

arts
culture &
economic
prosperity

in Greater Philadelphia

Peggy Amsterdam, President Greater Philadelphia Cultural Alliance



One of the most frequent requests to the Greater Philadelphia Cultural Alliance is for the economic impact of the region's cultural sector. It is with great pleasure, then, that we present *Arts, Culture, and Economic Prosperity in Greater Philadelphia*, the latest data available regarding the economic activity of our region's nonprofit arts and cultural organizations and their audiences.

This report is the result of collaboration among many partners, including Americans for the Arts, the Pennsylvania Cultural Data Project (PACDP), Metropolitan Philadelphia Indicators Project, and Drexel University's Arts Administration Graduate Program. We thank the cultural organizations whose participation in the PACDP made this report possible, in particular those who allowed us to survey their audience members. We are also grateful to The Pew Charitable Trusts and the William Penn Foundation for their support of the Cultural Alliance, and to Tom Scannapieco and 1706 Rittenhouse Associates for supporting the design, printing, and distribution of this report. We express sincere gratitude to our external reviewers, board of directors, and staff, who guided the work through its inception and development.

Much growth has occurred in our sector over the last decade. Through the information, analysis, and tools contained within this report, we trust that *Arts, Culture, and Economic Prosperity in Greater Philadelphia* will help us all in the quest to continue building an ever-stronger, more vibrant region.



Tom Scannapieco, Partner Joe Zuritsky, Partner 1706 Rittenhouse Square Associates



Over the past decade, Greater Philadelphia has experienced remarkable growth. We are a vibrant, thriving community, and a model looked to by other regions for the renaissance that has transformed a region once in decline into the "next great American city".

Anyone who has witnessed Philadelphia's transformation of the past decade understands that arts and culture are at the heart of our rebirth. As corporate citizens, it is important not just to support arts and culture but also to document it. Beyond the obvious social and quality of life benefits that result from our rich cultural product, there is clear and direct impact on our economy.

On behalf of the entire team at 1706 Rittenhouse Square Associates, we are pleased to sponsor *Arts, Culture, and Economic Prosperity in Greater Philadelphia*. As the developer of a signature residential real estate project that exemplifies the new and emerging Philadelphia, we understand that arts and culture are integral to our success. It is our honor to underwrite the production, printing and distribution of this report, so that all citizens of our region can clearly define culture's economic impact on our lives.

To learn more about our plans to support the arts in Philadelphia, we invite you to visit our website: www.1706rittenhouse.com.

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Arts, Culture, and Economic Prosperity in Greater Philadelphia was produced by the Greater Philadelphia Cultural Alliance. Except where noted, the findings in this report were prepared by Americans for the Arts, the nation's leading nonprofit organization for advancing arts in America, for the national report *Arts and Economic Prosperity III*. For more information, see the Methodology section (page 20).



Arts, Culture, and Economic Prosperity in Greater Philadelphia

Arts and culture positively impacts Southeastern Pennsylvania on many levels, including social, educational, and economic. Arts and culture helps foster creativity, bridges class divides, retains college graduates, recruits companies, and raises the quality of life.

To that end, in 2006, the Greater Philadelphia Cultural Alliance released *Portfolio*. This landmark report, utilizing data from the Pennsylvania Cultural Data Project, was the first study in many years to document the size and health of Philadelphia's nonprofit cultural sector. *Portfolio* answered many questions about the sector, and has influenced policy and management decisions since its release.

One question, however, that *Portfolio* could not fully answer was the total economic impact of the sector. This requires sophisticated economic modeling that looks not just at the direct economic impact of money spent at or by arts and culture organizations, but also at the indirect, residual effect of that spending and the spending of cultural audiences on other related industries. This report, *Arts, Culture, and Economic Prosperity in Greater Philadelphia*, offers that economic analysis.

In 2006, the Greater Philadelphia Cultural Alliance collected information on spending from nonprofit arts and cultural organizations and their audiences to determine economic impact. This effort was part of the Cultural Alliance's participation, with 155 other communities, in Americans for the Arts' national *Arts and Economic Prosperity III* study.

The findings in this report are based on spending information from 177 organizations and 2,324 audience surveys in Southeastern Pennsylvania. Organizational data were collected through the Pennsylvania Cultural Data Project. Audience spending data were collected on 74 separate occasions at randomly selected venues. Audience members completed anonymous, written surveys.

In preparation for its third national study of the economic impact of the arts, Americans for the Arts commissioned a team of economists, led by Prof. William A. Schaffer, School of Economics, Georgia Institute of Technology, to develop the models used for this report. To determine economic impact, all of the data were entered into economic models customized to the economy of Southeastern Pennsylvania. These economic models account for transactions among 533 industries using data from the U.S. Department of Commerce. This type of "input/output modeling" is a highly regarded type of economic analysis that has been the basis for two Nobel Prizes in economics. The process provides a rigorous analysis of the complex impact of the arts and culture sector that goes beyond using simple "multipliers."

Arts and culture impacts people's daily lives in many ways. *Arts, Culture, and Economic Prosperity in Greater Philadelphia* provides strong and credible evidence that a significant aspect of that impact is economic.

Key Findings

Nonprofit arts and cultural organizations and their audiences have a significant economic impact in Southeastern Pennsylvania. In addition to furthering quality of life, arts and cultural organizations and their audiences add substantially to the economy of Southeastern Pennsylvania. Based on findings from 177 participating organizations and 2,324 audience surveys, analysis demonstrates:

The nonprofit arts and cultural sector of Southeastern Pennsylvania is a powerful economic engine, generating \$1.3 billion in expenditures annually.

- \$645 million direct expenditures by organizations
- + \$691 million direct expenditures by audiences

\$1.3 billion **Total Direct Expenditures**

This \$1.3 billion generates 40,000 jobs.

- 21,000 jobs from direct expenditures by organizations and audiences
- + 19,000 jobs from the indirect effect of that spending as dollars ripple through the economy of Southeastern Pennsylvania

40,000 jobs



This is equivalent to 10 jobs for every 1,000 residents in the region.

In similar regions, arts and culture generates 4 jobs for every 1,000 residents.

This is clear evidence of the importance of arts and culture to the economy of Southeastern Pennsylvania.

This \$1.3 billion generates \$158.5 million in state and local taxes.

- \$74.1 million annual local taxes from total economic impact
- + \$84.4 million annual state taxes from total economic impact

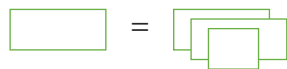
\$158.5 million **Total State and Local Taxes**

Key Findings (continued)

Each \$1 invested from local governments returns \$5.00 in local tax revenue.*



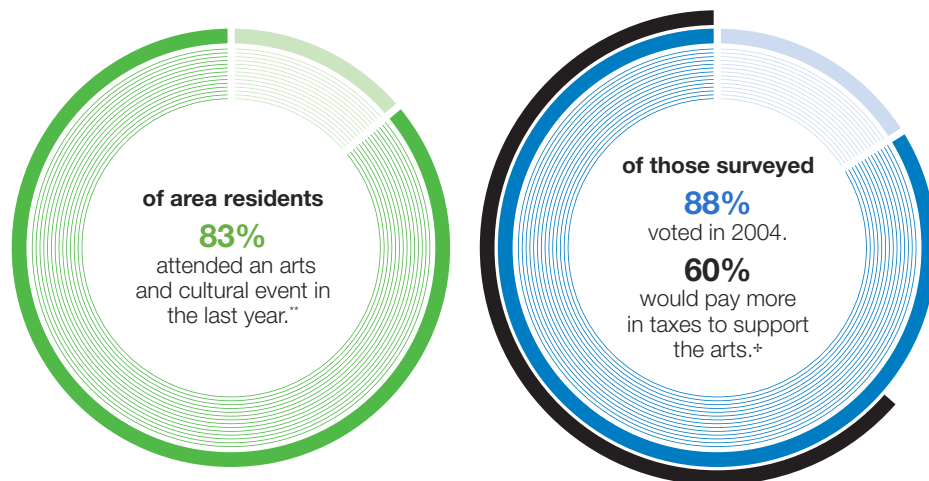
Each \$1 invested from state government returns \$2.50 in state tax revenue.*



*Return on investment is calculated as tax revenue generated divided by government contributions. In FY2005, the total contributed support from local governments in Southeastern Pennsylvania to the participating organizations was \$14,593,000. The total contributed support from state government was \$33,204,000. [source: Greater Philadelphia Cultural Alliance, calculation from the 177 participating organizations' PACDP profiles.]

RESIDENTS ARE ENGAGED IN AND SUPPORT ARTS AND CULTURE

Residents of Southeastern Pennsylvania support and participate in arts and culture by many different measures. Attendance at organizations in the five counties of Southeastern Pennsylvania is made up of a higher percentage of residents than the national average (71% vs. 61%).



**source: Metropolitan Philadelphia Indicators Project household survey, a separate survey of 1,000 randomly selected residents of the region conducted in fall 2005.

+source: Metropolitan Philadelphia Indicators Project analysis of audience surveys.

Implications

1.

Arts and culture in Southeastern Pennsylvania is a sound investment. The sector generates tax revenue that pays for essential services, including teachers, police, and transportation improvements. Arts and culture in this region creates jobs and returns an average \$200 per capita in household income. Compared to a median of \$80 per capita for similar regions nationwide, arts and culture in Southeastern Pennsylvania creates a clear competitive advantage.

2.

Regional residents support arts and culture, and believe in its value. Local resident attendance at the region's arts organizations is 10% higher than the national average, and 83% of regional residents attended an arts and cultural event in the last year. These attendees are active voters who would pay more in taxes to support the arts, and believe that all children should have access to arts programs.

3.

These results demand a direct role for arts and culture in public policy at the local and regional levels. Given the importance of arts and culture to the region's economy, development, and quality of life, the industry must be integrally connected to broader issues and planning efforts.



Total Impact of Nonprofit Arts and Cultural Sector

Arts and culture has a significant economic impact in Southeastern Pennsylvania. Nonprofit arts and cultural organizations and their audiences in the region spend money on a wide variety of goods and services.

Passing a theater or museum and seeing people streaming in and out and all of the tables at nearby restaurants filled, one can see an example of the impact that arts institutions have in their communities. In Southeastern Pennsylvania and in other communities across the United States, arts and cultural organizations have been important contributors to economic rebirth.

Of course, the value of arts and culture to residents and communities of Southeastern Pennsylvania goes far beyond economic measures. Arts and cultural organizations contribute to the quality of life and vitality of the region; they are centers of entertainment, intellectual pursuit, and cultural heritage. These institutions are important aspects of the distinctiveness of the region, contributing to its identity and its competitive advantage. This report shows that, in addition to their importance to the quality of life, arts and culture also contribute economically.

Nonprofit arts and cultural organizations are active contributors to the business community. They are employers, producers,

and consumers. Their spending is far-reaching: organizations pay employees, purchase supplies, contract for services, and acquire assets within the community. These actions, in turn, support jobs, create household income, and generate revenue for local and state governments.

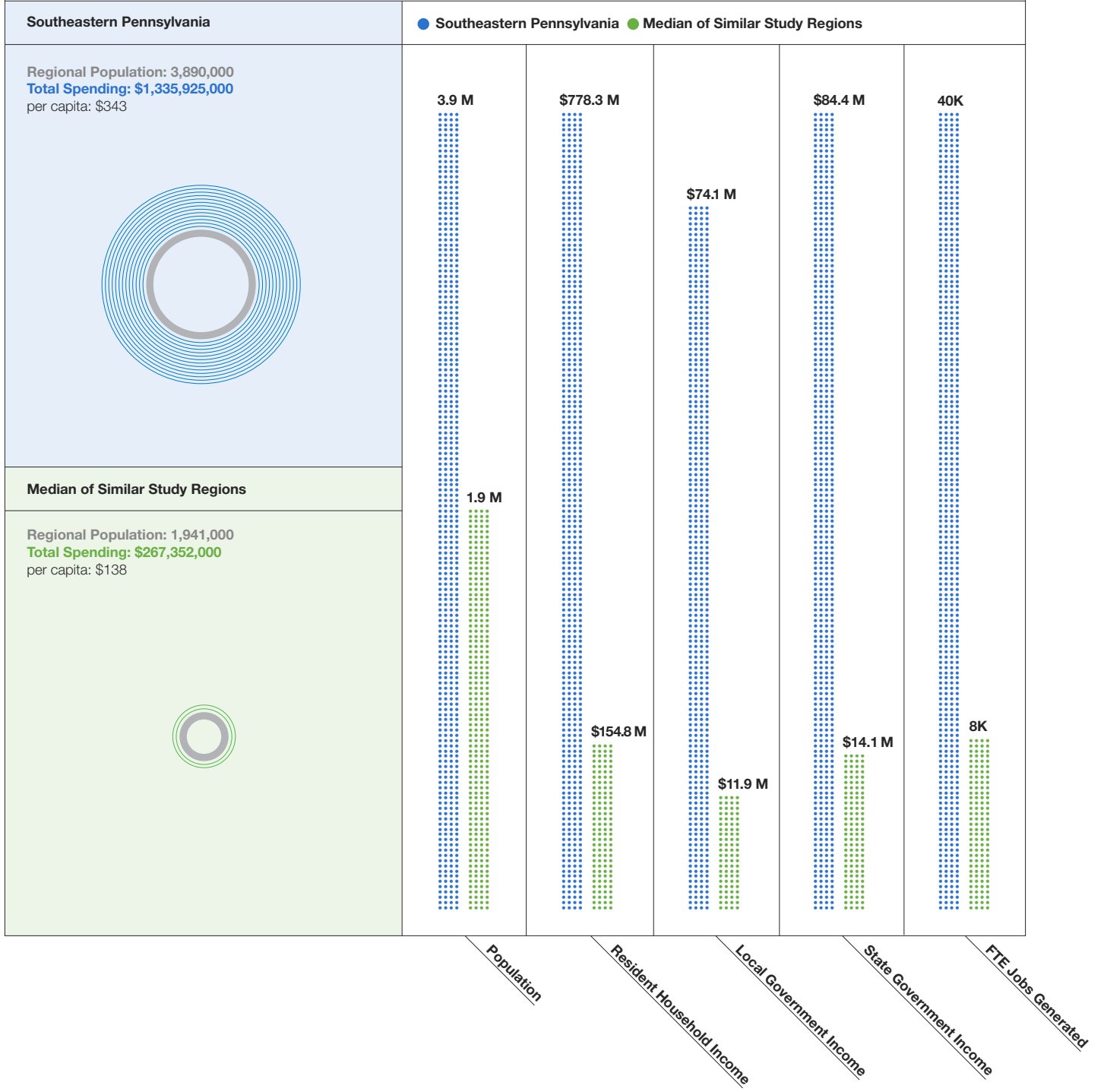
In addition to spending by organizations, an important component of the economic effects of nonprofit arts and cultural organizations is the spending by their audience members. For example, when patrons attend an arts event, they may pay to park their car in a garage, purchase dinner at a restaurant, and pay a babysitter upon their return home. This spending generates related commerce for local businesses such as restaurants, parking garages, hotels, and retail stores.

This report looks at a wide range of economic measures to give a picture of the different effects that arts and cultural organizations and their audiences have on the local community. It looks at both direct and indirect effects of the money spent.

ECONOMIC IMPACT IN SOUTHEASTERN PENNSYLVANIA

	Direct	Indirect	Total
Resulting from Organizations' Spending (\$644,673,000)			
FTE Jobs	9,000	14,000	23,000
Resident Household Income	\$223,070,000	\$280,127,000	\$503,197,000
Local Government Revenue	\$9,959,000	\$22,545,000	\$32,504,000
State Government Revenue	\$13,129,000	\$25,113,000	\$38,242,000
Resulting from Audience Spending (\$691,252,000)			
FTE Jobs	12,000	5,000	17,000
Resident Household Income	\$149,402,000	\$125,704,000	\$275,106,000
Local Government Revenue	\$19,874,000	\$21,754,000	\$41,628,000
State Government Revenue	\$27,275,000	\$18,851,000	\$46,126,000
Resulting from TOTAL Spending (\$1,335,925,000)			
FTE Jobs	21,000	19,000	40,000
Resident Household Income	\$372,472,000	\$405,831,000	\$778,303,000
Local Government Revenue	\$29,833,000	\$44,299,000	\$74,132,000
State Government Revenue	\$40,404,000	\$43,964,000	\$84,368,000

COMPARISONS TO SIMILAR REGIONS



Total Impact of Nonprofit Arts and Cultural Sector

DEFINING DIRECT VS. INDIRECT

In this report, “direct” indicates “from the first round of spending,” whether it is by organizations or attendees. “Indirect” is the subsequent rounds of spending that result from the first round.

An organization “directly” creates jobs through its expenditures. In many cases, these expenditures are in the form of paychecks to its own employees. In other cases, jobs are directly created by that organization’s payments to other businesses. An art museum creates security jobs through its payments to a security company, legal-services jobs by its payments to a law firm, etc.

Audience members “directly” create jobs through their event-related spending. For example, audience members paying for meals at restaurants directly create jobs at those restaurants.

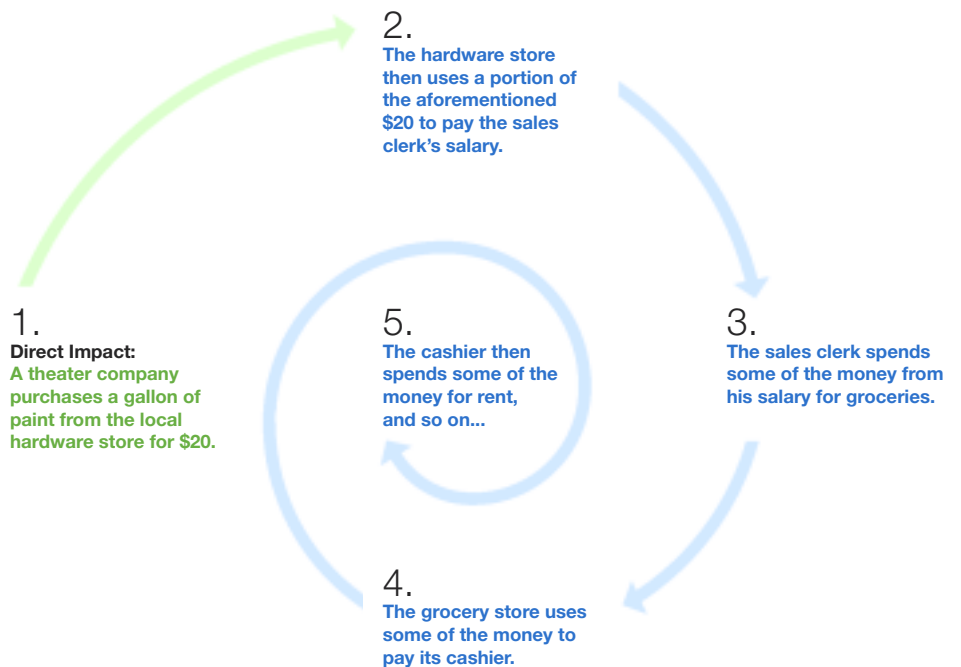
“Indirect” impact deals with subsequent rounds of spending. The security guard or lawyer whose job is the direct result of payments from the museum then spends the wages that he or she earns on rent, food, clothing, etc. Jobs created in the housing, grocery, and clothing industries as a result of this spending are those that have been “indirectly” created.

The economic models used to generate the results in this report track money as it filters through the economy of Southeastern Pennsylvania. A dollar spent on housing follows a different route than a dollar spent on food, for example. When funds are eventually spent non-locally, they are considered to have “leaked out” of the community and therefore cease to have a local economic impact.

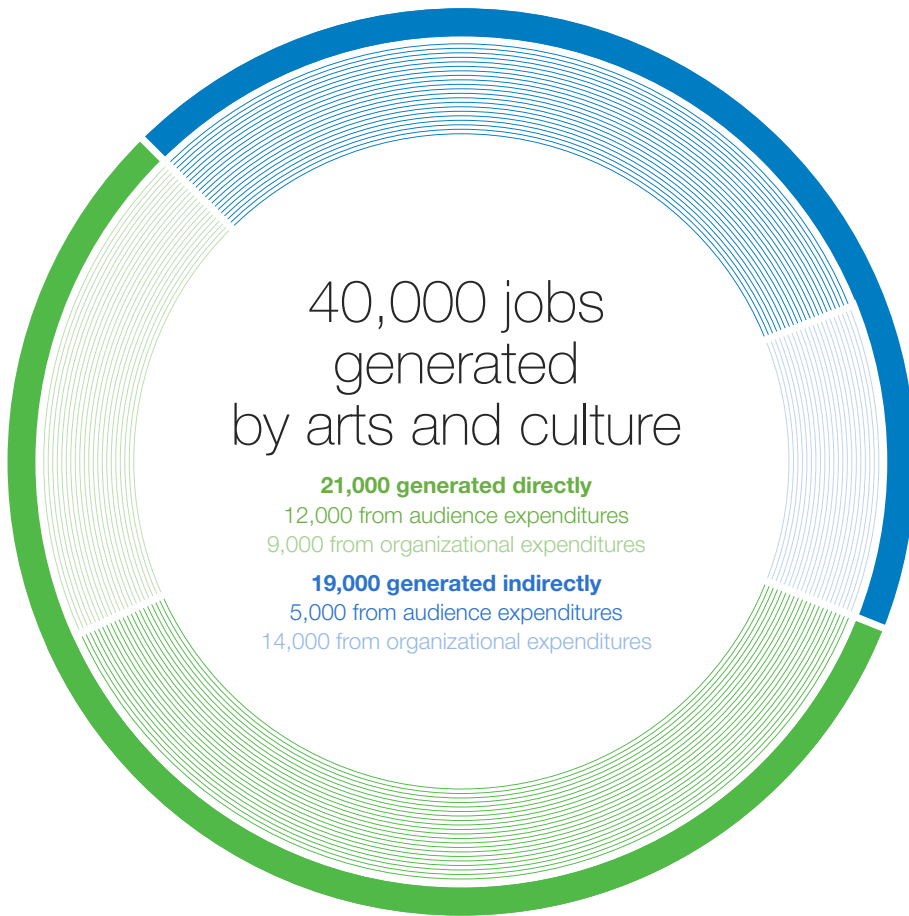
DIRECT IMPACT

In this report, “direct” indicates “from the first round of spending,” whether it is by organizations or attendees.

INDIRECT IMPACT



The subsequent rounds of spending (2. to 5.) are the indirect economic impacts.



EMPLOYMENT IMPACT

21,000 jobs are generated directly and 40,000 jobs are generated in total (directly and indirectly) by the expenditures of arts and cultural organizations and their audiences.

Some of the jobs generated directly by arts and cultural organizations belong to the employees of those organizations. In fact, in terms of full-time-equivalency (FTE) employment, 6,000 FTE jobs are at the 177 participating arts and culture organizations. (There are 14,000 total (not FTE) jobs at these organizations, which include part-time and contract employees.) The balance of the FTE jobs are directly generated at other businesses in the region by the spending of arts and cultural organizations on rent, supplies, and services (such as security and legal services, mentioned in previous examples). A further 14,000 jobs in the region are indirectly generated through subsequent rounds of expenditures by those who received payments from the organizations, the employees of arts and cultural organizations, and companies that received salaries and payments from the organizations.

Arts and cultural audience members directly generate jobs through their event-related spending for services and products in the local community. Twelve thousand jobs are generated directly and 5,000 indirectly.

*source: Greater Philadelphia Cultural Alliance, calculation from the 177 participating organizations' PACDP profiles.

DEFINITIONS

Direct Economic Impact.

A measure of the economic effect of the initial expenditure within a community.

Indirect Impact. Measurement of the effects of re-spending of money from the initial expenditure. It is often referred to as secondary spending or the dollars "rippling" through a community. Indirect impact is the sum of the impact of all rounds of spending.

Total Impact. The sum of Direct and Indirect Economic Impact measurements.

Full-Time Equivalent (FTE) Jobs.

Describes the total amount of labor employed. Economists measure FTE jobs, not the total number of employees, because it is a more accurate measure that accounts for part-time employment.

Resident Household Income.

(Often called Personal Income) Includes salaries, wages, and entrepreneurial income paid to local residents. It is the money residents earn and use to pay for food, mortgages, and other living expenses.

Revenue to Local and State Government.

includes revenue from taxes (i.e., income, property, or sales) as well as funds from license fees, utility fees, filing fees, and other similar sources.

Audience Spending

An important aspect of this study is the analysis of spending by audience members who attended arts and cultural events during 2006. Throughout the year, surveyors for the Cultural Alliance collected information from 2,324 attendees at a wide variety of arts and cultural events. Audience members provided demographic information and answered questions about their spending related to the event.

Surveys were collected at free events, paid events, on weekends, on weekdays, on opening nights, at long-running shows, and at organizations of all sizes (for detailed information, please see the Methodology, page 20). A notable aspect of the Cultural Alliance's participation in the national *Arts and Economic Prosperity III* study is the ability to compare responses from audience members in Southeastern Pennsylvania to other regions across the U.S.

\$691,252,000 Total Event-Related Spending

18,532,000 Total Attendance

TOTALS OF:



\$184,946,000

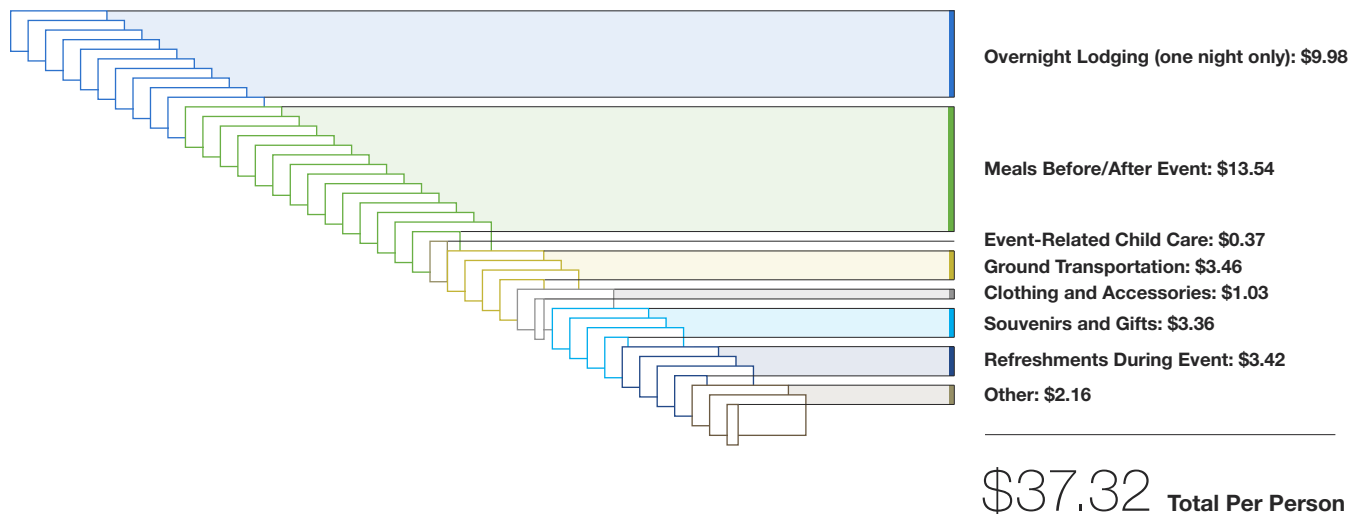
was spent on lodging, primarily by out-of-town visitors



\$250,919,000

was spent on meals before and after cultural events

AVERAGE PER PERSON EVENT-RELATED SPENDING BY ARTS AND CULTURE ATTENDEES IN SOUTHEASTERN PENNSYLVANIA (excludes the cost of event admission)*



*All of these figures are averaged across all attendees and do not reflect the average cost paid for one purchase of goods or services. For example, the \$9.98 figure for lodging represents all lodging payments averaged over all attendees. Approximately 15.9% of arts and cultural event attendees reported lodging costs, at an average of \$164.

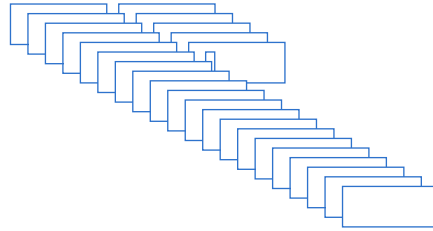
RESIDENT AND NON-RESIDENT EVENT-RELATED SPENDING (excluding the cost of event admission)

Residents of Southeastern Pennsylvania are a significant majority of the attendees at arts and cultural events in the region. Of the audience members surveyed, 71% are residents of Southeastern Pennsylvania. Nationally, among communities participating in Americans for the Arts' *Arts and Economic Prosperity III* study, an average of 61% of attendees are residents of the local community.

Although most audience members in Southeastern Pennsylvania are residents of the region, visitors spend more when they attend arts and cultural events. Approximately 55% of total audience spending comes from non-residents.

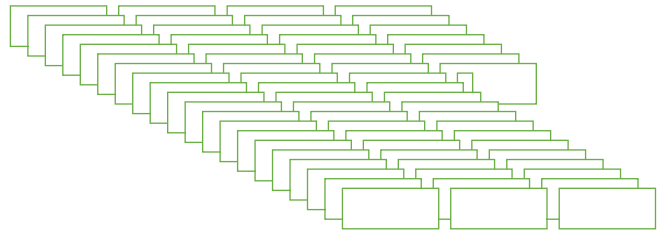
\$329,665,000 Total Event-Related Spending by Residents

Resident attendees spent an average of \$25.08 per event



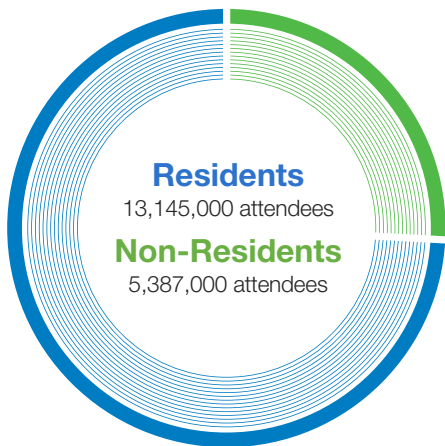
\$361,587,000 Total Event-Related Spending by Non-Residents

Non-Resident attendees spent an average of \$67.12 per event



+

\$691,252,000 Total Event-Related Spending



Approximately 25% of the non-residents are from the five New Jersey counties that are adjacent to Southeastern Pennsylvania (Burlington, Camden, Gloucester, Mercer, and Salem).*
 *source: Metropolitan Philadelphia Indicators Project analysis of audience surveys.



About Audience Members

FOR ALL THOSE SURVEYED

Gender*

Female: 61%
Male: 39%

Age*

18–24**: 7%
25–34: 14%
35–44: 19%
45–54: 24%
55–64: 20%
65+: 15%

Groups of Attendees***

Average number of persons per group attending arts and cultural events: 3
Most common number of adults attending events: 2 (52%)
Percentage of groups that include children: 27%
Among groups that included children, average number of children: 2

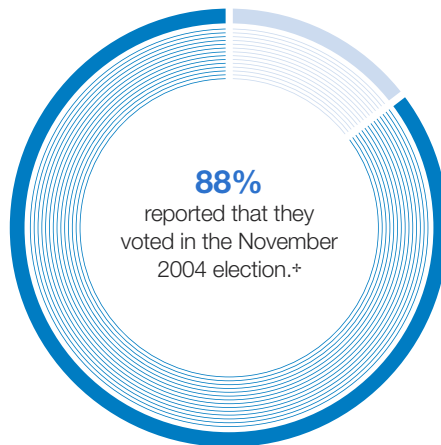
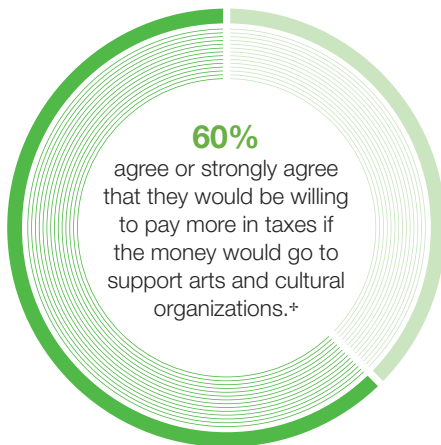
*Numbers may not total 100% due to rounding.

**Audience members under 18 not surveyed.

***source: Greater Philadelphia Cultural Alliance, tabulation from audience surveys.

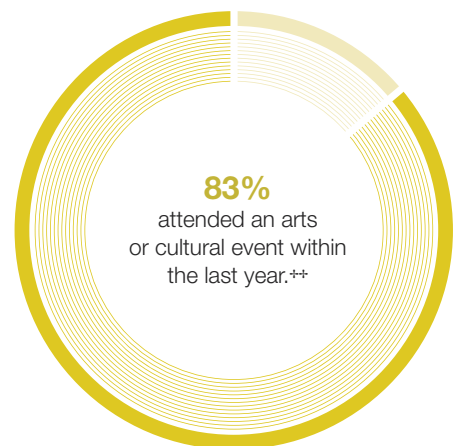
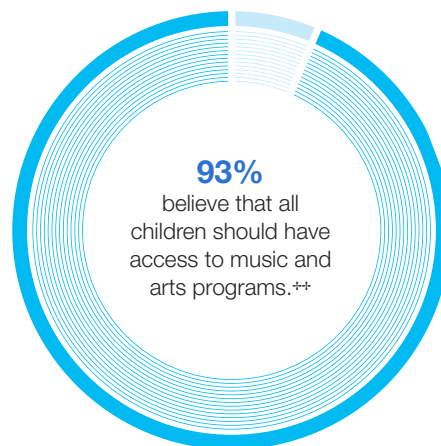
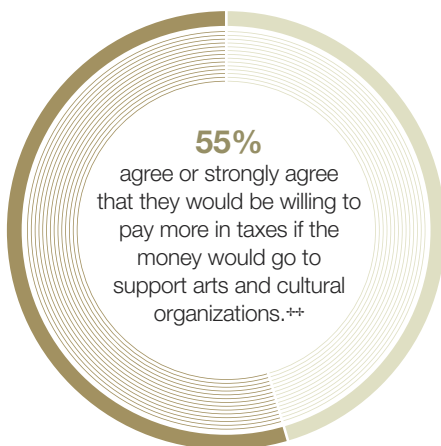
FOR SOUTHEASTERN PENNSYLVANIA RESIDENTS SURVEYED

Attendees at cultural organizations are active voters who are interested in additional public support for the cultural sector.



+source: Metropolitan Philadelphia Indicators Project analysis of audience surveys.

FOR THE GENERAL PUBLIC



++source: Metropolitan Philadelphia Indicators Project household survey, a separate survey of 1,000 randomly selected residents of the region conducted in fall 2005. Respondents reporting having visited or attended one of the following within the previous 12 months: art museum, science/history museum, classical music/opera performance, live popular music performance, play/dance, or musical.



Economic Calculator

The worksheet on these pages allows an arts and cultural nonprofit organization in Southeastern Pennsylvania to estimate its total economic impact. In order to do so, two pieces of information are needed:

Total Annual Expenses (for PACDP users, enter figure from Section 6, Line 45)

Annual Attendance (for PACDP users, enter figure from Section 11, Line C3)

To estimate economic impact, follow the following steps:

ESTIMATE THE ECONOMIC IMPACT FOR AN ORGANIZATION'S SPENDING

Amount Spent by the Organization:
(Total Annual Expenses) A ÷ 100,000 = B

Multiply by the proper ratios (in box below): **The estimated total impact of this organization's spending is:**

Jobs Ratio	<input type="text"/>	x Box B =	<input type="text"/> C1	Full-Time Equivalent Jobs
Income Ratio	<input type="text"/>	x Box B =	<input type="text"/> C2	Resident Household Income
Local Govt. Ratio	<input type="text"/>	x Box B =	<input type="text"/> C3	Local Government Revenue
State Govt. Ratio	<input type="text"/>	x Box B =	<input type="text"/> C4	State Government Revenue

Wait! You are not done.

Estimate the impact of your audience members. (next page)

Ratios of Economic Impact per \$100,000 of spending by organizations

For local organizations, use column A or B, depending on location. Use C and D for comparison figures.

	Philadelphia	Southeastern Pennsylvania (except Phila.)	Median of Similar Regions	National Median
Full-Time Equivalent Jobs	2.32	3.52	2.90	3.46
Resident Household Income	\$67,427	\$78,055	\$70,003	\$71,221
Local Government Revenue	\$4,227	\$5,042	\$4,010	\$4,200
State Government Revenue	\$4,416	\$5,932	\$4,018	\$6,979



ESTIMATE THE ECONOMIC IMPACT FOR AN ORGANIZATION'S AUDIENCE SPENDING

Organization's Total Annual Attendance: x Per Person Event-Related Spending = ÷ 100,000 =

This figure is the total estimated event-related expenditures of this audience per year (excludes admission).

Multiply by the proper ratios (in box below): **The estimated total impact of this organization's spending is:**

Jobs Ratio	<input type="text"/>	x Box F =	<input type="text"/>	G1	Full-Time Equivalent Jobs
Income Ratio	<input type="text"/>	x Box F =	<input type="text"/>	G2	Resident Household Income
Local Govt. Ratio	<input type="text"/>	x Box F =	<input type="text"/>	G3	Local Government Revenue
State Govt. Ratio	<input type="text"/>	x Box F =	<input type="text"/>	G4	State Government Revenue

Ratios of Economic Impact per \$100,000 of spending by organizations

For local organizations, use column A or B, depending on location. Use C and D for comparison figures.

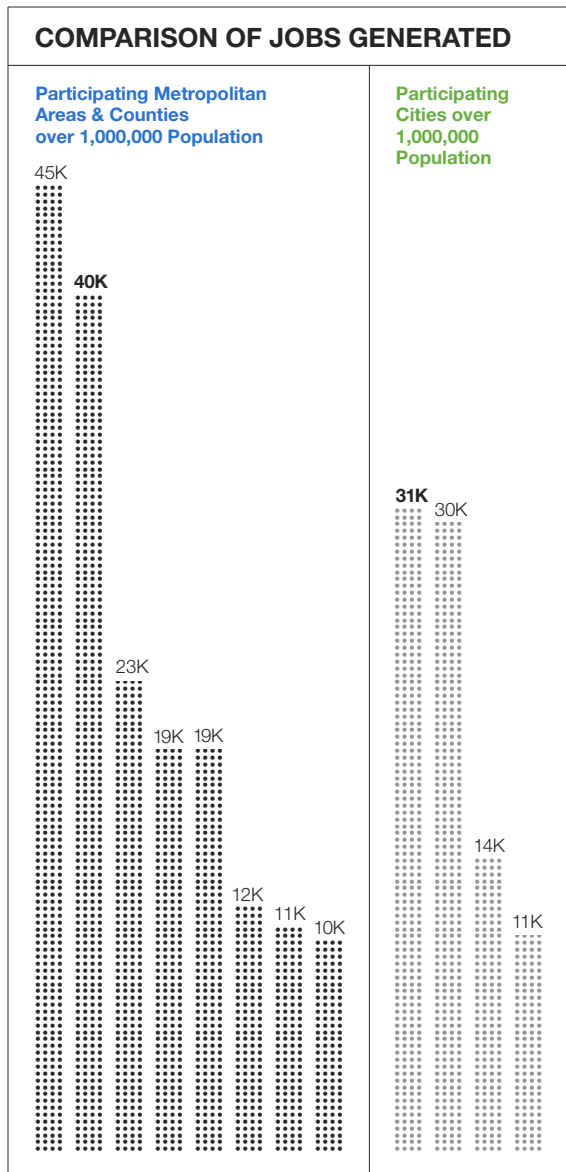
	Philadelphia	Southeastern Pennsylvania (except Phila.)	Median of Similar Regions	National Median
Per Person Event-Related Spending	\$42.84	\$37.32	\$29.28	\$27.79
Full-Time Equivalent Jobs	2.32	3.52	2.90	3.46
Resident Household Income	\$67,427	\$78,055	\$70,003	\$71,221
Local Government Revenue	\$4,227	\$5,042	\$4,010	\$4,200
State Government Revenue	\$4,416	\$5,932	\$4,018	\$6,979

GRAND TOTALS

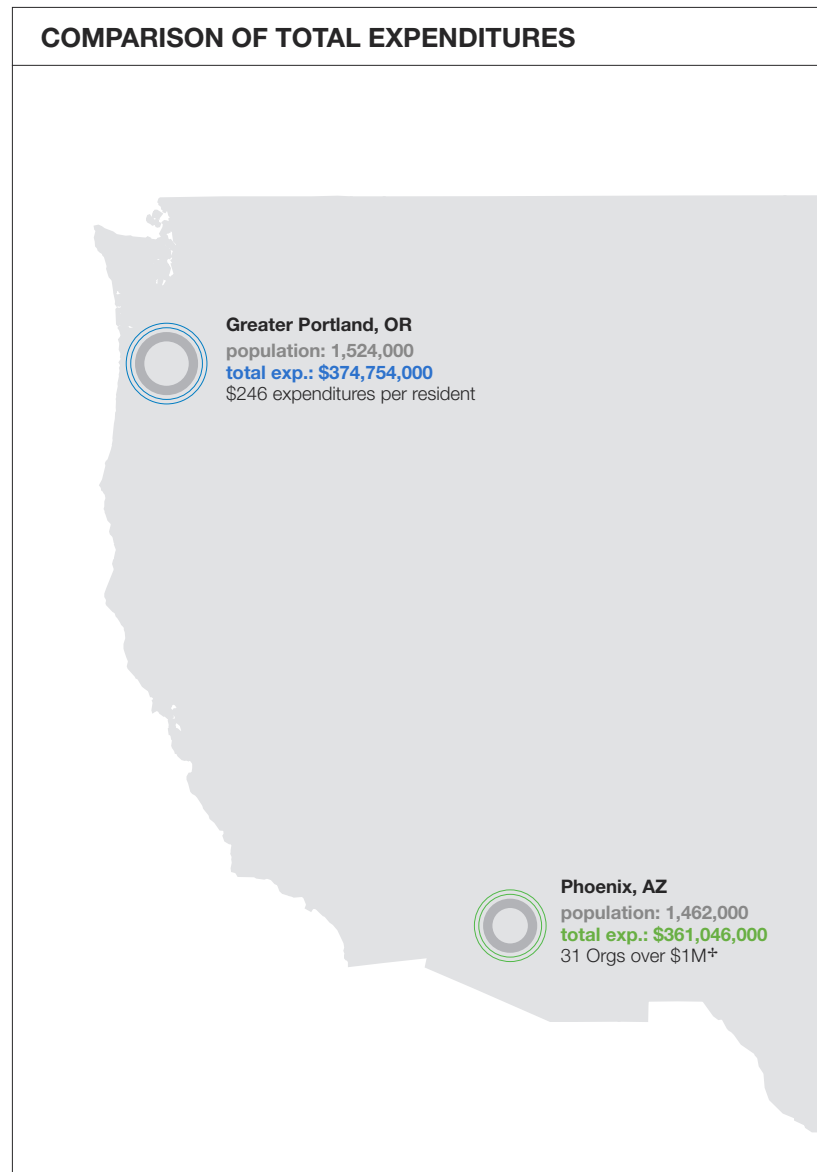
The estimated total economic impact for the average arts and cultural organization of this budget size and annual attendance is:

Box A + Box E =	<input type="text"/>	Expenditures by Organization & Attendees
Box C1 + G1 =	<input type="text"/>	Full-Time Equivalent Jobs
Box C2 + G2 =	<input type="text"/>	Resident Household Income
Box C3 + G3 =	<input type="text"/>	Local Government Revenue
Box C4 + G4 =	<input type="text"/>	State Government Revenue

Communities Nationwide Participating in this Study



Phoenix, AZ
 Houston, TX
 Chicago, IL
Philadelphia, PA
 Allegheny County, PA**
 Greater Columbus, OH
 Greater Portland, OR
 Greater Portland, MO City & County
 St. Louis, MO Metro Region
 Twin Cities, MN Metro Region
 Miami-Dade County, FL
Southeastern, PA***
 Washington, DC Metro Region*



*includes Smithsonian Institution museums.
 **Pittsburgh is in Allegheny County, PA.
 ***Bucks, Chester, Delaware, Montgomery, and Philadelphia counties.
 †Arts and cultural organizations with gross receipts over \$1,000,000 per year. This figure not associated with the number of organizations participating in this study. This figure from the National Center for Charitable Statistics databases, analysis by Greater Philadelphia Cultural Alliance.

Other participating Metro Areas and Counties over 1,000,000 population not shown on map (all have fewer FTE Jobs and lower expenditure figures than those shown): Greater Cincinnati, OH Region; Kansas City, MO Metro Region; Greater Milwaukee, WI; Greater Buffalo, NY; Greater Harrisburg, PA; Greater Birmingham, AL; Central Florida Region; Riverside County, CA; Broward County, PA; Clark County, NV; Santa Clara County, CA; Suffolk County, NY; Palm Beach County, FL; Orange County, FL; Fairfax County, VA.

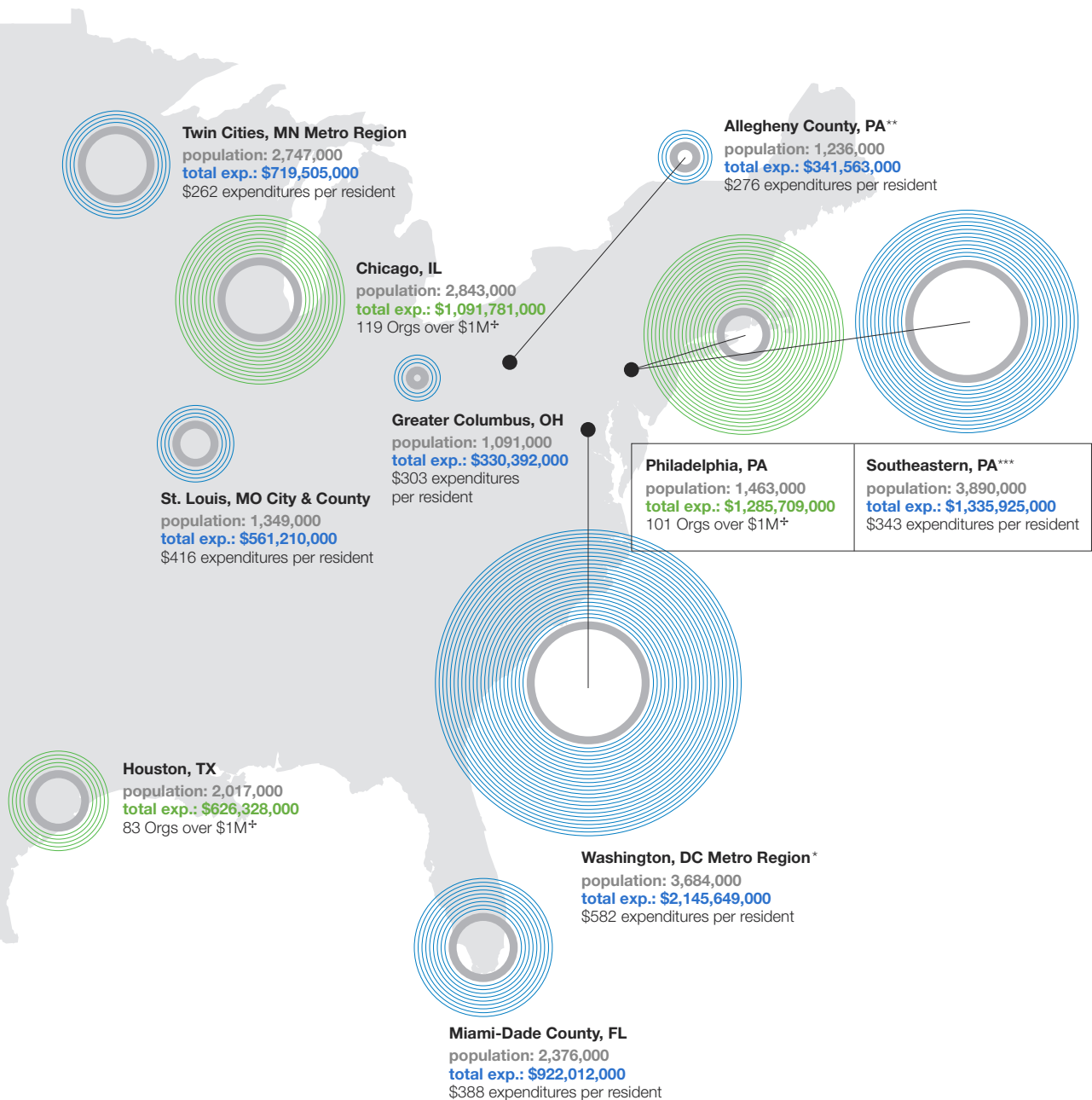
When it comes to arts and culture, Philadelphia and Southeastern Pennsylvania compare favorably to other, similarly sized regions. One of the advantages of participating in the *Arts and Economic Prosperity III* is that

the same methodology has been applied for all 156 participating communities nationwide. Here are some details about participating communities similar to Philadelphia and Southeastern Pennsylvania.

Participating Metropolitan Areas & Counties over 1,000,000 Population

Participating Cities over 1,000,000 Population

○ 2005 Population ○ Total Expenditures Organizations & Audiences



Regional Household Income Generated by Arts and Cultural Organizations and their Audiences

Arts and culture in Southeastern Pennsylvania is a regional affair. Audiences for arts and cultural events are made up of residents from across the five counties (and nearby in New Jersey and Delaware). While many of the largest arts and cultural venues are in central Philadelphia, the effect of dollars spent is more diffuse. The economic activities of arts and cultural organizations and their audiences result in \$778.3 million in household income for residents. Employees of arts organizations live throughout the region and spend their salaries and pay taxes in towns and cities across the five counties. For example, 44% of persons who work in Philadelphia live outside the city.⁺ Companies that provide goods and services for arts organizations and audience members are also located throughout the region.

The following map uses information about where employees of Southeastern Pennsylvania work and live to show the expected distribution of household income from the economic activity of 177 participating arts and cultural organizations and their audiences.⁺⁺

+ Source: U.S. Census LEHD Project.

++ Earnings by location of employees' residence are generated using data from the U.S. Census's Longitudinal Employer-Household Dynamics program. "Labor shed reports" provide counts and percentages of where workers live who are employed in the selected county or municipality. Census data used to generate the figures to the right are from 2004, the most recent available year.

TOTAL HOUSEHOLD INCOME

	By Location of Organization	By Location of Employees' Residence
Philadelphia	\$677,012,000	\$387,001,000
PA Suburban Total	\$101,291,000	\$232,010,000
Bucks	\$31,407,000	\$59,703,000
Chester	\$18,412,000	na**
Delaware	\$25,564,000	\$75,185,000
Montgomery	\$25,908,000	\$78,505,000
New Jersey	na*	\$50,118,000***
Delaware	na*	\$7,013,000***
All Other	na*	\$84,368,000***

* data from NJ and DE organizations and audiences not included in this report.

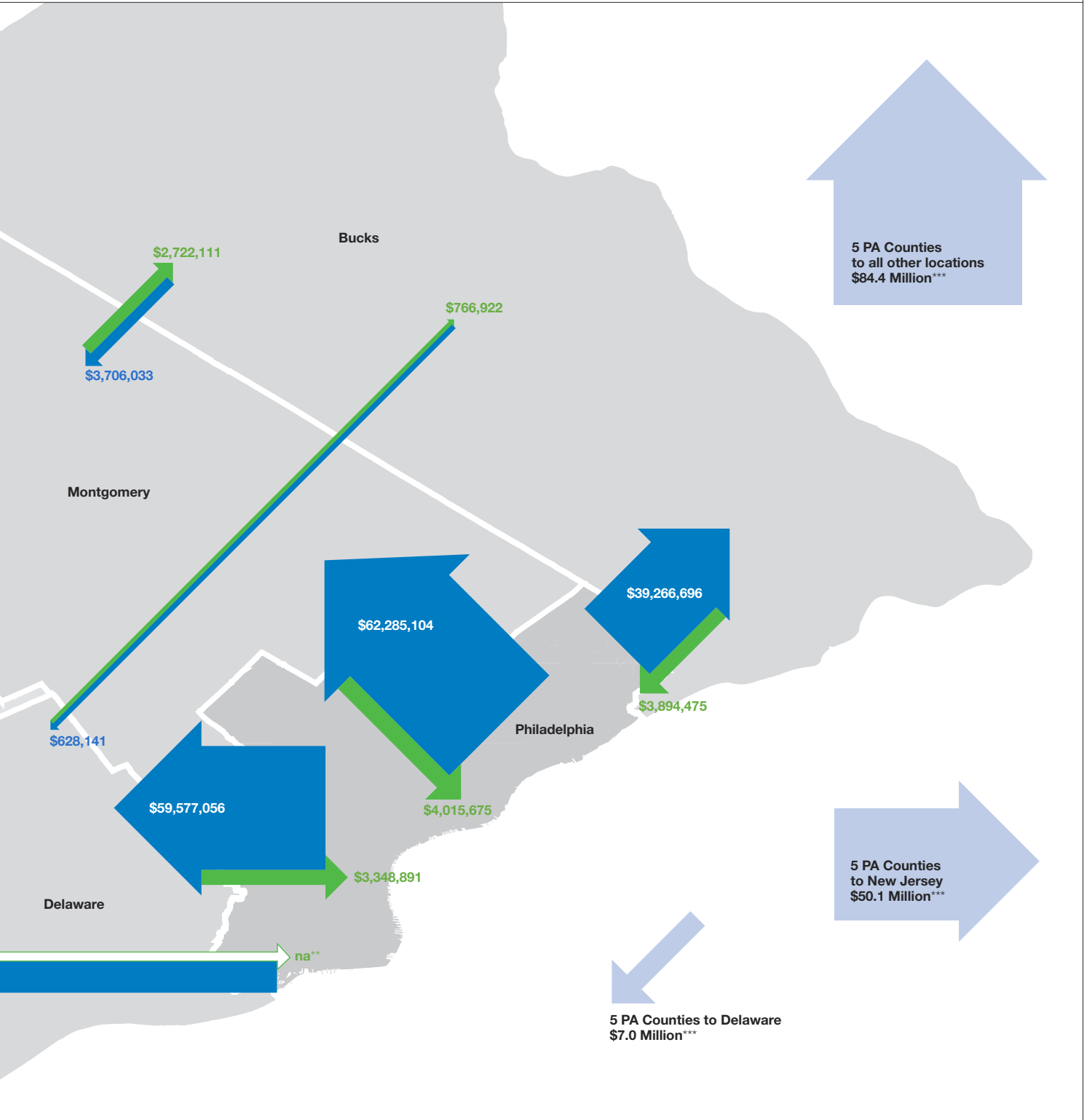
** data on where workers in Chester County live are not currently available from U.S. Census LEHD Project.

*** "All Other" includes some earnings by workers who live in NJ and DE. Some Southeastern Pennsylvania counties have workers living in those states, but represent under 1% of the workers in that county and so are not separately reported.

TOTAL HOUSEHOLD INCOME BY EMPLOYEES' RESIDENCE



Total Household Earnings by County: ● under \$50 million ● \$50–\$100 million ● \$100–\$500 million



Methodology

Great care was used by the Greater Philadelphia Cultural Alliance and its partner organizations to ensure data integrity and the best available methodological practices. For a full description of the methodology employed to generate the data in this report, please see *Data Collection and Economic Analysis for Arts, Culture, and Economic Prosperity in Greater Philadelphia*, available as a free download through the Greater Philadelphia Cultural Alliance's website: www.philaculture.org.

This is the first time that economic impact data for the arts and cultural sector of Greater Philadelphia have been available since the 1998 study *Greater Philadelphia's Competitive Edge*. Economic analysis for that report was carried out by the Pennsylvania Economy League. It is important to note that there are some methodological differences that preclude a direct comparison of the results from this study to the 1998 study. Two main differences are (1) use of different economic models and (2) use of audience spending surveys in this report. Although collected differently, one figure common to both studies is the direct expenditures by arts and cultural organizations. Organizational expenditures in the 1998 report were \$223 million; for this report, we record organizational expenditures of \$645 million.

DATA COLLECTION

Analyzing the economic impact of arts and culture organizations for this report required collecting detailed information on (1) data from arts and cultural organizations and (2) spending by audience members.

(1) Data from Arts and Cultural Organizations

Information on spending, employment, attendance, and other relevant areas was provided by organizations through the Pennsylvania Cultural Data Project (PACDP; please see page 22 for details). One hundred and seventy-seven organizations in Southeastern Pennsylvania provided data for this study. All data are from Fiscal Year 2005 (FY2005). The organizations in this report represent approximately 70% of the total economic activity of the nonprofit arts and cultural sector in Southeastern Pennsylvania.

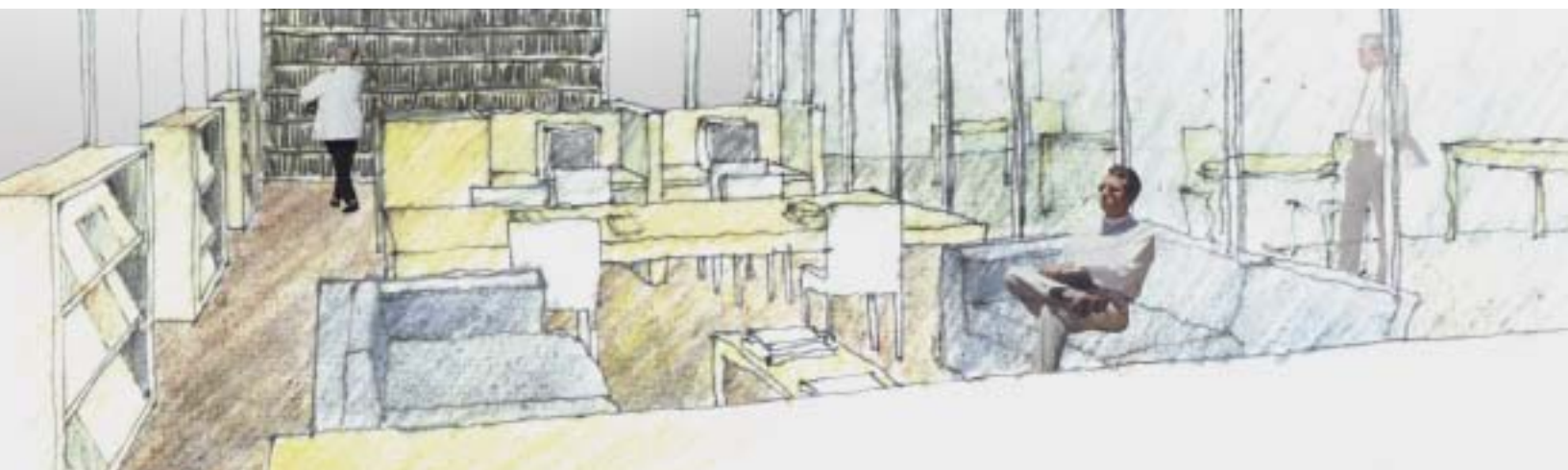
(2) Spending by Audience Members

2,324 audience spending surveys were collected from arts patrons at 74 arts and cultural events held by 56 organizations throughout 2006. Surveying was conducted at a wide variety of events and organizations, on weekends and weekdays, and at both paid and free events (please see page 21 for details). All surveys were anonymous. Organizations were placed into six cohorts based on attendance and location. Audience surveys were collected in proportion to each cohort's share of overall audience figures for the sector. To prevent surveying bias, every two months organizations were anonymously and randomly selected from each cohort for audience surveying.

ECONOMIC ANALYSIS

Economic modeling for this project was developed by economists at the Georgia Institute of Technology, under the leadership of Prof. William A. Schaffer. A consistent modeling process was used for all 156 communities that participated in *Arts and Economic Prosperity III*.

To derive the most reliable economic impact data, input-output analysis is used to measure the impact of expenditures by non-profit arts and culture organizations and their audiences. This is a highly regarded type of economic analysis that has been the basis for two Nobel Prizes in economics. The models are systems of mathematical equations that combine statistical methods and economic theory in an area of study called econometrics. The analysis traces how many times a dollar is re-spent within the local economy before it leaks out, and it quantifies the economic impact of each round of spending. Input/output models were customized for Philadelphia County and for Southeastern Pennsylvania based on the local dollar flow among 533 finely detailed industries within its economy. This was accomplished by using detailed data on employment, incomes, and government revenues provided by the U.S. Department of Commerce (e.g., County Business Patterns, Regional Economic Information System, Survey of State and Local Finance), local tax data (sales taxes, property taxes, and miscellaneous local option taxes), as well as the survey data from the responding nonprofit arts and culture organizations and their audiences.



Participating Arts and Cultural Organizations in Southeastern Pennsylvania

This study could not have been completed without the cooperation of the 177 nonprofit arts and culture organizations in Greater Philadelphia, listed below, that provided detailed financial and event attendance information through the Pennsylvania Cultural Data Project.

1812 Productions
 The 29th Street Community Development Corporation
 Abington Art Center
 Academy of Natural Sciences
 Academy of Vocal Arts
 Act II Playhouse
 African American Museum in Philadelphia
 Allens Lane Art Center
 Ambler Theater
 The American Composers Forum Philadelphia Chapter
 American Philosophical Society
 American Poetry Review
 American Swedish Historical Museum
 Anna Crusis Women's Choir
 Anne-Marie Mulgrew and Dancers Co.
 Annenberg Center for the Performing Arts
 Arden Theatre Company
 Art-Reach
 Arts & Business Council of Greater Philadelphia
 Asian Arts Initiative
 Association for the Colonial Theatre
 Astral Artistic Services
 Atwater Kent Museum
 Awbury Arboretum Association
 The Bach Festival of Philadelphia
 BALLETX (formerly known as Phrenic New Ballet)
 The Barnes Foundation
 Big Picture Alliance
 Boyer College of Music and Dance
 Brandywine Ballet
 Brandywine River Museum
 Brandywine Workshop
 Bristol Riverside Theatre
 Bryn Mawr College
 Bucks County Choral Society
 Bucks County Historical Society
 Bucks County Performing Arts Center
 Center City Opera Theater
 The Center For Emerging Visual Artists
 Center in the Park
 Chamber Music Now!
 Cheltenham Center for the Arts
 Chemical Heritage Foundation
 Chester County Historical Society
 Civil War and Underground Railroad Museum of Philadelphia
 Clay Studio
 Coatesville Area Arts Alliance
 Coatesville Cultural Society
 Community Arts Center
 Community Conservatory of Music
 COSACOSA art at large
 County Theater

Creative Access
 Creative Collective
 Curtis Institute of Music
 The Design Center at Philadelphia University
 Dance Affiliates
 Dance Theatre of Pennsylvania
 Darlington Fine Arts Center
 Delaware Valley Arts Consortium
 Doylestown School of Music and the Arts
 Eastern State Penitentiary Historic Site
 Enchantment Theatre Company
 Encore Series
 Fabric Workshop and Museum
 Fairmount Park Art Association
 The Franklin Institute
 Galleries at Moore College of Art and Design
 The German Society of Pennsylvania
 The Gershman Y of the JCCs of Greater Philadelphia
 Great Valley Community Education Foundation
 Greater Philadelphia Cultural Alliance
 Headlong Dance Theater
 Hedgerow Theatre
 Historical Society of Pennsylvania
 Independence Seaport Museum
 Independence Visitor Center Corporation
 Institute of Contemporary Art
 Instrumental Solutions
 InterAct Theatre Company
 International House Philadelphia
 James A. Michener Art Museum
 Japan America Society of Greater Philadelphia
 John Bartram Association
 Kardon Institute for Arts Therapy
 Kennett Symphony of Chester County
 Kimmel Center
 Kulu Mele African American Dance Ensemble
 Lantern Theater Company
 Latin Fiesta, Inc.
 Library Company of Philadelphia
 Lights of Liberty
 Lyra Society Fund
 Main Line Art Center
 Melanie Stewart Dance Theatre
 Mercer Fonthill Trust
 Miro Dance Theatre
 Moonstone, Inc.
 Moore College of Art and Design
 Morris Arboretum of the University of Pennsylvania
 Mum Puppet Theatre
 The Music Group of Philadelphia
 National Constitution Center
 National Museum of American Jewish History
 Network for New Music
 The New Hope Arts Commission
 New Paradise Laboratories
 New Sounds Music
 Nexus Foundation for Today's Art
 Opera Company of Philadelphia
 Opera North
 Painted Bride Art Center
 Parkway Council Foundation
 Pennsylvania Academy of the Fine Arts
 Pennsylvania Ballet Association

The Pennsylvania Horticultural Society
 People's Light & Theatre Company
 Philadanco
 Philadelphia Art Alliance
 Philadelphia Boys Choir & Chorale
 Philadelphia Chamber Music Society
 Philadelphia Classical Symphony
 Philadelphia Folklore Project
 Philadelphia Live Arts Festival and Philly Fringe
 Philadelphia Mural Arts Advocates
 Philadelphia Museum of Art
 Philadelphia Orchestra Association
 Philadelphia Photo Review
 Philadelphia Sculptors
 The Philadelphia Shakespeare Festival
 The Philadelphia Singers
 Philadelphia Sketch Club
 Philadelphia Theatre Company
 Philadelphia Virtuosi Chamber Orchestra
 Philadelphia Young Playwrights
 Philadelphia Youth Orchestra
 The Philadelphia Zoo
 Philip and Muriel Berman Museum of Art at Ursinus College
 Piffaro — The Renaissance Band
 Pig Iron Theatre Company
 Please Touch Museum
 Pottstown Symphony Orchestra
 Print Center
 Relâche
 The Rock School
 Rosenbach Museum & Library
 The Rosenwald-Wolf Gallery
 Samuel S. Fleisher Art Memorial
 Settlement Music School
 Singing City
 Society for Performing Arts of the Media Theatre
 Strings for Schools
 Suburban Music School
 Taller Puertorriqueño
 Tempesta di Mare
 Temple University Department of Theater
 Theatre Alliance of Greater Philadelphia
 Theatre Exile
 Trinity Center for Urban Life
 Tyler Arboretum
 Tyler School of Art, Department of Exhibitions & Public Programs
 The University of the Arts
 University of Pennsylvania Museum of Archaeology and Anthropology
 The Village of Arts and Humanities
 Village Productions
 Vox Populi
 VSA Arts of Pennsylvania/
 Amaryllis Theatre Company
 Walnut Street Theatre
 Wayne Art Center
 West Philadelphia Cultural Alliance
 WHYY
 Wilma Theater
 Wissahickon Art Center
 Woodmere Art Museum
 WRTI
 WYBE Public Television
 Young Audiences of Eastern Pennsylvania

We express special thanks to the following organizations, at whose events the 2,324 audience surveys were conducted.

Bucks County (138 surveys)

Bristol Riverside Theatre
 County Theater*
 Dance Theatre of Pennsylvania
 Fonthill Museum
 Mercer Museum
 Michener Museum

Chester County (264 surveys)

Brandywine Ballet*
 Colonial Theatre*
 Kennett Symphony
 People's Light & Theatre Company*

Delaware County (250 surveys)

Brandywine River Museum
 Community Arts Center
 Darlington Art Center*
 Hedgerow Theatre*
 Main Line Art Center*
 Media Theatre*
 Suburban Music School
 Tyler Arboretum*

Montgomery County (337 surveys)

Abington Art Center*
 Act II Theatre
 Ambler Theater*
 Barnes Foundation
 Cheltenham Art Center
 Enchantment Theatre
 Montgomery County Community College
 Pottstown Symphony
 Village Productions*

Philadelphia—Very Large Organizations (877 surveys)

Franklin Institute*
 Independence Visitors' Center*
 Kimmel Center*
 National Constitution Center
 Philadelphia Museum of Art*
 Philadelphia Orchestra*
 Philadelphia Zoo*
 Walnut Street Theatre*

Philadelphia—All Other Organizations (458 surveys)

1812 Productions
 Academy of Natural Sciences
 African American Museum in Philadelphia
 Arden Theatre
 Art-Reach
 Atwater Kent Museum
 Center City Opera Theater, Inc
 Historical Society of Pennsylvania
 Independence Seaport Museum
 Institute of Contemporary Art
 Lantern Theatre Company
 Library Company of Philadelphia
 Mum Puppet Theatre
 Opera Company of Philadelphia
 Pennsylvania Academy of Fine Arts
 Piffaro — The Renaissance Band
 Please Touch Museum
 Relâche
 Rosenbach Museum
 Virtuosi Chamber Orchestra
 Wilma Theatre
 Woodmere Art Museum

*indicates more than one surveying event.

Partner Organizations

Americans for the Arts

Americans for the Arts is the leading national nonprofit organization for advancing the arts in America. The organization is dedicated to representing and serving local communities and creating opportunities for every American to participate in and appreciate all forms of the arts.

Americans for the Arts focuses on three primary goals: fostering an environment in which the arts can thrive and contribute to the creation of more livable communities; generating more public—and private—sector resources for the arts and arts education; and building individual appreciation of the value of the arts.

Americans for the Arts is the author of the national study *Arts and Economic Prosperity III*. Americans for the Arts coordinated all aspects of the national study, including recruiting the participating communities, commissioning economists to develop the economic models used for data analysis, coordinating data entry, and producing data analysis presented in this report.

The Pennsylvania Cultural Data Project (PACDP)

The Pennsylvania Cultural Data Project is a collaborative project of the Greater Philadelphia Cultural Alliance, the Greater Pittsburgh Arts Council, The Heinz Endowments, the Independence Foundation, the Pennsylvania Council on the Arts, the Pennsylvania Historical and Museum Commission, The Pew Charitable Trusts, The Pittsburgh Foundation, and the William Penn Foundation. The PACDP, operated by The Pew Charitable Trusts, is a standardized online system created for collecting financial and organizational data of nonprofit cultural organizations. Participating organizations complete an online Data Profile once each fiscal year. In addition to creating a streamlined data collection process for hundreds of arts and culture organizations throughout Pennsylvania, this project provides a source of consistent and reliable information on the state's cultural sector. Financial data are drawn from each organization's audit, ensuring accurate and reliable information.

The data from arts and cultural organizations used for this report were provided by the Pennsylvania Cultural Data Project (PACDP), a statewide data collection project for Pennsylvania's cultural organizations. The data are self-reported by the organizations using the PACDP and neither the PACDP nor its Governing Group make any representations or warranties concerning the accuracy, reliability, or completeness of the self-reported data. Any interpretation of the data is solely the views of Americans for the Arts and the Greater Philadelphia Cultural Alliance and does not reflect the views of the PACDP or its Governing Group.

Drexel University Arts Administration Graduate Program

One of the oldest arts administration programs in the nation, Drexel's Arts Administration Graduate Program strives to provide the highest quality education for students by integrating management practice, theory, and practicum into the curriculum. Classes incorporate the four branches of the arts, commerce, research, and technology for a multi-disciplinary course of study. The program emphasizes business areas such as marketing and policy development to prepare students for careers as arts managers and leaders in the field. The program also serves as a link between the arts and the community, working closely with the local and national arts and cultural organizations in research and consulting opportunities.

Surveyors for the audience spending survey were primarily Drexel Arts Administration Graduate Program students and recent graduates. Many surveys were conducted by students enrolled in a graduate course on research methodology. In addition, the program provided data entry services; the resulting database was used primarily to perform analysis of audience demographics.

The Metropolitan Philadelphia Indicators Project

The Metropolitan Philadelphia Indicators Project, funded by the William Penn Foundation, aims to promote regional thinking about our most important challenges by illuminating conditions and trends in our nine-county region (Bucks, Chester, Delaware, Montgomery, and Philadelphia counties in Pennsylvania and Burlington, Camden, Gloucester, and Salem counties in New Jersey). To promote regional thinking, Metropolitan Philadelphia Indicators Project maintains and updates a set of social, economic, and environmental indicators that portray the quality of life in the region's communities, offering analyses of these indicators in occasional web reports and an annual report.

The Metropolitan Philadelphia Indicators Project provided advanced data analysis of audience surveys for this report, primarily in the area of audience demographics.

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The Greater Philadelphia Cultural Alliance would like to thank the following individuals and organizations, without whose support this report would not be possible.

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page 20: Philadelphia Museum of Art (Gluckman Mayner Architects)

page 23: street scene (R. Kennedy)*

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About the Greater Philadelphia Cultural Alliance

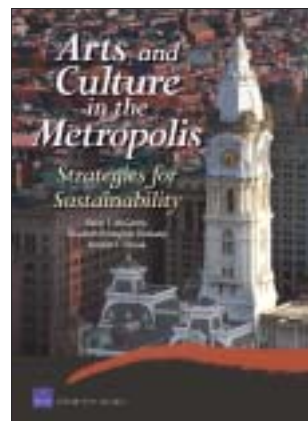
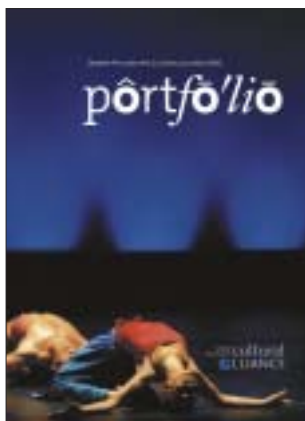
The Greater Philadelphia Cultural Alliance is the region's premier leadership and advocacy organization for arts and culture. The organization's mission is to lead the effort to expand awareness of, participation in, and support for arts and culture in the region. The Alliance has a proven track record for pulling groups together—dating back to the 1970s. The Alliance played a key advocacy role in establishing the Philadelphia Cultural Fund and helped preserve Philadelphia's nationally recognized Percent for Art programs. Today, over 350 member organizations—from museums and dance companies to community art centers, historic sites, music ensembles, and zoos, and the region's cultural sector as a whole—count on the Cultural Alliance to:

- Provide advocacy, research, convening, and planning services that make the case for public funding for arts and culture, respond to threats to cultural programs, encourage arts-based revitalization projects, and chart future directions for the nonprofit culture industry.

- Build audiences and increase earned income for regional arts and cultural institutions through collaborative marketing initiatives including: PhillyFunGuide.com, an online regional events calendar; FunSavers, a weekly discount ticket e-mail service; and the Philadelphia Cultural List Cooperative, a database of cultural consumers in the region.
- Provide access to group health insurance and other discounted business services, including directors and officers insurance, payroll services, office supplies, hotel lodging, and fitness centers.
- Distribute grants that provide seed money for innovative, community-based arts projects and operating support for small arts groups with a proven track record for artistic excellence, strong community involvement, and sound management practices.

RECENT REPORTS FROM THE GREATER PHILADELPHIA CULTURAL ALLIANCE

The Cultural Alliance is engaged in research efforts to assist its members, civic leaders, and the public in gaining greater understanding of and new perspectives on the nonprofit arts and cultural sector. Other published reports include:



The Greater Philadelphia Cultural Alliance 2006 Portfolio (left)

Portfolio documents the breadth, diversity, and well-being of Southeastern Pennsylvania's nonprofit cultural resources. The *Philadelphia Daily News* called *Portfolio* "the most ambitious attempt to uncover hard data" on the cultural sector.

Arts and Culture in the Metropolis (right)

The William Penn Foundation and the Greater Philadelphia Cultural Alliance commissioned the RAND Corporation to examine Philadelphia's arts and cultural sector. *Arts and Culture in the Metropolis* compares Philadelphia with eleven other cities and makes recommendations to ensure the sustainability of arts and culture in the region.

Both reports are available as free PDF downloads through the Greater Philadelphia Cultural Alliance's website: www.philaculture.org.

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