

# **Economic Impact of Florida's Arts and Cultural Industry**

Based on Fiscal Year 2001

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## Highlights of Statewide Arts/Cultural Economic Impact Study

1. A total of **\$1.2 billion was spent** by not-for-profit organizations, universities, and colleges that make up *the Florida arts and cultural industry* in 2000-01. When ripple or multiplier effects are included, the Florida arts and cultural industry **created \$2.9 billion of gross state product**, resulting in **\$877.8 million in income** (primarily payrolls) and **28,302 full-time equivalent jobs**.
2. About **78 percent of expenditures** (\$947.7 million) were made by **not-for-profit arts and cultural organizations**, and **22 percent** (\$266.1 million) was made by **college and university fine arts departments or schools**. Refer to Table 2.1.
3. Performing arts organizations have the largest budgets of the different types of not-for-profit organizations (**\$360.6 million**) followed by **galleries and museums** with spending of **\$203.3 million**
4. Together, **performing arts organizations, galleries and museums, and non-arts cultural organizations (such as zoological gardens and science museums) account for about 70 percent of the not-for-profit sector**, with **festivals, service and support organizations, sponsor-presenters** and **cultural councils** accounting for the remaining **30 percent**.
5. **Programming expenses accounted for almost 65 percent of the total expenditures of cultural organizations**, with about 35 percent going for supporting activities including administration, marketing and space rental. Refer to Table 2.2.
6. **Earned income** (including admissions, subscriptions, and fees for contractual services) accounted for **49.0 percent of the budgets** of arts and cultural organizations, with the **balance made up of grants and contributions**: corporate, individual, foundation

contributions, 23.0 percent; federal, state, local grants, 18.9 percent; organizational cash/savings, 2.1 percent; and in-kind contributions, 7.0 percent. Refer to Table 2.3 for breakdown.

7. ***Attendees at the programs and events of not-for-profit cultural organizations exceeded 400 million in 2000-01.*** Refer to Table 2.4 for breakdown.
8. **In 2001, an estimated 7.0 million out-of-state cultural tourists visited Florida's cultural facilities or attended cultural events as a *primary* activity they enjoyed.**

These tourists spent \$4.5 billion, adding \$9.3 billion to the state's gross regional product and creating 103,713 full-time equivalent jobs with a payroll of \$2.6 billion.

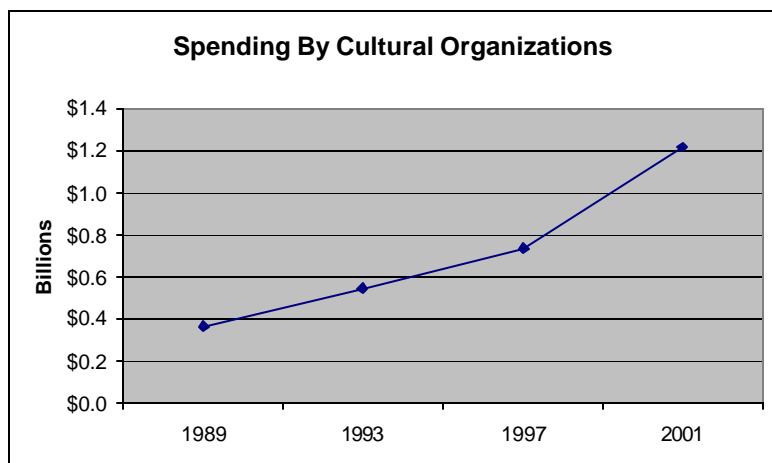
## ECONOMIC IMPORTANCE OF ARTS AND CULTURAL ORGANIZATIONS

This report provides information on the economic impact of 2,914 not-for-profit cultural organizations and the cultural programs of 57 colleges and universities in Florida. The data refer to the fiscal year 2000-01. The programs of these organizations make up the major part of the Florida cultural industry.

TABLE 1.1 Direct Spending By Arts and Cultural Organizations Billions of Dollars Fiscal Year 2001		
	Spending	Percent
Not-For-Profits	\$ 0.9	78.1
Colleges & Universities	\$ 0.3	21.9
<b>Total</b>	<b>\$ 1.2</b>	<b>100.0</b>

Florida arts and cultural organizations expended \$1.2 billion in FY 2001, of which \$0.9 billion was spent by not-for-profit organizations and \$0.3 billion was spent by colleges and universities (TABLE 1). The spending of the colleges and universities include only the spending of their programs which qualify for State of Florida Division of Cultural Affairs grants.

The arts and cultural sector of Florida's economy grew strongly in the most recent four-year study period with



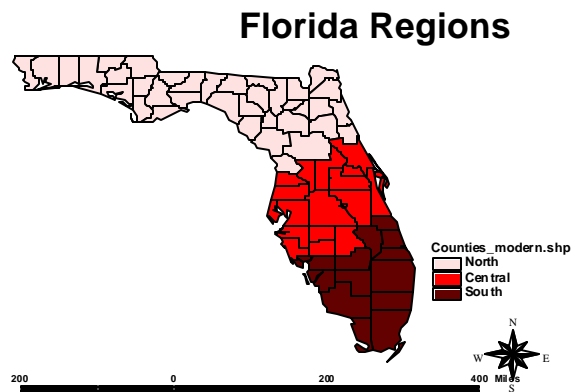
direct spending rising from \$0.7 billion in 1997 to \$1.2 billion in 2001. This contrasted with the

modest increase during the recession-dominated 1989-93 period. Because of the recession in 2001-02, it is likely that growth has lagged in the post-2001 period.

	1989	1993	1997	2001
Direct Spending	\$ 0.4	\$ 0.5	\$ 0.7	\$1.2

Note: figures are only broadly comparable across years due to changes in methodology.

The distribution of the spending of arts and cultural organizations by region of the state is given in TABLE 1.3. The regions of the state are the groups of counties as given in Map Figure. The cultural expenditures of the colleges and universities is fairly evenly distributed



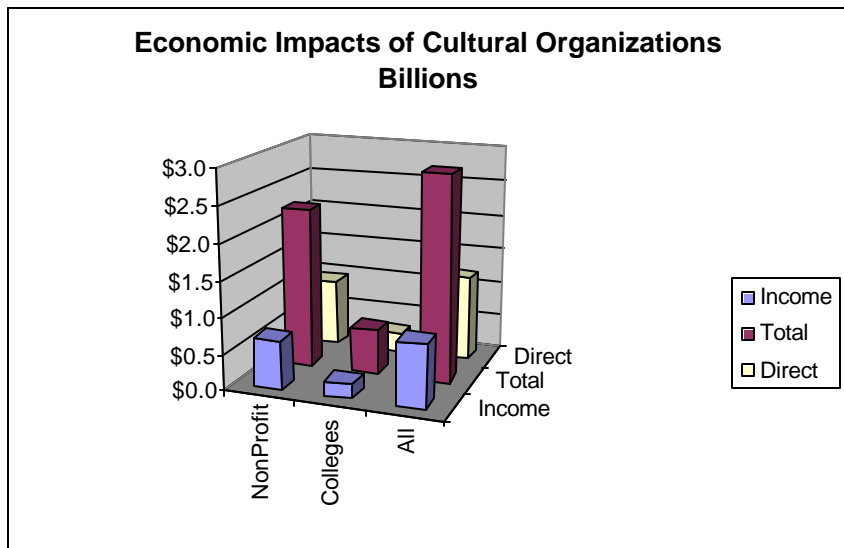
Region	Colleges & Universities	Not-For Profits	Total	Percent
North	\$ 87.0	\$ 81.1	\$ 168.2	13.9
Central	\$ 91.7	\$ 333.9	\$ 425.6	36.0
South	\$ 87.4	\$ 532.7	\$ 620.1	51.1
Total	\$ 266.1	\$ 947.7	\$1,213.8	100.0

across the three regions because the less populated northern region contains the relatively large traditional universities in Gainesville and Tallahassee. The not-for-profit organizations are distributed more in line with population.

<p style="text-align: center;"><b>TABLE 1.4</b>  <b>Economic Impact of Arts and Cultural Organizations</b>                      Billions of Dollars                      2001</p>			
	Not-For-Profit Organizations	Colleges & Universities	Total
Direct Spending	\$ 0.9	\$ 0.3	\$ 1.2
Total Impact	\$ 2.2	\$ 0.6	\$ 2.9
Earned Income	\$ 0.7	\$ 0.2	\$ 0.9
Jobs Created	22,177	6,226	28,403
Average Wage	NA	NA	\$ 30,906

Note: multipliers from US Department of Commerce, Bureau of Economic Analysis, RIMS II Model. A special run to derive multipliers for Florida was undertaken for this study. Items may not add to total because of rounding.

The spending of arts and cultural organizations results in a much larger impact on the economy once "ripple" or "multiplier" effects are taken into account. Direct spending by arts and cultural



organizations results in increased spending by their suppliers as they produce needed supplies. Suppliers to these suppliers in turn increase their spending and so on back up the production

chain. The employees of all these organizations, from both the front line cultural organizations and their suppliers, also increase their consumer spending and this adds to the economic impact. Finally, as the various sectors of the economy expand, jobs and incomes are created.

As the arts and cultural sector of the Florida economy has expanded since 1989, its total economic impact has grown accordingly. Both direct and total spending of the organizations are estimated to have tripled during the 12-year period; during this same time period, the Florida economy (as measured by Gross State Product) doubled. Thus, the arts and cultural sector of the economy grew significantly more rapidly than did the economy as a whole. **Arts and culture are a leading sector of the state’s economy.**

<p style="text-align: center;">TABLE 1.5 Impact of Arts and Cultural Organizations On The Economy of Florida Selected Years Billions of Dollars</p>				
Impact	1989	1993	1997	2001
Direct Spending	\$ 0.4	\$ 0.5	\$ 0.7	\$ 1.2
Total Spending	\$ 0.9	\$ 1.3	\$ 1.7	\$ 2.9
Full-Time Equivalent Jobs	14,832	17,922	22,237	28,302
Memo: Gross State Product (\$Billion)	\$231.0	\$ 300.7	\$ 389.5	\$ 491.5

Note; RIMS II multiplier from the latest version applied to calculate total spending in all years. Jobs estimates from the previous reports on the economic impact of the arts and cultural organizations written by this author. Gross state products figures obtained from the Florida Statistical Abstract. Year 2001 figure from <http://www.bea.doc.gov/bea/regional/gsp/>

## AN ANALYSIS OF NOT-FOR-PROFIT ARTS AND CULTURAL ORGANIZATIONS

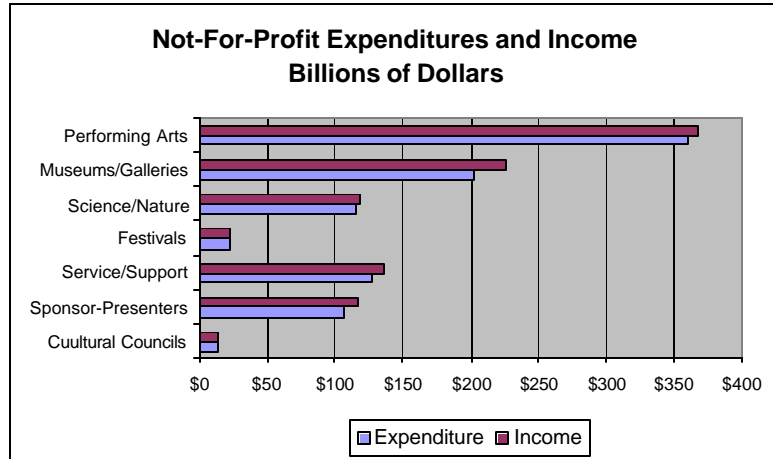
This section of the report presents a more detailed analysis of Florida's not-for-profit arts and cultural organizations. The organizations are subdivided into performing arts organizations, museums and galleries, science museums and zoos, festivals, service and support organizations, sponsor-presenter organizations and cultural councils.

This classification was designed to distinguish organizations on the basis of the types of activity. Many of the first three types of organizations are relatively large, have professional staffs, and perform or present their own programs. Many have their own facilities. The second four types of organizations are supporting or presenting organizations, including festivals, service and support organizations, sponsor-presenters and cultural councils.

**TABLE 2.1**  
**Expenditures and Income of Not-For-Profit Organizations**  
**By Type of Organization**  
**2001**  
**Millions of Dollars**

Type of Organization	Expenditures	Percent	Income	Percent	Surplus
Performing Arts	\$360.6	38.1	\$ 368.3	36.7	\$ 7.7
Museums & Galleries	\$203.3	21.5	\$ 226.3	22.6	\$23.0
Science Museums & Zoos	\$115.5	12.2	\$ 118.7	11.8	\$ 3.2
Festivals	\$ 22.0	2.3	\$ 22.8	2.3	\$ 0.8
Service & Support Organizations	\$126.9	13.4	\$ 135.6	13.5	\$ 8.7
Sponsor-Presenters	\$106.4	11.2	\$ 117.6	11.7	\$11.1
Cultural Councils	\$ 12.9	1.4	\$ 13.2	1.3	\$ 0.3
<b>Total</b>	<b>\$947.7</b>	<b>100.0</b>	<b>\$1,002.4</b>	<b>100.0</b>	<b>\$54.7</b>

Performing arts organizations spent \$360.6 million in 2001 and had income totaling \$368.3 million (TABLE 2.1). Museums and galleries spent \$203.3 million, had income totaling \$226.3

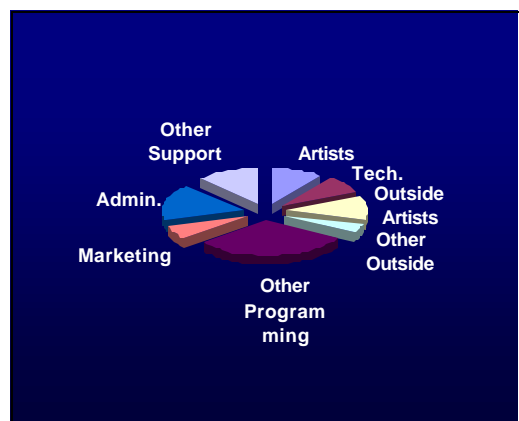


million and a surplus of \$23.0 million. Science museums and zoos, the third group with many members that own their own facilities, spend \$115.5 million and had incomes totaling \$118.7 million.

In fiscal year 2001, the not-for-profit organizations had a net operating surplus of \$54.7 million amounting to about 6 percent of their budgets. As will be seen below, \$20.6 million of the income of the organizations is accounted for by withdrawals by the organizations from their savings. If this is subtracted from the \$54.7 million, the resulting surplus is reduced to \$34.1 million, or 3.6 percent of total spending. It is likely that this favorable position has deteriorated since the 2000-01 fiscal year, because the national and Florida economies went into recession and because of the downturn in Florida tourism after the events of 9/11. Recent cutbacks in state funding may also have had a negative impact.

**Spending By Category**

In 2001, not-for-profit arts and cultural organizations spent about two-thirds of their budgets on direct programming and one-third on supporting



**TABLE 2.2**  
**Expenditures of Not-For-Profit Arts and Cultural Organizations**  
**By Type of Expenditure**  
**Millions of Dollars**  
**2001**

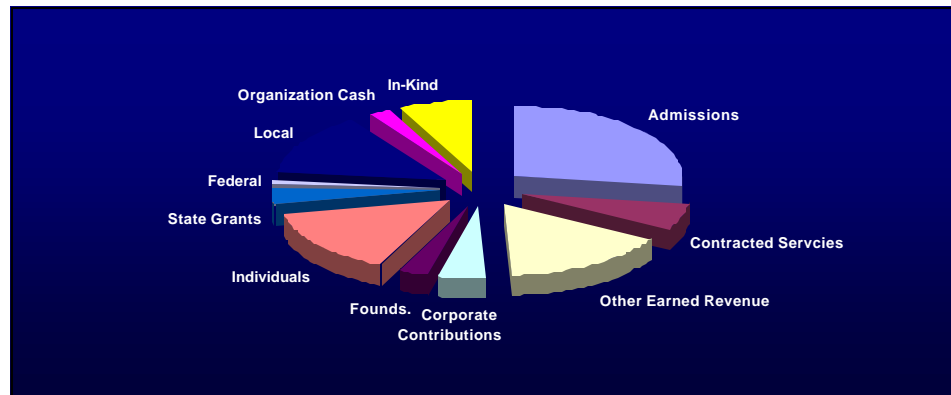
Type of Expenditure	Amount	Percent
Artistic Personnel	\$ 99.4	10.5
Technical Personnel	\$ 75.5	8.0
Outside Artistic Personnel	\$106.0	11.2
Other Outside Personnel	\$ 41.5	4.4
Other Production Expenses	\$291.0	30.7
Total Production Expenses	\$613.3	64.7
Administrative Personnel	\$164.7	17.4
Rental/Mortgage	\$ 22.2	2.3
Travel	\$ 15.2	1.6
Marketing	\$ 62.8	6.6
Total Supporting Expenses	\$264.9	28.0
In-Kind Contributions	\$ 69.5	7.3
Total	\$947.7	100.0

services (TABLE 2.2). Expenditures on artistic employees (\$99.4 million) were about the same as expenditures on outside artistic personnel (\$106.0 million). Marketing expenses accounted for \$62.8 million, about 6 percent of total budgets.

**Income By Source**

The sources of income of not-for-profit arts and cultural organizations are given in TABLE 2.3. Revenues from programs, including admissions and revenues from contracted services, accounted for almost 50 percent of the total with most of the rest coming from contributions and government grants. During 2001, organizations drew down their savings to fund operations (\$20.6 million) and they received in-kind contributions valued at \$70 million.

Admissions accounted for more than one-fourth of revenues. Private individuals are the largest source of contributions and local governments are the largest source of grant funding.



**TABLE 2.3**  
**Income of Not-For-Profit Arts and Cultural Organizations By Source of Income FY 2001**  
**Millions of Dollars**

Source of Income	Amount	Percent
Admissions	\$ 270.2	26.9
Contracted Services	\$ 60.7	6.1
Other Earned Revenue	\$ 160.8	16.0
<b>Total Program Revenues</b>	<b>\$ 491.5</b>	<b>49.0</b>
Corporate Contributions	\$ 48.1	4.8
Foundation Contributions	\$ 28.7	2.9
Individuals & Fund-raising Events	\$ 154.2	15.4
<b>Total Contributions</b>	<b>\$ 230.9</b>	<b>23.0</b>
Federal Grants	\$ 9.6	1.0
State Grants	\$ 36.1	3.6
Local Grants	\$ 143.5	14.3
<b>Total Grants</b>	<b>\$ 189.3</b>	<b>18.9</b>
<b>Organization Cash</b> (from savings)	<b>\$ 20.6</b>	<b>2.1</b>
<b>In-Kind Contributions</b>	<b>\$ 70.1</b>	<b>7.0</b>
<b>Total Income</b>	<b>\$1,002.4</b>	<b>100.0</b>

## **Persons Served**

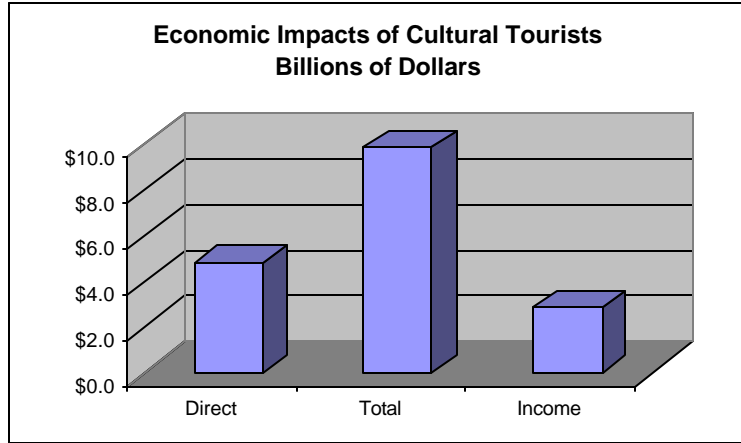
The not-for-profit organizations served audiences that amounted to more than 400 million attendees in fiscal year 2001 (TABLE 2.4). The largest attendances were at events or programs offered by performing arts organizations (192.7 million), followed by events and programs of sponsor-presenter organizations (96.3 million) and service/support organizations (70.3 million).

TABLE 2.4 Attendance at Programs and Events Of Not-For-Profit Organizations Millions of Attendees 2001	
Type of Organization	Attendance
Performing Arts	192.7
Museums & Galleries	38.6
Science Museums & Zoos	5.9
Festivals	2.5
Service & Support Organizations	70.3
Sponsor-Presenters	96.3
Cultural Councils	NA
Total	406.3

## CULTURAL TOURISTS AND THEIR ECONOMIC IMPACT

There were an estimated 7.0 million out of state tourists who came to Florida in 2001 and visited cultural facilities or attended cultural events as a *primary* activity they enjoyed.

(TABLE 3.1). The average cultural tourist spent \$588.30 on their trip. As a result, the direct spending of cultural tourists amounted to \$4.5 billion. The total impact of these expenditures on the state's economy amounted to \$9.3



billion, creating 103,713 jobs and incomes (primarily payrolls) of \$2.6 billion.

TABLE 3.1 Cultural Tourists and Their Economic Impact 2001		
	Cultural Tourists	Total Tourists
Number (Millions)	7.0	62.3
Spending Per Tourist (\$)	\$ 678.40	\$ 678.40
Direct Spending (\$Million)	\$ 4,775.9	\$42,264.3
Total Impact (\$Million)	\$ 9,926.4	\$87,844.3
Income Created (\$Million)	\$ 2,814.2	\$24,904.3
Jobs Created (Number)	110,323	976,306

Note: Tourism estimates derived from data on total tourism in *Visit Florida, 2001 Florida Tourist Study* as reported in the *Florida Statistical Abstract 2002*, pp. 553-4. Further details will be found in the methodology section.

## METHODOLOGY

The primary source of the data on which this study is based are the grant applications that were submitted by not-for-profit organizations, colleges and universities to the Florida Division of Cultural Affairs in 2002, hereinafter called the Division of Cultural Affairs (DCA) data set. Useable data were received on 398 not-for-profit organizations and 32 colleges and universities. The grant applications contained detailed data on the incomes and expenditures of the organizations.

The numbers of organizations in the initial sample were expanded using directories of arts and cultural organizations by county and other sources. Basic information on an additional 2,689 not-for-profit organizations was obtained from these sources. Additionally, 38 more colleges and universities were identified.

A survey requesting basic information on the additional organizations, as well as some additional information from the DCA data set, resulted in 182 responses. This information was incorporated into the basic data set.

Estimates of total income and expenses for the additional not-for-profit organizations were obtained as the average of the corresponding data for the lower 50 percent of the organizations in the DCA dataset by type of organizations. This reflects an assumption that the organizations not in the DCA data set were smaller than those in the data set. The larger the organization, the more likely that it applied for a Division of Cultural Affairs grant. It was assumed that the percentage breakdown of expenditures and income for the additional organizations was the same as those on which data were received, by type of organization.

The methodology used to extrapolate the DCA data to the additional colleges and universities was based on expenditures per student. Expenditures on arts and cultural programs per student in the DCA were applied to the enrollment of the additional colleges and universities.

Multipliers were generated from the RIMS II model produced by the Bureau of Economic Analysis of the US department of Commerce. This model is a regionalized version of the US National Input Output Model for 1999. A special run of the model to develop detailed multipliers for the State of Florida was purchased for this study. The multipliers used refer to the detailed industry Theatrical Producers (except motion picture) bands, orchestras and entertainers industry code 76.0201. Details on the RIMS II Model can be obtained from the handbook Regional Multipliers: A User Handbook for the Regional Input-Output Modeling System at <http://www.bea.doc.gov/rims.htm>.

Estimates of cultural tourism were derived from data in the Visit Florida publication, 2001 Florida Visitor Study. It was possible for respondents to the tourist questionnaire on which the data are based to check both the historical places/museums and cultural events/festivals to the question asked about primary activities enjoyed while in Florida. The estimate of tourists is based on all respondents who checked historical places/museums and one-half the respondents who checked cultural events/festivals.

To maintain consistency with the study of arts and cultural organizations, data from the 2001 year are used in this report<sup>1</sup>. Average spending per tourist (converted from spending per tourist day and average length of stay data) for all tourists was assumed to apply to cultural tourists also.

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<sup>1</sup> Applying the same methodology to the 2002 Tourist Study, the number of cultural tourists has increased from 7.0 to 9.2 million, their expenditures increased from \$4.8 to \$5.4 billion, and the total jobs created rose from 110,000 to 124,000.

The total economic impact, as well as income and jobs created were obtained using multipliers from the RIMS II Model. The multipliers were a simple average of the multipliers for the hotel and eating and drinking places industries.