



New Jersey's Arts Mean Business:

A Study of Economic Activity

2000 – 2001

Executive Summary



INTRODUCTION

In 1994, the New Jersey State Council on the Arts and the Southern New Jersey Cultural Alliance co-sponsored a study that measured the contribution of the arts to our state's economy. For the very first time we learned that the non-profit arts industry contributed more than a half a billion dollars to New Jersey's economy annually through direct spending by institutions and related patron spending.

This study was an invaluable tool that helped articulate a new way of understanding the value of the arts to our quality of life.

Eight years later, the NJ State Council on the Arts and the ArtPRIDE New Jersey Foundation co-sponsored a follow up study to re-examine the effect of the arts on our economy. The cultural landscape has changed dramatically-- in 1994 the New Jersey Performing Arts Center was under construction, and capital improvements have expanded the capacity of two major museums in Jersey City and Montclair to serve their communities. We all knew that arts groups had grown in number and size, from grassroots groups to large institutions, in rural, urban and suburban areas throughout our state. Now we know what that growth means in economic terms.

The new study based on data from 2000 tells us that the arts are a billion-dollar business in New Jersey. Not only do the arts and its patrons generate significant expenditures and economic activity, but the impact is felt in over 11,000 jobs and nearly \$27 million in tax revenue!

It is clear that every public and private dollar spent on the arts provides significant return, and this new message concerning the economic value of the arts will continue to resonate as loudly as the other messages that come from our hearts and souls. We already know that the arts are there for us in good times and bad providing ways to express ourselves, join together in community, and help understand each other more completely. This study provides yet one more way to clearly reinforce the contribution of the arts to the lives of all New Jersey residents.

I. Executive Summary

- The combined economic impacts of the nonprofit arts in New Jersey, and spending done by visitors to the arts are estimated at over \$1 billion for 2000. This impact includes the direct expenditures of NJ arts institutions and the ancillary spending of their patrons as well as the effects of these income streams as they ripple through the NJ economy.

Institutional spending

- The economic impact of nonprofit arts institutions and programs totals \$546.5 million and is comprised of the following estimates:

Operating and program expenditures	\$490,468,241
Capital projects	\$55,192,422
Individual artists	\$818,315
Total economic impact of institutions	\$546,478,978

- Direct expenditures of over 600 nonprofit arts organizations analyzed were \$200.6 million in FY2000. Their economic impact on the economy of New Jersey is estimated at \$490.5 million. Of this total impact, \$192.3 million was generated in earnings to more than 6,000 full-time equivalent employees in the state.
- Capital projects of nonprofit arts organizations are estimated to have contributed \$55.2 million in economic activity to the state's economy, generating \$16.3 million in earnings and 434 jobs.
- Fellowship funding is estimated to have generated \$818,000 in output, with \$465,000 in earnings.

Related patron spending

- The impact of spending by visitors to the nonprofit arts in New Jersey is estimated at \$474.5 million including \$128 million in personal income and more than 5,000 full-time equivalent jobs. This includes the impact of ancillary spending of all visitors, whatever their trip motivation, as well as school field trips by bus.
- Total ancillary spending associated with visiting a cultural institution is estimated at \$256.7 million. This figure includes spending associated with dining, shopping, lodging, travel by car or public transit, and related spending. The average spending of those visitors not participating in group tours or school programs is \$25.94 per person, not including the purchase of admission tickets.
- Field school trips account for \$4.8 million of the total ancillary spending.

Total economic impact of nonprofit arts institutions	\$546,478,978
Total economic impact of ancillary spending by visitors to the nonprofit arts in New Jersey	\$474,546,710
Total combined economic impact of NJ nonprofit arts	\$1,021,025,688

Tax Revenues Generated

- An estimated \$27 million (\$26,850,035) in tax revenues were generated as a result of industry and visitor spending in New Jersey. This includes personal income taxes and sales and use taxes resulting from direct spending by arts organizations and visitors to the arts and from resulting indirect spending by businesses and households.

Attendance and Audience

- Total visitation to arts institutions is estimated at 11.2 million in 2000, of which 822,000 are children on field trips.
- Visitors to arts organizations in New Jersey are fairly similar to the national profile—more women (64%) attend than men, the audience is somewhat older (median age of approximately 52 years) than the general population, better educated (75% with bachelors degree or higher) and slightly wealthier (median personal income of approximately \$74,000).
- About 85% of those visiting New Jersey arts institutions live in New Jersey. About 54% visit with family members and 93% travel by car. The median distance traveled is 15 miles, with 43% indicating that they traveled 10 miles or less to reach their destination, and 24% indicating that they traveled more than 30 miles on their visit.
- In making the decision to visit an arts institution, 35% indicated that word of mouth was the most popular source of information. Other major deciding factors were information sent by the arts venue (28%), and newspaper/magazine articles (24%).
- When asked what influenced visitors' decisions to attend the activity, the most popular reason was the name/reputation of artists/company (47%), followed by enjoyment of the particular art form (44%), and previous attendance at the arts venue (40%). Other factors of import were entertainment value of activity (38%), reputation of presenter/producer (32%) and educational value of activity (21%).

Cultural Tourism

- Over half of the visitors surveyed indicated that attending a cultural event was very important to their decision to visit the area. Only 5% said it was not very important and 4% said it was not important at all. Two thirds (67%) of the visitors said that they planned to eat in a restaurant while in the area, and 30% said they would shop in the area. 13% said they would go sightseeing, and 12% said they would visit another cultural institution.

Support of Arts Institutions

- A total of 72% of visitors to cultural events said they supported the institution they were visiting, with 62% listing “contribution” as the type of support provided, and 21% saying they provided volunteer support. 7% said they served on boards of trustees of arts groups, and 5% said they provided other types of support.

Comparison to 1993/94 Study

- Most items on the survey showed fairly consistent results from 1993/94 to 2001, but there was much more repeat visitation for the 2001 audience. The vast majority of people arrived at events by personal car, but people were more likely to have traveled farther in 2001. More visitors in 2001 said that visiting the arts venue was very important in their decision to visit the area as opposed to 1993/94 where many more people reported that they lived in the area of the event or venue.
- Visitors reported that they were going to engage in activities in addition to the arts venue in roughly similar numbers over the two studies, but people spent more money doing them in 2001 (\$17.74 in 1993/94, \$25.94 in 2001, an increase of 46.2%). People were more likely to have learned about an arts venue via a newspaper or magazine in 1993/94. In 2001, a new category of advertising was added, the Internet, which received a response rate of slightly over 5%.
- In terms of direct spending by arts institutions, total spending increased from \$122.6 million in 1993 to \$200.6 million in 2000 (an increase of 63%). The largest single expense is salaries (35%), followed by artistic fees (19%), marketing (9%) and technical/production fees (6%). A small part of the increase is simply inflation (20% increase between studies), but most of the change results from higher direct spending in institutions, higher per visitor expenditures, and a larger audience. Although the methodology was the same for the two snapshots, we should be alert to the possibility that some of the difference may be the result of the fact that these are 2 snapshots not one trend study.