



THE ARTS

A Driving Force in Minnesota's
Northwest Economy

WHAT OTHERS ARE SAYING ABOUT THE ARTS AND ECONOMIC IMPACT

“Art and culture is a growth sector in the economy of Northwest Minnesota and a critical part of the economic infrastructure. The arts create high paying jobs and the most desirable product offerings for local retailers and there is a growing understanding that attracting and keeping a high quality work force is directly tied to the availability of high quality cultural and artistic opportunities.”

— Leon Heath, Executive Director
Northwest Regional Development Commission

“It is great to have verification that the arts are drawing from outside our region and adding to the economy.”

— Rod Skoe, Minnesota State Senator

“This careful accounting shows that the modest public investments we make in Minnesota's arts centers and artists multiply through local economies, providing jobs for employees, sales for suppliers, and patronage for small proprietors. Minnesota's arts dollars leaven the creative economy in towns as tiny as New York Mills or Lanesboro and as large as the Twin Cities, accounting for the high proportion of artists in our midst and infusing artistic talent into business-building and community problem-solving.”

— Ann Markusen, Economist, Professor and Director
Project on Regional and Industrial Economics
Humphrey Institute of Public Affairs

“An arts-based economy can enhance state efforts to diversify rural economies, generate revenue, improve the quality of life, and attract visitors and investment. Rural areas often feature various arts and cultural industries, which, with some assistance, can become productive economic sectors. In addition to stimulating substantial employment and tax revenues, arts enterprises are highly entrepreneurial, readily available in many communities, and attractive to tourists. The arts also create a highly desirable quality of life that draws businesses and knowledge workers to further stimulate the economy.”

— *Strengthening Rural Economies through the Arts*
National Governors Association Center for Best Practices, 8/30/05

“In Crookston, arts and culture are an active part of our community. Crookston has a full variety of arts activities offered at the University of Minnesota Crookston, as well as a community theater group, an arts council, and a library friends group. These groups all provide high quality experiences to residents and tourists alike. In the 2004 University of Minnesota Tourism Center study, the Red River Valley's number one visitor profile was arts and culture. Therefore, the potential for increased revenue to our community is directly tied to our efforts to promote our arts and culture attractions.”

— Jeannine Windels
Executive Director of the Crookston Chamber of Commerce

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The Arts: A Driving Force in Northwest Minnesota's Economy is one of eleven regional studies conducted by Minnesota Citizens for the Arts (MCA) and the Forum of Regional Arts Councils of Minnesota (FRACM) in partnership with the Northwest Regional Arts Council and Americans for the Arts. This project was primarily funded by The McKnight Foundation. Additional partners include the Twin Cities Performing Arts Research Coalition funded by the Pew Charitable Trusts, and Minnesota Arts Communicators.

In addition, *The Arts: A Driving Force in Minnesota's Economy* provides a look at the full economic impact of the arts and culture statewide.

The report's partners work together to represent and serve communities across Minnesota and the nation, and to create opportunities for every American to participate in and appreciate the arts and culture.

All reports are available for downloading on MCA's website at www.mtn.org/mca.

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“Throughout McKnight’s history of arts and culture funding, we’ve consistently seen the great value the arts and culture bring to the quality of our communities. The arts and culture can play a central role in regional economic growth and vitality; investing in them is both good policy and good business.”

— Peg Birk, McKnight Foundation Interim President

“Understanding and acknowledging the incredible economic impact of the nonprofit arts and culture, we must always remember the fundamental value of the arts and culture. They foster beauty, creativity, originality, and vitality. The arts and culture 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

“Arts organizations play an important role in building and sustaining economic vibrancy in our local communities. They provide meaningful employment, spend money locally, generate revenue, and are a cornerstone of tourism and economic development. Investing in the arts is good policy and good business.”

— Congressman James L. Oberstar

Invest in the Arts

By Sheila Smith, Executive Director, Minnesota Citizens for the Arts

The statewide report *The Arts: A Driving Force in Minnesota's Economy* reveals that the nonprofit arts and culture industry is a mover and shaker in Minnesota's economy, with **\$838.5 million** in annual economic activity that supports **22,095 full-time jobs** and generates more than **\$94 million in state and local government revenues**. The report also shows that Minnesotans are enthusiastic consumers of arts and culture: in 2004 total audience participation in the state was **14,487,592 million attendees**.

The message is simple: the nonprofit arts and culture are an important industry throughout the state contributing to Minnesota's bottom line and helping to create vibrant local economies. It's important to note that while it is no surprise that the Twin Cities metropolitan area supports a robust arts and culture economy, the reports also shows a significant economic impact in every other area of Minnesota. The eleven regional reports demonstrate that the excellence, scope, and diversity of cultural activity in every corner of the state go beyond contributing to Minnesota's quality of life: the arts and culture make a significant contribution to the state's economy.

The return on state arts and culture funding is dynamic. For a very small investment by the state of Minnesota, the arts and culture industry can be leveraged to create jobs, to revitalize both neighborhoods and rural communities, and to educate our children while helping to drive Minnesota's economy. Minnesota invests in the arts and culture primarily via grants from the Minnesota State Arts Board and Regional Arts Councils. Each legislative dollar invested is matched by local dollars. There is a return on investment to the state of nearly \$11 for every state dollar invested. That's economic development in action.

Study the Arts

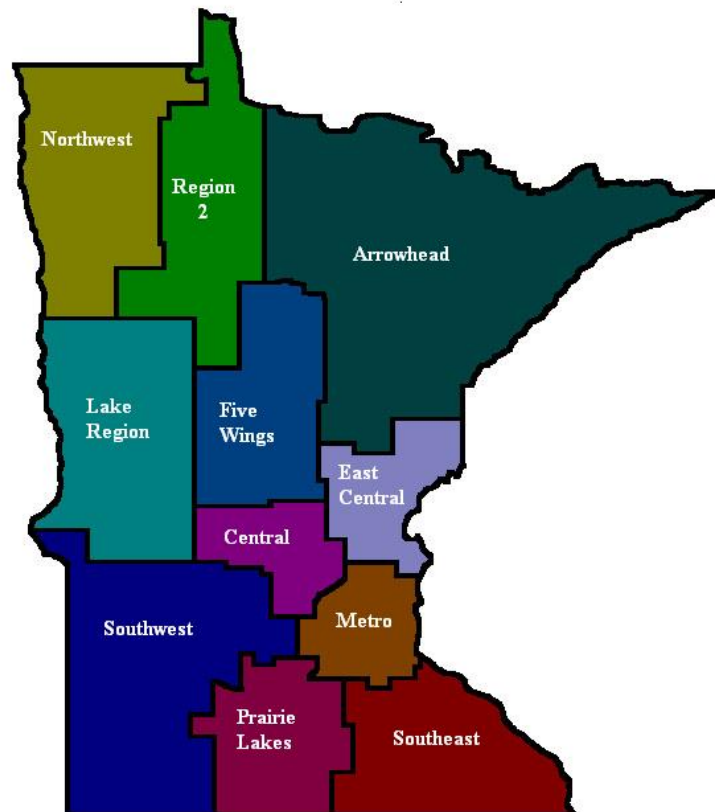
By Mary Minnick-Daniels, Chair of the Forum of Regional Arts Councils of Minnesota

As we work to improve the economy of our state, this report demonstrates the importance of the arts and culture as a contributor to the economic health of individual communities and the state as a whole. Other classic Minnesota industries such as mining, farming or financial services are frequently touted as important Minnesota industries, worthy of study and support; while the arts and culture have been used to demonstrate “quality of life” issues.

According to a 2001 report by the National Governor’s Association Center for Best Practices, “if states intend to build their economies on the jobs of the future and improve rural communities they must cultivate a creative workforce and attract arts and culture-based businesses.”

In offering this report for public discussion, we hope every citizen, every public official, every economic development director and every journalist will think seriously about the arts and culture and their value to both our economy and to our daily lives.

Minnesota’s
Arts Regions:



Findings: Northwest Minnesota

The Arts: A Driving Force in Northwest Minnesota's Economy provides compelling new evidence that the nonprofit arts and culture are a significant industry in Northwest Minnesota—one that generates \$1.3 million in local economic activity. This spending—\$560,912 by nonprofit arts and culture organizations and an additional \$744,729 in event-related spending by their audiences—supports 35 full-time jobs, generates \$691,000 in household income to local residents, and delivers \$139,000 in local and state government revenue. This economic impact study sends a strong signal that when we support the arts and culture, we not only enhance our quality of life, but also invest in Northwest Minnesota's economic well-being.

In 2002, Americans for the Arts published *Arts & Economic Prosperity*, the first-ever national study of the economic impact of spending by nonprofit arts organizations and their audiences. Detailed expenditure data were collected from 3,000 arts organizations and 40,000 arts attendees in 91 communities across 34 states. The national study focused solely on the economic impact of the nonprofit arts organizations and event-related spending by their audiences. Not included in the study was spending by individual artists, and the for-profit arts and entertainment sector. The objective of the national study was to document the experience of a cross-section of American communities and demonstrate the economic gain from investing in the arts and culture.

This report presents the findings of a new study measuring the economic impact of the nonprofit arts and culture industry in Northwest Minnesota. It is part of a statewide effort to gather data on the economic impact of the arts and culture in

Minnesota, and is one of eleven regional studies in addition to a statewide study conducted in 2004-5. The methodology used is identical to the national study methodology, providing the ability to compare the results for Northwest Minnesota with those of the national study participants. For the purposes of this study **Northwest Minnesota includes Kittson, Marshall, Norman, Pennington, Polk, Red Lake and Roseau Counties.**

Defining Economic Impact

Full-Time Equivalent (FTE) Jobs describes the total amount of labor employed.

Resident Household Income (often called Personal Income) includes salaries, wages, and entrepreneurial income paid to local residents.

Revenue to Local and State Government includes funds to city, county, and state governments, and special districts. It includes taxes as well as license and filing fees, etc.

Economic Impact of the Nonprofit Arts and Culture Industry in Northwest Minnesota

Total spending by nonprofit arts and culture organizations and their audiences totaled \$1.3 million in Northwest Minnesota during 2004. 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 Northwest Minnesota (Spending by Nonprofit Arts Organizations and their Audiences)

	Northwest Minnesota
Total Expenditures	\$1,305,641
Full-Time Equivalent Jobs	22
Resident Household Income	\$398,000
Local Government Revenue	\$12,000
State Government Revenue	\$64,000

These direct economic impacts create an additional *indirect* economic impact on Northwest Minnesota’s economy. Consider this example:

A theatre company purchases a gallon of paint from the local hardware store for ten dollars (that is the “direct economic impact”). The hardware store then uses a portion of the ten dollars to pay the sales clerk’s salary; the sales clerk re-spends some of the money for groceries; the grocery store in turn uses some of the money to pay its cashier; the cashier spends some for to pay his utility bill; and so on (these are the “indirect economic impacts”).

Thus, the original ten dollars from the theatre has been “re-spent” several times. The local expenditures will continue to have an economic impact on the local economy until the money eventually “leaks out” of the region (i.e., is spent non-locally). The total economic impact is the combination of the direct impact and the indirect impact. The table below details the total economic impact of spending by Northwest Minnesota’s nonprofit arts and culture industry.

Total Economic Impact of the Nonprofit Arts and Culture Industry in Northwest Minnesota (Spending by Nonprofit Arts Organizations and their Audiences)

	Northwest Minnesota
Total Expenditures	\$1,305,641
Full-Time Equivalent Jobs	35
Resident Household Income	\$691,000
Local Government Revenue	\$26,000
State Government Revenue	\$113,000

Economic Impact of Nonprofit Arts and Culture Organizations in Northwest Minnesota

Arts and culture organizations are responsible members of the business community. They are employers, consumers, members of the chamber of commerce, and key participants in the marketing and promotion of their cities and regions. Their spending in Northwest Minnesota was \$560,912 during fiscal year 2004. The impact of this spending

is far reaching: organizations pay their employees, purchase supplies, contract for services, and acquire assets. These actions, in turn, support jobs, create income, and generate government revenue.

Data were collected from 13 nonprofit arts and culture organizations in Northwest Minnesota. Each provided budget data about more than 40 expenditure categories for fiscal year 2004 as well as their total attendance figures. No attempt was made to quantify the spending of non-respondents.

Direct Economic Impact of Spending by Nonprofit Arts and Culture Organizations in Northwest Minnesota

	Northwest Minnesota
Total Expenditures	\$560,912
Full-Time Equivalent Jobs	9
Resident Household Income	\$146,000
Local Government Revenue	\$5,000
State Government Revenue	\$17,000

Total Economic Impact of Spending by Nonprofit Arts and Culture Organizations in Northwest Minnesota

	Northwest Minnesota
Total Expenditures	\$560,912
Full-Time Equivalent Jobs	19
Resident Household Income	\$353,000
Local Government Revenue	\$11,000
State Government Revenue	\$39,000

Economic Impact of Nonprofit Arts and Culture Audiences in Northwest Minnesota

The nonprofit arts and culture industry, unlike most industries, leverages significant event-related spending by its audiences. Attendance generates commerce for local businesses such as hotels, restaurants, and retail stores. For example, when patrons attend an event they may park their car in a toll garage, purchase dinner at a restaurant, and pay a babysitter.

To measure the impact of arts and culture audiences in Northwest Minnesota, data were

collected from 533 event attendees during 2005. Researchers used an audience-intercept methodology, a standard technique in which the interviewer asks a patron to complete a survey about their event-related spending. To ensure reliability, surveys were collected at a diverse sample of events and exhibitions.

The 13 organizations that participated in the study reported that their total attendance to nonprofit arts and culture events during 2004 was 35,508. These 35,508 attendees spent a total of \$744,729—an average of \$20.97 per person, per event, *not including the cost of admission*.

Direct Economic Impact of Spending by Nonprofit Arts and Culture Audiences in Northwest Minnesota

	Northwest Minnesota
Total Expenditures	\$744,729
Full-Time Equivalent Jobs	13
Resident Household Income	\$252,000
Local Government Revenue	\$7,000
State Government Revenue	\$47,000

Total Economic Impact of Spending by Nonprofit Arts and Culture Audiences in Northwest Minnesota

	Northwest Minnesota
Total Expenditures	\$744,729
Full-Time Equivalent Jobs	16
Resident Household Income	\$338,000
Local Government Revenue	\$15,000
State Government Revenue	\$74,000

Out-of-Towners Spend More

In addition to spending data, survey respondents were asked to provide their home zip codes, enabling researchers to determine which attendees were local (i.e., reside within Northwest Minnesota) and which were non-local (reside outside Northwest Minnesota). In Northwest Minnesota 79.9 percent of the 35,508 nonprofit arts and culture attendees were local; 20.1 percent were non-local.

Non-local arts and culture attendees spent an average of 157 percent more than local attendees (\$40.97 vs. \$15.95). As would be expected from a traveler, higher spending was found in the categories of lodging, meals, retail, and transportation. These data demonstrate that when a region attracts cultural tourists, it stands to harness significant economic rewards.

Event-Related Spending by Arts and Culture Audiences Totaled \$744,729 in Northwest Minnesota (not including the cost of event admission)¹

	Region Resident Arts Attendees	Region Non-Resident Arts Attendees	All Northwest Minnesota Arts Attendees
Attendance Nonprofit Arts Events	28,380	7,128	35,508
Percentage of Attendees Resident/Non-Resident	79.9%	20.1%	100%
Average Dollars Spent Per Attendee	\$15.95	\$40.97	\$20.97
Total Event-Related Spending	\$452,709	\$292,019	\$744,729

Nonprofit Arts and Culture Event Attendees Spend an Average of \$20.97 Per Person in Northwest Minnesota (not including the cost of event admission)¹

	Region Resident Arts Attendees	Region Non-Resident Arts Attendees	All Northwest Minnesota Arts Attendees
Refreshments/Snacks During Event	\$1.45	\$1.73	\$1.50
Meals Before/After Event	\$3.72	\$9.15	\$4.81
Souvenirs and Gifts	\$2.07	\$2.66	\$2.19
Clothing/Accessories	\$3.06	\$2.71	\$2.99
Ground Transportation	\$2.64	\$11.67	\$4.45
Event-Related Child Care	\$1.18	\$0.07	\$0.96
Overnight Lodging (one night only)	\$0.05	\$12.99	\$2.65
Other	\$1.78	\$0.00	\$1.42
Average Event-Related Spending (Per Person)	\$15.95	\$40.97	\$20.97

Arts and Culture Volunteerism and In-Kind Contributions: An Economic Impact Beyond Dollars

The Arts: A Driving Force in Northwest Minnesota's Economy reveals a significant contribution to nonprofit arts and culture organizations as a result of volunteerism. In 2004, 627 arts and culture volunteers donated 14,849 hours to Northwest Minnesota's nonprofit arts and culture organizations. This represents a donation of time with an estimated value of \$260,600. While these arts and culture volunteers may not have an economic impact as defined in this study, they clearly have an enormous impact on their communities by assisting in keeping arts and culture organizations functioning as a viable industry.

The nonprofit arts and culture organizations surveyed for this study were also asked about the sources and value of their in-kind support (i.e., donated assets and services, such as office space). The 13 responding nonprofit arts and culture organizations in Northwest Minnesota received in-kind contributions with a total value of \$13,770 during 2004 from businesses, local government, individuals, and other sources.

Surveys of Arts and Culture Organizations

Minnesota Citizens for the Arts and the Forum of Regional Arts Councils of Minnesota identified eligible nonprofit arts and culture organizations for this study. Generally, the organizations chosen were economically active non-profits with primary activities in the arts and culture area. The eligible

organizations received a survey requesting detailed information about their fiscal 2004 expenditures (labor, local and non-local artists, operations, materials, facilities, and asset acquisition) as well as their attendance figures. The responding organizations—ranging from opera, public radio stations, and historical museums to weaving societies and arts service organizations—had annual budgets ranging from \$0 to \$54,390,000. Response rates for the eleven regions averaged 27.0 percent, and ranged from 17.8 percent to 79.4 percent. Each region's results are based solely on the actual survey data collected from its nonprofit arts and culture organizations, not on fiscal projections or extrapolations. The sub-100 percent response rates in the eleven regions strongly indicate an understatement of the economic impact findings in all of the regions that are documented in this report.

In Northwest Minnesota, 13 of the 36 eligible organizations identified by the Northwest Regional Arts Council responded to the survey, a response rate of 36.1 percent. The responding organizations had a range of budgets from \$3,393 to \$235,677.

Surveys of Arts and Culture Audiences

An audience-intercept methodology (patrons at nonprofit arts events are asked to complete a survey while attending the event) was used to measure spending by audiences at nonprofit arts and culture events during 2005. All eleven Minnesota regions collected data about audience spending. An average of 618 surveys was collected in each region at events ranging from museum exhibitions and arts festivals to opera

performances and children's theater productions. The randomly selected respondents detailed spending on attendance-related activities such as meals, souvenirs, transportation, and lodging.

Using total attendance data for 2004 (collected from the participating nonprofit arts and culture organizations), standard statistical methods were then used to derive a reliable estimate of total expenditures by attendees. The 6,889 audience-survey respondents were asked to provide information about the entire party with whom they were attending. With an average of more than three individuals per survey reported on, these data actually represent the spending patterns of more than 20,000 attendees to nonprofit arts organizations—significantly increasing the reliability of the data.

In Northwest Minnesota, audience-intercept surveys were collected from 533 arts and culture event attendees during 2005.

Studying Economic Impact Using Input/Output Analysis

To derive the most reliable economic impact data, economists used the method of input/output analysis to measure the impact of expenditures by the local nonprofit arts and culture industry and its audiences. This method is a standard procedure for demonstrating the impact of expenditures on communities (and has also been the basis for two Nobel Prize awards in economics). It is well suited for this study because the models can be customized specifically to each region to measure the industry directly and through the commerce that the industry creates. An input/output model is a system of mathematical equations that combines statistical methods and economic theory. It traces how many times a dollar is “re-spent” within the local economy and the economic impact of each of those rounds of spending. (See the example of how a dollar can be re-spent on page five of this report.)

The model for each region is customized 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 other local option taxes), as well as the survey data from nonprofit arts and culture organizations and their audiences.

Conclusion

Northwest Minnesota benefits from over \$1.3 million in economic impact from non-profit arts and culture organizations. It also stands out from the rest of the state in two ways. First, it has the second highest percentage of its audience members who reside within the region attending arts and culture events. This means it does an exceptional job of providing attractive arts events to its own residents, encouraging them to spend money locally rather than leave the region for arts and culture events. Secondly, at \$40.97 per person, it exceeds the state average (\$36.89) for non-resident per capita spending at arts events. The survey also shows that the region has a high potential for using its arts and culture resources to increase tourism revenue by making the region more attractive to a broader range of visitors.

In total, nonprofit arts and culture are a \$1.3 million industry in Northwest Minnesota—one that supports 35 full-time jobs and generates \$139,000 in local and state government revenue. Nonprofit arts and culture organizations in Northwest Minnesota, which spend \$560,912 annually, leverage a remarkable \$744,729 in additional spending by arts and culture audiences—spending that pumps vital revenue into local restaurants, hotels, retail stores,

parking garages, and other businesses. *The Arts: A Driving Force in Northwest Minnesota's Economy* demonstrates that investing in arts and culture yields significant economic benefits and lays to rest a common misconception: that communities support the arts and culture at the expense of local economic development. This report shows conclusively that the arts are a driving force in Northwest Minnesota's economy.

End Notes

1 The audience spending totals may not be exact due to rounding. For example, while the average per person expenditure by residents of Northwest Minnesotais listed in this report as \$15.95, the actual figure used to calculate the total spending by residents included several decimal more points.

In Appreciation

This regional project is a collaboration of the **Forum of Regional Arts Councils of Minnesota** (RAC Forum) and **Minnesota Citizens for the Arts** (MCA), principle partners, with major funding provided by **The McKnight Foundation**. Additional partners include the **Twin Cities Performing Arts Research Coalition** (PARC) project funded by the Pew Charitable Trusts, and **Minnesota Arts Communicators**. Twelve studies were conducted statewide. The project was managed by MCA, while each of the state's eleven regional arts councils coordinated audience surveys and data release events in their own regions. **Americans for the Arts**, the study's national partner, created the economic models for the twelve studies, one for each region and one for the statewide study, and also provided secure web-based surveying tools.

Thank you to the following staff members and volunteers:

Project Manager: Sheila Smith, Minnesota Citizens for the Arts

Regional Coordinator: Mara Wittman, Northwest Regional Arts Council

Survey Collection: Mara Wittman, Deb Amazi, Julie Jones, Betty Pikop, and Karen Bang

Americans for the Arts: Benjamin Davidson, Director of Research

RAC Forum Coordinator: Carolyn Bye, Metropolitan Regional Arts Council

Staff Support: Kate Hannaher and Jane Gellmann, Minnesota Citizens for the Arts

Minnesota Citizens for the Arts

Minnesota Citizens for the Arts is a statewide arts and culture advocacy organization whose mission is to ensure opportunity for all people to have access to and involvement in the arts and culture. MCA organizes the arts and culture community and lobbies the Minnesota State Legislature and Congress on issues pertaining to the nonprofit arts and culture and conducts original research. MCA works with over 32,000 arts and culture advocates in Minnesota. For more information on MCA, this project or statistics about the arts and culture in Minnesota, please contact MCA Executive Director Sheila Smith at 651-251-0868, by email at she-mca@mtn.org, or view MCA's website: <http://www.mtn.org/mca>.

Northwest Regional Arts Council

Promoting, stimulating, and supporting arts activities is the goal of the multi-disciplinary Northwest Regional Arts Council. The Council serves mainly the Minnesota counties of Kittson, Marshall, Norman, Pennington, Polk, Red Lake and Roseau, and provides artists, arts organizations and schools with grants and services. NWRAC is one of eleven designated Regional Arts Councils in Minnesota who provide grants and services to nonprofit arts organizations and individual artists on a regional basis. Funding for these services is provided by the Minnesota State Legislature, The McKnight Foundation, and other private sources. Contact NWRAC at (218) 745-6733 or mara@nwrac.org or www.nwrac.org/arts.htm.

The Forum of Regional Arts Councils of Minnesota

The Forum of Regional Arts Councils of Minnesota serves as the voice of and advocate for small arts and culture organizations and community-based arts and culture activities throughout Minnesota by working in partnership with the Minnesota State Arts Board, Minnesota Citizens for the Arts and others. The Forum's Chair is Mary Minnick-Daniels in Mora, 320-679-4065 extension 30 / ecac@ecrdc.org.

Northwest Minnesota's Participating Nonprofit Arts Organizations

This study could not have been completed without the cooperation of the following 13 nonprofit arts and culture organizations in Northwest Minnesota that provided detailed financial information about their organization:

Association of the French of the North (AFRAN), Red Lake Falls. Fosston Community Library and Arts Association, Fosston. Kittson Central Community Education, Hallock. Kittson County Historical Society, Lake Bronson. Northwest Regional Arts Council, Warren. Pennington County Historical Society, Thief River Falls. Roseau Area Friends of the Library, Roseau. Roseau County Historical Society and Museum, Roseau. Sand Hill Settlement Historical Society, Climax. Stephen Arts Council, Stephen. Summer Arts Stages, East Grand Forks. Valley Crossing Arts Council, Crookston. Warroad Summer Theatre, Warroad.

Northwest Minnesota's Participating Arts Patrons

Additionally, this study could not have been completed without the cooperation of the 533 arts and culture patrons who generously took the time to complete the audience spending survey while attending one of the following arts and culture events in Northwest Minnesota:

Artists of Minnesota ("Fall Conference"). City of Crookston ("Ox Cart Days Festival"). City of Oslo ("Oslo Centennial Entertainment Nights"). Crookston Civic Music League ("Crookston Artist Series"). Fosston Library and Arts Center ("Summer Community Musical"). Northwest Regional Arts Council ("Council Meeting"). Northwest Regional Arts Council ("Grants Writing Workshop"). Northwest Regional Arts Council ("Northwest Minnesota Art Exhibit"). Stephen Arts Council (*My Name is Alice*). Stephen Arts Council (*The Best of Times*). Thief River Fall Community Arts Council (*Beauty and the Beast*). Warren Community Education Center ("Safari Children's Theater"). Warren/Alvarado/Oslo High School Drama Department (*42nd Street*). Warroad Summer Theater (*Guys and Dolls*).

Additional Economic Impact Studies

Americans for the Arts has conducted over 100 economic impact studies of the arts and culture in cities and states across America. For copies of these studies or for further information, refer to www.artsusa.org.

Appendix A: The Economic Impact of the Arts and Culture in Minnesota—A Statewide Perspective

This project included studies measuring the economic impact of the nonprofit arts and culture in each of Minnesota's eleven arts regions in addition to producing a report for the entire state.

Each study has utilized the same methodology, requiring the collection of accurate local expenditure data, as well as the development of an economic input/output model customized for each region using local, state, and federal tax and commerce information.

The statewide study, *The Arts: A Driving Force in Minnesota's Economy*, showed the arts and culture are an \$838.5 million industry in Minnesota. Arts and culture organizations spend \$485.8 million annually, while arts and culture audiences account for \$352.7 million. Together, spending by arts and culture organizations and

their audiences support more than 22,000 full-time equivalent jobs in Minnesota.

Copies of the statewide and eleven regional reports, and accompanying supporting materials, are available on Minnesota Citizens for the Arts' website, www.mtn.org/mca.

Appendix B: The Survey Toolkit for Arts and Culture Organizations in Northwest Minnesota

Economic Impact Per \$100,000 of Spending by Nonprofit Arts and Culture Organizations in this Region

To make it easier to compare the economic impacts of different organizations and communities, the project researchers calculated the economic impact per \$100,000 of local spending by nonprofit arts and culture

organizations in Northwest Minnesota. Thus, for every \$100,000 in spending by a nonprofit arts and culture organization, there was the following total economic impact in Northwest Minnesota (see the table below):

	Northwest Minnesota
Full-Time Equivalent Jobs	3.39
Resident Household Income	\$62,933
Local Government Revenue	\$1,961
State Government Revenue	\$6,953

An Example of How to Use this Table

An administrator from a nonprofit arts and culture organization in Northwest Minnesota that has total expenditures of \$300,000 wants to determine the organization's economic impact on full-time equivalent **employment** on Northwest Minnesota. The administrator would:

- Determine the amount spent by the arts and culture organization;
- Divide the expenditure by 100,000; and

- Multiply that figure by the economic impact results per \$100,000.

Thus, \$300,000 divided by 100,000 equals three; three times 3.39 (from the table above) equals a total of 10.2 full-time equivalent jobs supported within Northwest Minnesota by that nonprofit arts and culture organization's expenditures. The same estimate can be made for household income and revenues to local and state government (e.g., multiply three times \$62,933 to calculate the resident household income generated by that organization's expenditures).

Economic Impact Per \$100,000 of Spending by Nonprofit Arts and Culture Audiences in this Region

The impact of event-related spending by arts and culture audiences can be derived similarly to the calculation of economic impact for nonprofit arts and culture organizations. The first step is to determine the total event-related spending by attendees to arts and culture events (**excluding** the cost of admission). To derive this figure, multiply the average per person event-related

expenditure (found in the table below) by the total attendance to your organization’s arts and culture events. Using this total dollar figure, the table on the next page—*Economic Impact Per \$100,000 of Spending by Nonprofit Arts Audiences*—can be used to determine the total economic impact of audience spending, based on every \$100,000 of event-related spending.

Average Event-Related Spending Per Person by Arts and Culture Event Attendees in Northwest Minnesota (not including the cost of event admission)

	Northwest Minnesota
Refreshments/Snacks During Event	\$1.50
Meals Before/After Event	\$4.81
Souvenirs and Gifts	\$2.19
Clothing/Accessories	\$2.99
Ground Transportation	\$4.45
Event-Related Child Care	\$0.96
Overnight Lodging (one night only)	\$2.65
Other	\$1.42
Average Event-Related Spending (Per Person)	\$20.97

Economic Impact Per \$100,000 of Spending by Nonprofit Arts and Culture Audiences in Northwest Minnesota

	Northwest Minnesota
Full-Time Equivalent Jobs	2.15
Resident Household Income	\$45,386
Local Government Revenue	\$2,014
State Government Revenue	\$9,937

An Example of How to Use These Tables

An administrator wants to determine the economic impact of his organization's 5,000 arts and culture event attendees on full-time equivalent **employment** in Northwest Minnesota. The administrator would:

- Determine the total audience spending by multiplying the average per person expenditure for Northwest Minnesota by the total attendance;
- Divide the total audience spending amount by 100,000; and
- Multiply that figure by the economic impact results for Northwest Minnesota per \$100,000.

Thus, 5,000 times \$20.97 (from the table on the preceding page—*Average Event-Related Spending Per Person by Arts Event Attendees*) equals \$104,850; \$104,850 divided by 100,000 equals 1.0485; 1.0485 times 2.15 FTE Jobs (from the table above) equals a total of 2.3 full-time equivalent jobs supported within Northwest Minnesota. The same estimates can be made for household income and revenue to local and state government (e.g., multiply 1.0485 times \$45,386 to calculate the resident household income generated by that organization's audiences' expenditures).

Appendix C: Location of Minnesota's Arts Regions

Region	Definition
RG 1: Northwest Minnesota	Kittson, Marshall, Norman, Pennington, Polk, Red Lake and Roseau Counties
RG 2: North Central Minnesota	Beltrami, Clearwater, Hubbard, Lake of the Woods, and Mahnommen Counties
RG 3: The Arrowhead	Aitkin, Carlton, Cook, Itasca, Koochiching, Lake and St. Louis Counties
RG 4: The Lake Region	Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse and Wilkin Counties
RG 5: The Brainerd Lakes Area (Five Wings)	Cass, Crow Wing, Morrison, Todd, and Wadena Counties
RG 6/8: Southwest Minnesota	Big Stone, Chippewa, Cottonwood, Jackson, Kandiyohi, Lac qui Parle, Lincoln, Lyon, McLeod, Meeker, Murray, Nobles, Pipestone, Redwood, Renville, Rock, Swift and Yellow Medicine Counties
RG 7E: East Central Minnesota	Chisago, Isanti, Kanabec, Mille Lacs, and Pine Counties
RG 7W: Central Minnesota	Benton, Sherburne, Stearns, and Wright Counties
RG 9: South Central Minnesota (Prairie Lakes)	Blue Earth, Brown, Faribault, LeSueur, Martin, Nicollet, Sibley, Waseca and Watonwan Counties
RG 10: Southeast Minnesota	Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona Counties
RG 11: The Seven County Metro Area	Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties

