The Economic and Social Contributions of Community Sponsored Art

Steven Snyder

Abstract
This paper reviews recent studies on the economic and social impact of the arts, especially the impact on communities. Findings from several representative economic impacts studies are included. Also included is a review of a major British study of social impact of the arts. Critics of economic impact studies have noted that intangible value of the arts would give better support than measures of spending. Contrasting the economic and social impact studies indicates that the arts and art-related events play a vital role in community development.

Key words: economic impact, social impact, arts in communities, added value, intangible value.

Introduction
This paper is intended as a general review of existing studies on the economic and social impact of the arts, particularly the impact of arts organizations on communities. The motivation for this study was as a prelude to investigating how successful arts organizations operate and how these can be used as effective models for introducing the arts and arts-related therapies into communities. There are a great many studies throughout the world that have shown the tremendous value of the arts on the quality of life in human communities.

This literature is too great to be reviewed here; rather I have the more modest goal of reviewing a few examples from the United States and the United Kingdom, leaving review of other countries to a later time. The choice of beginning with the US and UK should not imply that the examples there are in any way better than in some other location. I have simply started with these two countries because there are abundant studies and many of the most recent are readily available. Also, I have a fair knowledge of the arts in these countries, so it is a convenient starting point.

In fact, the support for the arts within the US is often lacking, whereas in Europe and some Asian countries there is generally more support for the arts. However, as in all advanced technological countries, the support for the arts is highly political, yet often the discussions are poorly informed. When economic times worsen, the arts are the first thing to go – school budgets for the arts are cut, community funds for the arts are cut, families reduce their participation in the arts.

In a practical sense there is a general feeling that the arts are not essential or necessary, rather they are seen as a luxury. This is an inaccurate view that can only be maintained by those who do not have enough information on the subject. The value of the arts is obvious to everyone, but it is also true that attitudes towards the arts are dependent upon how much exposure a person has had to them. In the current age much of the population of industrialized nations has had little personal exposure to the arts. These people often
have very negative views of the arts as a result. An often-expressed negative view of the arts is that funding for the arts is a burden on the society—therefore in lean economic times arts programs are not necessary and should be cut. Another belief is that the arts are of value only to a narrow segment of the population. Still another is that the arts are the entertainment of snobs and elitist. In this paper I will briefly try to deconstruct these beliefs by reviewing studies that indicate the financial and social benefits of the arts.

Arts advocacy groups in many countries have tried to respond to the linkage of economic and public arts spending through arguments that the arts have economic benefits. On first reading these economic impact studies make a strong economic argument for the arts. Critics, however, have noted that most of these studies were initiated and funded by arts organizations, which raises suspicions about the validity of the findings. Also, critics have challenged the methodology and theoretical orientations of these studies.

**US National Perspective**

An economic analysis for the impact of performing art events in the US found that consumers spent $10.6 billion during the year 2001. Note that this was a year during economic recession and was the period following the aftermath of the terrorist attacks in New York. To give perspective on these figures the Bureau of Economic Analysis reported that the $10.6 billion spent specifically on performing art events was $1.9 million more that spending at movie theaters and $500 million more that spending on admissions to spectator-sports events. The report also noted that performing arts events were a growing sector, increasing sales 3.6 percent over the previous year. In comparison, attendance at spectator-sports events was unchanged from previous years. In a report in 2002, the Survey of Public Participation in the Arts, again undertaken by the National Endowment for the Arts, found that 39 percent of US adults (81 million people) attended live theater performance, live music performance and/or visited an art museum. If you are thinking that these on unusual figures and do not indicate a trend, you would be wrong. For an eleven-year period, 1991-2001, the performing arts received greater consumer spending that movies or spectator sports, both big money sectors in the US economy. During that eleven year period consumer spending increased by 24.5 percent, and all figures cited here were adjusted for inflation. These are very impressive figures, given that ticket prices for sporting events are generally higher than for performing arts events. To give even more perspective, per capita spending on spectator sports was $28.4, for movies $24.9, and for performing arts was $30.5. These figures suggest that consumer spending on the arts cuts across socio-economic groupings. If sales of artworks, art supplies, musical instruments, private and group lessons in music and the other arts, and other types of art activities were included in the figures from performing arts events then the impact of the arts on the US economy would be considerably greater. It should be noted that the following factors are not included: contributions from the income of performing artists and supporting personnel, the income of educational teachers of the arts, the impact of various arts-related therapies, graphic and commercial artists, writers, media sales, some forms of nonprofit arts activities that had financial activity, nor do these figures reflect event-related spending, such as spending on parking, refreshments, restaurants and additional sales. Nevertheless, using only the figures on performing arts events, these represent a significant segment of the US economy.

**US Regional Perspective**

The financial picture from the view of state economies is even more positive regarding the importance of the arts. For example, in the relatively rural state of Montana, the last official census found that 1 in every 78 people was a working visual artist. In fact, the Montana Governor’s Office of Economic Opportunity is currently undertaking a survey to determine more about the financial impact of the arts in that state. The Governor’s Office of Economic Opportunity has made creative enterprise (e.g. the arts, design, computer development, etc.) a priority sector for future development in the state.
"A lot of people don’t realize that being an artist is a business," said Arni Fishbaugh, director of the Montana Arts Council. "It’s an important part of the Montana economy because of the number of artists living here. The arts council believes the arts are valuable for their intrinsic value," she said. "We don’t believe the only thing that’s important is economics, but the economics are important, and in terms of people staying and making a living in Montana, we’re looking to make that case."

The director of the Governor’s Office of Economic Opportunity noted that strictly from an economic point of view the arts community contributes the following:

The arts attract talented people into communities and thus improve the quality of life in a community. For example, enticing talented employees to a local business is helped greatly if there is an active arts community in the area. Businesses now realize the importance of cultural entities for recruiting.

The arts can increase tourism, which benefits other parts the economy as well. Arts festivals, special concerts, summer symphony programs, and other programs attract visitors from outside the area. Not only do these programs generate money and jobs, they also benefit other local businesses by bringing in customers outside of their local clientele.

The arts can potentially improve economic conditions in rural towns because the arts are not "geographically constrained" as are other types of financial development. This cannot be said for many other industries, such as manufacturing, investment, and transportation. Many types of businesses require the infrastructure of large cities in order to survive. Those businesses that can move into rural towns for development often require large incentives or even cash support to get established. The arts, in contrast, can flourish even in relatively isolated communities.

Because the arts are value-added products, the production and demand for artistic production is not affected by shifts in the national or global economy. In contrast, manufactured goods or other items that can be made by a process can be more cheaply made in foreign countries. The products of arts, and the performances and products of musicians, dance companies and drama companies are unique or may have a local identity that adds to the value of these products. One example of this is a ballet company moving into downtown Helena, Montana as part of the redevelopment of the downtown area. The ballet company offers weekly public performances and operates a dance school for over 200 students. The company directors are committed to keeping the ballet company in the downtown area, and the downtown community strongly supports the ballet. This mutually beneficial relationship is unaffected by pressures outside of the local economy.

As we will see in the next section, nonprofit arts organization also can contribute greatly to the regional economy. According to the Creative Arts Council, nonprofit arts organizations add $85 million to the Montana state economy and directly provide 2000 jobs.

Two University of Arizona economic professors, Vera Pavlakovich-Koch and Alberta Charney, did a study of the impact of the arts on Tucson, Arizona. From this study the researchers focused on only on 8 major arts organizations: the opera company, the symphony, a theater company, art museum, the university theater, a center for creative photography, and two departments in the University of Arizona (College of Fine Arts, Museum of Art). The study concluded that, "...in addition to being vital to social enrichment, the arts industry generates jobs and represents an economically sound community investment." In the year 2000, the study reported these eight major arts organizations spent $11.9 million on purchases of goods and services in the community and paid $27.6 million in direct wages to 1,747 persons. In addition to direct employment, the study also showed that 1,807 indirect or induced jobs were created. Their study found that these eight major arts organizations created in total $96.8 million in economic activity for the local economy. Of the $96.8 million, $39.4 million was direct expenditures of the arts organizations, such as salaries and payments for operations. Audience
spending, in this case not including ticket sales, was $24.4 million—spending on transportation, meals, lodging and clothing before and after events. These arts organizations produced 3,554 jobs, which produced personal income of $50.2 million. Local tax revenues generated were $2.9 million, and another $2.9 million was generated in state tax revenues. The total economic activity, with the exception of state tax revenues, remained within the Tucson area. These arts organizations primarily benefited the local population—64% of attendees were full-time residents of Tucson. However, visitors and seasonal residents represented 36 percent of attendees at arts events, which represents a considerable contribution from out of town visitors to the local economy. The Tuscon example addresses an important issue for local investment—the level of payback from the community investment. In the case of the Tuscon arts study individual donors contributed 4.6 million, foundations 1 million, corporate donors 0.8 million and all other sources 0.4 million.

One criticism used against funding the arts is that it is characterized as "funding for the elite"—suggesting that only a narrow segment of the population enjoy and invest in the arts, and that narrow segment is a rare elite, well to do segment. The Tuscon study found that over two-thirds of the public support came from individual contributions. Certainly, a portion of those contributions came from wealthier contributors. At the same time, these figures suggest rather wide spread support for the arts in this community and that a sizeable portion of the individual donation came from the public at large. Was their investment a good one? The Tuscon study is remarkable in that is specifically addresses the return on investment of public support. The eight major arts organizations received $3.5 million in support funds from the local and state governments, while these same eight arts organizations returned a total of $5.8 million in tax revenues, representing a 60% return on investment of public funds. The Tuscon study further considered the financial impact on the area outside of metropolitan Tucson and found that an additional 190 jobs, with $2.9 million in wages, were generated outside the metropolitan area. Total impact outside of Tucson was determined to be $9 million.

The Tuscon study states clearly, "The presence of arts organization not only enhances cultural and entertainment choices in the region, but contributes to economic wealth as well; for every dollar of direct expenditures by arts organization (including cost of labor), an additional 60 cents is generated in the Metropolitan Tucson economy and another 11 cents elsewhere in Arizona (or a total of 71 cents for every initial dollar)... Contrary to the popular belief that arts organizations are a burden to local and state government, governmental support is not only 'repaied,' but is returned with a multiplier effect. For every initial dollar given to arts organizations, the government received $1.06 as a result of taxes paid on local purchase of goods and services...When audience spending is included, tax revenues represented 79 cents on top of the initial one dollar of government's support to arts organizations. Obviously, governmental support of the arts is a valuable and viable investment."

The Tuscon study rightly notes that the economic, so-called tangible benefits are but one part of the benefits of these arts organizations to the community. The study notes, "These activities benefit individual and, in aggregate, the whole community." Not only through entertainment, but through the educational environment, contact and awareness of different cultures, providing cultural experiences that would not be available otherwise; not mentioned were preservation of cultural assets, opportunities for artistic expression, and opportunities for developing artists. These benefits are very difficult to quantify, but are certainly of great value to the community, with the net effect of making Tuscon a more desirable community to live in.

Another criticism of arts funding is that the arts are highly dependent on volunteerism. In the Tuscon study 2000 volunteers participated, giving more than 136,000 hours of work. The estimated value of these volunteer hours was $2.7 million, a value over half of the individual money contribution to support these arts organizations. Thought of in another way, this is a value almost equal to the local tax revenues generated by these organizations. This is certainly a large amount of "silent"
The Economic Impact of Nonprofit Arts Organizations

An arts advocacy group named Americans for the Arts released a study entitled Arts and Economic Prosperity: The Economic Impact of Nonprofit Arts Organizations and Their Audiences. This report, released in 2002, claims that the nonprofit arts industry generates $134 billion in economic activity every year. Of this $134 billion, $80.8 billion was attributed to event-related spending by audiences. This figure, then, includes not only ticket sales but includes any additional spending that can be attributed to the event, such as hotel, parking, restaurant, souvenir and other purchases. The remaining $53.2 billion was spending by arts organizations. The report claims that this economic activity generated by nonprofit arts organizations generated 4.85 million full-time equivalent jobs and $89.4 billion in household income. The return to the public in tax revenues was $6.6 billion in local tax revenues, $7.3 billion in state tax revenues, and $10.5 billion in federal income tax revenues.

An interesting case study is the state of California, which in economic terms alone is the fifth largest economy in the world, as well as the largest state economy in the US. In its 2004 report entitled The Economic Impact of Nonprofit Arts and Cultural Organizations in California, by the California Arts Council, nonprofit arts organizations attract an audience of 71.2 million people, and have a $5.4 billion impact on the California economy. These organizations employ 66,300 full-time workers, 95,100 part-workers, and generate $300 million in state and local taxes. Of particular interest here is a comparison with a similar study completed in 1994. The study notes a 152% increase in economic impact of the arts over the 1994 report, generating an increase in local and state taxes of 279%. The growth of this sector has been dramatic over the past ten years: arts organization worker income has increased 89%, organizational income has increased 207% and grants and contributions have increased 318%. It is sobering to learn that California’s population increased 16% and the state budget increased 23%, yet the funding for the California Arts Council decreased by 92%!
California has more nonprofit organizations and more nonprofit arts organizations than any other state in the US. California also has more people employed in arts organizations and a higher percentage of artists in the population that any other state.

California has more people employed in the "creative industries" than any other state. "Creative industries" refers to those industries that are dependent upon creative talent as the major asset, and where new ideas and adaptive thinking is highly valued. These industries are generally thought of as technology, research, medicine, and arts-related industries, such as the motion picture industry and the recording industry. Richard Florida, a professor of economics at Carnegie-Mellon University, has pointed out that creative industries are growing at a spectacular rate. For example, information technology and several other creative industries have grown from 3% of the US workforce fifty years ago to more than 30% today. The implication is that an important factor in the future of economic development will be "creativity"—specifically, exposure to the arts and other creative activities as a prelude to becoming a productive member of the future economy, and that the future economy will increasingly value creativity as a worker asset. A corollary to these assumptions is that these creative workers will demand more arts in their environment. The experience in California may already indicate this: statewide surveys of arts audiences have found that the most important factor on the quality of life in communities is the arts.

Social Impact of the arts

In the UK a ground breaking study on how participation in the arts impacts personal development and communities was released in 1997, entitled, "Ornament or Use?": the social impact of the arts. This study was the first social impact study of the arts in the UK and certainly one of the first in the world. It was actually the first phase of a multiyear study of the impact of the arts in the UK. The study focused on participation in the arts and how participation affected the community. The focus on participation in social impact differs from studies on economic impact, which mostly focus on audience spending, employing artists and support staffing. Thus, the first question becomes whether participation in the arts has special social benefits. Ornament or Use found clear support for the many of the personal benefits that are popularly assumed: positive effects on participants' confidence and self-worth, increased personal creativity, a feeling control over how other people see them, helps to explore personal values, and a reduction in feelings of isolation. The study also found that participation in community arts projects had social benefits, such as increasing intercultural and intergenerational contact, creates a feeling of belonging, a significant contribution to the educational development of children, encouraging adults to explore other education and training opportunities, and in general make a positive effect on how people feel. Many of these same benefits naturally crossover to general community benefits, such as extending networks in the community, improving the feelings of people about where they live, increasing interpersonal activity within the community, and positively effecting community vision and planning. There we also specific community impacts found: creating community traditions, provide reasons for community activities, transform the image of public organizations, strengthen community co-operation and networking, develop pride in local traditions, and increasing local involvement in regenerating the community.

What was the methodology of this study? Eight areas of social impact were defined: personal development, social cohesion, community empowerment/self-determination, local image/identity, imagination and vision, heal and well-being. From these eight areas survey questionnaires were developed and visitation guidelines were created. Data came from multiple sources: participant questionnaires, project visits, formal interview, discussion groups, and interviews with observer groups. Thus, the study sought to make use of multiple social research methods. Studies in future years will be compared with this study to give a more comprehensive and qualitative view of the impact of the arts. Arts activities and projects were carefully evaluated in terms of indicators drawn for planned and personal outcomes.
The findings of the 1997 study were summarized as follows:

"Participation in the arts is an effective route for personal growth, leading to enhanced confidence, skill-building and educational developments which can improve people's social contacts and employability."

Participation in the arts "can contribute to social cohesion by developing networks and understanding, and building local capacity for organization and self-determination."

Participation in the arts "brings benefits in other areas such as environmental renewal and health promotion, and injects an element of creativity into organizational planning."

Participation in the arts "produces social change which can be seen, evaluated and broadly planned."

"Participation in the arts "represents a flexible, responsive and cost-effective element of a community development strategy."

Participation in the arts "strengthens rather than dilutes Britain's cultural life, and forms a vital factor of success rather than a soft option in social policy."

The scope of this British study included cities and neighborhoods of various sizes and locale, both urban and rural. The arts projects included in the study varied from school-based art classes to community performing groups, and examples of all of the arts were included. With such a large scope the study noted that responses varied considerably, thus the conclusions were those findings that remained notable across site, projects and populations. In total, this study involved 60 arts projects, 600 interviews, 500 participant questionnaires and 500 additional questionnaires.

Social Cohesion

The study found specific changes in reducing isolation, increased community networks, use of the arts for conflict resolution, improved intercultural understanding and contact, intergenerational contact, helping victims of crime and offenders. 63% of adults reported that after arts participation they became keen to work on local projects. The effects across arts and locations were positive, but for this category the level of positive impact varied greatly from locale and community due to local situations.

Community empowerment/self-determination

The arts projects stimulated volunteer participation in the organizing and management of the projects. It was found that participants had a very good understanding of the organized effort and the majority wished to be
involved in the future. Thus, the study concluded that arts participation resulted in increased organizational capacity in the community—these projects became potential training in organizational leadership and participation. In terms of community involvement in regenerating neighborhoods, the study found that a great majority of renewal projects included the arts and community activity. Of 23 projects there were 21 projects that reported having an arts component and involved public funding for the arts. These projects were found to be very successful.

Local image/identity

Regarding improving the sense of identity and regard for the community, 40% of adults reported that their feelings had changed positively for the place where they lived as a result of arts participation. In another case, the city of York, 56% of respondents reported a positive change in feeling following participation in an arts project. Generally, feelings improved, but varied in the size of improvement depending upon place and project.

Imagination and vision

The British study found that participation in the arts helped people to develop creativity, to explore values, to make public service organization more responsive, encourage positive risk taking, cultivate longer range vision among community groups, and to raise community expectations. In addition to these findings, the study revealed that participants had "increased appreciation of community arts projects" and that these projects helped to "demystify" the arts.

Healing and well-being

The British study found that participation in the arts have a positive impact on how people feel. 48% of respondents reported feeling better or healthier after involvement in arts projects. It was found that the arts are an effective means of health education. The arts contribute to a better and more relaxed atmosphere in health centers.

Arts help to improve the quality of life of people with poor health. One interesting finding was that the use of multimedia profiling of health care clients led to better documentation of personal histories and led to more person centered planning in these settings, although the original goal of the multimedia profiling was to increase care receivers control over their own lives. Another seemingly obvious finding was that 73% or adults and 80% of children reported that involvement in arts projects made them happier. Over 85% reported wanting to do art projects again.

Risks of Arts Projects

In general, the social impact of participation in arts events and projects were reported to be worthwhile. One could question whether the same benefits could be achieved through non-art oriented activities, such as craft fairs or sporting events. Indeed, similar benefits could be cited for these alternative events; however, the British study pointed out that arts projects engage a different range of people and have a different quality of engagement. The report argued that the arts attracted people who had not previously engaged in arts events, a pattern very different than seen with sport related events. The arts do not generally center on competition or contrasting of communities, whereas sporting events are often centered on these things. The report further argued that unlike civic outings and sporting events, the arts are cultural activities. This cultural dimension communicates more broadly and engages participants experiencing cultural values and images. Thus the social impact is of a different quality. On the negative side, however, the study did find that arts projects are not without risk, both economically and in terms of successful achievement of goals. While the results of community projects were found to be generally beneficial, arts projects were also seen to have inherent risks and a need for competent planning.

Conclusion

As can be seen from the analysis of social impact of the arts in the British study, the social benefits are many and diverse. These personal and social benefits are
generally unrelated to spending patterns, but are identifiable as being of intangible worth. Thus, we can see that although the economic impact of the arts is controversial, the social impact is not. The British study clearly found areas were the arts are of social use, particularly in terms of community benefits. Clearly, social impact studies do seem present benefits of the arts in a more convincing way, than the economic impact studies. That there are numerous economic impact studies and very few social impact studies suggest that arts advocacy in the past decade has been misguided. There is a need for many more social impact studies in other countries and other settings before a stronger case can be made for social impact. The British study does confirm many of the intangible benefits of the arts which are intuitively held by arts advocates and indicates that social impacts studies are a desirable way to present factual evidence in support of arts-related community projects. The economic and social impact studies taken together do make a fairly convincing argument that the arts are not a luxury, nor are they an elitist endeavor, rather the arts are an essential and vital resource for community development and renewal.

Notes


Additional References


National Assembly of State Arts Agencies. www.nasaa-art.org (information on state government arts organizations)

地域社会による芸術後援がもたらす経済的・社会的貢献

スティーヴン スナイダー

九州保健福祉大学社会福祉学部福祉環境マネジメント学科

要 約
本研究では、芸術による経済的・社会的影響について行われた最近の研究を比較・吟味し、芸術が地域社会に与える影響について考察を進める。芸術がもたらす経済的効果についての主要な数多の研究に新たな考察を加えるとともに、イギリスで進められた、芸術が社会に及ぼす影響についての代表的な研究を取りあげ、理論の再検証を試みる。経済的影響についての先行研究は芸術への公共支援を巡る議論の中で進められてきたが、一般的な実用性について支出の測定に基づく議論のみが展開されているに過ぎず、芸術の無形価値についてはほとんど言及されていない。経済的影響についての研究と社会的影響についての研究を対比考察することにより、芸術及び芸術に関連するイベントは地域社会の幸福とその発展のために極めて重要な役割を果たすと考えられる。

キーワード：経済的影響、社会的影響、地域社会における芸術、付加価値、無形価値