

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

2014

Executive Summary



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

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EXECUTIVE SUMMARY

Arts, cultural, and scientific organizations make significant contributions to the quality of life of people living in King County, 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.”

“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.”

“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.”

“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 241 non-profit arts, cultural, and scientific organizations located in 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, Heritage, Theatre, Music, Science, Interdisciplinary/Festival, 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 fifth Economic Impact Study of King County arts and cultural organizations sponsored by ArtsFund. This study includes scientific and festival organizations that were not included in the first three ArtsFund Economic Impact Studies, but which were included in the fourth ArtsFund Economic Impact Study.

AGGREGATE IMPACT

The aggregate economic impact of 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, \$2.0 billion in business activity was generated in the Washington economy due to spending by King County arts, cultural, and scientific organizations, and spending by their patrons. This business activity supported 30,721 jobs, and \$859 million in labor income, and resulted in \$87 million in sales, business and occupation, and hotel-motel room taxes.

Spending by cultural organization patrons in King County totaled \$574 million, with tickets and admissions accounting for \$211 million of these expenditures. Income of arts, cultural, and scientific organizations were \$454 million in 2014, while they spent \$439 million providing these services.

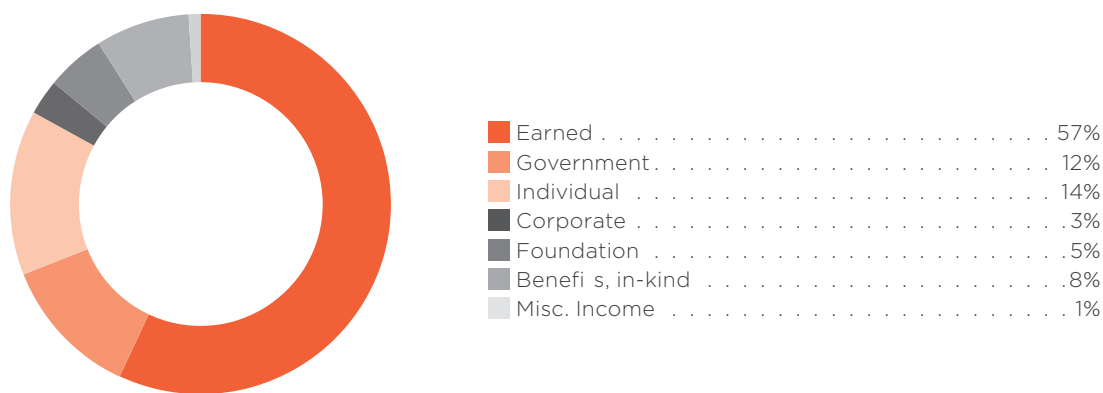
Economic impacts have changed modestly when compared to the 2009 ArtsFund Economic Impact Study. Business activity and jobs in Washington State supported by the spending of these organizations and their patrons rose by 5%, while labor income impacts fell by 2% (as measured in \$2014).

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 King County. New money accounts for about 30% of the revenue of arts, cultural, and scientific organizations, while 58% of patron spending is new money. New money economic impacts in 2014 created 9,730 jobs in King County, \$703 million in King County business activity (sales), \$291 million in King County labor income, and \$39 million in tax revenues.

New money economic impacts in the current study are smaller when compared to those reported in the 2009 ArtsFund Economic Impact Study. Employment impacts were down 7.5%, while output impacts were down 5.9% (in constant \$) and labor income impacts were down by 11.7% (in constant \$). This decrease was largely due to a significant reduction in the share of patrons coming from outside King County; this percentage decreased from 37% in the 2009 study to 31% in the current study. Nonlocal patron spending per capita is much higher than local patron spending per capita.

Percent of Total Income by Source



INCOME

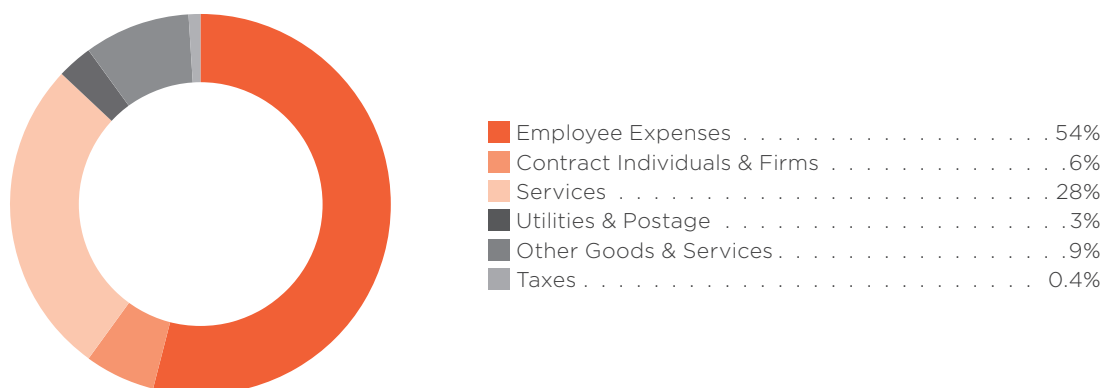
Earned income comes from tickets, admissions, tuition, retail sales, and other sources; it accounted for 57% of total income to arts, cultural, and scientific organizations in King County in 2014. The other 43% was generated through contributions, of which 14% were from individuals, 12% from governments, 8% from benefits and in-kind, 3% 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 King County, and they include wages and salaries, 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 33% of these payments went to individuals living outside King County. Services account for the largest share of operating expenses (28%), and the majority of these are made in King County (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.

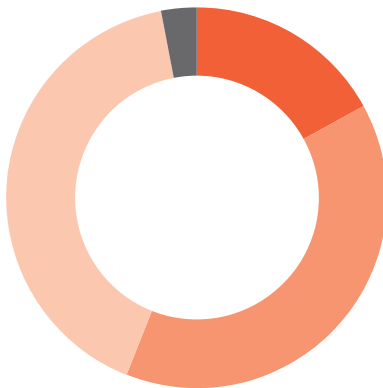
Aggregate Expenditures Of King County Arts, Cultural, and Scientific Organizations



EMPLOYMENT

An estimated 30,721 jobs in the Washington economy were related to arts, cultural, and scientific organizations in 2014. Of these 16,586 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, Interdisciplinary/Festival, Heritage, Music, Theatre, and Visual Arts organizations. People working in King County arts, cultural, and scientific organizations received \$239 million in labor income in 2014, while contract individuals and firms received an additional \$26 million.

Employment Status

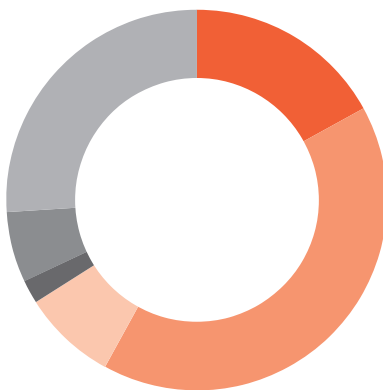


Full-Time	17%
Part-Time	39%
Contractual	41%
Work Study/Intern	3%

ATTENDANCE

There were 11.4 million admissions to arts, cultural, and scientific organizations in King County in 2014. The season ticket/membership or single ticket visits accounted for 58% of attendance, while 26% (2.9 million) were free admissions. The balance (16%) were discounted admissions, for students, seniors, and other types of discounted admissions. K-12 students accounted for 1.1 million free or discounted admissions. About half of these students were Caucasian, and about half were other ethnicities.

Percentage Distribution Of Attendance By Category

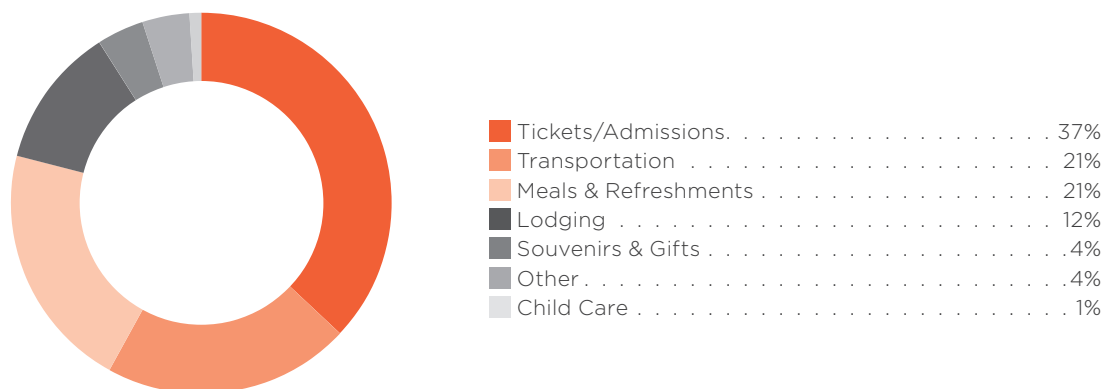


Season Ticket/Membership Visits	17.6%
Single Tickets/Admissions	40.8%
Discounted Student Tickets	7.7%
Discounted Senior Tickets	1.7%
Other Discounted Tickets	6.5%
Free Tickets	25.8%

PATRON SPENDING

Patrons spent an average of \$56 on their visits to King County arts, cultural, and scientific organizations in 2014. Local residents spent less (\$45) than those coming from elsewhere in Washington State (\$75) or from out-of-state (\$149). The largest share of expenditures was for tickets/admissions (37%). Significant outlays were also made for transportation (21%), meals and refreshments (21%), and lodging (12%). 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/technical work. Arts, cultural, and scientific organizations in King County reported the use of 24,800 volunteers, providing 941,000 hours of volunteer activity, an average of 38 hours per volunteer.

VALUES REGARDING CULTURAL ACTIVITY

Patrons regard cultural activities as a very important part of the quality of life in 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 the 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.”

“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.”

“(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.”

Source: Patron Survey



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