



## **Presentation Notes to Accompany Arts & Economic Prosperity® 5 Study Slide Presentation**

### **Slide 1: Introduction**

The information in this presentation is based primarily on data for the Kansas City metropolitan area from the Americans for the Arts Study: *Arts & Economic Prosperity® 5 Study*, or AEP5 Study for short, and from other sources, as noted.

KC metro data was collected for fiscal year 2015 from 133 of the 309 eligible nonprofit arts and cultural organizations in Clay, Jackson, Platte, Johnson and Wyandotte counties, representing a 43% participation rate.

The AEP study is done every 5 years, so we are able to compare key statistics to numbers from the last report, which was based on 2010 data.

### **Slide 2: Arts & Culture: Core to KC Region**

1. AEP5 changes the conversation about the arts from that of a “charity” to one about an “investment in an industry” that provides both cultural and economic benefits to the community.
2. We always remember the fundamental benefits of the arts. They inspire, delight and unite us. Art is a fundamental component of our humanity. But this report focuses on the arts as an industry — one that supports jobs, generates government revenue and is a cornerstone of tourism.
3. While these numbers cover nonprofit arts and cultural organizations, much of their work includes financial transactions that are taxable, so local and state governments get revenue even though the groups are nonprofit and don’t pay income tax directly.

### **Slide 3: Millions Spent Locally on Arts & Culture**

1. The total economic activity shown in this study is based on two figures — the spending by nonprofit arts and cultural organizations and the event-related spending by their audiences.
2. Nonprofit arts and cultural organizations and their audiences spent an estimated \$276 million in the KC Metro in 2015. This is a myth buster for people. Sure, we appreciate the beauty of the arts, but most folks don’t think about the business side of the industry. The arts and cultural organizations employ people locally, purchase goods and services within the community, are members of the Chamber of Commerce, and help with the marketing and promotion of their regions. Arts and cultural organizations are good business citizens.

#### **Slide 4: Billions Spent Nationally on Arts & Culture**

Of the more than 300 communities across the nation participating in this national study, collectively nonprofit arts and cultural organizations and their audiences spent over \$166 billion. And, looking at the broader picture, all U.S. Arts Industries represented 4.2% of GDP in 2016.

You can download the full national, KC Metro, City of Kansas City, Mo. and Johnson County *Arts & Economic Prosperity 5 (AEP5)* Reports at: [ArtsKC.org/AEP5](http://ArtsKC.org/AEP5). The national report will show you how our community measures up to other cities that participated in the study. The ArtsKC staff has met with KC-area organizations working on economic and community development and tourism promotion to ensure that this information is available to them and will be put to good use.

#### **Slide5: Industry Powers Economic Growth for the KC Metro**

There's been a significant change in some key economic figures since the last AEP report done in 2010. Audience spending rose 39% in 2015 to over \$96 million and organizational operating expenditures went up 69% to \$172 million. This growth came from four factors:

- 1) An increase in the number of existing organizations that participated in the study this time
- 2) Information from a dozen new organizations that have been founded since 2010
- 3) Two national organizations that moved to KC from other cities
- 4) Real increases in operating expenditures and audience size by groups that did participate in both studies. Their annual operating expenses rose by 37% and their audience attendance rose by 14%.

#### **Slide 6: Operating vs Capital Expenditures**

There was a significant decrease in capital expenditures in 2015 vs 2010. In 2010, capital expenditures included some of the final expenses from the major investment in cultural facilities of the last decade, such as the Kauffman Center for the Performing Arts, and before that, the Nelson-Atkins Museum of Art, among others. Now that investment is paying off with a major boost in ongoing annual operating expenditures for the organizations that have benefited from these improvements. These capital investments also paved the way for higher audience spending, as also seen in this report.

#### **Slide 7: Audience Spending Growth**

The increase in audience spending from 2010 to 2015 is, again, the result of several factors:

- 1) The increase in the number of existing organizations participating this time
- 2) The information from the 12 new organizations created here since 2010
- 3) Two national organizations that moved here
- 4) A real increase in audience size by the groups that did participate in both studies in 2010 and 2015; as mentioned before, their audience attendance rose by 14%.

#### **Slide 8: Industry Generates Local Jobs**

1. Arts and cultural organizations employ more than just artists, curators and musicians. They also pay builders, plumbers, accountants, printers and others in occupations across many industries.
2. Remember that our economic analysis measures jobs supported throughout the community, not just at arts organizations.

3. Because arts organizations are strongly rooted in their community, these are jobs that necessarily remain local and cannot be shipped overseas. (Even in a global economy, arts remain local employers)

#### **Slide 9: Nationally, Millions of Jobs Created**

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#### **Slide 10: Industry Boosts Local Household Income**

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

#### **Slide 11: Industry Drives Cultural Tourism**

Organizations surveyed a sample of their audiences to obtain estimates of spending information and zip code data, so we could determine whether they were residents.

Each of the nonresident survey respondents (For example, those who live outside the five-county Greater Kansas City Metropolitan Area) were asked about the purpose of their trip: **81.3% indicated that the primary purpose of their visit to the Greater Kansas City Metropolitan Area was “specifically to attend this arts/cultural event.”** This finding demonstrates the power of the arts to attract visitors to the community.

#### **Slide 12: Events Retain Local Dollars**

The survey asked local resident attendees about what they would have done if the arts event that they were attending was not taking place: **34% of resident attendees said they would have “traveled to a different community to attend a similar cultural event.”**

The cultural tourism findings also demonstrate that if a community fails to provide a variety of artistic and cultural experiences, not only will it fail to attract new dollars from cultural tourists, it will also lose the discretionary spending of its own residents who will travel elsewhere for a similar experience.

#### **Slide 13: Average Tourist Spend**

Similar all industries, spending by arts organizations has a measurable economic impact. But unlike most industries, the arts generate a bounty of event-related spending for local businesses — dollars that land in the pockets of local business establishments such as parking garages, restaurants, retail stores and hotels. And, the average tourist spends more than twice as much as a local resident in these categories.

Making sure that visitors have easy access to information about arts and cultural events that they can attend makes a lot of sense as a strategy to increase the return on our community’s investment in this industry.

#### **Slide 14: Nationally, Americans Believe Arts & Culture are Vital**

1. Our community leaders are not the only ones who appreciate the quality of life *and* economic value of the arts.
2. The American public values this as well:
  - 87% believe they are important to quality of life.
  - An impressive 82% also believe the arts are important to local businesses and the economy.

(Source: Americans for the Arts 2016 survey of 3,020 adults by Ipsos Public Affairs)

#### **Slide 15: Local & State Government Revenue**

1. Local and state government receives a total of \$24.6 million in revenue every year as a result of the economic activity of nonprofit arts organizations and their audiences.
2. Currently there are threats against nonprofits because of the mistaken assumption that they only take, but don't give back. This study shows that beyond their public benefit, there is also a significant economic return as a result of their investment. Funding to nonprofit arts organizations is not a one-way street.

#### **Slide 16: Local, State and Federal Government Revenue**

The federal government, states and localities appropriated a combined \$1.33 billion to the arts in FY2015, for a total per-capita investment of \$4.13.

So the return on that investment of \$1.33 billion back to the government was 20 to 1.

The total funding included:

- 1) \$146 million in appropriations to the National Endowment for the Arts,
- 2) \$349 million in legislative appropriations to state and jurisdictional arts agencies, an increase of 13.7 percent from FY2014,
- 3) an estimated \$840 million in direct expenditures on the arts by county and municipal governments, an increase of 8.1 percent from FY2014.

*(Figures above are courtesy of Grantmakers in the Arts, from*

<http://www.giarts.org/article/public-funding-arts-2015-update>)

#### **Slide 17: Arts & Culture = 4.2% of GDP**

Adding more gravitas to the economic impact of the arts argument . . . the U.S. Bureau of Economic Analysis (BEA) established the Arts & Cultural Production Satellite Account, which takes into account the full breadth of the nation's art and culture industry. That is, not just the nonprofit sector (like AEP5), but also the commercial and entertainment sectors, individual artists, Broadway, motion picture industry, architecture and design, university education programs, etc.

According to BEA, the arts were a \$730 billion industry in 2014, which represents 4.2% of the nation's Gross Domestic Product — a larger share of the economy than transportation, tourism, agriculture and construction.

### **Slide 18: Value of Volunteerism**

During 2015, 11,505 volunteers donated a total of 521,841 hours to KC Metro nonprofit arts & cultural organizations that participated in this study, providing unpaid services valued at \$12.3M.

Total \$12.3M dollar value based on Independent Sector estimates the dollar value of the average 2015 volunteer hour at \$23.56. Volunteers can include unpaid professional staff (e.g., executive and program staff, board/commission members), artistic volunteers (e.g., artists, choreographers, designers), clerical volunteers and service volunteers (e.g., ticket takers, docents, ushers and gift shop volunteers).

### **Slide 19: Value of In-Kind Donations**

The organizations 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., office or performance space), and services (e.g., printing from a local printer). The 133 participating nonprofit arts and cultural organizations in the Greater Kansas City Metropolitan Area reported that they received in-kind contributions with an aggregate value of \$5,013,440 during fiscal year 2015. These contributions could have been received from a variety of sources including corporations, individuals, local and state arts agencies and government agencies.

### **Slide 20: About the Study**

1. AEP5 is the fifth economic impact study of its kind for the arts and culture industry, including spending by nonprofit arts & cultural organizations, spending by their audiences, plus government and cultural tourism revenue generated. It is the largest and most comprehensive study of its kind ever conducted: 341 study regions in all 50 states + D.C. including small rural to large urban communities with populations ranging from 1,540 to 4 million. Even in our smallest communities, the arts have a measurable economic impact.
2. Only nonprofit and municipal arts and cultural organizations are included — no for-profit entertainment businesses such as Broadway or the motion picture industry, and no individual artists (all vital to the cultural ecology, but beyond the scope of the study).

### **Slide 21: Presenting Partners**

These four partners together present the Arts & Economic Prosperity 5 Study data to the region.

### **Slide 22: Questions About KC Metro Data?**

When you visit [ArtsKC.org/AEP5](http://ArtsKC.org/AEP5), you'll be able to access and use this presentation, the ArtsCore brochure and other resources as you present the KC Metro Study data to others.

