

Cultural Impact Study

Houston, Texas

FINAL REPORT
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AMS Planning & Research

Project Oversight

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Executive Summary

The Process

AMS Planning & Research was commissioned in 2005 to undertake a Cultural Impact Study for Houston. A broad-based Steering Committee of arts, business, government, civic and education leaders was appointed to provide guidance and feedback to the consultants. The overall goal of the study is to document the impact of arts and culture on the economy, and overall quality of life, in the Houston area.

The data collected between March and November 2005 for the Cultural Impact Study make it the most comprehensive research ever undertaken in Houston with the city's arts and cultural sector. The specific research tasks undertaken included:

- Audience/Visitor survey (4,759 surveys from 44 events)
- Organizational surveys (103 arts and cultural groups)
- Individual artist surveys (124 completed from professional artists)
- Cultural Mapping and Neighborhood Arts Case Studies
- Qualitative interviews (with those impacted by arts and culture)
- Analysis of economic impact (by the national organization Americans for the Arts)
- Research into best practices in advocacy
- Review of relevant literature in the field



The Findings

Economic Impact

- The nonprofit arts are a \$626.3 million industry in Houston—one that supports 14,115 full-time jobs and generates \$69.5 million in local and state government revenue.
- Nonprofit arts organizations in Houston, which spend \$270 million annually, leverage a remarkable \$356.3 million in additional spending by arts audiences—spending that pumps vital revenue into local restaurants, hotels, retail stores, parking garages, and other businesses.
- A total of 12,192 professional artists are estimated to live in the Houston area, and are responsible for total annual spending of \$147.6 million. Spending by artists supports 3,422 full-time jobs and generates \$10.5 million in local and state government revenue.
- The total economic impact of the city’s nonprofit arts industry (\$626.3 million) is:
 - Nearly two-and-a-half times (2.41) the economic impact of the city’s convention industry in 2005 (\$258.9 million).
 - More than ten times the total economic impact of film and video projects in the city in 2004 (\$58 million)
 - Equal to the estimated economic impact of almost four Superbowls (\$165.5 million)
 - More than twice that of similar communities (populations over 1 million) studied by Americans for the Arts
- The \$33 million in local government revenues as a result of the total economic impact of the city’s nonprofit arts industry is:
 - Three times that of similar communities (\$11.4 million, populations over 1 million)
 - Represents a direct return on investment of more than 2 to 1 (for local government spending of \$14.4 million)

Audiences

- The arts draw people to Houston: more than half of 4,759 respondents to an audience/visitor survey, representing 668 ZIP codes, reported being in Houston that day purposely for the cultural event they were attending.
- Arts are not just for the wealthy: the audience is diverse and broad-based, with nearly equal representation among age cohorts from 18 to 65+, and every income category from under \$25,000 to \$150,000+.



- Arts are accessible to all: In the most comprehensive survey of audiences and visitors ever undertaken in Houston, 40% of responses came from audiences attending free events.
- 10.7 million people attended performing arts, museum and zoo exhibits, festivals and special events in Houston in 2004:
 - 5.7 million people visited exhibitions
 - 2.7 million attended live performances
 - 1.8 million attended festivals and special events
- The 9.2 million people reported as having attended arts and cultural events and exhibitions in 2004 is:
 - More than twice the number of people who attended Houston's three major league professional sports teams in 2005 (4.3 million total, 3.1 million at Astros; 663,000 Rockets; 562,000 Texans)
 - More than twenty times the number of people who attended conventions (459,000 in 2005)
 - Almost half the number of total annual visitors to the city (23.1 million in 2002)
 - Almost half the number of annual shoppers at the Galleria (20 million)
- Audience members and visitors report spending an average of \$33.49 each in addition to the cost of their tickets, \$11 more than the national average (\$22.87)
- Arts organizations reported a total of \$54.9 million in total ticket/admission income in 2004.

Cultural Tourism

- 1.6 million visitors to Houston attended cultural events in 2004 (15% of all visitors), and spent an average of \$82 each (total spending of \$132 million in addition to the cost of their tickets)
- Cultural tourists spend more than three times as locals in conjunction with attending arts events (\$82.10 compared to \$24.82)

Employment

- The number of jobs created by the city's nonprofit arts industry (14,115) is:
 - Nearly the size of the city's 6th largest employer, the MD Anderson Cancer Center with 14,437 employees (2005)
 - Greater than the number of NASA contractors at Johnson Space Center (13,768)



- Almost the size of the City of Bellaire (15,642)
- The number of jobs created by the total economic impact of the city's nonprofit arts industry, including professional individual artists and the impact of their spending, is 29,729

Volunteerism

- Some 34,000 individuals volunteered for arts and cultural organizations in 2004. They contribute more than 650,000 hours, worth more than \$11.2 million.

Economic & Community Development

- Houston's corporate leaders report that workforce recruitment and retention is advanced by the city's strong cultural sector. The arts are seen as a cornerstone in making Houston an increasingly international and culturally diverse city, and in generating restaurant and hotel business.
- Cultural organizations and community leaders report a wide range of impacts that the arts have on their neighborhoods, from preserving historic buildings to rehabilitating public parks and spaces.
- Community leaders describe how artists in the neighborhood are a positive influence, from mentoring to helping youth envision career paths related to arts, culture, and community development



Summary of Employment Data

The following table summarizes the respective levels of employment described in the report, from the 1,666 full-time equivalent (FTE) positions created as a result of spending by individual artists, to the 3,048 actual nonprofit arts industry jobs, to almost 30,000, representing the sum of all nonprofit arts industry employment, total economic impact employment, and the number of professional artists.ⁱ

Number of Jobs (FTEs)	Explanation
29,729	Jobs created by total economic impact of nonprofit arts industry <u>and</u> by impact of artist spending, plus number of professional artists
26,207	Jobs created by total economic impact of nonprofit arts industry, plus number of professional artists
14,115	Jobs created by total economic impact of nonprofit arts industry (includes audience expenditures)
12,192	Number of professional artists
10,143	Jobs created by direct economic impact of nonprofit arts industry, plus impact of artist spending
8,477	Jobs created by direct economic impact of nonprofit arts industry (includes audience expenditures)
6,262	Jobs created by direct economic impact of nonprofit arts organizations
3,422	Jobs created by total economic impact of artist spending
3,048	Number of nonprofit arts industry jobs
1,666	Jobs created by direct economic impact of artist spending

ⁱ *Economic impact analysis undertaken by Americans for the Arts for the Houston Cultural Impact Study, combined with data on individual artists from The Artistic Dividend Revisited, Humphrey Institute of Public Affairs, University of Minnesota; Ann Markusen, Greg Schrock, and Martina Cameron; March 2004. Houston data from Technical Appendix prepared for LINC (Leveraging Investment in Creativity).*



Summary of Economic Impact Data

The following table provides a summary of all economic impact data described in the text, from the \$1.18 million accruing to state government revenues as a result of the direct economic impact of spending by individual professional artists, to almost \$774 million, the total economic impact of the nonprofit arts industry, related audience spending, and individual professional artists.ⁱⁱ

Direct Economic Impact	Nonprofit Arts		Total
	Artists	Industry	
Total Expenditures	\$147,600,000	\$626,328,061	\$773,928,061
Full-Time Equivalent Jobs	1,666	8,477	10,143
Resident Household Income	\$39,403,000	\$180,232,000	\$219,635,000
Local Government Revenues	\$2,361,000	\$19,020,000	\$21,381,000
State Government Revenues	\$1,181,000	\$21,153,000	\$22,334,000
Total Economic Impact			
Total Expenditures	\$147,600,000	\$626,328,061	\$773,928,061
Full-Time Equivalent Jobs	3,422	14,115	17,537
Resident Household Income	\$109,650,000	\$406,133,000	\$515,783,000
Local Government Revenues	\$5,756,000	\$33,248,000	\$39,004,000
State Government Revenues	\$4,870,000	\$36,291,000	\$41,161,000

ⁱⁱ Source: Economic impact analysis undertaken by Americans for the Arts for the Houston Cultural Impact Study.

Direct economic impact refers to the initial economic effect of expenditures. These direct economic impacts create an additional indirect economic impact on the Houston economy. Consider this example: A theatre company purchases a gallon of paint from the local hardware store for ten dollars (that is the “direct economic impact”). The hardware store then uses a portion of the ten dollars to pay the sales clerk’s salary; the sales clerk re-spends some of the money for groceries; the grocery store in turn uses some of the money to pay its cashier; the cashier spends some for to pay his utility bill; and so on (these are the “indirect economic impacts”). Thus, the original ten dollars from the theatre has been “re-spent” several times. The local expenditures will continue to have an economic impact on the local economy until the money eventually “leaks out” of the community (i.e., is spent non-locally). The total economic impact is the combination of the direct impact and the indirect impact.

Introduction

AMS Planning & Research was commissioned to undertake a Cultural Impact Study for Houston. Funding for the project was provided by Houston Endowment, The Brown Foundation, The Wortham Foundation, and City of Houston, with staff support from the Cultural Arts Council of Houston & Harris County (CACHH). A broad-based Steering Committee of arts, business, government, civic and education leaders was appointed to provide guidance and feedback to the consultants.

Research Goals

The overall goal of the study is to document the impact of arts and culture on the economy, and overall quality of life, in the Houston area (e.g., Harris County), and develop an action strategy to disseminate and promote the study's findings. Specific objectives are:

- To gather data which demonstrate the role of the region's arts and cultural institutions and individual artists in impacting the economy, furthering community development and revitalization
- To create a strategy for disseminating the results that helps to position the region's arts and cultural sector for increased investment, effective advocacy, and overall stability
- To report findings that can be effectively utilized in presentations to government, the media, the corporate sector, individual donors and foundations, audiences, and other constituencies

One of the guiding principles for our work was a statement by Americans for the Arts, a national support and advocacy organization:

“The thought-currency among legislators is in concepts and anecdotes. If you can provide a genuine tale of how their action affected your life, it may stick in their minds and even come out later when they are trying to persuade others.”



The Cultural Impact Study was conceived to be more than “just another study of the economic impact of the arts” in a community. Cities and counties across the country undertake these studies each year; in most cases, a press release is issued touting the “millions of dollars of impact” of the arts sector, or of professional sports, tourism, conventions, rodeos, or some other event or sector. A cornerstone of this project has been an overall goal to package and promote research findings that speak not only to the cultural sector’s impact on the economy, but on the community, its quality of life, and other measures.

Rather than merely conduct research and issue a report on findings, we have sought the input and expertise of public relations and marketing professionals, and leading arts advocates, to assist in developing new approaches for communicating the study’s results and advocating for a cultural agenda. The specific research tasks undertaken include:

- Audience / Visitor Survey
(4,759 individual surveys completed by audiences and visitors at 44 separate performing and visual arts events in Houston)
- Organizational Surveys
(103 Houston-based arts and cultural organizations)
- Individual Artist Surveys
(124 completed surveys by individual performing and visual artists)
- Advocacy Best Practices
(Research conducted with arts and other cultural sector advocacy organizations, including “The Arts Advocate’s Toolbox”)
- Cultural Mapping and Neighborhood Arts Case Studies
(Mapping of 10 neighborhood-based cultural organizations vis-à-vis real estate values and crime rates and qualitative interviews with representatives of 8 neighborhood-based cultural organizations)
- Qualitative Interviews
(Interviews with representatives of agencies, sectors, and organizations impacted by the region’s arts and cultural activities, such as realtors, restaurateurs, hoteliers, etc.)
- Economic Impact Data
(Economic impact analysis, conducted by Americans for the Arts, of organizational survey and audience expenditure data)
- Comparisons (Attendance, Employment, Economic Impact)
(Data collected to provide comparisons for attendance, expenditure, and economic impact findings)

The Findings

Economic Impact

- The data collected for the Cultural Impact Study make it the most comprehensive research ever undertaken in Houston with the city's arts and cultural sector. In addition to interviews with nearly 100 community leaders, more than 100 organizations, 124 artists, and almost 4,800 audience members and museum visitors completed surveys.
- The nonprofit arts (not including individual artists) are a \$626.3 million industry in Houston—one that supports 14,115 full-time jobs and generates \$69.5 million in local and state government revenue.
- A total of 12,192 professional artists are estimated to live in the Houston area, and are responsible for total annual spending of \$147.6 million. Spending by artists supports 3,422 full-time jobs and generates \$10.5 million in local and state government revenue.
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Desired Outcomes

Rather than develop a formal list of goals and objectives (as would be generated through a comprehensive cultural planning process), the Steering Committee assumed five primary target sectors, often with multiple “audiences” in each sector, those being:

- Houston’s business community (executive management and members of the Houston Partnership, in particular)
- Tourism entities (Convention & Visitors Bureau, etc.)
- Education sector (elected school board members, administration, parents and other advocates)
- Government (staff and elected officials)
- General Public

For each target sector, a series of outcomes is desired:

1. Business – Executive management
 - “The arts and cultural sector wants a seat at the table”
 - Inclusion in economic development strategies
 - Contributed income and volunteer service from businesses and corporations
 - Project financing from developers and banks
 - Privately-funded public art and design projects
2. Tourism
 - Integration into tourism promotion efforts
 - Showcasing of cultural tourism opportunities
 - Funding (additional) for programming and promotion



- Development of cultural tourism partnerships not only locally, but regionally and statewide
- 3. Education – Elected Officials, Staff, Parents
 - Retention and expansion of arts education
 - Integration of arts/cultural strategies into curriculum
 - Additional field trip/enrichment opportunities
 - Audience development offers to students
- 4. Government – Elected Officials, Staff
 - Funding
 - Infusion of cultural strategies into government functions
 - More art in public places
 - Community arts programming
- 5. General Public
 - Be advocates for arts education and general support for arts
 - Potential voter support for possible public financing mechanisms
 - Behavior changes – Attendance, Visitation, Participation
 - Inclusion – Improved public perception of artists as valued and contributing members of community

Advocacy Best Practices

“Advocacy is the process of turning passive support into educated action by stakeholders.”
- American Library Association

As part of our research work we sought to identify best practices in the area of advocacy, both from arts and cultural organizations, and from other non-profit entities that might be engaged in exemplary efforts to lobby public officials and/or affect public and leadership opinions. This section of the report summarizes the results of this research.

Sources

We consulted a variety of sources noted here (detailed information in Appendix 1):

- Americans for the Arts
- The State Arts Action Network,
- The National Assembly of State Arts Agencies
- The American Library Association
- State Arts Councils

In addition to the organizations that were consulted, we conducted a series of interviews with leaders in the field (noted in Appendix 1).

Findings

Most of the literature on advocacy and best practices describes efforts to advocate with public officials (especially at the federal and state level, often focusing on securing funding for the arts). Yet most of the advocacy tips are translatable – no matter what the message, no matter who the intended audience is, there are good rules of thumb for how to best get your message to the appropriate audience. Following are some of the issues to be thinking about when



crafting an arts advocacy effort, culled from the available literature and interviews with those in the field.

Crafting the Message

- Messages should be clear, consistent, and brief – facts, but supported with vivid anecdotes
- Make it a community – not an arts – issue. Position the arts as part of solutions to larger problems (such as literacy, workforce productivity, crime, education). Children are a bipartisan issue.
- Tell stories about real people, with examples from officials’ districts or neighborhoods.
- Focus messages around “local pride” – what is community most proud of and most engaged with.
- Make it as local as possible. Take data from national studies and break it down by legislative district/ward/ZIP code, to argue that arts bring in so many jobs, so many dollars, increase real estate values, etc. in *your* neighborhood.
- Tailor the message to the audience. Hard numbers and facts resonate best with legislators and business CEOs. Other audiences may be moved more by emotional stories.
- One message that can be effective is “Prevention saves government real money.” Using arts as solutions to community problems and challenges can be a good investment.
- Testimonials can be effective ways of telling stories. The American Library Association features quotes by celebrities on how libraries affected their lives.



A particularly striking example:

A symphony orchestra began a concert by asking any musician who had begun his or her musical training through a public school system to leave the stage. When only 3 remained, it created a very powerful visual impact.

Reaching Intended Audiences

- Various target audiences have different focuses – an advocate must first identify who is being targeted: legislators, public officials, the business community, tourism entities, educational institutions, and so on.
- Communication takes different forms, including letters, telephone calls, e-mail messages, personal meetings, or showing up in force at city council meetings, for instance.
- Find out about officials’ personal connections to the arts (which family members take music lessons, what performances they attend, etc.).
- You don’t need to convince everyone of your position, often just a few key influential community leaders (Mayor, school board president, head of Chamber/Convention & Visitors Bureau, newspaper editor, etc.). They, in turn, become your messengers.
- Engage known arts supporters of non-supportive politicians. Knowing that your board members may support a particular candidate can be an effective way of reaching them.
- Consider “tithing” your lobbying: when a business person or constituent goes before a legislator to discuss a piece of legislation, take the last 5 minutes of the meeting to remind that official that you also serve on the board of a cultural organization, and that the official’s support for the cultural agenda is recognized and appreciated (or is sought).
- Invite leaders to your organization’s events for photo opportunities so they can generate publicity for their own involvement. Ask them to participate in your events (narrate a performance, give an award, etc.). Remember – legislators want “voter contact,” so giving them an opportunity to be seen and/or heard at your event can pay off. (One arts council noted that during the pre-concert “turn-off-your-cell-phone” curtain announcement, public officials in attendance are recognized and asked to stand).
- Asking their advice is often a good way to get public officials and legislators engaged and thinking about your issue.
- To reach members of the public, consider letters to the editor, op-ed pieces, bumper stickers, posters, inserts in programs/mailings to audiences, radio/TV



talk shows, public speaking events, exhibit at a local mall, children's coloring or essay or design contests, and so on.

- Elected officials are often interested in leaving a legacy – position their support of arts/cultural programs as a way to achieve this lasting imprint on the community.

Partnerships/ Collaboration

- Work with Convention & Visitor Bureaus to make arts support a priority (not just using illustrations in tourist literature), but by promoting the arts, for example, in an advertising campaign such as “Be a tourist in your own town.”
- To reach a particular constituency, partner with a peer in that industry/community to co-sponsor joint events, co-sign letters, etc. Working in collaboration with other groups signals that it's a community issue, not just an arts issue.
- Build broad-based coalitions that might include architecture and design professionals and organizations, heritage stakeholders, higher education, environmental and scientific and recreation constituents.
- It's important to present a unified front. Legislators have a difficult time championing a cultural agenda if there is perceived to be dissonance among the arts community (i.e. concerns of major groups versus emerging organizations).

Continuing Relationships

- Relationships need to be maintained and nurtured, between arts organizations and public officials, members of the business community, and so on, through on-going communication.
- Task forces, committees, roundtables, and the like, can be effective tools for addressing issues of common concern to all, and getting arts representation “at the table.”
- With arts representatives on boards of other community-based organizations (such as health and human services, education, other community groups), the arts sector is seen as a player.
- It is important to thank and recognize the results of funding and public investment in arts and culture, and to document the results of this support through photographs, video, etc. It is important for public officials and other funders to see the results of their investments.
- Engage in political action committees, host candidate forums, and be politically active in general, not just when seeking support for arts funding.



Economic Impact Studies

Many state and local arts agencies have undertaken economic impact studies and most publicize the results via press releases, information on websites, and brochures sent to policy makers (an effort often timed to coincide with advocacy day events at state capitols). We did not discover many innovative approaches to publicizing these studies aimed at more substantial and longer lasting impacts. While we also sought to identify unique approaches to advocating with business people and the corporate sector, we were not successful. (The Arts & Business Council focuses primarily on creating partnerships, hosting events, and so on to bring business and arts people together, not on specific efforts to advocate to the business community.)

An example of a recent arts economic impact study and how it was publicized: The Greater Hartford Arts Council released “The Big Bang of Arts & Heritage in Greater Hartford” in spring 2005, with a 4-page insert – with lots of color and graphics – in the local newspaper. (This brochure was also distributed through their usual membership mailings, at public speaking events, etc.). Publicity efforts commenced with a breakfast for business leaders, co-sponsored by the Hartford Economic Development Council. The study confirmed what the Council already instinctively knew about the importance of the arts sector, but the numbers gave credibility, especially with corporate CEOs. Arts Council board members and fundraising volunteers learned the numbers and talking points, as did local arts groups – all of which use the report data to advocate for their own fundraising goals. Hartford’s efforts are quite typical of the usual economic impact study advocacy campaign.

Some Structural Models

Our research also led to a few structural models which have been created, sometimes as a result of economic impact and other research, to institutionalize partnerships around the creative economy and other related issues. A few are described here.

New England Creative Economy Initiative

The New England Foundation for the Arts (NEFA) published a study in 2000, *The Creative Economy Initiative: The Role of the Arts and Culture in New England’s Economic Competitiveness* (partnering with the New England Council, a regional economic development group). This report examined arts and culture (non-profit and commercial) as a distinct and vital industry cluster – like technology or financial services. A follow-up report, *Blueprint for Investment in New England’s Creative Economy* (2001), was issued, containing specific goals and initiatives – a strategic plan to guide increased business and government investment in the creative sector. As a result of the studies, the Creative Economy



Council – with representatives from cultural organizations, government, business, higher education, foundations – was formed in 2003 to promote the creative economy sector. It has created committees: Communications, Workforce Development, Research, Art in Technology, Film, Design, Markets.

The reports also provides examples of other successful creative economy efforts – primarily from abroad. In addition, some New England states (NH, ME, VT) and cities have begun to replicate the Creative Economy Council on a smaller scale, creating their own creative economy networks and task forces. Other cities/states/communities have formed creative economy initiatives that are more focused on the Richard Florida framework, with an emphasis on creating a “creative” city to lure young creative people, not necessarily on arts and culture as an important and distinct economic segment.

Imagine Iowa 2010

The Iowa Department of Cultural Affairs published a study, *The Creative Economy in Iowa* (2003), which led to the formation of “Imagine Iowa 2010” – a statewide cultural plan. Goals and objectives include advocacy and cultural leadership, community development and cultural tourism, cultural workers as entrepreneurs, education, financial planning, historic preservation & documentation, marketing and audience development, and issues relating to young Iowans. The group has held regional and statewide Cultural Caucus meetings to set goals and promote its agenda – “In 2010, Iowa will be distinguished as a national leader in culture with support for an environment that allows the arts, history, humanities and sciences to thrive.”

Creative Tampa Bay

Creative Tampa Bay is “a not-for-profit, grassroots organization dedicated to synergizing the community’s assets to cultivate an environment that encourages innovation, expands the economy and is a magnet for creative people.” Founded in 2003, with representatives from the cultural community (museums, artists, performing arts), economic development, government, business, and media, after a galvanizing visit and lecture by Richard Florida.

The Arts Advocate’s Toolbox

At its annual convention in 2005 Americans for the Arts convened an Arts Advocate’s Toolbox workshop in which the following cultural impact facts were announced:

- National Economic Impact of the Arts
 - \$134 Billion Economic Activity
 - \$24.4 Billion in Federal, State, Local Taxes



- \$53.2 Billion Organization Expenditures
- \$80.8 Billion Ancillary Audience Spending
- \$22.87 average per patron expenditure
- 1.3 Million FT and FTE jobs
- Cultural Tourism
 - Tourists who participate in cultural activities spend more and stay longer
- Creative Industries employment
 - Maps highlighting presence of creative industries within political and jurisdictional boundaries
- Arts Education
 - Children who have arts as part of the curriculum score higher on standardized tests, are more likely to stay in school, demonstrate greater “pro-social behavior” (i.e. team-building, etc.), and overall attendance rates are higher

Cultural Mapping & Neighborhood Arts Case Studies

As part of our research we attempted to discover correlation between the presence of neighborhood-based cultural organizations and measures such as real estate values and crime rates. It is important to note that we did not seek to imply causality, but merely to discover whether or not the presence of an arts or cultural organization could be correlated with rise in real estate value or decrease in crime rates.

With direction from the Steering Committee, we identified eleven arts/cultural organizations located outside of the Museum and Theater Districts.ⁱⁱⁱ For measures on real estate values, we consulted public records on percent of change in property values by block group in block groups containing each of the cultural groups and those contiguous. For crime rate data, we located the cultural institutions within police beats as defined by the Houston Police Department, and

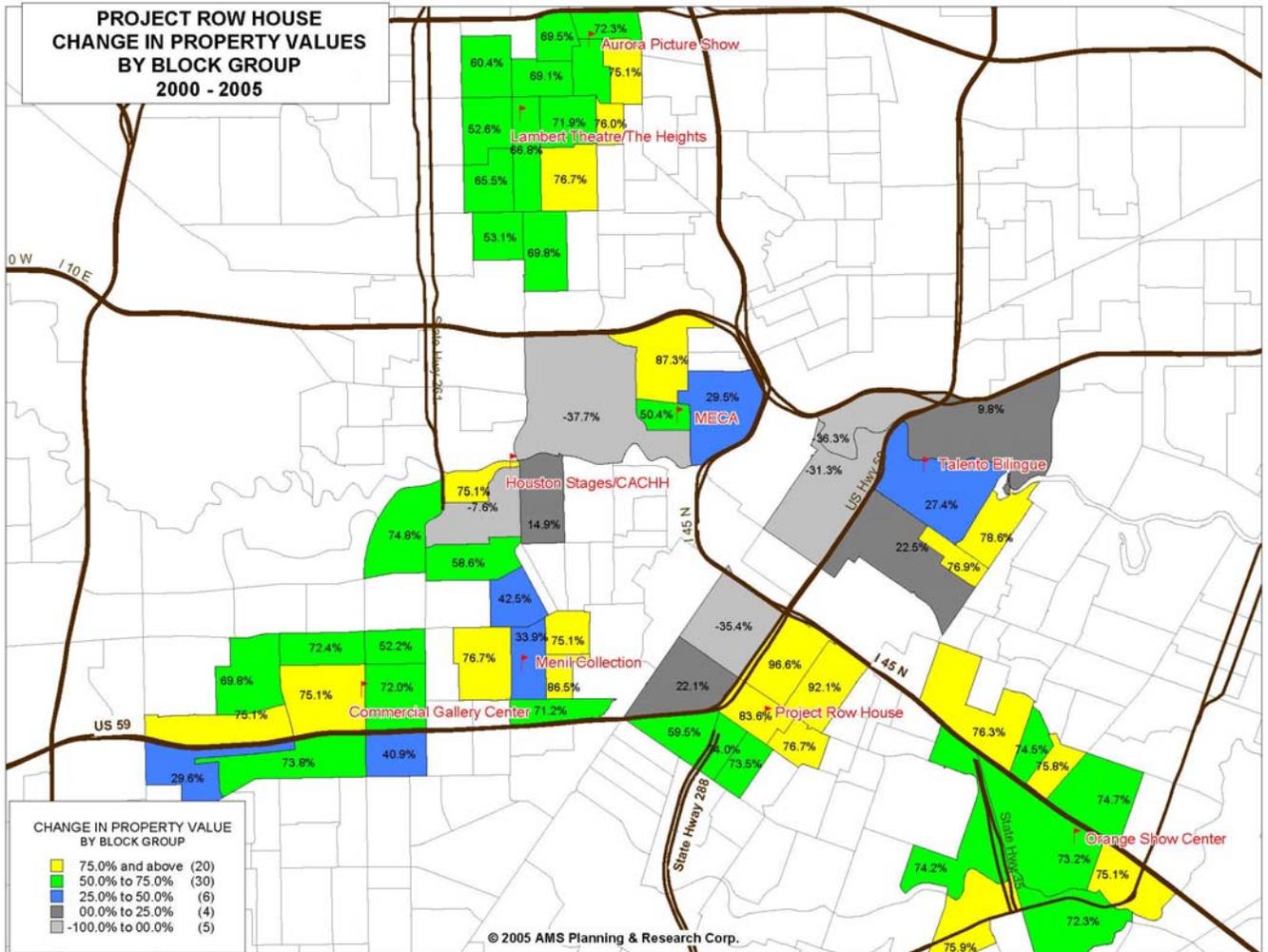
ⁱⁱⁱ *Excluding the Museum and Theater districts from this analysis was done for two distinct reasons. It was felt that since the city's Theater District is located in the downtown area with a high concentration of businesses, we would not find the type of patterns we were seeking with respect to cultural organizations contributing to rise in residential property value. With regard to the Museum District, its location in one of Houston's already high-income areas led us to conclude that there is already a "symbiotic" relationship between the presence of museums (and restaurants and shops and so on) and the upscale urban housing already existing, and being built, in this District.*



measured change in crime rates for each beat containing one of the cultural institutions, and those contiguous beats.

Real Estate Values

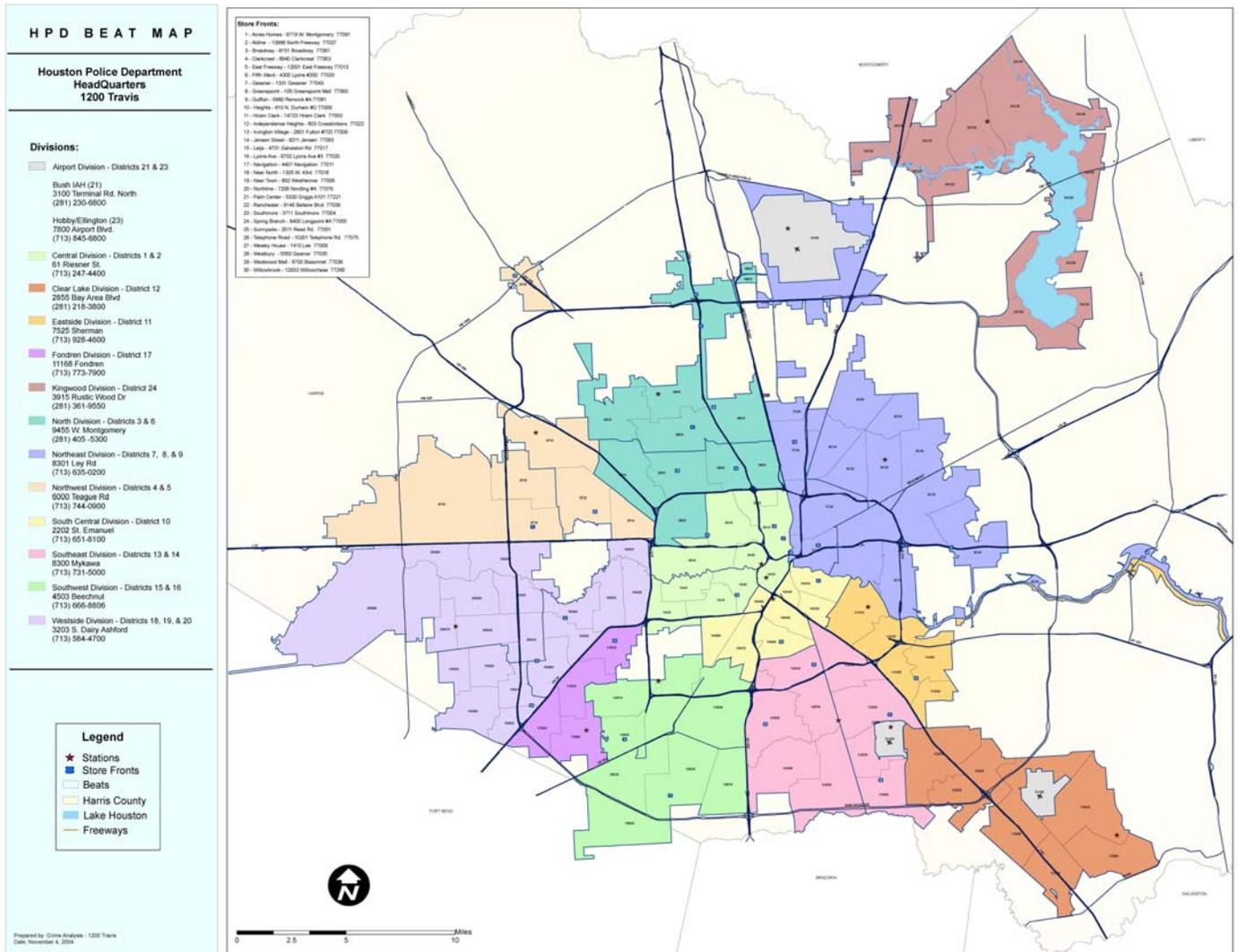
As the following map illustrates, our findings are not conclusive with respect to any correlation between the presence of cultural organizations and increase in residential property values. There are some specific correlations that can be observed: the block group containing Project Row House appreciated much faster than surrounding blocks groups. In the other cases, block groups containing cultural organizations appreciated at rates generally equal to (not less than) contiguous block groups.





Crime Rate Data

The Houston Police Department maintains data on crime rates by police beats-defined geographic areas that do not coincide with other geographic boundaries such as block groups or census tracts. AMS supplied HPD with addresses of each of our sample community-based cultural groups and received crime rate data for each beat containing the cultural organization, and the surrounding (contiguous) beats.





In several cases, strong correlation was found between dramatic decreases in crime in the beats containing cultural groups as compared to contiguous beats. In the case of three groups, the decrease in crime was the highest among contiguous beats. In the case of two other groups, each police beat and those contiguous experienced a rise in crime rate, but the increase in the beat containing the cultural organization was smaller than all but one contiguous beat. These findings are described here:

- MECA – 32% decrease in crime between 1997 and 2004 was the largest decrease among all contiguous beats
- Talento Bilingue – 15.5% decrease in crime between 1997 and 2004 was the largest decrease among all contiguous beats
- The Menil Collection – 6% decrease in crime between 1997 and 2004 was the largest decrease among all contiguous beats
- Project Row House – 6.18% increase in crime between 1997 and 2004 was 2nd smallest increase among all contiguous beats
- Gallery Row – 6% increase in crime between 1997 and 2004 was 2nd smallest increase among all contiguous beats
- Opera in the Heights / Lambert Theater – 4% increase in crime between 1997 and 2004 was 3rd smallest increase among all contiguous beats

Neighborhood Arts Case Studies

Because of the exercise in cultural mapping described above, the project Steering Committee sought to discover anecdotal evidence to further support the quantitative findings. AMS conducted qualitative interviews with senior staff at eight organizations to learn more about the range of impacts on surrounding neighborhoods and residents. Interviews were conducted with:

- The Art Guys
- Aurora Picture Show
- Gallery Row
- HITS Theatre
- The Menil Collection
- Multicultural Education and Counseling through the Arts (MECA)
- The Orange Show Center for Visionary Art
- Talento Bilingue de Houston (TBH)



Themes

Key themes that emerge from these interviews include:

- Cultural organizations located in Houston’s neighborhoods often employ adaptive reuse of historic buildings for their venues
- Many groups described how they have been catalysts for rehabilitation of “marginal” public spaces such as parks that had been in disrepair. Through these activities cultural organizations are helping to preserve and improve neighborhoods
- Cultural groups serve as a positive influence for young people in the community through programs such as mentoring and helping youth envision career paths related to arts, culture, and community development
- Spin-off activities and spending were reported – cultural venues serving children in classes noted that parents often shop and dine in the area during the class period

More detailed discussion of these themes is provided below.

Impacts on the Built Environment

- Rescue and reuse of former school building (MECA)
- Reuse of former grocery store building (TBH)
- Reclaimed empty trash-filled, crime-ridden lot as park and garden (MECA)
- Contributions toward historic preservation ordinance (MECA)
- New buildings contribute to architectural mix, look and character of neighborhood (Gallery Row)

Impact on Community Development

- Neighborhood transition to mixed income, new town homes and businesses (bank, dry cleaners, pharmacy) (TBH)
- Menil Collection as “neighborhood” institution by preserving historic structures and preventing ordinary, unattractive commercial and residential development (Menil)
- Increasing property values, more visually-pleasing neighborhood, some new residents attracted by magnet of cultural presence (Aurora)



- Transition from “rough” neighborhood (empty lots, rundown houses, high crime rates) to more development, higher rents, escalating property values (Art Guys)
- Artists as urban pioneers, reclaiming neighborhoods through ownership, and others following (Art Guys)
- Attracting families from all over to previously marginal neighborhood for leisure activity (e.g., shopping, cafes, library, park, etc.) while children attend performing arts classes (HITS)
- Preservation of neighborhood character through galleries as desirable, upscale, “low-impact” businesses (as opposed to bars that bring increased traffic, noise) (Gallery Row)

Impact on Health & Wellness

- Arts used as mechanism to reach children and families. As kids interact with artists they open up about family issues allowing social workers access and gaining trust (MECA)
- Broadening of perceptions and attitudes about cutting-edge art, leading to increased tolerance for that which is not understood (“I don’t get it but it’s fine with me”) (Aurora)

Nurturing of Talent / Mentoring

- Presence stimulates creation of new small cultural groups and business opportunities (sales space) for individual artists (TBH)
- Neighborhood youth attracted to arts venue (as safe place to hang out), become involved in programs, opt for higher art education and careers (Art Guys)

Some report primarily cultural-based impacts

- Lower socio-economic residents exposed to arts and culture through outreach and presence in community

Qualitative Interviews

Another research task was designed to solicit qualitative input from other sectors thought to be impacted by arts and cultural programs and organizations in Houston. In-depth interviews were conducted with individuals representing the city's real estate, education, tourism and hospitality industries.

Key Themes

A number of key themes were discovered through these interviews:

- For the city's institutions of higher education, arts programs and collaborations with community-based arts groups help to leverage fundraising and recruiting. Arts are described as offering a "window to the community."
- Many contributions of arts education were noted; in particular, arts education is credited with contributing to self-esteem and curiosity among students. Moreover, it is a tool to improve parental involvement in the schools and classrooms as parents support their children's cultural pursuits.
- The city's arts sector is an important component for economic development: Houston's corporations report that workforce recruitment is advanced by the city's strong cultural sector. The arts are also seen as a cornerstone in making Houston an increasingly international and culturally diverse city, and in generating restaurant and hotel business.
- Arts contribute to community development by helping to build and strengthen neighborhoods.



Verbatim Findings

Roles of Higher Education

University's arts collaborations help with fundraising and recruiting

- “The University of Houston model is to make the University a community center for the arts.”
- “Once they're on campus they like it, but it's a challenge to get them there. They see sculpture gardens and say ‘Wow, this is beautiful’.”

Arts as “window to the community”

- “The university has had problems promoting itself. Arts activities have helped promote the university over the last 20 years - they've gotten a lot of people on campus.”

Arts contribute to learning and curiosity

- “I believe that the arts on campus abet this high purpose by sparking artistic imagination, stimulating creativity, and inspiring independent thinking.”

Effects of Arts Education

Arts as community-building tool

- “The excitement from the arts is truly amazing... it builds confidence and cohesiveness, camaraderie and community awareness.”

Arts contributing to self-esteem and curiosity

- “Coming here [to the museum] has made them want to know more about that world. It can be life changing.”
- “Students have a lot of pride in what they're doing, taking advanced classes makes them feel very important.”
- “Imagination and creativity grows so much when they're involved in music. Music instruction opens up more opportunities to take into their academic classes.”

On parental involvement

- “When they see their students get awards or perform we see it goes a long way toward keeping parents participating in their child's education. The arts are a positive way for the parents to get involved.”



Relating to Economic Development

Workforce recruitment

- “If Houston is going to be great in the next century, it needs to create high wage jobs and attract high-skilled people. These people are more demanding of quality of life. The arts and cultural life play a big role.”
- “People do come here to see arts institutions and there is an impact. A lively arts group brings people to live and work in a city like Houston.”

An international, culturally-diverse city

- “So many local arts groups are not [originally] from here; there is so much diversity and the city is very tolerant, that allows these arts groups to flourish. You see things in Houston that you just don’t see in other parts of the country.”

Relating to Community Development

Arts as neighborhood-building tool

- “Art adds a totally different dimension of joy and beauty in the parks. We selected an artist to create a very practical park bench; being designed by an artist brings a different kind of attention to make it very special. It’s important for people to see that someone has put something special into it and art can do that wonderfully.”
- “Mason Park intends to hold fairly regular concerts in the pavilion - that is going to be the way to keep the neighborhood healthy. It’s a way for creating stewardship for that park. The more you use it the more it’s preserved.”
- “Presenting performing arts to the masses is vitally important, the more cultural diversity we can present the better – the better we get along.”

Relating to Real Estate

Contribute to rise in value

- “The arts brings an enhancement to the values of residential properties in the area.” - President, Houston Realtor Association



Contributions of artists

- “Artists are integral to the diversity of the neighborhood we’re working to preserve. Artists keep it an interesting, vital place to live. It uplifts the whole community.”

In place of “natural beauty”

- “If not for the cultural vibrancy, Houston would be a challenging place to live – it doesn’t have beautiful natural resources or landscape or built environment, it’s hotter than hell in the summer, but the cultural aspects make the city a very livable, very attractive place to be.”

***Relating to Economic
Activity***

Generating restaurant and hotel business

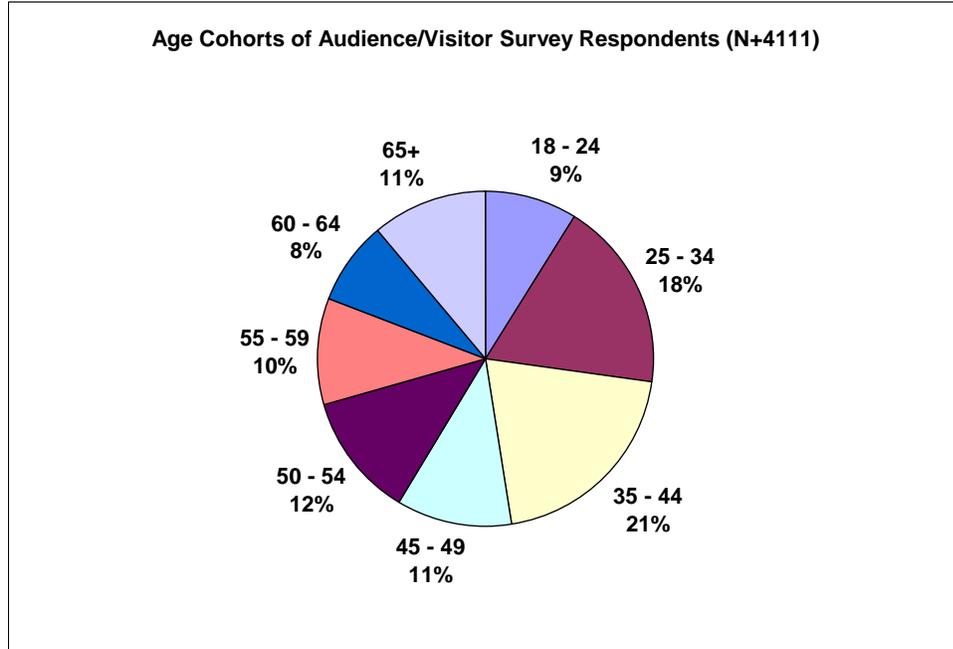
- “On nights when the theaters are dark, the restaurant is very quiet. Most patrons have been coming for years – season ticket holders always combine [attending] with dinner.”
- “The hotel business is absolutely dependent on theater. We see an immediate and palpable increase in traffic as a result of theater patrons.”
- We see a significant decline in customers on nights when there is no theater traffic. We are very busy with pre-show dinners, as well as after-theater dining.”

Audience / Visitor and Organizational Surveys

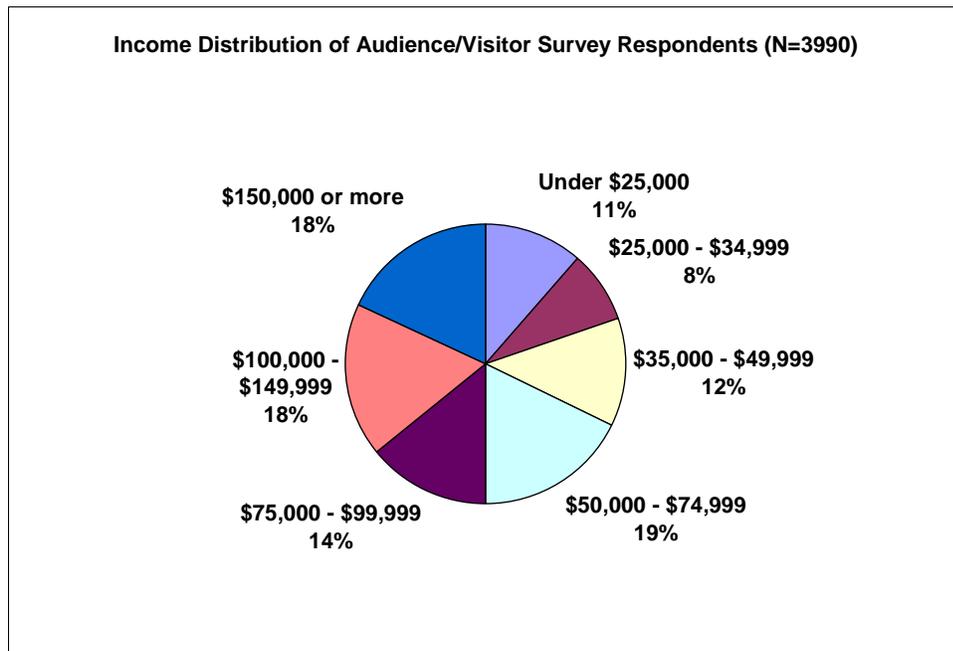
Audience/Visitor Survey

A total of 4,759 completed surveys were received from audiences and visitors at 44 separate visual and performing arts events over a period of three months in 2005 in Houston. Data from these surveys with respect to audience spending was used to arrive at the findings on economic impact of the arts and culture. Other key findings include:

- More than half of all respondents attended five or more cultural events within the past year
- More than half of all respondents reported being in Houston purposely for the cultural event they were attending
- The audience is diverse and broad-based:
 - 40% reported attending free events
 - Audiences are drawn from a wide geographic area – a total of 668 ZIP codes were represented
 - Every age cohort between 18 and 65+ was equally represented
 - Every income category was represented almost evenly across the board



(4,111 survey respondents completed this question)



(3,990 survey respondents completed this question)



Organizational Surveys

103 Houston-based arts and cultural organizations completed surveys from which data for the economic impact analysis was drawn.^{iv} In addition to data on spending and employment reported in the section on economic impact, the following findings with respect to attendance and other measures were determined:

Attendance

- A total of 10.7 million attendances were reported at arts and cultural programs and events in 2004 (including 1.5 million at the Houston Zoo)
 - 5.7 million people visited exhibitions
 - 2.7 million attended live performances
 - 1.8 million attended festivals and special events
 - 400,000 attended classes and workshops

Volunteers

Some 34,000 individual volunteers (from board members to docents) contributed more than 650,000 volunteer hours. Using estimates from the Independent Sector, which value the average “2004 volunteer hour” as being worth \$17.55, the total value of donated time to arts/cultural groups in 2004 equals \$11.2 million.

Ticket Sales/Admission Income

Arts organizations reported a total of \$54.9 million in total ticket/admission income 2004.

iv Some 300 non-profit arts and cultural groups are identified by the region’s arts council. The 103 groups that completed surveys represent the vast majority of major and mid-sized organizations, as well as numerous small and emerging groups. It is the largest sample for an organizational survey of this type ever conducted in Houston. The groups who did not complete the survey are, by and large, the smallest organizations, often with all-volunteer staff and annual budgets under \$50,000. While the data reported are not comprehensive, they represent the most realistic and complete assessment to date of the scope and impact of the city’s arts/cultural sector. If anything, the data are underreported given the absence of up to 200 or so smaller cultural groups.



***Return on Investment by
Local Government***

A total of \$14.4 million in local government funding to arts/cultural groups was reported in 2004. Using the total economic impact figure of the nonprofit arts industry of \$626 million (see following section), we can calculate the return on investment (ROI) for these local government dollars as being 43.5 to 1.

Economic Impact

AMS contracted with American for the Arts to conduct the economic impact analysis. AMS collected data from 103 nonprofit arts organizations in Houston. Each provided detailed budget information about more than 40 expenditure categories for fiscal 2004 (e.g. labor, local and non-local artists, operations, materials, facilities, and asset acquisition) as well as their total attendance figure

In 2002, Americans for the Arts published *Arts & Economic Prosperity*, the first-ever national study of the economic impact of spending by nonprofit arts organizations and their audiences. Detailed expenditure data were collected from 3,000 arts organizations and 40,000 arts attendees in 91 communities across 34 states. Project economists customized input/output models for each of the 91 communities to provide specific and reliable data about the impact of the arts in each community. The national study focused solely on the economic impact of the nonprofit arts organizations and event-related spending by their audiences. Not included in the study was spending by individual artists, the for-profit arts and entertainment sector (e.g. Broadway or the motion picture industry), and arts produced by non-cultural organizations. The objective of the national study was to document the experience of a cross-section of American communities and demonstrate what is gained economically from investing in the arts.

Arts & Economic Prosperity provides compelling new evidence that the nonprofit arts are a significant industry in Houston—one that generates \$626.3 million in local economic activity. This spending—\$270 million by nonprofit arts organizations and an additional \$356.3 million in event-related spending by their audiences—supports 14,115 full-time jobs, generates \$406.1 million in household income to local residents, and delivers \$69.5 million in local and state government revenue. This economic impact study sends a strong signal that when we support the arts, we not only enhance our quality of life, but also invest in Houston's economic well-being.



This chapter presents the findings of a new study measuring the economic impact of the nonprofit arts industry in Houston, TX. The methodology used is identical to the national study methodology, providing the ability to compare the results for Houston with those of the national study participants.

Defining Economic Impact

- **Full-Time Equivalent (FTE) Jobs** describes the total amount of labor employed. Economists measure FTE jobs, not total employees, because it accounts for part-time employment.
- **Resident Household Income** (often called Personal Income) includes salaries, wages, and entrepreneurial income paid to local residents.

Economic Impact of the Nonprofit Arts Industry in Houston, TX

Total spending by nonprofit arts organizations and their audiences totaled \$626.3 million in Houston during 2004. The following table shows the direct economic impact of this spending—that is, the *initial* economic effect of these expenditures.

<u>Direct Economic Impact of the Nonprofit Arts Industry in Houston, TX</u> (Spending by Nonprofit Arts Organizations <u>and</u> their Audiences)			
	Houston	Population of 1,000,000 or More (Similar Communities)	National Average
Total Expenditures	\$626,328,061	\$276,576,180	\$75,089,995
Full-Time Equivalent Jobs	8,477	5,415	1,518
Resident Household Income	\$180,232,000	\$121,912,285	\$33,248,748
Local Government Revenue	\$19,020,000	\$4,009,000	\$1,204,608
State Government Revenue	\$21,153,000	\$7,991,143	\$2,174,675

(Similar communities included in the national study are Phoenix, AZ; St. Louis, MO; Northeastern Tarrant County, TX; Kansas City Metro Region; Broward County, FL; Miami-Dade County, FL; and San Diego County, CA)

These direct economic impacts create an additional *indirect* economic impact on the Houston economy. Consider this example:



A theatre company purchases a gallon of paint from the local hardware store for ten dollars (that is the “direct economic impact”). The hardware store then uses a portion of the ten dollars to pay the sales clerk’s salary; the sales clerk re-spends some of the money for groceries; the grocery store in turn uses some of the money to pay its cashier; the cashier spends some for to pay his utility bill; and so on (these are the “indirect economic impacts”).

Thus, the original ten dollars from the theatre has been “re-spent” several times. The local expenditures will continue to have an economic impact on the local economy until the money eventually “leaks out” of the community (i.e., is spent non-locally). The total economic impact is the combination of the direct impact and the indirect impact. The table on the top of the following page shows the total economic impact of spending by Houston’s nonprofit arts industry.

Total Economic Impact of the Nonprofit Arts Industry in Houston, TX (Spending by Nonprofit Arts Organizations and their Audiences)			
	Houston	Population of 1,000,000 or More (Similar Communities)	National Average
Total Expenditures	\$626,328,061	\$276,576,180	\$75,089,995
Full-Time Equivalent Jobs	14,115	8,843	2,392
Resident Household Income	\$406,133,000	\$196,510,571	\$51,914,667
Local Government Revenue	\$33,248,000	\$11,484,714	\$2,835,240
State Government Revenue	\$36,291,000	\$15,585,950	\$4,534,449

Economic Impact of Spending by Nonprofit Arts Organizations in Houston, TX

Arts organizations are responsible members of the business community. They are employers, consumers, and key participants in the marketing and promotion of their cities and regions. Spending by nonprofit arts organizations in Houston was \$270 million during fiscal 2004. The impact of this spending is far reaching: arts organizations pay their employees, purchase supplies, contract for services, and acquire assets within the local community. These actions, in turn, support local



jobs, create household income, and generate revenue to the local, state, and federal governments.

Data were collected from 103 nonprofit arts organizations in Houston. Each provided detailed budget information about more than 40 expenditure categories for fiscal 2004 (e.g., labor, local and non-local artists, operations, materials, facilities, and asset acquisition) as well as their total attendance figures

Direct Economic Impact of Spending by Nonprofit Arts Organizations in Houston, TX

	Houston	Population of 1,000,000 or More (Similar Communities)	National Average
Total Expenditures	\$270,036,564	\$124,760,550	\$35,370,350
Full-Time Equivalent Jobs	3,048	1,793	519
Resident Household Income	\$72,100,000	\$69,639,571	\$19,082,681
Local Government Revenue	\$4,321,000	\$974,143	\$405,275
State Government Revenue	\$2,160,000	\$1,347,429	\$493,088

Total Economic Impact of Spending by Nonprofit Arts Organizations in Houston, TX

	Houston	Population of 1,000,000 or More (Similar Communities)	National Average
Total Expenditures	\$270,036,564	\$124,760,550	\$35,370,350
Full-Time Equivalent Jobs	6,262	3,754	1,012
Resident Household Income	\$200,637,000	\$102,551,143	\$27,734,011
Local Government Revenue	\$10,531,000	\$4,303,143	\$1,408,780
State Government Revenue	\$8,911,000	\$4,636,286	\$1,421,099



Economic Impact of Spending by Nonprofit Arts Audiences in Houston, TX

The nonprofit arts, unlike most industries, leverage significant amounts of event-related spending by their audiences. Attendance to arts events generates commerce for local businesses such as hotels, restaurants, and retail stores. For example, when patrons attend an arts event they may park their car in a toll garage, purchase dinner at a restaurant, and pay a babysitter.

To measure the impact of arts audiences in Houston, data were collected from 3,789 event attendees during 2005. Researchers used an audience-intercept methodology, a standard technique in which the interviewer asks a patron to complete a survey about their event-related spending. To ensure reliability, surveys were collected at a diverse sample of events and exhibitions.

The 103 nonprofit arts organizations that participated in the study reported that their total attendance to nonprofit arts events during 2004 was 10,645,329. These 10.6 million attendees spent a total of \$356.3 million—an average of \$33.49 per person, per event, *not including the cost of admission*.

Resident vs. Visitor Spending

In addition to spending data, survey respondents were asked to provide their home zip codes, enabling researchers to determine which attendees were local (i.e., reside within the county in which the event occurred) and which were non-local (reside outside the county). In Houston, 84.9 percent of the 10.6 million nonprofit arts attendees were local; 15.1 percent were non-local

Non-local arts attendees spent an average of 230 percent more than local attendees (\$82.10 vs. \$24.82). As would be expected from a traveler, higher spending was found in the categories of lodging, meals, retail, and transportation. These data demonstrate that when a community attracts cultural tourists, it stands to harness significant economic rewards.



Nonprofit Arts Event Attendees Spend an Average of \$33.49 Per Person in Houston, TX (not including the Cost of Event Admission)

	Resident Arts Attendees	Non-Resident Arts Attendees	All Houston Arts Attendees
Refreshments/Snacks During Event	\$0.00	\$0.00	\$0.00
Meals Before/After Event	\$11.68	\$18.80	\$12.76
Souvenirs and Gifts	\$4.77	\$20.54	\$7.16
Clothing/Accessories	\$2.64	\$7.30	\$3.34
Ground Transportation	\$3.50	\$9.12	\$4.35
Event-Related Child Care	\$0.61	\$0.20	\$0.54
Overnight Lodging (one night only)	\$1.62	\$26.14	\$5.34
Other	\$0.00	\$0.00	\$0.00
Average Event-Related Spending (Per Person)	\$24.82	\$82.10	\$33.49

Event-Related Spending by Arts Audiences Totaled \$356.3 million in Houston, TX (not including the Cost of Event Admission)

	Resident Arts Attendees	Non-Resident Arts Attendees	All Houston Arts Attendees
Attendance Nonprofit Arts Events	9,037,884	1,607,444	10,645,329
Percentage of Attendees Resident/Non-Resident	84.9%	15.1%	100%
Average Dollars Spent Per Attendee	\$24.82	\$82.10	\$33.49
Total Event-Related Spending	\$224,320,289	\$131,971,208	\$356,291,497


Direct Economic Impact of Spending by Nonprofit Arts Audiences in Houston, TX

	Houston	Population of 1,000,000 or More (Similar Communities)	National Average
Total Expenditures	\$356,291,497	\$151,815,629	\$41,404,153
Full-Time Equivalent Jobs	5,429	3,622	999
Resident Household Income	\$108,132,000	\$52,272,714	\$14,166,067
Local Government Revenue	\$14,699,000	\$3,034,857	\$799,333
State Government Revenue	\$18,993,000	\$6,643,714	\$1,681,587

Total Economic Impact of Spending by Nonprofit Arts Audiences in Houston, TX

	Houston	Population of 1,000,000 or More (Similar Communities)	National Average
Total Expenditures	\$356,291,497	\$151,815,629	\$41,404,153
Full-Time Equivalent Jobs	7,853	5,089	1,381
Resident Household Income	\$205,496,000	\$93,959,429	\$24,849,040
Local Government Revenue	\$22,717,000	\$7,181,571	\$1,761,653
State Government Revenue	\$27,380,000	\$10,949,714	\$3,006,649



Estimating Your Local Economic Impact

Economic Impact Per \$100,000 of Spending by Nonprofit Arts Organizations

To make it easier to compare the economic impacts of different organizations and communities, the project researchers calculated the economic impact per \$100,000 of local spending by nonprofit arts organizations. Thus, for every \$100,000 in spending by a nonprofit arts organization, there was the following total economic impact in Houston:

An Example of How to Use this Table

An administrator from a nonprofit arts organization in Houston that has total expenditures of \$1 million wants to determine the organization's economic impact on full-time equivalent employment on Houston. The administrator would:

- Determine the amount spent by the arts organization;
- Divide the expenditure by 100,000; and
- Multiply that figure by the economic impact results for Houston per \$100,000.

Thus, \$1,000,000 divided by 100,000 equals ten; ten times 2.32 (from the table below) equals a total of 23.2 full-time equivalent jobs supported within Houston by that nonprofit arts organization. The same estimate can be made for household income and revenues to local and state government.

Economic Impact Per \$100,000 of Spending by Nonprofit Arts Organizations in Houston, TX			
	Houston	Population of 1,000,000 or More (Similar Communities)	National Average
Full-Time Equivalent Jobs	2.32	3.12	3.12
Resident Household Income	\$74,299	\$82,802	\$76,842
Local Government Revenue	\$3,899	\$3,682	\$3,167
State Government Revenue	\$3,299	\$3,580	\$4,758



Economic Impact Per \$100,000 of Spending by Nonprofit Arts Audiences

The impact of event-related spending by arts audiences can be derived similarly to the calculation of economic impact for nonprofit arts organizations. The first step is to determine the total event-related spending by attendees to arts events (**excluding** the cost of admission).

Economic Impact Per \$100,000 of Spending by Nonprofit Arts Audiences

The impact of event-related spending by arts audiences can be derived similarly to the calculation of economic impact for nonprofit arts organizations. The first step is to determine the total event-related spending by attendees to arts events (**excluding** the cost of admission).

To derive this figure, multiply the average per person event-related expenditure (found in the table below) by the total attendance to your organization’s arts events. Using this total dollar figure, the table on the next page—*Economic Impact Per \$100,000 of Spending by Nonprofit Arts Audiences*—can be used to determine the total economic impact of audience spending, based on every \$100,000 of event-related spending.

Average Event-Related Spending Per Person by Arts Event Attendees in **Houston, TX** (not including the Cost of Event Admission)

	Houston	Population of 1,000,000 or More (Similar Communities)	National Average
Refreshments/Snacks During Event	N/A	\$2.92	\$2.44
Meals Before/After Event	\$12.76	\$10.39	\$7.89
Souvenirs and Gifts	\$7.16	\$3.00	\$3.51
Clothing/Accessories	\$3.34	\$2.97	\$2.19
Ground Transportation	\$4.35	\$4.26	\$2.63
Event-Related Child Care	\$0.54	\$0.60	\$0.33
Overnight Lodging (one night only)	\$5.34	\$5.22	\$2.55
Other	N/A	\$1.17	\$1.33
Average Event-Related Spending (Per Person)	\$33.49	\$30.54	\$22.87

Economic Impact Per \$100,000 of Spending by Nonprofit Arts Audiences in **Houston, TX**

	Houston	Population of 1,000,000 or More (Similar Communities)	National Average
Full-Time Equivalent Jobs	2.20	3.36	3.38
Resident Household Income	\$57,676	\$60,311	\$55,795
Local Government Revenue	\$6,376	\$4,546	\$3,997
State Government Revenue	\$7,685	\$7,169	\$7,334



An Example of How to Use this Table

An administrator wants to determine the economic impact of his organization's 25,000 arts event attendees on full-time equivalent employment in Houston. The administrator would:

- Determine the total audience spending by multiplying the average per person expenditure for Houston by the total attendance;
- Divide the total audience spending amount by 100,000; and
- Multiply that figure by the economic impact results for Houston per \$100,000.

Thus, 25,000 times 33.49 (from the table on the preceding page—*Average Event-Related Spending Per Person by Arts Event Attendees*) equals 837,250; 837,250 divided by 100,000 equals 8.37; 8.37 times 2.20 FTE Jobs (from the table above) equals a total of 18.45 full-time equivalent jobs supported within Houston. The same estimates can be made for household income and revenue to local and state government.

Arts Volunteerism and In-Kind Contributions

Arts & Economic Prosperity reveals a significant contribution to nonprofit arts organizations as a result of volunteerism. In 2004, 33,924 arts volunteers donated 637,985 hours to Houston's nonprofit arts organizations. This represents a donation of time with an estimated value of \$11,196,637 (Independent Sector estimates the value of the average 2004 volunteer hour at \$17.55). While these arts volunteers may not have an economic impact as defined in this study, they clearly have an enormous impact on their communities by assisting in keeping arts organizations functioning as a viable industry.

The nonprofit arts organizations surveyed for this study were also asked about the sources and value of their in-kind support (i.e., donated assets and services, such as office space). The 103 responding nonprofit arts organizations in Houston received in-kind contributions with a total value of \$10,427,019 during 2004 from corporations, local government, local arts agencies, the state arts agency, individuals, and other sources.

Surveys of Arts Organizations

Each of the communities that participated in the national study identified their local universe of eligible nonprofit arts organizations and coded those organizations using the Urban Institute's National Taxonomy of Exempt Entities



coding system. The eligible organizations received a survey requesting detailed information about their fiscal 2004 expenditures (labor, local and non-local artists, operations, materials, facilities, and asset acquisition) as well as their attendance figures. Additionally, public arts councils, public presenting facilities or institutions, and embedded organizations that have their own budget were included where they play a substantial role in the cultural life of the community. The responding organizations—ranging from opera, public radio stations, and historical museums to weaving societies and arts service organizations—had annual budgets ranging from \$0 to \$76.6 million. Response rates for the participating communities averaged 47.4 percent, and ranged from below 20 percent to a full 100 percent. Each community’s results are based solely on the actual survey data collected from nonprofit arts organizations, not on fiscal projections or extrapolations. The sub-100 percent response rates in 87 of the 91 communities strongly indicate an understatement of the economic impact findings in most of the communities that are documented in this report.

In Houston, 103 of the 300 eligible organizations identified by the Cultural Arts Council of Houston and Harris County responded to the survey. The responding organizations had a range of budgets from \$0 to \$42,252,473.

Surveys of Arts Audiences

An audience-intercept methodology (patrons at nonprofit arts events are asked to complete a survey while attending the event) was used to measure spending by audiences at nonprofit arts events during 2004. Seventy-five of the 91 communities that participated in the national study collected data about audience spending. An average of 527 surveys was collected in each community at events ranging from museum exhibitions and arts festivals to opera performances and children’s theater productions. The randomly selected respondents detailed spending on attendance-related activities such as meals, souvenirs, transportation, and lodging. Using total attendance data for 2004 (collected from the participating nonprofit arts organizations), standard statistical methods were then used to derive a reliable estimate of total expenditures by attendees. The 40,000 audience-survey respondents were asked to provide information about the entire party with whom they were attending. With an average of more than three individuals per survey reported on, these data actually represent the spending patterns of more than 100,000 attendees to nonprofit arts organizations—significantly increasing the reliability of the data.

In Houston, audience-intercept surveys were collected from 3,789 arts event attendees during 2005.



Studying Economic Impact Using Input/Output Analysis

To derive the most reliable economic impact data, economists used the method of input/output analysis to measure the impact of expenditures by the local nonprofit arts industry and their audiences. This method is a standard procedure for demonstrating the impact of expenditures on communities. It is well suited for this study because the models can be customized specifically to each community to measure the industry directly and through the commerce that the industry creates. An input/output model is a system of mathematical equations that combines statistical methods and economic theory. It traces how many times a dollar is “re-spent” within the local economy and the economic impact of each of those rounds of spending.

The model for each community is customized based on the local dollar flow between 533 finely detailed industries within that community. 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 other local option taxes), as well as the survey data from nonprofit arts organizations and their audiences.

Individual Artist Spending

In addition to documenting the economic impact of Houston’s nonprofit arts industry as described above, we have sought to extrapolate a similar figure for the city’s individual artist community by “triangulating” three separate data points: 1) an annual average spending figure for individual performing, visual, and literary artists, derived from AMS’s survey of 124 individual artists; 2) the total number of professional artists in Houston as determined by the Humphrey Institute;^v and 3) utilizing Americans for the Arts’ input-output model to determine direct and total impact by individual artists in the areas of full-time employment, resident household income, local and state government revenues.

^v *The Artistic Dividend Revisited*, Humphrey Institute of Public Affairs, University of Minnesota; Ann Markusen, Greg Schrock, and Martina Cameron; March 2004. Houston data from Technical Appendix prepared for LINC (*Leveraging Investment in Creativity*).



	All artists	Visual artists	Performing artists	Musicians & composers	Writers & authors
Total, all employment status	12,192	5,202	2,320	2,759	1,911
In civilian labor force	9,725	3,989	1,886	2,305	1,545
Employed, including self-employed	9,302	3,719	1,775	2,284	1,524
Unemployed	423	270	111	21	21
Non-civilian labor force (eg, military)	0	0	0	0	0
Out of labor force (eg, retired)	2,467	1,213	434	454	366
Share of total MSA employment	0.5%	0.2%	0.1%	0.1%	0.1%
Share of total US employment	0.7%	0.3%	0.1%	0.1%	0.1%
Concentration ratio (location quotient)	0.74	0.74	0.65	0.92	0.66
* Data in tables are for the Houston, TX PMSA, which includes the following counties: Chambers, Fort Bend, Harris, Liberty, Montgomery, Waller.					
Source: Ann Markusen and Greg Schrock, Markusen Economic Research Services, 2004, estimates using 2000 decennial population Census data from Steven Ruggles and Matthew Sobek et al. Integrated Public Use Microdata Series: Version 3.0 Minneapolis: Historical Census Projects, University of Minnesota, 2003.					

Therefore, based on an annual average spending figure of \$12,104, and a total of 12,192 professional artists, total annual spending by artists equals \$147.6 million. Utilizing the Americans for the Arts input-output model for economic impact, individual artist spending is responsible for:

Direct Impacts

- Full-Time Equivalent Jobs: 1,666
- Resident Household Income: \$39,403,000
- Local Government Revenues: \$2,361,000
- State Government Revenues: \$1,181,000

Total Impacts

- Full-Time Equivalent Jobs: 3,422
- Resident Household Income: \$109,650,000
- Local Government Revenues: \$5,756,000
- State Government Revenues: \$4,870,000

Summary of Employment Data

The table below summarizes the respective levels of employment described earlier in this section of the report, from the 1,666 full-time equivalent (FTE) positions created as a result of spending by individual artists, to the 3,048 actual



nonprofit arts industry jobs, to almost 30,000, representing the sum of all nonprofit arts industry employment, total economic impact employment, and the number of professional artists.

Number of Jobs (FTEs)	Explanation
29,729	Jobs created by total economic impact of nonprofit arts industry <u>and</u> by impact of artist spending, plus number of professional artists
26,207	Jobs created by total economic impact of nonprofit arts industry, plus number of professional artists
14,115	Jobs created by total economic impact of nonprofit arts industry (includes audience expenditures)
12,192	Number of professional artists
10,143	Jobs created by direct economic impact of nonprofit arts industry, plus impact of artist spending
8,477	Jobs created by direct economic impact of nonprofit arts industry (includes audience expenditures)
6,262	Jobs created by direct econ impact of nonprofit arts organizations
3,422	Jobs created by total economic impact of artist spending
3,048	Number of nonprofit arts industry jobs
1,666	Jobs created by direct economic impact of artist spending



Summary of Economic Impact Data

As with the table above, the following provides a summary of all economic impact data described in the earlier text, from the \$1.2 million accruing to state government revenues as a result of the direct economic impact of spending by individual professional artists, to almost \$774 million, the total economic impact of the nonprofit arts industry, related audience spending, and individual professional artists.

Direct Economic Impact	Nonprofit Arts		Total
	Artists	Industry	
Total Expenditures	\$147,600,000	\$626,328,061	\$773,928,061
Full-Time Equivalent Jobs	1,666	8,477	10,143
Resident Household Income	\$39,403,000	\$180,232,000	\$219,635,000
Local Government Revenues	\$2,361,000	\$19,020,000	\$21,381,000
State Government Revenues	\$1,181,000	\$21,153,000	\$22,334,000
Total Economic Impact			
Total Expenditures	\$147,600,000	\$626,328,061	\$773,928,061
Full-Time Equivalent Jobs	3,422	14,115	17,537
Resident Household Income	\$109,650,000	\$406,133,000	\$515,783,000
Local Government Revenues	\$5,756,000	\$33,248,000	\$39,004,000
State Government Revenues	\$4,870,000	\$36,291,000	\$41,161,000

Recommendations & Next Steps

AMS worked with a panel of public relations, marketing, and advocacy experts to interpret the research findings and brainstorm ways to present the data. A half-day Steering Committee workshop was held in Houston in early 2006 in which five Houston-based professionals were joined by the chief counsel of government and public affairs for Americans for the Arts. Panelists reviewed key quantitative and qualitative findings and were asked to respond to broad questions:

- What stories do these data tell?
- What messages would you craft?
- How should we “spin” what we have learned?
- What is the “elevator speech” implication of this research?

Some initial themes, values, and possible messages were put forth by the consultants:

Initial Themes / Values

- Recruitment and retention of students and workforce
- Arts stimulate involvement and curiosity among students
- Community takes pride in and feels stewardship of its culture
- Arts lead to more tolerance of cultural diversity
- Arts contribute to public safety (demonstrable correlation with crime rates)
- Arts help preserve and reclaim neighborhoods
- Artists and cultural institutions are good neighbors



- Arts and culture are cornerstones of Houston’s growth into an international (global) city
- The arts serve everyone – a broad-based audience in terms of geography, age, income, and ethnicity
- The arts generate substantial economic activity, from tourism and restaurant business to real estate

Initial Potential Messages

Taking the themes and values one step further led to these “message” suggestions:

- “More than just the ordinary”
- “Animating our neighborhoods”
- “Preserving our heritage”
- “Reclaiming the urban landscape”
- “Helping to make our neighborhoods safer”
- “Artists as good neighbors”
- “Celebrating and showcasing our diverse cultures”
- “Helping us to better understand each other”
- “Instilling pride, discipline and curiosity in our youth”
- “Getting parents more involved”
- “Creativity: A sustainable and healthy economic sector”
- “Arts are for Everyone” (audience is broad-based and diverse)

Contributing Consultants’ Input

Discussion among panelists and members of the Steering Committee identified a number of key areas related to the promotion of the Study’s findings:

- **Target community leadership.** There may be as few as 20 people who can truly make a difference in advancing a cultural agenda – from the Mayor to corporate leaders and the media. A basic tenet of “Communications 101” is “appreciative inquiry”; in other words, know what the listener wants to hear when advancing your case.
- **The arts community must be unified.** Building a coalition of the region’s arts/cultural groups is essential. Presenting a unified front, from emerging grass-roots groups to major cultural institutions, is critical. Having a single



spokesperson to speak on behalf of the entire sector can be effective (as was cited as a success criterion for the Port of Houston’s public relations campaign where the alliance of businesses along the shipping channel empowered the port to speak on their behalf).

- **Public relations and advocacy are different.** Our assumptions about what the arts/cultural sector wants to achieve (e.g. “desired outcomes”) require both public relations and advocacy approaches, with possibly different messages and tactics.
- **New organizational structures may be needed.** A coalition of arts/cultural groups that can legally advocate may need to take the form of a 501(c)4, Arts Action Fund, or Cultural Alliances model.
- **A campaign and strategy is needed.** The arts/cultural sector should determine a “brand” (see below) and a single resonant message; “sub-messages” can muddy the waters. The themes of “Culture = Diversity” and “arts for the sake of our community’s children” were seen as two particularly salient messages.
- **It will cost money to do it right.**

Appendix 1: Study Participants

Organizational Survey

<p>Alley Theatre American Festival for the Arts Ars Lyrica Houston Art Colony Association, Inc. Art League Houston ArtBridge Arte Publico Press ArtLies Asia Society Texas Bay Area Houston Ballet & Theatre Blaffer Gallery (U of Houston) Bobbidoctrin Puppet Theatre Buffalo Bayou ArtPark Buffalo Soldiers National Museum Byzantine Fresco Foundation Children's Prison Arts Project City ArtWorks Colombian Folkloric Ballet Contemporary Arts Museum Houston Cultural Arts Council of Houston/Harris County Da Camera of Houston Dance of Asian America Diaz Music Institute DiverseWorks Inc. Doctor's Orchestra of Houston Earthen Vessel, Inc. Express Children's Theatre Festival Chicano, Inc. FLYworks FotoFest Inc. Foundation for Modern Music, Inc. Fresh Arts Coalition Glasstire Gulf Coast Chapter - National Railway Historical Society</p>	<p>Gulf Coast Journal of Literature & Fine Arts Holocaust Museum Houston Houston Ballet Foundation Houston Center for Contemporary Craft Houston Center for Photography Houston Chamber Choir Houston Choral Showcase Houston Community Services Houston Early Music Houston Festival Foundation, Inc. Houston Friends of Music Houston Gay and Lesbian Film Festival Houston Grand Opera Houston International Dance Coalition Houston Metropolitan Dance Center, Inc. Houston Museum District Association Houston Museum of Natural Science Houston Music Teachers Association Educational Foundation Houston Repertoire Ballet Houston Symphony Society Houston Women's Caucus for Art Houston Youth Symphony Houston Zoo, Inc Houston's Asian American Festival Ass'n Illuminations Arts Inprint, Inc. InterActive Theater Company Museum of Health & Medical Science Katy Dance Arts Kuumba House, Inc. Lawndale Art Center Lone Star Symphonic Band Main Street Theater Michele Brangwen Dance Ensemble Mildred's Umbrella Theater Company</p>	<p>Millenium Press Miller Theatre Advisory Board, Inc. Musiq Opera in the Heights Orange Show Center for Visionary Art Orchestra X Real Solutions Viable Partnerships Revels Houston Inc. Rice University Art Gallery Sanskriti Society for Indian Perf. Arts Several Dancers Core Shakespeare Globe Centre of the SW Society for the Performing Arts Sparacino Company Dancers Suchu, Inc. Taiwanese Heritage Society of Houston Talento Bilingue de Houston The Artery The Children's Museum of Houston The Company OnStage The Ensemble Theatre The Gilbert & Sullivan Society Of Houston The Heritage Society The Menil Collection The Mercury Baroque Ensemble The Museum of Fine Arts, Houston The Rothko Chapel Theatre Under The Stars Travesty Dance Group/Houston United Nations Ass'n International Choir O'Kane Gallery (U of Houston) Watercolor Art Society - Houston Writers in the Schools Young Audiences of Houston</p>
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Audience and Visitor Surveys

Alley Theatre Ambassadors International Ballet Folklorico American Festival for the Arts Asia Society Texas Barnevelder Movement/ Arts Complex Broadway in Houston Buffalo Soldiers Museum Byzantine Fresco Foundation Community Artists Collective Contemporary Arts Museum Houston Da Camera of Houston DiverseWorks Foundation for Modern Music Gay Men's Chorus of Houston Heritage Society	Hobby Center for the Performing Arts Holocaust Museum Houston Houston Ballet Houston Center for Photography Houston Early Music Houston Grand Opera Houston International Festival Houston Symphony Houston Young Artist's Concert Houston Youth Symphony Houston Zoo, Inc. Inprint John P. McGovern Museum of Health & Medical Science Kannada Vrinda	Lawndale Art Center Main Street Theater MECA Mercury Baroque Orange Show Several Dancers Core Society for the Performing Arts Talento Bilingue de Houston The Children's Museum of Houston The Company Onstage, Inc. The Menil Collection The Museum of Fine Arts Houston The Rothko Chapel Theatre Under the Stars Young Audiences of Houston
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Qualitative Interviews

John Antel, Dean of Arts and Sciences – *University of Houston*
 Angela Blanchard, President & CEO – *Neighborhood Centers Inc.*
 Joseph Cooper, General Manager – *Talento Bilingue de Houston*
 Jon Deal – *Private developer*
 Carolyn Franklin, Executive Director – *HITS Theatre*
 Michael Galbreath – *The Art Guys*
 Andrea Grover, Founding Executive Director – *Aurora Picture Show*
 Frank Hood – *InfoVine*
 Roy C. Hughes – *Project Grad Houston*
 Mark Johnston, Executive Chef – *Charley's 517*
 Carol Kehlenbrink – *Parker Elementary School*
 Mary Lawler, Executive Director – *Avenue CDC*
 Jack Massing – *The Art Guys*
 Craig Minor, Principal – *Minor Design Group*
 Betty Moody – *Moody Gallery/Gallery Row*
 Vance Muse, Director of Communications – *The Menil Collection*
 Toni Nelson – Coldwell Banker United, Realtors
 President, Houston Realtor Association
 Roksan Okan-Vick, Executive Director – *Houston Parks Board*
 Sergio Ortiz, General Manager – *Lancaster Hotel*
 Terrie Sultan, Director – *Blaffer Gallery*
 Suzanne Theis, Executive Director – *The Orange Show Center for Visionary Art*
 Alice Valdez, Executive Director – *Multicultural Education and Counseling through the Arts (MECA)*



Advocacy White Paper

Sources:

- Americans for the Arts is the nation’s leading nonprofit organization for advancing the arts in America. With more than 40 years of service, it has 5,000 organizational and individual members, and is dedicated to “representing and serving local communities and creating opportunities for every American to participate in and appreciate all forms of the arts.” Its web site (www.artsusa.org) has an extensive advocacy section (The “Arts Action Center”), tracking national advocacy issues and efforts. AFTA has published several monographs on the topic, including *Making Advocacy a Habit* (1997), *Making a Case for Arts Education Advocacy* (1999), *Local Arts Agencies: Crises and Opportunity* (2003).
- The State Arts Action Network, part of Americans for the Arts’ website, combines two previously independent national arts organizations, the State Arts Advocacy League of America (SAALA) and the National Community Arts Network (NCAN).
- The National Assembly of State Arts Agencies (www.nasaa-arts.org) provides resources and publications including titles such as: *Arts Advocacy Checklist: A Self-Evaluation Tool for Arts Organizations and Advocates*; *Arts Advocacy Checklist: A Self-Evaluation Tool for State Arts Agencies*; *Ten Ways to Convert Legislators into Arts Advocates*; *Advocacy for Public Support of the Arts: A Civic Responsibility*.
- The American Library Association (www.ala.org) is a leader in the advocacy field. ALA has an extensive website section, “Issues & Advocacy,” which includes an online advocacy action kit, best practices website, and many publications, including: *Library Advocate’s Handbook* (2000), *Communications Handbook for Libraries* (2004).
- State Arts Councils – Several have published advocacy toolkits (generally available on-line), filled with tips, sample letters, and other tools on how best to reach state and local legislators regarding arts funding issues. In particular, some research conducted by the New York State Council on the Arts and Minnesota Arts Board on lobbying public officials was considered.



- Individuals:
 - Jessica Bleiman of New England Foundation for the Arts, one of the nation’s original six regional arts agencies created in 1975 with NEA funding
 - Randy Bourschiedt, Alliance for the Arts NYC (serving the cultural community through research and advocacy and the public through cultural guides and calendars)
 - Anne L’Ecuyer, Associate Vice President for Field Services at Americans for the Arts
 - Trish Salerno (from Arts Kentucky, a statewide membership organization that provides resources and tools for people who are working to improve their communities through the arts).
 - Gary Steuer, Vice President of Private-Sector Affairs at Americans for the Arts, and Executive Director, Arts and Business Council of Americans for the Arts
 - Alecia Townsend, Deputy Director of the Greater Hartford Arts Council, which recently completed a major economic impact study of the arts
 - Cecelia Wooden of Wooden & Associates, a Louisville-based lobbying and consulting firm, with clients ranging from arts and cultural organizations to libraries and health care interests.

Appendix 2: Branding

One Approach to Branding

One invited panelist, Ann Iverson,^{vi} crafted a presentation focusing on a potential “brand position” for the arts and cultural community in Houston. This thoughtful work was particularly resonant with Committee members; it is summarized below.

- Overall Mission: Position and brand the Houston culture and arts community for the short-term and long-term so that:
 - Communities at large become regular active advocates
 - Economic stability and growth are achieved through greater regular investment/funding and ever-increasing attendance/participation.
 - Employ AMS study results to support the case overall, and very specifically depending upon target
- Challenges
 - Houston’s culture and arts community currently doesn’t have a clearly defined brand image
 - The network consists of hundreds of separately-branded entities, each with its own brand image
 - You don’t have an unlimited budget
 - There’s a lot of noise out there. In advertising alone millions is spent on marketing communications – “it’s all about share of voice to achieve

^{vi} Ann Iverson has a marketing firm in Houston, *Creating Selling Opportunities*, and teaches advertising as an adjunct at Rice University. She has a 35-year history in marketing and communications management in Houston, New York and London, primarily with Ogilvy and BBDO worldwide advertising agencies.



share of mind.” (In 2005 in Houston, over \$300 million was spent by car dealers, \$80 million by home furnishings, and \$10 million alone by Mattress Mac).

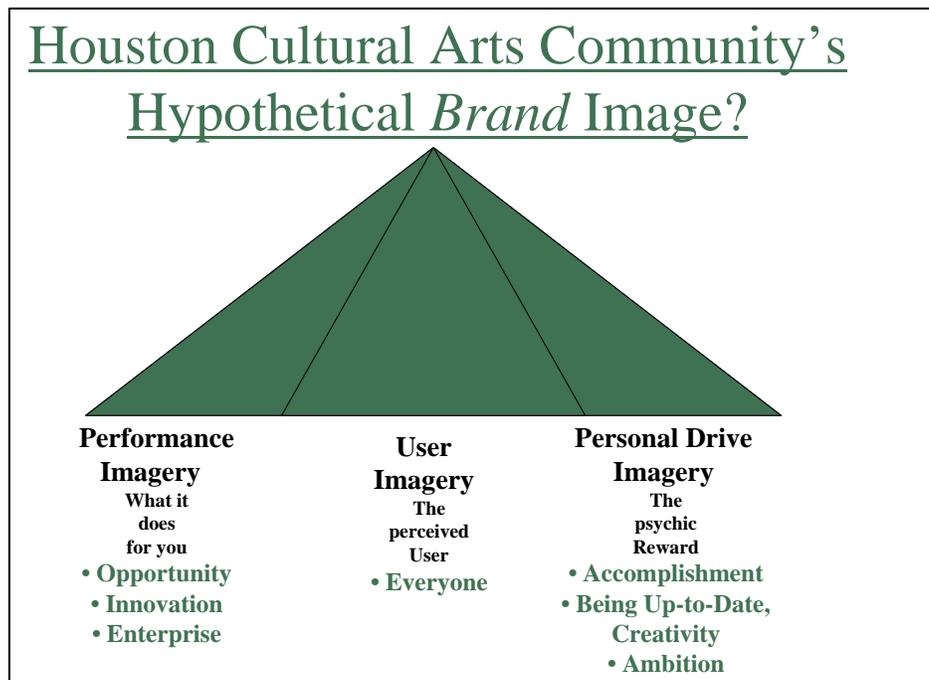
- How to band together
 - Target
 - Brand Positioning
 - Translate that positioning seamlessly, horizontally and vertically.



- What is brand positioning?
 - Where the Houston culture and arts community will “fit” in the consumer’s mind
 - Successful brand positioning embody a single idea – every added thought decreases chances for success
 - The strongest brands pick one place and one space in the head and the heart to own and operate...and then tirelessly defend it, with every turn, with every contact, at every opportunity
- Branding the Houston culture and arts community means:



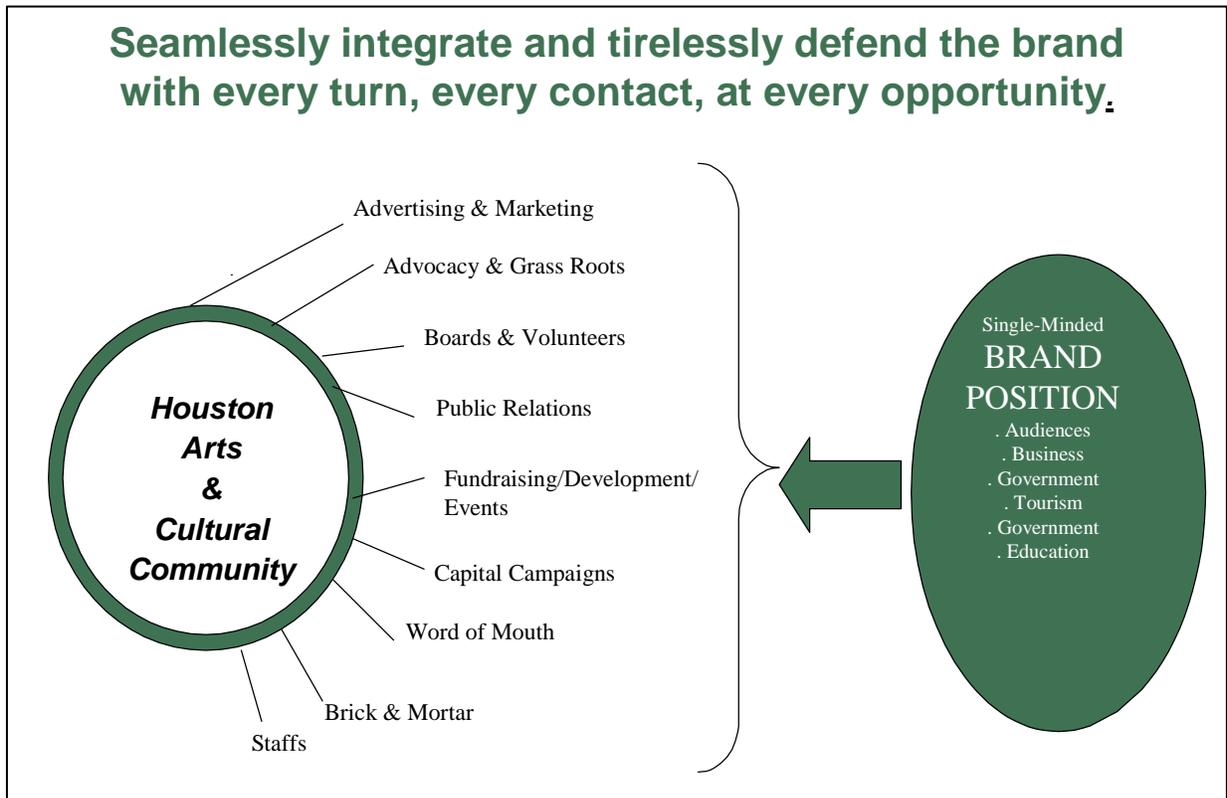
- Determining what attributes provide your stakeholders with emotional and rational satisfaction - the attributes may be tangible or invisible, rational or irrational, or all of above
- Creating a promise and an experience attached to those attributes
- Brand is Performance Imagery, User Imagery, Personal Drive Imagery
- A brand is not a campaign, tagline, positioning statement, message, name, logo, event, product benefit or feature
- One hypothetical brand position
 - Houston, where arts and culture are for everyone because they embrace opportunity, innovation and enterprise, a place where people want to be.



- Band together with a unified front
 - Develop, evaluate and test alternative brand positioning among key stakeholders to identify the most compelling
 - Develop core marketing communications materials for each of the programs in a way that is single-mindedly focused on the brand positioning message at every touch point



- Integrate brand message within each entity’s marketing communications programs
- Use Cultural Impact Study results to support the overall positioning message



Appendix 3: The Policy Wheel

The “Policy Wheel”

Another invited panelist, Nina Ozlu, Chief Counsel of Government and Public Affairs for Americans for the Arts, and Executive Director of the Americans for the Arts Action Fund, presented the “Policy Wheel” illustrated below to help guide the Committee’s direction with respect to next steps in advocating for an promoting the community’s “cultural agenda.”





Review of the wheel’s suggested order of tasks revealed to the group that while this document provides comprehensive research, there are additional steps that should take place prior to launching a concerted public relations and advocacy campaign, those being:

- Final determination of “desired outcomes” (e.g., Identify and evaluate problems and opportunities, idea development). The arts/cultural community needs to reach consensus on what it wants to achieve from government, business leadership, tourism and education sectors, and the general public.
- Positions and coalition building need to come next. As noted earlier, whether it be a Cultural Alliance and/or a 501(c)4 entity, a new organization structure is likely needed to further these overall goals.
- Grassroots training would involve enlisting boards, staffs, audiences, artists, and other stakeholders of the region’s some 300 arts/cultural groups to understand the brand position, messages and how they can assist in advocacy efforts.
- Employing the media in a public relations campaign, and targeting decision-makers and messengers through concerted lobbying efforts should follow. Actual support for candidates (through information forums and/or direct financial contributions) would be a next step.