

# The Economic Impact of America's Nonprofit Arts and Culture Industry

On June 17, 2017, Americans for the Arts released its fifth national study of the economic impact of arts organizations on local communities. The study, Arts & Economic Prosperity 5 (AEP5), is the largest study of its kind ever conducted. The report demonstrates what is known to be true: the nonprofit arts and culture industry is an economic driver in communities – a growth industry that supports jobs, generates government revenue, and is a cornerstone of tourism. AEP5 is a unique guide for how to best create effective advocacy and community engagement programs, focusing on the local economic benefits of arts and culture organizations. This information supplements the ongoing social, educational, and artistic impacts that are at the core of vibrant communities. Arts Consulting Group thanks Americans for the Arts for granting permission to reprint a summary of the report's findings and for its tremendous service to the arts and culture sector.

## The Arts Mean Business

AEP5 is Americans for the Arts' economic impact study of the nation's nonprofit arts and cultural organizations and their audiences. By every measure, the results are impressive. Nationally, the nonprofit arts industry generated \$166.3 billion of economic activity in 2015 – \$63.8 billion in spending by arts and cultural organizations and an additional \$102.5 billion in event-related expenditures by their audiences. This activity supported 4.6 million jobs and generated \$27.5 billion in revenue to local, state, and federal governments (a yield well beyond their collective \$5 billion in arts allocations). AEP5 is the most comprehensive study of its kind ever conducted. It provides detailed economic impact findings on 341 study regions representing all 50 states and the District of Columbia. Data was gathered from 14,439 organizations and 212,691 audience spending surveys. Americans for the Arts' project economist customized input-output models for each and every study region to ensure reliable and actionable localized results.

When Americans for the Arts published its first economic impact study in 1994, it worked with 33 local partners. As evidence of the value of these studies, AEP5 has grown this local participation ten-fold. It has witnessed a corresponding growth in the understanding of the economic value of the arts. The U.S. Bureau of Economic Analysis, for example, now publishes an annual *Arts & Cultural Production Satellite Account*, which extends beyond the nonprofit sector to include the full breadth of commercial and for-profit arts, education, and individual artists and lists the sector as a \$730 billion industry (4.2 percent of the nation's GDP – a larger share of the economy than transportation, tourism, agriculture, and construction). State and local governments have established agencies to track and grow their creative economy.

What continues to set AEP5 apart from other studies is exactly why it is so useful: it uses localized research that not only focuses on arts organizations but also incorporates the event-related spending by their audiences. When patrons attend an arts event, they may pay for parking, eat dinner at a restaurant, enjoy dessert after the show, and return home to pay the babysitter. The study found that the typical attendee spends \$31.47 per person, per event beyond the cost of admission. AEP5 also shows that one-third of attendees (34 percent) were not from the county in which the arts event took place. Their event-related spending was more than twice that of their local counterparts (\$47.57 versus \$23.44). What brought those visitors to town? Two-thirds (69 percent) indicated that the primary purpose for their visit was to attend that arts event. The message is clear: a vibrant arts community not only keeps residents and their discretionary spending close to home, it also attracts visitors who spend money and help local businesses thrive.

AEP5 demonstrates that the arts provide both cultural and economic benefits. No longer do community leaders need to feel that a choice must be made between arts funding and economic prosperity. AEP5 proves that they can choose both. Nationally as well as locally, the arts mean business.

### **Arts & Economic Prosperity 5 Calculator**

Americans for the Arts has also provided an [Arts & Economic Prosperity 5 Calculator](#). This free online tool helps organizations calculate their impact on the local economy by measuring and defining total expenditures, full-time employment, household income, and government revenue.

**Contact ACG for more information on how we can help your organization  
have greater economic, cultural, and educational impact in your community.**

**(888) 234.4236  
info@ArtsConsulting.com  
ArtsConsulting.com**