

New England's Creative Economy: *THE NON-PROFIT SECTOR, 2002*

New England Foundation for the Arts
February, 2005

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Executive Summary

This report is the result of a comprehensive survey of the region's non-profit arts and cultural organizations, conducted with the guidance and sponsorship of the New England Foundation for the Arts, with financial and staff support from the Connecticut Commission on Culture and Tourism, the Maine Arts Commission, the Massachusetts Cultural Council, the New Hampshire State Council on the Arts, the Rhode Island State Council on the Arts, and the Vermont Arts Council. Using our unified cultural organization database (www.newenglandarts.org), we identified a total of 13,592 non-profit cultural organizations throughout New England. This database draws information from several sources: the IRS Business Master File, special compilations of IRS Form 990 data provided by the National Center for Charitable Statistics, and our own direct survey.

Of the organizations in our database, information on total income and net assets for 5,028 was obtained from the IRS Business Master File, the NCCS Form 990 database, and our direct survey. More detailed financial data, on components of revenue and spending, were available only from the Form 990 database and surveyed organizations, which totaled 2,844. Last, data on employment, admissions, and taxes paid/collected were obtained only from those organizations completing our online survey, a total of 887. Projections representing estimates for the total of non-profit cultural organizations in New England were made from these sources.

With the regular release of this report, readers are no doubt getting more comfortable with the concept of non-profit cultural organizations forming part of an industry, i.e., a group of organizations selling an identical or similar product. The other part of this industry is the for-profit sector. Separately, we are developing a methodology to identify and track the for-profit part, and expect to produce regular reports on both sectors in the near future.

However, the non-profit component is central for several reasons. Most important,

these organizations form the main institutional component of the region's cultural endowment; educating us, elevating our spirits, and enriching our lives. New England is blessed with both diversity and quality in its arts and cultural organizations, ranging from crafts organizations and historical societies in the upper reaches of Maine, Vermont, and New Hampshire, to internationally recognized theater troupes, musical organizations, and dance groups in the lower three states. Although comparable information on cultural non-profits nationwide will not be available until the next report we produce, other research we have completed recently has consistently shown that the New England region has an unusually large share of cultural organizations, and of artists.

This leads to the second point. As this study makes clear, it is also worthwhile to consider the economic contributions of the non-profit arts and culture industry -- the total amount people pay to see a performance or event (or the benefits derived from free admission), the total income and spending these organizations contribute to the economy, the number of persons they employ, and the tax revenues and economic impact they create. In the summary that follows, all data refer to the 2002 calendar or fiscal year of these organizations.

Number of Cultural Organizations

As the region grows both in terms of population and wealth, a greater demand for art and culture is created. Previous studies have demonstrated that spending on art and culture tends to be related to both the income levels and educational attainment of its "consumers." As a region, New England is blessed with residents with both high educational attainment and above average income levels.

One response to the increased demand is for existing organizations to grow and increase the number and content of performances and exhibitions, but another is for new cultural organizations to be established and developed. Although some of the changes in number of organizations identified per state reflect revisions in our identification and record-keeping process, they do reflect growth in the overall number of organizations. Using a similar methodology, our research identified a total of 9,841 cultural organizations in New England in 1996, and 13,036 organiza-

tions in 2000.

REPORTED NUMBER OF CULTURAL ORGANIZATIONS, 2002					
Connecticut	Maine	Massachusetts	New Hampshire	Rhode Island	Vermont
2,260	1,689	6,283	1,175	848	1,304

Income

In terms of financial data, probably the most important way that non-profit organizations differ from their for-profit counterparts is in the sources of the income that they receive. Most non-profits sell a product or service to the public. However, non-profits, in return for exemption from taxation and as recognition of the public's trust in their missions, also receive part of their income from government grants and private donations. The breakdown between earned and unearned income varies among types of non-profits.

New England's cultural organizations received \$5.479 billion in income from all sources in 2002. Of this amount, \$3.172 billion were earned, \$1.573 billion were from foundation, corporate, and individual donations, \$734 million were from federal, state, and local government donations. Across the six New England states, an average of 18 percent of this income was received from out-of-state sources.

INCOMES OF CULTURAL ORGANIZATIONS, 2002 (thousands of dollars)					
Connecticut	Maine	Massachusetts	New Hampshire	Rhode Island	Vermont
\$798,897	\$334,177	\$3,495,367	\$147,778	\$362,111	\$341,087

Spending

Like organizations in the for-profit sector, arts and cultural organizations purchase goods and services, employ a staff, and contract for outside services. The way in which they spend their income parallels spending by for-profits. Their spending creates income and employment not only for those working directly for the arts and cultural organizations, but also for the organizations that sell goods and services to them. This further economic impact is discussed more fully below.

Direct spending by the region's arts and cultural organizations totaled \$5.418 billion in 2002. Of this amount, \$1.872 billion were for salaries, and \$3.546 billion were for other operating expenses.

SPENDING BY CULTURAL ORGANIZATIONS, 2002 (thousands of dollars)					
Connecticut	Maine	Massachusetts	New Hampshire	Rhode Island	Vermont
\$773,139	\$334,780	\$3,491,241	\$139,561	\$351,246	\$328,352

Net Assets

Net assets measure the wealth of cultural organizations. These organizations possess cash and other financial assets and often own real estate, or other valuable property, such as art works or performance venues. Some types of assets are peculiar to certain organizations, such as paintings and sculpture to museums, and books, video and music collections to libraries. Like wealth in the hands of households, wealth of cultural organizations is particularly concentrated in the largest and most successful organizations.

The net worth of the region's arts and cultural organizations totaled \$16.234 billion in 2002. Over half of the organizations' net assets were owned by museums and libraries.

ASSETS OF CULTURAL ORGANIZATIONS, 2002 (thousands of dollars)					
Connecticut	Maine	Massachusetts	New Hampshire	Rhode Island	Vermont
\$2,529,498	\$1,120,107	\$12,076,372	\$675,146	\$1,356,827	\$825,640

Admissions

Cultural organizations have always been a major attraction for the region's residents and visitors. For example, attendance at cultural organizations in New England regularly exceeds attendance at professional sports events by a wide margin. Attendance at cultural events includes visits to museums, enjoying performance arts events, participating in crafts fairs, first nights and jamborees, as well as visits to cultural events held in libraries and municipal buildings. Admissions by state are shown below.

Total admissions, paid and unpaid, to arts and cultural organizations, presentations

and events in New England are estimated at 103,266,483 in 2002. This figure amounts to about 7.4 times the region's population. Of course, patrons of cultural events typically attend more than one event per year. They may attend several subscription events offered by the same organization, and may attend a wide variety of cultural activities. Cultural events also attract many visitors from outside the state, and outside the region. Our research shows that the percentage of residents attracted from outside the state ranges from just under 10 percent in Connecticut to over 27 percent in Vermont.

ADMISSIONS TO CULTURAL EVENTS, 2002					
Connecticut	Maine	Massachusetts	New Hampshire	Rhode Island	Vermont
22,254,598	3,729,523	57,862,646	4,270,628	8,694,054	6,455,043

Employment

Although arts and cultural organizations are not a principal source of employment in any state, they fulfill a critical role in placing people, especially artists and humanists, into jobs.

Overall, arts and cultural organizations in the region employed 78,600 persons in 2002. Of these, 42,220 were artists and humanists. Not counted in these numbers are performers, consultants who are contractually engaged for shorter periods by these organizations.

EMPLOYMENT IN CULTURAL ORGANIZATIONS, 2002					
Connecticut	Maine	Massachusetts	New Hampshire	Rhode Island	Vermont
17,955	3,901	36,763	2,523	9,935	7,523

Taxes Collected/Withheld

Obviously, non-profit organizations do not pay tax on income they generate. However, they serve as conduits for collecting the federal payroll tax, withholding social security contributions for their employees. Also, when non-profits engage in selling goods or services outside their basic mission, these sales become subject to taxation. Things such as gift shop sales are subject to state sales taxation. Overall, the region's non-profit arts and cultural organizations collected \$157.2 million

in federal and state taxes in 2002. This total is composed of \$146.4 million in federal payroll tax withholding and \$10.8 million in state sales taxes.

TAXES COLLECTED/WITHHELD BY CULTURAL ORGANIZATIONS, 2002 (thousands of dollars)					
Connecticut	Maine	Massachusetts	New Hampshire	Rhode Island	Vermont
\$33,220	\$6,065	\$94,692	\$2,877	\$9,297	\$8,491

Economic Impact

Economic impact refers to the total dollar impact of an industry's spending, including re-spending by firms who supply goods and services to that industry. This re-spending is normally limited to that portion of the industry's initial spending that would not otherwise have occurred in the region. It was calculated by (1) estimating the amount of cultural spending financed by *out-of-state* income sources, (2) applying the appropriate state cultural spending multiplier to that initial spending to calculate induced and indirect spending, and (3) adding indirect and induced spending to total initial spending from all sources. Summing the indirect and induced spending reported for each of the states yields a total of \$1.236 billion. Adding this to the original total spending of \$5.418 billion yields a total economic impact of \$6.654 billion in New England.

ECONOMIC IMPACT OF CULTURAL ORGANIZATIONS, 2002 (thousands of dollars)					
Connecticut	Maine	Massachusetts	New Hampshire	Rhode Island	Vermont
\$892,913	\$433,790	\$4,228,908	\$189,506	\$465,423	\$444,058

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New England Summary

As highlighted in the executive summary, in 2002, the arts, cultural, and humanities industry in New England, as measured by 13,592 non-profit cultural organizations:

- Spent a total of \$5.418 billion, of which \$1.872 billion were for salaries, and \$3.546 billion were for other operating expenses.
- Received \$5.479 billion in income, of which \$3.172 billion were earned, \$1.573 billion were from foundation, corporate, and individual donations, and \$734 million were from federal, state, and local government donations.
- Provided 78,600 jobs. Counted among these employed persons are 42,220 artists and humanists.
- Had 103,266,483 admissions to its events, or 7.4 times the population of the entire region. About 67 percent were paid admissions.
- Collected and/or paid \$146.4 million in federal payroll tax withholding, and \$10.8 million in state sales taxes.
- Benefited from the help of 274,707 volunteers.

Enhancing the direct spending reported above with the indirect and induced spending on the state's arts, cultural, and humanities organizations financed by sources *outside each state* leads to

- A total economic impact of \$6.654 billion, including indirect and induced spending of \$1.236 billion.

Introduction and Background to This Study

As noted in the Executive Summary, studies have shown that two principal factors (other than price) which influence the demand for art and culture are income levels and educational attainment. Thus it is no surprise that New England's states have shown to be above average in studies that measure the importance of art and culture to a region's economy.¹ States in the region in general rank well above average in both measures. New England has three states in the top five in per capita income (Connecticut, Massachusetts and New Hampshire), and four states in the top ten in percentage of residents aged 25 and over with a college degree (Connecticut, Massachusetts, New Hampshire and Vermont). New England's cultural non-profit organizations benefit from a populace which values art and culture, and from a rich cultural heritage going back to pre-Revolutionary War days.

This constitutes the third in a series of comprehensive reports on the economic status of New England's non-profit cultural organizations. This one, for the year 2002, includes estimates of spending, income, net assets, admissions, employment, volunteers, and taxes for the region's 13,592 cultural organizations. The research methodology which underlies this report is essentially similar to that in our reports on the region's cultural organizations in 1996² and 2000.³

Beginning with our 1996 report, we utilized a different approach from earlier studies of the region's non-profit cultural organizations. We gathered financial and related information on cultural organizations from three different sources. First, a major source of information has been the data in the IRS Form 990, annually filed by non-profit organizations. The information in these filings, edited and formatted for analysis, has been made available through the efforts of the National Center for Charitable Statistics. Non-profit organizations with annual revenue in excess of

¹ See, for example, Gregory H. Wassall, *New England's Creative Economy: An Update* (New England Foundation for the Arts, 2003).

² Gregory H. Wassall and Douglas DeNatale, *Arts, Cultural, and Humanities Organizations in the New England Economy, 1996* (New England Foundation for the Arts, 1997).

³ Gregory H. Wassall and Douglas DeNatale, *New England's Creative Economy: The Non-Profit Sector, 2000* (New England Foundation for the Arts, 2003.)

\$25,000 are required to file Form 990s annually, so the availability of these files in effect guarantees a high rate of data availability for private cultural non-profits with annual income in excess of \$25,000. The information in these files includes breakdowns of income and expenses, as well as detail about the organization's balance sheet position.

Not all organizations are large enough to qualify for filing, and not all organizations provide complete information to the IRS in a given year. Thus a second source of information from the Internal Revenue Service is its Business Master File. The Business Master File reports total income and net assets for those organizations which have filed any non-profit returns with the IRS.

Last, there still remains the problem of acquiring information about organizations which are not required to file, and of acquiring additional information from all organizations, including filers. The additional information needed, which we have also collected in past studies, includes employment, volunteer hours, taxes paid/collected, and percent of income derived from non-state residents. Thus, as in these past studies, we conducted a direct web-based survey to collect the additional financial and related data not available in the Business Master File or in the Form 990.

Despite these efforts, there still remain a large number of organizations which we have been able to identify but which do not file a Form 990 or have not responded to our survey efforts. Several types of organization are particularly difficult to obtain information from or about: small organizations which are not required to file financial information with the IRS, embedded organizations, i.e., those which are part of a larger, non-cultural entity, and government-operated organizations, such as most public libraries, which also are not required to file with the IRS and may not have a separate budget.

Throughout New England, we identified 9,841 cultural organizations in 1996, 13,036 in 2000, and 13,592 for this survey. Although some of this increase represents natural growth in the number of organizations, much reflects our ability, us-

ing a variety of sources, to increasingly identify a wider range of cultural organizations throughout the region.

Reports Prior to 1996

The New England Foundation for the Arts and the six state arts agencies have been involved in promoting region-wide economic impact studies of New England's cultural organizations for several decades. Prior to 1996, these studies had been completed at a rate of one roughly every ten years. The first such study was based on information collected for 1978,⁴ and an additional study was undertaken using information collected for 1988⁵.

The 1978 and 1988 studies were based on information received from direct mail surveys of the relevant organizations. The survey questionnaire was sent to all organizations which appeared on lists submitted by the six state arts agencies. When these studies were conducted, there was no central source which could collect and disseminate information about non-profits. Thus there was no alternative to gathering the necessary data for these studies other than by using a direct survey.

However, there are shortcomings of using a direct survey exclusively. First, the accuracy of the survey results depend on the response rate achieved. In the 1978 and 1988 studies, region-wide response rates of about 20 percent were realized. Care was taken to ensure much higher response rates from the largest organizations, which made the bulk of spending, income, employment, and thus the economic impact.

Second, estimates drawn from survey results are not going to be completely comparable from study year to study year. Each survey attracts responses from a different set of organizations. Despite our attempts to make accurate projections

⁴Gregory H. Wassall, et al, *The Arts and the New England Economy*, 2nd edition (New England Foundation for the Arts, 1981).

⁵Gregory H. Wassall, et al, *The Arts and The New England Economy: An Update* (New England Foundation for the Arts, 1989).

from the samples in each year, there are bound to be some differences in reported outcomes that reflect the unique characteristics of those organizations which participated in the survey. Third, there is the expense of conducting a direct mail survey and any necessary follow-up with several thousand organizations.

In balance, the larger data samples we now work with combined with a more consistent methodology ensure more accurate and comparable statistics in those studies conducted beginning with 1996.

Characteristics of the 2002 Survey Organizations

In order to gain more information about the nature and geographic distribution of the region's cultural organizations profiled in this study, it is useful to categorize these organizations in the following way. In terms of how we collected the information we can categorize these organizations as belonging to one of three groups, as noted above. To visualize the distribution of the organizations among these groups, as well as among states, refer to Table 1.0.

The first group consists of those cultural organizations for which we have IRS Form

STATE/ REGION	990 FILER	SURVEY RESPONDER	OTHER:		STATE TOTAL	% OF TOTAL WITH DATA
			INCOME/ ASSET DATA	NO DATA		
CONNECTICUT	411	152	438	1,259	2,260	44.3%
MAINE	183	97	315	1,094	1,689	35.2%
MASSACHUSETTS	922	385	925	4,051	6,283	35.5%
NEW HAMPSHIRE	164	92	180	739	1,175	37.2%
RHODE ISLAND	131	55	138	557	881	36.8%
VERMONT	146	106	188	864	1,304	33.7%
NEW ENGLAND	1,957	887	2,184	8,564	13,592	37.0%

SOURCE: Survey database.

990 information for the relevant year, called the *990 filers*. Throughout New England, there are 1,957 Form 990 filers in the database; for these organizations we are able to utilize their Form 990 data to contribute to the financial data tables in

this report.

Second, there are those organizations which have completed the on-line survey, called the *survey responders*. This group consists of 887 organizations. Some of these also are Form 990 filers, but are classified as survey responders. For these organizations, we used their reported survey data to contribute to all the tables in this report, including estimates of employment, admissions, and taxes, for which they are the only source of information.

Last are those cultural organizations for which we do not have information from either of the above two sources, called *others* in Table 1.0. These are the most numerous, totaling 10,748 organizations. Most of these are drawn from the IRS Business Master File. In that file, information on total income, net assets, and liabilities is available on some organizations, 2,184 to be exact. For the remaining 8,564 we have no financial information.

It is useful to note some basic distinctions between the 990 filers and the other organizations. The other cultural organizations either did not file a Form 990 for 2002 but were required to, or are not required to file a Form 990. Of the latter group, organizations not required to file a Form 990 include governmental organizations (such as public libraries and arts councils), embedded organizations (organizations which are part of a larger non-cultural non-profit, such as a museum or concert series embedded in a university, which probably does file a Form 990), and organizations which do not meet the minimum income filing requirement. The other cultural non-profits may respond to our survey, may be found in the Business Master file (but only if they are private and not embedded), or may not present any relevant data that we can capture.

The column titled *% of total with data* shows the sample size used to determine spending, income and net asset estimates. Over the region this sample constituted 30 percent of all organizations, varying from 34 percent in Vermont to 44 percent in Connecticut. Those showing financial and related data are larger on average than those with missing data. However, the actual sample used to estimate non-

financial variables, such as employment and volunteer hours, is smaller and composed of the survey responders.

This table also highlights differences in the number of organizations in each state. Massachusetts, the state with the most population in the region, has almost half of the region’s cultural organizations. Connecticut, geographically smaller but with about half the population of Massachusetts, has about one-sixth the region’s cultural organizations. The upper tier states each have over a thousand. Rhode Island, the smallest state geographically, is the only one with less than a thousand

Income, Spending and Net Assets

Two tables below present information on income, spending and net assets of cultural organizations in New England for 2002. In Table 1.1a, information on total income, spending and net assets is shown. As a whole, cultural organizations in the six states have shown dramatic financial growth over the period since 1996, with

TABLE 1.1a CHANGE IN BASIC FINANCIAL STATUS OF NEW ENGLAND CULTURAL ORGANIZATIONS 1996-2002 (dollar figures in thousands)				
YEAR	# OF ORGS.	TOTAL SPENDING	TOTAL REVENUE	NET ASSETS
1996	9,841	\$2,339,734	\$2,352,777	NA
2000	13,036	\$3,766,334	\$4,214,919	\$11,095,232
2002	13,592	\$5,418,320	\$5,479,416	\$16,234,173
ANNUAL % CHANGE	6.35%	21.93%	22.15%	---

DATA SOURCES: For 2000 and 2002: Information extracted and prepared from IRS Form 990 filings by the National Center for Charitable Statistics; information from the IRS Business Master File, and an ongoing survey of New England’s non-profit cultural organizations; 2000 data published in Gregory H. Wassall, and Douglas DeNatale, *New England’s Creative Economy: The Non-Profit Sector* (Boston: New England Foundation for the Arts, 2003). For 1996: Gregory H. Wassall, and Douglas DeNatale, *Arts, Cultural, and Humanities Organizations in the New England Economy, 1996* (Boston: New England Foundation for the Arts, 1997), various tables.

DEFINITIONS: Using the NCCS IRS Form 990 data extract, total expenditure is the sum of program, fund-raising, management and general expenses, as well as payments to affiliates, plus the following expenses which are deducted from revenues on the Form: expenses incurred while earning rental income, selling assets, staging special events, and selling goods (i.e., cost of goods sold); total revenue is gross receipts from all sources of income with no expense deductions made. In our 1996 report, total spending is defined as the sum of operating expenses, outside fees, and capital expenses; total revenue is defined as the sum of earned income, unearned income, and endowment income. The definitions derived from the IRS data are chosen in order to make spending and revenue amounts comparable between the two sources of data.

double-digit growth rates in total spending and total income. Comparable growth in net assets, tracked only since 2000, has occurred as well. Though some of this growth is due to an increase in the number of organizations in our database, this financial growth has significantly outpaced the growth in the number of organiza-

tions we have been tracking over this period.

Region-wide revenues of cultural organizations totaled \$5.5 billion, and spending totaled \$5.4 billion. In the region and in the six individual states as well, growth in revenue has slightly outpaced growth in spending. The value of net assets totaled \$16.2 billion. We have no comparable figure for net assets in 1996.

A different look at these three financial categories can be found in Table 1.1b, where averages per organization are presented.

TABLE 1.1b CHANGE IN AVERAGE FINANCIAL SIZE OF NEW ENGLAND CULTURAL ORGANIZATIONS, 1996-2002				
(all data are on a per organization basis)				
YEAR	# OF ORGS.	SPENDING PER ORG.	REVENUE PER ORG.	NET ASSETS PER ORG.
1996	9,841	\$237,754	\$239,079	NA
2000	13,036	\$288,918	\$323,329	\$602,774
2002	13,592	\$398,640	\$403,136	\$1,194,392
ANNUAL % CHANGE	6.35%	11.28%	11.44%	----
DATA SOURCES AND DEFINITIONS: See Table 1.1a.				

In Table 1.1b, the amounts are in dollars, unlike the financial data in surrounding tables, which are in thousands of dollars. Table 1.1b shows that, since 1996, the average organization size increased annually by 11.3 percent in terms of spending, and by 11.4 percent in terms of revenue. Thus we can conclude that the larger growth rates observed in Table 1.1a are the product of both an increase in the number of organizations and growth in financial size of the organizations present in all three years of data. The average organization in 2002 had about a \$400,000 budget, although many in the database report no income or spending, and a few had budgets in excess of \$100 million. As we will see below, there are systematic differences among states as well. Comparable data for organizations in each state are found in the following chapters.

More detail on major categories of revenues and expenses can be found in the next two tables. In Table 1.2, revenues are broken into earned and contributed sources, with contributed income further broken into that from private and government sources.

In 2002, about 42 percent of all revenues came from contributed sources, with private contri-

TABLE 1.2 REVENUES OF NEW ENGLAND CULTURAL ORGANIZATIONS, 2002 (dollar figures in thousands)					
# OF ORGS.	EARNED	CONTRIBUTED		TOTAL	% FROM OUTSIDE STATE
		PRIVATE	GOV'T.		
13,592	\$3,171,945	\$1,573,144	\$734,326	\$5,479,416	12.97
DATA SOURCES AND DEFINITIONS: See Table 1.1a. The breakdown of total revenues into categories of revenue is estimated from data provided by Form 990 filers and survey responders.					

butions outnumbering government contributions by about two to one. The earlier surveys show contributed income ranging between 37 and 47 percent of total income, with relatively smaller shares coming from government.

In Table 1.3 total spending is broken into salaries and all other expenses. New England cultural organizations spent \$1.9 billion on salaries for employees in 2002.

Although salaries have grown in dollar amount since 1996, the share

TABLE 1.3 SPENDING BY NEW ENGLAND CULTURAL ORGANIZATIONS, 2002 (dollar figures in thousands)			
# OF ORGS.	SALARIES	OTHER EXPENSES	TOTAL SPENDING
13,592	\$1,872,517	\$3,545,803	\$5,418,320
DATA SOURCES AND DEFINITIONS: See Table 1.1a. The breakdown of total spending into categories of spending is estimated from data provided by Form 990 filers and survey responders.			

of salaries in total spending has gradually declined over this period. In 1996, salaries constituted 50 percent of total spending, falling to 40 percent in 2000 and to 35 percent in 2002.

Admissions

Admissions to New England cultural organizations are reported in Table 1.4.

A total of 103.3 million persons attended cultural events in the region during 2002. Although this figure may seem astronomical compared to the region's population of 14.1 million in

TABLE 1.4 ADMISSIONS TO NEW ENGLAND CULTURAL ORGANIZATION EVENTS, 2002					
# OF ORGS.	ADMISSIONS:		TOTAL	% FROM OUTSIDE STATE:	
	PAID	UNPAID		PAID	UNPAID
13,592	69,642,683	33,623,800	103,266,483	16.28	15.77
DATA SOURCES AND DEFINITIONS: Admissions are estimated from data provided by the survey of cultural organizations.					

July 2002, keep in mind that the admissions figures cover all reported attendance and/or visits. This includes repeat visits to subscription concert series or to museums, e.g., by members. It also includes every visit during the year by those many New Englanders who attend multiple cultural events, ranging from visits to historical societies and fairs to attendance at dance presentations. In addition, many out-of-region tourists come to New England to attend events and browse museums and galleries. Although we did not ask about numbers of visitors from out of the region, the results tell us that a significant number of attendees to these events came from out of state. As noted in Table 1.4, roughly 16 percent of all attendees were not residents of the state in which the event occurred.

The survey also requested cultural organizations to report on paid and unpaid admissions during the year. About two-thirds of total admissions were paid. Roughly equal percentages of persons attending paid and unpaid events were non-state residents.

Employment

Cultural organizations, like many other non-profit service organizations, depend heavily on labor, and devote a significant percentage of their spending to salaries. However, given their relatively small size as enterprises, they tend not to be major sources of employment individually. Another characteristic of many of these organizations is reliance on part-time workers and volunteers.⁶

Employment figures for New England are found in Table 1.5.

⁶We did not ask for information on part-time employees in our survey this time, although such information was requested in prior surveys. The majority of employees associated with cultural organizations were classified as part-time in previous surveys.

Total employment in these organizations was 78,600 in 2002. Of these, employment of artists and humanists was 42,220.⁷ The extensive use of volunteers by cultural non-profits is noted in this table as well. Cultural organizations in New England benefited

from the services of 274,707 volunteers. These volunteers included professional and other workers; about 30 percent were artists.

TABLE 1.5 EMPLOYMENT AND VOLUNTEER HOURS, NEW ENGLAND CULTURAL ORGANIZATIONS, 2002			
# OF ORGS.	TOTAL EMPLOYMENT	ARTIST EMPLOYMENT	VOLUNTEERS
13,592	78,600	42,220	274,707
DATA SOURCES AND DEFINITIONS: Employment and volunteer data are estimated from data provided by the survey of cultural organizations.			

Taxes

Although non-profit organizations do not pay taxes on the income they generate, and are generally exempt from paying sales taxes on their purchases, their activities nevertheless create tax revenues. Since the IRS Form 990 requests information on payroll taxes for social security, we asked the same question in our survey. On the survey we also requested the amount of state sales taxes collected (for example, in gift shops).

In Table 1.6, we see that cultural organizations remitted \$10.8 million in state sales taxes, and \$146.4 million in federal payroll taxes.

TABLE 1.6 STATE AND FEDERAL TAXES COLLECTED OR WITHHELD BY NEW ENGLAND CULTURAL ORGANIZATIONS, 2002 (dollar figures in thousands)			
# OF ORGS.	STATE SALES TAXES	FEDERAL PAYROLL TAXES	TOTAL TAXES
13,592	\$10,774	\$146,448	\$157,222
DATA SOURCES AND DEFINITIONS: Tax data are derived from the survey of cultural organizations. State taxes reported are sales taxes collected. Federal taxes reported are the employer contribution to the payroll tax.			

⁷ Although cultural organizations are a source of employment for many artists, the majority do not work for them. Estimated artist employment in New England in 2000 was 126,000. This number counts only persons who work as artists as their primary job. The numbers in Table 1.5 include some persons working part-time as artists (a jazz group which performs on weekends, for example), but who would report a different occupation for their full-time job. See Gregory H. Wassall, *Employment of Artists in New England: 2000*, report submitted to the New England Foundation for the Arts, 2003.

Economic Impact

Estimating total economic impact entails making an estimate of the additional indirect and induced spending created by the initial spending of the state's cultural organizations, and adding that amount to the initial spending.⁸

Economists argue that only income brought into the region has an economic impact; income that cultural organizations receive from state residents would have been spent inside the state (on other entertainment, perhaps) if these cultural organizations did not exist. Thus, conservatively, these "multiplier effects" of cultural organization spending should be applied only to that percentage of spending financed by income received from out-of-state sources.

Thus economic impact can be directly calculated *for each state* by using the reported percentage of income brought into the state by the cultural organizations as the basis for estimating spending from out-of-state income. We did not request information about income brought into New England from outside the New England region by cultural organizations. Thus we define the region-wide economic impact as simply the sum of the economic impacts calculated for each of the six states. In doing this, we recognize that, for example, some of the income brought into, say, Massachusetts by its cultural organizations may have originated in other New England states.

In each state, economic impact was determined by (1) estimating spending financed by out-of-state income sources, (2) applying the appropriate state cultural spending multiplier to that initial spending to calculate induced and indirect spending, and (3) adding indirect and induced spending to total initial spending from all sources. The details are reported in each state chapter. Summing the indirect and induced spending reported for each of the states yields a total of \$1.236 billion. Adding this to the original total spending of \$5.418 billion yields an economic impact of **\$6.654 billion**.

⁸The indirect impact refers to further spending by local firms initiated by the direct spending. The induced impact refers to spending by households out of additional income created by the direct and indirect spending.

Upper vs. Lower Tier States

There are some distinct differences between the three upper tier states and the three lower tier states. Obviously, the main difference is in population density. The lower states - Connecticut, Massachusetts, and Rhode Island - are highly urban, ranking 3, 4, and 2 respectively among the 50 states in population density. The upper states - Vermont, New Hampshire, and Maine - are much more rural in nature.

With their rural character and lower population density, the upper tier states lend themselves naturally to smaller sized enterprises, and to organizations that do not need large audiences to prosper, such as historical societies, libraries, fairs, and smaller scale performing groups.

How these differences play out in the two tiers can be seen in Tables 1.7 and 1.8.

Although the lower tier states account for 69 percent of New England's cul-

tural organizations, those organizations in the lower tier account for 85 percent of revenue and spending, and 91 percent of assets. Only use of volunteers is spread between the two tiers in rough proportion to the number of organizations.

TABLE 1.7 COMPARISON OF LOWER AND UPPER TIER STATES: AVERAGE REVENUE AND SPENDING, 2002, 2000 AND 1996 (dollar figures in thousands)				
REGION	YEAR	# OF ORGS.	AVERAGE REVENUE	AVERAGE SPENDING
LOWER NEW ENGLAND	2002	9,424	\$494,097	\$489,774
	2000	9,306	379,013	337,343
	1996	6,079	294,465	288,594
UPPER NEW ENGLAND	2002	4,168	197,467	192,585
	2000	3,730	117,127	97,238
	1996	3,762	74,392	70,667

SOURCE: IRS and survey of cultural organizations.

Lower tier organizations are financially much larger, averaging about two and a half times the spending and revenue of upper tier organizations. This relative difference in size has been shrinking since the 1996 study, when the lower tier organizations were about four times larger in a financial sense.

TABLE 1.8 COMPARISON OF LOWER AND UPPER TIER STATES: PERCENTAGE OF FINANCIAL AND EMPLOYMENT OUTCOMES FROM LOWER TIER ORGANIZATIONS, 1996, 2000, AND 2002

	YEAR	# ORGS	TOTAL REVENUE	TOTAL SPENDING	PAID ADM	UNPAID ADM	NET ASSETS	TOTAL EMPL	ARTIST EMPL	VOL S
PERCENTAGE IN LOWER NEW ENGLAND	2002	69.3	85.0	85.2	87.2	83.5	91.4	82.3	87.1	68.7
	2000	71.4	91.4	90.3	81.9	82.8	91.7	85.3	84.9	80.2
	1996	61.8	89.7	89.2	80.1	75.7	NA	78.7	79.4	66.9

SOURCE: IRS and survey of cultural organizations.

Connecticut's Creative Economy: the Non-Profit Sector, 2002

In 2002, the arts, cultural, and humanities industry in Connecticut, as measured by 2,260 organizations:

- Spent a total of \$773.1 million, of which \$350.8 million were for salaries, and \$422.3 million were for other operating expenses.
- Received \$798.9 million in income, of which \$264.4 million were private contributions, \$202.4 million were government contributions, and \$332.0 million were earned from all other sources. Of the total, 7.7 percent came from out-of-state sources.
- Provided 17,955 jobs. Counted among these employed persons were 10,430 artists and humanists.
- Had 22,254,598 admissions to its events, or over five times the population of the entire state. About 65 percent were paid admissions.
- Collected and/or paid \$32.4 million in federal payroll taxes, and \$0.9 million in state sales taxes.
- Benefited from the help of 68,449 volunteers.

Enhancing the direct spending reported above with the indirect and induced spending on the state's arts, cultural, and humanities organizations financed by sources *outside the state* leads to

- ***A total economic impact of \$892.9 million, including indirect and induced spending of \$119.8 million.***

Introduction

This chapter reports on the economic status of Connecticut's non-profit cultural organizations in 2002. It includes estimates of total spending, income net assets, admissions, employment and taxes for the state's 2,260 cultural organizations. The number of organizations we have identified represents a 1.5 percent average annual increase over that determined in our 1996 study.

Connecticut has had a tradition of hosting major cultural organizations. Its convenient location between Boston and New York City has enabled it over time to attract numerous visitors to these organizations, and its location makes it a desirable place to live. That and a favorable industry mix have allowed the Nutmeg State to rank consistently at or near the top of the region in income and wealth. In 2002, the year of record for this report, Connecticut's per capita personal income of \$42,468 was the highest in New England and the highest among the 50 states, over \$11,000 above the national average. Its residents are highly skilled. In terms of the percentage of state residents at least 25 years old who have a bachelor's degree, Connecticut ranks third nationwide, and second in New England. The state is geographically small but densely populated. Its 2002 population of 3,458,587 ranks it second behind Massachusetts in the region. Its density of 624 persons per square mile is the second highest in the region and third highest nationwide.⁹

Income, Spending and Net Asset Position

In this section, we report on the income, spending and net asset positions of Connecticut's cultural organizations. Income and spending are broken into sub-categories.

In Table 2.1a below we report on overall revenues, spending and net asset position.

⁹Data in this paragraph were obtained from web sites supported by the U. S. Department of Commerce, Bureaus of the Census and Economic Analysis

The information in this table shows the state's non-profit cultural industry growing overall since our 1996 study, but relatively unchanged since our 2000 study. Between 1996 and 2002, total spending has grown at an average annual

TABLE 2.1a CHANGE IN BASIC FINANCIAL STATUS OF CONNECTICUT CULTURAL ORGANIZATIONS, 1996-2002 (dollar figures in thousands)				
YEAR	# OF ORGS.	TOTAL SPENDING	TOTAL REVENUE	NET ASSETS
1996	2,046	\$502,641	\$515,941	NA
2000	2,233	\$766,058	\$845,243	\$1,772,264
2002	2,260	\$773,139	\$798,897	\$2,412,569
ANNUAL % CHANGE	1.52%	8.97%	9.14%	NA
<p>DATA SOURCES: For 2000 and 2002: Information extracted and prepared from IRS Form 990 filings by the National Center for Charitable Statistics; information from the IRS Business Master File, and an ongoing survey of Connecticut's non-profit cultural organizations; 2000 data published in Gregory H. Wassall, and Douglas DeNatale, <i>New England's Creative Economy: The Non-Profit Sector</i> (Boston: New England Foundation for the Arts, 2003). For 1996: Gregory H. Wassall, and Douglas DeNatale, <i>Arts, Cultural, and Humanities Organizations in the New England Economy, 1996</i> (Boston: New England Foundation for the Arts, 1997), various tables.</p> <p>DEFINITIONS: Using the NCCS IRS Form 990 data extract, total expenditure is the sum of program, fund-raising, management and general expenses, as well as payments to affiliates, plus the following expenses which are deducted from revenues on the Form: expenses incurred while earning rental income, selling assets, staging special events, and selling goods (i.e., cost of goods sold); total revenue is gross receipts from all sources of income with no expense deductions made. In our 1996 report, total spending is defined as the sum of operating expenses, outside fees, and capital expenses; total revenue is defined as the sum of earned income, unearned income, and endowment income. The definitions derived from the IRS data are chosen in order to make spending and revenue amounts comparable between the two sources of data.</p>				

rate of 9.0 percent, and total revenue has grown at an average annual rate of 9.1 percent, including the noted slowdown since 2000. On an annual basis, the number of organizations in our database has increased by 1.5% since the 1996 survey. Total spending in 2002 was \$773 million, and total revenue was \$799 million. Net assets, which were not estimated in 1996, were \$2.4 billion in 2002.

In Table 2.1b, the same information on revenue, spending and net assets is presented, but on a per organization basis, showing the budget size of an "average" Connecticut cultural organization.

The growth rates in Table 2.1b further indicate that the organizations in our database maintained roughly the same budget size since 2000. Prior to 2000 there was growth both in the number of organizations and in their financial size. Despite maintaining roughly the same budget size since 2000, the average cultural organization in Connecticut still remains the largest in financial terms among the six

states. Although we were not able to track net assets in 1996, they have grown far more, on a per organization basis,

TABLE 2.1b CHANGE IN AVERAGE FINANCIAL SIZE OF CONNECTICUT CULTURAL ORGANIZATIONS, 1996-2002 (all data are on a per organization basis)				
YEAR	# OF ORGS.	SPENDING PER ORG.	REVENUE PER ORG.	NET ASSETS PER ORG.
1996	2,046	\$245,670	\$252,171	NA
2000	2,233	\$343,062	\$378,523	\$793,837
2002	2,260	\$342,097	\$353,494	\$1,067,508
ANNUAL % CHANGE	1.52%	6.54%	6.70%	NA
DATA SOURCES AND DEFINITIONS: See Table 2.1a.				

between 2000 and 2002 than have revenue and spending.

More detail on revenue is presented in Table 2.2. In that table, revenue is broken into earned and contributed sources. Contributed income is further broken into

that received from the private sector (corporations, founda-

TABLE 2.2 REVENUES OF CONNECTICUT CULTURAL ORGANIZATIONS, 2002 (dollar figures in thousands)					
#OF ORGS.	EARNED	CONTRIBUTED		TOTAL	% FROM OUTSIDE CT
		PRIVATE	GOV'T.		
2,260	\$332,038	\$264,419	\$202,440	\$798,897	7.70%
DATA SOURCES AND DEFINITIONS: See Table 2.1a. The breakdown of total revenues into categories of revenue is estimated from data provided by Form 990 filers and survey responders.					

tions, and individuals), and from the public sector (federal, state and local government). In 2002, combined private and public contributed income accounted for 58 percent of total revenues; this level of relative support in terms of contributions was exceeded only by Vermont's cultural organizations in the region. However, it is consistent with high support levels in Connecticut in previous reports. The state's cultural organizations received 7.7 percent of their revenue from sources outside the state.

In Table 2.3, spending is broken into salaries and other expenses.

In 2002, salaries accounted for roughly 45 percent of total spending, the highest percentage among the six states. It also represents a higher percentage than that found in Connecticut

in 2000, countering a region-wide trend toward relatively smaller percentages of spending devoted to salaries.

TABLE 2.3 SPENDING BY CONNECTICUT CULTURAL ORGANIZATIONS, 2002
(dollar figures in thousands)

# OF ORGS.	SALARIES	OTHER EXPENSES	TOTAL SPENDING
2,260	\$350,837	\$422,302	\$773,139

DATA SOURCES AND DEFINITIONS: See Table 2.1a. The breakdown of total spending into categories of spending is estimated from data provided by Form 990 filers and survey responders.

Admissions

In Table 2.4, admissions, both paid and unpaid, are reported.

Information on admissions data is not required by the IRS; thus total paid and

TABLE 2.4 ADMISSIONS TO CONNECTICUT CULTURAL ORGANIZATION EVENTS, 2002

# OF ORGS.	ADMISSIONS:		TOTAL	% FROM OUTSIDE CT:	
	PAID	UNPAID		PAID	UNPAID
2,260	14,518,948	7,735,650	22,254,598	9.35%	9.95%

DATA SOURCES AND DEFINITIONS: Admissions are estimated from data provided by the survey of cultural organizations.

unpaid admissions were estimated based on information submitted by the survey organizations.

In 2002, 14.5 million persons paid to attend cultural events in the state. Another 7.7 million attended free events. Combined, paid and unpaid admissions were 22.2 million.¹⁰ About 9.4 percent of persons attending paid events came from out of state, and about 10.0 percent of those attending free events came from out of state.

¹⁰Though this number may seem unduly large – it represents over six times the state’s population -- it should be kept in mind that the same person can attend numerous cultural events during the course of a year, and that this figure counts non-residents. The ratio is also consistent with ones turned up for attendance at cultural events in Massachusetts and Rhode Island.

Employment and Volunteer Hours

Information on employment and volunteer hours can be found in Table 2.5.

The data in this table was derived from information collected from the survey organiza-

TABLE 2.5 EMPLOYMENT AND VOLUNTEER HOURS, CONNECTICUT CULTURAL ORGANIZATIONS, 2002			
# OF ORGS.	TOTAL EMPLOYMENT	ARTIST EMPLOYMENT	VOLUNTEERS
2,260	17,955	10,430	68,449
DATA SOURCES AND DEFINITIONS: Employment and volunteer data are estimated from data provided by the survey of cultural organizations.			

tions only; the Form 990 does not require reporting of comprehensive employment data. Based on projections from the survey organizations, we estimate that these 2,260 organizations employed 17,955 persons, or about eight paid employees per organization. Of these, 10,430 were identified as artists. These numbers include both full-time and part-time workers; no attempt was made to distinguish between the two types of worker.

The number of volunteers donating their time to cultural organizations was estimated at 68,449. Of these, about 20 percent were artists and humanists.

State and Federal Taxes Collected

Although non-profit organizations do not pay taxes, their activities create tax revenues. In the

survey questionnaire, information was requested on the amount of employer payroll

TABLE 2.6 STATE AND FEDERAL TAXES COLLECTED OR WITHHELD BY CONNECTICUT CULTURAL ORGANIZATIONS, 2002 (dollar figures in thousands)			
# OF ORGS.	STATE SALES TAXES	FEDERAL PAYROLL TAXES	TOTAL TAXES
2,260	\$862	\$32,358	\$33,220
DATA SOURCES AND DEFINITIONS: Tax data are derived from the survey of cultural organizations. State taxes reported are sales taxes collected. Federal taxes reported are the employer contribution to the payroll tax.			

taxes contributed, and the amount of state sales taxes collected and/or paid. The Form 990 also requests the amount of employer contributions to the payroll tax. Although the goods and services directly provided by these organizations are not taxable, state sales taxes would be levied primarily on their concession sales.

Overall, the state's cultural organizations reported collecting \$32.4 million in federal payroll taxes and \$0.9 million in state sales taxes.

Economic Impact of Cultural Organization Spending

Estimating total economic impact entails making an estimate of the additional indirect and induced spending caused by initial spending by the state's cultural organizations, and adding that amount to the initial spending.¹¹ Economists argue that only income brought into the region has an economic impact; income that cultural organizations receive from state residents would have been spent inside the state (on other entertainment, perhaps) if these cultural organizations did not exist. Thus, conservatively, these "multiplier effects" of cultural organization spending should be applied only to that percentage of spending financed by income received from out-of-state sources.

It was noted in the section on income that 7.7 percent of total revenue received by Connecticut's cultural organizations came from out-of-state sources. Using a regional input-output model, is it possible to estimate the additional indirect and induced spending that this export income creates.¹² Connecticut cultural organizations are responsible for indirect and induced re-spending of \$119,774,000. **The total economic impact of the state's cultural organizations is thus estimated at \$892,913,000**

¹¹The indirect impact refers to further spending by local firms initiated by the direct spending. The induced impact refers to spending by households out of additional income created by the direct and indirect spending.

¹²A number of organizations have developed regional input-output models. In this study we use a system developed by The Bureau of Economic Analysis of the Commerce Department, called RIMS II. It generates regional industrial multipliers, which are used to estimate the indirect and induced spending by the state's cultural organizations

Maine's Creative Economy: the Non-Profit Sector, 2002

In 2002, the arts, cultural, and humanities industry in Maine, as measured by 1,689 organizations:

- Spent a total of \$334.8 million, of which \$70.4 million were for salaries, and \$264.4 million were for other operating expenses.
- Received \$334.2 million in income, of which \$119.1 million were private contributions, \$31.2 million were government contributions, and \$183.9 million were earned from all other sources. Of the total, 16.0 percent came from out-of-state sources.
- Provided 3,901 jobs. Counted among these employed persons were 1,904 artists and humanists.
- Had 3,729,523 admissions to its events, or over three times the population of the entire state. About 73 percent were paid admissions.
- Collected and/or paid \$5.4 million in federal payroll taxes, and \$0.7 million in state sales taxes.
- Benefited from the help of 16,224 volunteers.

Enhancing the direct spending reported above with the indirect and induced spending on the state's arts, cultural, and humanities organizations financed by sources *outside the state* leads to

- *A total economic impact of \$433.8 million, including indirect and induced spending of \$99.0 million.*

Introduction

This chapter reports on the economic status of Maine's non-profit cultural organizations in 2002. It includes estimates of total spending, income net assets, admissions, employment and taxes for the state's 1,689 cultural organizations. The number of cultural organizations in our Maine database has grown at an annual average rate of 2.6 percent since our 1996 study. As we discuss below, a significant part of this increase involves an effort over the past year to enhance our database of Maine cultural organizations.

Maine remains New England's most rural state. Geographically, it is as large as the rest of New England combined, but contains only nine percent of the region's population. Its rural character has led to a greater prominence of cultural organizations often found in small towns and rural areas, such as historical societies and libraries. The state's population density in 2002 was 37 persons per square mile, roughly half that of Vermont and one-twentieth that of Rhode Island. In 2002, Maine's per capita personal income of \$28,038 ranked it 32nd among the 50 states, and last in New England. Its population in 2002 was 1,294,894, about the same as its neighbor New Hampshire.¹³ Of Maine's residents 25 years old and over, 22.9 percent possess a Bachelor's degree or higher, placing Maine last among New England states and 27th nationally.

Income, Spending and Net Asset Position

In this section, we report on the income, spending and net asset positions of Maine's cultural organizations. Income and spending are broken into its component parts.

In Table 3.1a we report on overall revenues, spending and net asset position.

¹³Data in this paragraph were obtained from web sites supported by the U. S. Department of Commerce, Bureaus of the Census and Economic Analysis

The information in this table shows the state's cultural industry grew at a very healthy pace over the six years since the first comparable cultural inventory in 1996. On an annual basis, the number of organizations has increased by 2.6 percent since the 1996 survey, but total spending has increased by 36.7 percent, and total revenue has increased by 37.3 percent. Total spending in 2002 is estimated at \$334.8 million, and total revenue is estimated at \$334.2 million. Net assets, for

TABLE 3.1a CHANGE IN BASIC FINANCIAL STATUS OF MAINE CULTURAL ORGANIZATIONS, 1996-2002 (dollar figures in thousands)				
YEAR	# OF ORGS.	TOTAL SPENDING	TOTAL REVENUE	NET ASSETS
1996	1,113	\$104,602	\$103,304	NA
2000	1,284	\$146,019	\$179,045	\$410,483
2002	1,689	\$334,780	\$334,177	\$453,471
ANNUAL % CHANGE	2.56%	36.68%	37.25%	NA

DATA SOURCES: For 2000 and 2002: Information extracted and prepared from IRS Form 990 filings by the National Center for Charitable Statistics; information from the IRS Business Master File, and an ongoing survey of Connecticut's non-profit cultural organizations; 2000 data published in Gregory H. Wassall, and Douglas DeNatale, *New England's Creative Economy: The Non-Profit Sector* (Boston: New England Foundation for the Arts, 2003). For 1996: Gregory H. Wassall, and Douglas DeNatale, *Arts, Cultural, and Humanities Organizations in the New England Economy, 1996* (Boston: New England Foundation for the Arts, 1997), various tables.

DEFINITIONS: Using the NCCS IRS Form 990 data extract, total expenditure is the sum of program, fund-raising, management and general expenses, as well as payments to affiliates, plus the following expenses which are deducted from revenues on the Form: expenses incurred while earning rental income, selling assets, staging special events, and selling goods (i.e., cost of goods sold); total revenue is gross receipts from all sources of income with no expense deductions made. In our 1996 report, total spending is defined as the sum of operating expenses, outside fees, and capital expenses; total revenue is defined as the sum of earned income, unearned income, and endowment income. The definitions derived from the IRS data are chosen in order to make spending and revenue amounts comparable between the two sources of data.

which we have no information in 1996, are estimated to be \$453.5 million in 2002.

In Table 3.1b, the same information on revenue, spending and net assets is presented on a per organization basis. This table enables one to get an es-

TABLE 3.1b CHANGE IN AVERAGE FINANCIAL SIZE OF MAINE CULTURAL ORGANIZATIONS, 1996-2002 (all data are on a per organization basis)				
YEAR	# OF ORGS.	SPENDING PER ORG.	REVENUE PER ORG.	NET ASSETS PER ORG.
1996	1,113	\$93,982	\$92,816	NA
2000	1,284	\$113,722	\$139,443	\$319,691
2002	1,689	\$198,212	\$197,855	\$268,485
ANNUAL % CHANGE	2.56%	18.48%	18.86%	NA

DATA SOURCES AND DEFINITIONS: See Table 3.1a.

estimate of the average size of Maine's cultural organizations. The average Maine cultural organization spent \$198.2 million, earned \$197.9 million, and possessed

net assets worth \$268.5 million in 2002. The growth rates in Table 3.1b indicate that much of the overall growth in spending and revenue can be split between the increase in the number of organizations in the cultural database and the growth in the size of cultural organizations in the state. Unlike cultural organizations in other New England states, Maine's on average had slightly less revenue than spending in 2002.

More detail on revenue is presented in Table 3.2. In that table, revenue is broken into earned and contributed sources.

Contributed income is further broken into that received from the private

TABLE 3.2 REVENUES OF MAINE CULTURAL ORGANIZATIONS, 2002 (dollar figures in thousands)					
#OF ORGS.	EARNED	CONTRIBUTED		TOTAL	% FROM OUTSIDE ME:
		PRIVATE	GOV'T.		
1,689	\$183,870	\$119,082	\$31,225	\$334,177	15.99%
DATA SOURCES AND DEFINITIONS: See Table 3.1a.					

sector (corporations, foundations, and individuals), and from the public sector (federal, state and local government). Combined private and public contributed income accounted for 45 percent of total revenues in 2002, slightly less than in 2000. Of the revenue received by Maine's cultural organizations, 16.0 percent came from outside the state.

In Table 3.3, spending is broken into salaries and other expenses.

In 2002, salaries accounted for 27 percent of spending, compared to roughly one-third in 2000. This reduction in salary share between 2000 and 2002 is found in other states as well.

TABLE 3.3 SPENDING BY MAINE CULTURAL ORGANIZATIONS, 2002 (dollar figures in thousands)			
# OF ORGS.	SALARIES	OTHER EXPENSES	TOTAL SPENDING
1,689	\$70,377	\$264,403	\$334,780
DATA SOURCES AND DEFINITIONS: See Table 3.1a.			

Admissions

In Table 3.4, admissions, both paid and unpaid, are reported. Information on admissions data is not required by the IRS; thus total paid and unpaid admissions

were estimated based on information submitted by the survey organizations.

In 2002, 2.7 million persons paid to attend cultural events in the state. Another 1.0 million

TABLE 3.4 ADMISSIONS TO MAINE CULTURAL ORGANIZATION EVENTS, 2002					
# OF ORGS.	ADMISSIONS:		TOTAL	% FROM OUTSIDE ME:	
	PAID	UNPAID		PAID	UNPAID
1,689	2,728,607	1,000,916	3,729,523	21.37%	18.92%
DATA SOURCES AND DEFINITIONS: Admissions data are derived from the survey of cultural organizations.					

attended free events. Combined paid and unpaid admissions equaled 3.7 million. About 21.4 percent of persons attending paid events were estimated to have come from out of state; about 18.9 percent of those attending free events were estimated to be non-residents.

Employment and Volunteer Hours

Information on employment and volunteer hours is found in Table 3.5.

The data in this table were derived from information collected from the survey organizations only; the Form 990

TABLE 3.5 EMPLOYMENT AND VOLUNTEER HOURS, MAINE CULTURAL ORGANIZATIONS, 2002			
# OF ORGS.	TOTAL EMPLOYMENT	ARTIST EMPLOYMENT	VOLUNTEERS
1,689	3,901	1,904	16,224
DATA SOURCES AND DEFINITIONS: Employment and volunteer data are derived from the survey of cultural organizations.			

does not require reporting of comprehensive employment data. Based on projections from the survey organizations, we estimate that these 1,689 organizations employed about 3,901 persons. Of these, 1,904 were identified as artists. These numbers include both full-time and part-time workers; no attempt was made to distinguish between the two types of worker.

The number of volunteers donating their time to cultural organizations was estimated to be 16,224. About a third were artists and humanists.

State and Federal Taxes Collected

Although non-profit organizations do not pay taxes, their activities create tax revenues. In the survey questionnaire, information was requested on the amount

of employer contributions to payroll taxes, and the amount of state sales taxes collected and/or paid. The Form 990 also requests the amount of employer contributions to the payroll tax. Although the goods and services directly provided by these organizations are not taxable, state sales taxes would be levied primarily on their concession sales.

As reported in Table 3.6, overall, Maine's cultural organizations reported collecting \$5.4 million in federal payroll taxes and \$0.7 million in state sales taxes.

TABLE 3.6 STATE AND FEDERAL TAXES COLLECTED OR WITHHELD BY MAINE CULTURAL ORGANIZATIONS, 2002 (dollar figures in thousands)			
# OF ORGS.	STATE SALES TAXES	FEDERAL PAYROLL TAXES	TOTAL TAXES
1,689	\$682	\$5,383	\$6,065
DATA SOURCES AND DEFINITIONS: Tax data are derived from the survey of cultural organizations. State taxes reported are sales taxes collected. Federal taxes reported are the employer contribution to the payroll tax.			

Economic Impact of Cultural Organization Spending

Estimating total economic impact entails making an estimate of the additional indirect and induced spending caused by initial spending by the state's cultural organizations, and adding that amount to the initial spending.¹⁴ Economists argue that only income brought into the region has an economic impact; income that cultural organizations receive from state residents would have been spent inside the state (on other entertainment, perhaps) if these cultural organizations did not exist. Thus, conservatively, these "multiplier effects" of cultural organization spending should be applied only to that percentage of spending financed by income received from out-of-state sources.

It was noted in the section on income that 16.0 percent of total income received by Maine's cultural organizations came from out-of-state sources. Using a regional input-output model, is it possible to estimate the additional indirect and induced

¹⁴The indirect impact refers to further spending by local firms initiated by the direct spending. The induced impact refers to spending by households out of additional income created by the direct and indirect spending.

spending that this export income creates.¹⁵ Maine's cultural organizations are responsible for indirect and induced re-spending of \$99,010,000.

The total economic impact of the state's cultural organizations was \$433,790,000.

¹⁵A number of organizations have developed regional input-output models. In this study we use a system developed by The Bureau of Economic Analysis of the Commerce Department, called RIMS II. It generates regional industrial multipliers, which are used to estimate the indirect and induced spending by the state's cultural organizations

Massachusetts' Creative Economy: the Non-Profit Sector, 2002

In 2002, the arts, cultural, and humanities industry in Massachusetts, as measured by 6,283 organizations:

- Spent a total of \$3.491 billion, of which \$1.189 billion were for salaries, and \$2.302 billion were for other operating expenses.
- Received \$3.495 billion in income, of which \$1.033 billion were private contributions, \$272.3 million were government contributions, and \$2.190 billion were earned from all other sources. Of the total, 10.3 percent came from out-of-state sources.
- Provided 36,763 jobs. Counted among these employed persons were 21,047 artists and humanists.
- Had 57,862,646 admissions to its events, or about nine times the population of the entire state. About 70 percent were paid admissions.
- Collected and/or paid \$88.1 million in federal payroll taxes, and \$6.6 million in state sales taxes.
- Benefited from the help of 98,024 volunteers.

Enhancing the direct spending reported above with the indirect and induced spending on the state's arts, cultural, and humanities organizations financed by sources *outside the state* leads to

- *A total economic impact of \$4.229 billion, including indirect and induced spending of \$738 million.*

Introduction

This chapter reports on the economic status of Massachusetts' non-profit cultural organizations in 2002. It includes estimates of total spending, income net assets, admissions, employment and taxes for the state's 6,283 cultural organizations. The number of cultural organizations in 2002 represents a 17.6 percent average annual increase over the 3,029 identified our 1996 study. Most of this increase had occurred, however, by our 2000 study.

Massachusetts has consistently played a role as the cultural center of New England. Boston especially has a worldwide reputation as a cultural mecca, supporting organizations whose size and fame can overshadow similar organizations found throughout the New England region. Only cities such as New York, Chicago, Philadelphia, Los Angeles and Washington possess an array of cultural organizations with similar diversity and size.

In addition, the state's relatively large and well-educated population supports vibrant but smaller cultural organizations which have located and thrive outside Boston, particularly in the eastern suburbs and in the state's many tourist areas. The state's 2002 Census population of 6,349,097 accounts for roughly half of the region's population. Its 2002 population density of 608 persons per square mile places it fourth in the country, and third in New England, with its lower tier companions having slightly higher densities. Massachusetts also ranks high in personal income. Its 2002 personal income per capita of \$39,085 places it third among the 50 states, and second in New England.¹⁶ Among all 50 states, Massachusetts ranks first in the percentage of residents age 25 and over (33.2 percent) with at least a bachelor's degree.

¹⁶Data in this paragraph were obtained from web sites supported by the U. S. Department of Commerce, Bureaus of the Census and Economic Analysis

Income, Spending and Net Asset Position

In this section, we report on the income, spending and net asset positions of Massachusetts' cultural organizations. Income and spending are broken into its component categories.

In Table 4.1a below we report on overall revenue, spending and net asset position.

The information in this table shows the state's cultural sector growing at a very strong pace in the six year period since the first comparable cultural inventory was taken. On an annual basis, the number of organizations increased by 17.6% since the 1996 survey. Total spending is estimated to be \$3.491 billion, and total revenue is estimated to be \$3.495 billion.

TABLE 4.1a CHANGE IN BASIC FINANCIAL STATUS OF MASSACHUSETTS CULTURAL ORGANIZATIONS, 1996-2002 (dollar figures in thousands)				
YEAR	# OF ORGS.	TOTAL SPENDING	TOTAL REVENUE	NET ASSETS
1996	3,029	\$1,438,078	\$1,427,977	NA
2000	6,225	\$2,395,194	\$2,647,001	\$7,682,062
2002	6,283	\$3,491,241	\$3,495,367	\$11,812,762
ANNUAL% CHANGE	17.59%	23.80%	24.13%	NA

DATA SOURCES: For 2000 and 2002: Information extracted and prepared from IRS Form 990 filings by the National Center for Charitable Statistics; information from the IRS Business Master File, and an ongoing survey of Connecticut's non-profit cultural organizations; 2000 data published in Gregory H. Wassall, and Douglas DeNatale, *New England's Creative Economy: The Non-Profit Sector* (Boston: New England Foundation for the Arts, 2003). For 1996: Gregory H. Wassall, and Douglas DeNatale, *Arts, Cultural, and Humanities Organizations in the New England Economy*, 1996 (Boston: New England Foundation for the Arts, 1997), various tables.

DEFINITIONS: Using the NCCS IRS Form 990 data extract, total expenditure is the sum of program, fund-raising, management and general expenses, as well as payments to affiliates, plus the following expenses which are deducted from revenues on the Form: expenses incurred while earning rental income, selling assets, staging special events, and selling goods (i.e., cost of goods sold); total revenue is gross receipts from all sources of income with no expense deductions made. In our 1996 report, total spending is defined as the sum of operating expenses, outside fees, and capital expenses; total revenue is defined as the sum of earned income, unearned income, and endowment income. The definitions derived from the IRS data are chosen in order to make spending and revenue amounts comparable between the two sources of data.

Over the six-year period, total spending grew by 23.8 percent annually, and total revenue grew by 24.1 percent annually. Net assets, which were not estimated in 1996, are estimated in 2000 to be \$11.813 billion.

Put in a broader context, Massachusetts accounts for about 65 percent of cultural income and spending within the region, and about 69 percent of the value of the assets owned by the region's cultural organizations. Since Massachusetts is home

to about half the region’s population, these figures highlight its role as a cultural focus for the region, and the importance of its major institutions.

In Table 4.1b, the same information on revenue, spending and net assets, but on a per organization basis, is presented.

This table enables one to get an estimate of the average size of Massachusetts cultural organizations. Also, by comparing

TABLE 4.1b CHANGE IN AVERAGE FINANCIAL SIZE OF MASSACHUSETTS CULTURAL ORGANIZATIONS, 1996-2002 (all data are on a per organization basis)				
YEAR	# OF ORGS.	SPENDING PER ORG.	REVENUE PER ORG.	NET ASSETS PER ORG.
1996	3,029	\$474,770	\$471,435	NA
2000	6,225	\$384,708	\$425,153	\$1,233,868
2002	6,283	\$555,665	\$556,321	\$1,880,115
ANNUAL % CHANGE	17.59%	2.84%	3.00%	NA
DATA SOURCES AND DEFINITIONS: See Table 4.1a.				

Tables 2.1a and 2.1b, one can determine how much of the spending and revenue growth was due to growth in the number of organizations, or to growth in (or a changing mix of) existing organizations. Because of the addition of a large number of smaller organizations to the database since 1996, the spending and revenue of the average cultural organization have risen much more slowly than have the total amounts of spending and income. Despite this, the average size of the state’s cultural organizations remains the second highest in New England.

More detail on revenue is presented in Table 4.2. In this table, revenue is broken into earned and contributed sources.

Contributed income is further broken into that

TABLE 4.2 REVENUES OF MASSACHUSETTS CULTURAL ORGANIZATIONS, 2002 (dollar figures in thousands)					
#OF ORGS.	EARNED	CONTRIBUTED		TOTAL	% FROM OUTSIDE MA
		PRIVATE	GOV'T.		
6,283	\$2,189,958	\$1,033,138	\$272,271	\$3,495,367	10.30%
DATA SOURCES AND DEFINITIONS: See Table 4.1a. The breakdown of total revenues into categories of revenue is estimated from data provided by Form 990 filers and survey responders.					

received from the private sector (corporations, foundations, and individuals), and from the public sector (federal, state and local government). Combined private and public contributed income accounted for about 37 percent of total revenues in

2002. Private contributed income was about four times greater than government grants.

In Table 4.3, spending is broken into salaries and other expenses. Salaries constituted a third of total spending overall. As in most other states, the share of spending on salaries is lower in 2002 than in earlier report years.

TABLE 4.3 SPENDING BY MASSACHUSETTS CULTURAL ORGANIZATIONS, 2002 (dollar figures in thousands)			
# OF ORGS.	SALARIES	OTHER EXPENSES	TOTAL SPENDING
6,283	\$1,189,024	\$2,302,216	\$3,491,241
DATA SOURCES AND DEFINITIONS: See Table 4.1a. The breakdown of total spending into categories of spending is estimated from data provided by Form 990 filers and survey responders.			

Admissions

In Table 4.4, admissions, both paid and unpaid, are reported.

Information on admissions data is not required by the IRS; thus total

TABLE 4.4 ADMISSIONS TO MASSACHUSETTS CULTURAL ORGANIZATION EVENTS, 2002					
# OF ORGS.	ADMISSIONS:		TOTAL	% FROM OUTSIDE MA:	
	PAID	UNPAID		PAID	UNPAID
6,283	40,688,873	17,173,773	57,862,646	12.83%	12.36%
DATA SOURCES AND DEFINITIONS: Admissions are estimated from data provided by the survey of cultural organizations.					

paid and unpaid admissions were estimated based on information submitted by the survey organizations.

In 2000, 40.7 million persons paid to attend cultural events in the state. Another 17.2 million attended free events. Combined paid and unpaid admissions exceeded 57 million.¹⁷ About 12.8 percent of persons attending paid events came from out of state; about 12.4 percent of those attending free events were from out of state.

¹⁷This number may seem unduly large, even astonishing; it represents about nine times the state's population. However, it should be noted that the same person can attend numerous cultural events during the course of a year, and visitors to the state count in these numbers.

Employment and Volunteer Hours

Information on employment and volunteer hours can be found in Table 4.5.

The data in this table was derived from information collected from the survey organizations only; the

TABLE 4.5 EMPLOYMENT AND VOLUNTEER HOURS, MASSACHUSETTS CULTURAL ORGANIZATIONS, 2002			
# OF ORGS.	TOTAL EMPLOYMENT	ARTIST EMPLOYMENT	VOLUNTEERS
6,283	36,763	21,047	98,024
DATA SOURCES AND DEFINITIONS: Employment and volunteer data are estimated from data provided by the survey of cultural organizations.			

Form 990 does not require reporting of comprehensive employment data. Based on projections from the survey organizations, we estimate that these 6,283 organizations employed about 36,763 persons. Of these, 21,047 were identified as artists and humanists. These numbers include both full-time and part-time workers; no attempt was made to distinguish between the two types of worker.

The number of volunteers donating their time to cultural organizations was 98,024. Of these, about 38 percent were identified as artists.

State and Federal Taxes Collected

Although non-profit organizations do not pay taxes, their activities create tax revenues. In the survey questionnaire, information was requested on the amount of employer payroll taxes contributed, and the amount of state sales taxes collected and/or paid.

The Form 990 also requests the amount of employer contributions to the payroll tax. Although the goods and services directly provided by these organizations are not taxable, state sales taxes would be levied primarily on their concession sales

TABLE 4.6 STATE AND FEDERAL TAXES COLLECTED OR WITHHELD BY MASSACHUSETTS CULTURAL ORGANIZATIONS, 2002 (dollar figures in thousands)			
# OF ORGS.	STATE SALES TAXES	FEDERAL PAYROLL TAXES	TOTAL TAXES
6,283	\$6,567	\$88,125	\$94,692
DATA SOURCES AND DEFINITIONS: Tax data are derived from the survey of cultural organizations. State taxes reported are sales taxes collected. Federal taxes reported are the employer contribution to the payroll tax.			

In Massachusetts, the state's cultural organizations reported collecting \$88.1 million in federal payroll taxes and \$6.6 million in state sales taxes.

Economic Impact of Cultural Organization Spending

Estimating total economic impact entails making an estimate of the additional indirect and induced spending caused by initial spending by the state's cultural organizations, and adding that amount to the initial spending.¹⁸ Economists argue that only income brought into the region has an economic impact; income that cultural organizations receive from state residents would have been spent inside the state (on other entertainment, perhaps) if these cultural organizations did not exist. Thus, conservatively, these "multiplier effects" of cultural organization spending should be applied only to that percentage of spending financed by income received from out-of-state sources.

It was noted in the section on income that 10.3 percent of total income received by Massachusetts cultural organizations came from out-of-state sources. Using a regional input-output model, is it possible to estimate the additional indirect and induced spending that this export income creates.¹⁹ Massachusetts cultural organizations are responsible for indirect and induced re-spending of \$737,667,000.

The total economic impact of the state's cultural organizations is thus estimated at \$4,228,908,000.

The indirect impact refers to further spending by local firms initiated by the direct spending. The induced impact refers to spending by households out of additional income created by the direct and indirect spending.

A number of organizations have developed regional input-output models. In this study we use a system developed by The Bureau of Economic Analysis of the Commerce Department, called RIMS II. It generates regional industrial multipliers, which are used to estimate the indirect and induced spending by the state's cultural organizations

New Hampshire's Creative Economy: the Non-Profit Sector, 2002

In 2002, the arts, cultural, and humanities industry in New Hampshire, as measured by 1,175 organizations:

- Spent a total of \$139.6 million, of which \$39.5 million were for salaries, and \$100.1 million were for other operating expenses.
- Received \$147.8 million in income, of which \$27.0 million were private contributions, \$32.8 million were government contributions, and \$87.9 million were earned from all other sources. Of the total, 19.2 percent came from out-of-state sources.
- Provided 2,523 jobs. Counted among these employed persons were 787 artists and humanists.
- Had 4,270,618 admissions to its events, or over three times the population of the entire state. About 60 percent were paid admissions.
- Collected and/or paid \$2.8 million in federal payroll taxes. There is no state sales tax in New Hampshire.
- Benefited from the help of 29,680 volunteers.

Enhancing the direct spending reported above with the indirect and induced spending on the state's arts, cultural, and humanities organizations financed by sources *outside the state* leads to

- **A total economic impact of \$189.5 million, including indirect and induced spending of \$49.9 million.**

Introduction

This chapter reports on the economic status of New Hampshire's non-profit cultural organizations in 2000. It includes estimates of total spending, income net assets, admissions, employment and taxes for the state's 1,175 cultural organizations. The number of cultural organizations in our database in 2002 represents a 1.2 percent annual average increase over the number tallied in our 1996 study.

Located between Vermont and Maine, New Hampshire is one of New England's upper tier states. Though rural in character, it is the most densely populated of the three. Its 2002 population density of 136 persons per square mile is almost four times as great as Maine's and about twice that of Vermont, but also is less than one-fifth that of its neighbor to the south, Massachusetts. Most of New Hampshire's population is located in the south; many are an hour's drive or so to Boston. Of the three upper tier states, it probably has the most linkages to the lower tier, especially the Boston metropolitan area. In many ways New Hampshire combines its rural location and setting with some urban development and relatively high tech economy. Its 2002 population of 1,274,405 is about equal to that of Maine. New Hampshire's 2002 per capita personal income of \$33,266 ranked it sixth among the states nationally, and behind only Connecticut and Massachusetts in New England.²⁰ Its reputation as a low-tax haven is widely known. Fully 28.7 percent of its residents over the age of 25 had a college degree in 2000, placing New Hampshire eighth nationally, and fourth in New England, behind Massachusetts, Connecticut and Vermont.

Income, Spending and Net Asset Position

In this section, we report on the income, spending and net asset positions of New Hampshire's cultural organizations. Income and spending are broken into their major components.

²⁰Data in this paragraph were obtained from web sites supported by the U. S. Department of Commerce, 7ureaus of the Census and Economic Analysis

In Table 5.1a we report on overall revenues, spending and net asset position.

The information in this table shows the state's cultural organizations growing significantly over the six years in which we have taken these cultural inventories, with revenue growth outpacing spending growth. On an annual basis, the number of organizations increased by 1.2% since the 1996 survey. Total spending is estimated to be \$139.6 million, and total revenue is estimated to be \$147.8 million. In the six-year period, total spending grew by 13.0 percent annually, and total revenue grew by 15.6 percent annually. Net assets, which were not estimated in 1996, are estimated in 2002 at \$174.4 million.

TABLE 5.1a CHANGE IN BASIC FINANCIAL STATUS OF NEW HAMPSHIRE CULTURAL ORGANIZATIONS, 1996-2002 (dollar figures in thousands)

YEAR	# OF ORGS.	TOTAL SPENDING	TOTAL REVENUE	NET ASSETS
1996	1,061	\$78,369	\$76,300	NA
2000	1,140	\$99,201	\$108,867	\$262,271
2002	1,175	\$139,561	\$147,778	\$174,444
ANNUAL % CHANGE	1.24%	13.01%	15.61%	NA

DATA SOURCES: : For 2000 and 2002: Information extracted and prepared from IRS Form 990 filings by the National Center for Charitable Statistics; information from the IRS Business Master File, and an ongoing survey of Connecticut's non-profit cultural organizations; 2000 data published in Gregory H. Wassall, and Douglas DeNatale, *New England's Creative Economy: The Non-Profit Sector* (Boston: New England Foundation for the Arts, 2003). For 1996: Gregory H. Wassall, and Douglas DeNatale, *Arts, Cultural, and Humanities Organizations in the New England Economy*, 1996 (Boston: New England Foundation for the Arts, 1997), various tables.

DEFINITIONS: Using the NCCS IRS Form 990 data extract, total expenditure is the sum of program, fund-raising, management and general expenses, as well as payments to affiliates, plus the following expenses which are deducted from revenues on the Form: expenses incurred while earning rental income, selling assets, staging special events, and selling goods (i.e., cost of goods sold); total revenue is gross receipts from all sources of income with no expense deductions made. In our 1996 report, total spending is defined as the sum of operating expenses, outside fees, and capital expenses; total revenue is defined as the sum of earned income, unearned income, and endowment income. The definitions derived from the IRS data are chosen in order to make spending and revenue amounts comparable between the two sources of data.

In Table 5.1b, the same information on revenue, spending and net assets, but on a per organization basis, is presented. This table enables one to get an estimate of the average size of New Hampshire's cultural organizations.

With a comparable number of organizations in each inventory, it is possible by comparing Tables 5.1a and 5.1b to determine how much of the spending and revenue growth was due to growth in the number of organizations, or to growth in (or a changing mix of) existing organizations.

The growth percentages in Table 5.1b indicate that it is likely that the average growth rates reported in this table accurately reflect growth by organizations identified in 1996; the per organization growth rates plus the number of organizations growth rates closely match the total growth rates for both income and spending. Like those of other New England states, New Hampshire's cultural organizations on average had more revenue than spending in 2002.

TABLE 5.1b CHANGE IN AVERAGE FINANCIAL SIZE OF NEW HAMPSHIRE CULTURAL ORGANIZATIONS, 1996-2002 (all data are on a per organization basis)				
YEAR	# OF ORGS.	SPENDING PER ORG.	REVENUE PER ORG.	NET ASSETS PER ORG.
1996	1,061	\$73,863	\$71,913	NA
2000	1,140	\$87,018	\$95,498	\$230,063
2002	1,175	\$118,775	\$125,768	\$148,463
ANNUAL % CHANGE	1.24%	10.13%	12.48%	NA
DATA SOURCES AND DEFINITIONS: See Table 5.1a.				

More detail on revenue is presented in Table 5.2. In this table, revenue is split into earned and contributed sources. Contributed income is further split into private (corporations, foundations, and individuals), and public (federal, state and local government) components.

TABLE 5.2 REVENUES OF NEW HAMPSHIRE CULTURAL ORGANIZATIONS, 2002 (dollar figures in thousands)					
#OF ORGS.	EARNED	CONTRIBUTED		TOTAL	% FROM OUTSIDE NH
		PRIVATE	GOV'T.		
1,175	\$87,938	\$27,032	\$32,808	\$147,778	19.15%
DATA SOURCES AND DEFINITIONS: See Table 5.1a. The breakdown of total revenues into categories of revenue is estimated from data provided by Form 990 filers and survey responders.					

Combined private and public contributed income accounted for roughly 40 percent of total revenues in 2002, a lower percentage than in 2000. This difference is more likely due to the different mix of organizations whose financial data was captured in the two years than to changing trends in sources of support. Of the organizations' revenues, 19.2 percent came from sources outside the state.

In Table 5.3, spending is broken into salaries and other expenses. In 2002, salaries account for less than 30 percent of total spending. In 2000, salaries accounted for slightly more, about one-third of total spending.

TABLE 5.3 SPENDING BY NEW HAMPSHIRE CULTURAL ORGANIZATIONS, 2002 (dollar figures in thousands)			
# OF ORGS.	SALARIES	OTHER EXPENSES	TOTAL SPENDING
1,175	\$39,500	\$100,061	\$139,561
DATA SOURCES AND DEFINITIONS: See Table 5.1a. The breakdown of total spending into categories of spending is estimated from data provided by Form 990 filers and survey responders.			

Admissions

In Table 5.4, admissions, both paid and unpaid, are reported. Information on admissions data is not required by the IRS; thus total paid and unpaid admissions were estimated based on information submitted by the survey organizations.

TABLE 5.4 ADMISSIONS TO NEW HAMPSHIRE CULTURAL ORGANIZATION EVENTS, 2002					
# OF ORGS.	ADMISSIONS:		TOTAL	% FROM OUTSIDE NH:	
	PAID	UNPAID		PAID	UNPAID
1,175	2,599,886	1,670,732	4,270,618	20.75%	20.37%
DATA SOURCES AND DEFINITIONS: Admissions are estimated from data provided by the survey of cultural organizations.					

In 2002, 2.6 million persons paid to attend cultural events in the state. Another 1.7 million attended free events. Combined paid and unpaid admissions equaled 4.3 million. About 21 percent of persons attending paid events were estimated to have come from out of state; about 20 percent of those attending free events were estimated to be non-residents.

Employment and Volunteer Hours

Information on employment and volunteer hours can be found in Table 5.5. The data in this table were derived from information collected from the survey organizations only; the Form 990 does not require reporting of comprehensive employ-

ment data. Based on projections from the survey organizations, we estimate that these 1,175 organizations employed 2,523 persons. Of these, 787 were identified as artists or humanists.

These numbers include both full-time and part-time workers; no attempt was made to distinguish between the two types of worker.

The number of volunteers donating their

time to cultural organizations was 29,680. Of these, 17 percent were identified as artists.

TABLE 5.5 EMPLOYMENT AND VOLUNTEER HOURS, NEW HAMPSHIRE CULTURAL ORGANIZATIONS, 2002			
# OF ORGS.	TOTAL EMPLOYMENT	ARTIST EMPLOYMENT	VOLUNTEERS
1,175	2,523	787	29,680
DATA SOURCES AND DEFINITIONS: Employment and volunteer data are estimated from data provided by the survey of cultural organizations.			

State and Federal Taxes Collected

Although non-profit organizations do not pay taxes, their activities create tax revenues. In the survey questionnaire, information was requested on the amount of employer payroll taxes collected and/or paid, and the amount of state sales taxes collected and/or paid. The Form 990 also requests the amount of employer contributions to the payroll tax. Although the goods and services directly provided by these organizations are not taxable, state sales taxes would be levied primarily on their concession sales.

The results are shown in Table 5.6. Overall, the state's cultural organizations reported collecting \$2.8 million in federal payroll taxes. Consistent with its low tax image, the state does not have a sales tax.

TABLE 5.6 STATE AND FEDERAL TAXES COLLECTED OR WITHHELD BY NEW HAMPSHIRE CULTURAL ORGANIZATIONS, 2002 (dollar figures in thousands)			
# OF ORGS.	STATE SALES TAXES	FEDERAL PAYROLL TAXES	TOTAL TAXES
1,175	\$0	\$2,876	\$2,876
DATA SOURCES AND DEFINITIONS: Tax data are derived from the survey of cultural organizations. State taxes reported are sales taxes collected. Federal taxes reported are the employer contribution to the payroll tax.			

Economic Impact of Cultural Organization Spending

Estimating total economic impact entails making an estimate of the additional in-

direct and induced spending caused by initial spending by the state's cultural organizations, and adding that amount to the initial spending.²¹ Economists argue that only income brought into the region has an economic impact; income that cultural organizations receive from state residents would have been spent inside the state (on other entertainment, perhaps) if these cultural organizations did not exist. Thus, conservatively, these "multiplier effects" of cultural organization spending should be applied only to that percentage of spending financed by income received from out-of-state sources.

It was noted in the section on income and spending that 19.2 percent of total income received by New Hampshire's cultural organizations came from out-of-state sources. Using a regional input-output model, it is possible to estimate the additional indirect and induced spending that this export income creates.²² New Hampshire's cultural organizations are responsible for indirect and induced re-spending of \$49,945,676.

The total economic impact of the state's cultural organizations is thus estimated at \$189,506,483.

²¹The indirect impact refers to further spending by local firms initiated by the direct spending. The induced impact refers to spending by households out of additional income created by the direct and indirect spending.

²²A number of organizations have developed regional input-output models. In this study we use a system developed by The Bureau of Economic Analysis of the Commerce Department, called RIMS II. It generates regional industrial multipliers, which are used to estimate the indirect and induced spending by the state's cultural organizations

Rhode Island's Creative Economy: The Non-Profit Sector, 2002

In 2002, the arts, cultural, and humanities industry in Rhode Island, as measured by 881 organizations:

- Spent a total of \$351.2 million, of which \$96.3 million were for salaries, and \$254.9 million were for other operating expenses.
- Received \$362.1 million in income, of which \$48.3 million were private contributions, \$45.6 million were government contributions, and \$268.2 million were earned from all other sources. Of the total, 17.5 percent came from out-of-state sources.
- Provided 9,935 jobs. Counted among these employed persons were 5,285 artists and humanists.
- Had 8,694,054 admissions to its events, or about eight times the population of the entire state. About 63 percent were paid admissions.
- Collected and/or paid \$9.2 million in federal payroll taxes, and \$1.8 million in state sales taxes.
- Benefited from the help of 22,171 volunteers.

Enhancing the direct spending reported above with the indirect and induced spending on the state's arts, cultural, and humanities organizations financed by sources *outside the state* leads to

- **A total economic impact of \$465.4 million, including *indirect and induced spending* of \$114.2 million**

Introduction

This chapter reports on the economic status of Rhode Island's non-profit cultural organizations in 2002. It includes estimates of total spending, income net assets, admissions, employment and taxes for the state's 881 cultural organizations. The number of cultural organizations in 2002 represents a 2.6 percent average annual decrease over the number determined in our 1996 study, but an increase from 848 in our 2000 study.

Rhode Island is one of New England's lower tier states, and resembles the other two in many respects, particularly in its urban character. Obviously, it is the smallest in land area. Initially, it did not benefit as much from the economic expansion of the 1990s, but has begun to catch up in recent years. This expansion seems to have extended to its non-profit cultural sector as well, as that sector exhibits the highest growth rate among the three states lower states. Although its per capita income is not as high as that of Connecticut or Massachusetts, it has consistently ranked among the top twenty states. In 2002, its per capita income of \$30,859 placed it fourth in New England and seventeenth nationally. It is the second most densely populated state, trailing only New Jersey. Its 2002 population was 1,048,319, and its density was 679 persons per square mile. Of its residents over the age of 25 in 2000, 25.6 percent held at least a college degree, ranking Rhode Island fifth in New England and seventeenth nationally.

Income, Spending and Net Asset Position

In this section, we report on the income, spending and net asset positions of Rhode Island's cultural organizations. Income and spending are broken into their components. In Table 6.1a below we report on total revenue, spending and net asset position.

The information in this table shows the state's cultural "industry" growing at a very healthy pace over the six year period that regular reporting of this information has been occurring. As this table shows, on an annual basis the number of organizations in our data base has decreased by 2.6% since the 1996 survey. This does not represent shrinkage in Rhode Island's cultural sector, but rather a consolidation in our data gathering, eliminating some smaller, more transient organizations, and increasing our coverage of larger ones. For 2002, total spending is estimated to be \$351.2 million, and total revenue is estimated to be \$362.1 million. Since 1996, total spending has grown by 23.5 percent annually, and total revenue has grown by 21.0 percent annually. Net assets, which were not estimated in 1996, are estimated in 2002 to be \$611 million.

TABLE 6.1a CHANGE IN BASIC FINANCIAL STATUS OF RHODE ISLAND CULTURAL ORGANIZATIONS, 1996-2002 (dollar figures in thousands)

YEAR	# OF ORGS.	TOTAL SPENDING	TOTAL REVENUE	NET ASSETS
1996	1,004	\$145,923	\$160,417	NA
2000	848	\$241,051	\$282,692	\$720,980
2002	881	\$351,246	\$362,111	\$611,256
ANNUAL % CHANGE	-2.59%	23.45%	20.95%	NA

DATA SOURCES: For 2000 and 2002: Information extracted and prepared from IRS Form 990 filings by the National Center for Charitable Statistics; information from the IRS Business Master File, and an ongoing survey of Connecticut's non-profit cultural organizations; 2000 data published in Gregory H. Wassall, and Douglas DeNatale, *New England's Creative Economy: The Non-Profit Sector* (Boston: New England Foundation for the Arts, 2003). For 1996: Gregory H. Wassall, and Douglas DeNatale, *Arts, Cultural, and Humanities Organizations in the New England Economy, 1996* (Boston: New England Foundation for the Arts, 1997), various tables.

DEFINITIONS: Using the NCCS IRS Form 990 data extract, total expenditure is the sum of program, fund-raising, management and general expenses, as well as payments to affiliates, plus the following expenses which are deducted from revenues on the Form: expenses incurred while earning rental income, selling assets, staging special events, and selling goods (i.e., cost of goods sold); total revenue is gross receipts from all sources of income with no expense deductions made. In our 1996 report, total spending is defined as the sum of operating expenses, outside fees, and capital expenses; total revenue is defined as the sum of earned income, unearned income, and endowment income. The definitions derived from the IRS data are chosen in order to make spending and revenue amounts comparable between the two sources of data.

In Table 6.1b, the same information on revenue, spending and net assets, but on a per organization basis, is presented.

This table enables one to get an estimate of the size of a typical Rhode Island cultural organization. Because of the changing composition of organizations in our

TABLE 6.1b CHANGE IN AVERAGE FINANCIAL SIZE OF RHODE ISLAND CULTURAL ORGANIZATIONS, 1996-2002 (all data are on a per organization basis)				
YEAR	# OF ORGS.	SPENDING PER ORG.	REVENUE PER ORG.	NET ASSETS PER ORG.
1996	1,004	\$145,342	\$159,788	NA
2000	848	\$284,259	\$333,363	\$850,212
2002	881	\$398,691	\$411,023	\$693,821
ANNUAL % CHANGE	-2.59%	29.05%	26.21%	NA
DATA SOURCES AND DEFINITIONS: See Table 6.1a.				

database, the growth in these numbers is likely to overstate the actual growth rates of individual organizations in the sample in each of the three years.

The average size of Rhode Island’s cultural organizations, as measured by income, spending, and net assets, places them below those of Connecticut and Massachusetts, but above budget sizes in the northern tier states. The average organization had spending of \$398.7 million, revenue of \$411.0 million, and net assets of \$693.8 million.

More detail on revenue is presented in Table 6.2.

In this table, revenue is broken into earned and contributed

TABLE 6.2 REVENUES OF RHODE ISLAND CULTURAL ORGANIZATIONS, 2002 (dollar figures in thousands)					
#OF ORGS.	EARNED	CONTRIBUTED		TOTAL	% FROM OUTSIDE RI
		PRIVATE	GOV'T.		
881	\$268,238	\$48,306	\$45,567	\$362,111	17.45%
DATA SOURCES AND DEFINITIONS: See Table 6.1a. The breakdown of total revenues into categories of revenue is estimated from data provided by Form 990 filers and survey responders.					

sources. Contributed income is further broken into that received from the private sector (corporations, foundations, and individuals), and from the public sector (federal, state and local government). Combined private and public contributed income accounted for about 26 percent of total revenues in 2002, very close to the percentages found in 1996 and 2000.

In Table 6.3, spending is broken into salaries and other expenses.

In 2002, salaries accounted for roughly 27 percent of total spending. As in most other states, this is a lower percentage than recorded in previous years.

TABLE 6.3 SPENDING BY RHODE ISLAND CULTURAL ORGANIZATIONS, 2002 (dollar figures in thousands)			
# OF ORGS.	SALARIES	OTHER EXPENSES	TOTAL SPENDING
881	\$96,369	\$254,877	\$351,246
DATA SOURCES AND DEFINITIONS: See Table 6.1a. The breakdown of total spending into categories of spending is estimated from data provided by Form 990 filers and survey responders.			

Admissions

In Table 6.4, admissions, both paid and unpaid, are reported.

Information on admissions data is not required by the IRS; thus total paid and unpaid admissions were estimated

TABLE 6.4 ADMISSIONS TO RHODE ISLAND CULTURAL ORGANIZATION EVENTS, 2002					
# OF ORGS.	ADMISSIONS:		TOTAL	% FROM OUTSIDE RI:	
	PAID	UNPAID		PAID	UNPAID
881	5,516,769	3,177,286	8,694,054	23.03%	22.33%
DATA SOURCES AND DEFINITIONS: Admissions are estimated from data provided by the survey of cultural organizations.					

based on information submitted by the survey organizations.

In 2002, 5.5 million persons paid to attend cultural events in the state. Another 3.2 million attended free events. Combined paid and unpaid admissions equaled 8.7 million.²³ About 23 percent of persons attending paid events were estimated to have come from out of state; about 22 percent of those attending free events were estimated to be non-residents.

Employment and Volunteer Hours

Information on employment and volunteer hours is found in Table 6.5.

²³Though this number may seem unduly large – it represents about eight times the state's population -- it should be kept in mind that the same person can attend numerous cultural events during the course of a year.

The data in this table were derived from information collected from the survey organizations only; the Form 990 does not re-

TABLE 6.5 EMPLOYMENT AND VOLUNTEER HOURS, RHODE ISLAND CULTURAL ORGANIZATIONS, 2002			
# OF ORGS.	TOTAL EMPLOYMENT	ARTIST EMPLOYMENT	VOLUNTEERS
881	9,935	5,285	22,171
DATA SOURCES AND DEFINITIONS: Employment and volunteer data are estimated from data provided by the survey of cultural organizations.			

quire reporting of comprehensive employment data. Based on projections from the survey organizations, we estimate that these 881 organizations employed 9,935 persons, or slightly over 10 paid employees per organization. Of these, 5,285 were identified as artists or humanists. These numbers include both full-time and part-time workers; no attempt was made to distinguish between the two types of worker.

The number of volunteers donating their time to cultural organizations was 22,171. Of these, about 28 percent were identified as artists.

State and Federal Taxes Collected

Although non-profit organizations do not pay taxes, their activities create tax revenues. In the survey questionnaire, information was requested on the amount of employer payroll tax contributions collected and/or paid, and the amount of state sales taxes collected and/or paid. The Form 990 also requests the amount of employer contributions to

TABLE 6.6 STATE AND FEDERAL TAXES COLLECTED OR WITHHELD BY RHODE ISLAND CULTURAL ORGANIZATIONS, 2002 (dollar figures in thousands)			
# OF ORGS.	STATE SALES TAXES	FEDERAL PAYROLL TAXES	TOTAL TAXES
881	\$1,838	\$7,458	\$9,296
DATA SOURCES AND DEFINITIONS: Tax data are derived from the survey of cultural organizations. State taxes reported are sales taxes collected. Federal taxes reported are the employer contribution to the payroll tax.			

the payroll tax. Although the goods and services directly provided by these organizations are not taxable, state sales taxes would be levied primarily on their concession sales. Table 6.6 shows that the state's cultural organizations reported collecting \$7.5 million in federal payroll taxes and \$1.8 million in state sales taxes.

Economic Impact of Cultural Organization Spending

Estimating total economic impact entails making an estimate of the additional indirect and induced spending caused by initial spending by the state's cultural organizations, and adding that amount to the initial spending.²⁴ Economists argue that only income brought into the region has an economic impact; income that cultural organizations receive from state residents would have been spent inside the state (on other entertainment, perhaps) if these cultural organizations did not exist. Thus, conservatively, these "multiplier effects" of cultural organization spending should be applied only to that percentage of spending financed by income received from out-of-state sources.

It was noted in the section on income and spending that 17.5 percent of the total income received by Rhode Island's cultural organizations came from out-of-state sources. Using a regional input-output model, is it possible to estimate the additional indirect and induced spending that this export income creates.²⁵ Rhode Island cultural organizations are responsible for indirect and induced re-spending of \$114,177,000.

The total economic impact of the state's cultural organizations is thus estimated to be \$465,423,000.

²⁴The indirect impact refers to further spending by local firms initiated by the direct spending. The induced impact refers to spending by households out of additional income created by the direct and indirect spending.

²⁵A number of organizations have developed regional input-output models. In this study we use a system developed by The Bureau of Economic Analysis of the Commerce Department, called RIMS II. It generates regional industrial multipliers, which are used to estimate the indirect and induced spending by the state's cultural organizations

Vermont's Creative Economy: The Non Profit Sector, 2002

In 2002, the arts, cultural, and humanities industry in Vermont, as measured by 1,304 organizations:

- Spent a total of \$328.4 million, of which \$126.4 million were for salaries, and \$202.0 million were for other operating expenses.
- Received \$341.1 million in income, of which \$81.2 million were private contributions, \$150.0 million were government contributions, and \$109.9 million were earned from all other sources. Of the total, 19.8 percent came from out-of-state sources.
- Provided 7,523 jobs. Counted among these employed persons were 2,767 artists and humanists.
- Had 6,455,043 admissions to its events, or over nine times the population of the entire state. About 55 percent were paid admissions, and about 27 percent were from non-Vermont residents.
- Collected and/or paid \$10.2 million in federal payroll taxes, and \$0.8 million in state sales taxes.
- Benefited from the help of 40,159 volunteers.

Enhancing the direct spending reported above with the indirect and induced spending on the state's arts, cultural, and humanities organizations financed by sources *outside the state* leads to

- ***A total economic impact of \$440.6 million, including indirect and induced spending of \$115.7 million.***

Introduction

This chapter reports on the economic status of Vermont's non-profit cultural organizations in 2002. It includes estimates of total spending, income net assets, admissions, employment and taxes for the state's 1,304 cultural organizations. The number of cultural organizations identified in 2002 is a slight decrease from the 1,306 in 2000.

Vermont is second only to Maine as New England's most rural state. It has the smallest population of any New England state, and probably the highest proportion of part-time residents. Its indigenous population plus many vacationers and visitors have created a vibrant cultural sector, showing rapid economic development. Its profile of cultural organizations reflects those of the other upper tier states. In 2002, the US Census reported a population of 616,408 in Vermont. Its population density in that year was 64 persons per square mile, one-third the New England average. Vermont's per capita personal income was \$29,764 in 2002, placing it fifth among the six New England states, and 22nd nationally. Among its residents over age 25, 29.4 percent are college graduates, ranking Vermont seventh among all states in this category.

Income, Spending and Net Asset Position

In this section, we report on the income, spending and net asset positions of Vermont's cultural organizations. Income and spending are broken into their component parts.

In Table 7.1a we report on overall revenues, spending and net asset position. The information in this table shows the state's cultural organizations have been growing financially at a very rapid pace since our 1996 survey.

Total spending is estimated to be \$328.3 million, and total revenue is estimated to be \$341.1 million. In the six-year period, total spending grew by 61.4 percent annually, and total revenue grew by 65.9 percent annually. Net assets, which were not estimated in 1996, are estimated in 2002 at \$769.7 million. These numbers do

not suggest that individual cultural organizations in Vermont are growing at this pace. Unlike other states, the evolution of the cultural organization database since 1996 has consisted of removing a large number of small transient organizations, and entering several previously unrecorded large organizations. This has the effect of inflating the growth rates between reports.

This effect can also be

seen in Table 7.1b, where the same information on revenue, spending and net assets is presented, but on a per organization basis.

This table enables one to get an estimate of the average size of Vermont's cultural organizations. Again, growth in average size

is overstated by the shifting of the composition of organizations in the Vermont database. Like those of other New England states, Vermont's cultural organizations on average had more revenue than spending in 2000.

TABLE 7.1a CHANGE IN BASIC FINANCIAL STATUS OF VERMONT CULTURAL ORGANIZATIONS, 1996-2000 (dollar figures in thousands)				
YEAR	# OF ORGS.	TOTAL SPENDING	TOTAL REVENUE	NET ASSETS
1996	1,588	\$70,121	\$68,828	NA
2000	1,306	\$118,811	\$152,070	\$246,799
2002	1,304	\$328,352	\$341,087	\$769,671
ANNUAL % CHANGE	-2.96%	61.38%	65.93%	NA
<p>DATA SOURCES: For 2000 and 2002: Information extracted and prepared from IRS Form 990 filings by the National Center for Charitable Statistics; information from the IRS Business Master File, and an ongoing survey of Connecticut's non-profit cultural organizations; 2000 data published in Gregory H. Wassall, and Douglas DeNatale, <i>New England's Creative Economy: The Non-Profit Sector</i> (Boston: New England Foundation for the Arts, 2003). For 1996: Gregory H. Wassall, and Douglas DeNatale, <i>Arts, Cultural, and Humanities Organizations in the New England Economy</i>, 1996 (Boston: New England Foundation for the Arts, 1997), various tables.</p> <p>DEFINITIONS: Using the NCCS IRS Form 990 data extract, total expenditure is the sum of program, fund-raising, management and general expenses, as well as payments to affiliates, plus the following expenses which are deducted from revenues on the Form: expenses incurred while earning rental income, selling assets, staging special events, and selling goods (i.e., cost of goods sold); total revenue is gross receipts from all sources of income with no expense deductions made. In our 1996 report, total spending is defined as the sum of operating expenses, outside fees, and capital expenses; total revenue is defined as the sum of earned income, unearned income, and endowment income. The definitions derived from the IRS data are chosen in order to make spending and revenue amounts comparable between the two sources of data.</p>				

TABLE 7.1b CHANGE IN AVERAGE FINANCIAL SIZE OF VERMONT'S CULTURAL ORGANIZATIONS, 1996-2002 (all data are on a per organization basis)				
YEAR	# OF ORGS.	SPENDING PER ORG.	REVENUE PER ORG.	NET ASSETS PER ORG.
1996	1,588	\$44,157	\$43,343	NA
2000	1,306	\$90,973	\$116,440	\$188,973
2002	1,304	\$251,804	\$261,570	\$590,239
ANNUAL % CHANGE	-2.96%	78.37%	83.92%	NA
DATA SOURCES AND DEFINITIONS: See Table 7.1a.				

More detail on revenues is presented in Table 7.2.

In this table, revenues are broken into earned and contributed sources.

TABLE 7.2 REVENUES OF VERMONT CULTURAL ORGANIZATIONS, 2002 (dollar figures in thousands)					
#OF ORGS.	EARNED	CONTRIBUTED		TOTAL	% FROM OUTSIDE VT
		PRIVATE	GOV'T.		
1,304	\$109,904	\$81,168	\$150,015	\$341,087	19.77%
DATA SOURCES AND DEFINITIONS: See Table 7.1a.					

Contributed income is further broken into that received from the private sector (corporations, foundations, and individuals), and from the public sector (federal, state and local government). Combined private and public contributed income accounted for over two-thirds of total revenues in 2002, a larger share than in any other New England state. Contributions from government as a percentage of total revenue were also the greatest among the New England states. Vermont's cultural organizations also drew the highest percentage of revenue from outside the state.

In Table 7.3, spending is broken into salaries and other expenses.

TABLE 7.3 SPENDING BY VERMONT CULTURAL ORGANIZATIONS, 2002 (dollar figures in thousands)			
# OF ORGS.	SALARIES	OTHER EXPENSES	TOTAL SPENDING
1,304	\$126,409	\$201,943	\$328,352
DATA SOURCES AND DEFINITIONS: See Table 7.1a.			

In 2002 salaries accounted for slightly over one-third percent of total spending.

Admissions

In Table 7.4, admissions, both paid and unpaid, are reported. Information on admissions data is not required by the IRS; thus total paid and unpaid admissions were estimated based on information submitted by the survey organizations.

TABLE 7.4 ADMISSIONS TO VERMONT CULTURAL ORGANIZATION EVENTS, 2002					
# OF ORGS.	ADMISSIONS:		TOTAL	% FROM OUTSIDE VT:	
	PAID	UNPAID		PAID	UNPAID
1,304	3,589,600	2,865,443	6,455,043	27.52%	27.04%
DATA SOURCES AND DEFINITIONS: Admissions data are derived from the survey of cultural organizations.					

In 2002, 3.6 million persons paid to attend cultural events in the state. Another 2.9 million attended free events. Combined paid and unpaid admissions equaled 6.5 million.²⁶ About 28 percent of persons attending paid events were estimated to have come from out of state; about 27 percent of those attending free events were estimated to be non-residents. Among the region's states, Vermont draws a higher percentage of non-residents to its cultural events.

Employment and Volunteer Hours

Information on employment and volunteer hours can be found in Table 7.5.

The data in this table were derived from information collected from the survey organizations only; the Form 990 does not

TABLE 7.5 EMPLOYMENT AND VOLUNTEER HOURS, VERMONT CULTURAL ORGANIZATIONS, 2002			
# OF ORGS.	TOTAL EMPLOYMENT	ARTIST EMPLOYMENT	VOLUNTEERS
1,304	7,523	2,767	40,159
DATA SOURCES AND DEFINITIONS: Employment and volunteer data are derived from the survey of cultural organizations.			

require reporting of comprehensive employment data. Based on projections from the survey organizations, we estimate that these 1,304 organizations employed 7,523 persons. Of these, 2,767 were identified as artists and humanists. These numbers include both full-time and part-time workers; no attempt was made to distinguish between the two types of worker.

The number of volunteers donating their time to cultural organizations was estimated to be about 40,000. Of the volunteers, about 25 percent were identified as artists and humanists.

State and Federal Taxes Collected

Although non-profit organizations do not pay taxes, their activities create tax revenues. In the survey questionnaire, information was requested on the amount

²⁶Though this number may seem unduly large – it represents over ten times the state's population -- it should be kept in mind that the same person can attend numerous cultural events during the course of a year. Also, visitors play a prominent role, as noted.

of employer payroll tax withholding, and the amount of state sales taxes collected and/or paid. The Form 990 also requests the amount of employer contributions to the payroll tax. Although the goods and services directly provided by these organizations are not subject to taxation, state sales taxes would be levied primarily on their concession sales.

As seen in Table 7.6, overall, the state's cultural organizations reported collecting \$10.2 million in federal payroll taxes and \$0.8 million in state sales taxes.²⁷

TABLE 7.6 STATE AND FEDERAL TAXES COLLECTED OR WITHHELD BY VERMONT CULTURAL ORGANIZATIONS, 2002 (dollar figures in thousands)			
# OF ORGS.	STATE SALES TAXES	FEDERAL PAYROLL TAXES	TOTAL TAXES
1,304	\$824	\$10,248	\$11,072
DATA SOURCES AND DEFINITIONS: Tax data are derived from the survey of cultural organizations. State taxes reported are sales taxes collected. Federal taxes reported are the employer contribution to the payroll tax.			

Economic Impact of Cultural Organization Spending

Estimating total economic impact entails making an estimate of the additional indirect and induced spending caused by initial spending by the state's cultural organizations, and adding that amount to the initial spending.²⁸ Economists argue that only income brought into the region has an economic impact; income that cultural organizations receive from state residents would have been spent inside the state (on other entertainment, perhaps) if these cultural organizations did not exist. Thus, conservatively, these "multiplier effects" of cultural organization spending should be applied only to that percentage of spending financed by income received from out-of-state sources.

²⁷ Although these numbers are somewhat lower than in 1996, in the earlier year we used a more comprehensive definition of taxes. Federal taxes included withholding on income taxes as well as employee contributions to the payroll tax. State taxes included income tax withholding as well as sales taxes collected.

²⁸ The indirect impact refers to further spending by local firms initiated by the direct spending. The induced impact refers to spending by households out of additional income created by the direct and indirect spending.

It was noted in the section on income and spending that 19.8 percent of total income received by Vermont's cultural organizations came from out-of-state sources. Using regional input-output models, is it possible to estimate the additional indirect and induced spending that this export income creates.²⁹ Vermont's cultural organizations are responsible for indirect and induced re-spending of \$114,177,000.

The total economic impact of the state's cultural organizations is thus estimated at \$444,058,163.

²⁹ A number of organizations have developed regional input-output models. In this study we use a system developed by The Bureau of Economic Analysis of the Commerce Department, called RIMS II. It generates regional industrial multipliers, which are used to estimate the indirect and induced spending by the state's cultural organizations

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