

# Arts & Economic Prosperity <sup>III</sup>

The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences  
in THE BLACK HILLS REGION

*Arts and Economic Prosperity III* was conducted by Americans for the Arts, the nation's leading nonprofit organization for advancing the arts in America. Established in 1960, we are dedicated to representing and serving local communities and creating opportunities for every American to participate in and appreciate all forms of the arts.

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"Understanding and acknowledging the incredible economic impact of the nonprofit arts and culture, we must always remember their fundamental value. They foster beauty, creativity, originality, and vitality. The arts inspire us, sooth us, provoke us, involve us, and connect us. But they also create jobs and contribute to the economy."

—Robert L. Lynch  
President and CEO  
Americans for the Arts

# The Arts Mean Business

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

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

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

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

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

Our industry also generates nearly \$30 billion in revenue to local, state, and federal governments every year. By comparison, the three levels of government collectively spend less than \$4 billion annually to support arts and culture—a spectacular 7:1 return on investment that would even thrill Wall Street veterans.

*Arts & Economic Prosperity III* has more good news for business leaders. Arts and culture organizations—

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

visitors, a vibrant arts and culture industry helps local businesses thrive.

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

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

# The Economic Impact of the Nonprofit Arts and Culture Industry in the Black Hills Region

*Arts & Economic Prosperity III* provides compelling new evidence that the nonprofit arts and culture are a significant industry in the Black Hills Region—one that generates \$162.08 million in local economic activity. This spending—\$22.67 million by nonprofit arts and culture organizations and an additional \$139.41 million in event-related spending by their audiences—supports 4,380 full-time equivalent jobs, generates \$84.03 million in household income to local residents, and delivers \$20.29 million in local and state government revenue. This economic impact study sends a strong signal that when we support the arts, we not only enhance our quality of life, but we also invest in the Black Hills Region’s economic well-being.

The Black Hills Region is one of 156 communities that participated in *Arts & Economic Prosperity III*, the most comprehensive study of its kind ever conducted. It documents the economic impact of the nonprofit arts and culture industry in 116 cities and counties, 35 multi-county regions, and five states—representing all 50 states and the District of Columbia. The diverse study regions range in population (4,000 to 3 million) and type (rural to urban). Researchers collected detailed expenditure and attendance data from 6,080 nonprofit arts and culture organizations and 94,478 of their attendees to measure total industry spending. Project economists customized input/output analysis models to calculate specific and reliable findings for each study region. This study focuses solely on the economic impact of nonprofit arts and culture organizations and event-related spending by their audiences. Not included in this study are spending by individual artists and the for-profit arts and culture sector (e.g., Broadway or the motion picture industry).

## DEFINING ECONOMIC IMPACT

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

**Full-Time Equivalent (FTE) Jobs** describes the total amount of labor employed. Economists measure FTE jobs, not the total number of employees, because it is a more accurate measure that accounts for part-time employment.

**Resident Household Income** (often called Personal Income) includes salaries, wages, and entrepreneurial income paid to local residents. It is the money residents earn and use to pay for food, mortgages, and other living expenses.

**Revenue to Local and State Government** includes revenue from taxes (i.e., income, property, or sales) as well as funds from license fees, utility fees, filing fees, and other similar sources.

## ECONOMIC IMPACT OF THE ENTIRE NONPROFIT ARTS AND CULTURE INDUSTRY IN THE BLACK HILLS REGION

Total spending by nonprofit arts and culture organizations and their audiences totaled \$162.08 million in the Black Hills Region during 2005. The following table shows the direct economic impact of this spending—that is, the initial economic effect of these expenditures.

### DIRECT Economic Impact of the Nonprofit Arts and Culture Industry in the Black Hills Region (Spending by Nonprofit Arts and Culture Organizations and Their Audiences)

|                           | <b>Black Hills Region</b> | <b>Median of<br/>Similar Study Regions<br/>Pop. = 100,000 to 249,999</b> | <b>National Median</b> |
|---------------------------|---------------------------|--|------------------------|
| Total Expenditures        | \$162,082,251             | \$27,988,656   | \$41,315,605           |
| Full-Time Equivalent Jobs | 2,948                     | 501  | 778                    |
| Resident Household Income | \$48,947,000              | \$7,648,000  | \$13,519,000           |
| Local Government Revenue  | \$5,070,000               | \$364,000  | \$845,000              |
| State Government Revenue  | \$6,361,000               | \$460,000  | \$1,593,000            |

These direct economic impacts create an additional indirect economic impact on the economy. The local expenditures continue to have an economic impact on the economy until the money eventually “leaks out” of the region (i.e., is spent outside the Black Hills Region). The total economic impact is the combination of the direct economic impact and the indirect economic impact. The table below shows the total economic impact of the \$162.08 million spent by nonprofit arts and culture organizations and their audiences during 2005.

### TOTAL Economic Impact of the Nonprofit Arts and Culture Industry in the Black Hills Region (Spending by Nonprofit Arts and Culture Organizations and Their Audiences)

|                           | <b>Black Hills Region</b> | <b>Median of<br/>Similar Study Regions<br/>Pop. = 100,000 to 249,999</b> | <b>National Median</b> |
|---------------------------|---------------------------|--|------------------------|
| Total Expenditures        | \$162,082,251             | \$27,988,656   | \$41,315,605           |
| Full-Time Equivalent Jobs | 4,380                     | 824  | 1,386                  |
| Resident Household Income | \$84,034,000              | \$14,646,000   | \$26,369,000           |
| Local Government Revenue  | \$10,003,000              | \$1,170,000  | \$2,486,000            |
| State Government Revenue  | \$10,290,000              | \$1,513,000  | \$3,042,000            |



## DIRECT AND INDIRECT ECONOMIC IMPACT: HOW A DOLLAR IS RE-SPENT IN THE ECONOMY

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

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

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

A dollar “ripples” through communities very differently, which is why a customized input/output model was created for the Black Hills Region.

"Mayors understand well the connection between the arts industry and city revenues. Besides providing thousands of jobs, the arts industry generates billions in government and business revenues. Additionally, the arts have played an important role in the economic revitalization of many of our nation’s cities."

—Mayor Douglas H. Palmer  
Mayor of Trenton, New Jersey  
President, The United States Conference of Mayors

## ECONOMIC IMPACT OF SPENDING BY NONPROFIT ARTS AND CULTURE ORGANIZATIONS IN THE BLACK HILLS REGION

Nonprofit arts and culture organizations are active contributors to their business community. They are employers, producers, and consumers. They are members of the chamber of commerce as well as key partners in the marketing and promotion of their cities, regions, and states. Spending by nonprofit arts and culture organizations totaled \$22.67 million in the Black Hills Region during 2005. This spending is far-reaching: organizations pay employees, purchase supplies, contract for services, and acquire assets within their community. These actions, in turn, support jobs, create household income, and generate revenue to the local and state governments.

Data were collected from 40 nonprofit arts and culture organizations in the Black Hills Region. Each provided detailed budget information about more than 40 expenditure categories for fiscal year 2005 (e.g., labor, payments to local and non-local artists, operations, materials, facilities, and asset acquisition) as well as their total attendance figures. The following tables demonstrate the direct and total impacts of this spending.

### DIRECT Economic Impact of Spending by Nonprofit Arts and Culture Organizations in the Black Hills Region

|                           | <b>Black Hills Region</b> | <b>Median of<br/>Similar Study Regions<br/>Pop. = 100,000 to 249,999</b> | <b>National Median</b> |
|---------------------------|---------------------------|--|------------------------|
| Total Expenditures        | \$22,670,258              | \$16,498,717   | \$17,346,252           |
| Full-Time Equivalent Jobs | 329                       | 247  | 244                    |
| Resident Household Income | \$7,371,000               | \$5,290,000  | \$6,049,000            |
| Local Government Revenue  | \$217,000                 | \$115,000  | \$179,000              |
| State Government Revenue  | \$184,000                 | \$148,000  | \$200,000              |

### TOTAL Economic Impact of Spending by Nonprofit Arts and Culture Organizations in the Black Hills Region

|                           | <b>Black Hills Region</b> | <b>Median of<br/>Similar Study Regions<br/>Pop. = 100,000 to 249,999</b> | <b>National Median</b> |
|---------------------------|---------------------------|--|------------------------|
| Total Expenditures        | \$22,670,258              | \$16,498,717   | \$17,346,252           |
| Full-Time Equivalent Jobs | 775                       | 541  | 675                    |
| Resident Household Income | \$15,469,000              | \$9,565,000  | \$13,310,000           |
| Local Government Revenue  | \$868,000                 | \$535,000  | \$719,000              |
| State Government Revenue  | \$770,000                 | \$662,000  | \$770,000              |

## ECONOMIC IMPACT OF SPENDING BY NONPROFIT ARTS AND CULTURE AUDIENCES IN THE BLACK HILLS REGION

The nonprofit arts and culture, unlike most industries, leverage a significant amount of event-related spending by its audiences. For example, when patrons attend an arts event, they may pay to park their car in garage, purchase dinner at a restaurant, eat dessert after the show, and pay a babysitter upon their return home. This spending generates related commerce for local businesses such as restaurants, parking garages, hotels, and retail stores.

To measure the impact of nonprofit arts and culture audiences in the Black Hills Region, data were collected from 339 event attendees during 2006. Researchers used an audience-intercept methodology, a standard technique in which patrons complete a written survey about their event-related spending while attending the event. The 40 nonprofit arts and culture organizations that responded to the detailed organizational survey reported that the aggregate attendance to their events was 6.7 million. These attendees spent a total of \$139.41 million, excluding the cost of event admission. The following tables demonstrate the direct and total impacts of this spending.

### DIRECT Economic Impact of Spending by Nonprofit Arts and Culture Audiences in the Black Hills Region (excluding the cost of event admission)

|                           | Black Hills Region | Median of<br>Similar Study Regions<br>Pop. = 100,000 to 249,999 | National Median |
|---------------------------|--------------------|---|-----------------|
| Total Expenditures        | \$139,411,993      | \$10,572,810  | \$24,772,704    |
| Full-Time Equivalent Jobs | 2,619              | 248   | 500             |
| Resident Household Income | \$41,576,000       | \$2,886,000   | \$7,382,000     |
| Local Government Revenue  | \$4,853,000        | \$193,000   | \$516,000       |
| State Government Revenue  | \$6,177,000        | \$342,000   | \$1,282,000     |

### TOTAL Economic Impact of Spending by Nonprofit Arts and Culture Audiences in the Black Hills Region (excluding the cost of event admission)

|                           | Black Hills Region | Median of<br>Similar Study Regions<br>Pop. = 100,000 to 249,999 | National Median |
|---------------------------|--------------------|---|-----------------|
| Total Expenditures        | \$139,411,993      | \$10,572,810  | \$24,772,704    |
| Full-Time Equivalent Jobs | 3,605              | 315   | 711             |
| Resident Household Income | \$68,565,000       | \$4,451,000   | \$13,059,000    |
| Local Government Revenue  | \$9,135,000        | \$474,000   | \$1,390,000     |
| State Government Revenue  | \$9,520,000        | \$579,000   | \$2,176,000     |

## VISITORS SPEND MORE

In addition to spending data, the 339 audience survey respondents were asked to provide the ZIP code of their primary residence, enabling researchers to determine which attendees were local (i.e., reside within the Black Hills Region) and which were non-local (reside outside the Black Hills Region). In the Black Hills Region, 96 percent of the 6.7 million nonprofit arts attendees were local; 4 percent were non-local.

Non-local arts and culture event attendees spent an average of 70 percent more than local attendees per person (\$34.17 vs. \$20.09). As would be expected from a traveler, higher spending was typically found in the categories of lodging, meals, and transportation. These data demonstrate that when a community attracts cultural tourists, it harnesses significant economic rewards.

### Event-Related Spending by Arts and Culture Event Attendees Totaled \$139.41 million in the Black Hills Region (excluding the cost of event admission)

|                                    | Residents     | Non-Residents | All Black Hills Region Event Attendees |
|------------------------------------|---------------|---------------|--|
| Total Event Attendance             | 6,465,629     | 278,534       | 6,744,163                              |
| Percent of Attendees               | 96 percent    | 4 percent     | 100 percent                            |
| Average Dollars Spent Per Attendee | \$20.09       | \$34.17       | \$20.68                                |
| Total Event-Related Spending       | \$129,894,486 | \$9,517,507   | \$139,411,993                          |

### Nonprofit Arts and Culture Event Attendees Spend an Average of \$20.68 Per Person in the Black Hills Region (excluding the cost of event admission)

|                                    | Residents      | Non-Residents  | All Black Hills Region Event Attendees |
|------------------------------------|----------------|----------------|--|
| Refreshments/Snacks During Event   | \$2.11         | \$2.92         | \$2.14                                 |
| Meals Before/After Event           | \$6.15         | \$12.70        | \$6.43                                 |
| Souvenirs and Gifts                | \$6.93         | \$3.81         | \$6.80                                 |
| Clothing and Accessories           | \$1.74         | \$0.00         | \$1.66                                 |
| Ground Transportation              | \$1.45         | \$1.85         | \$1.47                                 |
| Event-Related Child Care           | \$0.58         | \$0.00         | \$0.56                                 |
| Overnight Lodging (one night only) | \$0.37         | \$12.35        | \$0.87                                 |
| Other                              | \$0.76         | \$0.54         | \$0.75                                 |
| <b>Total Per Person Spending</b>   | <b>\$20.09</b> | <b>\$34.17</b> | <b>\$20.68</b>                         |

# Voluntarism and In-Kind Contributions

## AN ECONOMIC IMPACT BEYOND DOLLARS

*Arts & Economic Prosperity III* reveals a significant contribution to nonprofit arts and culture organizations as a result of voluntarism. In 2005, 2,686 arts volunteers donated 95,929 hours to the Black Hills Region's nonprofit arts and culture organizations. This represents a donation of time with an estimated value of \$1,730,559 (Independent Sector estimates the value of the average 2005 volunteer hour to be \$18.04).<sup>1</sup> While these arts volunteers may not have an economic impact as defined in this study, they clearly have an enormous impact by helping the Black Hills Region's nonprofit arts and culture organizations function as a viable industry.

In addition, the nonprofit arts and culture organizations surveyed for this study were asked about the sources and value of their in-kind support. In-kind contributions are non-cash donations such as materials (e.g., office supplies from a local retailer), facilities (e.g., rent), and services (e.g., printing costs from a local printer). The 40 responding nonprofit arts and culture organizations in the Black Hills Region reported that they received in-kind contributions with an aggregate value of \$591,529 during 2005. These contributions were received from a variety of sources including corporations, individuals, local and state arts agencies, and government.

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

—Senator Edward Kennedy, Massachusetts  
Co-Chairman, Senate Cultural Caucus

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

—Representative Louise M. Slaughter, U.S. House of Representatives  
Co-Chair, Congressional Arts Caucus

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

—Bart Peterson  
President, National League of Cities  
Mayor, Indianapolis, Indiana

# Conclusion

The nonprofit arts and culture are a \$162.08 million industry in the Black Hills Region—one that supports 4,380 full-time equivalent jobs and generates \$20.29 million in local and state government revenue. Nonprofit arts and culture organizations, which spend \$22.67 million annually, leverage a remarkable \$139.41 million in additional spending by arts and culture audiences—spending that pumps vital revenue into local restaurants, hotels, retail stores, parking garages, and other businesses in the Black Hills Region. By demonstrating that investing in the arts and culture yields economic benefits, *Arts & Economic Prosperity III* lays to rest a common misconception: that communities support the arts and culture at the expense of local economic development. In fact, they are investing in an industry that supports jobs, generates government revenue, and is a cornerstone of tourism. This report shows conclusively that **the arts mean business in the Black Hills Region!**

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

—Paul G. Allen  
Philanthropist  
Co-Founder, Microsoft

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

—Senator Leticia Van de Putte, Texas  
President, National Conference of State Legislatures



# Arts & Economic Prosperity III Calculator

## ESTIMATING ECONOMIC IMPACT IN THE BLACK HILLS REGION

To make it easier to compare the economic impacts of different organizations within the Black Hills Region, researchers calculated the economic impact per \$100,000 of spending by nonprofit arts and culture organizations and their audiences.

### ECONOMIC IMPACT PER \$100,000 OF SPENDING BY NONPROFIT ARTS AND CULTURE ORGANIZATIONS

For every \$100,000 in spending by a nonprofit arts and culture organization in the Black Hills Region, there was the following total economic impact.

**Ratios of Economic Impact Per \$100,000 of Spending by Nonprofit Arts and Culture Organizations in the Black Hills Region**

|                           | Black Hills Region | Median of Similar Study Regions<br>Pop. = 100,000 to 249,999 | National Median |
|---------------------------|--------------------|--|-----------------|
| Full-Time Equivalent Jobs | 3.42               | 2.86   | 3.46            |
| Resident Household Income | \$68,235           | \$64,896   | \$71,221        |
| Local Government Revenue  | \$3,829            | \$3,588  | \$4,200         |
| State Government Revenue  | \$3,397            | \$4,051  | \$6,979         |

#### An Example of How to Use the Organizational Spending Calculator Table (above)

An administrator from a nonprofit arts and culture organization that has total expenditures of \$250,000 wants to determine the organization's total economic impact on full-time equivalent (FTE) employment in the Black Hills Region. The administrator would:

1. Determine the amount spent by the nonprofit arts and culture organization;
2. Divide the total expenditure by 100,000; and
3. Multiply that figure by the FTE employment ratio per \$100,000 for the Black Hills Region.

Thus, \$250,000 divided by 100,000 equals 2.5; 2.5 times 3.42 (from the table above—*Ratios of Economic Impact Per \$100,000 of Spending by Nonprofit Arts and Culture Organizations in the Black Hills Region*) equals a total of 8.6 full-time equivalent jobs supported (both directly and indirectly) within the Black Hills Region by that nonprofit arts and culture organization. Using the same procedure, the estimate can be calculated for resident household income and local and state government revenue.

## ECONOMIC IMPACT PER \$100,000 OF SPENDING BY NONPROFIT ARTS AND CULTURE AUDIENCES

The economic impact of event-related spending by arts audiences also can be derived for individual or groups of nonprofit arts and culture organizations and events in the Black Hills Region.

The first step is to determine the total estimated event-related spending by arts and culture event attendees (excluding the cost of admission). To derive this figure, multiply the average per person event-related expenditure in the Black Hills Region by the total event attendance. The ratios of economic impact per \$100,000 in spending then can be used to determine the total economic impact of the total estimated audience spending.

### Average Per Person Event-Related Spending by All Arts and Culture Event Attendees in the Black Hills Region (excluding the cost of event admission)

|                                    | Black Hills Region | Median of Similar Study Regions<br>Pop. = 100,000 to 249,999 | National Median |
|------------------------------------|--------------------|--|-----------------|
| Refreshments/Snacks During Event   | \$2.14             | \$2.85   | \$2.94          |
| Meals Before/After Event           | \$6.43             | \$9.26   | \$10.06         |
| Souvenirs and Gifts                | \$6.80             | \$3.42   | \$3.90          |
| Clothing and Accessories           | \$1.66             | \$1.31   | \$1.62          |
| Ground Transportation              | \$1.47             | \$2.18   | \$2.72          |
| Event-Related Child Care           | \$0.56             | \$0.31   | \$0.34          |
| Overnight Lodging (one night only) | \$0.87             | \$4.17   | \$5.01          |
| Other                              | \$0.75             | \$1.09   | \$1.20          |
| <b>Total Per Person Spending</b>   | <b>\$20.68</b>     | <b>\$24.59</b>   | <b>\$27.79</b>  |

### Ratios of Economic Impact Per \$100,000 of Spending by Nonprofit Arts and Culture Audiences in the Black Hills Region

|                           | Black Hills Region | Median of Similar Study Regions<br>Pop. = 100,000 to 249,999 | National Median |
|---------------------------|--------------------|--|-----------------|
| Full-Time Equivalent Jobs | 2.59               | 2.97   | 2.60            |
| Resident Household Income | \$49,182           | \$43,562   | \$47,591        |
| Local Government Revenue  | \$6,553            | \$5,073  | \$4,628         |
| State Government Revenue  | \$6,829            | \$5,398  | \$8,586         |

**An Example of How to Use the Audience Spending Calculator Tables (on the preceding page)**

An administrator wants to determine the total economic impact of the 25,000 total attendees to his/her organization's nonprofit arts and culture events on full-time equivalent (FTE) employment in the Black Hills Region. The administrator would:

1. Determine the total estimated audience spending by multiplying the average per person expenditure for the Black Hills Region by the total attendance to nonprofit arts and culture events;
2. Divide the resulting total estimated audience spending by 100,000; and
3. Multiply that figure by the FTE employment ratio per \$100,000 for the Black Hills Region.

Thus, 25,000 times \$20.68 (from the top table on the preceding page—*Average Per Person Event-Related Spending by Arts and Culture Event Attendees in the Black Hills Region*) equals \$517,000; \$517,000 divided by 100,000 equals 5.17; 5.17 times 2.59 (from the bottom table on the preceding page—*Ratios of Economic Impact Per \$100,000 of Spending by Nonprofit Arts and Culture Audiences in the Black Hills Region*) equals a total of 13.4 full-time equivalent jobs supported (both directly and indirectly) within the Black Hills Region by that nonprofit arts and culture organization. Using the same procedure, the estimate can be calculated for resident household income and local and state government revenue.

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

—Linda Langston  
Linn County Supervisor, Iowa  
Chair, Arts Commission, National Association of Counties

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

—Jack Dalrymple

Lt. Governor, North Dakota

Chair Elect, National Lieutenant Governors Association

# Comparisons with Similarly Populated Study Regions

For the purpose of this study, the Black Hills Region is defined as Butte, Custer, Fall River, Lawrence, Meade, Pennington, and Shannon Counties. Using this definition, the population of the Black Hills Region was estimated to be 178,840 during 2005 according to the most recent data available from the U.S. Census Bureau. The table below compares the economic impact results for the Black Hills Region with those of other regional study participants.

For more comparisons, data tables containing the detailed survey results for all 156 communities that participated in *Arts & Economic Prosperity III* are located in Appendix A of the full National Report. All three national study reports are available for download and purchase at [www.AmericansForTheArts.org/EconomicImpact](http://www.AmericansForTheArts.org/EconomicImpact), including the Highlights Brochure, the Summary Report, and the full National Report.

**Economic Impact of the Nonprofit Arts Industry: The Black Hills Region Compared to Similarly Populated Study Regions with Populations of 100,000 to 249,999 (Listed by Population in Ascending Order)**

| Study Region                         | 2005 Population | Total Industry Expenditures (Organizations & Audiences) | Full-Time Equivalent Jobs | Resident Household Income | Local Government Revenue | State Government Revenue |
|--------------------------------------|-----------------|---|---------------------------|---------------------------|--------------------------|--------------------------|
| Wood River Valley, ID                | 12,172          | \$6,182,993   | 161                       | \$2,849,000               | \$130,000                | \$341,000                |
| Portsmouth Seacoast Area (NH,ME)     | 36,368          | \$38,180,594  | 1,161                     | \$22,932,000              | \$2,486,000              | \$1,897,000              |
| Greater Minot, ND                    | 78,817          | \$8,563,140   | 188                       | \$3,362,000               | \$363,000                | \$476,000                |
| <b>Black Hills Region, SD</b>        | <b>178,840</b>  | <b>\$162,082,251</b>                                    | <b>4,380</b>              | <b>\$84,034,000</b>       | <b>\$10,003,000</b>      | <b>\$10,290,000</b>      |
| Fargo-Moorhead Region (ND,MN)        | 184,857         | \$41,315,605  | 1,386                     | \$26,369,000              | \$1,933,000              | \$2,990,000              |
| Washington and Chisago Counties, MN  | 367,295         | \$3,692,715   | 82                        | \$1,482,000               | \$83,000                 | \$254,000                |
| Northwest Arkansas                   | 367,295         | \$16,210,374  | 518                       | \$9,791,000               | \$342,000                | \$1,123,000              |
| Northeast Wisconsin                  | 374,625         | \$10,751,805  | 370                       | \$7,142,000               | \$460,000                | \$726,000                |
| Iowa Cultural Corridor               | 512,887         | \$63,080,706  | 1,986                     | \$33,899,000              | \$2,774,000              | \$3,440,000              |
| St. Croix Valley Region (WI,MN)      | 527,870         | \$16,450,861  | 384                       | \$7,161,000               | \$435,000                | \$1,144,000              |
| Northwest Louisiana                  | 569,974         | \$89,771,334  | 2,367                     | \$49,859,000              | \$6,942,000              | \$5,920,000              |
| Greater Columbia, SC                 | 575,350         | \$56,255,506  | 2,206                     | \$38,416,000              | \$2,689,000              | \$3,801,000              |
| Lehigh Valley, PA                    | 680,159         | \$169,109,467   | 6,216                     | \$92,956,000              | \$6,817,000              | \$11,130,000             |
| East Maricopa County, AZ             | 838,862         | \$82,687,274  | 2,512                     | \$49,785,000              | \$3,395,000              | \$4,836,000              |
| Greater Buffalo, NY                  | 1,147,711       | \$155,294,034   | 4,740                     | \$95,904,000              | \$14,902,000             | \$9,150,000              |
| Greater Portland, OR                 | 1,523,690       | \$374,753,836   | 11,858                    | \$236,061,000             | \$15,773,000             | \$15,919,000             |
| Greater Harrisburg, PA               | 1,546,753       | \$62,115,008  | 2,123                     | \$40,704,000              | \$2,862,000              | \$4,204,000              |
| Kansas City Metro Region (MO,KS)     | 1,609,434       | \$279,328,031   | 8,789                     | \$231,542,000             | \$9,538,000              | \$13,707,000             |
| Greater Birmingham, AL               | 1,634,707       | \$136,448,046   | 4,397                     | \$87,031,000              | \$5,623,000              | \$7,638,000              |
| Greater Cincinnati Region (OH,KY,IN) | 1,940,545       | \$279,856,713   | 9,675                     | \$189,514,000             | \$14,118,000             | \$18,873,000             |
| Greater Milwaukee, WI                | 1,968,951       | \$249,720,184   | 8,359                     | \$164,580,000             | \$14,673,000             | \$18,245,000             |
| Minnesota Twin Cities' Metro Region  | 2,746,987       | \$719,504,854   | 19,069                    | \$568,742,000             | \$17,268,000             | \$62,839,000             |
| Central Florida Region               | 3,497,472       | \$165,312,100   | 5,661                     | \$111,717,000             | \$8,966,000              | \$11,720,000             |
| Greater Washington Metro Region      | 3,684,021       | \$1,156,704,133   | 26,731                    | \$607,976,000             | \$50,380,000             | \$37,331,000             |
| Greater Philadelphia, PA             | 3,890,181       | \$1,335,924,526   | 35,827                    | \$763,117,000             | \$67,326,000             | \$84,368,000             |

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

—Janet Napolitano  
Governor, Arizona  
Chair, National Governors Association

# About This Study

The *Arts & Economic Prosperity III* study was conducted by Americans for the Arts to document the economic impact of the nonprofit arts and culture industry in 156 communities and regions (116 cities and counties, 35 multi-county regions, and five states)—representing all 50 states and the District of Columbia.

The diverse communities range in population (4,000 to 3 million) and type (rural to urban). The study focuses solely on nonprofit arts and culture organizations and their audiences. Public arts councils and public presenting facilities/institutions are included as are select programs embedded within another organization (that have their own budget and play a substantial role in the cultural life of the community). The study excludes spending by individual artists and the for-profit arts and entertainment sector (e.g., Broadway or the motion picture industry). Detailed expenditure data were collected from 6,080 arts and culture organizations and 94,478 of their attendees. The project economists, from the Georgia Institute of Technology, customized input/output analysis models for each study region to provide specific and reliable economic impact data about their nonprofit arts and culture industry, specifically full-time equivalent jobs, household income, and local and state government revenue.

## THE 156 LOCAL AND REGIONAL STUDY PARTNERS

Americans for the Arts published a Call for Participants in 2005 seeking communities interested in participating in the *Arts & Economic Prosperity III* study. Of the more than 200 potential partners that expressed interest, 156 agreed to participate and complete four participation criteria: (1) identify and code the universe of nonprofit arts and culture organizations in their study region; (2) disseminate,

collect, and review for accuracy expenditure surveys from those organizations; (3) conduct audience-intercept surveys at a minimum of 16 diverse arts events; and (4) pay a modest cost-sharing fee (no community was refused participation for an inability to pay).

The Dahl Arts Center/Rapid City Arts Council responded to the 2005 Call for Participants, and agreed to complete the four participation criteria.

## SURVEYS OF NONPROFIT ARTS AND CULTURE ORGANIZATIONS

Each of the 156 study regions attempted to identify its complete universe of nonprofit arts and culture organizations using the Urban Institute's National Taxonomy of Exempt Entity (NTEE)<sup>2</sup> codes as a guideline. Eligible nonprofit arts and culture organizations—those whose primary purpose is to promote appreciation for and understanding of the visual, performing, folk, and media arts—received a web-based survey. Sent via email, the survey collected detailed information about their 2005 fiscal year expenditures in more than 40 expenditure categories, including labor, local and non-local artists, operations, materials, facilities, and asset acquisition. Data were collected from 6,080 organizations for this study. Response rates for the 156 communities averaged 41.3 percent and ranged from 10.4 percent to 100 percent. Responding organizations had budgets ranging from a low of \$0 to a high of \$159.2 million. Each study region's

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

The following NTEE<sup>2</sup> categories of nonprofit arts, culture, and humanities organizations were included in this study:

- A02, Management and Technical Assistance Organizations
- A03, Professional Societies and Associations
- A05, Research Institutes and Policy Analysis Organizations
- A11, Single Support Organizations
- A12, Fund Raising and Fund Distributing Organizations
- A23, Cultural and Ethnic Awareness Organizations
- A24, Folk Arts and Traditional Arts Organizations
- A25, Arts Education Organizations
- A26, Arts Councils and City Presenting Facilities
- A31, Film and Video Organizations
- A32, Public Access Television Studios
- A40, Visual Arts Organizations
- A45, Architectural Organizations
- A46, Drawing Organizations
- A47, Ceramic Arts Organizations
- A48, Art Conservation Organizations
- A51, Art Museums
- A52, Children’s Museums
- A53, Folk Arts and Ethnic Museums
- A54, History Museums
- A55, Marine and Maritime Museums
- A56, Natural History and Natural Science Museums
- A57, Science and Technology Museums
- A58, Sports and Hobby Museums
- A59, Specialized Museums
- A61, Performing Arts Centers
- A62, Dance Organizations
- A63, Ballet Organizations
- A64, Choreography Organizations
- A65, Theaters
- A66, Playwriting Organizations
- A67, Musical Theaters
- A68, Music Organizations
- A69, Symphony Orchestras
- A6A, Theaters

- A6B, Singing or Choral Organizations
- A6C, Music Groups, Bands, or Ensembles
- A6D, Music Composition Organizations
- A6E, Performing Arts Schools
- A71, Art History Organizations
- A76, Literary Service Organizations and Activities
- A82, Historical Societies
- A84, Fairs, Festivals, and other Commemorative Events
- A91, Artist Service Organizations

In the Black Hills Region, 40 of the 85 total eligible nonprofit arts and culture organizations identified by the Dahl Arts Center/Rapid City Arts Council responded to the survey—a response rate of 47 percent. The responding organizations had a range of operating budgets from \$0 to \$4,653,546.

## **SURVEYS OF NONPROFIT ARTS AND CULTURE AUDIENCES**

Audience-intercept surveying, a common and accepted research method, was completed in 152 of the 156 study regions to measure spending by audiences at nonprofit arts and culture events. Patrons were asked to complete a short survey while attending an event. A total of 94,478 attendees completed the survey for an average of 673 surveys per community. The randomly selected respondents provided itemized expenditure data on attendance-related activities such as meals, souvenirs, transportation, and lodging. Data were collected throughout 2006 (to guard against seasonal spikes or drop-offs in attendance) as well as at a broad range of events (a night at the opera will typically yield more spending than a Saturday children’s theater production, for example). Using total attendance data for 2005 (collected from the organization surveys), standard statistical methods were then used to derive a reliable estimate of total expenditures by attendees in each community. The survey respondents provided information about the entire party with whom they were attending the event. With an average travel party size of three people, these data actually



represent the spending patterns of more than 280,000 attendees, significantly increasing the reliability of the data.

In the Black Hills Region, a total of 339 audience intercept surveys were collected from attendees to nonprofit arts and culture events during 2006.

## **ECONOMIC ANALYSIS**

A common theory of community growth is that an area must export goods and services if it is to prosper economically. This theory is called economic-base theory, and it depends on dividing the economy into two sectors: the export sector and the local sector. Exporters, such as automobile manufacturers, hotels, and department stores, obtain income from customers outside of the community. This “export income” then enters the local economy in the form of salaries, purchases of materials, dividends, and so forth, and becomes income to local residents. Much of it is re-spent locally; some, however, is spent for goods imported from outside of the community. The dollars re-spent locally have a positive economic impact as they continue to circulate through the local economy. This theory applies to arts organizations as well as to other producers.

## **STUDYING ECONOMIC IMPACT USING INPUT/OUTPUT ANALYSIS**

To derive the most reliable economic impact data, input-output analysis is used to measure the impact of expenditures by nonprofit arts and culture organizations and their audiences. This is a highly regarded type of economic analysis that has been the basis for two Nobel Prizes in economics. The models are systems of mathematical equations that combine statistical methods and economic theory in an area of study called econometrics. The analysis traces how many times a dollar is re-spent within the local economy before it leaks out, and it quantifies the economic impact of each round of spending. This

form of economic analysis is well suited for this study because it can be customized specifically to each community.

**An input/output model was customized for the Black Hills Region based on the local dollar flow between 533 finely detailed industries within its economy.** This was accomplished by using detailed data on employment, incomes, and government revenues provided by the U.S. Department of Commerce (e.g., County Business Patterns, Regional Economic Information System, Survey of State and Local Finance), local tax data (sales taxes, property taxes, and miscellaneous local option taxes), as well as the survey data from the responding nonprofit arts and culture organizations and their audiences.

## **THE INPUT/OUTPUT PROCESS**

The input-output model is based on a table of 533 finely detailed industries showing local sales and purchases. The local and state economy of each community is researched so the table can be customized for each community. The basic purchase patterns for local industries are derived from a similar table for the U.S. economy for 2002 (the latest detailed data available from the U.S. Department of Commerce). The table is first reduced to reflect the unique size and industry mix of the local economy, based on data from County Business Patterns and the Regional Economic Information System of the U.S. Department of Commerce. It is then adjusted so that only transactions with local businesses are recorded in the inter-industry part of the table. This technique compares supply and demand and estimates the additional imports or exports required to make total supply equal total demand. The resulting table shows the detailed sales and purchase patterns of the local industries. The 533-industry table is then aggregated to reflect the general activities of 32 industries plus local households, creating a total of 33 industries. To trace changes in the economy, each column is

converted to show the direct requirements per dollar of gross output for each sector. This direct-requirements table represents the “recipe” for producing the output of each industry.

The economic impact figures for *Arts & Economic Prosperity III* were computed using what is called an “iterative” procedure. This process uses the sum of a power series to approximate the solution to the economic model. This is what the process looks like in matrix algebra:

$$T = IX + AX + A^2X + A^3X + \dots + A^nX.$$

T is the solution, a column vector of changes in each industry’s outputs caused by the changes represented in the column vector X. A is the 33 by 33 direct-requirements matrix. This equation is used to trace the direct expenditures attributable to nonprofit arts organizations and their audiences. A multiplier effect table is produced that displays the results of this equation. The total column is T. The initial expenditure to be traced is IX (I is the identity matrix, which is operationally equivalent to the number 1 in ordinary algebra). Round 1 is AX, the result of multiplying the matrix A by the vector X (the outputs required of each supplier to produce the goods and services purchased in the initial change under study). Round 2 is A<sup>2</sup>X, which is the result of multiplying

the matrix A by Round 1 (it answers the same question applied to Round 1: “What are the outputs required of each supplier to produce the goods and services purchased in Round 1 of this chain of events?”). Each of columns 1 through 12 in the multiplier effects table represents one of the elements in the continuing but diminishing chain of expenditures on the right side of the equation. Their sum, T, represents the total production required in the local economy in response to arts activities.

Calculation of the total impact of the nonprofit arts on the outputs of other industries (T) can now be converted to impacts on the final incomes to local residents by multiplying the outputs produced by the ratios of household income to output and employment to output. Thus, the employment impact of changes in outputs due to arts expenditures is calculated by multiplying elements in the column of total outputs by the ratio of employment to output for the 32 industries in the region. Changes in household incomes, local government revenues, and state government revenues due to nonprofit arts expenditures are similarly transformed. The same process is also used to show the direct impact on incomes and revenues associated with the column of direct local expenditures.

## END NOTES

<sup>1</sup> Giving and Volunteering in the United States 2005, Independent Sector, 2006.

<sup>2</sup> The National Taxonomy of Exempt Entities (NTEE)—developed by the National Center for Charitable Statistics at the Urban Institute—is a definitive classification system for nonprofit organizations recognized as tax exempt by the Internal Revenue Code. This system divides the entire universe of nonprofit organizations in ten broad categories, including “Arts, Culture, and Humanities.” The Urban Institute estimates that 100,000 are in operation in 2007.

# Frequently Used Terms

This section provides a glossary of economic impact terminology, sorted alphabetically in ascending order.

## **CULTURAL TOURISM**

Travel directed toward experiencing the arts, heritage, and special character of a place.

## **DIRECT ECONOMIC IMPACT**

A measure of the economic effect of the initial expenditure within a community. For example, when the symphony pays its players, each musician's salary, the associated government taxes, and full-time equivalent employment status represent the direct economic impact.

## **DIRECT EXPENDITURES**

The first round of expenditures in the economic cycle. A paycheck from the symphony to the violin player and a ballet company's purchase of dance shoes are examples of direct expenditures.

## **ECONOMETRICS**

The process of using statistical methods and economic theory to develop a system of mathematical equations that measures the flow of dollars between local industries. The input-output model developed for this study is an example of an econometric model.

## **ECONOMETRICIAN**

An economist who designs, builds, and maintains econometric models.

## **FULL-TIME EQUIVALENT (FTE) JOBS**

A term that describes the total amount of labor employed. Economists measure FTE jobs—not the total number of employees—because it is a more accurate measure of total employment. It is a manager's discretion to hire one full-time employee, two half-time employees, four quarter-time employees, etc. Almost always, more people are affected than are reflected in the number of FTE jobs reported due to the abundance of part-time employment, especially in the nonprofit arts and culture industry.

## **INDIRECT IMPACT**

Each time a dollar changes hands, there is a measurable economic impact. When people and businesses receive money, they re-spend much of that money locally. Indirect impact measures the effect of this re-spending on jobs, household income, and revenue to local and state government. It is often referred to as secondary spending or the dollars "rippling" through a community. When funds are eventually spent non-locally, they are considered to have "leaked out" of the community and therefore cease to have a local economic impact. Indirect impact is the sum of the impact of all rounds of spending.

## **INPUT-OUTPUT ANALYSIS**

A system of mathematical equations that combines statistical methods and economic theory in an area of economic study called econometrics. Economists use this model (occasionally called an inter-industry model) to measure how many times a dollar is re-spent in, or “ripples” through, a community before it leaks out (see Leakage). The model is based on a matrix that tracks the dollar flow between 533 finely detailed industries in each community. It allows researchers to determine the economic impact of local spending by nonprofit arts and culture organizations on jobs, household income, and government revenue.

## **LEAKAGE**

The money that community members spend outside of a community. This non-local spending has no economic impact within the community. A ballet company purchasing shoes from a non-local manufacturer is an example of leakage. If the shoe company were local, the expenditure would remain within the community and create another round of spending by the shoe company.

## **MULTIPLIER (often called Economic Activity Multiplier)**

An estimate of the number of times that a dollar changes hands within the community before it leaks out of the community (for example, the theater pays the actor, the actor spends money at the grocery store, the grocery store pays its cashier, and so on). This estimate is quantified as one number by which all expenditures are multiplied. For example, if the arts are a \$10 million industry and a multiplier of three is used, then it is estimated that these arts organizations have a total economic impact of \$30 million. The convenience of a multiplier is that it is one simple number; its shortcoming, however, is its reliability. Users rarely note that the multiplier is developed by making gross estimates of the industries within the local economy with no allowance for differences in the characteristics of those industries, usually resulting in an overestimation of the economic impact. In contrast, the input-output model employed in *Arts & Economic Prosperity III* is a type of economic analysis tailored specifically to each community and, as such, provides more reliable and specific economic impact results.

## **RESIDENT HOUSEHOLD INCOME (often called Personal Income)**

The salaries, wages, and entrepreneurial income residents earn and use to pay for food, mortgages, and other living expenses. It is important to note that resident household income is not just salary. When a business receives money, for example, the owner usually takes a percentage of the profit, resulting in income for the owner.

## **REVENUE TO LOCAL AND STATE GOVERNMENT**

Local and state government revenue is not derived exclusively from income, property, sales, and other taxes. It also includes license fees, utility fees, user fees, and filing fees. Local government revenue includes funds to city and county government, schools, and special districts.

# Frequently Asked Questions

This section answers some common questions about this study and the methodology used to complete it.

## **HOW WERE THE 156 PARTICIPATING COMMUNITIES AND REGIONS SELECTED?**

In 2005, Americans for the Arts published a Call for Participants for communities interested in participating in the *Arts & Economic Prosperity III* study. Of the more than 200 participants that expressed interest, 156 agreed to participate and complete four participation criteria: (1) identify and code the universe of nonprofit arts and culture organizations in their study region; (2) disseminate, collect, and review for accuracy expenditure surveys from those organizations; (3) conduct audience-intercept surveys at a minimum of 15 diverse arts events; and (4) pay a modest cost-sharing fee (no community was refused participation for an inability to pay).

## **HOW WERE THE ELIGIBLE NONPROFIT ARTS ORGANIZATIONS IN EACH COMMUNITY SELECTED?**

Local partners attempted to identify their universe of nonprofit arts and culture organizations using the Urban Institute's National Taxonomy of Exempt Entity (NTEE) codes as a guideline. Eligible organizations included those whose primary purpose is to promote appreciation for and understanding of the visual, performing, folk, and media arts. Public arts councils, public presenting facilities or institutions, and embedded organizations that have their own budget also were included if they play a substantial role in the cultural life of the community.

## **WHAT TYPE OF ECONOMIC ANALYSIS WAS DONE TO DETERMINE THE STUDY RESULTS?**

An input-output analysis model was customized for each of the participating communities and regions to determine the local economic impact their nonprofit arts and culture organizations and arts audiences. Americans for the Arts, which conducted the research, worked with a highly regarded economist to design the input-output model used for this study.

## **WHAT OTHER INFORMATION WAS COLLECTED IN ADDITION TO THE ARTS SURVEYS?**

In addition to detailed expenditure data provided by the surveyed organizations, extensive wage, labor, tax, and commerce data were collected from local, state, and federal governments for use in the input-output model.

## **WHY DOESN'T THIS STUDY USE A MULTIPLIER?**

When many people hear about an economic impact study, they expect the result to be quantified in what is often called a multiplier or an economic activity multiplier. The economic activity multiplier is an estimate of the number of times a dollar changes hands within the community (e.g., a theater pays its actor, the actor spends money at the grocery store, the grocery store pays the cashier, and so on). It is quantified as one number by which expenditures are multiplied. The convenience of the multiplier is that it is one simple number. Users rarely note, however, that the multiplier is developed by making gross estimates of the industries within the local economy and does not allow for differences in the characteristics of those industries. Using an economic activity multiplier usually results in an overestimation of the economic impact and therefore lacks reliability.

## **HOW IS THE ECONOMIC IMPACT OF ARTS AND CULTURE ORGANIZATIONS DIFFERENT FROM OTHER INDUSTRIES?**

Any time money changes hands there is a measurable economic impact. Social service organizations, libraries, and all entities that spend money have an economic impact. What makes the economic impact of arts and culture organizations unique is that, unlike most other industries, they induce large amounts of related spending by their audiences. For example, when patrons attend a performing arts event, they may purchase dinner at a restaurant, eat dessert after the show, and return home and pay the baby-sitter. All of these expenditures have a positive and measurable impact on the economy.

## **WILL MY LOCAL LEGISLATORS BELIEVE THESE RESULTS?**

Yes, this study makes a strong argument to legislators, but you may need to provide them with some extra help. It will be up to the user of this report to educate the public about economic impact studies in general and the results of this study in particular. The user may need to explain (1) the study methodology used; (2) that economists created an input-output model for each community and region in the study; and (3) the difference between input-output analysis and a multiplier. The good news is that as the number of economic impact studies completed by arts organizations and other special interest areas increases, so does the sophistication of community leaders whose influence these studies are meant to affect. Today, most decision makers want to know what methodology is being used and how and where the data were gathered.

You can be confident that the input-output analysis used in this study is a highly regarded model in the field of economics (the basis of two Nobel Prizes in economics). However, as in any professional field, there is disagreement about procedures, jargon, and the best way to determine results. Ask 12 artists to define art and you will get 24 answers; expect the same of economists. You may meet an economist who believes that these studies should be done differently (for example, a cost-benefit analysis of the arts).

## **HOW CAN A COMMUNITY NOT PARTICIPATING IN THE ARTS AND ECONOMIC PROSPERITY III STUDY APPLY THESE RESULTS?**

Because of the variety of communities studied and the rigor with which the *Arts & Economic Prosperity III* study was conducted, nonprofit arts and culture organizations located in communities that were not part of the study can estimate their local economic impact. Estimates can be derived by using the *Arts & Economic Prosperity III* Calculator (found at [www.AmericansForTheArts.org/EconomicImpact](http://www.AmericansForTheArts.org/EconomicImpact)). Additionally, users will find sample PowerPoint presentations, press releases, Op-Ed, and other strategies for proper application of their estimated economic impact data.

# In Appreciation

Americans for the Arts expresses its gratitude to the many people and organizations who made *Arts & Economic Prosperity III: The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences in the Black Hills Region* possible and assisted in its coordination and production. Generous funding for this project was provided by the Rapid City Arts Council at the Dahl Arts Center, which also served as the local project partner and as such was responsible for the local implementation and data collection requirements of the study. Participation in the study was made possible by additional funding from the South Dakota Arts Council, a division of the South Dakota Department of Tourism and State Development, and the City of Rapid City, South Dakota through the Rapid City Common Council.

Special thanks to the Paul G. Allen Family Foundation, the John D. and Catherine T. MacArthur Foundation, and The Ruth Lilly Fund of Americans for the Arts for their financial support of the national implementation of *Arts & Economic Prosperity III*.

## **THE BLACK HILLS REGION'S PARTICIPATING NONPROFIT ARTS AND CULTURE ORGANIZATIONS**

This study could not have been completed without the detailed financial and event attendance information of the 40 nonprofit arts and culture organizations in the Black Hills Region listed below,

Adams Museum & House, Allied Arts Fund, Backroom Productions, Belle Fourche Area Arts Council, Bells of the Hills, BH Summer Institute of the Arts, Black Hills Arts Resource Center, Black Hills Chamber Music Society, Black Hills Community Theatre, Black Hills Dance Theatre, Black Hills Playhouse, Black Hills Symphony Orchestra Society, Black Hills Workshop/Suzie Cappa Art Center, Center of the Nation, Central States Fair, Crazy Horse Memorial Foundation, Dakota Choral Union, Deadwood Chamber & Visitors Bureau, Fall River County Historical Society, First People's Fund, Hill City Area Arts Council, Historic Dwd/Lead Arts Council, Historic Homestake Opera House, Mammoth Site

Of Hot Springs South Dakota, Minnilusa Pioneer Museum, Mount Rushmore National Memorial Society of the Black Hills, National Museum of Woodcarving, Newell Museum, NVN Paletteers, Rapid City Arts Council, Rapid City Concert Association, Rapid City Municipal Band, Rapid City New Horizons Band, Readiatrics Book Drive, Rushmore Plaza Civic Center, South Dakotans for the Arts, The City of Presidents, The Journey Museum, Voices of the Heartland independent film group, and Western Women in the Arts.

## **THE BLACK HILLS REGION'S PARTICIPATING NONPROFIT ARTS AND CULTURE PATRONS**

Additionally, this study could not have been completed without the cooperation of the 339 arts and culture patrons who generously took the time to complete the audience-intercept survey while attending an arts and culture event in the Black Hills Region.

## **AMERICANS FOR THE ARTS' 156 ARTS & ECONOMIC PROSPERITY III NATIONAL STUDY PARTNER REGIONS**

The following are the 156 communities and regions (116 cities and counties, 35 multi-county regions, and five states) that participated in the national study, representing all 50 states and the District of Columbia.

Jefferson County, AL; Greater Birmingham Region, AL; Anchorage, AK; Homer, AK; Chandler, AZ; Eastern Maricopa County, AZ; Mesa, AZ, Phoenix, AZ; Pima County, AZ, Tempe, AZ; Northwest Arkansas Region, AR; Fullerton, CA; Glendale, CA; Humboldt County, CA; Laguna Beach, CA; Pasadena, CA; Riverside County, CA; San Francisco, CA; Santa Barbara County, CA; Santa Clara County, CA; Santa Cruz County, CA; Sonoma County, CA; Walnut Creek, CA; Boulder, CO; Colorado Springs, CO; Fort Collins, CO; Gunnison County, CO; Loveland, CO; Greater Hartford, CT; Dover, DE; Wilmington, DE; the State of Delaware; Washington, DC; Greater Washington DC Metropolitan Region; Alachua County, FL; Bay County, FL; Broward County, FL; Central Florida Region; Miami, FL; Miami Beach, FL; Miami-Dade County, FL; Orange County, FL; Orlando, FL; Palm Beach County, FL; Pinellas County, FL; Winter Park, FL; Atlanta, GA; Savannah, GA; the Island of Maui, HI; Boise, ID; Wood River Valley Region, ID; Champaign County, IL; Chicago, IL; Indianapolis, IN; Saint Joseph County, IN; Iowa Cultural Corridor Region; Salina, KS; Sedgwick County, KS; Louisville-Jefferson County, KY; Northwest Louisiana Region; Portland, ME; Baltimore, MD; Montgomery County, MD; Prince George's County, MD; Pittsfield, MA; Kalamazoo County, MI; Brainerd Lakes Region, MN; Central Minnesota; East Central Minnesota; Minneapolis, MN; Minnesota Arrowhead Region; Minnesota Lake Region; Minnesota Twin Cities' Metropolitan Region; North Central Minnesota; Northwest Minnesota; Saint Cloud, MN; Saint Paul, MN; South Central Minnesota; Southeast Minnesota; Southwest Minnesota; Washington and Chicago Counties, MN; the State of Minnesota; Lauderdale County, MS; Metropolitan Kansas City Region, MO/KS; Saint Louis City and County, MO; Missoula, MT; Lincoln, NE; Portsmouth Seacoast Area, NH/ME; Newark, NJ; New Brunswick, NJ; Doña Ana County, NM; Buncombe County, NC; Forsyth County, NC; Guildford County, NC; Mecklenburg County, NC; Wake County, NC; Fargo-Moorhead Region, ND/MN; Greater Minot Region, ND; the State of North Dakota; Clark County, NV; Greater Buffalo Region, NY; Monroe County, NY; Orange County, NY; Suffolk County, NY; Ulster County, NY; Westchester County, NY; Greater Columbus, OH; Greater Cincinnati Region, OH/KY/IN; Mansfield, OH; Tulsa, OK; Greater Portland Region, OR; Josephine County, OR; Allegheny County, PA; Bradford County, PA; Erie County, PA; Greater Harrisburg Region, PA; Greater Philadelphia Region, PA; Lackawanna County, PA; Lancaster, PA; Luzerne County, PA; Lehigh Valley Region, PA; Philadelphia County, PA; Somerset County, PA; the State of Pennsylvania; Providence, RI; Greater Columbia, SC; Black Hills Region, SD; Nashville-Davidson County, TN; Abilene, TX; Austin, TX; Houston, TX; Iron County, UT; Greater Burlington, VT;

Windham County, VT; Alexandria, VA; Arlington County, VA; Fairfax, VA; Fairfax County, VA; Bainbridge Island, WA; Seattle, WA; Tacoma, WA; Whatcom County, WA; Wheeling, WV; Dane County, WI; Greater Milwaukee Region, WI; La Crosse, WI; Marathon County, WI; Milwaukee County, WI; Northeast Wisconsin Region, WI; Oshkosh, WI; Pierce County, WI; Polk County, WI; St. Croix County, WI; St. Croix Valley Region, WI; the State of Wisconsin; and Teton County, WY.



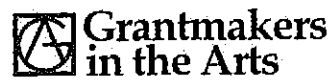
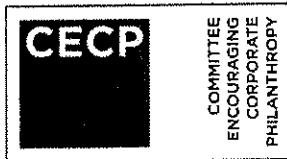
"There is no better indicator of the spiritual health of our city, its neighborhoods, and the larger region than the state of the arts. The arts deepen our understanding of the human spirit, extend our capacity to comprehend the lives of others, allow us to imagine a more just and humane world. Through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

—Jonathon Fanton  
President  
MacArthur Foundation

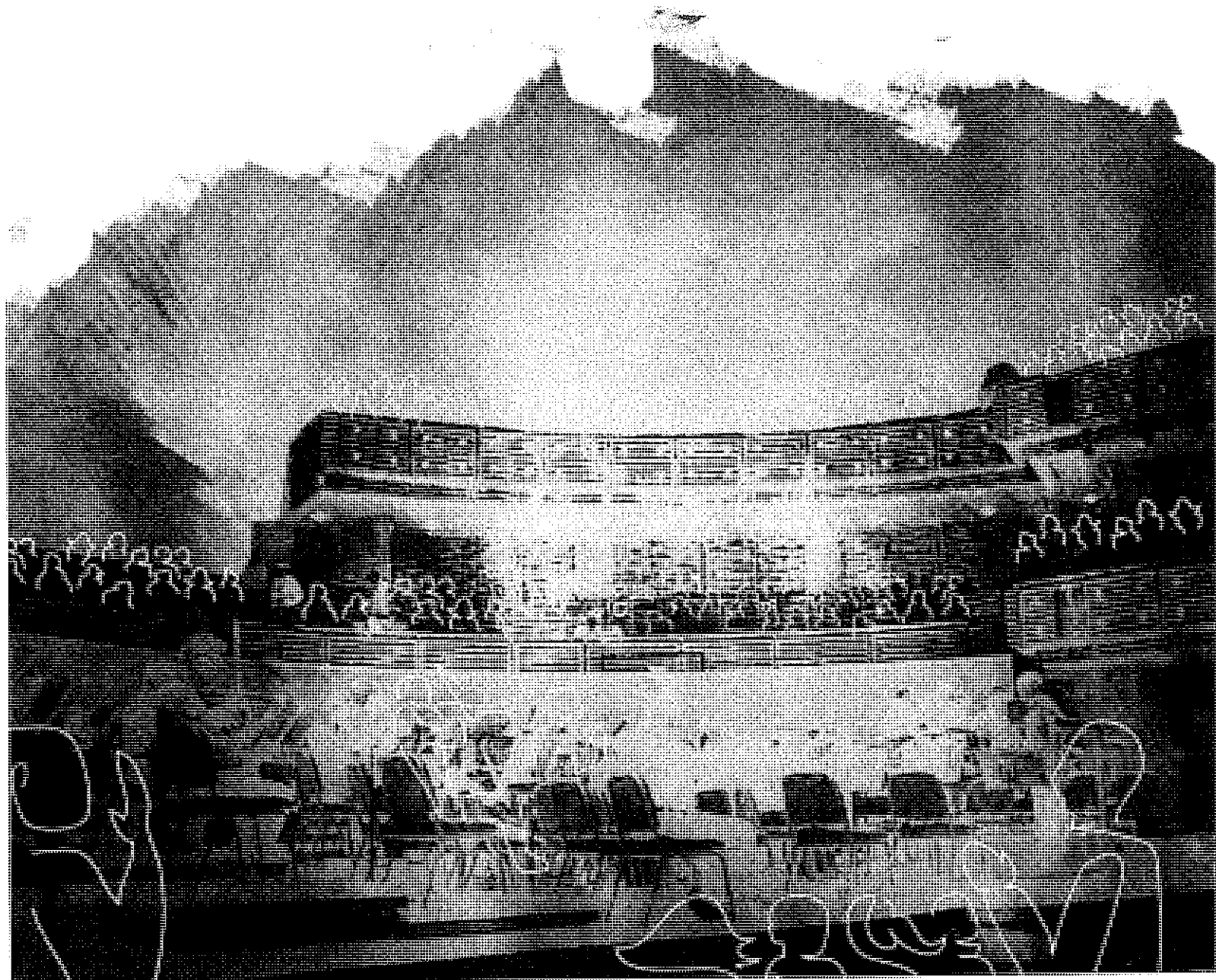
"As Chairman of the Oklahoma Chamber of Commerce, I visited almost every city and town in the state. There is a visible difference in places with an active cultural community. I see people looking for places to park, stores staying open late, and restaurants packed with customers. The business day is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

—Ken Ferguson  
Chairman and CEO, NBanC  
Past President, American Bankers Association

PARTNERS



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



# ALLIED ARTS

# FUND

Better Together

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## What is City Investment

City Investment to the Arts is outlined in Chapter **2.84** of the City Code and came into being some time in the 1920s or 1930s.

### **2.84.020 Created.**

In the musical establishment for the city, there shall be four units, which are created, as follows:

- A. A municipal symphony orchestra;
- B. A municipal concert band;
- C. A municipal marching band;
- D. A musical choral club. (Prior code § 2-217)

In the 1970s the Minnilusa Pioneer Museum joined this group with annual Investment support of \$2,000.



## **What was the Initial Purpose of the Investment Funds**

Arts Investment Funds were initiated to cover the expenses of the identified organizations to cover **(2.84.060 Salaries )**

1. The salary or fee to be paid to directors, accompanists and members of the units provided for in this chapter shall be established by the designee of the mayor (AAF) and approved by the common council. (Prior code § 2-225)An

And to provide free public performances **(2.84.080 Musical production requirements)**

1. The *Municipal Concert Band, Municipal Marching Band and Musical Choral Club* shall hold rehearsals and shall present **at least three free public concerts annually**, at such times and places as may be scheduled by the officers and directors of the units.



## **How did the Investment Fund Grow ?**

Subsequent to and in addition to this original arts/culture funding, the City added (date unknown) a budget line item--which we have called the City Investment-- for social service agencies. A Investment Committee determined the agencies and award amounts.

During the 1980s the Rapid City Arts Council learned that various social service agencies were receiving financial support through the City budget and asked to be added to this Investment.



## **How did the Investment Fund Grow Cont'd ?**

Gradually more arts organizations

- Black Hills Community Theatre,
- Black Hills Heritage Festival,
- Black Hills Chamber Music Society
- Rapid City Arts Council
- BH Pow Wow,
- Festival of Presidents,
- StoryBook Island.

Began to submit requests. Representatives from the organizations could present their request before the committee, but a written proposal was necessary.



## **How did the Allied Arts Fund Become Involved ?**

In 1994 the City adopted the Rapid City Cultural Plan of 1993 called “Many Voices”, which led to the reorganization of the Arts Investment process. An appointed Task Force recommended that the Allied Arts Fund Drive be the recipient of the arts portion of the City Investment and be the determining agency for the allocation of funds.

Subsequently The Allied Arts Fund Drive

- Developed and adopted the criteria and guidelines for re-granting,
- Appointed a grant award panel to recommend dollar allocations to the applicants,
- Issued the award checks
- Became the advocate for the Investment during the City’s budgeting process





## **What is Allied Arts Fund**

Allied Arts Fund is a local (Rapid City) non-profit 501(c)3 organization that raises money for the following 11 non-profit arts agencies:

- A Cappella Showcase,
- Bells of the Hills,
- Black Hills Playhouse,
- Black Hills Chamber Music Society,
- Black Hills Community Theatre,
- Black Hills Dance Theatre,
- Black Hills Symphony Orchestra,
- Dakota Choral Union,
- Dakota Artists Guild,
- Rapid City Arts Council
- Rapid City Concert Association



## **What is the Origin of the Allied Arts Fund**

In 1971, Four Organizations

1. Black Hills Chamber Music Society,
2. Dakota Artists Guild
3. Group Theatre (Black Hills Community Theatre)
4. Rapid City Arts Council

joined forces to address their mutual financial needs. Their initial efforts raised \$9,415.

Now, the number of member agencies has grown to Eleven which provide 2,971 community events with an annual attendance by Children and Youth, Seniors, People with Disabilities and Minorities in excess of 600,000, and a total of \$178,766 in distributed grants.



### **What does Allied Arts Fund do?**

- Relieves the eleven member organizations, corporate and individual donors from extensive fund raising campaigns.
- Allows arts organization's to focus on marketing, presenting and creating art!



# How has the Allied Arts Fund distributed City Investment 2001 - 2012?

| Arts Organization                         | # of orgs funded |                 |                 |                 |                 |                 |                 |                  |                  |                  |                  |                 |
|---|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|-----------------|
|   | 9                | 10              | 8               | 8               | 8               | 10              | 19              | 16               | 14               | 12               | 15               |                 |
|   | 2001             | 2002            | 2003            | 2004            | 2005            | 2006            | 2007            | 2008             | 2009             | 2010             | 2011             | 2012            |
| \$211                                     |                  |                 |                 |                 |                 |                 |                 | \$2,000          |                  |                  | n/a              | n/a             |
| A Cappella Showcase                       |                  | \$381           | \$0             | \$0             | \$0             | \$0             | \$1,428         | \$250            | N/A              | N/A              | N/A              | N/A             |
| Allied Arts Administrative                | \$0              | \$769           | \$897           | \$920           | \$940           | \$970           | \$950           | \$2,354          | \$2,000          | \$2,000          | \$2,000          | \$2,416         |
| Arts Resource Center                      | \$1,773          | \$1,810         | \$0             | \$0             | \$0             | \$0             | \$0             | N/A              | N/A              | N/A              | N/A              | N/A             |
| Bells of the Hills                        |                  |                 |                 |                 | \$0             | \$800           | \$802           | \$500            | N/A              | N/A              | N/A              | N/A             |
| DH Community Theatre                      | \$2,757          | \$2,816         | \$3,521         | \$4,555         | \$4,195         | \$8,430         | \$6,747         | \$3,500          | \$4,000          | \$4,000          | \$8,000          | \$7,000         |
| DH Heritage Festival                      | \$248            | \$251           | \$500           | \$700           | \$714           | \$3,175         | \$2,589         | N/A              | \$1,000          | N/A              | N/A              | N/A             |
| DH Symphony/Orchestra                     | \$13,295         | \$13,575        | \$14,604        | \$13,430        | \$12,500        | \$15,557        | \$15,210        | \$29,000         | \$21,300         | \$21,500         | \$20,000         | \$17,000        |
| Black Hills Chamber Music Society         |                  |                 |                 |                 |                 |                 | \$1,672         | \$2,000          | \$2,000          | \$2,500          | \$2,500          | \$2,500         |
| Black Hills Dance Theatre                 |                  |                 |                 |                 |                 | \$3,510         | \$2,679         | N/A              | \$1,000          | \$1,000          | \$1,000          | \$1,500         |
| Black Hills PowWow                        | \$9,848          | \$10,056        | \$10,357        | \$10,760        | \$10,975        | \$5,680         | \$6,143         | \$8,000          | \$9,500          | \$9,500          | \$10,000         | \$12,000        |
| Black Hills Writers Group                 |                  |                 |                 |                 |                 |                 | \$012           | N/A              | N/A              | N/A              | N/A              | N/A             |
| Dakota Chord Union                        | \$2,462          | \$2,514         | \$2,068         | \$3,325         | \$5,211         | \$5,300         | \$5,183         | \$5,000          | \$5,000          | \$7,000          | \$8,000          | \$6,500         |
| Festival of Precidents                    |                  |                 |                 |                 |                 |                 |                 | \$10,000         | \$1,000          | N/A              | N/A              | N/A             |
| First Peoples Fund                        |                  |                 |                 |                 |                 |                 | \$1,118         | N/A              | N/A              | N/A              | N/A              | N/A             |
| Gathering of the Clans                    |                  |                 |                 |                 |                 |                 |                 | \$1,000          | N/A              | N/A              | N/A              | N/A             |
| Minnetonka Pioneer Museum                 | \$2,000          | \$2,000         | \$2,000         | \$2,000         | \$2,000         | \$2,000         | \$2,000         | \$0              | \$2,000          | \$2,000          | \$2,000          | \$1,000         |
| Municipal Band                            | \$12,802         | \$13,072        | \$13,464        | \$14,072        | \$14,353        | \$14,845        | \$14,518        | \$15,300         | \$16,900         | \$17,200         | \$17,300         | \$17,300        |
| Ranger Band                               | \$8,863          | \$9,000         | \$9,000         | \$9,270         | \$9,455         | \$9,740         | \$9,526         | \$10,300         | \$10,300         | \$10,300         | \$10,300         | \$9,785         |
| Rapid City Arts Council                   | \$17,953         | \$18,000        | \$19,161        | \$19,735        | \$20,000        | \$16,245        | \$10,335        | \$10,500         | \$11,000         | \$11,000         | \$10,000         | \$8,000         |
| Rapid City Children's Chorus              |                  |                 |                 |                 |                 |                 | \$2,173         | \$1,000          | \$1,000          | \$1,000          | \$2,000          | N/A             |
| Rapid City Concert Association            |                  |                 |                 |                 |                 |                 | \$1,612         | N/A              | N/A              | N/A              | N/A              | N/A             |
| Shrine of Democracy Chorus                |                  |                 |                 |                 |                 |                 | \$966           | \$250            | N/A              | N/A              | N/A              | N/A             |
| Storybook Island Theatre                  | \$12,556         | \$12,821        | \$13,206        | \$13,800        | \$13,872        | \$9,995         | \$8,950         | \$11,000         | \$11,000         | \$11,000         | \$6,000          | \$8,000         |
| <b>TOTAL</b>                              | <b>\$84,554</b>  | <b>\$87,005</b> | <b>\$89,076</b> | <b>\$92,367</b> | <b>\$94,215</b> | <b>\$97,042</b> | <b>\$94,955</b> | <b>\$112,954</b> | <b>\$100,000</b> | <b>\$100,000</b> | <b>\$100,000</b> | <b>\$95,000</b> |
| <b>Funding % increase from prior year</b> | <b>3%</b>        | <b>3%</b>       | <b>3%</b>       | <b>3%</b>       | <b>2%</b>       | <b>3%</b>       | <b>-2%</b>      | <b>19%</b>       | <b>-11%</b>      | <b>0%</b>        | <b>0%</b>        | <b>-5%</b>      |



## 2012 Community Investment for the Arts

Highlighted funded by Statute or Agreement

| Organization                 | 2012 Request     | 2012 Dakota Recommendation | Amt per statute  | Amt per Agreement | Current Budget     | % of total Investment | % of their budget |
|------------------------------|------------------|----------------------------|------------------|-------------------|--------------------|-----------------------|-------------------|
| Allied Arts Fund - Admin Fee |                  | \$2,475                    |                  |                   | \$225,795          | 2.54%                 | 1%                |
| BH Chamber Music Society     | \$2,500          | \$2,500                    |                  |                   | \$28,600           | 2.63%                 | 9%                |
| BH Community Theatre         | \$8,000          | \$7,000                    |                  |                   | \$272,830          | 7.37%                 | 3%                |
| BH Dance Theatre             | \$3,000          | \$1,500                    |                  |                   | \$109,950          | 1.58%                 | 1%                |
| BH Pow Wow                   | \$10,000         | \$12,000                   |                  |                   | \$100,000          | 12.63%                | 12%               |
| RC Arts Council              | \$15,000         | \$5,000                    |                  |                   | \$556,330          | 8.42%                 | 1%                |
| Storybook Island             | \$15,000         | \$0,000                    |                  |                   | \$408,800          | 8.42%                 | 2%                |
| BH Symphony Orchestra        | \$20,000         | \$17,000                   | \$67,950         |                   | \$203,083          | 17.89%                | 8%                |
| Dakota Choral Union          | \$15,000         | \$3,500                    | \$18,795         |                   | \$39,350           | 8.95%                 | 22%               |
| RC Municipal Band            | \$17,400         | \$17,300                   | \$18,100         |                   | \$18,100           | 18.21%                | 96%               |
| RC Ranger Band               | \$10,800         | \$9,785                    | \$10,450         |                   | \$10,900           | 10.30%                | 90%               |
| Minnitusa Pioneer Museum     | \$3,000          | \$1,000                    |                  | \$2,000           | \$81,600           | 1.05%                 | 1%                |
| <b>TOTALS</b>                | <b>\$119,700</b> | <b>\$95,000</b>            | <b>\$115,295</b> | <b>\$2,000</b>    | <b>\$2,055,338</b> | <b>100.00%</b>        |                   |



## 2012 Statistics of Rapid City Community Investment

Highlighted receives funding through statute, or agreement

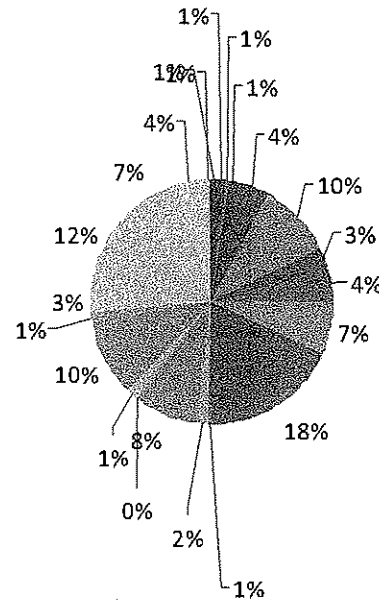
|  | BH Chamber Music | Community Theatre | Dance Theatre | BH PowWow | Symphony | Dakota Floral Union | Mimiflex | RC Arts Council | RC Bands Band | RC Municipal Band | StoryBook Island | TOTAL     |
|--|------------------|-------------------|---------------|-----------|----------|---------------------|----------|-----------------|---------------|-------------------|------------------|-----------|
| <i>in estimated numbers:</i>   |                  |                   |               |           |          |                     |          |                 |               |                   |                  |           |
| value of tickets or entry fees donated to local businesses                           | 100              | 1,200             | 0             | 10,000    | 6,100    | 3                   | 2,230    | 2,300           | no fees       | N/A               | 3                | \$21,600  |
| value of tickets or entry fees donated to children, schools, low income              | 450              | 63E               | 0             | 5,000     | 8,700    | 20,825              | 4,070    | 16,148          | no fees       | N/A               | 3                | \$55,458  |
| value of scholarships provided   | 0                | 400               | 1,754         | 2,000     | N/A      | 600                 | 230      | 2,500           | N/A           | N/A               | 3                | \$7,454   |
| administrative employees   | 3                | 3                 | 0             | 0         | 1        | 3                   | 13       | 16              | 0             | 0                 | 3                | 27        |
| artistic employees   | 75               | 12                | 0             | 0         | 1        | 2                   | 0        | 0               | 55            | 94                | 3                | 239       |
| total attendance or participation  | 10,000           | 18,785            | 470           | 11,000    | 14,330   | 7,529               | 67,030   | 21,579          | unknown       | 5,800             | 126,883          | 387,676   |
| attendance or participation by children & youth                                      | 1,800            | 7,264             | 325           | 4,000     | 3,446    | 283                 | 19,030   | 5,625           |               | 1,200             | 158,815          | 201,756   |
| attendance or participation by seniors   | 500              | 3,632             | 20            | 1,500     | 1,346    | 4,229               | 37,030   | 842             |               | 4,000             | 22,683           | 76,377    |
| attendance or participation by minorities  | N/A              | 19                | 200           | 10,000    | N/A      | N/A                 | 7,830    | 498             |               | N/A               | 90,752           | 109,279   |
| total number of events (each performance or class counts)                            | 110              | 302               | 15            | 20        | 18       | 9                   | 21       | 41              | 5             | 16                | 315              | 1,242     |
| events for children  | 52               | 204               | 4             | 12        | 16       | 5                   | 4        | 129             | 5             | N/A               | 315              | 748       |
| events for seniors   | 45               | 107               | 2             | 2         | 18       | 5                   | 17       | 4               | 5             | N/A               | 315              | 522       |
| attendance or participation by those with disabilities                               | N/A              | N/A               | 20            | 1,000     | N/A      | N/A                 | 10       | 390             |               | N/A               | 22,683           | 24,108    |
| attendance or participation by tourists  | N/A              | 432               | 0             | 2,500     | N/A      | N/A                 | 15       | 1,079           |               | N/A               | 140,000          | 144,626   |
| volunteers   | 18               | 485               | 30            | 30        | 45       | 482                 | 25       | 200             |               | 60                | 592              | 2,037     |
| volunteers hours   | 180              | 19,885            | 500           | 600       | 2,400    | 7,881               | 7,530    | 2,812           |               | 640               | 1,775            | 44,174    |
| events outside Rapid City  | 0                | 1                 | 0             | 0         | 1        | 1                   | 0        | 20              | 4             | 1                 | 3                | 28        |
| activities in which you collaborated with non-AAF member agencies or with businesses | 12               | 302               | 0             | 12        | 6        | 3                   | 17       | 248             | 5             | 8                 | 153              | 760       |
| 2012 Budgets   | 28,400           | 271,440           | 109,950       | 176,000   | 233,333  | 34,200              | 73,435   | 536,320         | 18,500        | 10,466            | 375,100          | 1,865,194 |

# ALLIED ARTS FUND *Better Together*

## Grants & Allocations Paid out in 2011

Allied Arts Fund Drive  
As of December 31, 2011

|                                   |                  |
|-----------------------------------|------------------|
| A Cappella Showcase               | \$2,050          |
| Adams Museum & House, Inc.        | \$750            |
| Backroom Productions              | \$825            |
| Bells of The Hills                | \$2,050          |
| Black Hills Chamber Music Society | \$6,010          |
| Black Hills Community Theatre     | \$14,820         |
| Black Hills Dance Theatre         | \$4,130          |
| Black Hills Playhouse             | \$6,630          |
| Black Hills Pow Wow               | \$10,000         |
| Black Hills Symphony Orchestra    | \$27,078         |
| Chamber Music Festival, Inc.      | \$1,000          |
| Dakota Artists Guild              | \$2,275          |
| Dakota Choral Union               | \$12,650         |
| Journey Museum                    | \$500            |
| Minnelusa Historical Association  | \$2,000          |
| Rapid City Arts Council           | \$15,160         |
| Rapid City Children's Chorus      | \$2,000          |
| Rapid City Concert Association    | \$4,395          |
| Rapid City Municipal Band         | \$17,300         |
| Rapid City Ranger Band            | \$10,300         |
| Storybook Island                  | \$6,000          |
| Youth & Family Services           | \$1,000          |
|                                   | <b>\$148,923</b> |



- A Cappella Showcase
- Adams Museum & House, Inc.
- Backroom Productions
- Bells of The Hills
- Black Hills Chamber Music Society
- Black Hills Community Theatre
- Black Hills Dance Theatre
- Black Hills Playhouse
- Black Hills Pow Wow
- Black Hills Symphony Orchestra
- Chamber Music Festival, Inc.
- Dakota Artists Guild
- Dakota Choral Union
- Journey Museum
- Minnelusa Historical Association
- Rapid City Arts Council
- Rapid City Children's Chorus
- Rapid City Concert Association
- Rapid City Municipal Band
- Rapid City Ranger Band
- Storybook Island
- Youth & Family Services



## Why is it important for Allied Arts to raise more money, and the City Continue to Provide Community Investment?

| Mechanisms of Arts Impact                                 |   |  |  |   |  |  |
|---|---|--|--|---|--|--|
|   | Individual  |  |  | Community   |  |  |
|   | Material / Health   | Cognitive / Phsys.   | Interpersonal  | Economic  | Cultural   | Social   |
| Direct Involvement  | Builds Interpersonal Ties and Promotes volunteering which improves Health.  | Increases sense of individual efficacy and self esteem               | Builds individual social networks                          | Wage to paid employees  | Increase sense of collective identity and efficacy   | Builds social capital by getting people involved, by connecting organizations to each other and by giving participants experience in organizing and working with local government and nonprofits |
|   | Increases Opportunities for self-expression and enjoyment                   | Improves individual sense of belonging or attachment to a community. | Enhances ability to work with others and communicate ideas |   |  |  |
|   | Reduces delinquency in high-risk youth                                      | Improves individual capital skills and creative abilities            |  |   |  |  |
| Audience Participation                                    | Increases Opportunities for enjoyment                                       | Increases cultural capital   | Increases tolerance of others                              | People (especially visitors) spend on attending the arts and other businesses.                                      | Builds community identity and pride. Leads to positive community norms such as diversity, tolerance and free expression. | People come together who might otherwise not come into contact with each other.  |
|   | Relieves Stress   | Enhances visio-spatial reasoning (Mozart effect)                     |  | Further local spending by these arts venues and patronized businesses has indirect multiplier effects.              |  |  |
| Presence of Artists and Arts Organizations & Institutions | Increases individual opportunity and propensity to be involved in the arts. |  |  | Increases propensity of community members to participate in the arts  | Improves community image and status  | Promotes neighborhood community diversity  |
|   |   |  |  | Increases attractiveness of area to tourists, businesses, people, (especially high-skilled workers) and investment. |  | Reduces neighborhood crime and delinquency   |
|   |   |  |  | Fosters a "creative milieu" that spurs economic growth in creative industries.                                      |  |  |
|   |   |  |  | Creates likelihood of revitalization  |  |  |

This grid further develops a typology proposed by Kevin McCarthy (2002)





# The Economic Impact of AAF funded Organizations on Rapid City

## Arts & Economic Prosperity Calculator

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

### Information

#### STEP 1: POPULATION

POPULATION of your community:

50,000 to 99,999

#### STEP 2: TOTAL EXPENSES (optional)

Your Organization's TOTAL EXPENSES (please do not use commas):

\$2007359

#### STEP 3: TOTAL ATTENDANCE (optional)

TOTAL ATTENDANCE to your organization's arts events (again, do not use commas):

600000

calculate

reset

### Total Economic Impact Of:

|   | Total Expenditures  | FTE Jobs     | Household Income   | Local Government Revenue | State Government Revenue |
|---|---------------------|--------------|--------------------|--------------------------|--------------------------|
| Nonprofit Arts and Culture Organizations:                                 | \$2,007,359         | 62           | \$1,320,019        | \$68,471                 | \$78,187                 |
| Nonprofit Arts and Culture Audiences:                                     | \$13,590,000        | 358.8        | \$5,512,648        | \$539,795                | \$632,615                |
| <b>Total Industry Impact:</b><br>(The Sum of Organizations and Audiences) | <b>\$15,597,359</b> | <b>420.8</b> | <b>\$6,832,667</b> | <b>\$608,266</b>         | <b>\$710,802</b>         |

# ALLIED ARTS FUND

Better Together

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PLEASE CONTINUE TO SUPPORT THE ARTS IN RAPID CITY