Final Summary
Economic Impact Survey
Cultural Council of Greater Jacksonville

Northeast Florida Center for Community Initiatives
University of North Florida

Dr. Jeffry Will, Director, CCI
Kristen Benney, Research Assistant
Tim Cheney, Research Coordinator
Rita Brown, Research Assistant
Irma Hall, Research Coordinator

I
EXECUTIVE SUMMARY

Arts and culture are powerful tools in the economic and cultural development of public spaces. Numerous economic impact studies have shown that the arts can have a strong positive influence on the development and revitalization of downtown areas, as well as contributing to the tax revenue base, the public image of an area, and the business and cultural diversity in a community. Consequently, an economic impact evaluation is an important tool to highlighting the continued success and positive effect of the arts in any given area. This represents information from October 1, 2000 through September 30, 2001.

In order to investigate the economic impact of the arts in Jacksonville, the Northeast Florida Center for Community Initiatives, at the request of the Cultural Council of Greater Jacksonville, conducted such an economic impact study of a number of arts organizations located within the Greater Jacksonville area. These organizations provided data about their operations, such as how many employees they have, how much income they generate and how this income is used. The results indicate:

- In all, these organizations reported more than 1.3 million admissions, a number that is almost 2 times the number of people living in the city of Jacksonville and its Beaches (2000 census);
- During the last fiscal year, these arts organizations in Jacksonville had incomes of over $34.5 million;
- Over $35.8 million of expenses were reported by these arts organizations, most of which was spent in the local economy;
- Using a final spending multiplier of 2.0, and subtracting out funds not spent locally, this translates to an economic impact of over $70.4 million;
- These arts organizations directly supported 355 full-time and 388 part-time jobs in Jacksonville;
- 7,658 volunteers donated more than 195,000 hours to these arts organizations, an economic equivalent of over $3 million.

II
INTRODUCTION

Arts and cultural offerings have been said to "elevate the spirit and enrich our lives" (Economic impact of the non-profit arts and cultural industry in Connecticut), indicating that they improve the quality of life for those who experience them. Art museums, historic sites, theaters, galleries, cinemas, and zoos in any given city enhance the lives of residents by offering entertainment and recreation, as well as providing educational opportunities.

By improving the quality and livability of a city for residents, the arts also increase the attractiveness of that city to companies considering relocation of corporate headquarters or business facilities (Neiman, 1994). When making relocation decisions, businesses investigate not only obvious "bottom-line" considerations, such as tax incentives and availability of a workforce, but also take into account the quality of life in a city (Wells, 2002). For instance, when deciding between two otherwise equivalent locations, a company is likely to relocate in the one offering more cultural amenities. In this way, arts offerings in a city may attract additional sources of revenue and contribute to the overall economic vitality of an area. Thus, the arts have a subtle, but important, economic impact on the development of cities.

The arts also have economic impacts beyond attracting new businesses to an area. In the past, economic development was focused on producer services. Today, many cities appreciate the role of consumer services, such as tourism (Williams, Shore, & Huber, 1995). Tourism helps drive many local economies, and arts and culture are a major force for attracting out-of-town visitors (Moses, 2001). Tourist dollars spent in a city are unlike local dollars, because they constitute an outside source of revenue that might not have otherwise entered the local economy. Although tourists may be prompted to visit a city because of its cultural offerings, such as concerts or arts exhibits, their spending is not limited to the arts. While in the area, they are likely to spend additional money on food, lodging, and parking, for example (Moses, 2001). These tourist dollars help stimulate the local economy, and are yet another method through which the arts economically impact their home cities.

Further economic benefits are imparted when the arts are utilized as an asset for spurring downtown development and revitalizing city centers (Moses, 2001). Often, it is advantageous for local governments to attract artists by designating an art district in downtown areas. This leads to rebuilding and re-habitation of previously undesirable areas. These areas not only attract visitors, both local and non-local, but also help to improve the city's image, increase commercial activity and stop physical decline while stabilizing property values (Mattern, 2001). Art districts may also serve as transitional communities between poor and professional residents, playing a critical role by connecting otherwise isolated areas to a metropolitan economy (Fulton, 1999). One notable example where artists have revitalized an economically depressed area is Peekskill, NY, where city government has made efforts to draw and keep artisans as residents. Through changes in zoning laws and conversion of the city's retail storage lofts, the city has been able to attract highly skilled artists, as well as computer graphics and consulting companies who draw their employees from the pool of skilled artist-residents (Singer, 2000). In this way, not only were the city's spaces restored and re-inhabited, but businesses were also drawn to the area, providing additional economic stimulus. Clearly, the presence of art and culture can have strong positive effects on the economic status of a community.

Beyond attracting business and tourists, and improving the economic status of downtown areas, the arts have a very direct impact on the economy of an area based on the number of jobs they create. The arts tend to be labor intensive, requiring many full and part-time employees and volunteers. Depending upon the organization, performers, administrators, laborers, artists, and outside contractors may be employed. Over 250 separate occupations are dependent on the arts (Cameron, 2000). It is estimated one percent of all full-time jobs in the U.S. are in the non-profit arts sector, and if the larger arts and entertainment complex industries are included in this estimate, the number increases to 3.2 million jobs, or 2.7 percent of the American workforce (Neiman, 1994). Much of the money paid as employee salaries is re-spent in the local economy.

Arts organizations also stimulate the economy through local purchases that are part of their operating expenses. For instance, an arts organization may need to rent space or equipment, pay for maintenance work on their property, and pay for supplies and materials. In a national study of the economic impact of the arts, 84.3 percent of expenditures by arts organizations were local (Neiman, 1994). This suggests that income generated by arts organizations is generally spent again within the area, impacting the cities in which the organizations are based.

It is important to note that spending on salaries and operating expenses by arts organizations infuses money into the local economy in a sustained manner that short-term events cannot replicate. Once a year events, such as a golf tournament, have strong, but quickly diminishing effects on a local economy. These events have the greatest impact soon after the event ends, and do not provide a "permanently higher stimulus for the economy" (Perry 1990) as year-round activities do. Arts organizations provide salaries throughout the year, spend money locally on rent and operating expenses at regular intervals, and make capital purchases from local businesses. These on-going expenditures provide a continuing boost to the economy (Woods & Perry, 1998).

Non-profit arts organizations generate tax revenue, despite the fact that they are exempt from taxation. These taxes include federal income taxes and employer social security contributions, and state taxes on income and sales (Report on the Economic impact of the non-profit arts and cultural industry in Connecticut). It is estimated that nationwide, non-profit arts organizations contribute $1.2 billion to state government revenue and $3.4 billion in Federal income tax revenue (Neiman, 1994).

Clearly, the arts have a substantial economic impact through the taxes they pay and the expenditures they make as well as through their ability to create jobs and attract businesses to an area. This economic impact becomes even more significant when the "multiplier," a concept frequently used in economic impact evaluations, is applied. According to the multiplier concept, there are both direct and indirect economic impacts of money spent locally. Money spent by the arts on expenses such as wages, rent, and purchases of goods and services constitutes a direct economic impact.

However, this money is continuously redistributed in the local economy. If an arts organization spends $100 on an employee's salary, for example, he or she may spend some of that money locally on items such as groceries. The grocery store may spend a portion of that money to pay its cashier, who uses it to pay rent or utilities (Neiman, 1994). The average dollar turns over seven to eight times per year (Perry & Woods, 1998). This re-spending of money in the local economy is the indirect economic impact. As money is re-spent in the area, it actually multiplies in value (Perry & Woods, 1998), with most of the multiplier effect felt within 12-18 months from initial expenditure (Perry, 1990). Money that is not directly spent is said to "leak" into the larger economy through savings, taxes, imports, and purchases made outside the area (Perry & Woods, 1998: 7). The multiplier concept combines both direct and indirect impacts. Because the capital is spent and re-spent within the local economy, the local economy grows, and a ripple effect is created. The greatest impact occurs when leakage rates are low and money is continuously re-spent locally. These leakage rates vary from region to region and depend on the type of business generating the original funds.

Local money alone cannot perpetuate on-going significant economic growth. Tourist dollars are also important because these dollars are not already incorporated into the ripple effect. Tourist dollars add to the local money, increasing the amount of incoming money to the local economy without decreasing the amount leaving. Because many arts and cultural events attract tourists and visitors, they are of particular importance to the local economy.

In the past, there has been a common misconception that support for the arts comes at the expense of the economic development in an area (Neiman, 1994). For this reason, public funding of the arts has been at times controversial, and often given low priority. A number of studies of the economic impact of the arts, all employing the multiplier concept, have provided evidence to counter the old perspective and support the economic importance of the arts. These studies suggest that funding an area's cultural resources is an investment, rather than a giveaway or a gift. These studies of individual states include the following:

- Spending by the arts industry in Maryland had an economic impact of $765 million, and provided over 17,000 jobs (Glendening, Townsend, Iannucci, & Long, 2000).
- The arts have an economic impact of over $1.36 billion in Connecticut, and provide over 30,500 jobs (Economic impact of the non-profit arts and cultural industry in Connecticut).
- In 1995, New York estimated the arts had a $13.4 billion economic impact, and provided 174,000 jobs (The economic impact of the arts on New York City and New York State).
- In Florida in 1997, the arts were found to have an economic impact of $1.4 billion, providing over 22,000 jobs (Stronge, 2000).
- Even areas generally not considered to be arts centers, such as Oregon and Missouri, have found that the arts contribute substantially to their states, providing $262 million and $326 million, respectively (The economic impact of Oregon's non-profit arts sector, Economic activity of Missouri's non-profit arts industry).

The impact of the arts on individual cities has also been studied, and the results indicate that arts have a strong impact on local economies. Results showed:

- In Charlotte, North Carolina, the arts have a $94 million economic impact on their city, and provide over 1740 full-time jobs (Executive summary: Survey of economic impact of the affiliated members of the Arts & Science Council of Charlotte-Mecklenburg for Fiscal Year 1999-2000).
- The arts have an economic impact of $251 million in Pittsburgh, Pennsylvania (The economic and social impact of the not-for-profit arts community on Allegheny County and the city of Pittsburgh).
- Art and scientific organizations have an economic impact of $646 million in metropolitan Denver (The impact of the arts in metropolitan Denver).

Perhaps the most impressive numbers are national estimates of the economic impact of the arts, which have been extrapolated using economic data from 33 communities in 22 states (Neiman, 1994). Arts organizations across the U.S. were estimated to have an overall economic impact of $36.8 billion annually, suggesting that the arts contribute to the overall functioning of the national economy. Further, a study recently released by the Americans for the Arts states that America's non-profit arts industry generated $134 billion in economic activity during 2000, including $53.2 billion in spending by non-profit arts organizations and $80.8 billion in event-related spending by arts audiences (Americans for the Arts).

Because the economic impact of the arts is based on regional characteristics, such as the number and size of arts organizations in a particular city, each area must be individually studied to obtain accurate estimates. In order to investigate the economic impact of the arts in Jacksonville, the Northeast Florida Center for Community Initiatives conducted a similar economic impact study of a number of arts organizations located within the Greater Jacksonville area. Data from the organizations was used to provide estimates of the economic impact of the arts on the local economy.

III
METHOD

The Cultural Council Economic Impact surveys were mailed during the winter of 2001 to 49 organizations with which the Cultural Council has ongoing relationships. Three rounds of follow-up phone calls were conducted, resulting in responses from a total of 25 organizations[1]. In addition to the 25 returned surveys, the Cultural Council provided information for one additional organization. The extensive follow-up effort on this survey was done to ensure a representative sample of arts organizations in Jacksonville.

Of the 23 organizations that did not complete the survey, three maintained that the survey did not apply to them, either because they were not involved in any shows or activities during the last fiscal year, the organization closed, or because the organization was not actively involved in public arts activities. Four organizations indicated that they were too busy to complete the four-page survey, and two others indicated that they do not disclose income and expenditure information. The remaining 14 organizations failed to respond to the survey and follow-up phone calls for reasons unknown.

The terms *respondents* and *organizations* are used interchangeably throughout this report. While reading it, therefore, it is important to keep in mind that the report summarizes data for ***only*** 26 organizations, and thus represents only a small portion of the overall impact of the ***Arts Community*** in Jacksonville. Were we able to obtain such information on all arts agencies, galleries, special events, arts groups, guilds, outside promoters, and organizations within Jacksonville, the overall economic and social impact would be significantly higher than reported here.

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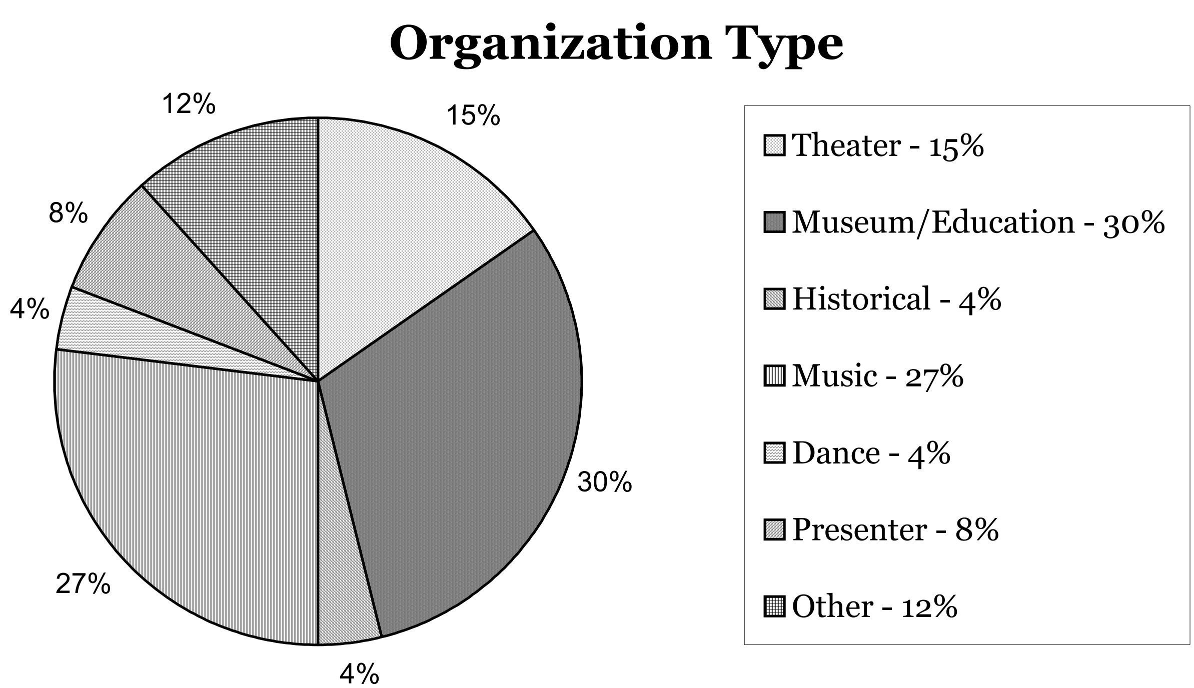
[1] This economic impact report includes information and data on Cultural Council programs. Income and expenses related to the Cultural Services Grant Program have been recorded by the recipient organizations which participated in this study. Therefore, it has not been recorded again through the Cultural Council's data.

IV

ORGANIZATIONAL DEMOGRAPHICS

The respondents represent a variety of artistic organizations in the Jacksonville area, differing in size, age, and artistic focus. Some are small non-profit businesses that have no paid employees, whereas others are large businesses with over 100 paid employees and many more volunteers. Nearly 60 percent are well established within the community and have been in business for 20 or more years, whereas others (26.9 percent) are less than 10 years old.

The types of organizations that responded to the survey encompass many disciplines within the arts. When asked to self-describe the most salient art activities for the organization, the most popular areas organizations reported were museum/educational activities and music, which combined comprised over half of the survey respondents. Theatrical, historical, dance, and presentation organizations were also commonly reported.



V
INCOME

Contributed Income. Over 90 percent of the organizations received funding from private or membership contributions, although the amounts varied greatly between them. These private and membership contributions also include those made by corporations, both in the form of sponsorships and corporate memberships. Totals spanned from just under $6,000 to over $2 million, and totaled more than $5.6 million.

Sixty percent received foundation grants ranging from $500 to over $330,000. Among the respondents, the total amount received from foundation grants was more than $900,000.

Contributed Income	Dollar Amount
Private/membership contributions	$5,622,904.00
Foundation grants	$937,593.00
Total	$6,560,497.00

Public Funding. Public funding through the Cultural Services Grant Program was received by more than 65 percent of respondents, with amounts ranging from $5,000 to over $285,000 and totaling more than $2.3 million. Two of the 26 organizations reported funding through license plate re-grants, each in the amount of $1,000. Nearly 19 percent of organizations received public funding from the Jacksonville Children's Commission. Those that obtained funding from this source received amounts ranging from $2,800 to $38,000 totaling $53,500.

Five organizations received funding from the Duval County School Board in amounts from $20,000 to over $260,000, totaling $506,400. One organization was a recipient of public funding by Housing and Urban Development (HUD), in the amount of $3,200. Funding by federal agencies, such as the National Endowment for the Arts (NEA) or the National Endowment for the Humanities (NEH), was a significant source of income for two of the respondents. The two organizations that did receive funding were awarded $112,000 and $835,000.

The State of Florida provided funding to approximately half the respondents. Organizations received from $1,300 to over $800,000, totaling more than $1.7 million.

In addition to the private and public funding specified on the survey, almost half of the organizations received additional public funds from other sources, such as the city of Jacksonville and a variety of local foundations. Of those who received other funds, most (seven) received less than $30,000, and two organizations received between $225,000 and $235,000. Two additional respondents received much larger amounts, totaling 2.9 million. Overall, the organizations received more than $4 million from other public funds.

Public Funding Sources	**Dollar Amount**
Cultural Services Grant	$2,322,596.00
License Plate re-grant	$2,000.00
Children's Commission	$53,500.00
Adult Services	$0.00
School Board	$506,400.00
HUD	$3,200.00
Federal (NEA, NEH, etc.)	$947,510.00
State of Florida	$1,743,337.00
Other	$4,031,421.00
Total	$9,609,964.00

Endowments. Half of the respondents reported having an established endowment. Eight of these organizations indicated that they generated income from their endowments. The specific amount of income from endowments is not clear. From responses to the question, we believe that most respondents indicated the size of the endowment overall – not just income. Endowments range in size, with the largest reported endowment amounting to $5.2 million.

Earned Revenue. In addition to private and public funding, another source of revenue for the organizations was admission fees. Twenty organizations (76.9 percent) generated income through admissions. Those who profited from admissions earned from $1,000 to over $2.6 million, with three organizations reporting admissions revenue over $1 million. The respondents earned a total of $6.9 million in admissions.

Many respondents (65.4 percent) also received revenue from contracted services, such as rental income or performance fees. The amounts earned from this source ranged from $1,000 to $2.75 million. Of those who received income from contracted services, thirteen reported earning less than $100,000. Four others earned more than $150,000. Total income earned through contracted services was over $4 million.

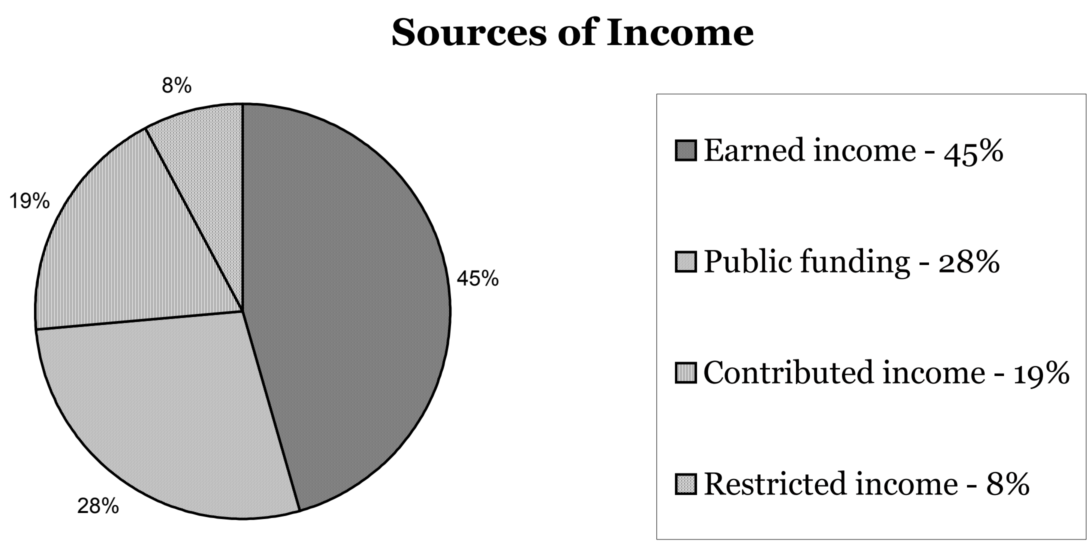
Approximately one-third of organizations generated revenue from tuition, class, or workshop fees, earning between $200 and $318,000. Almost half of the respondents earned revenue by auxiliary or guild fundraisers. Most of these organizations (nine) earned less than $30,000; however, three organizations earned between $100,000 and $730,000.

Income from interest or investments was a source of revenue for many organizations (61.5 percent). In general, these organizations earned less than $50,000 from investments; however, three organizations earned between $165,000 and $460,000. The largest income earned from this source was close to $1.8 million.

Restricted Income. About one-quarter of respondents received restricted income for capital purchases. Over half of these organizations received more than $200,000. Overall, income for capital purchases totaled more than $2.6 million.

Other Income. One respondent reported earnings through other methods. This organization indicated earnings of $96,240 from its gift shop.

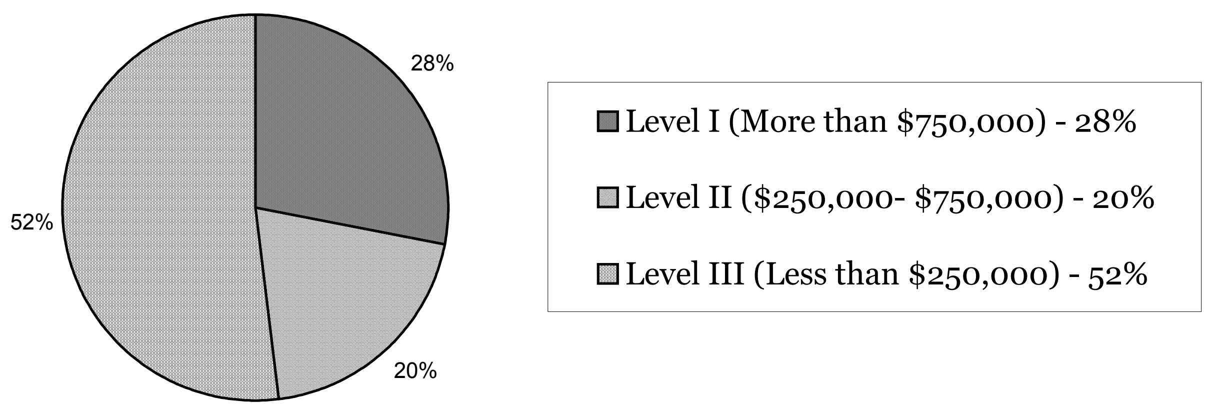
Source of Income	Dollar Amount
Admissions	$6,896,787.00
Contracted services	$4,053,681.00
Tuition, class, or workshop fees	$618,947.00
Auxiliary or guild fundraisers	$1,295,832.00
Interest or investments	$2,776,585.00
Restricted income	$2,655,334.00
Other	$96,240.00
Total	$18,393,406.00



VI
ORGANIZATION SIZE

Clearly, there is a wide assortment of the types and sizes of organizations sampled in this survey. To facilitate meaningful discussion of the results, the respondents were broken down according to size, based on income. Organizations earning more than $750,000 were classified as Level I, those earning between $250,000 and $750,000 were classified as Level II, and those earning less than $250,000 in a fiscal year were classified as Level III.

Organization Size by Income



VII
EMPLOYEES, VOLUNTEERS, AND INTERNS

Full and part-time employees. Over two-thirds of the respondents reported that they had paid full-time employees. Almost 90 percent of those that did have paid full-time employees reported having 25 or fewer full-time employees. The majority of Level III organizations had no full- time employees and Level II organizations employed six or fewer people. Level I organizations tended to employ more than 10 people and as many as 116.

Part-time employment patterns were similar to full-time employment patterns. Almost three-quarters of the respondents had part-time employees. Close to 90 percent of those with part-time staff had fewer than 25 employees. More than half of the Level III organizations had part-time employees, and employed fewer than four, with the exception of two organizations, one that employed 16 individuals and another that employed 65. Level II organizations also tended to employ four or fewer individuals on a part-time basis. All Level I organizations employed part-time individuals and generally employed more than 18 and as many as 175 part-time workers.

Types of positions. Forty percent of the organizations reported employing performers during the previous year. Level III groups with performers averaged approximately 14 per organization, whereas Level II organizations averaged 60 performers and Level I groups averaged 40.

Most organizations reported administration positions including presidents, vice-presidents and managers. Only four Level III organizations indicated they employed no administrators. Level III and Level II organizations tended to employ between one and four administrators, whereas Level I organizations employed an average of 14.

Approximately two-thirds of respondents employed support staff. Those who did not tended to be Level III organizations. Of those who had support staff, Level II and Level III organizations reported employing four or fewer, with the exception of one Level III organization that employed 20. Level I organizations with support staff employed significantly more, averaging 37.

Slightly more than two-thirds of organizations employed independent contractors during the last fiscal year. The number of contractors varied according to the size of the organization. Level III organizations employed an average of six independent contractors, Level II organizations employed an average of 22, and Level I organizations averaged almost 13 contractors.

About one-quarter of respondents employed other individuals, such as journalists, laborers, docents, molders, and historians. Most of these organizations hired fewer than 10 employees in this category; however, one Level I organization employed 65.

Volunteers. The number of volunteers was noticeably higher than the number of paid employees. Twenty-four organizations reported that they have volunteers. These organizations reported having from 22 to over 2,500 volunteers, with the number of volunteered hours ranging from 200 to over 33,000. Number of volunteers varied according to organization size, with Level III organizations reporting an average of 91 volunteers, Level II organizations averaging just over 300, and Level I organizations averaging almost 645 volunteers per group. The number of Board members tended to vary according to organization size. Level III organizations averaged 14 Board members, while Level II organizations averaged close to 26, and Level I organizations averaged close to 29. A total of close to 196,000 hours were volunteered.

Interns. Approximately one quarter of respondents indicated that they had volunteer interns. All utilized primarily college interns, although one reported high school interns and another reported middle school interns. All had interns on a part-time basis, but two Level I organizations also had full-time interns. Level I organizations tended to utilize interns more often than Level II and Level III organizations.

VIII
PERFORMANCES AND ADMISSIONS

Performances. Over 90 percent of respondents had performances or exhibitions during the past year. The majority (76.9 percent) of those reported having fewer than 60 performances or exhibitions. One Level III, one Level II and three Level I organizations had more than 60.

Admissions. Over 65 percent of organizations had some full price admissions within the past year. Level III organizations tended to average slightly more than 2,425 full price admissions, Level II organizations ranged from more than 1,000 admissions to almost 75,000. Level I organizations had the most full price admissions, with an average of more than 108,000 admissions, and reported totals up to 270,000.

Approximately 30 percent of respondents offered reduced price admissions. Throughout the year, Level I, Level II, and Level III organizations offered from 200 to over 265,000 reduced price admissions. One organization was unable to provide exact numbers, but indicated that 10 percent of all their admissions were at a reduced price.

Three-quarters of respondents offered free admissions. Level III organizations offered an average of 4,300 free admissions. Both Level II and Level I organizations offered more free admissions than Level III organizations, each averaging between 21,000 and 40,000. This difference may be due to more performances or showings with larger audiences.

Admission Type	Attendance
Full price	744,458
Reduced price	297,367
Free	296,970
Total*	1,338,795

*Note: Totals do not include one respondent which only provided admission information in percentages.

IX
EXPENSES

Respondents completed a table detailing their operating expenses, including personnel expenses, operating expenses, marketing/promotion expenses, and capital expenditures.

Personnel Expenses. The organizations surveyed spent over $16.5 million on full and part-time personnel. Of those with paid employees, Level III organizations averaged approximately $45,000 per organization on personnel expenses; whereas Level II organizations averaged more than $135,000 and Level I organizations averaged over $1.9 million.

Totaling more than $3 million, a significant amount of money was spent on contracted and outsourced personnel for two-thirds of the organizations. Of those, the amount spent varied with the size of the organization, with Level III organizations spending the least (approximately $22,000 per organization) and Level I organizations spending the most (averaging over $282,500 per organization). Level II organizations spent an approximate average of $102,500 per organization.

Personnel Expenses	Dollar Amount
Full and part-time	$16,527,227.00
Contracted and outsourced	$3,061,317.00
Total	$19,588,544.00

Operating Expenses. Rental expenses were broken down into space, equipment, and other rental expenses. Space rental was the most commonly reported rental expense, incurred by more than half of the respondents. Close to 77 percent of Level III organizations reported space rental expenses, compared to 60 percent of Level II organizations and over 37 percent of Level I organizations. Although more Level III organizations rent space, they tended to spend less money on space rental fees than Level II or Level I organizations. Respondents spent just over $388,000 on space rental. Approximately one-third of respondents reported equipment rental expenses. Most of those renting equipment were Level II and Level I organizations. Level II organizations tended to spend less than $10,000, whereas Level I organizations tended to spend upwards of $15,000, and as much as $100,000. A total of over $250,000 was spent on equipment rentals.

Six organizations reported rental expenses other than those for space or equipment, totaling over $81,000. Of these, Level II organizations spent an average of approximately $13,600 whereas Level I organizations spent an average of almost $17,000.

Over three-quarters of respondents spent money on supplies and materials, totaling over $1.8 million, the bulk of which (over $1 million) was spent by one Level I organization. Most Level II and all Level III organizations spent less than $30,000 on supplies, whereas most Level I organizations spent more than $30,000.

Most respondents had utilities and telephone expenses, although eight Level III and two Level II organizations reported no expenses in this area. The Level III organizations that reported these expenses all spent less than $7,000. Level II organizations spent between $5,000 and $30,000. Level I organizations tended to spend more than $10,000 in this area, and as much as $270,000. Total expenses for utilities and telephone were over $850,000.

More than three-quarters of respondents had postage and shipping expenses, totaling over $207,000. Of these, each Level III organization paid an average of approximately $580, and Level II and Level I organizations paid averages of $5,440 and $22,500, respectively.

Over $225,000 was spent on travel expenses, most of which was spent by Level I organizations. Nearly 31 percent of Level III organizations had travel expenses, whereas 80 percent of Level II and 100 percent of Level I organizations had expenditures in this area. Of those with travel expenses, Level III organizations averaged $1,875, whereas Level II and Level I organizations averaged $5,500 and $24,500, respectively.

Insurance expenses constituted an important portion of the budget for close to 70 percent of organizations. Level III organizations generally spent less than $3,500 on insurance, with the exception of one that spent close to $6,000. Level II organizations spent between $3,000 and $20,000. Level I organizations spent significantly more, tending to spend more than $30,000 and as much as $140,000. A total of $440,000 was spent on insurance.

Fundraising expenses were specifically reported by 35 percent of respondents, totaling over $450,000. Level III organizations with fundraising expenses spent an average of $4,000. Only one Level II organization reported fundraising expenses, a total of close to $20,000. Level I organizations with fundraising expenses spent the most, averaging close to $140,000 per organization, with one respondent spending over $390,000.

Most of the respondents (65 percent) had other operating expenses, such as maintenance fees, consulting fees, printing fees, communications, dues and subscriptions, and exhibition expenses. These other expenses totaled over $2.5 million. Of those with other operating expenses, Level III organizations averaged $20,500, Level II organizations averaged $108,000 and Level I organizations averaged over $290,000. The Level I expenses in this area ranged from $330,000 to $760,000.

Operating Expenses	Dollar Amount
Space rental	$388,082.00
Equipment rental	$250,046.00
Other rental expenses	$81,761.00
Supplies and materials	$1,806,778.00
Utilities and telephone	$854,999.00
Postage and shipping	$207,813.00
Travel	$226,346.00
Insurance	$440,103.00
Fundraising expenses	$452,846.00
Other operating expenses	$2,507,208.00
Total	$7,215,982.00

Marketing and Promotional Expenses. The majority of the respondents (80 percent) had advertising expenses. Of these, Level III organizations spent an average of $7,500, and Level II organizations spent an average of $24,000. Level I organizations spent significantly more on advertising, averaging $122,000 with amounts as high as $366,000. The total spent on advertising was approximately $800,000.

About half of the organizations had promotional expenses. Most organizations with these expenses spent less than $15,000, with the exception of two Level I organizations. These respondents spent significantly more, at approximately $120,000 and $228,000. Total spent on promotions was $393,000.

Approximately one-third of respondents had other marketing expenses, such as food and entertainment, totaling over $325,000. These expenses were primarily reported by Level II and Level I organizations. Only one Level III organization reported any additional marketing expenses, in the amount of $3,000.

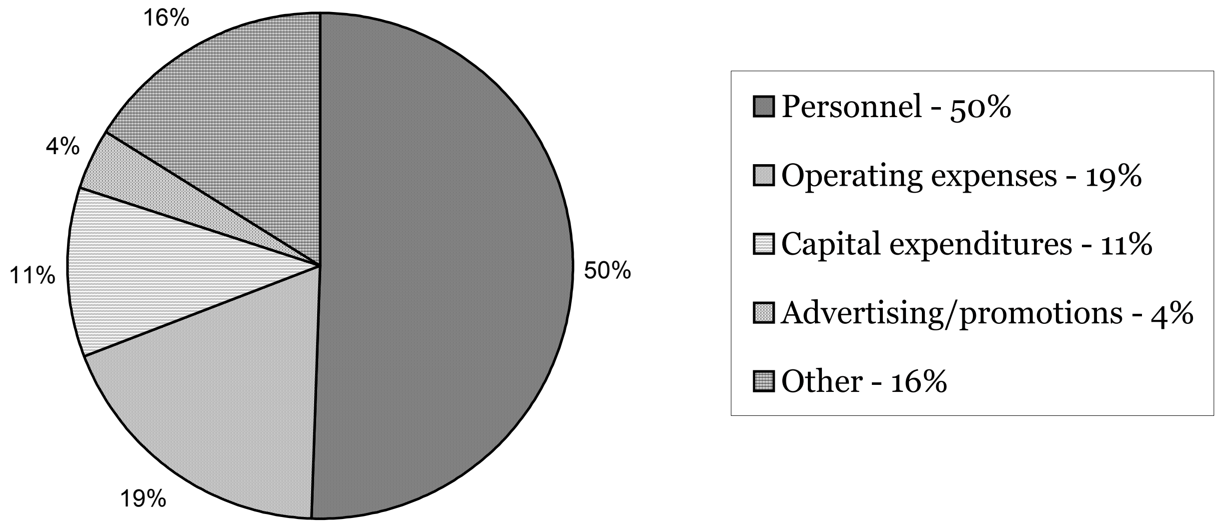
Marketing and Promotional Expenses	Dollar Amount
Advertising	$801,983.00
Promotions	$393,260.00
Other marketing expenses	$328,891.00
Total	$1,524,134.00

Capital Expenditures/Purchases. Approximately one-third of the organizations had capital expenditures, mostly Level I organizations. No Level III organizations and only two Level II organizations reported making capital purchases. Costs ranged from $3,000 to over $1.8 million, and totaled over $4 million. The two largest expenditures, of $858,000 and $1.8 million, were made by two Level I organizations.

Other Expenses. Approximately three-quarters of the respondents listed additional expenses, such as program costs, outside services, and depreciation. These expenses totaled over $3.3 million, excluding re-grant expenses incurred by the Cultural Council.

Total Expenses	Dollar Amount
Personnel	$19,588,544.00
Operating expenses	$7,215,982.00
Capital expenditures	$4,156,578.00
Advertising/promotions	$1,524,134.00
Other	$3,347,800.00
Total	$35,833,038.00

Expenses

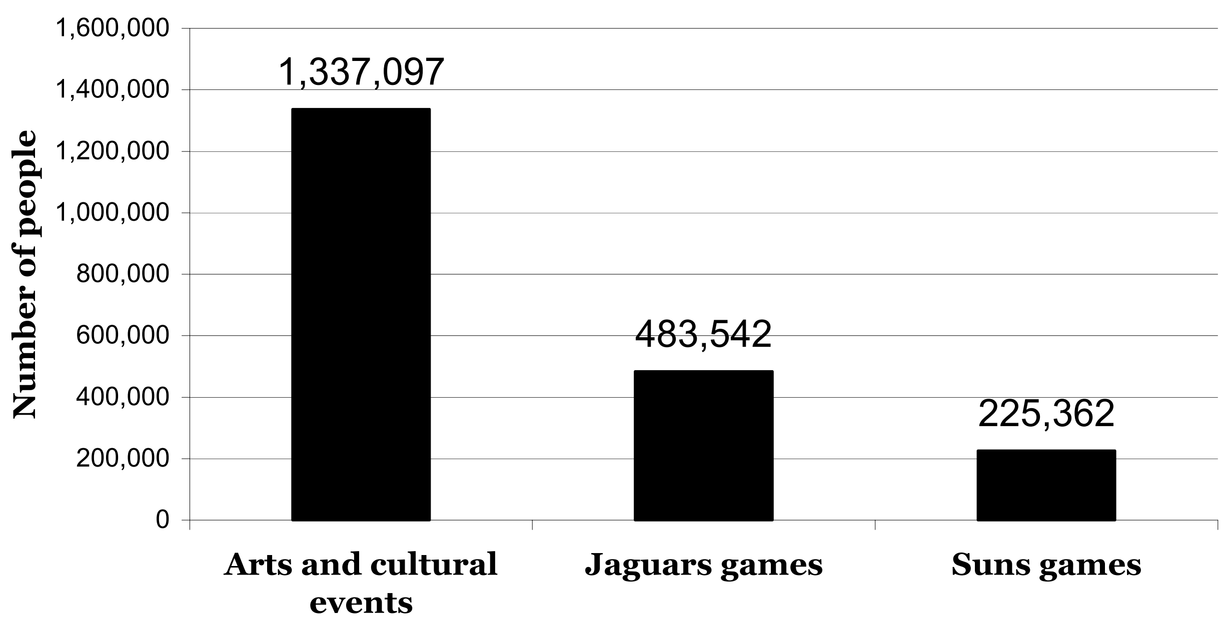

16%
4%
11%
19%
50%
Personnel - 50%
Operating expenses - 19%
Capital expenditures - 11%
Advertising/promotions - 4%
Other - 16%

X
DISCUSSION

Within the study period, over 1.3 million people participated in the arts in Jacksonville. This number is almost two times the number of people living in Jacksonville and the Jacksonville Beaches area. Over 44 percent of these admissions were on a free or reduced price basis.

An interesting illustration of the importance of the arts in a local area is to compare the attendance at arts activities to attendance at local sports events. The city of Jacksonville hosts two professional sports teams: the Jacksonville Jaguars of the National Football League and the Jacksonville Suns baseball team of the Southern League. In the past year[2], more people attended arts and cultural events than attended both Jaguar and Suns games combined. This suggests that the arts are an attraction that draws a significant number of people and serves as an essential local activity.

Yearly Attendance at Jacksonville Events



[2] Figures for the Jaguars and Suns reflect the total attendance for home games in 2001.

In the past fiscal year, the Jacksonville arts organizations surveyed in this study had a total income of over $34.5 million. Almost half of this income was earned through admissions, contracted services, classes, and fundraisers. Public funds, such as cultural services grants and grants from the state and federal government, also supplied a significant portion of arts income, comprising just under 25 percent. The remaining funds were either contributed income or were restricted income.

Arts organizations also represent a major economic influence through how they spend their revenues. Over $35.8 million was spent by the arts organizations, over half of which went to furnish employee salaries. Close to 20 percent was spent on operating expenses, with the remainder used for advertising, capital expenditures, and other expenses.

Most of the $35.8 million spent was infused into the local economy, with the exception of money spent on travel and insurance premiums. When these costs are subtracted, a total of over $35.2 million was spent locally.

The economic impact of money spent locally increases when the multiplier concept is applied. The Bureau of Economic Analysis (BEA) in the U. S. Department of Commerce has developed a method from which regional multipliers can be estimated. Based on this system, local economists have suggested a final spending multiplier of 2.0 for funds spent by arts organizations. This means that every dollar of spending in a local economy by an arts organization would generate another dollar of spending over time. Using this final spending multiplier of 2.0, spending by ***only these 26*** arts organizations in Jacksonville is estimated to have had an economic impact of over $70.4 million on the local economy in the last fiscal year.

It is important to consider that the present study did not include ancillary spending by audiences, such as dining, lodging, parking, babysitters, and transportation in its estimate of economic impact. While this data would be costly to obtain, because it would require surveying audiences, other research indicates that this spending tends to be in the same range as organizational spending, with audience ancillary spending averaging about 85 percent of organizational spending (Sullivan & Wassall, 1997). This suggests that if all attendees at arts events in Jacksonville (carried out by the respondents to this survey) were tourists, over $30.4 million in additional funds would be spent locally on restaurants, hotels, gift shops, gasoline, and transportation. Although it is unlikely that the percentage of tourists who are arts patrons in Jacksonville is as high as in other, more tourist oriented areas (e.g. Orlando, Miami, etc), it is reasonable to say that tourist spending throughout the city would certainly increase the economic impact of the arts above the direct $70.4 million impact discussed above. If only 10 percent of those persons attending the events of these organizations were tourists, we would expect an additional $3 million or more in spending.

In addition, the present study did not assess the tax revenue created by arts organizations through income and social security taxes, and state taxes collected on sales such as concessions or gift shops. These taxes do not represent a direct impact on the local economy, but clearly add to the overall economic importance of the arts.

Other than direct impacts on the local economy through spending, the arts have an impact through the employment opportunities they create. The arts industry relies heavily on employees and volunteers compared to the physical capital, raw materials, and land that other businesses often require. In Jacksonville, the arts organizations surveyed in this study directly support 355 full-time and 388 part-time jobs. A high share of the arts budget (50 percent) was spent on employee salaries, totaling over $19.5 million, some of which will be re-spent within the local economy by employees. It is important to note that these numbers do not reflect jobs that are less directly impacted by the arts, such as those that were created by businesses relocating to the Jacksonville area to be near its cultural amenities.

A total of 7,658 volunteers donated more than 195,000 hours to these 26 arts organizations in Jacksonville. Although volunteers do not represent a strict economic impact, they help keep arts organizations functioning. In Jacksonville, they represent over 90 percent of the workforce for these arts organizations, making them crucial to the cultural activities carried out. If we consider that the time donated is worth an average of $15.40 per hour (an estimate assumed by the Independent Sector in *Giving and Volunteering in the United States, 2001*), this represents an economic equivalent of over $3 million.

When the number of employees and volunteers is totaled, approximately 8,400 people in the Jacksonville area contribute their time and energy to the 26 arts organizations in this study. This represents just over 1 percent of those living in the Jacksonville and Jacksonville Beaches areas (2000 census).

It is clear that arts organizations in Jacksonville not only enhance the quality of life in the area, but impact the economic status of the city as well. By creating 743 local jobs, and spending $35.2 million, these organizations significantly contribute to Jacksonville's economic vitality. When local re-spending of funds is considered, the resulting $70.4 million impact is an impressive outcome. Public money and private contributions to our cultural resources can therefore be considered a sound investment in the city's future.

XI
CONCLUSION

In the preceding pages, we have discussed the economic impact of the arts in Jacksonville, Florida, over the course of one year. Where possible, we have tried to remind readers that this study represents ***only 26 agencies/organizations*** among the literally dozens of groups that provide artistic and cultural services to our community. The organizations included here represent ones that have maintained a direct relationship with the Cultural Council. It is important to note that many providers of events and services (including out-of-town concert promoters, private galleries, City and Beaches sponsored events, etc) were not included in this survey.

It is clear from the findings here that the arts community in Jacksonville represents one of the major economic influences within our community. As an "industry," the arts are a major employer; as an investment, the arts represent perhaps the best return on the dollar. If 26 providers represent over $70.4 million in direct and indirect economic support of our community, the impact of *all* of these cultural activities must be staggering. Given this influence, as the community continues its investment in the "Better Jacksonville Plan," Jacksonville would be well served to increase support for the arts.

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APPENDIX A
SERVICES OF THE CULTURAL COUNCIL

In addition to questions regarding income and expenses, respondents answered open-ended questions about services of the Cultural Council. Two respondents failed to provide any information in this section of the survey; therefore, all data and percentages given are for the remaining 24 organizations that provided information.

The majority of respondents listed funding by the Cultural Council as a valuable service. The next two most cited services were workshops and cultural calendar listings. Other responses included educational, local arts, and database resources, networking assistance, and advocacy and lobbying. One respondent stated that "all services" offered by the Cultural Council were valued. Following is a summary of responses:

Most valued services of the Cultural Council	Number	Percent
Grants/funding	21	87.5
Workshops	11	45.8
Cultural calendar listings	11	45.8
Resources (educational, local arts, and database)	5	20.8
Networking	3	12.5
Advocacy/lobbying	2	8.3
Communication and information sharing	1	4.2
Individual counsel on specific organizational needs	1	4.2
Cultural Council executive meetings	1	4.2
All services are valuable	1	4.2

Respondents made suggestions regarding how services of the Cultural Council could be improved. The top answers included holding more and different workshops, and encouraging networking and collaboration in the community. Other suggestions included additional meetings (more Cultural Council executive meetings and one-on-

one grant meetings), more funding, and increasing arts community and public awareness of the organizations.

Suggestions for improvement	Number	Percent
More/different workshops	3	12.5
Additional networking/collaboration	3	12.5
Additional meetings	2	8.3
More funding	2	8.3
Advertising/ increasing awareness	2	8.3
Free workshops	1	4.2

Respondents also made suggestions regarding the additional services they would like to see offered. These primarily consisted of suggestions for new and different workshops and seminars. Organizations were interested in attending workshops to learn more about dealing with corporate sponsor situations, arts leadership, local and business networking, professional development for organizations' Boards and staff, as well as advertising and promotions. One respondent suggested seminars during which successful arts administrators in other parts of the country serve as visiting speakers. In addition to workshops, respondents indicated that they would like assistance with publicity and audience development.

Additional desired services	Number	Percent
Different workshops/seminars	6	25.0
Publicity assistance	3	12.5
Audience development	2	8.3
Collaboration opportunities with Jacksonville arts groups	2	8.3
Business networking	1	4.2
Additional grant assistance (help completing forms)	1	4.2
Identification of intern programs	1	4.2
Assistance locating office space	1	4.2

Generally, responses suggest that Cultural Council partners greatly value the funding and workshops they receive through the Council, as well as the cultural calendar listings and other educational and database resources provided. Other than funding, the most frequently mentioned service was workshops. Respondents expressed that not only are workshops valuable, they would like to see more and different workshops offered to expand their knowledge about many aspects of operating an arts organization.

Many organizations expressed a desire for additional assistance with networking locally and nationally, with community leaders and businesses. In addition, many organizations hope the Cultural Council can facilitate stronger contacts between arts organizations within Jacksonville for collaborative purposes.

APPENDIX B
PARTICIPATING ORGANIZATIONS

Arts Triumphant, Inc
Beaches Fine Arts Series, Inc.
Cummer Museum of Art and Gardens
FCCJ- Wilson Center for the Arts
Florida Theatre Performing Arts Center, Inc.
Jacksonville Harmony Chorus
Jacksonville Maritime Museum Society, Inc.
Jacksonville Museum of Modern Art
Jacksonville Stage Company
Jacksonville Symphony Association
Jacksonville University Center for the Arts
Jacksonville Zoological Gardens
Karpeles Manuscript Library Museum
Museum of Science and History (MOSH)
Ritz Theatre & LaVilla Museum
River City Playhouse
Riverside Avondale Preservation
St. Johns River City Band
The Cultural Council of Greater Jacksonville
The Delius Association of Florida
The Don Thompson Chorale
The Jacksonville Children's Chorus, Inc.
The Jacksonville Masterworks Chorale, Inc.
Theatre Jacksonville
Theatreworks, Inc.
WJCT Public Broadcasting