

An Economic Impact Study of Arts,
Cultural, and Scientific Organizations
in Eastside King County

2014

Executive Summary



AN ECONOMIC IMPACT STUDY OF
ARTS, CULTURAL, AND SCIENTIFIC
ORGANIZATIONS IN EASTSIDE KING
COUNTY: 2014

PREPARED FOR:

ARTSFUND 

P.O. Box 19780 | Seattle WA 98109
P (206) 281-9050 | F (206) 494-7415
www.artsfund.org

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EASTSIDE BREAKOUT REPORT PREPARED FOR
AND FUNDED BY:



CITY OF
ISSAQUAH
WASHINGTON

PREPARED BY:

Dr. William B. Beyers
Department of Geography, Box 353550
University of Washington | Seattle, WA 98195
(206) 935-6282
beyers@u.washington.edu

&

G M A R E S E A R C H
CORPORATION

40 Lake Bellevue, Suite 100 | Bellevue, WA 98005
P (425) 460-8800 | F (425) 460-8799

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EXECUTIVE SUMMARY

Arts, cultural, and scientific organizations make significant contributions to the quality of life of people living in Eastside King County, as well as to people living elsewhere in Washington State, and from out-of-state. Eastside King County is defined for the purposes of this report as the area east of Lake Washington to Snoqualmie including Mercer Island, and from Renton north to Bothell. Patrons of Eastside organizations eloquently expressed their opinions about the value of these organizations to them:

“There are few things more valuable than cultural enrichment. It’s one of the primary ways in which I feel engaged and connected with the world at large.”

“(Cultural activity) makes life more interesting, provides relaxation and the opportunity for social interaction, and helps us look at different aspects of ideas and issues.”

“Cultural activities expand our thinking!”

“It is vital for the growth and education of my children.”

“Cultural opportunities make this area a very vibrant place to live.”

Source: Eastside 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 44 non-profit arts, cultural, and scientific organizations located in Eastside King County. 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, hereafter referred to as Arts Service Organizations. This is the third Eastside Economic Impact Study; the first two were benchmarked against the year 2000 and 2003 (Beyers 2001; Beyers & GMA 2004). ArtsFund was the sponsor of the 2003 Economic Impact Study, while the 2000 study was funded by “The Eastside Arts Coalition.”¹ The two previous Eastside Economic Impact studies excluded scientific organizations.

¹ The Eastside Arts Coalition was defined to be: Bellevue Arts Commission, Bellevue Chamber Foundation, /ArtsFund, Eastside Arts Coalition, Issaquah Arts Commission, King County Arts Commission, Music Works Northwest, and Redmond Arts Commission

AGGREGATE IMPACT

The aggregate economic impact of Eastside King County 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, \$123 million in business activity was generated in the Washington State economy due to spending by Eastside King County arts, cultural, and scientific organizations, and spending by their patrons. This business activity supported 2,623 jobs, and \$53 million in labor income, and resulted in \$5 million in sales, business and occupation, and hotel-motel room taxes.

Spending by cultural organization patrons totaled \$33.5 million, with tickets and admissions accounting for \$18.7 million of these expenditures. Income of arts, cultural, and scientific organizations were \$30.6 million in 2014, while they spent \$30 million providing these services.

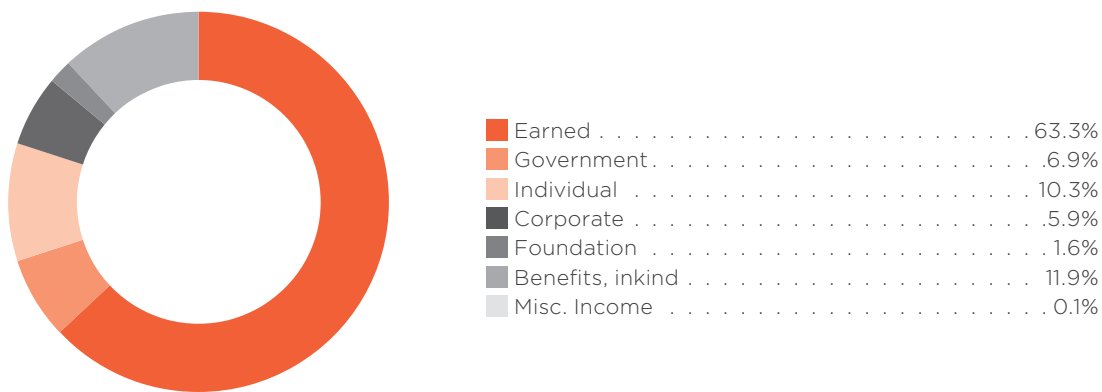
Economic impacts have changed somewhat when compared to the 2003 ArtsFund Economic Impact Study. Business activity in Washington State supported by the spending of these organizations and their patrons rose by 39%, while labor income impacts increased by 29% (as measured in \$2014). In contrast, Washington State employment impacts declined from 3,500 to 2,623. This decline is related to lower direct jobs (a drop from 2,035 to 1,769), and also related to lower labor requirements per unit of output in the economic impact model used in the current study, compared to labor requirements per unit of output in the 2003 study.

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 modest 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 there. In addition, arts, cultural, and scientific organizations generate a portion of their income from sources located outside of King County. New money accounts for about 9.7% of the revenue of Eastside arts, cultural, and scientific organizations, while 10.8% of Eastside patron spending is new money. Eastside new money economic impacts in 2014 created 249 jobs in King County, \$10.7 million in King County business activity (sales), \$4.8 million in King County labor income, and \$0.5 million in tax revenues.

New money economic impacts in the current study have mixed results when compared to those reported in the 2003 ArtsFund Economic Impact Study. Employment impacts were down 41%, while output impacts were up 5% (in constant \$2014) and labor income impacts were up by 2% (in constant \$2014). The primary driver of the differences in employment impacts were higher levels of part-time and contract employment relative to organizational budgets reported in the 2003 study than documented in the current study.

Percent of Total Income by Source



INCOME

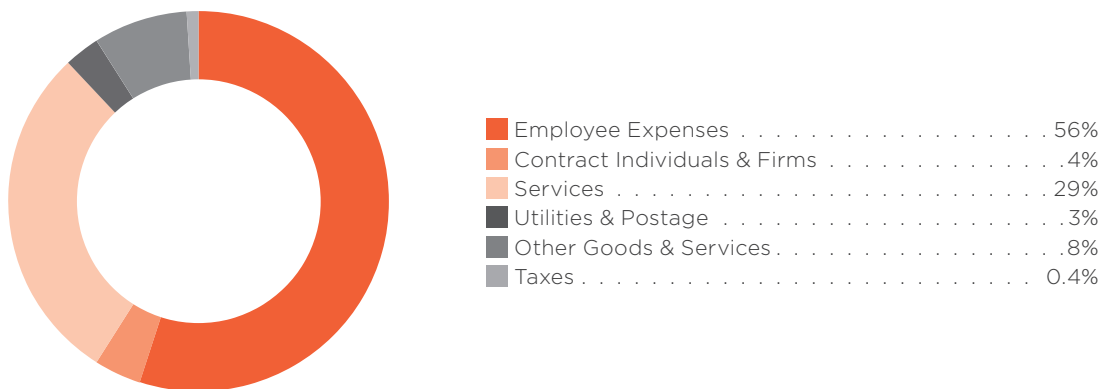
Earned income comes from tickets, admissions, tuition, retail sales, and other sources; it accounted for 63% of total income to arts, cultural, and scientific organizations in Eastside King County in 2014. The other 37% was generated through contributions, of which 10% were from individuals, 7% from governments, 12% from benefits and in-kind, 6% from corporations, 1.6% from foundations, and 0.1% was miscellaneous income. The share of earned income increased from 57% in the 2003 ArtsFund Economic Impact Study to 63% in the current study. Contributed income declined from 43% in the 2003 ArtsFund Economic Impact Study to 37% in the current study.

EXPENDITURES

Expenditures are divided between employee expenses (56%) and operating expenses (44%). Almost all employee expenses are related to payments to people living in King County, and they include wages and salaries, and benefits and payroll taxes. Operating expenses are more widely distributed, but 85% of operating expenses are made in King County. Payments to visiting artists and performers are referred to as

“contract income,” and approximately 28% of these payments went to individuals living outside King County. Services account for the largest share of operating expenses (29%), and the majority of these are made in King County (81%). 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 8% 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 2003 ArtsFund Economic Impact Study had a very similar composition to expenditures reported in the current study. In the 2003 study employee expenses accounted for 51% of total expenditures, while operating expenses were 49% of total expenditures.

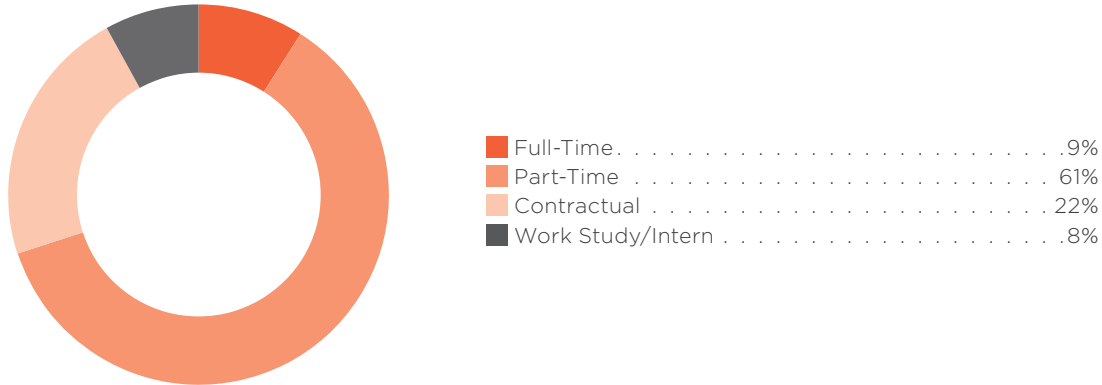
Aggregate Expenditures Of Central Puget Sound Region Arts, Cultural, and Scientific Organizations



EMPLOYMENT

An estimated 2,623 jobs in the Washington State economy were related to Eastside King County arts, cultural, and scientific organizations in 2014. Of these 1,769 were directly tied to Eastside King County arts, cultural, and scientific organizations. Many of these jobs are part-time or contractual (83%), and were held by individuals working for more than one arts, cultural, or scientific organization in the region. People working in Eastside King County arts, cultural, and scientific organizations received \$16.1 million in labor income in 2014 while contract individuals and firms received an additional \$1.2 million.

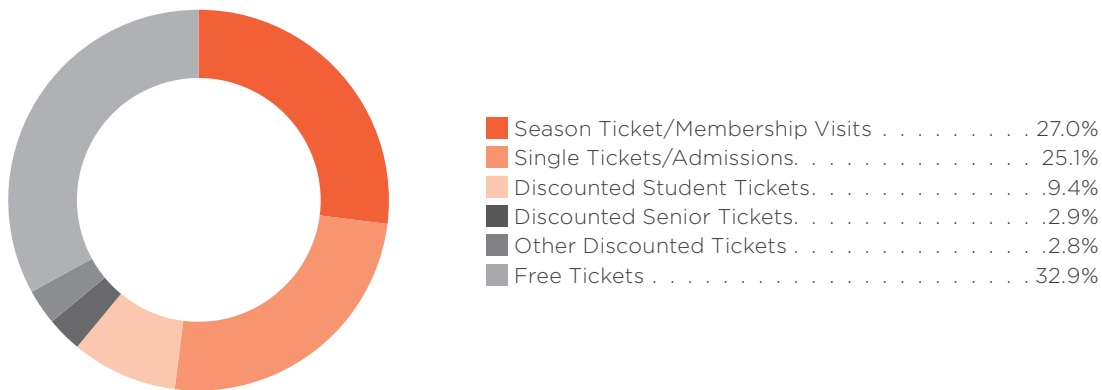
Employment Status



ATTENDANCE

There were 1.1 million admissions to arts, cultural, and scientific organizations in Eastside King County in 2014. The season ticket/membership or single ticket visits accounted for 52% of total attendance, while 33% were free admissions. The balance (15%) were discounted admissions, for students, seniors, and other types of discounted admissions. K-12 students accounted for 107,000 free or discounted admissions. About half of these students were Caucasian, and about half were other ethnicities.

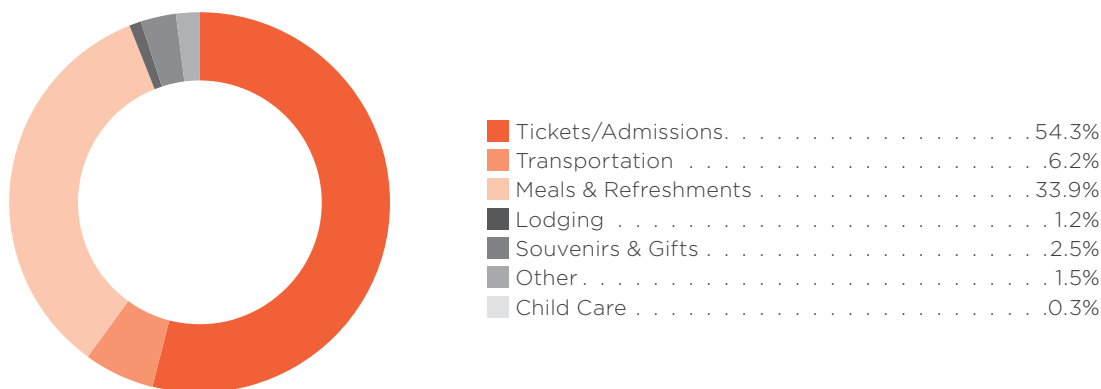
Percentage Distribution Of Attendance By Category



PATRON SPENDING

Patrons spent an average of \$34 on their visits to Eastside King County arts, cultural, and scientific organizations in 2014. Local Eastside residents spent slightly more (\$35) than those coming from elsewhere in King County, other Washington State or from out-of-state (\$33). The largest share of expenditures was for tickets/admissions (53%). Significant outlays were also made for meals and refreshments (34%). Smaller outlays were made for transportation, lodging, souvenirs and gifts, child-care, and other expenses.

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/technical work. Eastside arts, cultural, and scientific organizations reported the use of over 2,500 volunteers, providing 106,000 hours of volunteer activity, an average of 31 hours per volunteer.

VALUES REGARDING CULTURAL ACTIVITY

Patrons regard cultural activities as a very important part of the quality of life in Eastside King County. 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 Eastside King County. 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.

“The Pacific Northwest’s lively cultural mixture is what particularly defines and drives this region and its people.”

“Cultural activities are very important to a community because (they) create more connection between people in the community.”

“(Cultural activity is) very important! It’s a major part of our social life and adds to our quality of life.”

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

Source: Eastside Patron Survey



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