

## The Economic Impact of Nonprofit Arts and Cultural Organizations and Their Audiences in Mercer County, NJ (Fiscal Year 2015)

Direct Economic Activity	Arts and Cultural Organizations	+	Arts and Cultural Audiences	=	Total Industry Expenditures
Total Industry Expenditures	\$22,095,147		\$18,713,948		\$40,809,095

### Economic Impact of Spending by Arts and Cultural Organizations and Their Audiences

Total Economic Impact of Expenditures	Economic Impact of Organizations	+	Economic Impact of Audiences	=	Total Economic Impact
Full-Time Equivalent (FTE) Jobs Supported	1,047		320		1,367
Household Income Paid to Residents	\$17,661,000		\$7,117,000		\$24,778,000
Revenue Generated to <u>Local</u> Government	\$1,396,000		\$748,000		\$2,144,000
Revenue Generated to <u>State</u> Government	\$1,102,000		\$834,000		\$1,936,000

### Event-Related Spending by Arts and Cultural Audiences Totaled \$18.7 million (excluding the cost of admission)

Attendance to Arts and Culture Events	Resident <sup>1</sup> Attendees	+	Nonresident <sup>1</sup> Attendees	=	All Cultural Audiences
Total Attendance to Arts and Culture Events	195,955		486,816		682,771
Percentage of Total Attendance	28.7%		71.3%		100.0%
Average Event-Related Spending Per Person	\$25.17		\$28.31		\$27.41
<b>Total Event-Related Expenditures</b>	<b>\$4,932,187</b>		<b>\$13,781,761</b>		<b>\$18,713,948</b>

### Nonprofit Arts and Cultural Event Attendees Spend an Average of \$27.41 Per Person (excluding the cost of admission)

Category of Event-Related Expenditure	Resident <sup>1</sup> Attendees	Nonresident <sup>1</sup> Attendees	All Cultural Audiences
Meals and Refreshments	\$18.02	\$16.04	\$16.61
Souvenirs and Gifts	\$3.22	\$1.95	\$2.31
Ground Transportation	\$2.27	\$3.97	\$3.48
Overnight Lodging (one night only)	\$0.00	\$3.88	\$2.77
Other/Miscellaneous	\$1.66	\$2.47	\$2.24
<b>Average Event-Related Spending Per Person</b>	<b>\$25.17</b>	<b>\$28.31</b>	<b>\$27.41</b>

Source: *Arts & Economic Prosperity 5: The Economic Impact of Nonprofit Arts and Cultural Organizations and Their Audiences in Mercer County*. For more information about this study or about other cultural initiatives in Mercer County, visit the County of Mercer Office of Economic Development and Sustainability's web site at [www.mercercounty.org](http://www.mercercounty.org).

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## **About This Study**

A national Arts & Economic Prosperity 5 study was conducted by Americans for the Arts (AfA), in cooperation with hundreds of local partners, to document the economic impact of the nonprofit arts and culture industry. The study took place in 341 communities and regions (113 cities, 115 counties, 81 multicounty or multicounty regions, 10 states, and 12 individual arts districts)—representing all 50 U.S. states and the District of Columbia. The diverse communities range in population (1,500 to more than 4 million) and type (small rural to large urban). Project economists from the Georgia Institute of Technology customized an input-output analysis model for each participating region to provide specific and localized data on four measures of economic impact: full-time equivalent jobs, household income, and local and state government revenue. These localized models allow for the uniqueness of each local economy to be reflected in the findings.

Americans for the Arts partnered with 250 local, regional, and statewide organizations that represent the 341 study regions (30 partners included multiple study regions as part of their participation). **This customized analysis for Mercer County, was supported through the partnership effort of the Mercer County Division of Culture and Heritage, with the County’s Office of Economic Development and Sustainability. The Division was one of the 250 partners working with the AfA.**

## **Surveys of Nonprofit Arts and Cultural ORGANIZATIONS**

Each of the 250 partner organizations identified the universe of nonprofit arts and cultural organizations that are located in its region(s) using the Urban Institute’s National Taxonomy of Exempt Entity (NTEE) coding system, a definitive classification system for nonprofit organizations recognized as tax exempt by the Internal Revenue Code. In addition, the study partners were encouraged to include other types of eligible organizations if they play a substantial role in the cultural life of the community or if their primary purpose is to promote participation in, appreciation for, and understanding of the visual, performing, folk, and literary and media arts. These include government-owned or government-operated cultural facilities and institutions; municipal arts agencies and councils; private community arts organizations; unincorporated arts groups; living collections (such as zoos, aquariums, and botanical gardens); university presenters, programs, and facilities; and arts programs that are embedded under the umbrella of a nonarts organization or facility (such as a hospital or church). In short, if it displays the characteristics of a nonprofit arts and cultural organization, it is included. *For-profit businesses (e.g., Broadway, motion picture theaters) and individual artists were excluded from this study.*

It is important to note that each study region’s results are based solely on the actual survey data collected. There are no estimates made to account for nonresponding organizations. Therefore, any less-than-100 percent response rate represents only a partial snapshot of the economic impact findings in most of the individual study regions.

**In Mercer County, 25 of the 128 eligible nonprofit arts and cultural organizations participated in this study—an overall participation rate of 19.5 percent.**

## **Surveys of Nonprofit Arts and Cultural AUDIENCES**

Audience-intercept surveying, a common and accepted research method, was completed to capture information about spending by audiences at nonprofit arts and culture events. Patrons were selected randomly and asked to complete a short survey while attending an event. The respondents provided itemized travel party expenditure data on attendance-related activities such as meals, souvenirs, transportation, and lodging. Data was collected throughout the year to guard against seasonal spikes or drop-offs in attendance, and at a broad range of events (because a night at the opera will typically yield more spending than a Saturday children’s theater production).

**In Mercer County, a total of 178 valid audience-intercept surveys were collected from attendees to nonprofit arts and cultural performances, events, and exhibitions during 2016.**

## **Studying Economic Impact Using Input-Output Analysis**

To derive the most reliable economic impact data, input-output analysis was used to measure the impact of expenditures by nonprofit arts and cultural organizations and their audiences. This highly-regarded type of economic analysis has been the basis for two Nobel Prizes in economics. The models are systems of mathematical equations that combine statistical methods and economic theory in an area of study called econometrics. The analysis traces how many times a dollar is respent within the local economy before it leaves the community, and it quantifies the economic impact of each of those rounds of spending. Project economists customized an input-output model for each of the 341 participating study regions based on the local dollar flow among 533 finely detailed industries within its economy. This was accomplished by using detailed data on employment, incomes, and government revenues provided by the U.S. Department of Commerce (County Business Patterns, the Regional Economic Information System, and the Survey of State and Local Finance), state and local tax data (e.g., sales taxes, lodging tax, property taxes, income tax, and miscellaneous local option taxes), and the survey data collected from the responding arts and cultural organizations and their audiences.

<sup>1</sup> For the purpose of this study, residents are attendees who live within Mercer County; nonresidents live elsewhere.