no small measure by the increasingly active arts scene in and around the city’s main thoroughfares. Currently, there are art museums (Mint Museum of Art, the Mint Museum of Craft + Design); art spaces (16 commercial galleries including the Light Factory, a nonprofit organization devoted to photography, film and video); other museums (Discovery Place, Museum of the New South); and an artists’ colony on a 1.1 acre property formerly owned by the Associate Reformed Presbyterian Church, purchased and restored at an additional cost of $7 million by Bank of America. The Bluementhal Performing Arts Center, another major player in the downtown Charlotte arts scene, alone was estimated to have an economic impact of $32 million in 1998/99. As Bank of America chief McColl noted “Charlotte will position itself as a leader of the arts in the Southeast. It will raise the quality of art we have access to.”

**Orange County (Hillsborough)**

In June 1996, at the request of the Orange County Arts Commission, the Orange County Economic Development Commission conducted a study, “The Economic Impact of the Cultural Arts in Orange County, North Carolina,” to determine the economic impacts of the cultural arts in the county. According to this study, more than 60 percent of the respondents indicated that the cultural arts were very important to the overall quality of life in Orange County. Respondents also indicated that they spend 11 hours per month participating in arts activities, and that the average household spends $452 per year on arts-related activities in the county. When these figures are extrapolated to the entire county population, the results indicate that the entire county spent an estimated 11 million hours and $18.5 million on arts activities in Orange County for the years under review.

The survey, which was mailed to 1,000 randomly-selected citizens and 930 artists, arts organizations and funders in the county, indicated that Orange County has at least 700 artists, 200 of which are full-time artists. In addition, the survey indicated that nearly 150,000 Orange County residents attended an arts performance or event at a number of county venues, including the Ackland Art Museum, ArtsCenter, Carolina Union Performing Arts Series, Horace Williams House, NC Collection Gallery and the Playmakers Repertory Company, with the latter venue attracting the most patrons.

**Forsyth County (Winston-Salem)**

The Arts Council of Forsyth County/Winston-Salem issued an economic impact of the arts study in March 1999. The study, based on 1998 data, reviewed economic trends at a number of arts organizations based in the county, including the Kernersville Little Theater, Piedmont Chamber Singers, Moravian Music Foundation and the North Carolina School of the Arts. Based on information from these organizations, the total economic impact of the arts organizations in Forsyth County in 1998 was $47.5 million. In addition, the various arts organizations supported 1,900 full-time equivalent jobs and paid out $43.1 million in personal income. Finally, these organizations also generated $1.6 million in local government revenue and another $2.2 million in state government revenue. Cumulatively, the arts industry in Forsyth County/Winston-Salem performs admirably in promoting economic opportunities in the area.
Wake County (Raleigh)

The following section from Raleigh describes an innovative fund raising strategy by a nonprofit arts organization. In an effort to secure a significant amount of funding for an ambitious $65 million expansion and an additional $20 million renovation program for Raleigh’s North Carolina Museum of Art, museum officials announced that they expected to seek $10 million from Wake County’s hotel and meal taxes. While these museum officials already have approached city council members about their request, they also will ask the General Assembly for $50 million next year and plan to raise an additional $24 million privately by December 2000. The museum’s expansion program will begin in 2003 and conclude by 2005. It is expected to include a 100,000-square-foot addition with a special exhibition center, galleries for contemporary art, an entrance area with restaurants and shops, visitor orientation facilities, an education area and expanded space for a permanent collection. This challenging expansion and renovation program is expected to generate a significant amount of economic impact, direct, indirect and induced, that would more than pay for the initial capital investments.

Crafts in Western North Carolina (Asheville, Penland)

HandMade in America, a group representing the handcraft industry in Western North Carolina, commissioned researchers at Appalachian State University to conduct a survey of the craft industry and its contribution to the area economy. The major results of this study, “The Invisible Factory,” were issued in March 1995 and included:

- the total annual economic contribution of the crafts industry in Western North Carolina is $122 million;
- full-time professional producers provide $25.6 million in income while part-time producers contribute $22.7 million in income;
- the industry supported 739 full-time and 3,369 part-time workers;
- retail shops and galleries produce crafts sales of $70.8 million annually; and
- consumer sales at four summer craft fairs in 1994 were $1.5 million, an indication of the potential sales value of the 85 craft fairs held throughout the year in the region.

The Economic Impact of Historic Preservation in North Carolina

For decades North Carolinians have focused on the value of the state’s historic resources and have invested substantial sums of money in historic courthouses, city halls, buildings and houses. While these preservation efforts are driven by a number of divergent forces, the potential to reap tremendous economic benefits remains a potent reason in this connection. In an effort to quantify these noteworthy economic benefits, Preservation North Carolina published an extensive study on the topic in December 1997 entitled “Profiting from the Past: The Impact of Historic Preservation on the North Carolina Economy.” Some of the important findings contained in this report are:

- Since 1976, federal tax incentives have facilitated the rehabilitation of 732 private-sector, income-producing development projects representing nearly $325 million in private investment. If projects ineligible for the federal incentive program were included, the overall impact in North Carolina would be significantly more—over 25,000 jobs, $500 million in household incomes and a total economic impact on the North Carolina economy of over $1.5 billion;
- The North Carolina Main Street program—downtown revival in the context of historic preservation—has resulted in 676 business
expansions, 3,400 new businesses, 1,871 restored facades, 1,500 building rehabilitations, and 7,200 new jobs, a cumulative new investment of $450 million;

Tourism is now the second largest industry in North Carolina, employing more than 161,000 people and generating $2.5 billion in annual payroll. In this connection, historic preservation efforts attract cultural tourists, a type of traveler who spends substantially more than other types of tourists. The pride of North Carolina’s historic homes is the Biltmore Estate in Asheville, one of the most opulent landmarks in the United States and America’s largest private house and estate. The total economic impact of the Biltmore Companies on Asheville/Buncombe Counties was over $215.2 million in a single year;

The crafts industry in Western North Carolina employs thousands of workers and contributes about $122 million to the local economy. The industry provides annual incomes of $48 million to more than 4,000 producers. While the craft industry does not fall under “historic preservation,” the sites from which these crafts are most often sold are in Western North Carolina’s historic buildings;

Similarly, the movie industry does not entail “historic preservation,” but the fabric of the state’s historic commercial and residential neighborhoods remains the lure for the movie industry. Since 1980, this industry has had direct expenditures of $4.6 billion in North Carolina; and

Preservation North Carolina’s revolving fund has worked with more than 300 properties in the last 20 years and has reinvested over $60 million in these properties, a formula that has been hailed as a national model in preservation economics.

In sum, along with the cultural, aesthetic, social, environmental and historical contributions of historic preservation efforts, the economic ramifications of historic preservation throughout North Carolina extend into hundreds of millions of dollars and tens of thousands of jobs.

Additional Facts from North Carolina

Eleven outdoor dramas across North Carolina added over $60 million to the state’s tourism industry in 1997. Ten of the 11 dramas depicted significant events and famous individuals from the state’s rich history and were original plays, often with music and dance, performed in amphitheaters located at, or near, the site where the historical event occurred. It is estimated that 225,000 individuals attended these outdoor performances, with 1,600 jobs provided to actors, technicians and other theater professionals.

Monet to Moore: Millennium Gift of the Sara Lee Corporation exhibition attracted a record-breaking 1,622 visitors per day and 81,090 patrons in total during its 50-day run at the North Carolina Museum of Art in Raleigh in 1999.

Rodin: Sculpture from the Iris and B. Gerald Cantor Collection exhibition at the North Carolina Museum of Art, April through August 2000, drew more than 250,000 patrons, another powerful source of economic activity with the ensuing economic impacts.
The Economic Impact of the Arts in Oklahoma

The Oklahoma Arts Council, established in 1965, is the only state agency with the responsibility of encouraging and stimulating all forms of artistic expressions in the state. While the Council consists of 15 members appointed by the governor and confirmed by the Senate, it secures funding from the state budget, the National Endowment for the Arts and a range of corporate and private sources.

In terms of state legislative appropriations, in fiscal year 2000 the Legislature allocated $4.1 million towards the state arts agency. While this amounted to a nominal 1.5 percent increase from the prior year, on a per capita basis, Oklahoma’s distribution amounted to $1.22. Nationally, this per capita distribution ranked Oklahoma 18th. (It should be noted that in fiscal year 1998 and 1999, the Legislature appropriated $3.5 million and $4.0 million, respectively.)

Even though the most recent economic impact of the arts study performed in Oklahoma reviewed the 1991/92 period, the data contained in this report remains instructive about the role played by the arts in the state economy. The study, “Economic Impact of the Nonprofit Arts Industry in Oklahoma, 1991/1992,” was prepared for the Oklahoma Arts Council by the University of Oklahoma and released in March 1993. The study pulled information from a range of Oklahoma nonprofit arts organizations ranging from the Arts & Humanities Council in Tulsa, Cimarron Circuit Opera Company in Norman, Healdton Oil Museum, Gene Autry Historical Museum, Oklahoma Shakespearean Festival in Durant, Spotlight Players in Guymon and Woolaroc Museum in Bartlesville.

The study begins by noting the overwhelming popularity of arts-related events in the state, clearly proven by the fact that more than 4.49 million patrons attended an assortment of arts functions and events in Oklahoma during the review period. This number compared very favorably even with the immensely popular University of Oklahoma football and Oklahoma State University basketball teams, that jointly attracted just over a million people during the same period.

In developing a model to estimate the economic impact of the arts, the study computes direct, indirect and induced impacts for the nonprofit arts industry. In this regard, direct expenditures amounted to a total of $109.5 million. Included in this impressive total was $42.7 million in operating expenses, $1.1 million in guest artists’ spending, $31.2 million in expenditures by local audiences and another $34.6 million in expenditures by non-local audiences. The study also computed the magnitude of the indirect and induced impacts using input-output multipliers; an output multiplier of 2.081, which resulted in an additional $1.81 created in indirect and induced expenditures for every $1 in direct expenditures. Cumulatively, this resulted in $227.9 million in total output; approximately 4,789 jobs and $74.7 million in personal income.

Another interesting fact reported in the study involved the contribution of the nonprofit arts industry to the tax base of the state and local governments. These numbers remain significant in light of the allocations from the state budget toward the arts every year. Accordingly, during the review period, the estimated state income and sales tax generated by the nonprofit arts industry totaled $6.3 million, an amount that clearly exceeded the legislative allocation even in the most recent fiscal year, (fiscal year 2000). Hence, it is quite likely that the amount added to the state’s tax coffers was greater than the legislative arts allocation in fiscal year 1992. The $6.3 million included $4.9 million in sales tax and $1.4 million in state income tax.

Income garnered by the nonprofit arts industry remains a crucial indication of the ability to be independent of government contributions. In an era when public
funding of the arts, even nominal funding, has become more difficult, the ability to rely on alternate sources of funding and income remains important. Figure 17 demonstrates the scenario for Oklahoma during the study’s review period.


Among the numerous arts events and festivals scattered throughout the state of Oklahoma, one festival that looms large is the Red Earth Festival, held annually in Oklahoma City. This festival draws more than 160,000 people and generates millions in revenue every year.

In addition to the statewide economic impact study, two major metropolitan areas in Oklahoma, Tulsa County and Oklahoma County, have conducted more recent economic impact studies. Some important features from these studies follow.

**Tulsa County**

In 1997, the Arts and Humanities Council of Tulsa and Deloitte & Touche LLP, jointly released “The 1997 Economic Impact Study of the Cultural Community in Tulsa County,” clearly demonstrating the effect Tulsa County’s cultural and artistic organizations had on the region’s economy and civic health. Specifically, the 21 organizations that responded to the survey generated a combined economic impact of nearly $77 million on the Tulsa area in addition to creating 1,416 jobs and almost $20 million in wages paid to the community. Furthermore, nearly 1.3 million people attended over 2,200 performances, exhibits and artistic programs presented by these organizations. It should be noted that the study did not include cultural/arts activities by the for-profit and educational institutions in the area; a substantially larger economic impact is conceivable if the activities of the latter organizations were included. Table 14 provides some insights into the actual economic impact breakdown.
It should be noted that the almost $77 million generated by the cultural and artistic community elevates them to the top tier of Tulsa’s largest corporations, including Baker Oil Tools, Dresser-Rand, Kimberly Clark, TCI, and Metropolitan Life Insurance, all companies with revenues between $50 million and $100 million. As the study noted, “[T]he $76.9 million economic impact generated by Tulsa’s cultural and artistic community can be easily benchmarked by comparison with revenues of some of Tulsa’s best known organizations.”

**Oklahoma County**

The fiscal year 1998 economic impact study performed for Oklahoma County, “Arts in Oklahoma County,” indicated that cultural organizations provided more than 700 full- and part-time jobs for Oklahomans. Furthermore, more than 11,000 volunteers donated more than 146,000 hours of service to Oklahoma County cultural organizations, a real expression of the community’s involvement in area cultural activities. The direct economic impact of cultural organizations in the County during the review period amounted to $83 million and this amount leapt to a formidable $260 million when indirect impacts were factored into the equation.
The Economic Impact of the Arts in South Carolina

The South Carolina Arts Commission was created in 1967 as an agency of state government to develop and implement a comprehensive statewide program to promote the arts across the state. The Commission is entrusted with the mandate of directing its resources toward making the arts an integral component of the life of every South Carolinian. While the Commission’s major source of funding is the General Assembly, additional funds are raised from the National Endowment for the Arts and private (both individual and corporate) sources. The Commission’s Board comprises nine citizens appointed for three year terms by the governor and confirmed by the Senate.

On a per capita basis, the General Assembly has been quite pro-active in funding the arts in the state. For instance, in fiscal year 2000, the General Assembly appropriated $5.2 million, a sizable 25 percent improvement over the previous year’s allocation. This distribution amounted to a per capita appropriation of $1.34, an amount that ranked South Carolina 16th nationally. In fiscal years 1998 and 1999, South Carolina’s appropriations stood at $3.9 million and $4.1 million, respectively.

The origin of the most recent economic impact study conducted in South Carolina dates back to 1992, when the Joint Legislative Committee on Cultural Affairs and the South Carolina Arts Commission requested that the University of South Carolina complete such a study. Consequently, this study, “The Economic Impact of the Cultural Industry in South Carolina,” was issued shortly thereafter. The 1992 study, which expanded significantly on the previous 1988 study, included responses obtained from cultural organizations, festivals, artists, information on arts education and the film industry in the state and most importantly, on the vastly popular and internationally acclaimed Spoleto Festival USA.

Once again, in calculating economic impact data, the study breaks down the analysis by direct and indirect impacts. The cultural industry remains the source of income for a number of businesses and individuals across the state including museums, theaters, galleries, historical sites, libraries, dance troops, orchestras, local arts councils and a number of other cultural entities. The study estimates that the direct expenditures of these assorted organizations and individuals (wages, salaries, material purchases, services, etc.) amounted to more than $380 million in South Carolina during the review period. Alongside these expenditures, the cultural industry also had an enormous impact on statewide earnings, and it is estimated that by this criteria, the arts industry was responsible for $222.9 million in earnings for South Carolinians. Figure 18 provides a graphic view of the different components of the state’s cultural industry and the manner in which they made an impact on the overall economy.
In addition to the economic impact associated with the cultural industry’s direct expenditures, the study elaborated on the indirect impacts as well. As noted, direct spending by the cultural industry leads to spending by other businesses due to the multiplier effect. Accordingly, every $1 of expenditure by the cultural industry in South Carolina generates $1.72 in state economic output. (The average multiplier used in this instance was 1.7.) It should be noted that the multiplier for some activities, events related to the Spoleto Festival USA for instance, was much higher. Hence, based on the multiplier effect, indirect spending by the cultural industry supported over $640 million in state economic output.

Another important consequence of the cultural industry’s activities involved job creation. The study notes that a total of 17,631 jobs was supported by the cultural industry across South Carolina. In tabulating this employment breakdown, it is possible to highlight several employment categories that were numerically more significant than others. Some of these employers include arts education (3,642 jobs); museums (2,455 jobs); Spoleto Festival USA (2,401 jobs); libraries (2,373 jobs); parks (1,218 jobs); and educational organizations (1,131 jobs).
**Blockbuster Event:**

*Spoleto Festival USA*

Charleston’s Spoleto Festival is undoubtedly the premier cultural activity in South Carolina and arguably the entire Southeastern United States. In the last 23 years, the Spoleto Festival has included both traditional and contemporary works of opera, chamber music, choral music, symphonic music, jazz, theater, ballet, classical and contemporary modern dance, and visual art, as well as works of literature. Spoleto Festival USA is also the only American arts festival hosted by an entire city, the historic city of Charleston, South Carolina. In addition to presenting a number of world and United States premieres across a range of artistic endeavors, the festival attracts a number of world class performers and artists. While more than 100,000 people poured through Charleston for Spoleto 2000, it is estimated that the festival generated 2,400 jobs and brought in $42 million each year to Charleston and over $73 million to South Carolina. The University of South Carolina’s College of Business Administration estimates that since its inception in 1977, the festival has contributed approximately $1 billion to the state’s economy. In addition, more than $500 million has been invested in the revitalization of the historic and cultural district of Charleston since the festival began.
The Economic Impact of the Arts in Tennessee

The Tennessee Arts Commission, an independent agency of the state of Tennessee, was established in 1967 to support and develop the arts across the state. Among the Commission’s specific objectives are stimulating and encouraging the study and presentation of performing, visual, and literary arts throughout the state and fostering excellence and freedom of artistic expression essential for the well-being of the arts. The Commission consists of 15 members, broadly representing the performing, visual and literary arts fields, appointed by the governor. At least one, but not more than two members, must be from each U.S. Congressional district.

In fiscal year 2000, the General Assembly appropriated $2.3 million toward the arts agency. This was a 19.1 percent decline from the $2.8 million allocated in fiscal year 1999. (In fiscal year 1998, the allocation was $2.2 million). In terms of per capita distribution, the fiscal year 2000 allocation amounted to 42.14 cents resulting in Tennessee securing 47th place in the national ranking of state arts agency appropriations. In October 2000, the Tennessee Arts Commission indicated that the General Assembly had appropriated $3.7 million towards the arts agency for fiscal year 2001, an increase of $1.4 million compared to the previous year’s allocation.

According to “The Arts Are Good for Tennessee Business,” a brochure issued by the Tennessee Arts Commission, in 1998/99, the state’s nonprofit arts industry employed more than 2,700 people; spent more than $100 million in Tennessee (including $35 million in salaries and $42 million in materials, office, meeting and performance space, and financial, professional, and other business services); generated more than $5 million in state and local taxes annually; attracted more than 4 million visitors to the state; initiated almost $15 million in capital expenditures; presented and produced more than 6,000 events and activities; and secured the involvement of more than 17,000 volunteers (valued at more than $33 million). This brochure also noted that these nonprofit arts groups’ admission fees, memberships, and subscriptions paid for more than 51 percent of their total expenses, which is substantially higher than the national average of 33 percent for arts organizations. In addition, for every $1 that government agencies contributed to the arts in Tennessee, private sources contributed $4.50. Finally, the brochure noted that in-kind contributions to these arts organizations totaled $7.6 million in 1998/99 in Tennessee.

The results from a more in-depth study of the economic impact of the arts in the state was published by Middle Tennessee State University several years ago. (The study was conducted at the request of Tennesseans for the Arts and the Tennessee Arts Commission). Specifically, with input from 165 small, medium and large nonprofit groups immersed in the arts, Middle Tennessee State University released “The 1994 Economic Impact Study of the Arts.” The most important finding of this study was the fact that during the review period (1993/94) the expenditures of nonprofit organizations in Tennessee amounted to $54.4 million; an additional $1.7 million in capital expenses; $60.8 million in earned income and other revenues acquired by these arts organizations; and, finally, a cumulative economic impact (after factoring in indirect and induced impacts) of $109 million. As the study notes, using conservative multipliers, arts organization spending in Tennessee resulted in double the return on investment.

Furthermore, the study reported that if the 4 million Tennesseans who attended the more than 5,726 performances, exhibitions and arts events around the state each spent a mere $5.25 for meals and expenses, this alone would account for more than $20 million in additional spending in the local economy.
Job creation is another positive result from the operations of arts organizations. Tennessee’s varied arts organizations remain a major employer in the state. In fact, fewer than 100 other Tennessee businesses employ more employees than the arts industry. Specifically, the study reported that 1,531 people were employed throughout the arts industry, and they secured $24.4 million in salaries and wages. Once again, these employees generate positive ripple effects through the economy as they spend monies on goods and services.

The Tennessee Business Retention and Expansion Program, after surveying businesses in 44 Tennessee counties, noted that just during the review period some 60 businesses relocated to Tennessee. These companies commented that the cultural climate and richness in these counties were an important consideration in their relocation decisions.

Figure 19 presents data reported in the study on the sources that made up the $60.8 million in total revenue.

![Figure 19: Funding the Arts in Tennessee Sources of Revenue](image)


In addition to the statewide economic impact study, the Middle Tennessee State University, Business and Economic Research Center, at the request of the Metro Nashville Arts Commission, published a study in May 1999 entitled “Arts and the Economy: Short-Run Impact of Nonprofit Arts Organizations on the Nashville Economy in 1998.” In brief, the study noted the following significant impacts of the art industry:

- Provided jobs for 656 full-time employees and 1,061 part-time employees;
- Paid over $24 million in salaries and $7 million in artists’ compensation;
- Received services from approximately 8,075 volunteers who donated time valued at $10.3 million (calculated at minimum wage);
• Generated $69.4 million in total revenues, of which $33.5 million was earned revenues, including fees, sales of tickets and membership;
• Received $15 million in private contributions and $7.6 million in public support; and
• Secured revenues that exceeded expenditures by $5.7 million.

A host of different cultural organizations participated in this Nashville study, including such entities as Darkhorse Theater, Fisk University Galleries, Nashville Institute for the Arts, Tennessee Performing Arts Center, Music City Blues Society and the Nashville Symphony Association.

Nashville and the surrounding Middle Tennessee area cultural organizations’ earned revenues were significantly more than the national average, 50 percent over the national average of 33 percent. In terms of government support for the arts in the Middle Tennessee area, the amount is significantly less than the national average (11 percent versus 17 percent).

The Nashville study, using econometric modeling, maintains that the comprehensive economic impact of the arts in Nashville is estimated to be $97.2 million. This figure consists of $50.9 million in short-run effect of the arts and an additional $46.3 million in ancillary spending by arts patrons.
The Economic Impact of the Arts in Texas

Established in 1965 by the Legislature, the Texas Commission on the Arts (TCA) is a state government agency mandated to conserve Texas’ rich and diverse heritage through the advancement of the arts and cultural industries.96 The TCA also acts as a public sector advocate striving to bring artistic, educational and cultural opportunities to all Texans while ensuring that the arts continue to grow as a major contributor to the cultural and economic growth of the state. The TCA’s 18 commissioners, executive director and 15 staff members combine with some 30 local arts councils from around the state to meet these multiple goals. On the recommendation of area legislators, the commissioners are appointed by the governor.

In fiscal year 2000, the Legislature allocated $5.3 million toward its arts agency. While this amounted to a 2.3 percent increase from the fiscal year 1999 allocation of $5.2 million, on a per capita basis, the fiscal year 2000 distribution amounted to 26.74 cents. Nationally, Texas ranked 50th with regard to per capita arts agency allocations.

According to the TCA, there is no current economic impact-of-the-arts study, although the TCA has plans to release such a report in the near future.97 However, the TCA notes that the arts contribute more than $1 billion annually to the Texas economy and provide jobs for over 72,000 Texans.98 In addition, the TCA provides funding for arts and cultural programs that eventually reach 72 million people throughout the state, an outreach level several times the population of the state. Finally, the TCA extends financial support for educational and outreach programs that reach approximately 2 million of the state’s 3 million school age children. (The TCA notes that numerous studies maintain that student achievement and test scores in academic subjects improve significantly when the arts are used to assist learning in mathematics, social studies and creative writing.)

Texas’ record as the state with the lowest per capita state allocation for the arts has prompted a range of responses across the state. For instance, the San Antonio Express News noted that “Texas ranks last among U.S. states and territories in arts funding, a fact that should be profoundly embarrassing.”99 Similarly, one of the TCA’s commissioner’s states “[D]uring the last three years we have served, there has been one constant factor in the annual grant review process—lack of sufficient funding to fill the hundreds of applications.”100 This situation has resulted in the Legislature devising innovative ways to fund the TCA. One of the most important measures in this connection is the establishment of the Texas Cultural Endowment Fund, an attempt to provide the TCA with a stable source of funding for nonprofit cultural entities as well as arts education in a unique private/public partnership effort. The TCA Endowment Fund was established in 1993 when then-Senator John Montford, Lubbock, and Representative Rob Junell, San Angelo, introduced legislation in the two chambers of the Legislature.

The goal of the Endowment Fund is to raise $200 million by 2005, and House Bill 2223 provided $2.2 million to initiate the fund raising project. The Texas State Comptroller’s Office also estimates that for every dollar secured in government funding for the arts, an additional $70 is generated from the private (corporate and individual) sector. Hence the concerted effort to attract a higher amount in public funding so that significantly larger amounts of private funding may be aggressively pursued. In the early part of 1999, the TCA requested that the Legislature grant it an interest free loan of $200 million—
payable over the next 20 years—out of the state’s current surplus. As explained by the TCA, these funds would be invested in the Endowment and expected to bring in about $16 million annually at an interest rate of 8 percent. While the TCA envisages using $9 million of this interest accrual toward various arts programs, the remaining amount will be allocated toward retiring the loan.

Another creative strategy adopted by the TCA—in conjunction with the Texas Department of Transportation—to raise funds for the Endowment Fund was the State of the Arts license plate. In November 1999, the TCA announced that sales of this specialty license plate had exceeded the $1 million level and that the plate was the fastest selling plate in the state, surpassing even alumni plates and standard personalized plates. In addition to funneling money to the Endowment Fund, the license plate sales will finance various grants applications. Already, the TCA has placed $500,000 of the sales proceeds toward grants funding.

**Fort Worth**

The Kimbell Art Museum in Fort Worth is a world-renowned establishment and has been touted as “the best small art museum in America.”

Established as part of the Kimbell Art Foundation by Texas entrepreneur Kay Kimbell and his wife Velma, the museum was founded in 1965. Not only is the museum building considered the masterpiece of one of the 20th century’s great American architects, Louis I. Kahn, it houses exquisite artworks and frequently hosts exceptional touring art shows. By far the strongest area of the collection is that of European painting and sculpture from the Renaissance to the 20th century followed by Asian art, in its many forms, from antiquity to the 19th century, with smaller groups of Mediterranean antiquities, Western medieval art, pre-Colombian art, and African art, next in sequence.

A recent exhibition at the Kimbell Art Museum, *Monet and the Mediterranean*, triggered a great deal of public and media attention in addition to significant economic benefits. According to a Dallas marketing firm, this 1997 exhibition attracted almost 340,000 visitors and produced an estimated economic impact of $190 million to Tarrant County, generated an estimated $1 million dollars in sales tax revenue for the city of Fort Worth, and supported 1,059 full-time jobs. In fact, daily average attendance at this landmark Monet exhibition of nearly 4,000 visitors was higher than even the hugely successful 1994 exhibition, *Impressionist Masterpieces from the Barnes Collection*, which had an estimated economic impact of $102 million. Based on 300 in-person exit interviews, the study also noted that an impressive 92 percent of out-of-town visitors cited the Monet exhibition as influencing their decision to visit Fort Worth and 99 percent of the visitors indicated that they would visit the Fort Worth area again as a result of the positive experience on this trip. Even though economic impact information is unavailable from two other recent blockbuster exhibitions at the Kimbell Art Museum in 1998 and 1999 (*Renoir’s Portraits: Impressions of an Age* and *Matisse and Picasso: A Gentle Rivalry*), it is safe to conclude significant positive flows from these exhibitions too. In 2000, the special exhibitions at the Kimbell include *Giovanni Batista Moroni: Renaissance Portrait; Stroganoff: The Palace and Collections of a Russian Noble Family;* and *From Renoir to Picasso.*
Houston

Texas’ largest city, Houston, has been termed the “Sun Belt capital to emulate when it comes to performing arts.” Houston’s prominence in the arts has been a well-known fact for several decades now, especially since the gush of oil brought tremendous wealth to a number of prominent individuals and families. Consequently, Houston’s arts scenario has far-reaching philanthropic support, with a half dozen family foundations, most prolifically the Houston Endowment, founded by oil and newspaper magnate Jesse Jones, boosting all aspects of the arts. In an interesting contradiction for a city famous for having no zoning laws, Houston has two well-defined and organized arts districts.

First, the downtown theater district includes the Houston Grand Opera ($19 million budget with 14,000 season subscribers, founded in 1955); Houston Ballet ($11.5 million budget with 6,700 season subscribers, founded in 1969); Houston Symphony Orchestra ($18.7 million budget with 9,000 season subscribers, founded in 1913); and the Alley Theatre ($9 million budget with 12,000 season subscribers, founded in 1947). Both Houston’s Opera and Ballet perform in the Wortham Center, which was built entirely with private funds (the cost was $72 million) at the height of the economic recession of the 1980s. While the Center includes two customized theaters seating 2,200 and 1,100, respectively, for opera and ballet performances, it also houses administrative offices and rehearsal space. The Houston Ballet indicates that its $37 million endowment is the largest of any dance company in the country after the New York City Ballet.

Second, about three miles away on Main Street, Houston’s second arts district takes shape anchored by the oak-canopied Museum of Fine Arts. Also included in this second arts enclave are the Audrey Jones Beck Building, an impressive expansion to the Museum of Fine Arts, the Contemporary Arts Museum, the Menil Collection ensconced in the architecturally acclaimed Renzo Piano building, the Rothko Chapel, the Byzantine Fresco Chapel Museum, a sculpture garden, an arts school, a city park with a golf course, and the Rice University campus. It is interesting to note that besides the $85 million cost of the Audrey Jones Beck Building, an addition to the Museum of Fine Arts, the expansion effort has raised more than $40 million for its endowment as well.

In a noteworthy example of local government efforts to promulgate the arts, the Houston City Council voted to provide an estimated $7.9 million for the Cultural Arts Council of Houston/Harris County in 2001. As a result of the city’s major museums and theaters grappling with smaller arts groups for local government funding in the past, the arts scene in Houston was one fused with a great deal of infighting. However, the positive economic trends sweeping the nation and the state along with a supportive administration in City Hall, has eased these tensions. In fact, until 1998, money for the Arts Council was capped at $5 million; incoming Mayor Lee Brown eliminated this ceiling during his first year. In addition, the Arts Council secures 19 percent of the city’s hotel-tax revenue, which are higher than ever this year and expected to expand in 2001.

In allocating funds, the Arts Council required all applicants, including Houston’s major theaters, museums, smaller groups and individual artists alike, to present their case before a panel. This year, $2.4 million, or 30 percent, will go to Arts Council grants; $1.9 million, or 24 percent, to the Theater District (which includes the Houston Opera, Houston Symphony, Houston Ballet and the Alley Theatre); $1.4 million, 18 percent, to the Museum District; and $1.3 million, or 16 percent, to the Miller Theatre Advisory Board. The Arts Council awards grants ranging in size from $1,000 to more than $100,000 to about 160 organizations and 40 individual artists in the area.
The Economic Impact of the Arts in Virginia

The Virginia Commission for the Arts was established in 1968 as an agency of state government with the mandate to support and stimulate excellence in all the arts, in their full cultural and ethnic diversity, and to make the arts accessible to all Virginians. To meet these goals, the Commission provides financial assistance for arts activities and information and advisory services to artists, arts organizations, and others interested in the arts. The Commission secures funding for its activities from the General Assembly and the National Endowment for the Arts. Directing the Commission’s activities are 13 commissioners, all appointed to five-year terms by the governor and confirmed by the General Assembly. In an effort to ensure statewide representation, at least one commissioner—and no more than two—is appointed from each U.S. Congressional district.

In fiscal year 2000, the General Assembly appropriated $4.3 million toward the activities of the Commission. This amounted to a 13.4 percent increase over the $3.8 million allocated in the prior fiscal year, 1999. (In fiscal year 1998, the allocation was $3.1 million). In addition, the fiscal year 2000 allocation amounted to a 63.64 cents per capita distribution among the state’s residents, a distribution that ranked Virginia 38th nationally in terms of arts agency appropriations.

In 1994, the Commission issued a short report entitled “The Arts in Virginia’s Economy.” The most important feature of this study was the fact that the enterprise of producing the arts and bringing them to the public created an aggregate $170 million investment in Virginia’s economy. While approximately 400 arts organizations located in all the Commonwealth’s counties form the nonprofit arts industry, the study broke down their economic impact in five principal ways:

(1) Direct spending on arts activities in 1993 alone amounted to more than $56 million in local and statewide markets.

(2) Infusing other industries through arts spending (indirect and induced impacts) in the following manner:

- $51 million to the construction of arts facilities;
- $27 million to arts-related manufacturing;
- $44 million to services for artists and arts organizations;
- $9 million to transportation for artists, patrons and materials;
- $20 million to arts-related trade; and
- $19 million to real estate for arts organizations.

(3) Employing Virginians to the level of 7,858 total jobs, including 4,732 working directly in the arts and 3,126 in other industries. Virginia arts organizations spent a total of $63 million in compensation for these employees.

(4) Stimulating consumer spending with an annual tally of 9.3 million people, both state residents and tourists, attending arts events and activities throughout the state. Most importantly, these arts patrons routinely make associated expenditures that sustain the transportation, food, retail, hotel, and other service establishments across Virginia.
Because the vitality of an area’s cultural environment is one of the more important considerations in new and relocating businesses, the arts in Virginia act as a focal point in spurring economic development throughout the state.

Another decisive area covered by the study involved a percentage breakdown of the income sources of Virginia’s arts organizations. Figure 20 presents this information.


As demonstrated in Figure 20, the major source of income for the arts organizations was earned income, accounting for more than half of the total. Cumulatively, the three forms of government accounted for only 11 percent of total income with local government grasping over three-fourths of this total.
In an effort to assess the economic impact on the Richmond metropolitan area of the Virginia Museum of Fine Arts’ *Fabergé Exhibition*, the Virginia Commonwealth University, at the request of the Museum, conducted a study in late 1996. This study, “The Virginia Museum of Fine Arts’ *Fabergé Exhibition* Visitor’s Survey,” was released in January 1997 and contains some interesting data. For instance, total direct expenditures made by visitors from outside the Richmond area is estimated to be between $4.2 million and $6 million. These included expenses on food, lodging, entertainment and retail purchases. In addition, the study estimated that after factoring in indirect and induced economic impacts, the exhibition’s total economic impact reached a figure between $7 million and $12 million.

The study also noted that while some 69 percent of the exhibition’s patrons did not live in the Richmond area, about 65 percent indicated that they would not have been in the Richmond area if not for the exhibition, a fact which explains the impressive overall economic impact figures. More importantly the positive experience at the Museum resulted in 26 percent of the patrons indicating that they would “very likely” return to the Museum and 54 percent indicating that they were “somewhat likely” to return. Almost 78 percent of the patrons at the exhibition rated it “excellent,” and a majority (over 57 percent) had incomes over $50,000.
The Economic Impact of the Arts in West Virginia

Established in 1967, the West Virginia Commission on the Arts works with artists, arts organizations, schools and community groups to foster a fertile environment for the artistic, cultural, educational and economic development of the state. The Commission is one of the entities operating under the West Virginia Division of Culture and History and also includes the State Historic Preservation Office. The Division receives annual support from the Legislature, the National Endowment for the Arts and other donors.

In fiscal year 2000, the Legislature allocated $2.1 million to the state arts agency, an increase of 2.7 percent from the prior year. (In fiscal years 1998 and 1999, the Legislature allocated $1.7 million and $2.1 million, respectively). It should be noted that West Virginia’s fiscal year 2000 legislative appropriation amounted to a per capita distribution of $1.19, an allocation that resulted in the state ranking 19th nationally under this category.

The West Virginia Commission on the Arts provided only the Executive Summary of a 1994 study entitled “A Study of the Economic Impact of the Arts in West Virginia” as a resource for this Special Series Report. This study computed data gathered from arts organizations in the state and revealed a statewide economic impact of nearly $295 million annually. The 60 organizations that responded reported annual income of approximately $22 million with the remainder of income flowing from audience spending and the turnover effect created by this audience spending. The study also noted that approximately 88 percent of the arts organizations contacted did not respond to the survey questionnaire forwarded to complete the economic impact study. Finally, the study regretted the fact that data from an industry as vibrant and significant as the arts industry in West Virginia is not included in the state’s gross domestic product statistics.

In developing a section on the economic impact of the arts in West Virginia, reference has to be made to the building of the new Clay Center for the Arts & Sciences, an educational and cultural experience for the state’s young and senior citizens alike. It is estimated that more than 1.4 million West Virginians live within a two-hour driving radius of the Clay Center in Charleston, and that the Center will enhance the cultural and educational life of the entire region and become an influential consideration in corporate relocation decisions and in strategies to continue recruiting highly skilled employees to West Virginia. Overall, it is estimated the Clay Center will create an economic impact of more than $315 million in its first 10 years in the following spheres: construction ($142 million); facility operation, once opened ($72 million); and spending by patrons ($103 million).
Conclusion

This Special Series Report documents the towering role played by different aspects of the arts industry in spurring and promoting economic growth opportunities, first, at the national level and then, more specifically, in The Council of State Governments’ 16 Southern Legislative Conference states. Even in this era of unsurpassed economic growth—in February 2000, the U.S. economy enjoyed its 107th month of successive growth, the longest expansion in the history of our nation—there has been scant attention paid to the valuable contribution of the arts, though it is generally accepted that arts budgets, at every level of government, are the first to be slashed during lean economic times. A recent Wall Street Journal story noted that museums annually outdraw major league baseball teams, while the National Endowment for the Arts documented that art museums outdraw science museums and botanical gardens by almost a 2-to-1 margin.110

At a national level, according to Americans for the Arts, the total economic impact of the nonprofit arts industry in the United States included the following remarkable statistics: $36.8 billion in total expenditures; $25.2 billion paid out in salaries and wages; $790 million in local government revenue; $1.2 billion in state government revenue; and $3.4 billion in federal income tax revenue.111 Since this study was conducted several years ago, in 1994 precisely, it is more than likely that these already impressive figures would soar to even greater heights in the current era. In addition, the Business Committee for the Arts, Inc., reports that the arts account for about 6 percent of the U.S. gross domestic product (GDP) while, in contrast, the construction industry accounts for 4.8 percent of GDP. Similarly, the same organization notes that while the arts employ 2.7 percent of the American workforce, or 3.2 million people, agriculture employs 2.6 percent.112 All these findings clearly demonstrate the vital role played by the arts in fostering a vibrant economic base at the local, state and national levels. It is particularly important to note that the annual legislative appropriation to the arts agency in each state generates an economic impact of substantially more dollars to the state economies, and this Special Series Report highlighted these specific gains explicitly.

In terms of the specific SLC states, the economic impact of the arts continues to be a roaring success which embraces rural and urban areas alike. Some examples from the SLC states help illustrate this point. According to research released by the Florida
Cultural Action and Education Alliances in January 2000, the Florida arts and cultural industry contributed $1.4 billion toward gross state product in 1996/97, while creating 22,237 full-time equivalent jobs. In Georgia, the Metro Atlanta Chamber of Commerce released a PriceWaterhouse study in March 1998 showing that the local arts and cultural community had a direct and indirect impact on the metropolitan Atlanta economy of $700 million and 24,000 jobs in 1997. In Maryland, according to a Maryland Department of Business and Economic Development study issued in June 2000, the state’s arts industry (arts organizations and arts audiences activities) contributed $762 million to the state’s economy in 1999, including $230 million in direct spending on goods and services by audiences and attendees at arts events; $111 million in direct spending by arts organizations on goods and services; $255 million in total employee income; $27 million in selected annual state and local taxes; and created about 11,602 full-time equivalent jobs statewide. Finally, in Tennessee, the nonprofit arts industry employs more than 2,700 people in full-time and part-time positions, annually spends more than $100 million in salaries and other expenses, generates more than $5 million in state and local taxes every year, incurred almost $15 million in capital expenditures in 1998/99 and attracts more than 4 million Tennesseans and tourists each year.

A developing trend dealt with in the Special Series Report deserves special mention here—the emerging partnership between businesses, all levels of government and diverse arts organizations. These partnerships, albeit symbiotic, with many facets and complexities, have tremendous potential for continued growth and expansion. As documented in the body of the report, a wide variety of corporations actively seek locales with thriving arts scenes in making decisions about relocation and even expansion. Similarly, there is a growing sense that an animated and vibrant arts and cultural scene remains an essential element for a city, region, and even a country, to be considered a world class venue. This has resulted in numerous public-private partnerships and joint ventures which promote the growth of the arts and thereby create ripple effects such as more economic growth, a higher quality of life for residents and an enhanced stature for the city involved. Hence, the results of a survey, performed during the summer of 1998, that indicated that in the prior year business support for the arts reached an all-time high of $1.16 billion, remains a useful indication of this business/government/arts organizations nexus.

In conclusion, the arts industry contributes to the base of a local, state and regional economy in multiple ways. These contributions have been amply demonstrated during the course of this Special Series Report, where even a minimal government investment in the arts produced a much more significant return on investment from either greater tax revenues (sales and personal income) or enhanced economic activity. In addition, a flourishing arts scene helps enliven and sustain the reputation of a city qualitatively, a trend confirmed by the increasing number of corporations indicating the importance of culture in their relocation decisions.

Hence, government support for the arts often evokes rancorous debate with certain groups calling for reduced, and even no, government funding. In this connection, the Mississippi Arts Commission makes the point that government support for the arts plays a critical role that cannot be replicated by the private sector. While government support alone cannot finance the many arts activities and enterprises, government support does serve to increase and encourage private support. As the Mississippi Arts Commission notes, government involvement "provides for the inclusion of all citizens in diverse artistic experiences; ties arts to economic development through partnerships and collaborations; offers credibility and insists on accountability; and provides leadership in cultural policies."
Appendix I

Blending Culture and Tourism: A Profitable Venture

The concept of cultural tourism, by which individuals travel to different locations specifically to experience a particular cultural attraction, is not new. Yet, it is only in recent times that formal analyses of this particular trend have emerged, with various organizations focusing on the economic impact of cultural travel and tourism. In a related development, policymakers and both public and private sector officials have coalesced to foster economic opportunities by linking tourism to the arts (cultural tourism) to history (heritage tourism) to nature and the outdoors (eco- and adventure-tourism) to physical well-being, fitness and health concerns (spas and other health care facilities) and to experience the mystique and charm of tourism in rural areas.

These diverse activities have resulted in many positive economic opportunities. In fact, the economic impact of the travel and tourism industry in the United States is formidable, with travel spending totaling more than $1 billion per state in 46 states and the District of Columbia and more than $10 billion per state in 11 states. In addition, the industry employs one out of every 17 workers in the United States and remains the first, second or third largest employer in 32 states. In fact, during 1997, the industry produced more than 200,000 new tourism jobs; in addition, travel tourism cumulatively generated more than 684,000 executive level positions each year. Furthermore, according to the Travel Industry Association of America’s Economic Review of Travel in America, 1999, travel and tourism was not only the third largest retail industry by dollar volume in the country, it also was the third largest employer, with direct total employment of nearly 7.6 million jobs. The Travel Industry Association of America also notes that employment generated directly by travel grew 27.7 percent in the last 10 years, almost one-and-half times as fast as the modest 19.6 percent increase in total non-agricultural U.S. employment. As a matter of fact, only automotive dealers and food stores generate more retail receipts than operations related to the travel and tourism industry in the United States. These impressive figures ably demonstrate the economic role of travel and tourism. Industry analysts expect the economic importance of tourism and travel to grow at impressive proportions each year, and by 2010, the World Tourism Organization expects 1 billion people to spend a total of $1.5 trillion annually on travel, nearly four times the current figure.

Even at the state level, the Travel Industry Association of America reports that the economic benefits of the travel and tourism industry were significant. According to their 1997 Impact of Travel on State Economies report, total traveler spending in the United States, including both domestic and international, reached nearly $478 billion, up 5.6 percent over 1996. California led all 50 U.S. states and the District of Columbia with more than $65.8 billion in total travel expenditures during 1997, comprising 13.8 percent of the U.S. total. Florida ranked second with more than $52.1 billion in total travel expenditures, followed by New York with over $32.9 billion. Table 15 documents SLC state-specific information for domestic travel expenditures in 1996 and travel-generated tax revenues, also for 1996.
As demonstrated in Table 15, there are several SLC states that ranked high, nationally, in domestic travel expenditures and travel-generated tax revenues.

Specifically, Florida, Texas and Georgia ranked second, third and ninth across the United States in the area of domestic travel expenses with $33.4 billion, $24.7 billion and $11.2 billion spent in 1996, respectively. In terms of tax-generated revenues in the SLC states, once again, Florida, Texas and Georgia secured impressive standings at a national level. While Florida’s approximately $6 billion amounted to 9.2 percent of the total amount raised in taxes on travel across the country, Texas’ $4.3 billion and Georgia’s $2.2 billion added up to 6.7 percent and 3.3 percent of the U.S. total.

As detailed in a previous section, the economic benefits of travel and tourism emerge as both direct and indirect economic impacts and may be broken down in the following manner: total expenditures by visitors on lodging, meals, gas, other vehicle expenses, local transportation, retail purchases, entrance or user fees, entertainment, gifts; taxes paid to state and local governments including sales tax, income tax, gasoline tax and property tax; the number of full-time and part-time positions created and supported by these expenditures; and the wages and salaries earned by the workers who hold these positions and the income earned by the owners of businesses that supply goods and services to the visitors. These activities cumulatively add up to the total economic activity of the travel and tourism industry.

### Table 15

<table>
<thead>
<tr>
<th>SLC State</th>
<th>Domestic Travel Expenditures</th>
<th>Travel-Generated Tax Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount (In Millions)</td>
<td>U.S. Ranking</td>
</tr>
<tr>
<td>Alabama</td>
<td>$4,328.1</td>
<td>28</td>
</tr>
<tr>
<td>Arkansas</td>
<td>$3,212.3</td>
<td>36</td>
</tr>
<tr>
<td>Florida</td>
<td>$33,360.3</td>
<td>2</td>
</tr>
<tr>
<td>Georgia</td>
<td>$11,199.1</td>
<td>9</td>
</tr>
<tr>
<td>Kentucky</td>
<td>$4,312.8</td>
<td>29</td>
</tr>
<tr>
<td>Louisiana</td>
<td>$6,502.5</td>
<td>20</td>
</tr>
<tr>
<td>Maryland</td>
<td>$6,090.7</td>
<td>22</td>
</tr>
<tr>
<td>Mississippi</td>
<td>$3,452.1</td>
<td>32</td>
</tr>
<tr>
<td>Missouri</td>
<td>$7,700.9</td>
<td>16</td>
</tr>
<tr>
<td>North Carolina</td>
<td>$9,723.7</td>
<td>12</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>$3,220.4</td>
<td>35</td>
</tr>
<tr>
<td>South Carolina</td>
<td>$5,714.8</td>
<td>23</td>
</tr>
<tr>
<td>Tennessee</td>
<td>$8,106.0</td>
<td>15</td>
</tr>
<tr>
<td>Texas</td>
<td>$24,646.6</td>
<td>3</td>
</tr>
<tr>
<td>Virginia</td>
<td>$10,529.2</td>
<td>10</td>
</tr>
<tr>
<td>West Virginia</td>
<td>$1,523.0</td>
<td>44</td>
</tr>
<tr>
<td>SLC Total</td>
<td>$143,622.5</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Source: Travel Industry Association of America, 1998
For purposes of this report, the most important component of the burgeoning travel and tourism trend involves cultural and heritage tourism. Despite the multiple definitions of the fundamentals of cultural and heritage tourism, the concept involves combining historical, cultural and natural attractions to highlight the distinctive qualities of a particular location. These distinctive qualities attract tourists to these locations and serve to enhance the entire tourist experience. Several examples from a few SLC states will serve to further elucidate the concept, which has been promoted thanks to the efforts of state organizations. For instance:

- The Texas Legislature in 1997 adopted legislation that confirmed culture as a critical component of the Texas travel experience by recognizing that the work of the state arts and historic preservation agencies was complementary to tourism. As a result, the Texas Commission on the Arts and Texas Historical Commission were included in the Tourism Memorandum of Understanding originally signed by the departments of transportation, parks and wildlife, and commerce.

- The combined efforts of the Louisiana state tourism office, arts agency, visitor centers, preservation office and office of state parks facilitated the creation of “cultural corridors.” Tourists are invited to explore the cultural sites scattered across the state and are provided information about festivals and historic sites. Local arts councils and tourist commissions also provide a range of information, including maps.

- Virginia has designated museums as the central focus of its tourism promotion efforts in 2000. Consequently, the Virginia Association of Museums and the Virginia Tourism Corporation will be working together on this effort, entitled “Museums for the Millennium.”

- An innovative program taking shape in Missouri involves developing statewide partnerships to establish a grant and revolving loan program to generate funds to provide technical assistance and product development. This is a long-term cultural tourism plan between the state arts council and the state tourism office.

These specific efforts indicate that states have realized the importance of using cultural attractions to draw tourists to a particular area and eventually promote economic opportunities for the region at large. In fact, according to an August 1998 National Travel Survey conducted by the Travel Industry Association of America, more than 92 million (46 percent) of 200 million American travelers indicated that they included a cultural, arts, heritage or historic activity while on a trip. Furthermore, of these travelers, 29 percent added extra time to their trip because of this activity or event; 61 percent added part of one day; 30 percent added one night; 5 percent added two extra nights; and 4 percent added three or more nights.

Figure 21 graphically represents the percentage of U.S. travelers that included different cultural activities in their travel and reported this information for the August 1998 National Travel Survey.
Figure 21 represents the percentage breakdown of almost 200 million (199.8 million to be precise) U.S. travelers who included some aspect of cultural tourism on their travels during 1997. The sheer volume of those interspersing cultural activities on their trips is quickly evident when one considers that the 15 percent visiting an art gallery signifies a crowd of 30 million people, or that the 22 percent visiting a museum equals a crowd of 44 million.

The National Endowment for the Arts also has compiled interesting statistics about the role of the cultural tourist and the kind of impact this type of tourist has on the economy. For instance, the NEA notes that spending on performing arts events was roughly 1.6 times greater than spending on either admissions to motion pictures or spectator sports between 1992 and 1997. The NEA also notes that the traveler interested in culture and history is likely to spend significantly more than travelers interested in other pursuits, since arts audiences generally consist of well-educated, better-paid audiences. In fact, the NEA states that the cultural tourist spends an average of $615 per trip in contrast to $425 for all U.S. travelers. Furthermore, the cultural tourist tends to take longer trips, include multiple destinations, participate in more activities while traveling and stay in hotels more often than other types of travelers.

All these trends indicate the importance of the cultural tourist in further promoting economic activity in places across the country. While any form of tourism has its economic benefits, the spending pattern of the cultural tourist generally remains more significant, a development that policymakers have realized in promoting their particular locales.
Endnotes

1. “Arts in the Local Economy: Final Report,” National Assembly of Local Arts Agencies, 1994, Washington, D.C. (Of note, since the publication of this study, the National Assembly of Local Arts Agencies has changed its official name to Americans for the Arts.) Unfortunately, current economic impact studies appear to be rare; most of the studies included in this Special Series Report are from several years ago. It is likely that a majority of the state arts agencies are unable to afford the exorbitant cost of conducting these impact studies on a regular basis. However, since it is important to report cumulatively on the results of these studies in the SLC states, this Report does so, even though the data may be several years old.


3. The Southern Legislative Conference consists of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia.


9. “Arts in the Local Economy.”


12. Metro Atlanta Chamber of Commerce.

13. Ibid.


15. The following three quotes are from the Business Committee for the Arts web site, www.bcainc.org.


18. “Arts in the Local Economy: Final Report,” National Assembly of Local Arts Agencies, 1994, Washington, D.C. As noted earlier, the National Assembly of Local Arts Agencies has changed its official name to Americans for the Arts. In addition, despite the fact that this particular study is now several years old, it still contains valuable information that bolsters the importance of the arts to overall economic development. Americans for the Arts intends to re-assess the national economic impact of the arts in a major study very shortly.


20. Ibid.

22 Ibid.

23 National Assembly of State Arts Agencies (NASAA), Fiscal Year 2000 Legislative Appropriations Survey, March 2000. Alongside data for the 50 states, the Survey also includes data for an additional six U.S. protectorates and special jurisdictions such as the District of Columbia, Puerto Rico, American Samoa, etc. The statistical data in this section of the report is extracted from the March 2000 survey.

24 According to the National Endowment for the Arts (NEA), “[P]rior to 1996, the NEA’s budget was in the $160 million range. Beginning in 1996 and continuing through 1998, the agency’s budget has been under $100 million. This dramatic change in funding has had an equal impact on the agency’s operations and its ability to carry out its mission. For example, prior to 1996, the agency routinely received approximately 6,000 applications from organizations and approximately 10,000 applications from individuals; today, those numbers have been reduced to 3,000 and under 1,000, respectively. Prior to 1996, the agency awarded nearly 4,000 grants per year; today, it awards approximately 1,300.” (See www.nea.gov).

In a related development, a U.S. House-Senate conference committee approved an increase of $7 million, for a total of $105 million, for the NEA for fiscal year 2001. However, this compromise agreement was reached with the stipulation that the additional funds be directed only towards the agency’s Challenge America initiative. This initiative was designed to build partnerships that would bring the arts to smaller and less frequently funded areas. Even though the new total of $105 million was much less than the White House request of $150 million, and certainly less than the high mark of $179.5 million attained in 1992, it is marginally more than the $99 million allocated between 1994 and 2000. (“Arts Agency Wins Increase,” The Washington Post, September 21, 2000.)

25 For a good synopsis of the beneficial fiscal environment faced by the states, see “A Resurgent Michigan Leads Newly Flush States, The New York Times, April 10, 2000. In mid-1999, a National Conference of State Legislatures report noted that states were currently enjoying their largest budget surpluses in more than 20 years and left more than $33.4 billion unspent in their 1998/99 fiscal year. In this connection, 20 states cut taxes; 13 made major new investments in programs, particularly education; and 13 allocated money to capital construction projects. See “States Can’t Spend Fast Enough,” USA Today, July 27, 1999.


28 Perloff.

29 Ibid.

30 Information on activities initiated by the Downtown Houston Association are extracted from www.downtownhouston.org.

31 Jazz District Redevelopment Corporation, 18th & Vine Historic District.


33 Ibid.

34 “Downtown Revitalization: Cities Search for Solutions.”


38. www.arts.state.al.us. All information related to the Alabama State Council on the Arts is extracted from this website.


44. According to the Department of Arkansas Heritage, Arkansas Arts Council and the University of Arkansas at Little Rock, Institute for Economic Advancement, there has been no economic impact of the arts study conducted in Arkansas since the early 1970s. Hence, the Arkansas state page will present some basic information, including information extracted from www.arkansasheritage.com, on the administrative structure governing arts and culture in the state.

45. For details on these specific initiatives and additional information on the Florida-Mexico cultural exchanges see “Conexiones Culturales: Florida Department of State’s 1999 Mexico Cultural Initiative,” Status Report, July 14-18, 1999, Florida Department of State, Division of Cultural Affairs.

46. All information related to the economic impact of the arts in Florida, unless otherwise indicated, is secured from Dr. William Strong.


50. Information in this section is from “Economic Impact of the Arts,” Sarasota County Arts Council, 1993.

51. Information in this section is from “Dollars and Sense: The Economic Impact of the Arts on Tampa Bay,” Tampa Bay Business Committee for the Arts and Deloitte & Touche, 1995.

52. Information in this sections is from “Update on the Economic Impact of Cultural Organizations on Palm Beach County 1994,” Palm Beach County Cultural Council, August 1995.

53. Information on Georgia Council for the Arts obtained in an interview with Mr. Rick George, Interim Executive Director, Georgia Council for the Arts, July 12, 2000.

54. Data related to the greater Atlanta economic impact study was extracted from “Nonprofit Arts and Cultural Organizations in Metro Atlanta: 1997 Economic Impact Study,” Metro Atlanta Chamber of Commerce and the Arts & Business Council of Atlanta, March 1998.


56. Vulgamore, Allison, President, Atlanta Symphony Orchestra in September 2000 Stagebill.


60. Information related to the Kentucky economic impact study was obtained from “Arts and the Kentucky Economy,” Center for Business and Economic Research, The University of Kentucky, February 1998.
Information related to the Kentucky crafts industry was obtained from “The Economic Impact of the Kentucky Crafts Industry 1993,” Center for Business and Economic Research, The University of Kentucky, August 1994.


Information on “Degas in New Orleans” obtained from information provided by Mr. James B. Borders, Executive Director, Louisiana Division of the Arts and Renwick, Edward, “Opinions and Attitudes of Visitors to Degas and New Orleans,” New Orleans Museum of Art, September 16, 1999.

Information related to the Maryland economic study was extracted from “The Economic Impact of the Arts in Maryland: A 2000 Update,” Department of Business and Economic Development, June 2000.

www.msac.org.

Information related to the Maryland economic study was extracted from “The Economic Impact of the Arts in Maryland: A 2000 Update,” Department of Business and Economic Development, June 2000.


Information on the Missouri economic study was obtained from “An Economic Activity Survey of Missouri Nonprofit Arts Organizations,” University of Missouri, Tourism Research and Development Center, September 1997.


www.state.ms.us.

Information on the Mississippi economic study was secured from “Report on the Multiple Impacts of the Arts in Mississippi,” ArtsMarket, Inc., January 2000.


Information related to the craft industry’s economic impact was obtained from “The Invisible Factory,” Appalachian State University, March 1995 and “Economic Impact,” Penland School of Crafts, March/April 1998.
Information on North Carolina’s historic preservation and economic impact study was secured from “Profiting from the Past: The Impact of Historic Preservation on the North Carolina Economy,” Preservation North Carolina, December 1997.

“North Carolina’s Outdoor Dramas Make Significant Contribution to State Tourism Industry in 1997,” University of North Carolina at Chapel Hill.

Information on Oklahoma’s economic impact study was extracted from “Economic Impact of the Nonprofit Arts Industry in Oklahoma, 1991-1992,” The University of Oklahoma, March 1993.

Information on the Tulsa County economic study was obtained from “The 1997 Economic Impact Study of the Cultural Community in Tulsa County,” The Arts and Humanities Council of Tulsa and Deloitte & Touche LLP, 1997.

Ibid.


Statewide information on the Tennessee economic impact study was secured from “The 1994 Economic Impact Study of the Arts,” Middle Tennessee State University, 1994.

Information on the Nashville economic impact study was obtained from “Arts and the Economy: Short-Run Impact of Nonprofit Arts Organizations on the Nashville Economy in 1998,” Middle Tennessee State University, Business and Economic Research Center, May 1999.

According to Ricardo Hernandez, deputy director, Texas Commision on the Arts, “economic impact studies that we have of the state were done in the ‘80s and early ‘90s. We do not currently have a ‘recent’ survey.” Hence, the information for Texas will contain some general information on the topic obtained from the TCA website, www.arts.state.tx.us.

An article in the San Antonio Express News, “In time of surplus, provide for the arts,” March 10, 1999, maintains that the arts in Texas contributes over $1 billion to the state’s economy and employs more than 72,000 Texans.

Information on the Cultural Arts Council of Houston/Harris County is extracted from “Houston’s Arts Enjoy a Bonanza,” The Houston Chronicle, September 27, 2000.


The Economic Impact of the Arts in the SLC States, page 94
Information obtained from “A Study of the Economic Impact of the Arts in West Virginia,” Executive Summary, West Virginia Research League, Inc., 1994. (Only the Executive Summary was provided.)

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Stronge, Dr. William.

Metro Atlanta Chamber of Commerce.

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Tennessee Arts Commission.

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Statistics and information on travel and tourism are extracted from Travel and Tourism: A Legislator’s Guide, National Conference of State Legislatures, July 1999.

www.tia.org.

Ibid.

Travel and Tourism: A Legislator’s Guide.

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