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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 1977.1 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.2

In late 1977 CAUR surveyed these 211 arts organizations 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.3 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

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

1 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.

2 The list included 30 additional organizations found to be no longer active or unable to supply the requested information.

3 Dance groups, including ballet, were combined with theatre groups to preserve the confidentiality of the dance group reports.
full-time (Table 2). Since the number of employees varied from year to year in most 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 for 1.4 administrative and support employees. Among part-time employees the balance shifted to 4 professionals per administrative/support staff person. Arts programs in education institutions represented 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 in arts organizations greatly exceeded the number of paid employees. Ninety-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 256 full-time person-years. When combined with the full-time employees the largest number of volunteers and volunteer hours, probably because of the backstage activities involved in putting together dramatic productions.

Finance of Non-Profit Arts Organizations. Of the 98 arts organizations which provided complete data on assets and liabilities, 50 showed a positive net worth for 1976-1977 (i.e., assets exceeded liabilities). The total net worth for these organizations was nearly $20 million, with museums understandably accounting for a large proportion of this value.

Expenses of 135 responding arts groups totaled more than $11.5 million (Table 5). Non-education groups spent over $4 million while education groups spent $3.4 million. theatre organizations spent $2.1 million of the non-education arts total. Music groups had nearly as high a proportion of non-education arts expenditures.

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

No attempt has been made to estimate NETV audiences or visitors to the interstatelocal sculpture exhibits.

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, was 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: 59.4% from earned income (with 27% from grants and fees; 36% was from gifts from individuals, businesses and foundations; and 18% came from government grants). 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. The value of 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.

Using 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 donations in Nebraska was $1,020.50 (Table 7). Non-education arts groups spent approximately half of their budgets on salaries and performer fees (49%) and fringe benefits and wage-related taxes (23%). Music groups used the largest proportion for salaries and personnel fees, while visual arts groups spent only 15% of their budgets for salaries.

The total impact of an expenditure includes secondary or indirect effects. These direct effects are measured by a multiplier. A recent study of the economic impact of the arts in Connecticut estimated that for every $100 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 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 a multiplier of 0.9 for non-education groups and the $5.1 million of non-education 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 $20.6 million.
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>
<thead>
<tr>
<th>Source</th>
<th>Non-Education</th>
<th>% of Non-Education</th>
<th>Education</th>
<th>% of Education</th>
<th>Total</th>
<th>% of Total</th>
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<tr>
<td>Activities</td>
<td>$1,687,762</td>
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<td>$112,230</td>
<td>2</td>
<td>$1,799,992</td>
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<td>Dues</td>
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<td>3</td>
<td>3,200</td>
<td>*</td>
<td>171,884</td>
<td>2</td>
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<tr>
<td>Gifts</td>
<td>1,894,106</td>
<td>36</td>
<td>258,711</td>
<td>4</td>
<td>2,152,817</td>
<td>19</td>
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<td>Government</td>
<td>934,553</td>
<td>18</td>
<td>5,617,498</td>
<td>93</td>
<td>6,552,051</td>
<td>58</td>
</tr>
<tr>
<td>Other</td>
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<td>46,039</td>
<td>1</td>
<td>601,557</td>
<td>5</td>
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<tr>
<td>Total</td>
<td>$5,240,623 b/</td>
<td>100</td>
<td>$6,037,678</td>
<td>100</td>
<td>$11,288,301</td>
<td>100</td>
</tr>
</tbody>
</table>

| Omaha                   | $3,031,428    | 58                 | $1,945,655 | 32             | $4,977,283 | 44         |
| Lincoln                 | 1,345,408     | 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%.

b/ Percentages do not add to 100% because of rounding.

This total excludes $8,000 reported by one responding group that failed to identify the source of their income.

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