



***The Economic Impact of the Cultural Arts in  
Polk County, Florida***

**2005**



**Research, Strategy  
& Analytics, LLC**

***Released January 2007***



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*Executive Director*

January 15, 2007

Dear Cultural Art Supporters,

It is our pleasure to present the latest information on the Economic Impact of the Arts in Florida and Polk County to the community at large. Locally and nationally, we are without a doubt seeing a greater number of studies being done that address economic impacts. These studies are important for a number of reasons. Municipalities, government agencies and organizations that serve many constituents need to demonstrate how money spent on certain activities affects an entire economy—the return on their investment. Further, it provides insight into policy development that may need further attention through tax collections and other revenue sources so that communities can continue to thrive.

No American will forget 9/11. Five years later and Post-9/11 resources are still limited. Hurricanes in Florida have strained many philanthropic efforts of individuals and that of organizations that collaboratively have been the backbone of many arts and cultural organizations in our community. Business and government operations in the 21st Century work by different standards and exist in environments that change by the minute. In response, you, our stakeholders (donors, sponsors and individual supporters), are taking greater ownership of our service efforts and want more detailed information on how nonprofits are doing who are vested with the responsibility of managing your support dollars, information that is typically more in-depth than what is included as part of a nonprofit's annual report.

At the Polk Arts Alliance, economic impact from the arts is important. We want our community to know that the arts, cultural events, arts and education and the work of individual artists are vital to our community, as well as how our services to them and the greater community compares to others statewide. Most important, we want you to understand how that translates to the added value of the quality of our lives.

We envision a community of art in public places, more art in schools, municipal comprehensive planning documents with the arts as a standard line item for funding and basically everyone being touched in some way by the power of the arts. It is an ideal state that is our vision and one we hope you as a community will embrace with us. Get involved, support the arts, most important—ask for more art!

Sincerely,

Mischelle Anderson  
Executive Director  
Polk Arts Alliance, Inc. (PAA)

## EXECUTIVE SUMMARY

### *The Economic Impact of the Arts*

Florida is renowned for its natural assets and quality of life. That quality of life is central to economic diversification in the 21st Century knowledge economy. Enterprise Florida (EF) recently released, *The Roadmap to Florida's Future*, a five-year (2004-09) statewide strategic plan for economic development. EF reports that to diversify Florida's economy, we must raise the quality of economic growth in the state and achieve a more favorable sectoral and geographic distribution of economic activity.

In response, EF highlights eight (8) priorities for "focused" implementation to achieve these long-term objectives. Of importance to arts and culture is Priority 7, which is to "Establish a comprehensive smart growth policy for sustainable economic development, diversification and quality of life." To determine progress toward this specific priority and state-wide objective, EF believes that how we invest in community livability as an economic asset is a viable litmus test.

To know that by the close of 2009 if we have improved, EF engaged the full Department of State and the Florida Arts Council who, after numerous meetings around the State, completed a return on investment report in 2005, *Culture Builds Florida's Future*, which documents that at present:

- Cultural arts, historic preservation, and library services industries have an impact of \$19.5 billion on Florida's economy.
- The industries employ almost 300,000 workers.
- Almost \$11 billion in personal income is generated from these programs.
- In a 12-year period, the arts and cultural sector of our economy grew more than the state's economy as a whole.

Thus, jobs, income and the overall economic impact from arts and culture will serve as a future benchmark as it relates to meeting Enterprise Florida Priority 7 by which Florida measures economic growth and the geographic distribution of economic activity statewide. These benchmarks have also served and will continue to serve us in Polk County to determine the same kinds of economic activity specific to the arts and culture arena.

As such, a community service partnership between The Polk Arts Alliance, USF Lakeland, the Cultural Arts Board and Research Strategy & Analytics, LLC (RSA) of

Lakeland (who conducted the 2005 study) released in 2007, *The Economic Impact of the Cultural Arts in Polk County*. This study is a follow-up to the first economic impact study of the cultural arts in Polk County that was originally conducted in 2001 by the University of South Florida Lakeland from encouragement by Daniel E. Stetson of the Polk Museum of Art, Susan M. Earl, Principal of RSA and Dr. Preston Mercer, Past President of USF Lakeland.

The results presented in this report illustrate the expanded availability and the financial impact of arts and culture in Polk County. The study's findings further acknowledge the significant contribution of arts and culture as part of the overall economic development and enhanced quality of life for the residents and visitors in Polk. It demonstrates our need as a community to continually reinforce the value-added services arts and culture provide with respect to the economic, educational, social and spiritual benefits of a community rich with heritage and traditions from the arts.

**Arts and culture in Polk County, as represented by twenty-five reporting arts and culture organizations\*, has a total current estimated economic impact on the community of \$48 million dollars.**

This represents a 37 percent increase since 2001 adding "Direct Spending, Indirect Spending and Indirect Audience Spending" estimates to this figure. However, this \$48 million does not include the economic impact of the Sun N' Fun Fly-In, the world's second largest air fair, which alone impacts our local economy by more than \$25 million per year in one week alone. Considering both studies, over \$70 million dollars have impacted our lives in Polk County through jobs, dollars spent at restaurants, hotel and motel stays, purchases in our retail establishments and sales tax captured on the majority of these goods and services--this despite an extremely active, dangerous 2004 hurricane season. This impact demonstrates that we are doing better and getting more recognition as evidenced by increasing attendance figures and ticket sales in addition to the increased number of volunteers and children who are benefiting from the arts in Polk. Without question--the arts create visibility for an area and contribute to what makes a community more attractive, especially to businesses looking to relocate their companies and human resources--the arts serve as a key ingredient.

In response, as a community, we need to support the arts. We can do this by continuously demonstrating how arts and culture is paramount to ensuring a holistic

quality of life for all of us. When you go to your office, stimulate public awareness and an appreciation of arts and cultural resources. Provide funding to organizations and individual artists and create an environment for the arts through our schools. Travel to visit arts and culture venues in the county and take a break—stay the night at one of our established hotels or motels. Many offer weekend packages. Through these combined efforts we can be assured that our heritages and cultures will be preserved and will continue to serve as the tools that will connect us through generations and time that also strengthen our local economy.

If you are unsure about what is happening, pick up *Art-i-facts* magazine, Polk’s official arts magazine. Published quarterly, it includes a three-month calendar of events and special feature stories. PAA members receive a copy in the mail each quarter, which helps if you are unable to get one from a local establishment or from one of our libraries in Polk County. It is important that you have access and knowledge about events so that we can continue to grow our economic impact from the arts.

Support PAA with memberships, purchase the *Florida State of the Arts* specialty license plate and sponsor an event. Most important: attend events, purchase tickets, purchase art and encourage someone to take an art class or music lessons. It is important to unleash what’s in one’s heart for the arts. If we all make this commitment to our lives and to the Polk County economy; Polk will remain the “Heart of the Arts.”

*Mischelle Anderson, Executive Director for the Polk Arts Alliance, Inc.*

\*The following 25 agencies completed the survey and are represented in this report:

Arts on the Park: [www.artsonthepark.org](http://www.artsonthepark.org)  
Bach Festival of Central Florida, Inc.: [www.bachfestivalpolkcounty.com](http://www.bachfestivalpolkcounty.com)  
Bartow Art Guild – no website - [bartowartguildfl@aol.com](mailto:bartowartguildfl@aol.com)\*\*  
Explorations V: [www.explorationsv.com](http://www.explorationsv.com)  
Florida Dance Theatre: [www.floridadancetheatre.org](http://www.floridadancetheatre.org)  
Florida Southern College: [www.flsouthern.edu](http://www.flsouthern.edu)  
Frostproof Art League & Gallery: [jo-ann.gifford@att.net](mailto:jo-ann.gifford@att.net)\*\*  
Haines City Community Theatre: [www.hainescitytheater.com](http://www.hainescitytheater.com)  
Historic Bok Sanctuary: [www.boksanctuary.org](http://www.boksanctuary.org)  
Imperial Symphony Orchestra: [www.imperialsymphony.org](http://www.imperialsymphony.org)  
Lakeland Community Theatre-Pied Piper Players: [www.piedpiperplayers.com](http://www.piedpiperplayers.com)  
Lake Wales Art Council: [www.lakewalesartscenter.org](http://www.lakewalesartscenter.org)  
Lake Wales Little Theatre: [www.lwlt.org](http://www.lwlt.org)  
Lois Cowles Harrison Center for the Visual and Performing Arts: [www.harrisonarts.com](http://www.harrisonarts.com)  
Polk Community College: [www.polk.edu](http://www.polk.edu)  
Polk County Historical Museum: [www.polkcountymuseum.org](http://www.polkcountymuseum.org)  
Polk Museum of Art: [www.PolkMuseumofArt.org](http://www.PolkMuseumofArt.org)  
Polk Theatre, Inc.: [www.polktheatre.org](http://www.polktheatre.org)  
Ridge Art Association: [www.ridgeart.org](http://www.ridgeart.org)  
Ridge Music Teacher's Association: [www.ridgemta.org](http://www.ridgemta.org)  
Symphony Guild of Winter Haven: no website – [siegelserv@msn.com](mailto:siegelserv@msn.com)\*\*  
Theatre Winter Haven: [www.theatrewinterhaven.com](http://www.theatrewinterhaven.com)  
The Lakeland Center: [www.thelakelandcenter.com](http://www.thelakelandcenter.com)  
Warner Southern College: [www.warner.edu](http://www.warner.edu)

\*\*no website



## **INTRODUCTION**

The Polk Arts Alliance and the Cultural Arts Board of Polk County commissioned the Economic Impact of the Cultural Arts in Polk County. Research, Strategy & Analytics, LLC, (RSA) of Lakeland, in a community partnership with The University of South Florida Lakeland, conducted the research presented in this report. The Economic Impact of the Cultural Arts in Polk County replicates a study originally conducted in 2001 by The University of South Florida Lakeland. The study findings acknowledge the significant contribution of the cultural arts as part of overall economic development and enhanced quality of life for the residents and visitors of Polk County, Florida.

## **METHODS**

The survey instrument was developed by RSA and distributed by mail to 28 not-for-profit arts organizations in Polk County. Twenty-five organizations completed the survey in its entirety, representing an 89% rate of return. The survey requested financial information from fiscal year 2004, or the organization's most recently completed fiscal year. Financial data were compiled using Microsoft Excel. The Regional Input-Output Modeling System (RIMS II) were provided by the U.S. Bureau of Economic Analysis and applied. The multiplier values for most industries range between 1.5 – 2.0 for local area (large city) impacts. (USBEA, 2000) The RIMS II Multipliers utilized for the 2005 study represent final demand for output, final demand for earnings, and final demand for employment, and ranged from 1.5 to 1.9.

Economic Impact studies are conducted to assess the economic impact of existing organizations – in terms of the jobs, income and revenue, that are directly or indirectly supported by their contribution to the local economy. Methods used do not take into account long-term financial flow of income. It does assume that the current patterns of money flowing in and out of the region remained relatively constant during the study period.

Because this economic impact study is a snapshot of the activities of 2004, these assumptions are challenged. Polk County experienced four major named hurricanes during the later part of 2004. It is not possible to accurately measure the financial impact of the hurricanes on the cultural arts organizations with a study of this type. It is believed that the impact of the hurricanes may have had an impact on the final results, with greater detail presented herein.

## **RESULTS**

**The cultural arts in the Polk County region have an estimated economic impact on the community of \$48 million.** This represents a 37% increase since 2001, adding Direct Spending, Indirect Spending, and Indirect Audience Spending estimate this figure. The final results of the study are presented below.

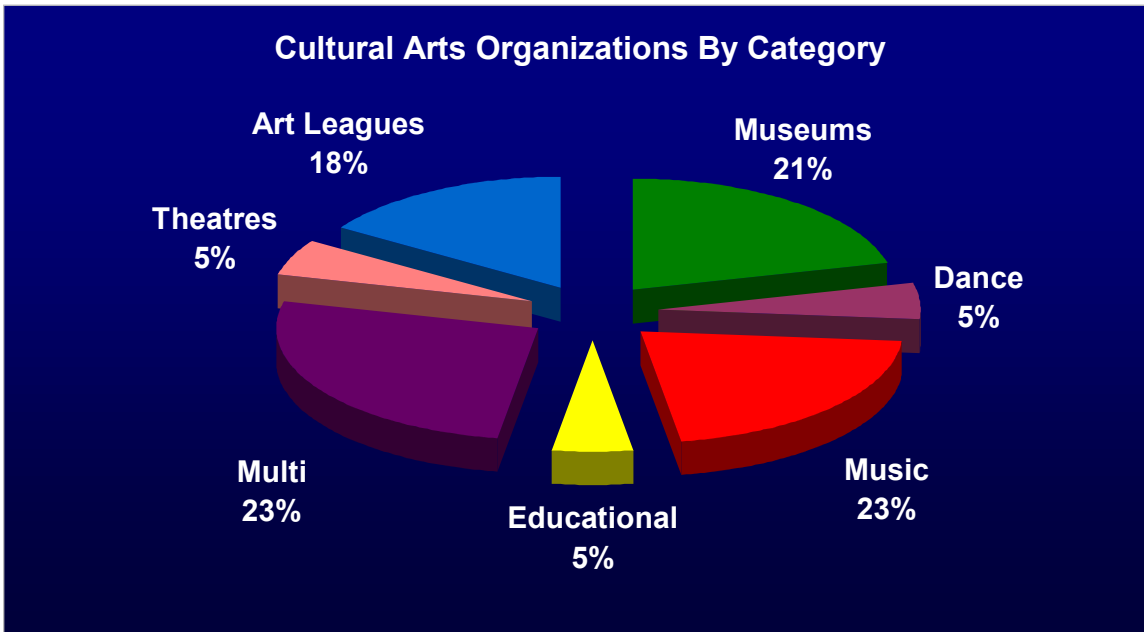
### **ORGANIZATIONS, EVENTS & ATTENDANCE**

Arts and culture offerings and events in Polk County are very diverse. During the period studied, the organizations provided 1,700 events and served approximately 900,000 attendees. The number of actual events provided represents a decrease of 52% - this may be due in part to several months of inactivity due to the hurricane activity and corresponding "State of Emergency" status Polk County experienced. Despite this decrease in the number of events reported offered, attendance reported during the period increased approximately 53%. Of the attendance figures, 591,000 were reported paid, an increase of 140%, while 309,000 were free of charge, representing a 10% decrease in free admissions. Attendance to cultural events for children also increased dramatically, by 39%, to 110,852, from the previous study. Thirty-four percent of all attendance reported was free of charge. Attendance fees were reported in several ways, including individual adult ticket price, individual child/senior price, and group rates, which ranged from 8 up to 20 or more to qualify for group rates. All reported event prices were averaged to find the overall average ticket price. This represents a 77% increase in the average cost of admission from the previous study. This may indicate positive growth of the arts and cultural events, with the corresponding decrease in the amount of events held, but increasing attendance.

*Average Ticket Price \$15.00*

Polk County offers great diversity in cultural arts offerings. The following chart (Table 1) presents the diversity in arts organizations participating in the study.

**Table 1: Cultural Arts Organizations as Reported by Category**



*Income*

The organizations surveyed reported several sources of income. Income fell into three main categories, Earned Income; Contributions from Individuals and Corporations/Businesses/ and Government Support/City/County/School Appropriations/Other.

The respondents reported the following revenue by category:

**Total Revenues = \$16,530,300**  
**Income from Memberships = \$1,200,000**  
**Appropriations - \$4,200,000**  
**Federal Grants = \$13,500**  
**State Grants = \$227,000**

The majority of income earned for the organizations surveyed was revenues from admission fees. Revenues increased 4% from 2001. In 2005 this study was revised to identify membership and subscription revenues as an indicator of community support. Because this is the first year to capture membership revenues, it is not possible to compare these revenues to the previous study. Reported appropriations also increased significantly, 24% from 2001, as well as Federal and State grants. Table 2, below, shows a side-by-side comparison of the results from the 2001 study, compared to the 2005 study.

**Table 2: Economic Impact Study Comparisons 2001-2005**

	<u>2005</u>	<u>2001</u>	<u>Percent of Change</u>
<b><u>Economic Impact</u></b>	<b>\$48 Million</b>	<b>\$35m</b>	<b>+ 37%</b>
Direct Salaries	\$4.2 Million	\$4.7m	- 11%
Total Annual Revenue	\$16.5 Million	\$15.8m	+ 4%
Jobs Created in the Community	1,800	1,587	+ 13%
Number of Employees	680	647	+ 5%
Capital Assets	\$40.2 Million	\$38.3m	+ 5%
<b>Direct Spending</b>	<b>\$11.6 Million</b>	<b>\$11m</b>	<b>+ 6%</b>
<b>Indirect Spending in the Community</b>	<b>\$19.2 Million</b>	<b>\$18m</b>	<b>+ 7%</b>
<b>Indirect Audience Spending</b>	<b>\$16.8 Million</b>	<b>\$ 6m</b>	<b>+ 180%</b>
Total Number of Events Held	1,700	3,554	- 52%
<b>Attendance</b>	<b>900,000</b>	<b>588,430</b>	<b>+ 53%</b>
Total Number Paid Attendance	591,000	246,254	+ 140%
Total Number Free Attendance	309,000	342,176	- 10%
Total Number Children Served	110,852	79,828	+ 39%
Percent Free Admissions	34.3%	58%	- 41%
Average Cost of Admission	\$15.00	\$8.50	+ 77%
Number of Volunteers	4,200	2,367	+ 77%
Number of Volunteer Hours	118,748	88,029	+ 35%
Volunteer Value	\$1.5 Million	\$704,232	+ 113%
Federal Grants	\$13,500	201	+ 6,616%
State Grants	\$227,000	\$138,000	+ 65%
City/County/School Appropriations	\$4.2 Million	\$3.4m	+ 24%
Memberships	(Not measured)	\$1.2 Million	N/A
Study Respondents	25	20	+ 25%

## **Expenditures**

The financial information as requested asked for expenditures in several different categories. All of the organizations reported salary information, if applicable. Several of the smaller arts groups operate on a volunteer basis only, therefore did not have employee or salary/benefits information. Direct Spending includes personnel and operating expenditures related to arts offerings in the County.

### **Direct Spending by the Arts Organizations**

**\$11.6 Million**

As arts organizations spend resources within a community, a “ripple effect” of spending occurs. This is referred to as Indirect Spending. Indirect Spending is the amount of spending that occurs as personnel use their wages, and as other businesses use this income to purchase goods and services.

### **Indirect Spending within the Region**

**\$19.2 Million**

The respondents surveyed reported 647 employees directly supported by those organizations. As in Indirect Spending, a ripple effect in employment can also be estimated. Therefore, there were an estimated 940 jobs in other industries in the region, which were indirectly supported by the not-for-profit arts organizations. This is presented as the Total Employment Impact.

### *Volunteer Driven*

Arts organizations rely heavily on volunteers. The number of volunteers and the estimated number of hours donated were reported. This is an indicator of strong community support and represents significant cost savings for the arts organizations in terms of salary expenditures. Although a “Volunteer Value” of \$1.5 million is estimated, it was not calculated into the overall economic impact.

### *Audience Spending*

Audiences who attend arts events participate in ancillary expending. Not only do they purchase admission tickets, but often purchase meals. Attendees at special, multiple day events, travel from surrounding communities and may purchase hotel or motel accommodations, or require rental vehicles. This 2005 study made special effort to gauge audience spending for these special annual events unique to the Polk County area, such as the annual “Arts on the Park” Fall Festival and the “Mayfaire by the Lake” Arts Festival.

### *Concluding Thoughts*

Despite an extremely active, dangerous 2004 hurricane season, the cultural arts in Polk County fared well. The organizations reported little to minor impact from the hurricanes. However, one organization in particular, Historical Bok Tower, was significantly impacted by decreased attendance during and immediately after the storms. Despite cancellation of some cultural events, Mayfaire, which takes place in May, was attended in 2004, and continues to grow and expand each year. The figures presented in this study attempt to capture such special events. Of interest is the significant increase in attendance reported countywide, despite a decrease in the number of actual events held. This may indicate larger, more sophisticated venues, which draw larger audiences. The increase in ticket/admission fees may also indicate an increase in sophistication of the types of cultural offerings for which audiences are willing to pay more to attend.



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PAA is a nonprofit 501c3 organization. All funding to PAA is tax deductible and enable the PAA to promote the cultural, historic and educational activities available in Polk County, as well as the work of individual artists.

PAA is sponsored in part by the State of Florida, Department of State, Division of Cultural Affairs, the Florida Arts Council and the National Endowment for the Arts. It is also supported by the Central Florida Visitors and Convention Bureau, the School Board of Polk County and the Polk County Board of County Commissioners.



***Thank you for your interest in the cultural arts.***