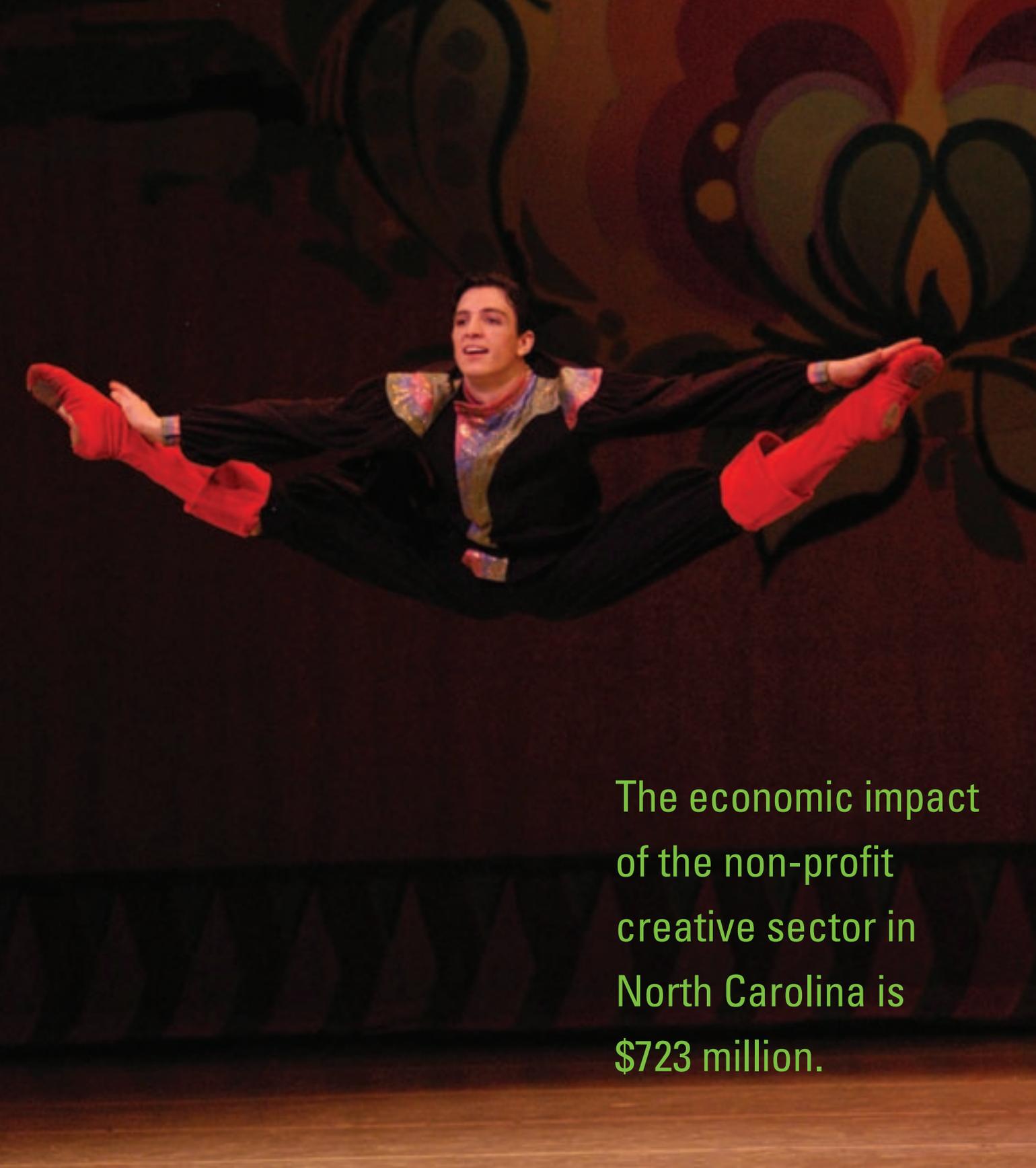


Just the **TICKET!**

The Arts
Make Money
in North Carolina



www.arts.org



The economic impact
of the non-profit
creative sector in
North Carolina is
\$723 million.

The Arts Work in North Carolina!

Writers and weavers, painters and potters, conductors and choreographers, fiddlers and furniture makers, and photographers and poets bring our state national recognition in the arts. What's more, their work feeds and clothes their families and contributes to the health of the North Carolina economy.

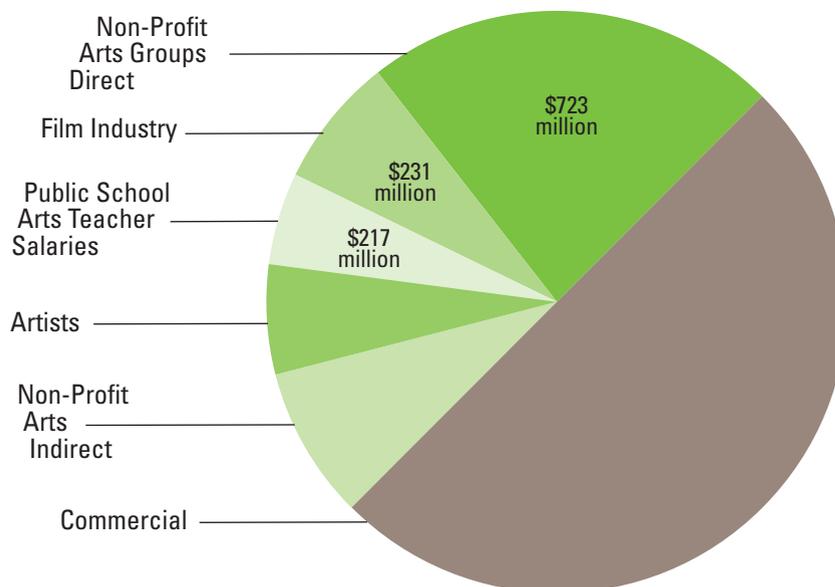
The economic impact of the non-profit creative sector in our state is \$723 million. Appalachian State University (ASU) studied this vital growth industry, looking at the income and expenses of performing arts organizations, galleries, local arts councils, museums, and other cultural organizations.



A future study will examine the commercial arts sector, individual artists, and consumer revenues and spending. When taken as a whole, the combined economic reach of the creative industry in North Carolina – non-profit and commercial – will measure in the billions.

For more information on how the arts make money in North Carolina go to www.ncarts.org.

Creative Economy Estimate¹



“The combination of accomplished artists and savvy arts organizations in North Carolina makes for a wonderfully creative atmosphere in which to live, work, and raise a family. With a reach that touches every North Carolina community, our state’s arts industry puts our economy into motion.”

— Mary B. Regan
Executive Director
North Carolina Arts Council

JOBS JOBS JOBS!



For most citizens and political leaders, job creation and employer spending define economic growth and development. In this realm the arts *really* produce. Just under 2 percent of all jobs in North Carolina are in the creative industry, from designers to journalists, gallery owners to administrators, and teachers to touring artists.

Average employment in the non-profit arts sector – an important part of North Carolina’s creative industry – would make any small business proud.

That is just one of the findings in the exploratory study, “Economic Impact of Non-Profit Arts Organizations in the State of North Carolina.” The study was conducted in 2003 by the John A. Walker College of Business at Appalachian State University (ASU). Michael Evans, Professor of Management, and Dinesh Dave, Professor of Information Technology and Operations Management, authored the study.

The new study estimates that there were 6,669 direct full time jobs in the non-profit arena.² Major non-profit arts groups employ an average of 13 full time people, and can double that number with part time and seasonal staff.³ The arts are vibrant and diverse, reflecting changing interests and tastes, yet arts organizations demonstrate stability in their communities: the median age of the non-profit arts organizations surveyed is 25 years.⁴

STATE/FEDERAL PAYROLL TAXES - \$32 MILLION

Cultural workers are taxpayers too. The non-profit arts industry sparks jobs and activities that produce more jobs, plus revenue and taxes. Based on sample statistics, the average salary of full-time non-profit arts employees is \$30,094.⁵ The minimum state and federal payroll tax withheld is estimated at \$32 million, or 16 percent of total payroll. (This may vary widely based on individual deductions.)

While the economic impact of individual artists is not within the scope of this study, some new data emerged. Most artists are working in the commercial or private sector and/or are self-employed full or part time. For example, the survey shows that half of the state’s music directors, 40 percent of its dancers, and a quarter of its fashion designers and fine artists are employed by non-profit arts organizations, while 95 percent of graphic designers and 84 percent of art directors are at work in the commercial sector.⁶

Non-Profit Arts Impact in North Carolina

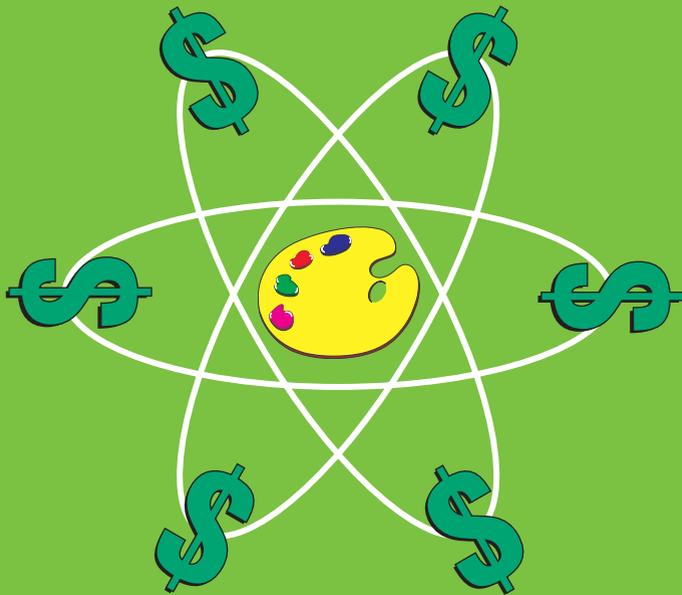
6,669 Direct Full-Time Jobs

\$30,094 Average Salary

\$32 Million in Taxes

Avg. Full-Time & Part-Time Payroll: \$344,794⁷

Arts Lead Economic Chain Reaction



"The Industrial Economy is giving way to the Creative Economy, and corporations are at another crossroads."

--Business Week magazine
August, 2000



Leading arts organizations in the state are comparable to small businesses, with an average annual income around \$1 million.⁸ These arts groups start a powerful chain reaction of economic activity, which in turn leads to vibrant and healthy communities. They have increased their average income by 15 percent in the last five years, even amidst challenging economic times.⁹

ASU's Dave and Evans say "the data in this study suggest that the majority of non-profit arts groups in North Carolina are 'small businesses' with modest budgets and relatively small impacts individually." Yet the numbers of "organizations providing various arts events, festivals, concerts, educational services, etc, in the average county (are) combining to powerful economic effect."

The National Governors Association underscores the value of the collective power of arts organizations to stimulate economic change. It heralds the non-profit arts industry as "a potent force in economic development nationwide. States and communities have integrated the arts into their economic development arsenal to achieve a wide range of direct and indirect economic goals. *Arts programs have served as components of high-impact economic development programs...*"¹⁰

\$24 Matches Each \$1 Invested

Arts funding is dynamic. Each grant dollar invested by the N.C. Arts Council is matched by \$24 other dollars locally.¹¹ In a time of scarce economic development resources, “policy makers must consider the opportunity costs of various arts projects and its ability to leverage additional income,” say Dave and Evans. Arts organizations are particularly adept at doing more with less. From 1999 to 2002, North Carolina organizations trimmed operating expenses, while at the same time noting a rise in attendance and participation.¹²

The years between 1995 and 2001 were great for donations to the arts. Private and community foundation giving for the arts more than doubled in the U.S. However, following 9/11, foundation giving to the arts declined 3.5 percent to an estimated \$4.05 billion in 2002. Quoting a Foundation Center study, “Over the next few years, foundation giving, for the arts and other fields will likely continue to decrease....”¹³



Estimating Economic Impacts

The ASU study is based on a controlled sample using surveys, plus data from 2,468 cultural organizations in the N.C. Arts Council database, including theaters, museums, galleries, historic sites, local arts councils, festivals, dance companies, literary groups, public art projects, and folklife organizations.

The study places the direct economic impact of non-profit arts organizations in the state at \$394,675,913. When using the very conservative multiplier factor of 1.5, and adding an estimate of the worth of volunteers' time of \$131,034,421, the total economic impact estimate of the non-profit arts industry comes to \$723,048,290.¹⁴

Additional data from the for-profit sector, artists, education, the film industry, the informal arts, and festivals will add billions of dollars to complete the picture of the economic impact of the creative industry in North Carolina. For instance, the more than 6,100 craft artists in the state generate \$538 million in revenue.¹⁵



Economic Impact Category	Estimation for Population
Direct Economic Impact of Non-Profit Arts Groups	\$394,675,913
Multiplier Effect using 1.5 factor (\$394,675,913 x 0.5)	\$197,337,956
Economic Impact Estimate of Arts Groups with Multiplier Effect	\$592,013,869
Volunteer Estimate	\$131,034,421
TOTAL	\$723,048,290

Volunteers

Add Value

Volunteers are just the ticket for North Carolina's non-profit arts organizations. In an age when people are stretched and pressed in many directions, it is remarkable that cultural volunteerism is up 13 percent in the four years.¹⁶ 51,365 people volunteered in programs directly funded by the North Carolina Arts Council in Fiscal Year 02-03.¹⁷ In total, 124,209 North Carolinians volunteered their time, talent, and energy as board members, ushers, docents, and in many other ways.

These active citizens care about the life and health of their communities. A study by the Pew Charitable Trusts notes that arts attendees "participate in a wide range of activities and volunteer for a variety of community organizations ... (and) display characteristics that are conducive to greater civic engagement and stronger communities."¹⁸

Cultural volunteers report arts participation as a significant proportion of their leisure time. North Carolina volunteers donate between one day and two weeks annually. Valued by the Independent Sector at \$16.04 per hour, the financial support of this work is an impressive \$131,034,421.¹⁹

Viewed another way, cultural volunteers add the impact of 4,237 additional full-time cultural workers. This stretches the capacity of our state's non-profit organizations to deliver quality programs to kids and grandparents and every age in between.



More than one
million North
Carolinians - nearly
one of every eight
citizens - are active
arts supporters,
members or
volunteers.

Arts Participation on the RISE



Audience participation trends are positive in North Carolina. Major non-profit arts organizations in the state saw more seats filled, with a four-year rise in average attendance (up 11%) to 29 million participants.²⁰ North Carolina Arts Council funding is important seed money for many of these events and programs. Arts Council grant awards in FY 02-03 benefited more than 9 ½ million participants.²¹

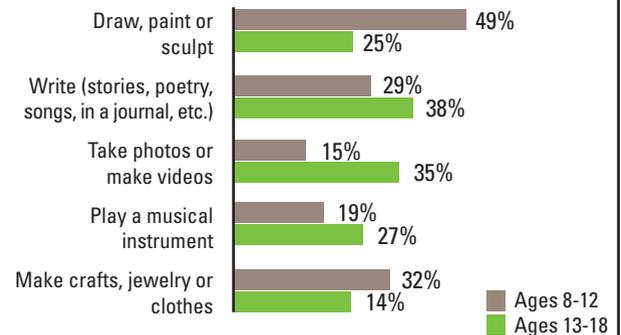
	State Appropriation	Per Capita	Participation
FY 98-99	5,855,350	.79	8.5 million plus
FY 99-00	7,543,500	1.00	Nearly 8.5 million
FY 00-01	7,831,000	.99	Nearly 11 million
FY 01-02	5,934,500	.70	9 million plus
FY 02-03	5,195,799	.63	9.5 million plus
FY 03-04	5,164,352	.60	Available 12/04

According to the National Endowment for the Arts,²² 40 percent of the adult population in the U.S. attends at least one of the following annually:

- Musicals
- Plays
- Ballet
- Jazz, classical music, opera
- Art Museums

KIDS AND ARTS: FAVORITE THINGS TO DO

In a study by Harris Interactive Inc., 79% of children 8-18 said their favorite activities involved the arts.²³ Tomorrow's skilled, high performing workers are learning through the arts today.



Harris Interactive Inc., December, 2003

A Top 10 Cultural Destination

In July 2003, North Carolina was named as one of the Top 10 states for cultural and heritage tourism, according to the Travel Industry of America and *Smithsonian* magazine. North Carolina is especially attractive to families with children who are interested in educational and fun hands-on activities.

It is interesting to note that cultural tourism, the fastest growing segment of the tourism industry, grew 13 percent between 1996 and 2002, according to the Travel Industry Association of America. Cultural travelers spend more money - \$631 vs. \$457, and stay longer - one to three more nights, than other travelers. They are hungry to have authentic experiences at the places they visit. On average, they schedule five cultural activities per trip.²⁴

National numbers suggest that cultural attendees spend \$22.87 per event, not including the price of a ticket.²⁵ For instance, when patrons attend a performing arts event, they may park their car in a toll garage, purchase dinner at a restaurant, eat dessert after the show, and return home and pay a babysitter.

North Carolina is a place where creative people cluster and spend money. Recent studies further prove that creative dollars add up to powerful effect. For example, the arts generated \$26 million in Watauga County,²⁶ \$67 million in Wake County,²⁷ \$94 million in Mecklenburg County,²⁸ and \$60 million in Buncombe County.²⁹





Arts Meet Public Values

The N.C. Arts Council is engaged in an ongoing discussion about the public value of the arts in our state. After a series of town meetings, the Arts Council identified a number of ways the arts impact the lives of North Carolinians:

VIBRANT COMMUNITIES

- Active Citizenship
- Access to Variety of Experiences
- Attractive and Distinctive Spaces
- Authenticity and a Sense of Heritage
- Safe Public Gathering Places

PRODUCTIVE NORTH CAROLINIANS

- Healthy Economy
- Skilled, High Performing Workforce
- Lifelong Learning
- Quality Education
- Opportunity to Excel
- Healthy Minds and Bodies



A FREE AND DEMOCRATIC SOCIETY

- Individual Creative Expression
- Our Cultural Legacy
- Cross-Cultural Understanding and Connection to a Wider World
- Public Accountability
- Pursuit of Happiness

There are many stories about the arts and how the arts are integral to these public values. To see some of those stories, go to www.ncarts.org

- ¹ Department of Public Instruction 2002 Rankings, Statistical Research Section, NCDPI July, 2003 Survey; Department of Commerce, NC Film Office, 2002 Direct Revenues; estimate uses comparison ratios based on other state's economic data and NC statistics.
- ² "Economic Impact of Non-Profit Arts Organizations in the State of North Carolina," John A. Walker College of Business, Appalachian State University, 2003.
- ³ *ibid.*, Combined Regions.
- ⁴ *ibid.*
- ⁵ *ibid.*, Survey Results Added Data, Combined Regions.
- ⁶ US Department of Labor, Bureau of Labor Statistics, 2001-Comparison of State Occupational Employment Estimates Based on Arts, Design, Entertainment, Sports and Media Occupations (SOC Code 27-0000).
- ⁷ "Economic Impact of Non-Profit Arts Organizations in the State of North Carolina," John A. Walker College of Business, Appalachian State University, 2003.
- ⁸ *ibid.*, Combined Regions, Average Revenue \$1,093,012.
- ⁹ *ibid.*, Combined Regions, Average Revenue \$1,093,012.
- ¹⁰ National Governors Association, "The Role of the Arts in Economic Development," June, 2001.
- ¹¹ N.C. Arts Council Grant Reports FY 02-03.
- ¹² "Economic Impact of Non-Profit Arts Organizations in the State of North Carolina," John A. Walker College of Business, Appalachian State University, 2003, Combined Regions.
- ¹³ "Arts Funding IV," Foundation Center Report, June, 2003.
- ¹⁴ "Economic Impact of Non-Profit Arts Organizations in the State of North Carolina," John A. Walker College of Business, Appalachian State University, 2003, Combined Regions.
- ¹⁵ "The CODA Survey: The Impact of Crafts on the National Economy," Craft Organization Directors Association, by Appalachian State University, 2001
- ¹⁶ "Economic Impact of Non-Profit Arts Organizations in the State of North Carolina," John A. Walker College of Business, Appalachian State University, 2003, Combined Regions.
- ¹⁷ N.C. Arts Council Grant Reports FY 02-03.
- ¹⁸ Pew Charitable Trusts "The Value of Performing Arts in 5 Communities," Household Survey Data, 2002.
- ¹⁹ "Economic Impact of Non-Profit Arts Organizations in the State of North Carolina," John A. Walker College of Business, Appalachian State University, 2003, Combined Regions.
- ²⁰ *ibid.*, Combined Regions.
- ²¹ N.C. Arts Council Grant Reports FY 02-03.
- ²² Survey of Public Participation in the Arts, 2002, National Endowment for the Arts.
- ²³ "Life Would be Boring Without It": What do Kids Really Think About the Arts?, Harris Interactive, copyright 2003, for the National Assembly of State Arts Agencies.
- ²⁴ Partners in Tourism, July 2003.
- ²⁵ Arts & Economic Prosperity, Americans for the Arts, 2002.
- ²⁶ "The Economic Impact of the Arts in Watauga County, N.C.," John A. Walker College of Business, Appalachian State University, 2003.
- ²⁷ "The Economic Impact of the Arts in Wake County," WESTAF Report, July, 2000.
- ²⁸ "The Economic Impact of the Affiliated Members of the Charlotte Arts and Science Council," 1999-2000
- ²⁹ Arts & Economic Prosperity, Americans for the Arts, 2002.



On the Cover: Justin Patterson in Flat Rock Playhouse's production of "Singing in the Rain" (Photo by Tom Nebia). Pages 2-3: Patrick Kastoff in N.C. Dance Theatre's "Nutmcracker" (photo by Rolland Elliott). Page 5: Robin Follman in Piedmont Opera's production of "Tosca" (Photo by David Reavis). Pages 6-7 (l-r): John C. Campbell Folk School (Photo by Martha Owen), Children's Theatre of Charlotte, N.C. Museum of History. Page 9: First Night Raleigh. Page 11: Robert Mack and Roberta Laws in Opera Carolina's production of "Porgy and Bess" (photo by Jim Schmid). Page 12: Shoppers at Piedmont Craftsmen Gallery. Page 13: (top) N.C. Museum of History, (bottom) Sawtooth Center for Visual Art. Page 15: Docent and tour group at N.C. Museum of Art. Page 16: Southeastern Center for Contemporary Art. Pages 18-19: Brevard Music Center. Pages 20-21: Charlotte Symphony. Page 21: Teapot from exhibition at Mint Museum of Craft + Design. Page 22: N.C. Folk Heritage Award-winner Jerry Wolfe (Photo by Roger Haile). Page 23: Blacksmith at John C. Campbell Folk School.

Methodology

Survey instrument was distributed to 296 non-profit arts organizations selected by the North Carolina Arts Council as representative of groups receiving support from public funds. Numerous types of organizations were surveyed. The data from this target survey group was used to estimate the activity of the 2,468 non-profit arts organizations on the database of the North Carolina Arts Council in November 2002. For additional statistics and information on this study, visit www.ncarts.org

The study was funded by the North Carolina Arts Council.

4,000 copies of this brochure were printed at a cost of .65 cents each in March, 2004.

The North Carolina Arts Council is a division of the Department of Cultural Resources.

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