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# REVIEW OF APPLIED URBAN RESEARCH



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## ECONOMIC IMPACT OF NON-PROFIT NEBRASKA ARTS ORGANIZATIONS

BY  
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### Introduction

The value of a community's theatre and dance groups, art galleries, symphony and other performing and visual arts is usually assessed from the perspective of the community's cultural life. The organizations which promote and facilitate artistic development are usually perceived in relation to their value only to the artists and their audiences. However, the artists and their organizations also contribute to the economy of their communities through salaries to employees, consumption of supplies, rent and purchase of facilities, and use of transportation, maintenance, advertising and other service industries. To a great extent, the position of the arts in a community's economic structure is obscured because most arts organizations are public service, non-profit organizations, and because few studies have been conducted.

To ascertain the number and size of Nebraska non-profit arts organizations and their direct and indirect effects on the state's economy, the Nebraska Arts Council and the UNO College of Fine Arts contracted with the Center for Applied Urban Research to conduct a survey of all known Nebraska arts organizations. The survey was the first attempt to locate and systematically study Nebraska arts organizations.

The survey population was the list of non-profit organizations which had applied for grants from the Nebraska Arts Council within the two years previous to 1977.<sup>1</sup> The Arts Council list was considered the most complete source for arts organizations known to be operating in Nebraska. It represents an estimated 85% of the state's non-profit arts groups and includes all non-profit Nebraska arts organizations with annual budgets over \$10,000. The list includes 72 arts organizations in Omaha, 37 in Lincoln, and 102 in non-metropolitan portions of the state. Forty-five of these were arts programs in educational institutions.<sup>2</sup>

In late 1977 CAUR surveyed these 211 arts organizations

\*With the assistance of Garneth Peterson, Gene Hanlon, Scott Samson, and Linda Ferring.

<sup>1</sup>The Nebraska Arts Council was established by the Nebraska Legislature "to stimulate and encourage throughout the state the study and presentation of the fine and performing arts. . . ." The Council awards funds from the Legislature, the National Endowment for the Arts, and from private foundations, local businesses and civic groups.

<sup>2</sup>The list included 30 additional organizations found to be no longer active or unable to supply the requested information.

via mailed questionnaires. The questions related to activities, personnel, income and expenses for the fiscal year most recently completed, designated 1976-1977. Follow-up on the questionnaires included telephone calls to all non-respondents one month after mailing the questionnaire, and identification of alternative addresses for smaller organizations with no permanent mailing addresses.

The survey results identify the basic characteristics of Nebraska arts organizations and their finances for the fiscal year ending nearest July, 1977.

### Survey Results

*Non-Profit Nebraska Arts Organizations.* The 211 active organizations surveyed were classified into 7 categories: visual art, community arts, literary groups, museums, music, theatre and arts programs of educational institutions.

The 28 visual art groups represented painting, crafts and other visual arts and art galleries. The 67 community organizations, such as ethnic organizations, churches, social service agencies and parks and recreation departments, sponsored a variety of arts activities for their constituents. The 5 literary organizations were writers' clubs and periodical publications, including *Spectacle*, the Nebraska arts magazine. A dozen museums and historical societies were contacted throughout the state. The 25 music groups included orchestras, an opera company and community vocal musicians. Theatre groups consisted of 29 community theatres, junior theatres and dance companies.<sup>3</sup> The 45 educational arts programs represented public and private schools and colleges as well as the Nebraska educational television network.

Almost 2/3 (64%) of these known arts groups responded to the survey. Table 1 details respondents by art form and location. Response rates ranged from approximately half of education and theatre groups to more than 90% of museums. Non-respondents were predominantly groups with smaller budgets and few full-time employees. Total income of non-respondent organizations has been estimated at \$300,000 by the Arts Council.

Nebraska arts organizations employed more than 1,700 persons during 1976-1977, approximately 1/3 of whom worked

<sup>3</sup>Dance groups, including ballet, were combined with theatre groups to preserve the confidentiality of the dance group reports.

Art Form and Location	Total Groups		Respondents		Non-Respondents	
	Number	% of Total	Number	% of Total	Number	% of Total
Art	28	79	22	6	21	
Community Arts	67	66	44	23	34	
Literary	5	60	3	2	40	
Museum	12	92	11	1	8	
Music	25	72	18	7	28	
Theatre	29	52	15	14	48	
Non-Education Total	166	68	113	53	32	
Education	45	49	22	23	51	
Total	211	64	135	76	36	
Omaha Non-Education	58	67	39	19	33	
Omaha Education	14	79	11	3	21	
Omaha Total	72	69	50	22	31	
Lincoln Non-Education	32	72	23	9	28	
Lincoln Education	5	80	4	1	20	
Lincoln Total	37	73	27	10	27	
Non-Metropolitan Non-Education	76	67	51	25	33	
Non-Metropolitan Education	26	27	7	19	73	
Non-Metropolitan Total	102	57	58	44	43	

full-time (Table 2). Since the number of employees varied from week to week in many organizations which sponsored several major events annually, respondents were asked to estimate their average monthly employment for the year. Stated as a monthly average, Nebraska arts organizations employed nearly 1,200 persons in 1976-1977, including more than 600 professional artists and more than 500 administrative and support personnel.

The ratio of professional artists to administrative and support staff among full-time employees was 1 professional artist per 1.4 administrative/support employees. Among part-time employees the balance shifted to 4 professionals per administrative/support staff person. Arts programs in education institutions reported the most full-time employees in both categories as well as a large number of part-time professional artists. Of non-education organizations, theatre groups employed the most full-time professional artists, and museums employed the most administrative and support staff persons. All types of arts groups used part-time employees extensively.

The number of volunteers who worked for arts organizations greatly exceeded the number of paid employees. Ninety-

Art Form	Artists, Arts Educators and Curators				Administrative and Supportive				Volunteers			
	Total		Total		Total		Total		Number Reporting		Volunteers	
	Number	Monthly Average	Number	Monthly Average	Number	Monthly Average	Number	Monthly Average	Number Reporting	Volunteers	Number Reporting	Volunteer Hours
Art	12	33	28	6	10	10	38	14	987	15	15,576	
Community Arts	8	292	91	30	105	124	215	36	1,911	35	116,605	
Literary	--	--	--	1	1	2	2	2	33	1	150	
Museum	9	9	18	74	36	104	122	10	1,118	9	45,444	
Music	15	357	176	15	1	13	189	17	1,178	16	31,540	
Theatre	37	64	96	28	8	30	126	13	4,038	13	120,662	
Non-Education Total	81	755	409	154	161	283	692	92	9,265	89	329,977	
Education	156	180	229	184	74	247	476	7	988	7	121,748	
Total	237	935	638	338	235	530	1,168	99	10,253	96	451,725	

Art Form	Performing Arts				Visual Arts		
	Number Reporting Events	Number of Events	Number of Performances	Total Attendance	Number Reporting Exhibitions	Number of Exhibitions	Total Attendance
Art	1	8	14	3,000	18	108	78,505
Community Arts	29	271	498	341,675	24	179	477,070
Museum	6	19	19	59,379	7	93	289,118
Music	17	369	389	124,388	--	--	--
Theatre	15	140	650	216,015	1	5	3,000
Non-Education Total	68	807	1,570	744,457	50	385	847,693
Education	17	566	934	135,274	15	96	34,815
Total	85	1,373	2,504	879,731	65	481	882,508

nine (99) of the responding organizations estimated that 10,253 volunteers aided them in 1976-1977. These volunteers contributed more than 450,000 hours, or the equivalent of 255 people working full-time for a year. Theatre groups commanded the largest number of volunteers and volunteer hours, probably because of the backstage activities involved in putting together dramatic productions. These figures demonstrate the extent to which arts in Nebraska depend upon volunteer labor.

The performing arts organizations responding to the survey sponsored nearly 1,400 arts events with over 2,500 performances (Table 3). These performances had a total attendance of more than 875,000. Arts organizations also reported that approximately 43% of the performances and 51% of the attendance were free.<sup>4</sup> (These figures exclude discounts to elderly, students or other groups.)

In addition almost 500 visual arts exhibitions were reported by the respondents drawing a total audience of over 880,000; approximately 95% of the visual arts exhibitions were free.

The total attendance at arts events reported by the groups responding to the questionnaire, therefore, was more than 1.75 million.<sup>5</sup> The largest attendance at performances and exhibitions was recorded by community arts agencies. Museums also drew relatively large groups for their activities.

*Finances of Non-Profit Arts Organizations.* Of the 58 arts organizations which provided complete data on assets and liabilities, 50 showed a positive net worth for 1976-1977 (i.e., assets were equal to or greater than liabilities). The total net worth for these organizations was nearly \$20 million, with museums understandably accounting for a large proportion of this total (Table 4).

Expenses of 135 responding arts groups totaled more than \$11.5 million (Table 5). Non-education groups spent over \$4 million of this amount. Museum expenses were nearly 1/3 of the non-education arts total. Music groups had nearly as high a proportion of non-education arts expenditures.

<sup>4</sup>Because of space limitations, some survey details have been excluded from the tables. The complete report of survey results may be obtained from the Center for Applied Urban Research.

<sup>5</sup>No attempt has been made to estimate NETV audiences or visitors to the Interstate-80 Bicentennial sculpture exhibits.

Non-education arts groups spent approximately half of their budgets on salaries and performer fees (49%) and fringe benefits and wage-related taxes (3%). Music groups used the largest proportion of their budgets for salaries (65%) while visual art groups spent only 15% of their budgets for salaries.

The total impact of an expenditure includes secondary or indirect effects. These indirect effects may be expressed as a multiplier. A recent study of the economic impact of the arts in Connecticut<sup>6</sup> estimated that for every \$1.00 of expenditure by the arts industry there was an additional expenditure of \$1.40 by other industries.

This multiplier is the result of applying different multipliers to the value of goods and services purchased by the arts industry (empirically this was 0.9 in Connecticut) and to the value of wages and salaries of arts employees (1.9 in Connecticut). Using these multipliers on Nebraska's \$5.9 million of non-wage related expenditures and the \$5.1 million of salaries and fees results in indirect expenditures of \$15.0 million, for a total economic impact of \$26.0 million.

Art Form	Number of Respondents	Number With Positive Balance <sup>a/</sup>	Total Net Worth <sup>b/</sup>
Art	10	10	\$ 1,987,196
Community Arts	18	14	10,701
Literary	2	1	(845)
Museum	4	4	13,849,735
Music	12	9	846,588
Theatre	9	9	707,742
Sub-Total	55	47	\$ 17,401,117
Education	3	3	2,454,493
Total	58	50	\$ 19,855,610
Omaha Non-Education	19	14	15,101,270
Lincoln Non-Education	12	12	2,001,967
Non-Metropolitan Non-Education	24	21	297,880
Omaha Total	21	16	\$ 17,305,763
Lincoln Total	12	12	\$ 2,001,967
Non-Metropolitan Total	25	22	\$ 547,880

<sup>a/</sup>Includes those with equal assets and liabilities.

<sup>b/</sup>Assets minus liabilities.

Art Form	Salaries and Fees		Fringe Benefits and Wage-Related Taxes		Other Expenses		Total	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total <sup>a/</sup>
Art	\$ 103,122	15	\$ 9,758	1	\$ 552,821	83	\$ 665,701	99
Community Arts	247,251	53	11,231	2	205,432	44	463,914	99
Literary	3,095	31	--	--	6,952	69	10,047	100
Museum	729,536	54	81,396	6	545,140	40	1,356,072	100
Music	715,784	65	14,978	1	373,076	34	1,103,838	100
Theatre	372,546	47	23,527	3	402,461	50	798,534	100
Non-Education Total	\$ 2,171,334	49	\$ 140,890	3	\$ 2,085,882	47	\$ 4,398,106	99
Education	2,971,555	42	324,920	5	3,860,894	54	7,157,369	101
Total	\$ 5,142,889	45	\$ 465,810	4	\$ 5,946,776	51	\$ 11,555,475	100

<sup>a/</sup>Percentages do not add to 100% because of rounding.

The arts in Nebraska also depend heavily on volunteer labor and donated facilities, supplies and services (Table 6). If the volunteers were paid minimum wage for the hours of work reported above (Table 2), they would represent an additional \$1.2 million expenditure for Nebraska arts organizations. In addition, the value of donated buildings, materials, equipment and services was estimated at nearly \$27 million. Donated building facilities were valued by 62 organizations at over \$23 million. Supplies and equipment donated to 51 groups totaled \$3 million, while services and advertising were valued at over 1/2 million by 69 responding organizations. The value of the donated facilities and the costs of buying or renting equipment and paying for other donated services would be far beyond what most arts organizations could afford.

Although the total estimated value of donated facilities, supplies and services was reported in the millions of dollars, most donations were relatively small. The median value of

<sup>6</sup>John J. Sullivan and Gregory H. Wassall, *The Impact of the Arts on Connecticut's Economy* (Hartford: Connecticut Commission on the Arts, 1977).

Art Form	Estimated Volunteer Value <sup>a/</sup>	% of Total	Estimated Value of Donated Facilities, Supplies and Services	% of Total <sup>b/</sup>
Art	\$ 41,276	3	\$ 3,633,030	14
Community Arts	309,003	26	6,254,215	23
Literary	398	*	3,600	*
Museum	120,427	10	6,040,250	23
Music	83,581	7	3,098,420	12
Theatre	319,754	27	273,245	1
Non-Education Total	\$ 874,439	73	\$ 19,302,760	72
Education	322,632	27	7,534,485	28
Total	\$ 1,197,071	100	\$ 26,837,245	100

\* = less than 0.5%.

<sup>a/</sup>Volunteer value estimated by multiplying volunteer hours by current minimum wage (\$2.65/hour).

<sup>b/</sup>Percentages do not total because of rounding.

donated facilities (with half the groups reporting higher and half reporting lower estimates) ranged from \$360 for art groups to over \$2 million for the 2 museums reporting such donations. The median estimated value of donated supplies ranged from \$500 (art) to \$47,500 (museums), while the median estimated value of donated services and materials ranged from \$100 to \$10,000. Museums reported the highest median donation in each of the 3 donation categories.

The 112 non-education arts groups reported incomes for 1976-1977 of \$5.2 million (Table 7). The education groups, including the Nebraska educational television network, had an additional \$6 million income, for a total of almost \$11.3 million income for Nebraska arts groups last year.<sup>7</sup>

Art Form	Number of Groups	Income	% of Total Income <sup>a/</sup>	Median Income
Art	21	\$ 679,553	6	\$ 1,020
Community Arts	44	426,169	4	3,525
Literary	3	10,722	*	2,584
Museum	11	1,817,560	16	66,070
Music	18	1,522,647	13	6,592
Theatre	15	791,972	7	23,903
Sub-Total	112	\$ 5,248,623	47	--
Education	22	6,037,678 <sup>b/</sup>	53	37,575
Total	134	\$ 11,286,301	100	--

\* = less than 0.5%.

<sup>a/</sup>Percentages do not total because of rounding.

<sup>b/</sup>Several educational institutions did not include their total arts-related appropriations as income.

Despite this large total, most non-education arts groups were small; more than half had incomes of less than \$10,000. The median income, which indicates the relative size of the arts groups, varies from a high of \$66,070 for museums to a low of \$1,020 for visual art groups.

Non-education arts groups derived most of their income from three major sources. Approximately 1/3 was from activities and fees; 36% was from gifts from individuals, businesses and foundations; and 18% came from government grants (Table 8).

The different art forms had varying patterns of income sources. Literary groups earned more than 3/4 of their incomes from activities; similarly, theatre groups earned almost 2/3 of their incomes from activities. Art groups, on the other hand, earned only 5% of their incomes from this source.

Government support (including the Nebraska Arts Council) ranged from 1% of literary groups' income to 27% of that of community arts groups. Income for education groups, which are predominantly public institutions, was almost entirely from governmental sources (93%).

The importance of gifts and fund raising from businesses, foundations and individuals ranged from 11% for theatre groups to 60% for art groups. Dues from members accounted for only a small portion of income, no more than 6% for any of the art forms.

<sup>7</sup>Several educational institutions did not include their total arts-related appropriations as income, and thus the total income reported here is an underestimate.

Non-education groups in the Omaha metropolitan area accounted for more than \$3 million income, or 58% of the \$5.2 million non-education groups' income. Lincoln groups accounted for \$1.3 million or 26%, and the arts organizations in non-metropolitan areas reported almost \$900,000 or approximately 17% of Nebraska arts incomes.

Education groups earned more than \$6 million. Since the Nebraska educational television network in Lincoln is included in this category, Lincoln-based arts groups accounted for 65% of education groups' income, and 47% of the \$11.3 million income reported for all arts groups in 1976-1977. Incomes of Omaha arts organizations represented 44% of the total for non-profit Nebraska arts organizations.

## Summary

A survey of all known non-profit Nebraska arts organizations identified 211 groups representing visual art, community arts, literature, museums, music, theatre and arts education. During 1976-1977, these organizations employed a monthly average of more than 600 professional artists and more than

500 administrative and support personnel. In addition, more than 10,000 volunteers worked for arts organizations during the year.

Nebraska arts groups sponsored more than 4,400 activities during 1976-1977 and attracted audiences totaling more than 1.75 million people.

Almost 90% of responding arts organizations reported positive net balances of assets and liabilities in 1976-1977. The total net worth (assets minus liabilities) was nearly \$20 million. The impact of these expenditures on local Nebraska economies is estimated at more than \$26 million.

Non-profit arts organizations in Nebraska earned incomes of more than \$11 million during 1976-1977. The principal sources of income for the arts were gifts, income from performances, exhibitions and other activities, and government grants.

Survey data such as these regarding the size, employment and finances of Nebraska arts organizations necessarily ignore the qualitative value of the arts for their participants and their audiences. Such data, however, reveal that non-profit arts organizations contribute substantially to the economy as well as to the cultural life of Nebraska communities.

TABLE 8  
*Table* - SOURCE OF NEBRASKA ARTS INCOME, 1976-1977

Source	Non-Education	% of Non-Education Total <sup>a/</sup>	Education	% of Education Total	Total	% of Total
Activities	\$ 1,687,762	32	\$ 112,230	2	\$ 1,799,992	16
Dues	168,684	3	3,200	*	171,884	2
Gifts	1,894,106	36	258,711	4	2,152,817	19
Government	934,553	18	5,617,498	93	6,552,051	58
Other	555,518	11	46,039	1	601,557	5
Total	\$ 5,240,623 <sup>b/</sup>	100	\$ 6,037,678	100	\$ 11,278,301 <sup>b/</sup>	100
Omaha	\$ 3,031,428	58	\$ 1,945,855	32	\$ 4,977,283	44
Lincoln	1,345,498	26	3,934,617	65	5,280,115	47
Non-Metropolitan	871,697	17	157,206	3	1,028,903	9
Total	\$ 5,248,623	101	\$ 6,037,678	100	\$ 11,286,301	100

\* = less than 0.5%.  
<sup>a/</sup> Percentages do not add to 100% because of rounding.  
<sup>b/</sup> This total excludes \$8,000 reported by one responding group that failed to identify the source of their income.

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