

An Economic Impact Study of Arts,
Cultural, and Scientific Organizations
in the Central Puget Sound Region

2014

Executive Summary



AN ECONOMIC IMPACT STUDY OF
ARTS, CULTURAL, AND SCIENTIFIC
ORGANIZATIONS IN THE CENTRAL
PUGET SOUND REGION: 2014

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EXECUTIVE SUMMARY

Arts, cultural, and scientific organizations make significant contributions to the quality of life of people living in the Central Puget Sound region, as well as to people living elsewhere in Washington State and from out-of-state. Patrons of these organizations eloquently expressed their opinions about the value of these organizations to them:

“Having a variety of accessible cultural venues and events is one of the integral facets that make this region such a desirable place to live, like the natural beauty of the region.”

“Arts and cultural activities allow me to learn, explore, think, dream and understand. These activities increase my quality of life, reduce stress and encourage me to engage and participate in the community.”

“Culture is the lens through which we interpret and understand our world, so developing our knowledge of culture is critical for understanding others and critically examining ourselves.”

“I consider the arts a vital part of my children’s education.”

“Cultural activity is very important to the livability and economy of the region. One of the reasons we choose to live here!”

Source: Patron Survey

Arts, cultural, and scientific organizations are also an important part of the local economy, directly creating thousands of jobs, millions of dollars in labor income, business sales, and tax revenues to governments.

This study reports on the economic impacts of 313 non-profit arts, cultural, and scientific organizations located in King, Pierce, Snohomish and Kitsap counties. It documents these economic impacts through data gathered on the expenditures that these organizations and their patrons make in the local and Washington State economies. It includes organizations with budgets of at least \$35,000 in Dance, Festival, Heritage, Theatre, Music, Science, Interdisciplinary, and the Visual Arts. It also includes public and private sector non-profit organizations supporting the delivery of services from arts, cultural, and scientific organizations. This is the second economic impact study of Central Puget Sound region arts, scientific, and cultural organizations sponsored by ArtsFund. The first study was benchmarked against the year 2009.

AGGREGATE IMPACT

The aggregate economic impact of Central Puget Sound region arts, cultural, and scientific organizations arises due to spending of patrons visiting these organizations, and by the spending that the organizations make in the process of supplying their services. In 2014 \$2.4 billion in business activity was generated in the Washington economy due to spending by Central Puget Sound region arts, cultural, and scientific organizations, and spending by their patrons. This business activity supported 35,376 jobs, \$996 million in labor income, and resulted in \$105 million in sales, business and occupation, and hotel-motel room taxes.

Spending by cultural organization patrons totaled \$694 million, with tickets and admissions accounting for \$231 million of these expenditures. Income of arts, cultural, and scientific organizations were \$513 million in 2014, while they spent \$496 million providing these services.

Economic impacts have changed modestly when compared to the 2009 ArtsFund Economic Impact Study. Business activity and jobs in Washington State supported by the spending of these organizations and their patrons rose by 5% and 4% respectively, while labor income impacts fell by 4% (as measured in \$2014).

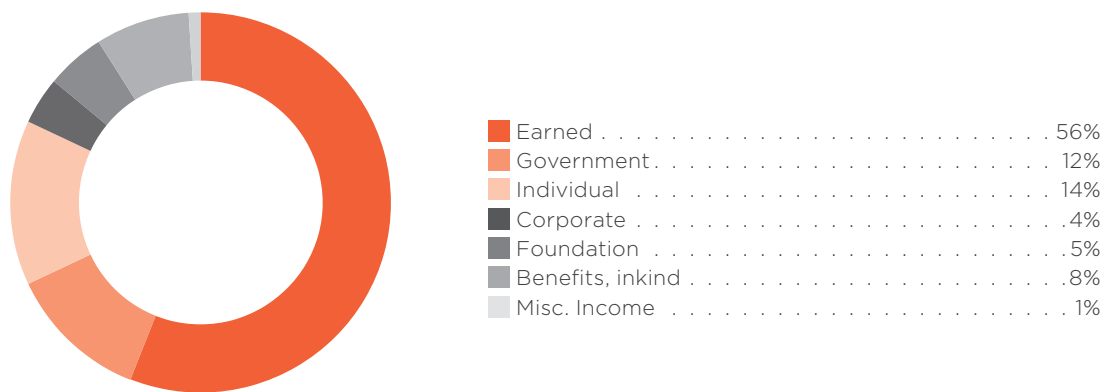
NEW MONEY

The majority of the economic impacts of arts, cultural, and scientific organizations and their patrons are related to spending by local residents, spending part of their discretionary income on visits to these local organizations. However, a significant proportion of the patrons to these organizations come from outside the local area, and their spending represents “new money,” funds that would not be spent in the local area if the organizations that are the subject of this study were not located here. In addition, arts, cultural, and scientific organizations generate a portion of their income from sources located outside of the Central Puget Sound region. New money accounts for about 17% of the revenue of arts, cultural, and scientific organizations, while 45% of patron spending is new money. New money economic impacts in the Central Puget Sound region in 2014 created 8,182 jobs, \$647 million in business activity (sales), \$257 million in labor income, and \$37 million in tax revenues.

New money economic impacts in the current study are similar when compared to those reported in the 2009 ArtsFund Economic Impact Study. Employment impacts were down 1%, while output impacts were down 9% (in constant \$) and labor income impacts were down by 6% (in constant \$). The reduction in new money economic impacts appears to be related to a reduction in outside money to Central Puget Sound arts, cultural, and scientific

organizations. In the 2009 study it was 17% of total income, while in the current study it is 13% of total income. Patron spending was about 43% outside money in the 2009 study, while in the current study it was about 45%. Changes in new money impacts are also likely related to the use of a different economic model in the two studies.

Percent of Total Income by Source



INCOME

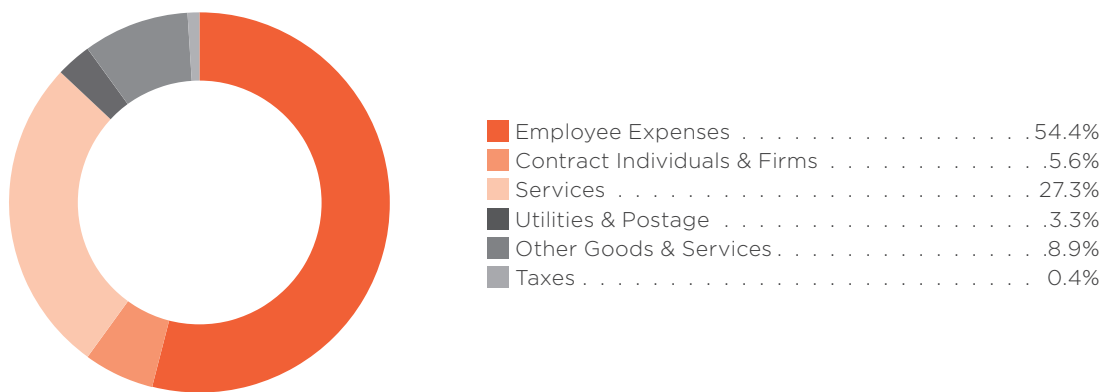
Earned income comes from tickets, admissions, tuition, retail sales, and other sources; it accounted for 56% of total income to arts, cultural, and scientific organizations in the Central Puget Sound region in 2014. The other 44% was generated through contributions, of which 14% were from individuals, 12% from governments, 8% from benefits and in-kind, 4% from corporations, 5% from foundations, and 1% was miscellaneous income. The shares of earned and contributed income were similar to those reported in the 2009 ArtsFund Economic Impact Study.

EXPENDITURES

Expenditures are divided between employee expenses (54%) and operating expenses (46%). Almost all employee expenses are related to payments to people living in the Central Puget Sound region, and they include wages and salaries, benefits, and payroll taxes. Operating expenses are more widely distributed, but 85% of operating expenses are made in the Central Puget Sound region. Payments to visiting artists and performers are referred to as “contract income,” and approximately 32% of these payments went to individuals living outside the Central Puget Sound region. Services account for the largest share of operating expenses (28%), and the majority of these are made in the Central Puget Sound region (88%). Service expenses include accounting,

legal, banking, transportation, marketing, royalties, consulting, and professional services. Other goods and services include purchases made for resale at organization venues, such as books, souvenirs, and replicas, and the purchase of materials for sets/exhibitions. These costs accounted for 9% of aggregate expenditures. Utilities and telephone costs amounted to 3%, and taxes accounted for only 0.4% of expenditures of arts, cultural, and scientific organizations. Expenditures of arts and cultural organizations in the 2009 ArtsFund Economic Impact Study had a very similar composition to expenditures reported in the current study.

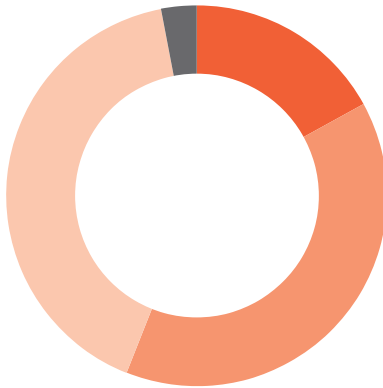
Aggregate Expenditures Of Central Puget Sound Region Arts, Cultural, and Scientific Organizations



EMPLOYMENT

An estimated 35,376 jobs in the Washington economy were related to arts, cultural, and scientific organizations in 2014. Of these 18,778 were directly tied to arts, cultural, and scientific organizations. Many of these jobs are part-time or contractual (80%), and were held by individuals working for more than one arts, cultural, or scientific organization in the region. For example, some of the musicians performing for the Seattle Symphony, Seattle Opera, and Pacific Northwest Ballet work part-time for each of these organizations. Part-time and contractual employment accounts for the majority of jobs in Dance, Festival, Heritage, Music, Theatre, and Visual Arts organizations. People working in Central Puget Sound region arts, cultural, and scientific organizations received \$270 million in labor income in 2014 while contract individuals and firms received an additional \$28 million.

Employment Status

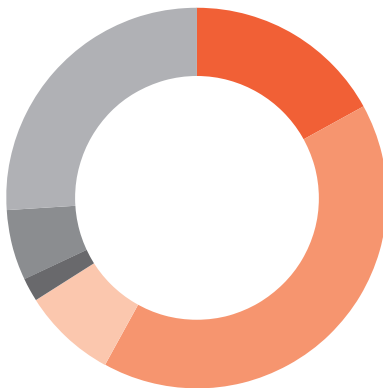


■ Full-Time	17.1%
■ Part-Time	39.1%
■ Contractual	40.5%
■ Work Study/Intern	3.3%

ATTENDANCE

There were 13.4 million admissions to arts, cultural, and scientific organizations in the Central Puget Sound region in 2014. The season ticket/membership or single ticket visits accounted for (58%) of attendance, while 26% (3.5 million) were free admissions. The balance (16%) were discounted admissions for students, seniors, and other types of discounted admissions. K-12 students accounted for over 1.2 million free or discounted admissions. About half (53%) of these students were Caucasian, and about half (47%) were other ethnicities.

Percentage Distribution Of Attendance By Category

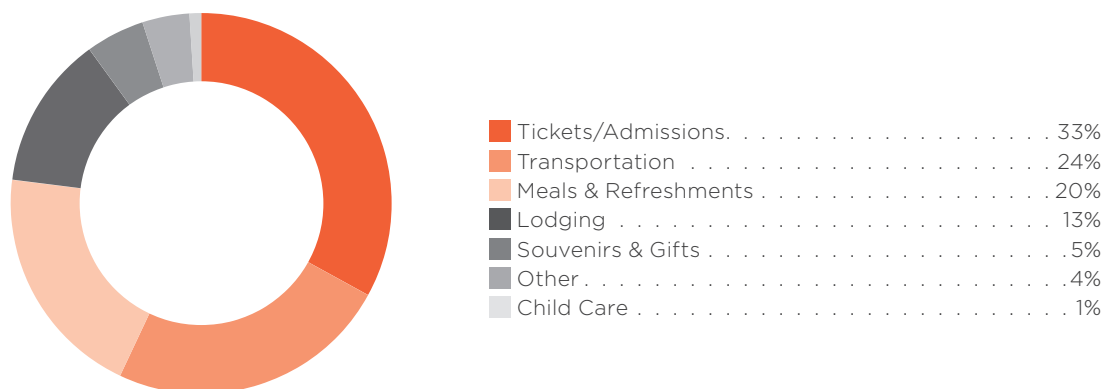


■ Season Ticket/Membership Visits	17%
■ Single Tickets/Admissions.	41%
■ Discounted Student Tickets.8%
■ Discounted Senior Tickets.2%
■ Other Discounted Tickets6%
■ Free Tickets	26%

PATRON SPENDING

Patrons spent an average of \$57 on their visits to Central Puget Sound region arts, cultural, and scientific organizations in 2014. Local residents spent less (\$46) than those coming from elsewhere in Washington State (\$87) or from out-of-state (\$148). The largest share of expenditures was for tickets/admissions (33%). Significant outlays were also made for transportation (24%), meals and refreshments (20%), and lodging (13%). Smaller outlays were made for souvenirs and gifts, child-care, and other expenses. The composition of these outlays varies by region of origin. Local residents have low travel and lodging costs, while these costs are much higher for those traveling from outside the local area.

Patron Expenditures by Category



VOLUNTEERS

Volunteers are important to arts, cultural, and scientific organizations, as they provide assistance with both administrative work as well as artistic, professional, and technical work. Arts, cultural, and scientific organizations reported the use of 28,849 volunteers, providing 1.2 million hours of volunteer activity, an average of 41 hours per volunteer.

VALUES REGARDING CULTURAL ACTIVITY

Patrons regard cultural activities as a very important part of the quality of life in the Central Puget Sound region. They also consider it to be very important to the identity of the region, and to have been an important influence on their decision to live and work in this community. Most patrons report that their attendance and spending on cultural activities has been stable or increased in recent years, in increasingly diverse modes of engagement. They report a willingness to travel long distances to consume cultural activities, and have a desire to be able to attend cultural activities in more diverse locations.

QUALITY OF LIFE CONSIDERATIONS

This report contains extensive statistical information about arts, cultural, and scientific organizations in the Central Puget Sound region. It documents the economic impacts of these organizations, reporting strong impacts on jobs, business activity, and labor income. However, the community support for these organizations through contributed income and volunteer activity is not primarily because of these economic contributions to the regional economy. Rather, the organizations that are the focus of this study are vital elements in the cultural life of our region, anchors for the quality of life for which this region is so highly regarded. The following patron quotes make this contribution clear.

“Culture is a vital element of this region’s identity. Great art is a critical part of what makes this region a great place to live.”

“(Cultural activity) is a springboard for creativity and good brain development for the future problem solvers/leaders/inventors/idea builders.”

“(Cultural activity) is the reason I want to retire here in Seattle. There is such a wealth of cultural activities that are both excellent and affordable.”

“Culture expands my understanding of myself and the world I live in.”

“I feel very fortunate to be in a city that appreciates the role culture plays in society. It keeps us human and expands our perception of the world around us.”

Source: Patron Survey