



March 9, 2006

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The Arts: A Driving Force in Minnesota's Economy

With Local Report: The Arts: A Driving Force in Southwest Minnesota's Economy

STATEWIDE RESEARCH HIGHLIGHTS:

- Arts and culture organizations surveyed: **1584**
- Audience economic impact: **\$352,681,956**
- Organization economic impact **\$485,845,713**
- **Total economic impact \$838,527,669**
- **Jobs supported by the arts in Minnesota: 22,095**
- Every region of the state had **over \$1 million** in economic impact, no matter how rural.
- The Seven County Metro's nonprofit arts industry is **2 1/2 times larger** than similar population centers studied such as Houston, TX, Miami-Dade, FL, and St. Louis, MO.
- The return on investment in **government revenue is \$11 to \$1**
- Non-resident tourist attendees **spend \$44.82 per person per event**, much more than locals who spend \$21.57.

The Arts: A Driving Force in Southwest Minnesota's Economy:

LOCAL RESEARCH HIGHLIGHTS:

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

- Arts and culture organizations surveyed: **139**
- Audience economic impact: **\$912,941**
- Organization economic impact **\$1,095,259**
- **Total economic impact: \$2,008,200**

A new study released today as part of Arts Advocacy Day at the Capitol reveals that Minnesota's nonprofit arts and culture industry is a driving force in Minnesota's economy, with **\$838.5**

million in annual economic impact that supports **22,095** full-time jobs and generates over **\$94 million** in state and local government revenues. The report also shows that Minnesotans are enthusiastic consumers of arts and culture: total audience participation in the state was **14,487,592 million** participants.

In Southwest Minnesota, the research found a **\$2 million** nonprofit arts and culture industry that supports **69 full time jobs** and generates **\$224,000** in state and local government revenue. Total audience participation in Southwest Minnesota was **81,629 attendees**.

"The arts are an important part of our communities that are often overlooked as a part of an economic development strategy," said Nancy Straw, President of the West Central Initiative Fund. "We are pleased to see the economic contribution of the arts measured and quantified in this report."

The study, which analyzes the data by geographic region of the state, is the first comprehensive economic impact study of the arts and culture ever conducted in Minnesota. The message of the report, *The Arts: A Driving Force in Minnesota's Economy*, is simple: the nonprofit arts are an important industry throughout the state contributing to Minnesota's bottom line and helping to create vibrant local economies. The statewide report is accompanied by eleven regional reports demonstrating that the excellence, scope, and diversity of cultural activity in every corner of the state and in Minnesota as a whole goes beyond contributing to Minnesota's quality of life. The arts and culture industry also makes a significant contribution to the entire state's economy.

"We're delighted to have data demonstrating the dramatic contribution that Minnesota's robust arts and culture industry is having throughout the state," stated Sheila Smith, Executive Director of Minnesota Citizens for the Arts.

"Coupled with increased recognition of the importance of creative communities to staying competitive in the changing global marketplace, the data demonstrate what arts groups and their supporters have been saying for a long time: the arts have a crucial role to play in Minnesota's future economic growth. For a very small investment by the state of Minnesota, the arts and

culture industry can be leveraged to create jobs, to revitalize communities, and to educate our children while helping to drive Minnesota's economy.”

The regional results of the study will be discussed at two workshops, 2:00 and 3:30 p.m. on April 27 at a Southwest Minnesota Foundation event held at Jackpot Junction, 39375 County Highway, Redwood Falls.

EXECUTIVE SUMMARY AND KEY FINDINGS

A Conservative Estimate

The study looks exclusively at Minnesota's *non-profit* arts and culture industry and quantifies data only for the reporting organizations (428 out of 1584 organizations surveyed). Had more organizations responded, the numbers would have been even greater.

In addition, for profit arts (like movies or Broadway), schools, and individual artists were excluded from the research. Adding data from the for-profit arts and culture sector and individual artists would add billions of dollars to complete the picture of the full economic impact of Minnesota's creative industries. For instance, a 2005 look at the state's (primarily for-profit) creative industries by Americans for the Arts (www.artsusa.org) found that **10,427 arts-related businesses employed 58,308 Minnesotans**, and a 2001 CODA (www.codacraft.org) study found that the more than **4,800 fine craft artists in the state generate \$228 million** in annual economic impact. Further studies into the economic impact of individual artists are planned.

JOBS, JOBS, JOBS

According to the study, **just under one percent** of all of the jobs in Minnesota are in the non-profit creative industries, from designers to curators, electricians to administrators, and musicians to touring artists. Participating organizations reported that they employ **13,211 paid staff**. An additional **8,884 jobs are supported** by related organization and audience spending. Overall, this study finds **22,095 jobs** supported by the arts and culture industry.

The number of jobs supported by these non-profit arts organizations dwarfs the jobs created by other important Minnesota industries such as mining (5,207), highway, street and bridge construction (5,538), veterinary services (4,894), dentists (14,271) and spectator sports (11,164), according to figures from the U.S. Census 2003 *County Business Patterns, NAICS*. (<http://www.census.gov/epcd/cbp/view/cbpview.htm>).

According to a 2001 report by the *National Governor's Association Center for Best Practices*, (www.nga.org/portal/site/nga) "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-based businesses." Minnesota's high number of jobs in the creative industries are coveted by other states working to increase their numbers of knowledge workers and cultural creatives, which are so important to fueling the economic expansion in the New Economy.

A more recent report by the National Governor's Association report asserted, "Investment in the arts may be among the most innovative workforce development tools at the disposal of state governments."

"Throughout McKnight's history of arts funding, we've consistently seen the great value the arts bring to the quality of our communities. The arts can play a central role in regional economic growth and vitality; investing in them is both good policy and good business," said Peg Birk, McKnight Foundation Interim President.

CULTURAL TOURISM A DRAW IN MINNESOTA

The arts are Minnesota's draw for both national and international tourism. The study found that **12 percent** of Minnesota's arts and culture audiences come from **outside of the state**, spending an average of **\$44.82 per person at each arts event**, capturing a total of **\$77,465,531 in new audience spending** for Minnesota's economy. In addition, the **88 percent** of non-profit arts and culture audiences which are made up of **Minnesotans** are spending an average of **\$21.57 per person per event**, for total in-state audience spending of **\$275,216,424**, capturing the dollars of local citizens who are spending their arts money locally rather than leaving the state.

Minnesota is especially attractive to families with children who are interested in educational and fun hands-on activities. Cultural tourism is the fastest growing segment of the tourism industry, up 13 percent between 1996 and 2002, according to the Travel Industry Association of America. (www.tia.org/index.html) Cultural travelers also spend more money - \$631 vs. \$457, and stay longer – one to three more nights, than other travelers. They are hungry to have authentic and interesting experiences at the places they visit. On average, they schedule five cultural activities per trip.

In Southwest Minnesota, 78% of the region's arts and culture attendees are residents. Resident attendees spent \$9.86 per person per event, excluding the cost of the ticket. Non-resident attendees spent much more: \$15.91 per person per event. The survey's audience figures show 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.

“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,” said Ann Markusen, Economist, Professor and Director, Project on Regional and Industrial Economics at the Humphrey Institute of Public Affairs.

STATE AND LOCAL GOVERNMENT REVENUES: OVER \$94 MILLION

Cultural workers are taxpayers too. The study found **\$21,053,000 in local government revenues** and **\$73,094,000 in state government revenues**, for a total of **\$94 million in total government revenues** from non-profit arts and culture. The non-profit arts and culture industry sparks jobs and activities that produce more jobs, plus state and local revenue and taxes. In the community of Lanesboro, for example, the Commonweal Theater Company is the community's largest private

employer. In addition, its employees live in the community and contribute to its development by being involved in the schools, volunteering on various boards, and even serving on the Lanesboro City Council.

State and local government revenues from the non-profit arts in Southwest Minnesota totaled \$224,000 million in 2004.

According to a report, *Strengthening Rural Economies through the Arts*, released by the National Governors Association Center for Best Practices in 2005, “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.”

STATE INVESTMENT IN THE ARTS PAYS DIVIDENDS

The return on legislative state arts funding is dynamic. Minnesota invests in the arts primarily via grants from the Minnesota State Arts Board and Regional Arts Councils. (www.arts.state.mn.us/racs/index.htm). Each legislative dollar invested in the Minnesota State Arts Board and Regional Arts Councils is matched by local dollars. With over **\$94 million** returned in state and local government revenue for the \$8.5 million the state invests in grants to the non-profit arts, **there is a return on investment to the state of nearly \$11 for every state dollar invested.**

VOLUNTEERS ADD VALUE

The arts draw upon an altruistic component of our communities that rarely exist in any other industry. The arts potentially provide the largest non-reimbursed workforce in the state with each of **44,544 arts volunteers** giving an **average of 43 hours** per year. Nearly **one in every 115** Minnesotans volunteered their time, talent and energy as board members, ushers, docents or in

other ways. Assigning a dollar value to these services based on estimates from the Independent Sector (www.independentsector.org/pubs_cart.htm) the financial value of this work is an impressive **\$34 million plus per year**.

In Southwest Minnesota, the research found 1,571 volunteers in the region donating a total of 172,399 hours per year to local non-profit arts and culture organizations. While the region's arts and culture economy is eighth overall in the state, it is third in the total number of volunteer hours donated to responding organizations. This shows that the region's residents are exceptionally generous with their time, providing exceptional personal support of arts and culture in the region.

AUDIENCE DEMOGRAPHICS

Demographic information was also collected from arts and culture attendees. We find that the state's 14.5 million annual attendees are from all age ranges, and all education levels:

- 13% are under age 34, and 41% are between the ages of 35 and 54
- 21% of audiences had a high school degree or less education
- As for household income, and this goes against common wisdom, 47% reported an annual household income of under \$60,000, while only 18% of audiences studied reported an annual household income of over \$100,000 per year.

Participation in the arts and culture appears to be a middle class pursuit in Minnesota.

In Southwest Minnesota, the numbers were slightly different: 8% were under age 34, 34% between the ages of 35 and 54, 28% had a high school degree or less education, and 58% reported a household income of under \$60,000 per year.

REPORTING ECONOMIC IMPACTS

The Arts: A Driving Force in Minnesota's Economy, the most comprehensive statewide economic impact study of the nonprofit arts and culture industry ever conducted in Minnesota, was funded primarily by The McKnight Foundation, and was conducted by Americans for the

Arts, Minnesota Citizens for the Arts, and the Forum of Regional Arts Councils of Minnesota. The report includes eleven regional studies and one statewide report that provides an aggregate view of arts economic activity across Minnesota from rural communities, to small towns and urban areas of the state.

The study surveyed nonprofit arts and culture organizations, including theaters, museums, galleries, historic sites and societies, local arts councils, festivals, dance companies, literary groups, public art projects, folklife and humanities organizations from every corner of the state. Organizations were surveyed about their 2004 budgets, and the audience surveys were conducted in all regions of the state between February and October 2005. The final reports relied on 6889 completed audience surveys and 428 budget surveys filled out by the organizations.

As Leon Heath, Northwest Regional Development Commission Executive Director, said, “Art and Culture is a growth sector in the economy of Northwest Minnesota and a critical part of the economic infrastructure. Arts creates 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.”

Copies of all twelve reports are available for downloading from MCA’s website, www.mtn.org/mca.

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ADDITIONAL INFORMATION:

- 1. REGIONAL REPORTS: KEY FINDINGS and LOCAL EVENTS TO DISCUSS THEM AROUND THE STATE**
- 2. BACKGROUND ON STUDY PARTNERS**

1. REGIONAL REPORTS: KEY FINDINGS and LOCAL EVENTS TO DISCUSS THEM AROUND THE STATE

The statewide report *The Arts: A Driving Force in Minnesota's Economy* also includes studies of the economic impact of the arts and culture in **eleven regions across Minnesota**. Regional events throughout March, 2006 **are planned in Hallock, Bemidji, Duluth, Fergus Falls, Staples, Mora, St. Cloud, Redwood Falls, Mankato, and Rochester** to discuss local results (details below).

While it is no surprise that the Twin Cities metropolitan area supports a robust arts and cultural economy, the report shows a significant economic impact in every other area of Minnesota as well. "The arts have long been thought of as cultural and economic fixtures of urban – and increasingly suburban – communities. In rural communities, however, the growth of arts programs can actually make the difference between a small town surviving or thriving." *From the McKnight Foundation report, "Bright Stars" (www.mcknight.org/brightstars/)*

The research found that **every region of the state had over \$1 million** in economic impact, no matter how rural. **The Seven County Metro's** nonprofit arts industry is **2 1/2 times larger** than similar population centers studied such as Houston, TX, Miami-Dade, FL, and St. Louis, MO.

"We can always tell when there's a play at the Long Lake Theater because our restaurant is full."

-Kim Rugroden, server at the Hilltop Inn, Hubbard, MN, pop. 90 est.

NOTE: For the purposes of the study, organization budgets were accounted for at their business addresses. This means that for those organizations with large touring programs or activities outside the Twin Cities metro area, that activity is not necessarily accounted for in the region where it occurred, and is therefore inflating the Twin City metro figures. Below are highlights of the economic impacts of the non-profit arts and culture for each region of the state:

The Arts: A Driving Force in Northwest Minnesota's Economy

Region 1, Kittson, Marshall, Norman, Pennington, Polk, Red Lake and Roseau counties

- 36 Arts and Culture Organizations
- Total economic impact: \$1,305,641
- Audience economic impact: \$744,729
- Organization economic impact: \$560,912
- **Local Event: MARCH 27, 6:30 P.M.** (7:00 pm presentation of EIS info), Hallock City Hall, 163 3rd South, **Hallock**. Contact: Mara Wittman 218-745-6733, Northwest Regional Arts Council.

The Arts: A Driving Force in North Central Minnesota's Economy

Region 2, Beltrami, Hubbard, Clearwater, Lake of the Woods, Mahnommen counties.

- 41 Arts and Culture Organizations,
- Total economic impact: \$1,999,667
- Audience economic impact: \$1,410,421
- Organization economic impact: \$589,246
- **Local Event: MARCH 27, 1:30 P.M.** at *Luekens Village Food North, 1171 Paul Bunyan Drive NW, Bemidji.* Contact: *Terri Widman, 218-751-5447, Region 2 Arts Council.*

The Arts: A Driving Force in the Arrowhead's Economy

Region 3, Aitkin, Carlton, Cook, Itasca, Koochiching, Lake and St. Louis counties.

- 108 Arts and Culture Organizations
- Total economic impact: \$31,093,985
- Audience economic impact: \$23,966,426
- Organization economic impact: \$7,127,559
- **Local Event: MARCH 29, 12:00 noon** at the *Green Room of the Duluth Public Library, 520 W. Superior Street.* Contact: *Bob DeArmond, 218-722-0952, Arrowhead Regional Arts Council.*

The Arts: A Driving Force in the Lake Region's Economy

Region 4, Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse and Wilkin counties.

- 87 Arts and Culture Organizations
- Total economic impact: \$13,546,897
- Audience economic impact: \$8,231,472
- Organization economic impact: \$5,315,425
- **Local Event: March 15: 12:30** at the *LRAC offices in Fergus Falls.* Contact *Maxine Adams, Lake Region Arts Council 218-739-5780.*

The Arts: A Driving Force in the Brainerd Lakes Area's Economy

Region 5, Cass, Crow Wing, Morrison, Todd, and Wadena counties.

- 38 Arts and Culture Organizations
- Total economic impact: \$1,020,451
- Audience economic impact: \$335,026
- Organization economic impact: \$685,425
- **Local Event: MARCH 28, 6:00 P.M.** at the *Five Wings Arts Council, Conference Room, 200 First Street NE, Staples.* Contact: *Mark Turner, 218-894-5485.*

The Arts: A Driving Force in East Central Minnesota's Economy

Region 7E, Chisago, Isanti, Kanabec, Mille Lacs, and Pine counties.

- 90 Arts and Culture Organizations
- Total economic impact: \$8,356,745
- Audience economic impact: \$6,090,369
- Organization economic impact: \$2,266,376
- **Local Event: MARCH 10, 1:00 P.M.** at the *East Central Regional Development Commission offices, 100 Park Street S., Mora.* Contact: *Mary Minnick-Daniels 320-679-4065, ext. 30, East Central Arts Council.*

The Arts: A Driving Force in Central Minnesota's Economy

Region 7W, Benton, Sherburne, Stearns, and Wright counties.

- 34 Arts and Culture Organizations
- Total economic impact: \$8,963,750
- Audience economic impact: \$2,674,870
- Organization economic impact: \$6,288,880
- **Local Event: MARCH 10, 10:00 A.M.** at the Paramount Theater lobby, 913 W. St. Germain, **St. Cloud**. Contact: Leslie Schumacher 320-968-4290, Central Minnesota Arts Board.

The Arts: A Driving Force in Southwest Minnesota's Economy

Region 6/8, Big Stone, Chippewa, Cottonwood, Jackson, Kandiyohi, Lac qui Parle, Lincoln, Lyon, McLeod, Meeker, Murray, Nobles, Pipestone, Redwood, Renville, Rock, Swift and Yellow Medicine counties.

- 139 Arts and Culture Organizations
- Total economic impact: \$2,008,200
- Audience economic impact: \$912,941
- Organization economic impact: \$1,095,259
- **Local Event: APRIL 27, 2:00 & 3:30 P.M.** workshops at Southwest MN Foundation event at Jackpot Junction, 39375 County Highway, **Redwood Falls**. Contact: Greta Murray 507-537-1471, Southwest Minnesota Arts and Humanities Council.

The Arts: A Driving Force in South Central Minnesota's Economy

Region 9, Blue Earth, Brown, Faribault, LeSueur, Martin, Nicollet, Sibley, Waseca and Watonwan counties.

- 123 Arts and Culture Organizations
- Total economic impact: \$8,883,272
- Audience economic impact: \$6,196,826
- Organization economic impact: \$2,686,446
- **Local Event: MARCH 16, 5:00 P.M.** at Ylvisaker Fine Arts Center, Room #104, Bethany Lutheran College, 700 Luther Drive, **Mankato**. Contact: Brenda Flintrop, 1-800-298-1254, Prairie Lakes Regional Arts Council.

The Arts: A Driving Force in Southeast Minnesota's Economy

Region 10, Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona counties.

- 140 Arts and Culture Organizations
- Total economic impact: \$17,854,752
- Audience economic impact: \$10,992,616
- Organization economic impact: \$6,862,136
- **Local Event: MARCH 16, 10:00 A.M.** at Rochester Art Center, 40 Civic Center Dr SE. Contact: Pat Alcott 507-281-4848. Southeast Minnesota Arts Council.

The Arts: A Driving Force in the Twin Cities Area's Economy

Region 11, Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties.

- 712 Arts and Culture Organizations
- Total economic impact: \$719,504,854
- Audience economic impact: \$267,136,805

- Organization economic impact: \$452,368,049

Local Event: Both the Statewide and Twin Cities Metropolitan Area reports will be released MARCH 9, 8:00 A.M. at ARTS ADVOCACY DAY:

Press Opportunity #1: Arts Advocacy Day Presentation

When: 8:30 – 9:30 a.m., March 9, presentation Arts Advocacy Day attendees
Where: Minnesota History Center Auditorium. 345 Kellogg Blvd. W., St. Paul
Timing: The presentation of the study results will begin at approximately 8:45 a.m.
Visuals: 8:45-9:00ish: Americans for the Arts' Randy Cohen and Minnesota Citizens for the Arts' Sheila Smith speaking in front of colorful powerpoint presentation

Press Opportunity #2: Presentation for Legislators and Press

When: 10:45 – 11:30 a.m., March 9
Where: Room 125 (Press room) Minnesota State Capitol.
Timing: At the legislator briefing, after brief introductions, Randy Cohen from Americans for the Arts will do a 20 minute powerpoint presentation on the findings. There will be time for Q & A after the presentation with Mr. Cohen, Sheila Smith and Carolyn Bye, with other arts people who participated in the study also available, as well as some legislators.
Contacts: Sheila Smith at MCA, 651-251-0868 and Carolyn Bye at MRAC, 651-645-0402.

2. BACKGROUND ON STUDY PARTNERS

This statewide project is a collaboration of the **Forum of Regional Arts Councils (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, **Minnesota Arts Communicators** and **Customgraphix**. The year-long study was managed by MCA, while each of the state's eleven Regional Arts Councils coordinated audience surveys and the data release events in their own regions. **Americans for the Arts**, the project's national partner, created the economic models for the study for each region and for the statewide study, and provided secure web-based surveying tools.

Minnesota Citizens for the Arts is a statewide arts advocacy organization whose mission is to ensure opportunity for all people to have access to and involvement in the arts. MCA organizes the arts community and lobbies the Minnesota State Legislature and Congress on issues pertaining to the nonprofit arts and conducts original research. MCA works with over 32,000 arts advocates in Minnesota. For more information on MCA, this project or other statistics about the arts 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>.

The Forum of Regional Arts Councils of Minnesota serves as the voice of and advocate for small arts organizations and community-based arts 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.