



2010 Economic Impact Study of Arts and Cultural Organizations in North Texas

Deloitte.

business
council for the
arts uniting commerce and
culture in north texasSM

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I. FOREWORD

For the last several decades, leaders in North Texas have recognized the arts/cultural sector as an important contributor to its ascendancy as one of the most dynamic business regions in the nation.

Since 1990, Deloitte¹ and Business Council for the Arts have partnered on a series of economic impact studies, measuring the contributions of nonprofit arts and cultural organizations to the financial well-being of our community. Each study has, on its own, provided much-needed metrics on which to assess the financial contributions that art/culture make to our economy.

In this 2010 study, Deloitte was again engaged by the Business Council for the Arts (“BCA”) on a pro bono basis to perform a study of the financial significance of the artistic community to the North Texas region. Deloitte developed the survey tool, analyzed the respondent information and produced the statistics contained in this report. The study conforms to methodologies commonly employed to produce economic impact studies and to maintain consistency with our prior studies.

The consistency of these studies over a twenty year period is important to note. Because of this, we have a tool that most cities or regions do not. We can trace the life of the arts against various economic and social factors in the past, and draw lessons for future planning.

We anticipate that some of the benefits of the 2010 study, as in past years, will be to:

- Focus national attention on the scope of cultural activities in the North Texas area,
- Provide data and analysis to assist in planning economic development activities,
- Encourage enhanced financial support for arts and cultural organizations in North Texas by quantifying the economic benefit of arts/cultural financial support.

Both Deloitte and Business Council for the Arts look forward to continuing these studies in tandem and welcome input from the civic, corporate and nonprofit communities for their continued relevance and success in meeting community needs.

¹ As used in this document, “Deloitte” refers to Deloitte Financial Advisory Services LLP (“Deloitte FAS”) which provides financial advisory services, consisting of forensic and dispute, reorganization, valuation, and corporate finance services; and Deloitte & Touche LLP which provides audit and enterprise risk services. These entities are separate subsidiaries of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries.

II. SUMMARY

The 2010 study represents the seventh of its kind, and measures the economic impact of arts and cultural organizations in North Texas in 2007, 2008 and 2009. The impact for all years are based on the data provided by the 87 survey respondents and does not extrapolate beyond that sample. This would imply that our estimates are a lower bound of the overall impact of the industry. Component impact numbers do not necessarily sum to the total due to rounding.

In addition to data for the years 2007 to 2009, this document provides an overview of prior study results over the twenty year period from 1990 to 2009.

2007

The total economic impact of the arts in the North Texas area for the year 2007 was approximately \$998.2 million.

2008

The total economic impact of the arts in the North Texas area for the year 2008 was approximately \$995.3 million.

2009

The total economic impact of the arts in the North Texas area for the year 2009 was approximately \$1.06 billion. In 2009, survey respondents reported:

Approximately 6,000 performances/exhibitions were provided

Over 579,000 school children were provided learning opportunities by regional arts/cultural organizations

Approximately \$68 million was earned through ticket sales, memberships and other activities

Volunteers donated approximately 310,000 hours of services

1990 – 2009

The total aggregated economic impact of the arts in North Texas for the years 1990 – 2009 is approximately \$15 billion, as adjusted for inflation.

III. DESCRIPTION OF THE SURVEY

A questionnaire was designed to survey and capture relevant information associated with the following categories.

- Organization Type
- Primary Geographic Location of Organization
- Attendance and Ticket Results
- Board, Staff and Artist Complement
- Community Outreach and Education Programs
- Operating Income - 2007 through 2009
- Operating Expenses - 2007 through 2009
- Capital Expenses - 2007 through 2009

A link to the online survey was distributed to approximately 540 cultural arts organizations in the North Texas area. Eighty-seven, or approximately 16%, of the organizations surveyed responded. In addition, 31 of the 87 respondents, or 36%, also participated in the 2006 study.

The survey form shown in Appendix A was distributed in March 2010. A major portion of the survey data captured involved detailed operating income, operating expense and capital expense information. The format utilized to capture financial information, was based on the prior Deloitte and BCA survey distributed in 2006.

The economic impacts that were calculated in this study reflect the results from the respondents to the survey only. This study did not extrapolate or impute financial information for the entire population of arts and cultural institutions in North Texas based upon survey responses. As a result, the success of this study is based upon the participation by the arts and cultural organizations in the region.

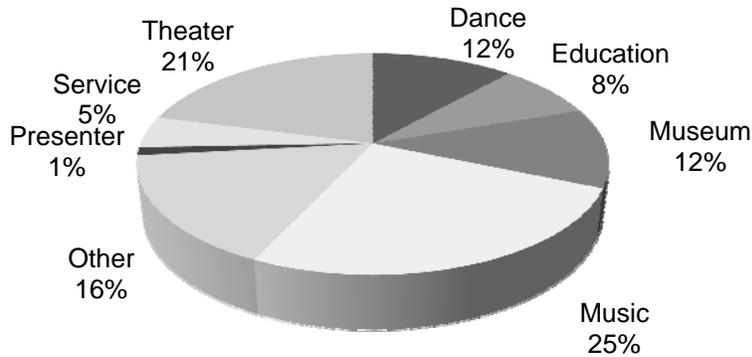
Section XIV, Methodology, contains a detailed description of the assumptions and methodology utilized to derive the three components of each year's study: Direct/Indirect Economic Impact of Operations, Indirect Impact of Audiences and Construction Impact. In addition, each of these economic impacts will be further discussed in the following sections, along with the methods and calculations utilized to obtain each impact estimate.

IV. DESCRIPTION OF RESPONDENTS

Composition of the Respondents by Organizational Type

The composition of the 87 arts and cultural organizations responding to the 2010 Economic Impact Study survey instrument included Music (22); Theater (18); Museum (10); Dance (10); Education (7); Service (4); Presenter (1); and Other (15). The respondent organization types are illustrated in **Figure IV-1** below.

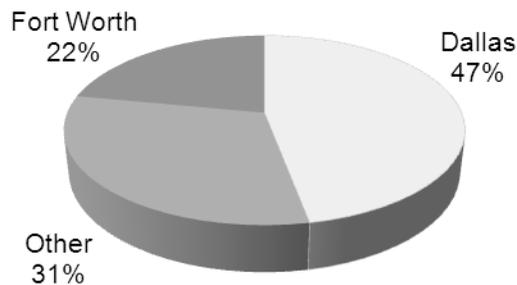
Figure IV-1
Respondents by Organizational Type



Composition of the Respondents by Location

The geographical composition of the respondents to the 2010 Economic Impact Study survey instrument included Dallas (41), Fort Worth (19) and Other North Texas Communities (27). The composition of organizations by geographic location is shown in **Figure IV-2** below.

Figure IV-2
Respondents by Location



V. SURVEY PARTICIPANTS

We wish to thank the following North Texas arts and cultural organizations for their participation. Those that were also a respondent to the 2006 survey are marked (•).

Music (22)

Children's Chorus of Greater Dallas•
Dallas Asian American Youth Orchestra•
Dallas Bach Society
Dallas Symphony Orchestra•
Fine Art Chamber Players•
Fort Worth Opera Association•
Fort Worth Symphony Orchestra Association•
Frisco Community Band
Greater Dallas Youth Orchestra•
Lone Star Wind Orchestra
McKinney Community Concerts Association
MONDO Drummers
Music Conservatory of Texas
New Texas Symphony Orchestra
Note-Ably North Texas Chorus•
Plano Symphony Orchestra•
Schola Cantorum of Texas, Inc.
Sherman Symphony Orchestra
Texas Boys Choir•
Texas Winds Musical Outreach•
The Irving Chorale
Turtle Creek Chorale•

Theater (18)

Amphibian Productions•
Casa Manana•
Dallas Children's Theater•
Dallas Theater Center•
Frisco Children's Theatre
Jubilee Theatre
Kids Who Care, Inc.
Lyric Stage•
Repertory Company Theatre•
Shakespeare Theater
Stage West
The Actors Conservatory Theater
The Dallas Opera
Theatre Britain
Theatre Three•
Trinity Shakespeare Festival
Undermain Theatre
WaterTower Theatre•

Service (4)

Arts Council of Fort Worth & Tarrant County
Business Council for the Arts
Dallas Korean Cultural Foundation
Texas Nonprofit Theaters

Museum/Visual Art (10)

Crow Collection of Asian Art
Dallas Contemporary
Dallas Holocaust Museum/Center for Education and Tolerance
Dallas Museum of Art•
Frontiers of Flight Museum
Heard-Craig Center for the Arts
Modern Art Museum of Fort Worth
Nasher Sculpture Center•
Plano Art Association
The Women's Museum: An Institute for the Future•

Dance (10)

Allen Civic Ballet
Ballet Concerto Inc.
Collin County Ballet Theatre
Contemporary Dance/Fort Worth
Dallas Black Dance Theatre•
Indian Cultural Heritage Foundation
Lake Cities Ballet Theatre
Ollimpaxqui Ballet Co, Inc.
Plano Metropolitan Ballet
Taps n Tunes Productions, Inc.

Presenter (1)

Dallas Chamber Music

Other (15)

Arts of Collin County Commission, Inc.
Arboretum & Botanical Society, Inc•
AT&T Performing Arts Center
Charles W. Eisemann Center for Performing Art
Dallas Film Society
Dallas Storytelling Guild
Denton Handweavers Guild
Fort Worth Classic Guitar Society, DBA Allegro Guitar Society of Dallas
Frisco Association for the Arts
Mesquite Arts Center/Council•
Museum of Nature and Science
North Texas Chapter of the American Theatre Organ Society
North Texas Public Broadcasting, Inc.
Sammons Center for the Arts•
Van Cliburn Foundation, Inc.•

Education/Resource (7)

Big Thought•
Booker T. Washington HSPVA
Creative Arts Center of Dallas
Cultural Center of the Americas
Junior Players•
The Dallas Institute of Humanities and Culture
Visual Arts Society of Texas

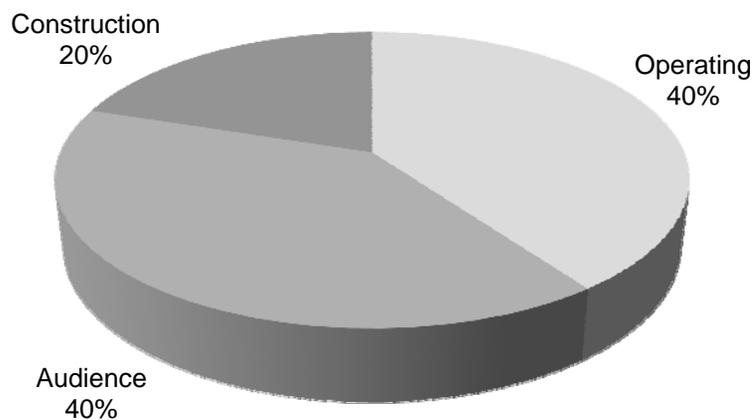
VI. ECONOMIC IMPACT: FISCAL YEAR 2007

During fiscal year 2007, arts and cultural organizations contributed over \$998.2 million in economic impact to the North Texas economy. The total economic impact is comprised of the following components:

Direct/indirect spending impact	\$398.9
Indirect audience spending	404.0
Construction impact	195.4
Total fiscal year 2007 economic impact	<u>\$998.2</u>

Figure VI-1 depicts the percentage contribution of the three components of economic impact by the arts and cultural organizations in the North Texas region.

**Figure VI-1
2007 Total Economic Impact
Percentage Contribution by Component
(Total \$998.2 Million)**



Direct/Indirect Spending Impact Fiscal Year 2007: \$398.9 Million

The arts, as represented by the 87 arts and cultural organizations responding to the survey, have a significant impact on the North Texas economy. Operating data regarding the amount spent by arts and cultural organizations during fiscal year 2007 for personnel, as well as other operating expenses, was collected utilizing a standard survey format. A summary of these direct operating expenses for fiscal year 2007 is detailed in **Table VI-2**.

Operating Expense	Amount
Personnel	\$ 76.3
Other operating expenses	\$105.2
Direct expenses	<u>\$181.5</u>

Direct spending in the North Texas area totaled \$181.5 million in fiscal year 2007. Indirect spending occurs as an extension of direct expenditures and consists of items such as personnel wage expenditures and vendor purchases of goods and services within the North Texas region. In order to calculate the economic impact from direct organizational spending, a multiplier is applied to the total operating expenses reported by the survey respondents. The multiplier captures the responding effects that occur in the economy as a result of initial spending. The economic multipliers applicable to expenditures made by North Texas arts and cultural organizations were provided by the IMPLAN Group, a Minnesota-based supplier of economic information.

The multiplier utilized in calculating the economic impact from direct operating expenses of North Texas arts and cultural organizations was selected by cross-referencing Standard Industrial Classification (SIC) codes to the IMPLAN model. The multiplier chosen was that for Performing Arts Companies. Utilizing the economic multiplier (2.2) and the expenses of the 87 organizational responses, the calculation of the economic impact derived from direct and indirect operating expenses is shown in **Table VI-3**.

Table VI-3
Economic Impact of Direct/Indirect Operating Expenses
Fiscal Year 2007

Total direct expenses of arts and cultural organizations	\$181.5 MM
Multiplier effect	2.2
Total economic impact of arts and cultural organizations from direct/indirect operating expenses (fiscal year 2007)	\$398.9 MM

Indirect Audience Spending Fiscal Year 2007: \$404.0 Million

Indirect audience spending occurs when attendees of arts events purchase meals, refreshments, parking, transportation, and other related goods and services over and above the cost of admission. In order to calculate indirect audience spending impacts in past studies, we have relied on the primary research of studies conducted in other cities that have quantified the ancillary spending habits of arts patrons through extensive primary research. For purposes of consistency, we have again utilized these results with appropriate adjustment made for Consumer Price Index (CPI) increases. The baseline for audience spending comes from a 1990 study conducted by Arts Market, Inc., a Montana-based consulting firm, for the Cultural Arts Council of Houston (CACH). The consulting firm concluded that ancillary spending of audiences amounted to \$14 per person among Houston residents paying for admissions to events and a great deal more in the case of attendees from out-of-town. No statistics were available for free admissions. The Houston study, therefore, used \$14 per paid attendee, although CACH states in the report that this figure is likely to prove extremely conservative.

In order to calculate the 2007 ancillary spending per patron, the 1990 figure of \$14 was adjusted for Consumer Price Index (CPI) increases for Dallas-Fort Worth as compiled by the U.S. Bureau of Labor Statistics. The resulting 2007 ancillary spending per patron was calculated to be \$21.63. The economic multiplier applicable to indirect audience spending was provided by the IMPLAN Group as well. In the case of ancillary spending by arts patrons, the multiplier of 2.07 was derived by using the multiplier for Other Amusement and Recreation Industries.

In addition to calculating the ancillary spending per patron, we imputed the number of patrons attending arts and cultural events in 2007. Respondents to the 2010 survey generally reported audience figures for the 2009 fiscal year. Therefore, these audience figures had to be adjusted to 2007 levels. The adjustments were made by deflating the reported attendance figures for 2009 by a factor related to earned income. Essentially, the

2009 attendance figures were adjusted down based on the lower levels of earned income for 2007.

The resulting calculation of the \$404 million economic impact from indirect audience spending is shown in **Table VI-4**.

Estimated total admissions	9,005,100
Estimated nonticket expenses	\$21.63
Total nonticket expenses	\$194.75 MM
Multiplier	2.07
Total fiscal year 2007 indirect spending economic impact	\$404.0 MM

Construction Impact Fiscal Year 2007: \$195.4 Million

During fiscal year 2007, 87 arts and cultural organizations in the North Texas region reported \$109.6 million in capital expenditures. This amount consists of both construction of new facilities as well as additions or renovations of existing facilities.

In the case of economic impact due to construction expenditures, it is also important to consider that some of the expenditures for materials and labor utilized in the construction of arts facilities will not directly benefit firms and individuals in the North Texas region. The amounts accruing to entities outside the North Texas region will also logically be different for the materials component of construction as compared to the labor component. Therefore, specific assumptions were made regarding the content of materials and labor involved in arts-related construction and the amount of “leakage” to entities outside the region. Utilizing estimates from the previous studies conducted by Deloitte, the following assumptions are used in the calculation of the economic impact due to construction:

- Forty percent (40%) of construction expenditures are for labor, of which 95% of these expenditures accrue to individuals living in the North Texas region.
- Sixty percent (60%) of construction expenditures are for materials, of which 85% of these expenditures accrue to firms based in the North Texas region.

As shown in **Table VI-5** applying the multiplier effect detailed above to the reported construction expenditures of arts and cultural organizations in the North Texas region yields a \$195.4 million economic impact from construction expenditures in 2007.

Total construction	\$109.6 MM
Labor component (40%)	\$43.86 MM
% North Texas labor	95%
Net labor expenditures	\$41.67 MM
Materials component (60%)	\$65.78 MM
% North Texas materials	85%
Net materials expenditures	\$55.92 MM
Net construction expenditures	\$97.58 MM
Construction multiplier	2.00
Total fiscal year 2007 construction economic impact	\$195.4 MM

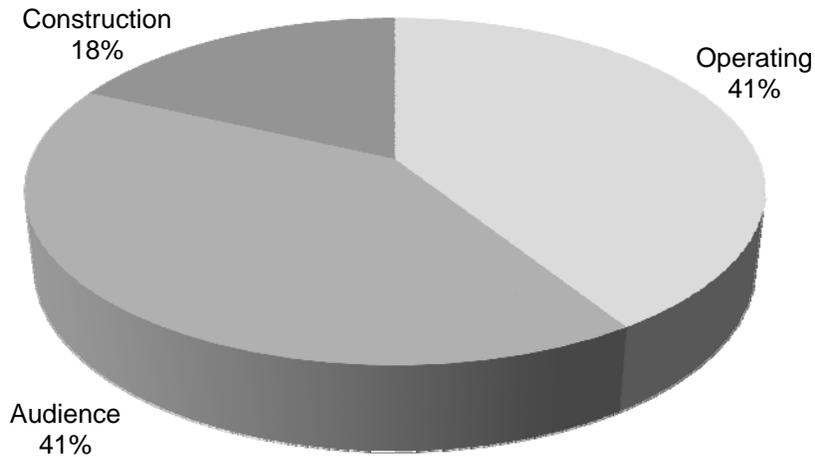
VII. ECONOMIC IMPACT: FISCAL YEAR 2008

During fiscal year 2008, arts and cultural organizations contributed over \$995.3 million in economic impact to the North Texas economy. The total economic impact is comprised of the following components:

Table VII-1 Total Economic Impact - Fiscal Year 2008 (\$ Millions)	
Direct/indirect operating expense impact	\$412.3
Indirect audience impact	403.5
Construction impact	179.6
Total fiscal year 2008 economic impact	\$995.3

Figure VII-1 depicts the percentage contribution of the three components of economic impact by the arts and cultural organizations in the North Texas region.

**Figure VII-1
2008 Total Economic Impact
Percentage Contribution by Component
(Total \$995.3 Million)**



Direct/Indirect Spending Impact Fiscal Year 2008: \$412.3 Million

This category represents the economic impact accruing to the North Texas area as arts and cultural organizations expend dollars on personnel and other operating expenses, and in turn, as personnel use their wages and vendors use their receipts to purchase goods and services. North Texas arts and cultural organizations reported total operating expenses of \$187.6 million in fiscal year 2008. Utilizing similar methodology in calculating the direct/indirect economic impacts of operating expenses for 2007 and the applicable economic multiplier of 2.20 yields an economic impact of \$412.3 million.

Indirect Audience Spending Fiscal Year 2008: \$403.5 Million

In order to estimate the indirect audience spending figures for 2008, attendance figures reported by respondents were used. Attendance reported by the 87 respondents totaled 8,612,530 in 2008. Utilizing the same methodology as described earlier and assuming a nonticket expense of \$22.58 and a multiplier of 2.07, the 2008 indirect audience spending impact is \$403.5 million.

Construction Impact Fiscal Year 2008: \$179.6 Million

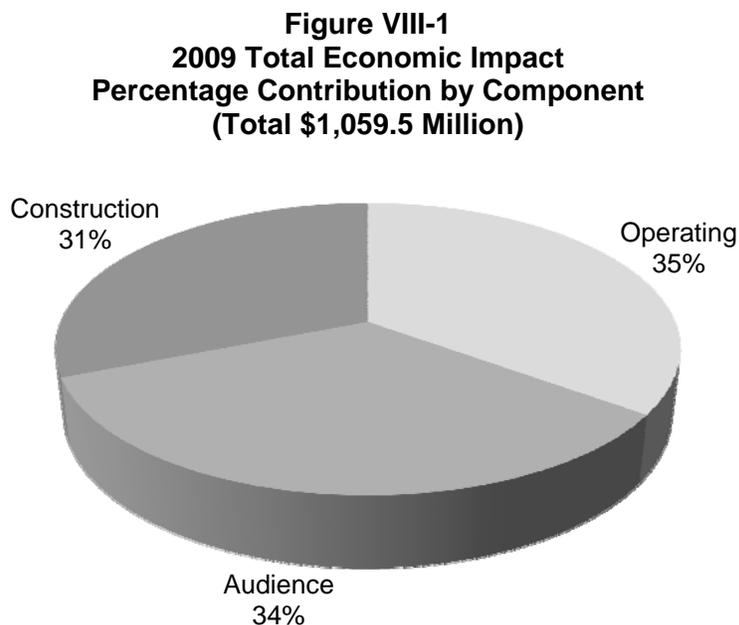
This amount represents the capital expenditures of arts and cultural organizations for improving/expanding existing facilities, as well as the expenditures associated with constructing new facilities, and the resulting economic impact related to those expenditures. During the 2008 fiscal year, North Texas arts and cultural organizations spent a total of \$100.8 million, either to make renovations to existing facilities or to construct new facilities. Utilizing the previously defined assumptions for labor and materials components and "leakage" factors, and the appropriate construction economic multiplier of 2.00, the economic impact from construction in fiscal year 2008 is \$179.6 million.

VIII. ECONOMIC IMPACT: FISCAL YEAR 2009

During fiscal year 2009, arts and cultural organizations contributed over \$1.060 billion in economic impact to the North Texas economy. The total economic impact is comprised of the following components:

Table VIII-1 Total Economic Impact - Fiscal Year 2009 (\$ Millions)	
Direct/indirect operating expense impact	\$ 372.5
Indirect audience impact	361.7
Construction impact	325.4
Total fiscal year 2009 economic impact	\$1,059.5

Figure VIII-1 depicts the percentage contribution of the three components of economic impact by the arts and cultural organizations in the North Texas region.



Direct/Indirect Spending Impact Fiscal Year 2009: \$372.5 Million

This category represents the economic impact accruing to the North Texas area as arts and cultural organizations expend dollars on personnel and other operating expenses, and in turn, as personnel use their wages and vendors use their receipts to purchase goods and services. North Texas arts and cultural organizations reported total operating expenses of \$169.5 million in fiscal year 2009. Utilizing similar methodology in calculating the direct/indirect economic impacts of operating expenses for 2007 and the applicable economic multiplier of 2.20 yields an economic impact of \$372.5 million.

Indirect Audience Spending Fiscal Year 2009: \$361.7 Million

In order to estimate the indirect audience spending figures for 2009, attendance figures reported by respondents were used. Attendance reported by the 87 respondents totaled 7,768,627 in 2009. Utilizing the same methodology as described earlier and assuming a nonticket expense of \$22.44 and a multiplier of 2.07, the 2009 indirect audience spending impact is \$361.7 million.

Construction Impact Fiscal Year 2009: \$325.4 Million

This amount represents the capital expenditures of arts and cultural organizations for improving/expanding existing facilities, as well as the expenditures associated with constructing new facilities, and the resulting economic impact related to those expenditures. During the 2009 fiscal year, North Texas arts and cultural organizations spent a total of \$182.6 million, either to make renovations to existing facilities or to construct new facilities. Utilizing the previously defined assumptions for labor and materials components and "leakage" factors, and the appropriate construction economic multiplier of 2.00, the economic impact from construction in fiscal year 2009 is \$325.4 million.

IX. SCOPE OF ACTIVITIES OF RESPONDENTS IN 2009

The 2010 Economic Impact Study survey instrument also provided various other data. In total, the 87 responding arts organizations:

- Provided approximately 6,000 performances/exhibitions and approximately 23,000 audience opportunities to the North Texas area.
- Achieved a level of more than 7.8 million admissions to their performances/exhibitions, of which approximately 22% were free or reduced-price admissions.
- Provided learning opportunities to over 579,000 school children in North Texas.
- Expended \$170 million for direct personnel and operating expenses.
- Achieved a total income level of \$189 million, of which \$68 million, or 36%, was earned through ticket sales, memberships and other activities.
- Had total capital expenditures of \$110 million for 2007, \$101 million for 2008, and \$183 million for 2009.
- Employed more than 1,300 full-time personnel.
- Provided contract employment for approximately 3,700 individuals.
- Were represented by approximately 2,000 board members in the area.
- Benefited from approximately 310,000 volunteer hours from the citizens of North Texas.

X. ECONOMIC IMPACT COMPARISON: 2007, 2008, 2009

The economic impacts calculated for 2007 through 2009 show the sustained level of performance and economic impact of arts and cultural organizations in North Texas. Of particular importance is the increase in capital construction projects throughout the study. This is due to several projects ongoing in the Dallas Arts District. The following chart, **Figure X-1**, and supporting **Table X-1**, shows a comparison of the economic impacts of North Texas arts and cultural organizations for fiscal years 2007, 2008 and 2009.

Figure X-1
Total Economic Impact by Category
Fiscal Years 2007, 2008 and 2009
(\$ Millions)

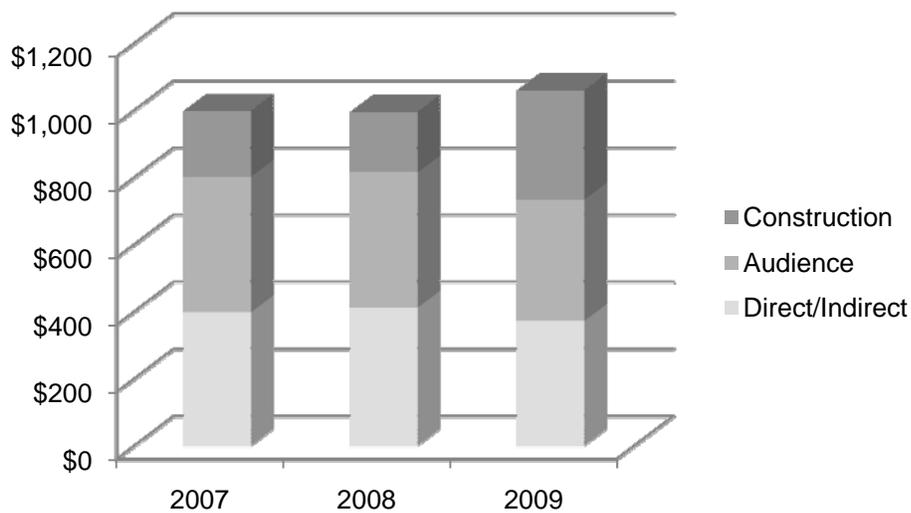
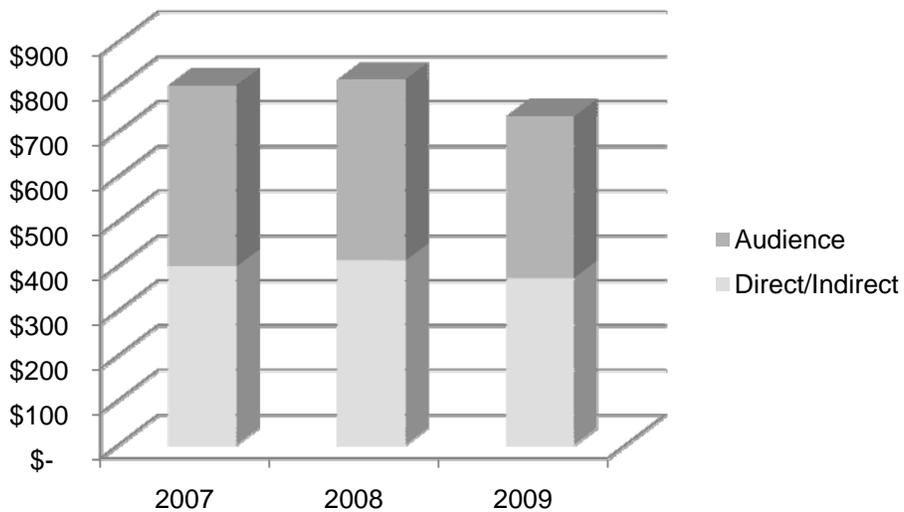


Table X-1
Total Economic Impact - Fiscal Years 2007, 2008, 2009
(\$ Millions)

Category	2007	2008	2009	07-08 Increase/ Decrease	08-09 Increase/ Decrease
Direct/Indirect	\$398.9	\$412.3	\$372.5	3.4%	-9.7%
Audience	\$404.0	\$403.5	\$361.7	-0.1%	-10.4%
Construction	\$195.4	\$179.6	\$325.4	-8.1%	81.2%
Total	\$998.2	\$995.3	\$1,059.5	-0.3%	6.5%

The following chart, **Figure X-2**, shows a comparison of the economic impacts related to the ongoing operations of North Texas arts and cultural organizations for fiscal years 2007, 2008 and 2009. As the chart demonstrates, the economic impacts of operations (direct/indirect and audience) continues to be robust. When compared to the operating impacts calculated in past studies, the documented economic impacts of arts and cultural organizations have grown significantly in the past 15 years from approximately \$400 million in 1994 to over \$734 million in 2009. This is due both to increased participation from organizations in North Texas and overall growth in the operating budgets and attendance figures for participants. However, due to the economic downturn experienced in this period, operations have actually reduced by \$16 million since 2006.

Figure X-2
Ongoing Economic Impact by Category
Fiscal Years 2007, 2008, 2009
(\$ Millions)

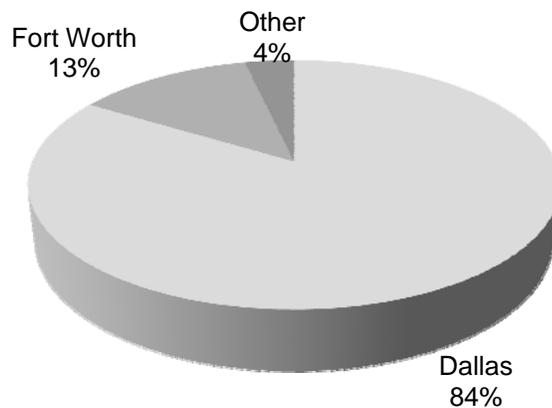


XI. ECONOMIC IMPACT BY LOCATION: FISCAL YEARS 2007, 2008, 2009

This section of the study provides detail on the economic impact of each arts and cultural organization by location. The methodology described in the previous sections of this study is also utilized for this presentation of the results. Therefore, a detailed discussion of the methodology utilized and calculations performed is not presented in this section.

As **Figure XI-1** indicates, the majority of the economic impact calculated for fiscal year 2007 was attributable to arts and cultural organizations in the City of Dallas (84%). Organizations within Dallas accounted for approximately \$834.8 million of the calculated economic impact for fiscal year 2007. Given the composition of the respondents from the City of Dallas, this figure appears to be an accurate reflection of the economic impact of arts and cultural organizations in the City during fiscal year 2007.

Figure XI-1
2007 Economic Impact
Percentage Contribution by Geographic Location
(Total \$998.2 Million)



The economic impact figures for Fort Worth (\$127.8 million) and Other Communities (\$35.6 million), however, are probably understated. Although this year's study captured a larger number of significant Fort Worth-based organizations, there is still a gap in the participant population from Fort Worth. These gaps in the respondent population lead to an understatement of the Fort Worth economic impact calculated for fiscal year 2007 and subsequent years. The economic impact calculated for Other Communities suffers from a similar data gap.

The calculated economic impact for North Texas communities in this study shows a significant increase from the previous study. This shift is due to higher capital construction activity in Dallas in 2007 that continues through 2009. The bulk of this activity is associated with the Dallas Museum of Nature and Science, AT&T Performing Arts Center, Dallas Arboretum, and Booker T. Washington High School for the Performing and Visual Arts.

Based upon the percentage contribution of each community to the total economic impact calculated for fiscal year 2008 (as depicted in **Figure XI-2**), the economic impacts for each community were: Dallas - \$823.1 million, Fort Worth - \$140.1, Other Communities - \$32.1

As in the discussion of the 2007 calculated economic impacts by geographic location, reservations must be expressed over the City of Fort Worth and Other Communities figures due to gaps in respondent financial information.

Figure XI-2
2008 Economic Impact
Percentage Contribution by Geographic Location
(Total \$995.3 Million)

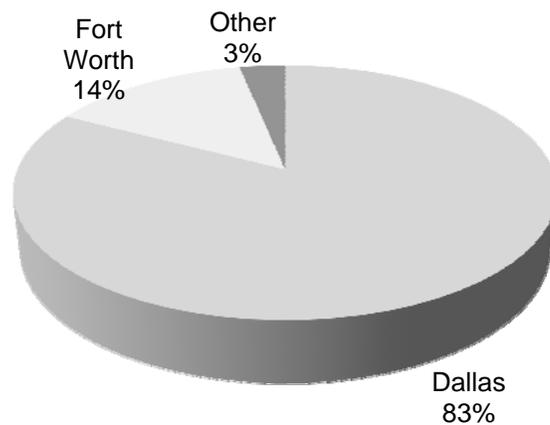
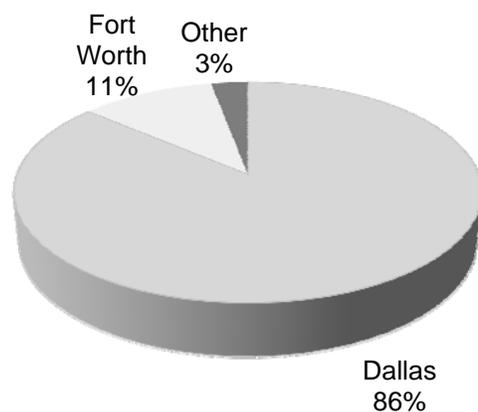


Figure XI-3 presents the percentage contribution of organizations by geographic location to the total economic impact for fiscal year 2009. The relative percentages of each geographic cluster of organizations show slight changes from 2008 to 2009. The majority of this change was due to significant construction in the Dallas Arts district during 2009.

Figure XI-3
2009 Economic Impact
Percentage Contribution by Geographic Location
(Total \$1,059.5 Million)



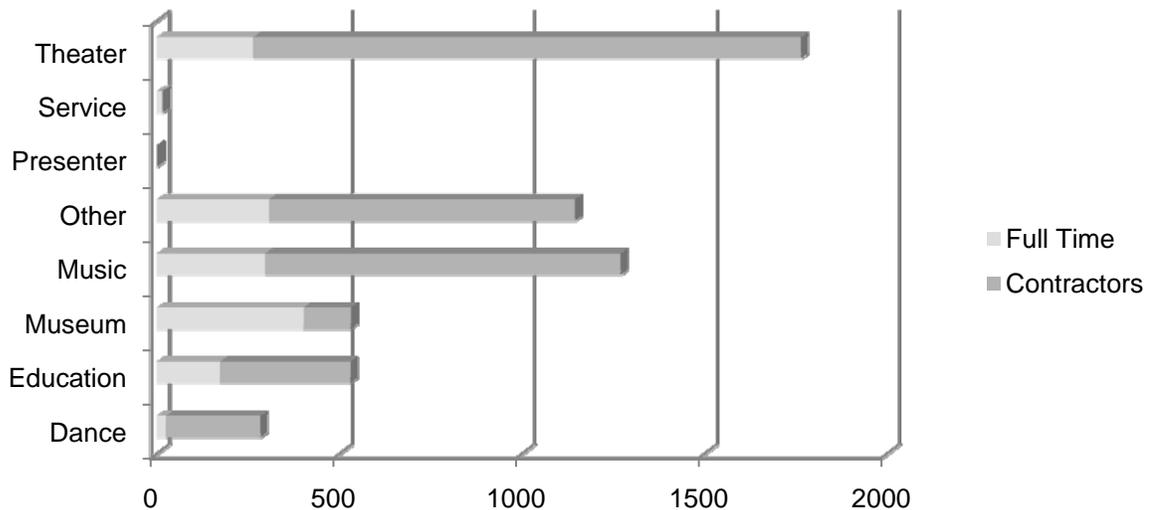
XII. EMPLOYMENT IMPACTS: FISCAL YEARS 2007, 2008, 2009

North Texas arts and cultural organizations affect employment in the region in two ways. They are significant employers of personnel in every facet of operations, including artistic personnel, administrators, technicians, tradesmen and craftsmen. However, the total employment impact of arts and cultural organizations is much greater than the impact of direct employment. The total impact can be assessed through an examination of the amount of employment that occurs when an organization or its patrons spend monies that create employment in other industries. The following two subsections will discuss both the direct and total employment impact of North Texas arts and cultural organizations.

Direct Employment Impact

The 87 North Texas arts and cultural organizations responding to the survey employ 1,483 personnel on a full-time basis. In addition, they directly utilize 4,062 independent contractors. **Figure XII-1** depicts the direct employment impact by organization type.

Figure XII-1
Direct Employment Impact by Organization Type
Employee Information
Fiscal Year 2009



Volunteerism

In addition to the paid personnel and independent contractors, volunteers donated over 310,000 hours of their time during 2009. This is the equivalent of over 149 individuals each donating an entire year to arts and cultural organizations in the North Texas region.

Volunteer hours and value are not reflected in Deloitte's estimates of employment economic impact figures. This information has been included solely to further highlight citizen involvement in North Texas arts/cultural organizations.

Additionally, 2,190 individuals served as directors or trustees of organizations in the North Texas region.

Total Employment Impact

In the same manner that construction, direct spending for personnel and operations expenses, and indirect audience expenditures have a wider impact upon the local, state and regional economies, these expenditures of North Texas arts and cultural organizations also have an impact upon employment in the region. Construction firms receiving contracts to build and renovate North Texas arts facilities hire personnel to accomplish the task. Vendors receiving contracts for materials and supplies used in both the construction and delivery of arts programs are also able to employ persons to fill these orders. These people, in turn, spend a portion of their income in the North Texas economy, allowing for the employment of additional persons (i.e., the respending effect).

The IMPLAN Group calculates employment multipliers for various industry segments in much the same way as it calculates economic multipliers. The IMPLAN Group provides the employment impact of each \$1 million expenditure of a particular industry segment and the resulting "ripple effect," termed employment impact, throughout the remainder of the economy. For example, the applicable construction employment multiple provided by the IMPLAN Group is 12.4 for arts and cultural organizations' construction expenditures. This indicates that each \$1 million expended in the construction or expansion of North Texas arts facilities makes the employment of 12.4 full-time equivalent (FTE) persons in the economy possible. Utilizing the employment multiples provided by the IMPLAN Group model and a similar methodology as that utilized in the calculation of economic impacts, we may calculate the employment impact of arts and cultural organizations as follows.

Direct Spending Employment Impact

During fiscal year 2007, North Texas arts and cultural organizations spent a total of \$182 million for personnel and other operating expenses. Additionally, North Texas arts and cultural organizations spent \$188 million in 2008 and another \$170 million for similar expenses in fiscal year 2009.

Utilizing the appropriate IMPLAN Group employment multiplier of 48.3 jobs per \$1 million of expenses for North Texas arts and cultural organizations yields the following employment impacts of operating expenses:

Year	# of FTE's
2007	8,791
2008	9,080
2009	8,211

Indirect Audience Spending Fiscal Years 2007, 2008, 2009

During fiscal year 2007, attendees of North Texas arts functions spent an estimated \$195 million for meals, refreshments, parking, transportation and other related goods in conjunction with their attendance at arts events. Further, attendees spent an estimated \$194 million in 2008 and an additional \$174 million on similar items in fiscal year 2009. Utilizing the IMPLAN Group employment multiplier of 14.5 for amusements and recreation yields the following employment impacts of indirect audience spending:

Year	# of FTE's
2007	2,827
2008	2,813
2009	2,523

Construction Employment Impact Fiscal Years 2007, 2008, 2009

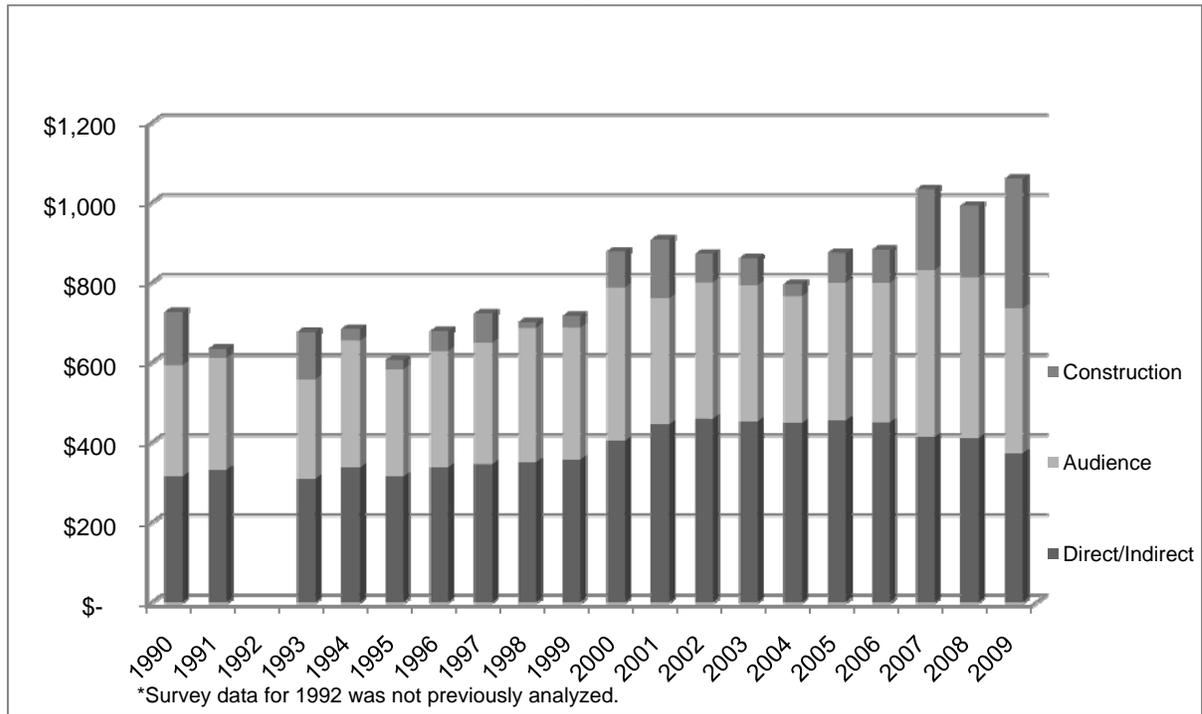
For fiscal year 2007, construction expenditures of North Texas arts and cultural organizations totaled \$98 million after allowing for the appropriate “leakage” of materials and supplies to non-North Texas entities. In fiscal years 2008 and 2009, arts and cultural organizations spent \$90 million and \$162 million respectively in net local construction expenditures after leakage. Utilizing the appropriate IMPLAN Group employment multiplier of 12.4 yields the following employment impacts of construction:

Year	# of FTE's
2007	1,215
2008	1,116
2009	2,009

XIII. OVERVIEW OF TOTAL ECONOMIC IMPACT 1990 – 2009

The 2010 Economic Economic Impact Study represents the seventh of its kind. Our published studies provide an overview of the total economic impact of the arts in North Texas during the twenty-year period 1990 to 2009, as summarized in Figure XIII-1 below. Historical figures have been adjusted for inflation to 2009 dollar values. As reflected below, the total aggregated economic impact of the arts in North Texas for the years 1990 to 2009 is approximately \$15 billion, as adjusted for inflation:

Figure XIII-1
Overview of Total Economic Impact – 1990 to 2009
(\$ in millions, adjusted for inflation)



XIV. METHODOLOGY

Base Period for Analysis

The financial information presented in this study relates to three discrete periods—2007, 2008 and 2009. For all operating information received relative to performances, attendance, staff complement, etc., the information presented in this study reflects the arts organizations' last fiscal year, 2009. Most of the fiscal year-ends occurred in the months of June, September or December.

Respondent Results

As noted earlier, survey forms were mailed to approximately 540 nonprofit arts and cultural organizations in the North Texas area, including Dallas, Tarrant, Collin, Denton and Ellis and other counties. The survey response rate was approximately 16%, with 87 responses in usable form. The total number of responding organizations is similar to that of prior studies. In some instances, follow-up or clarification telephone questions were asked to maximize responses and perform data verification. Care was taken to ensure that all large arts and cultural organizations responded to the survey. To the extent that a number of smaller organizations are not represented, the economic impact estimated in this study is a conservative estimate of the true impact.

Caveats

Finally, survey forms were also sent to academic institutions, such as universities and community colleges. It may be argued that the financial funding from these organizations is a function of tuition and/or other educational support programs outside the realm of the arts and cultural funding addressed in this study. However, information related to arts programs only was included in the financial results compiled in this study. The focus of the study was to concentrate on information received from those organizations whose primary intent is to serve as an arts or cultural institution, with their function as an educator secondary. The qualitative information provided by these institutions has been incorporated in the results of this study, as the BCA considers these entities extremely important in advancing the cultural and artistic appreciation of the North Texas community.

Data Applications and Analyses

A database application was developed to capture and report on all data received and input. Reports were designed and cross tabulations formulated to aggregate data at a level appropriate for comparative analyses. Reports and cross tabulations were also designed to capture and aggregate respondent information at the individual organization category level.

The database application was designed to provide the BCA with a high level of flexibility, including the ability to break out or categorize additional information by location, income or expense level, or other major classifications that may be useful for future use by the respondents.

Ongoing Economic Impact Due To Direct/Indirect Expenditures and Indirect Audience Expenditures

Operations of North Texas arts and cultural organizations have a significant direct economic impact upon the local, state and regional economies of which they are a part. They make the employment of thousands of individuals possible on a full-time, part-time and contract labor basis. They also directly provide expenditures of millions of dollars to vendors in the delivery of arts programs in the region. In addition, attendees of arts programs sponsored by North Texas arts and cultural organizations also create substantial economic benefits in the form of ancillary spending on meals, refreshments, transportation, parking, etc.

As a consequence, the functioning of these organizations has a much greater economic impact upon the economy, which extends beyond their direct operational expenses and audience expenses. Persons employed by arts and cultural organizations spend a portion of their salaries on goods and services produced in the region, providing opportunities to businesses in the North Texas area for the production of those goods and services. Vendors in the North Texas region receiving contracts for materials and supplies used in the delivery of arts and cultural programs employ individuals to fill these orders and spend a portion of their revenues to purchase goods and services from suppliers. Vendors providing attendees of North Texas arts programs with meals, refreshments, transportation, parking, etc., are likewise employers and consumers of supplies from yet other organizations. In this manner, the initial spending by North Texas arts and cultural organizations and their patrons leads to third, fourth and additional transactions.

The flow of related expenditures, however, does not continue indefinitely. Expenditure "leakage" occurs when recipients pay taxes, spend income on goods and services outside of the local economy, and invest earnings into savings. This halts the process of continual expenditure flows, ending the respending effect. The manner in which initial revenue streams are distributed throughout the economy and initiate further economic activity is termed the "multiplier effect." Further detail on the calculation of the total economic impact of North Texas arts and cultural organization direct and indirect audience expenses is contained in Section VI, Economic Impact - Fiscal Year 2007.

Based upon data provided by the IMPLAN Group of Minnesota, this analysis utilizes a gross multiplier of 2.20 for direct spending by North Texas arts and cultural organizations and 2.07 for indirect audience spending.

One-Time Economic Impact Due to Construction

In much the same manner as direct operational spending and indirect audience spending lead to further economic impacts, the construction of a major public facility has an impact on the local, state and regional economies. Activities such as construction increase employment for those working directly on the construction project as well as for those firms that supply construction materials. These people, in turn, spend a portion of their income in the local economy. This cycle eventually leads to third, fourth and additional transactions as the initial revenue streams are disbursed throughout the local economy.

However, in the case of construction expenditures, it is necessary to make additional adjustments to account for economic impacts which will not likely directly accrue to the North Texas region. Following our earlier study, we assume that 40% of construction expenditures are for labor and 60% are for materials. We further assume that 95% of labor expenditures are to individuals living in the North Texas region and 85% of material expenditures accrue to firms based in the North Texas region.

To project the total economic impact due to construction, a gross multiplier of 2.00 provided by the IMPLAN Group has been utilized.

Appendix A

Sample Survey



2010 Economic Impact Study of Nonprofit Arts and Cultural Organizations in North Texas

Welcome to 2010 Economic Impact Survey. All financial information will be held in confidence. It will be used only to develop basic information on programs and activities of organizations and to collect detailed information on income and expenditures needed for the calculation of economic impacts on the North Texas economy. The information will be used only for the purposes of this study and will be published in statistical aggregates that will not permit the identification of any individual organization.

Organization

Organization name:

Address:

City:

Zip code:

County:

Person completing survey

Name:

Title:

Phone:

Format: (999)999-9999

E-mail address:

Which category best describes this organization? (For help with the categories, see [definitions.](#))

- Museum/Visual Art
- Music
- Theater
- Dance
- Service
- Presenter
- Special Event
- Education/Resource
- Other

If you selected other, please specify:

Where is the primary location of your organization?

- Dallas
- Fort Worth
- Collin County
- Other

If you selected other, please specify:

End date of your organization's last fiscal year:

Format: YYYY-MM-DD

Note: Unless specified otherwise, please answer all questions on the basis of your organization's last fiscal year. If a question is not applicable to your organization, please write "N/A" in the space provided.

Attendance:

1. How many performances did your organization hold?

1a. If you don't hold "performances," how many audience opportunities (i.e., exhibit days, number of classes, workshops held, etc.) did your organization hold?

2. How many paid (full price) admissions did your organization record?

3. How many free or reduced-price admissions did your organization record?

4. What is your average full ticket price?

\$

5. If discounts are offered, what is the average percentage of discount given on a full price ticket?

%

6. What percentage of your visitors are from (include estimates, if you do not specifically track this information):

From the North Texas	<input type="text"/>	%
area: Other Texas	<input type="text"/>	%
residents: Other U.S.	<input type="text"/>	%
	<input type="text"/>	%

Board, Staff and Programs:

7. How many full-time paid employees did your organization employ?

8. How many independent contractors did your organization employ? (exclusive of above)

9. If you employed artists or performers, what percentage of them are:

Local (North Texas):	<input type="text"/>	%
Outside of North Texas	<input type="text"/>	%

10. How many volunteer hours (excluding time of board members) did individuals contribute to your organization? (ushers, clerical, tour guides, etc.)

11. How many board members or directors does your organization have currently?

12. What types of community outreach programs does your organization operate? (select all that apply)

- Youth
- Geographically Isolated Communities
- Institutionalized Audiences
- Other

If you selected other, please specify:

13. Is your organization involved with local school districts in developing arts-related curricula or programs for educational purposes?

- Yes No

14. If you hold free performances for school children, how many performances/presentations did your organization hold for educational purposes?

15. How many school children attended free performances held for educational purposes?

Income, Expenses and Capital Improvements:

- Please itemize your operating income sources as indicated below.
- Do not include revenue/expenses associated with in-kind contributions.
- Round off all figures to the nearest dollar.
- For Definitions pertaining to this form click [here](#).

Actual FY 2007

I. Operating Revenue/Income:

- A. Contributed Revenue and Other Support
 \$
- B. Earned Income (Net of expenses)
 \$

II. Operating Expenses:

- E. Personnel Expenses (Operating)
 \$
- F. Other Operating Expenses
 \$
- G. Total Operating Expenses [D+E]
 \$
- H. Surplus/Shortfall [C-F]
 \$

III. Capital Improvements:

- D. Total Capital Improvement (Contributions,
 \$
 Grants and Other Income)
 Capital Expenses - Existing Facilities \$

J. Capital Expenses - New Facilities \$

K. Total Capital Expenses [I+J]

Income, Expenses and Capital Improvements:

- Please itemize your operating income sources as indicated below.
- Do not include revenue/expenses associated with in-kind contributions.
- Round off all figures to the nearest dollar.
- For Definitions pertaining to this form click [here](#).

Actual FY 2008

I. Operating Revenue/Income:

A. Contributed Revenue and Other Support
 \$

B. Earned Income (Net of expenses)
 \$

II. Operating Expenses:

F. Personnel Expenses (Operating)
 \$

G. Other Operating Expenses
 \$

D. Total Operating Expenses [D+E]
 \$

E. Surplus/Shortfall [C-F]
 \$

III. Capital Improvements:

H. Total Capital Improvement (Contributions, Grants and Other Income) \$

I. Capital Expenses - Existing Facilities \$

J. Capital Expenses - New Facilities \$

K. Total Capital Expenses [I+J] \$

Income, Expenses and Capital Improvements:

- Please itemize your operating income sources as indicated below.
- Do not include revenue/expenses associated with in-kind contributions.
- Round off all figures to the nearest dollar.
- For Definitions pertaining to this form click [here](#).

Actual FY 2009

I. Operating Revenue/Income:

A. Contributed Revenue and Other Support
 \$

B. Earned Income (Net of expenses)

\$

II. Operating Expenses:

D. Personnel Expenses (Operating) \$

E. Other Operating Expenses

\$

Survey Definitions

F. Total Operating Expenses [D+E] \$

G. Surplus/Shortfall [C-F]

\$

for Economic Impact Study

of Arts and Cultural Organizations in
North Texas

III. Capital Improvements:

H. Total Capital Improvement (Contributions, Grants and Other Income) \$

I. Capital Expenses - Existing Facilities

\$

J. Capital Expenses - New Facilities

\$

K. Total Capital Expenses [I+J]

\$

Submit



100%

[Deloitte Survey Privacy Notice](#)

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Business Council for the Arts

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Examples of Organization Categories

Museum/Visual Arts

Kimbell Art Museum

Dallas Center for Contemporary Art

Music

Dallas Wind Symphony

Fort Worth Opera Association

Presenter

Granville Arts Center

TITAS

Service

Business Council for the Arts

Mesquite Arts Council

Education/Resources

UNT, College of Music

Big Thought

Dance

Dallas Black Dance Theater

Anita N. Martinez Ballet Folkorico

Other

Dallas Arboretum

Fort Worth Zoological Association

Theater

Casa Manana Musicals, Inc.

Water Tower Theatre

Revenue/Income, Expense and Capital Improvements Definitions

Contributed Revenue and Other Support (Operating): Includes restricted and unrestricted contributions/donations, government grants, and other contributed resources from private individuals, foundations, etc. **DO NOT INCLUDE REVENUES FROM IN-KIND DONATIONS.** In-kind revenue should be excluded since it does not contribute to impacts in the economy.

Earned Income (Operating): Includes income produced as a result of the sale of goods, services, etc. This category includes income from ticket sales, tuition, workshop fees, retail sales, rentals, memberships, interest and investment income, etc. Earned income should be presented net of expenses (i.e., the excess of revenues over expenses).

Personnel Expenses (Operating): Includes the total cost of salaries, wages and benefits for full-time and part-time employees (contracted services costs should be included in Other Operating Expenses).

Other Operating Expenses: Includes all other Operating expenses including supplies and materials, contracted services, facilities rental costs, utilities, marketing/promotions, travel, etc. **DO NOT INCLUDE CAPITAL CONSTRUCTION EXPENSES IN THIS CATEGORY.**

Capital Improvement Contributions, Grants and Other Income: Includes all revenues and contributions in support of capital facilities improvements, expansions or new construction.

Capital Expenses - Existing Facilities: Includes all costs associated with the improvement or expansion of existing facilities.

Capital Expenses - New Facilities: Includes all costs associated with the construction of new facilities.

Appendix B

Profiles of Study Contributors

Deloitte

With nearly 3,000 professionals throughout Texas and a history in the state that spans 90 years, Deloitte is proud to be Texas's largest professional services firm, with offices in Houston, Dallas, Ft. Worth, Austin and San Antonio. Deloitte delivers services across four areas – audit, tax, consulting and financial advisory – and serves more than 80 percent of the world's largest companies. In addition to providing outstanding client service, our people also believe in giving back to the communities where they live and work. In addition to financial contributions, pro bono commitments and year-round volunteerism, each year Deloitte holds "IMPACT Day," an annual celebration of our community involvement. This year on IMPACT Day, more than 2,000 Deloitte volunteers participated in 60 projects across Texas alone.

Business Council for the Arts

Business Council for the Arts (BCA) is a nonprofit organization founded in 1988 by Raymond D. Nasher and other business leaders in North Texas committed to improving quality of life and fostering economic development through active and effective business participation in support of arts and culture. The organization accomplishes these goals by:

The BCA's membership consists of more than 110 North Texas businesses. These member companies encourage growth, diversity and vitality of regional arts and cultural agencies through financial contributions, in-kind goods and services, and employee volunteerism. They have access to a number of exclusive services designed to help them make well-informed arts investment decisions. These include personal consultations, publicity for support of the arts, and bi-monthly BCA publications. These services and benefits not only educate and encourage effective arts participation, but also serve as rewarding and valuable networking opportunities for members and arts organizations alike.

Acknowledgements

Team leaders in the production of this study representing Deloitte were: Donna Epps, Larry Kivett, Michael Brien, Andrew Evans, Andrew Merickel and Sushant Gaonkar.

Business Council for the Arts staff were: Katherine Wagner, Christie Gard and Deserina Sulaeman.

We are grateful to Lauren Chapman, Project Manager and MBA/AA candidate at Southern Methodist University as well as to Business Council for the Arts volunteers Karen Poe and Helen Manning.

Business Council for the Arts: Be a Member

Be part of a united business voice that believes that a community's cultural assets are essential to growing and maintaining a world-class business center. Business Council for the Arts (BCA) helps build world-class communities through strong business and arts partnerships.

The benefits of a BCA membership include:

- **Special tuition price for your employee to join our trademarked *Leadership Arts Institute* program** that trains business leaders for strategic placement on the boards of directors of arts and cultural institutions region-wide. Since 1988, over 900 business leaders have graduated from this program, with the majority placed on boards of directors of large, mid-size and emerging cultural organizations.
- Opportunity to build cohesion and **a focus on creativity within company walls** through *On My Own Time*, a professionally juried art exhibit of employee work. The culmination of this annual program is a public exhibit at NorthPark Center, bringing attention to winners from each participating business. Access to **free or low-cost tickets offering to cultural events** making the arts accessible to your employees. Receive guidance and **consultation on strategic corporate investments** in the arts and cultural sector of our region, tailored to the values and goals of your business.
- Access to information on the **measured economic value of the arts/cultural sector** through the *Economic Impact Study of Nonprofit Arts and Cultural Organizations in North Texas* created in partnership with Deloitte..
- Receive **media attention on your businesses** and your community support.

Please contact us at businesscouncilforthearts@ntbca.org or call us at 972-991-8300 for a presentation about BCA membership benefits at your place of business.

To order more printed copy of the 2010 Economic Impact Study of Arts and Cultural Organizations in North Texas, please call us at 972-911-8300 or email us at businesscouncilforthearts@ntbca.org.