

THE ECONOMIC IMPACT OF THE ARTS ON NEW YORK CITY AND NEW YORK STATE

A Report to
Governor George E. Pataki
and
Mayor Rudolph W. Giuliani

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The New York City Department of Cultural Affairs
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For many, the arts are the soul and life of civilization: the link which our commonwealth uses to reveal individual and shared expressions. Because their value to society is often felt, rather than seen, it is important to recognize how localities and regions both separately and collectively profit from the economic aspects of the arts, as well as from important social by-products. This report endeavors to do just that.

The study before you demonstrates the significant impacts created by the arts community throughout the State of New York. Through community building, revitalization of neighborhoods, business expansion, and cultural tourism, the contribution the arts make to the economy complements private investment strategies beneficial to the State.

I trust that the information contained in this report will stimulate greater support for the arts from business leaders, government funders, corporate sectors, foundations and individual givers.

Earle I. Mack
Chairman
New York State Council on the Arts

With the publication of this report we now have new and exciting information proving that the arts continue to have a major impact on the economic health of New York City and New York State. Those of us in the City of New York know that people who come here don't come to look at our traffic but do come to look at and listen to our treasures. The arts in New York City are a prime reason that dollars spread everywhere in the City's economy. The arts are not only vital for tourists, they are major employers of people in all five boroughs.

We welcome this new proof of the arts' strength and their importance to the well-being of our area.

Schuyler G. Chapin
Commissioner of Cultural Affairs
City of New York

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Additional professional services were provided by James M. Clark, Paul Fitzgerald and Elizabeth Weinberg. Administrative support for the project was supplied by the staff of the Alliance for the Arts: Anne Coates, Daniele L.R.F. di Piazza and Maria Asteinza. Thanks are also due to Patricia Calabrese, Chief Planning and Budget Officer of the Metropolitan Museum of Art, Ellen Cohen, Sarajane Herman and Richard Gallin.

Introduction

The Alliance for the Arts is pleased to present *The Economic Impact of the Arts on New York City and New York State* to Governor George E. Pataki and New York City Mayor Rudolph W. Giuliani. Its message is simple: The arts are an important industry throughout the State of New York. This industry is growing and it is helping other industries, such as tourism, to grow.

Credit for this historic study—the first ever made of the arts industry in the entire State—goes to two dedicated public servants: Earle I. Mack, Chairman of the New York State Council on the Arts, and Schuyler G. Chapin, Commissioner of the New York City Department of Cultural Affairs. Thanks to their leadership, all future discussions about the role of the arts in our State will be illuminated by this remarkable information.

It is important to remember that this study was based on data from 1995, a year of early recovery from economic recession. We found statewide strength in all sectors of the arts industry, and significant growth in the one part of the State, New York City, where previous analysis permitted comparison.

As impressive as these findings are—\$13.4 billion in economic impact and 174,000 jobs statewide—there is no doubt that the same analysis of *today's* arts industry would find tremendous growth. Despite financial hardship in some parts of the industry, overall we found indications of very strong growth. For example, the Metropolitan Museum of Art reported its highest attendance ever for 1996—5.2 million; other nonprofit arts organizations have reported strong popular support. The League of American Theatres and Producers reported a one-year increase of 11.8 percent in attendance for the 1996-97 season and the New York City Convention & Visitors Bureau has reported an increase of 1.5 million visitors in 1996, up 4.9 percent over 1995. Motion picture and television production is dramatically up, based on a one-year 18 percent increase in permits for feature film and television production issued by the New York City Mayor's Office of Film, Theatre and Broadcasting. Our interviews with officials in the major auction houses, together with numerous press reports of the revival of activity for them and commercial galleries, suggest substantial growth.

Although these indications fall outside the time frame and the methodology of the present study, it is reasonable to assume that one could speak in 1997 of a *total impact on the order of \$16 billion, an increase of 19 percent over two years*. This assumption reflects increases in all sectors of the arts.

An industry this strong in its statewide impact and growing this vigorously deserves ongoing study, much as other classic New York State industries, such as farming and financial services, and the Alliance is committed to this work. In offering this report for public discussion, we hope every citizen, every elected or appointed public official, and every editorial writer and journalist will think anew about the arts and their value to our economy and our daily lives.

Randall Bourscheidt

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Executive Summary

Role in State Economy

The excellence, diversity and scope of cultural activity in New York City and New York State—indeed the growing size of the arts industry—are important contributors to our economic dynamism as well as our quality of life. This report estimates the impact that the arts have on the economy through the employment of thousands of New Yorkers, through the expenditures by cultural organizations and finally as a magnet for visitors to the City and the State. The full economic impact that this activity generates as it causes successive rounds of spending is quite significant, and is only a part of what the arts mean to the well-being of New York. The arts are finely woven into the fabric of the economy, benefiting related industries and enhancing community attractiveness. (See Chapter I: Scope and Methodology pages 5-6 for the methodology and the definition of the arts used in this study.)

More than a decade of research has established that the arts—including New York State's large nonprofit cultural community—are an important industry. As such, they create jobs, pay taxes, and purchase the goods and services of other New York businesses and workers. This increasing understanding of the arts' role in the economy has helped the public to see them not as a luxury or still less as a charity but *as an industry*. This understanding—combined with a growing appreciation of the role of nonprofit arts organizations in creating a sense of local pride and statewide identity—has encouraged local and State government to continue to invest in the State's museums, theaters, historic houses and other cultural institutions. In doing so, they are not only strengthening an important New York industry, they are partners with the many individuals and businesses which regularly contribute to the arts.

This report looks in detail at the economic impact of the arts industry in the State, and not at their impact on the quality of life or their enhancement of other creative industries. The economic impact includes both the direct expenditures of arts organizations and the tourists they

attract as well as the indirect and induced “ripple effect” of these expenditures. It measures how the arts contribute to the economy through the network of goods and services provided by New Yorkers.

Links to Other Industries

The arts have strong linkages to historically important New York industries such as fashion, publishing and advertising, as well as emerging ones. To cite the example of one new industry: in a survey conducted for the New York New Media Association, Coopers and Lybrand found that access to editorial and artistic talent was both the most important characteristic in the development of new media and the one in which New York was most competitive. According to Coopers and Lybrand, the new media industry supports 71,500 full-time jobs in New York State already, and is projected to grow by between 40,000 and 120,000 jobs through 1998. Creative talent is the single most important factor in the emergence of this new industry in New York State. This is a compelling example of how the concentration of cultural talent in New York can foster major job creation for artists and non-artists; and a similar connection can be made to fashion, advertising, publishing and entertainment.

The Arts and Tourism

The most direct link to the larger economy is to tourism, for which the arts act as a powerful magnet, attracting growing numbers of both foreign and domestic visitors to the State. The phenomenon of “cultural tourism” is emerging as a significant element in one of the State’s fastest-growing industries and an area in which New York City and New York State already compete strongly in the global market. In this way, the arts have become an important “export industry” for the State, attracting many visitors who spend money which would otherwise not be captured by the New York economy.

Strengthening Communities

The arts can also be a powerful enhancement to a community’s attractiveness. “Why People Move to and Away from New York City,”* a survey of people moving to New York City in 1992,

* Study No. 912034, for the Manhattan Institute and the Commonwealth Fund, by Louis Harris and Associates, Inc., 1993

found that a majority (56 percent) cited the variety of cultural attractions as a major motivation for moving. This was the second most commonly cited reason after job changes (61 percent).

Importance of This Study

This is the first analysis of the economic impact of the arts on the entire State of New York and, as such, it will shed new light on one of New York's premiere industries. It is based on the methodology of two studies prepared in 1983 and 1993 by the Alliance for the Arts and the Port Authority of New York and New Jersey (both entitled: *The Arts as an Industry: Their Economic Importance to the New York-New Jersey Metropolitan Region*). Because both the 1993 study and this new study provide separate findings for the City of New York, they form the basis for an analysis of trends in New York City. Likewise, the establishment of these facts for the entire State will permit an analysis of statewide trends in the arts industry in the future.

MAJOR FINDINGS FOR NEW YORK STATE

In fiscal year 1995* :

- **The total economic impact of the arts on New York State was \$13.4 billion.**
- **Employment generated by the arts, both directly and indirectly, in New York State totaled 174,000.**
- **Taxes returned to the State as a result of this activity equaled \$480 million.**

The total economic impact for New York State consists of these components:

Nonprofit organizations generated a total impact of \$4.1 billion;

Commercial theater generated a total impact of \$1.1 billion;

Commercial art galleries and auction houses generated a total impact of \$900 million;

Motion picture and television production generated a total impact of \$4.4 billion;

* See Chapter 1: *Scope and Methodology for definition of "fiscal year."*

Visitor spending generated a total impact of \$2.8 billion;

Capital spending by nonprofit institutions, commercial art galleries and auction houses, and commercial theater generated a total impact of \$208 million.

MAJOR FINDINGS FOR NEW YORK CITY

In fiscal year 1995:

- **The total economic impact of the arts on New York City was \$11.1 billion.**
- **Employment generated by the arts, both directly and indirectly, in New York City totaled 130,466.**
- **Taxes returned to the City as a result of this activity exceeded \$221 million.**

The total economic impact for New York City consists of these components:

Nonprofit organizations generated a total impact \$3.2 billion;

Commercial theater generated a total impact of \$1 billion;

Commercial art galleries and auction houses generated a total impact of \$823 million;

Motion picture and television production generated a total impact of \$3.4 billion;

Visitor spending generated a total impact of \$2.5 billion;

Capital spending by nonprofit institutions, commercial art galleries and auction houses, and commercial theater generated a total impact of \$170 million.

Chapter I: Scope and Methodology

This study measures the economic impact of cultural organizations, both nonprofit and commercial, throughout New York State. It is important to analyze the commercial and noncommercial arts together because of their interdependence in terms of capital and human resources. For each segment of arts activity considered, the levels and patterns of expenditures of the organizations and audiences were researched in different ways depending on the best available sources of data. The study year was Fiscal Year 1995 (FY'95). However, the precise time period of the fiscal year varied slightly with the source of data. For the nonprofits, the analysis is based on Final Report Forms of the New York State Council on the Arts (NYSCA) for State Fiscal Year 1995 from April 1, 1994, to March 31, 1995. However, the State Council allows each grantee to use its own fiscal year in reporting budget information, so the actual dates vary. In a similar fashion, the fiscal years in the various components of the commercial arts were used. Therefore, the data comes from overlapping time periods from April 1, 1994, to December 31, 1995, but in no case is more than a year of activity measured.

These aggregated expenditure patterns were then analyzed through an economic input-output model. The model used in this study was IMPLAN, which is used by the State's Department of Economic Development. This analysis measures the "ripple effect" produced by expenditures for various kinds of goods and services on the economy of the State, through which these direct expenditures cause further rounds of local economic activity.

Definition of Arts and Cultural Organizations

Arts and Cultural Organizations are defined for the purposes of this study as follows:

- Nonprofit cultural institutions: performing and visual arts, nonprofit film and media, and other cultural organizations directly funded by the New York State Council on the Arts, plus zoos and botanical gardens throughout New York State (some, but not all, of which are funded directly by NYSCA);

- Commercial theater: for-profit Broadway and off-Broadway, and touring companies;
- Commercial art galleries and auction houses: commercial galleries across the State, plus the two major auction houses, Sotheby's and Christie's;
- Motion picture and television production: feature films, taped television programs, industrial films and commercials.

In addition to estimating the impact of the operating expenditures of these organizations, this study also measures:

- The impact of the ancillary expenditures of cultural tourists;
- The impact of capital expenditures by nonprofit cultural organizations, commercial theater, and auction houses and commercial art galleries.

This definition (and therefore the report) does not include several categories of activity, such as for-profit music, whether it is a rock concert or jazz in a club; educational institutions; the publishing industry; the recording industry; live television; or self-employed individual artists.

Collection of Data

Nonprofit Cultural Organizations: NYSCA's files provided the basic financial data on nonprofits statewide. FY'95 income and expenditure data from NYSCA Final Report forms were transcribed to a database at NYSCA. A survey was undertaken to reveal more detailed expenditure patterns. In addition, financial information on selected organizations not funded by NYSCA was gathered from census data and financial reports. Staff at NYSCA and the New York City Department of Cultural Affairs (DCA) generated lists of institutions involved in major capital programs, which were then surveyed by the study team to estimate capital expenditures in FY'95. (See Appendix A, pages 28-33, for more detailed information on methodology.)

Commercial Theater: Data on the total operating and capital expenditures of the commercial Broadway theater and touring companies were developed by the League of American Theatres and Producers. Data on commercial off-Broadway were developed by the study team through interviews with off-Broadway producers. In each case, expenditure patterns developed for the 1993 Port Authority/Alliance for the Arts study, *The Arts as an Industry: Their*

Economic Importance to the New York-New Jersey Metropolitan Region, were applied to these new levels of expenditures. (See Appendix B, page 37, for more detailed information on the Broadway theater.)

Art Galleries and Auction Houses: In order to gather information on the operating and capital expenditures of commercial art galleries, 533 galleries listed in *Art in America: Sourcebook to the U.S. Art World 1996*, were identified and surveyed by mail. One hundred surveys were completed, for a response rate of approximately 19 percent. The responses were stratified by geography to develop an economic picture of New York State's commercial gallery world. (See Appendix B, page 38, for the questionnaire sent to commercial art galleries.)

Finance executives at the major auction houses were interviewed and detailed information was gathered in follow-up sessions in order to analyze the spending and employment patterns of these institutions. Because only two major auction houses are included in this analysis, Sotheby's and Christie's, all employment and expenditure information in this section has been aggregated to include both the auction houses and the art galleries. Although auction houses and art galleries have quite different expenditure patterns, this was done to protect the confidentiality of information given by the auction houses.

Motion Picture and Television Production: Wage data for FY'95 for the motion picture and television production industry were gathered from the New York State Department of Labor. Expenditure patterns developed from sample budgets and interviews for the 1993 Port Authority/Alliance for the Arts Study were applied to the FY'95 level of payroll activity. (See Appendix B, page 39, for more detailed information on motion picture and television production.)

Visitor Expenditures: Expenditures by visitors from outside of New York State who came for the arts or extended a trip in order to attend an arts event were extrapolated for FY'95 from levels and patterns of visitor expenditures measured in the 1993 Port Authority/Alliance for the Arts Study and FY'95 attendance figures and demographic information. (See Appendix C, page 40, for details of the methodology for visitor spending.)

Input-Output Analysis

Detailed expenditure pattern data were inputted into the IMPLAN input-output model to estimate the full economic impact of the cultural organizations studied. The model was used to estimate the change in local final demand resulting from the expenditures of cultural organizations and cultural tourists. In essence, the model calculates successive rounds of interindustry expenditures (indirect effect), plus the changes in local household spending resulting from the wages and salaries generated by the arts (induced effect). New York State and New York City taxes generated were estimated using a tax model developed for this study by T.J. Spitznas and Associates that translates economic impacts from IMPLAN into New York State and New York City tax revenue estimates. (See Appendix D, page 42, for a description of the IMPLAN model.)

Chapter II: Nonprofit Institutions

Cultural activities in nonprofit organizations in New York State span a broad range. NYSCA directly funds some 1,200 organizations across the State, including scores of large institutions whose budgets are public and whose attendance is carefully counted and analyzed, and hundreds of smaller cultural organizations which comprise the greatest number of nonprofit arts organizations. Some of the organizations supported by NYSCA pass funding through to more than one thousand cultural programs, some fleeting, some ongoing, that operate out of churches, libraries, youth programs, or other community centers. In addition to organizations funded directly or indirectly through NYSCA, twenty zoos and botanical gardens not funded by NYSCA (in addition to the fourteen that are funded by NYSCA) and one major museum (the Frick Collection in Manhattan, which receives no NYSCA funding) are included in this analysis. The result is a conservative measure that, while it does not reflect all activity, does estimate the vast majority of nonprofit cultural economic activity.

Profile of Nonprofit Arts Activity in New York State

The arts organizations and programs included in this analysis offer a dazzling array of cultural experiences in every part of the State and every facet of the arts. For this study, the nonprofit arts include the following groupings:

- the performing arts, including dance, theater, music and opera;
- the visual arts, including museums and art galleries;
- film and media;
- literature;
- architectural preservation;
- folk arts;
- arts education;
- arts service organizations.

Among the organizations directly funded by NYSCA are 86 funded through the dance program, 178 through the music program, 65 through the museum program and 140 through the theater program.

In addition to the organizations that are funded directly, the State Council helps to underwrite more than one thousand projects across the State through its Decentralization Program. These programs are often presented in community facilities, such as:

- an historical exhibit presented in a library;
- a concert series in a park;
- a theater workshop in a senior center;
- a community choir in a child development center.

Not surprisingly, many of the arts organizations funded directly by NYSCA and programs funded through the decentralization program are clustered in the State's urban areas (New York City accounts for about one-third of the total number), but every portion of the State is well represented. The map on the next page shows the geographic distribution of these arts organizations and programs by economic development region.

DISTRIBUTION OF ORGANIZATIONS AND PROGRAMS FUNDED BY NYS CA DIRECTLY OR
THROUGH THE DECENTRALIZATION PROGRAM
BY ECONOMIC DEVELOPMENT REGION, FY'95

Western New York	138
Finger Lakes	164
Central New York	103
Southern Tier	226
Mohawk Valley	112
New York City	365
Mid-Hudson	232
North Country	103
Capital Region	245
Long Island	174

Expenditures by Nonprofit Cultural Organizations

All together, the nonprofit cultural organizations studied (both those funded by NYSCA and others analyzed) spent nearly \$2 billion (\$1.988 billion) in FY'95. As is true in many sectors, the great majority of the expenditures made by nonprofit cultural organizations are made by the largest ones. Organizations with budgets over \$1.5 million comprise 14 percent of the number of organizations studied but 85 percent of the total expenditures. Conversely, smaller organizations, with budgets of \$1.5 million or less, comprise 86 percent of the organizations studied but only 15 percent of the total expenditures. These organizations of varying budget size have fluid and symbiotic relationships. The smaller often provide training for staff and artists and the development of new artistic material, thereby playing a research and development role and adding economic vitality to local communities. The larger serve as a showcase while drawing broad audiences and offering steady full-time employment to the State's labor pool of skilled cultural workers. The following chart shows spending by organizations of varying budget size.

Nonprofit cultural organizations produce their array of offerings with a wide variety of materials, such as lumber, fabric, lighting fixtures and paint. Labor, supporting 30,000 full-time equivalent jobs, is the largest category of expenditure by far. The cost of employed labor accounts for about 54.7 percent of total expenditures, and outside artists fees and professional services account for another 8.6 percent. The aggregated spending pattern of New York State's nonprofit cultural organizations is presented in Table 1.

Table 1
Expenditure Pattern of Nonprofit Cultural Organizations in New York State, FY'95

	Percent of Total
Personnel	54.7
Outside Artists Fees	4.8
Outside Professional Services	3.8
Space Rental	2.9
Travel	2.7
Marketing/Advertising	4.2
Remaining Operating Expenditures	26.9
Total	100.0

Source: New York State Council on the Arts

Sources of Income

Nonprofit cultural institutions in New York State derive their income from a variety of sources. Despite widespread assumptions that nonprofit arts organizations are totally dependent on charitable contributions or government support, they earn, on average, more than half their income (51.9 percent). A quarter of all income is from admissions (24.6 percent), 7 percent from concessions and other contracted services, 4.2 percent from tuition, 3.1 percent from fundraising events and 13 percent from other earned sources. Unearned or contributed income, from both public and private sources, accounts for 48.1 percent of total income with 26.3 percent of total income coming from private sources, 13.4 percent from public sources and 8.4 percent from other sources such as endowment income. Table 2 on the next page details these findings.

Table 2
Sources of Income of Nonprofit Cultural Institutions in New York State, FY'95

Source of Income	Percent of Total
Operations	<u>51.9</u>
Admissions	24.6
Contracted Services	7.0
Tuition/class and workshop fees	4.2
Fundraising events	3.1
Other	13.0
Private Contributions	<u>26.3</u>
Foundation	9.6
Corporate	5.2
Individual/Other	11.5
Public Support	<u>13.4</u>
Federal	2.3
State	3.6
Local	7.5
Interest from Endowment/Other	<u>8.4</u>
Total	100.0

Source: New York State Council on the Arts

Sources of income vary by the size of organization. The largest organizations with budgets of \$1.5 million or more earn about 53 percent of total income from operations, whereas the smallest organizations earn only about 42 percent from operations, making up most of the difference from public sector funding. Table 3 details these sources of income.

Table 3
Sources of Income of Nonprofit Cultural Organizations by Budget Size, FY'95

Source of Income	-----Annual Operating Budget -----			
	>\$1.5 m	\$375,000-\$1.5 m	\$75,000-\$375,000	<\$75,000
	%	%	%	%
Operations	<u>52.9</u>	<u>46.9</u>	<u>46.1</u>	<u>42.5</u>
Admissions	26.4	14.1	4.2	17.4
Contracted services	6.2	10.8	12.2	12.1
Tuition/Other	20.3	22.0	19.7	13.0
Private Contributions	<u>26.3</u>	<u>27.7</u>	<u>24.3</u>	<u>26.1</u>
Foundation	9.2	12.7	11.6	9.8
Corporate	5.0	6.6	4.7	4.4
Individual/Other	12.1	8.4	8.0	11.9
Public Support	<u>11.6</u>	<u>22.2</u>	<u>26.1</u>	<u>29.0</u>
Federal	2.0	4.2	5.4	3.5

	State	2.4	8.3	13.1	19.8
	Local	7.2	9.7	7.6	5.7
Interest from Endowment/Other		9.2	3.2	3.5	2.4

Source: New York State Council on the Arts

Although, as the above table indicates, smaller organizations derive a much larger proportion of their income from unearned sources, most public funding at the federal, state and local levels, as well as most contributed private funding, goes to larger organizations. Fully 75 percent of Federal funding, 57 percent of State funding and 83 percent of local funding, whether from New York City or other localities, go to organizations with budgets of \$1.5 million or over.

Nonprofit Cultural Organizations in New York City

A majority of the expenditures made by nonprofit cultural organizations in New York State are made by those in New York City. New York City's nonprofit cultural institutions spent about \$1.7 billion in FY'95, 85 percent of the total spent by all New York State's nonprofit cultural groups. This preponderance of activity reflects three factors: the city's size (one-half of the population of the State lives in its five counties); the sheer number of arts organizations in New York City; and the great proportion of very large organizations. New York City cultural organizations amount to just over half (56 percent) of the total nonprofits funded directly through NYSCA and about one-third of all activities funded through the decentralization program.

The average annual budget of nonprofit cultural organizations in New York City is more than four times that of organizations outside of the City. (The average annual operating budget of New York City nonprofit arts organizations was almost \$2.5 million compared to \$586,000 for those outside of the City.) The expenditures of New York City's nonprofit cultural organizations contribute significantly to the entire State's economy through employment, taxes, supplier purchases and tourism, as this analysis will demonstrate.

Capital Improvements

Capital spending among nonprofit cultural organizations in FY'95 is estimated at nearly \$102 million in New York State, of which over \$91 million was in New York City. These projects, involving both new construction and substantial rehabilitation, not only supported construction

and supplier services employment in the short term but also increased the capacity of the nonprofit cultural sectors, thereby increasing its capacity in the long term as well.

Chapter III: Commercial Cultural Activities

Synergy with Nonprofit Cultural Institutions

The for-profit cultural activities investigated in this report, specifically art galleries and auction houses, theater and motion picture and television production, have many mutually beneficial links to the nonprofit cultural sector. A clear example of the synergy between the commercial and nonprofit sector is the theater, where the two not only rely on each other but are often indistinguishable from each other.

It is now commonplace for a blockbuster hit in the commercial theater to have been developed in the nonprofit theater. *A Chorus Line* blurred forever the boundary between the nonprofit and commercial theater. It was developed at the nonprofit Public Theater in New York City for just over half a million dollars. The Public Theater was receiving general operating support (more than half a million dollars in 1971 alone) from the New York City Department of Cultural Affairs and the New York State Council on the Arts to pursue their experimental theater development. *A Chorus Line* was the most spectacular result, moving to Broadway where it became a record-breaking hit, spinning off multiple tours, a motion picture, a cast album and other activities. The profits from *A Chorus Line* and its related enterprises totaled \$50 million as of 1990 and helped to finance subsequent productions as well as build an endowment for the Public Theater.

More recently, *Rent* was developed at the nonprofit New York Theater Workshop, also in New York City. The production cost only \$255,000. The New York Theater Workshop received general operating support from both the New York City Department of Cultural Affairs and the New York State Council on the Arts, but not nearly as extensive as the funding that the Public Theater received in the seventies. (Together, the two agencies contributed about \$57,000 annually.) But by the early 1990s, the path from off-Broadway to Broadway was well-traveled, and a combination of public and private funding enabled *Rent* to open quickly on Broadway. The commercial activity has extended from the sold-out run, to the original cast album arriving in stores soon after, to touring companies being launched to bring the show all over the world, to a

book being written, to a movie being negotiated. (See Appendix B, pages 35-36, for a more detailed account of the history of *A Chorus Line* and *Rent*.)

Rent and *A Chorus Line* are but two examples of nonprofit productions succeeding on Broadway. According to the Alliance of Resident Theatres/New York (A.R.T./New York), “six of New York City’s not-for-profit theaters were responsible for 35 out of 80 Tony nominations and 11 of 20 Tony Awards” in the 1996 season. And the theater is but one example of the dynamic symbiosis between nonprofit and commercial cultural activity. Whether between the auction houses and the museums or nonprofit film workshops and feature films, inspiration, talent and investment flow freely through porous boundaries between for-profit and nonprofit organizations. However, for the purpose of clarity, this chapter summarizes the main economic characteristics of each subset of the commercial cultural sector separately from nonprofit activity.

Commercial Theater

The commercial theater in New York State investigated for this study consists of commercial Broadway, commercial off-Broadway and touring companies. There are 35 “Broadway houses” (a distinction based on union contracts and eligibility for Tony Awards) in Manhattan’s theater district. Three of these are nonprofit: the Vivian Beaumont at Lincoln Center, the Circle in the Square and the Roundabout. The other 32 theaters comprise commercial Broadway. In the 1994-1995 season, for all of Broadway, 29 productions opened and 1,118 playing weeks were recorded for both new and ongoing shows, an increase in playing weeks of almost 10 percent over the 1992-1993 season. Attendance exceeded 9 million, an increase of 15 percent over the 1992-1993 season. Most of this activity was in Broadway’s commercial theaters. The commercial Broadway theater produced 17 new shows in the 1994-1995 season. These new productions, in addition to 24 shows continuing on commercial Broadway, supported 974 playing weeks and had attendance of 8.3 million people. At the same time, production costs on commercial Broadway are estimated at \$46.4 million, while operating costs are estimated at \$321.7 million.

Commercial off-Broadway mounted 45 new productions in the 1994-1995 season, most of which were relatively low-cost dramas and supported a total of 659 playing weeks. Production and operating costs on commercial off-Broadway are estimated at \$14.6 million and \$33.7 million, respectively.

Touring company productions make a significant contribution to the economy in two ways. First, a certain portion of the expenditures made on these productions returns to New York, primarily in the form of salaries paid to New York cast members. Second, touring productions in New York State, presented in seven venues (West Point, Syracuse, Binghamton, Buffalo, Rochester, Schenectady and Utica), grossed \$7.4 million during the 1994-1995 season. A significant amount of the money spent to mount and run these productions was spent in these local communities for expenses such as theater rental, local labor and travel. In total, touring companies are estimated to have spent nearly \$126 million in the State in the 1994-1995 season. In all, expenditures of the commercial theater in New York State in FY'95 is estimated at \$542.3 million, of which \$540.8 was expended in New York City. Approximately 6,100 people are estimated to be employed on a full-time equivalent basis by the commercial theater in New York State. The estimated expenditure pattern of commercial theater in New York State is presented in Table 4.

Table 4
Expenditure Pattern of Commercial Theater in New York State, 1994-1995 Season

	Percent of Total
Personnel	69
Salaries [62%]	
Payroll taxes and benefits [7%]	
Rent	9
Advertising	10
Set Construction, Equipment	9
Rental	
Insurance	1
Legal	1
Travel	1
Total	100

Source: Port Authority/Alliance for the Arts: *The Arts as an Industry: Their Economic Importance to the New York-New Jersey Metropolitan Area* (1993)

According to the League of American Theatres and Producers, capital expenditures of the commercial theater in New York State in FY'95 are estimated at \$5.5 million, all of which was in New York City. (More detailed information on the Broadway theater is presented in Appendix B, page 37.)

Art Galleries and Auction Houses

New York State is home to hundreds of commercial art galleries and the U.S. headquarters of the major auction houses. The galleries range from long-established entities selling old masters

to galleries helping to guide the direction of modern art to those that specialize in emerging artists. Together with the major auction houses, they make New York the country's, and often the world's, most important marketplace for fine art. In order to measure the economic impact of this sector, we relied on the gallery listing published in *Art in America*, an authoritative source in the field. The results of this analysis should be considered conservative as there are many galleries throughout the State which are not listed in the *Art in America* directory. The great majority of galleries listed in *Art in America* (86 percent) are located in Manhattan. Most of the remaining galleries, about 10 percent of the State's total, are located elsewhere in New York City or its suburban counties, while the rest are spread across the State. Table 5 shows the geographic distribution of these galleries in New York State.

Table 5
Location of New York State Commercial Art Galleries listed in *Art in America*, 1996

	Number of Galleries	Percent of Total
New York City	<u>465</u>	<u>87.2</u>
Manhattan	456	85.6
Uptown	[172]	[32.3%]
Downtown	[284]	[53.3%]
Other boroughs	9	1.7
Long Island	26	4.9
Westchester/ Rockland/Putnam	20	3.8
Rest of State	22	4.1
Total	533	100.0

Source: *Art in America*, 1996

After a period of decline in the late 1980s and early 1990s, commercial art galleries are again sprouting in clusters. A ten-block area of the Manhattan neighborhood of Chelsea is being transformed by the appearance of more than a dozen galleries, some transplanted from SoHo. The auction houses also tightened their belts after the fall of the art market in the late 1980s and early 1990s, but they are now strong and growing.

Expenditure Pattern of Art Galleries and Auction Houses

Total expenditures by art galleries and auction houses in New York State in FY'95 are estimated at over \$449 million. Most of this economic activity—over \$437 million—came from organizations in New York City. Full-time equivalent employment in art galleries and auction

houses statewide is estimated at almost 3,000. The estimated expenditure pattern is presented in Table 6 (next page).

Table 6
Expenditure Pattern of Commercial Art Galleries and Auction Houses in
New York State, FY'95

	Percent of Total
Personnel	38
Salaries [29%]	
Payroll taxes and benefits [9%]	
Rent	18
Publishing	7
Outside Professional Services	5
Advertising	4
Insurance	4
Travel	3
Entertainment	2
Utilities	2
Maintenance, supplies, office equipment	2
Other	15
Total	100

Source: Art Gallery Questionnaire responses (1996) and
Port Authority/Alliance for the Arts: *The Arts as an Industry:*
Their Economic Importance to the New York-New Jersey Metropolitan Area (1993).

Capital expenditures of commercial art galleries and auction houses for FY'95 are estimated to have been \$14.9 million in New York State, of which \$14.7 million was in New York City. (See Appendix B, page 38, for the questionnaire sent to commercial art galleries.)

Motion Picture and Television Production

Motion picture and television production has grown rapidly in New York. In 1995, a total of 175 films were made entirely or in part in New York City, according to the New York City Office of Film, Theatre and Broadcasting. Additionally, 74 films were made entirely or in part elsewhere in the State, according to the New York State Office for Motion Picture and Television Development. This represents a significant increase from the 1994 total of 157 feature films for the City and 46 for the rest of the State. Feature films are only the most visible part of a much

broader range of activity. Table 7 (next page) shows that in every production category the number of shooting days in New York City has increased markedly.

Table 7
Production Shooting Day Statistics, New York City, 1992-1995
 (High-end categories only)

	Feature Films	Television	Commercials	Music Videos
1992	1,097	3,948	3,669	685
1993	1,715	3,598	3,097	644
1994	2,553	4,936	4,592	822
1995	3,524	5,449	4,926	825

Source: New York City Office of Film, Theatre and Broadcasting

Total expenditures in motion picture and television production in New York State in FY'95 are estimated at over \$2.2 billion, of which \$1.8 billion was in New York City. This industry directly supported 25,000 full-time equivalent jobs statewide. These data were developed from the New York State Department of Labor ES-202 series reports on total industry wages paid in New York State, whether or not the production company is based in New York State. This series measures activity that happens in studios and offices, as well as location shoots on the streets and other public places. This conservative measure does not include wages paid to workers who are not entitled to unemployment insurance benefits.

The estimated expenditure pattern of motion picture and television production companies is presented in Table 8. (See Appendix B, page 39, for more detailed information on motion picture and TV production.)

Table 8
Expenditure Pattern in Motion Picture and Television Production in New York State, FY'95

Personnel	Percent of Total
Salaries [59%]	68
Payroll taxes and benefits [9%]	
Rent	7

Meals, Travel and Transportation	8
Equipment Rental	7
Props, Wardrobe and other supplies	6
Insurance	2
Other	2
Total	100

Source: Port Authority/Alliance for the Arts: *The Arts as an Industry:
Their Economic Importance to the New York-New Jersey Metropolitan Area* (1993)

Chapter IV: Visitor Spending

When people attend a museum or performance, they typically spend money on food, transportation and other goods beyond admission to the cultural attraction. In this way they contribute to the local economy in general as well as to the arts. This phenomenon is very important to local communities. The economic vibrancy which an active cultural sector brings to a locality can be seen throughout New York State.

In addition to the significant spending by residents, New York State is one of the very few places in the country that enjoys substantial cultural tourism from out of state. Every year millions of visitors from around the world come to New York primarily to sample its cultural offerings. While in New York they support not only the theater, museums and other attractions they visit, but also the hotel, restaurant and retail trade sectors of the economy. Similar to the spending by the arts organizations themselves, this infusion of money into the State's economy has been measured and its ripple effect estimated for this study.

Cultural Tourism in New York State

Large numbers of tourists visit cultural venues across the State, from Buffalo's Shea Theater and Chautauqua to Cooperstown's Glimmerglass Opera and the Saratoga Performing Arts Center, as well as a group of major attractions in Manhattan, such as Lincoln Center, the Metropolitan and Modern Art museums and Broadway, which draw millions every year. Based on research done for the 1993 Port Authority/Alliance for the Arts study, supplemented by FY'95 attendance and residence pattern data from the major tourist attractions, it is estimated that approximately 4.3 million people either came to New York State or extended their trip because of the arts in FY'95. They spent an average of \$394 per person in addition to their admission tickets to cultural events and their trip averaged 2³/₄ days. The aggregated expenditure pattern of these cultural tourists is presented in Table 9 on the next page.

Table 9
Expenditure Pattern of Cultural Tourists

	Percent of Total
Restaurants	31
Hotel	30
Airfare	16
Shopping	11
Local Transportation	6
Intercity Bus/Rail	1
Other/Sightseeing	5
Total	100

Source: Port Authority/Alliance for the Arts: *The Arts as an Industry: Their Economic Importance to the New York-New Jersey Metropolitan Area* (1993)

Because it was possible to measure the draw of only the largest tourist attractions, this estimate should be considered conservative. (See Appendix C, page 40, for the Port Authority/Alliance for the Arts visitor expenditure methodology.)

Local Audience Spending

There is sizable additional spending by residents of New York that is not measured by this study because it does not represent economic activity brought to the State by the arts, although it is very valuable to the communities in which it occurs. For the nonprofit arts and the Broadway theater, including New York State touring productions, it is conservatively estimated that there are more than 46 million in annual local attendance beyond the cultural tourism figures used in this study. Assuming that the ancillary spending of these attendees is similar to what was found in studies in California and New Jersey, more than \$700 million is spent in restaurants, shops and other local venues when people go to arts attractions, in addition to the dollars attracted to the State by the arts. Certainly, without the attraction of New York State's cultural sector, some of the spending by New York residents would have occurred outside New York and therefore be lost to the State's economy.

Chapter V: Economic Impact

As the expenditures of cultural institutions and the tourists they draw to the State ripple through the economy, they generate substantial economic activity. The people employed by cultural organizations, for example, make most of their purchases in the State, supporting local retail establishments and the real estate sector, among other portions of the economy. The suppliers of goods and services to cultural institutions employ people from surrounding localities and, in many cases, purchase their own goods and services from local establishments. Tourists, drawn to New York State by the arts, support thousands of restaurants, hotels and retail establishments. In this way, the arts support economic activity and employment beyond the first round of direct expenditures and employment which were detailed in the previous three chapters.

New York State Economic Impact

In all, an estimated \$13.4 billion total economic activity in New York State was generated by the cultural sector in FY'95. This figure includes the direct expenditures of cultural institutions and cultural tourists and the subsequent rounds of increased spending of households and supplying industries in the State as a result of those expenditures. Of this \$13.4 billion, more than \$6 billion was expended in employment compensation. An estimated total of 174,000 full-time equivalent jobs were supported, directly and indirectly, by the cultural sector in FY'95. Table 10 summarizes these impacts in total output and employment in each sector of the arts.

Table 10
Total Output and Employment Impact of Cultural Sector on New York State, FY'95

	Total Output (millions)	Employment
Nonprofit Institutions	\$4,056.4	55,725
Commercial Theater	\$1,064.3	11,981
Art Galleries and Auction Houses	\$894.9	7,700
Motion Picture and TV Production	\$4,437.3	50,869
Visitor Spending	\$2,754.3	45,782
Capital Improvements	\$208.0	2,004
Total	\$13,415.2	174,061

Source: Alliance for the Arts

An estimated \$480 million was returned to New York State in personal income taxes, sales, excise and user taxes and business and other taxes in FY'95. Table 11 details these tax estimates.

Table 11
Estimated New York State Taxes and Fees from All Arts Categories, FY'95

	(Millions)
Personal Income Tax*	\$264.5
Sales, Excise and User Taxes	\$121.8
Business Taxes**	\$81.4
Other Taxes and Fees***	\$12.3
Total	\$480.0

* Personal Income Taxes estimated from New York State personal income tax schedules; other taxes estimated on the basis of historical relationships with relevant measures of economic activity.

** Corporation Franchise Tax, Corporation and Utilities Tax, Insurance Taxes, Petroleum Taxes, Bank Tax. Direct output of nonprofit cultural sector excluded.

*** Property transfer taxes plus other taxes and fees, excluding fees not collected by the New York State Department of Taxation and Finance.

Source: Alliance for the Arts

New York City Economic Impact

In New York City, an estimated \$11.1 billion total economic activity was generated by the arts in FY'95. Of this \$11.1 billion, an estimated \$5.3 billion was expended in employment compensation. An estimated total of 130,000 full-time equivalent jobs were supported directly and indirectly by the cultural sector in FY'95. Table 12 summarizes these impacts in output and total employment in each sector of the arts. (See Appendix D, pages 43-48, for more detailed information on the impact analysis.)

Table 12
Total Impact of Cultural Sector on New York City in Output and Employment, FY'95

	Total Output (millions)	Employment
Nonprofit	\$3,225.0	40,723
Commercial Theater	\$1,003.4	10,733
Art Galleries and Auction Houses	\$823.2	6,211
Motion Picture and TV Production	\$3,351.5	35,068
Visitor Spending	\$2,502.2	36,277
Capital Improvements	\$170.2	1,454

Total **\$11,075.5** **130,466**

Source: Alliance for the Arts

An estimated \$221.7 million was returned to the City in personal income taxes, sales, excise and user taxes, business taxes and other taxes and fees from this activity in FY'95. Table 13 on the following page details these tax estimates.

Table 13
Estimated New York City Taxes and Fees from All Arts Categories, FY'95

	(Millions)
Personal Income Tax*	\$78.7
Sales, Excise and User Taxes	\$63.9
Business Taxes**	\$68.5
Other Taxes and Fees***	\$10.6
Total Taxes	\$221.7

* Personal income taxes estimated from NYC personal income tax schedules; other taxes estimated on the basis of historical relationships with relevant measures of NYC economic activity.

** General Corporation Tax, Bank Tax, Unincorporated Business Tax, Utilities Tax, Commercial Rent Tax, Mortgage Recording Tax, Real Property Transfer Tax. Direct output of nonprofit cultural excluded.

*** Including taxes derived from capital spending by Nonprofit Cultural, Commercial Theater and Art Galleries and Auction Houses.

Source: Alliance for the Arts

Appendix A: Nonprofit Cultural Organizations

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Appendix A

Nonprofit Cultural Organizations by New York State Economic Development Region, FY'95

	Number of Organizations	Percent of Organizations	Percent of Expenditures
New York State	1,200	100.0	100.0
Capital	92	7.7	2.6
Central	37	3.1	0.7
Finger Lakes	54	4.5	2.6
Long Island	61	5.1	1.8
Mid-Hudson	93	7.8	2.6
Mohawk Valley	25	2.1	0.8
New York City	676	56.3	85.1
North Country	32	2.7	0.4
Southern Tier	64	5.3	1.1
Western	66	5.5	2.2

Source: New York State Council on the Arts

Appendix A

Pattern of Income and Expenditure for All Nonprofit Cultural Organizations in New York State, FY'95*

Income	Percent of Total
Operations	<u>51.9</u>
Admissions [24.6%]	
Contracted Services [7.0%]	
Tuition/Class & Workshop Fees [4.2%]	
Gross from Fundraising Events [3.1%]	
Other Revenue [13.0%]	
Contributions	<u>9.7</u>
Private	26.3
Corporations/Business Support [5.2%]	
Foundations Support [9.6%]	
Other Private/Individual Support [11.5%]	
Public	13.4
Federal/NEA [1.1%]	
Federal Other [1.2%]	
NYSCA [1.9%]	
Other State [1.7%]	
County [1.0%]	
Municipal [6.5%]	
Other Unearned Support	8.4
Total Income	100.0
 Expenditures	
Labor	<u>54.7</u>
Personnel Administrative [27.0%]	
Personnel Artist [19.1%]	
Personnel Technical [8.6%]	
Other Professional Services	<u>8.6</u>
Outside Artistic Fees & Services [4.8%]	
Outside Other Fees & Services [3.8%]	
Space Rental	2.9
Travel	2.7
Marketing/Advertising	4.2
Remaining Operating Expenses	26.9
Total Expenditures	100.0

(Based on 1,200 Organizations)

* Patterns of Income and Expenditures from a sample encompassing 80 percent of all organizations have been applied to the total operating expenditure figures for 100 percent of organizations funded by the New York State Council on the Arts.

Source: New York State Council on the Arts

Appendix A

Pattern of Income and Expenditure of Nonprofit Cultural Organizations with Annual Operating Budgets Over \$1.5 million, FY'95*

Income	Percent of Total
Operations	<u>52.9</u>
Admissions [26.4%]	
Contracted Services [6.2%]	
Tuition/Class & Workshop Fees [3.9%]	
Gross from Fundraising Events [2.5%]	
Other Revenue [13.9%]	
Contributions	<u>37.9</u>
Private	26.3
Corporations/Business Support [5.0%]	
Foundations Support [9.2%]	
Other Private/Individual Support [12.1%]	
Public	11.6
Federal/NEA [0.8%]	
Federal Other [1.2%]	
NYSCA [0.9%]	
Other State [1.5%]	
County [0.9%]	
Municipal [6.3%]	
Other Unearned Support	9.2
Total Income	100.0
 Expenditures	
Labor	<u>55.7</u>
Personnel Administrative [27.1%]	
Personnel Artist [19.3%]	
Personnel Technical [9.3%]	
Other Professional Services	<u>7.7</u>
Outside Artistic Fees & Services [4.2%]	
Outside Other Fees & Services [3.5%]	
Space Rental	2.5
Travel	2.8
Marketing/Advertising	4.0
Remaining Operating Expenses	27.3
Total Expenditures	100.0

(Based on 166 Organizations)

* Patterns of Income and Expenditures from a sample encompassing 80 percent of all organizations have been applied to the total operating expenditure figures for 100 percent of organizations funded by the New York State Council on the Arts.

Source: New York State Council on the Arts

Appendix A

Pattern of Income and Expenditure of Nonprofit Cultural Organizations with Annual Operating Budgets of \$375,000 to \$1.5 million, FY'95*

Income	Percent of Total
Operations	<u>46.9</u>
Admissions [14.1%]	
Contracted Services [10.8%]	
Tuition/Class & Workshop Fees [6.4%]	
Gross From Fundraising Events [6.9%]	
Other Revenue [8.7%]	
Contributions	<u>49.9</u>
Private	27.7
Corporations/Business Support [6.6%]	
Foundations Support [12.7%]	
Other Private/Individual Support [8.4%]	
Public	22.2
Federal/NEA [2.6%]	
Federal Other [1.6%]	
NYSCA [5.1%]	
Other State [3.2%]	
County [1.7%]	
Municipal [8.0%]	
Other Unearned Support	3.2
Total Income	100.0
 Expenditures	
Labor	<u>49.1</u>
Personnel Administrative [27.0%]	
Personnel Artist [16.8%]	
Personnel Technical [5.3%]	
Other Professional Services	<u>13.5</u>
Outside Artistic Fees & Services [7.9%]	
Outside Other Fees & Services [5.6%]	
Space Rental	4.3
Travel	2.3
Marketing/Advertising	4.8
Remaining Operating Expenses	26.0
Total Expenditures	100.0

(Based on 250 Organizations)

* Patterns of Income and Expenditures from a sample encompassing 80 percent of all organizations have been applied to the total operating expenditure figures for 100 percent of organizations funded by the New York State Council on the Arts.

Source: New York State Council on the Arts



Appendix A

Pattern of Income and Expenditure of Nonprofit Cultural Organizations with Annual Operating Budgets of \$75,000 to \$375,000, FY'95*

Income	Percent of Total
Operations	<u>46.1</u>
Admissions [14.2%]	
Contracted Services [12.2%]	
Tuition/Class & Workshop Fees [4.3%]	
Gross from Fundraising Events [6.6%]	
Other Revenue [8.8%]	
Contributions	<u>50.4</u>
Private	24.3
Corporations/Business Support [4.7%]	
Foundations Support [11.6%]	
Other Private/Individual Support [8.0%]	
Public	26.1
Federal/NEA [3.8%]	
Federal Other [1.6%]	
NYSCA [10.5%]	
Other State [2.6%]	
County [2.5%]	
Municipal [5.1%]	
Other Unearned Support	3.5
Total Income	100.0
Expenditures	
Labor	<u>47.6</u>
Personnel Administrative [25.6%]	
Personnel Artist [18.6%]	
Personnel Technical [3.4%]	
Other Professional Services	<u>15.0</u>
Outside Artistic Fees & Services [9.7%]	
Outside Other Fees & Services [5.3%]	
Space Rental	5.7
Travel	2.8
Marketing/Advertising	5.4
Remaining Operating Expenses	23.5
Total Expenditures	100.0

(Based on 429 Organizations)

* Patterns of Income and Expenditures from a sample encompassing 80 percent of all organizations have been applied to the total operating expenditure figures for 100 percent of organizations funded by the New York State Council on the Arts.

Source: New York State Council on the Arts

Appendix A

Pattern of Income and Expenditure of Nonprofit Cultural Organizations with Annual Operating Budgets of Under \$75,000, FY'95*

Income	Percent of Total
Operations	<u>42.5</u>
Admissions [17.4%]	
Contracted Services [12.1%]	
Tuition/Class & Workshop Fees [3.2%]	
Gross from Fundraising Events [4.7%]	
Other Revenue [5.1%]	
Contributions	<u>55.1</u>
Private	26.1
Corporations/Business Support [4.4%]	
Foundations Support [9.8%]	
Other Private/Individual Support [11.9%]	
Public	29.0
Federal/NEA [3.3%]	
Federal Other [0.2%]	
NYSCA [18.2%]	
Other State [1.6%]	
County [1.2%]	
Municipal [4.5%]	
Other Unearned Support	2.4
Total Income	100.0
 Expenditures	
Labor	<u>44.3</u>
Personnel Administrative [16.4%]	
Personnel Artist [24.9%]	
Personnel Technical [3.0%]	
Other Professional Services	<u>17.6</u>
Outside Artistic Fees & Services [10.3%]	
Outside Other Fees & Services [7.3%]	
Space Rental	8.5
Travel	3.1
Marketing/Advertising	7.2
Remaining Operating Expenses	19.3
Total Expenditures	100.0

(Based on 355 Organizations)

* Patterns of Income and Expenditures from a sample encompassing 80 percent of all organizations have been applied to the total operating expenditure figures for 100 percent of organizations funded by the New York State Council on the Arts.

Source: New York State Council on the Arts

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Appendix B

Relationship Between the Nonprofit and Commercial Theater

Multimillion-dollar professional nonprofit theaters in New York and throughout the United States present large-scale plays and musicals with leading international artists. These nonprofit theaters present multiple plays each year to season ticket holders and, from time to time, will present extended runs of particularly popular productions. The successful track record of the large nonprofit theaters has begun to obscure some of the distinctions between nonprofit and commercial theater productions at a time when nonprofit theaters and commercial producers are finding ways to work together for mutual benefit.

Formerly, Broadway producers developed new works through out-of-town tryouts prior to a New York opening. Today, a commercial producer holding the option to produce a play on Broadway may develop the play at one or a series of nonprofit regional theaters before bringing it to New York. The play will be part of the regional theater's season, attended by the theater's subscribers and reviewed by the local critics. Working with a regional theater considerably reduces the producer's organizational responsibilities and production expenses, and enables the regional theater to attract season subscribers with a cutting-edge play. Typically, a producer working with a regional theater will supplement the theater's regular budget, subsidizing the costs of enhanced scenery and costumes, or a bigger-name star than the theater could afford independently. The producer will have the opportunity to change the cast, director or designer, and work with the playwright on revisions. If the project goes well, the producer will have a stronger play to bring to New York, improving the chances for a successful Broadway run.

The relationship between a nonprofit theater and a commercial producer can also be initiated by the nonprofit theater. A commercial producer may be sought when a nonprofit theater is originating an ambitious new work and looking to supplement its regular production budget. Alternatively, the nonprofit theater may already have a successful production but cannot afford to continue the production in an extended run without additional capital. Obviously, in these situations, the nonprofit theater will relinquish its rights as sole producer of the project and share the risks and rewards of the production with the commercial partner. Nonprofit theaters also face restrictions on the specific type of relationship they can enter into with for-profit entities without putting their nonprofit tax status at risk.

Joseph Papp and Bernard Gersten of the New York Shakespeare Festival pioneered the extended run of the nonprofit theater production. The best-known example of their efforts is *A Chorus Line*. After two workshops and an off-Broadway production, the New York Shakespeare Festival production of *A Chorus Line* moved to Broadway and, from 1975 until 1990, became the longest-running show on Broadway.

Production capitalization of *A Chorus Line* was \$1.14 million: \$540,526 for two workshop productions and the off-Broadway production, and \$588,899 to transfer the production to Broadway. Weekly running costs on Broadway were approximately \$130,000 in 1971. The development of *A Chorus Line* was financed as a regular part of the New York Shakespeare Festival season from a combination of earned income and unrestricted donations supporting the general operations of the theater. During the early 1970s, when *A Chorus Line* and other innovative theater pieces were being developed, the New York State Council on the Arts and the New York City Department of Cultural Affairs together gave in excess of half a million dollars annually to the New York Shakespeare Festival in general operating support to allow them to spend time and money on the development of untested kinds of productions. A restricted donation of \$250,000 from board member LuEsther Mertz enabled the New York Shakespeare Festival to move the production to the Shubert Theater and retain sole producing rights. (Source: New York State Council on the Arts, New York City Department of Cultural Affairs, Bernard Gersten, Lincoln Center Theater.)

Total box office gross for *A Chorus Line* (all productions internationally) was \$280.6 million as of the end of April 1990. Total New York box office gross was \$149 million from the attendance of more than 6.6 million people. Approximately 250 actors were employed in the Broadway production during its fifteen-year run. Film rights were sold in 1975 to Universal Pictures for \$5.5 million plus 20 percent of the distributors' gross rentals above

\$30 million. The film production cost was \$27 million and U.S. domestic distributor rentals of the film was almost \$10 million as of April 1990. Embassy Home Entertainment released the home video in 1987. Stock and amateur license rights were sold for \$2 million in 1985 to TamsWitmark, Inc. The original cast album, released in 1975 by Columbia Records, had total sales of 1.25 million by October 1983.

Total profit (all productions internationally and ancillary income) as of April 1990 was approximately \$50 million split 75–25 percent between the New York Shakespeare Festival and Michael Bennett's Plum Productions. The New York Shakespeare Festival's net income from all New York Shakespeare Festival sponsored companies was \$38.75 million, a total return of almost 3,400 percent on an original investment of \$1.14 million. (Source: *The Longest Line, Broadway's Most Singular Sensation: A Chorus Line*, by Gary Stevens and Alan George, New York and London: Applause Theatre Book Publishers, 1995.) The production of *A Chorus Line* allowed the Public Theater to build a quasi-endowment of an estimated \$18-20 million. (Source: Bernard Gersten, Lincoln Center Theater.)

In 1996, another musical successfully moved to Broadway. *Rent* originated at the nonprofit New York Theater Workshop and, like *A Chorus Line*, grew out of a long developmental process. The production evolved through workshops during spring 1993 and fall 1994, and a full off-Broadway production, capitalized at \$255,000, previewed on January 26, 1996 and had a short run at New York Theatre Workshop until March 31, 1996. As was the case with *A Chorus Line* at New York Shakespeare Festival, *Rent* was developed at New York Theatre Workshop during a time when the theater group was receiving general operating support from the New York State Council on the Arts and the New York City Department of Cultural Affairs, although not nearly the amount of funding that the Public Theater enjoyed in the early 1970s. From FY'93 to FY'96, New York State Council on the Arts' support of New York Theatre Workshop totaled almost \$194,000 and the New York City Department of Cultural Affairs funding totaled about \$35,000. Another source of support was a six-year-old commercial theater producer, The Booking Group, which contributed \$100,000. This contribution facilitated the negotiation of an agreement to produce *Rent* on Broadway between The Booking Group and the estate of the author, Jonathan Larson.

The Broadway production of *Rent* opened April 29, 1996. This production was capitalized at \$3.5 million, plus \$800,000 for atmospheric renovations to the Nederlander Theatre. The cost of the capitalization was earned back by late summer. Weekly expenditures for the Broadway production totaled approximately \$320,000. Fifty actors, musicians, designers, stage hands, administrative and front-of-house personnel are employed by the production which, as of November 1, 1996, had advance sales of \$9.1 million or approximately seventeen weeks of sold out performances.

Whether *Rent* will enjoy the longevity and worldwide popularity of *A Chorus Line* will not be known for some time, but many avenues are being explored in addition to the New York Broadway production. Currently, activities related to *Rent* include: a production in Boston (eventually touring to Minneapolis, Chicago, Detroit and Philadelphia); a West Coast production; a production in Toronto which will tour Canada; a London production; international tours to Sydney, Germany, Japan, Austria, France, the Netherlands, and a Spanish-speaking production to tour in South America. The original two-compact disc cast recording arrived in stores in September 1996 and sold 42,800 copies in the first week. A book published by William Morrow & Company is due out in June 1997. The movie rights are currently being negotiated and in-theater merchandising efforts (T-shirts, caps) are described as lucrative. (Source: Jeffery Seller, The Booking Group)

For its role in the premiere production of *Rent*, New York Theatre Workshop is estimated to receive 1 percent of the musical's gross and 5 percent of net profits of certain venues. (Source: Greg Evans, "Rent, A Reality Check for the Usual Suspects," *Variety*, July 15–21, 1996)

Appendix B

Broadway Statistics

	1995/1996	Percent increase from 1994/1995	1994/1995
Attendance	<u>9,455,284</u>	<u>4.61</u>	<u>9,038,977</u>
Musicals	7,227,608	-2.32	7,399,642
Plays	1,919,993	34.39	1,428,690
Specials	307,683	46.07	210,645
Gross Receipts	<u>\$436,000,734</u>	<u>7.36</u>	<u>\$406,121,744</u>
Musicals	\$357,260,268	2.00	\$350,268,238
Plays	\$ 67,686,354	38.21	\$ 48,973,730
Specials	\$ 11,054,112	60.68	\$ 6,879,776
Playing Weeks	<u>1,146</u>	<u>2.50</u>	<u>1,118</u>
Musicals	705		761
Plays	351		283
Specials	90		74
New Shows	<u>38</u>	<u>1.03</u>	<u>29</u>
Musicals	11		5
Plays	21		19
Specials	4		3
Return Engagements	2		2
Total Shows	<u>63</u>		<u>55</u>
Musicals	25		21
Plays	31		28
Specials>Returns	7		6
Performances (including previews)	<u>8,867</u>	<u>1.46</u>	<u>8,739</u>
Musicals	5,619		6,068
Plays	2,695		2,187
Specials	553		484

Source: League of American Theatres and Producers

Appendix B

Art Gallery Questionnaire

September 16, 1996

The following survey of art galleries and dealers is being conducted as part of a study for the NY State Council on the Arts, and NYC's Department of Cultural Affairs. Your responses will be aggregated with others to estimate how more than 700 art galleries and dealers across the State benefit the economy. All responses will be completely confidential. Thank you for your participation.

1. How many people work in your organization full-time? _____ part-time? _____
2. About how many people visited your gallery in 1995? _____
3. Can you estimate the percentage that the following items account for in your total operating budget?

labor	_____ percent
payroll taxes and benefits	_____ percent
rent	_____ percent
inventory	_____ percent
4. About how much did you spend on permanent capital improvements in 1995? \$ _____
5. What was your total operating budget in 1995? \$ _____
6. In what county are you located? _____

If Manhattan, are you above 42nd St.	_____
below 42nd St.	_____

Appendix B

Motion Picture and Videotape Production Data for New York State, FY'95 (SIC 7812)

		Employment	Salary
1994	July	23,266	
	August	24,321	
	September	24,393	\$48,060.9
	October	25,146	
	November	25,329	
	December	26,312	\$51,513.1
1995	January	22,960	
	February	23,647	
	March	24,710	\$60,436.9
	April	25,205	
	May	27,252	
	June	26,266	\$48,062.9
	Annual Average	24,900.6	\$51,902.4

Source: New York State Department of Labor

Motion Picture and Videotape Production Data for New York City, FY'95 (SIC 7812)

		Employment	Salary
1994	July	17,596	
	August	18,894	
	September	18,788	\$49,339.7
	October	19,486	
	November	20,373	
	December	20,555	\$53,876.2
1995	January	16,863	
	February	17,880	
	March	17,827	\$66,868.7
	April	17,927	

May	19,942	
June	19,029	\$52,577.6
Annual Average	18,763.3	\$55,467.8

Source: New York State Department of Labor

Appendix C: Visitor Expenditures - Methodology

The expenditures of visitors who came to New York State because of its cultural offerings were estimated by comparing FY'95 attendance patterns at major attractions with the results of the survey-based analysis done for the 1993 Port Authority/Alliance for the Arts study, *The Arts as an Industry: Their Economic Importance to the New York-New Jersey Metropolitan Region*. The assumptions implicit in this methodology are that the proportion of out-of-state visitors who came for the arts has not changed, except for some cases in which there was specific information to the contrary, and that their per-person visitor expenditures have increased with inflation, but otherwise remained unchanged.

The Port Authority/Alliance report of 1993 describes the methodology used in the following way: "In order to quantify these expenditures (of visitors who come to New York for the arts), surveys of audiences were conducted at those institutions known to draw a large volume of visitors from outside the region. In these surveys, respondents were asked where they lived, what was the main purpose of the trip, how they traveled and how long they planned to stay in the region. Respondents were then asked a series of detailed questions about their expenditures while in the New York region. Only those expenditures by visitors who came primarily for the arts or extended their stay to attend an arts or cultural event have been included in this measurement of visitor spending. For "extenders," only the proportion of total trip expenditures made during their arts-motivated extension is included. Surveys of visitors were conducted at Broadway theaters (six different musicals and plays), the Metropolitan Museum of Art, the Metropolitan Opera, the New York City Ballet, the American Museum of Natural History and the Guggenheim Museum. These venues were chosen because they attract the largest numbers of visitors among those sites showing "typical" exhibits and operating at full capacity during the interviewing period. The sample survey response (43 percent, or 11,366 completed questionnaires), when weighted to reflect overall attendance at each site, has provided a detailed profile of residents and visitors alike and yields a robust set of spending estimates and trip purpose characteristics." (*The Arts as an Industry*, page 41)

These estimates were adjusted to reflect inflation, the fact that this analysis considers all of New York State rather than the metropolitan region and changes in attendance levels and residence patterns since the 1993 study.

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Estimated New York City Taxes and Fees Generated from All Arts Categories, FY'95

Appendix D: Impact Analysis - Methodology

Economic impact analysis is the estimation of a given industry's full effect on the economy of a given location. It reflects how the industry contributes to a local economy as it purchases goods and services in that economy and as its suppliers and workers, in turn, purchase goods and services in that economy. This interindustry process is referred to as the ripple effect. Estimates of the full impact of an industry's spending and its ripple effect are most accurately made through input-output analysis. Input-output tables relate the outputs of various industries to its input requirements from other industries (the indirect effect) and from labor (the induced effect) in such a way as to estimate the total economic impact of the initial activity.

For example, a business makes purchases from suppliers, most of which are nearby, such as utilities and providers of professional services. (Purchases which are made from suppliers outside the study area are considered to be "leakages" and are not included in the total impact estimate.) The first round of spending within a given geographic area sets off successive rounds of spending by the supplying industries (the indirect effect). In addition, wages and salaries paid by an industry will be spent locally, for the most part, thereby producing even more spending in the region (the induced effect). Each round (or ripple) is smaller than the one before, as money "leaks" out of the geographic area being studied. Input-output models sum up all these successive rounds of spending, giving a total spending, or output, impact. Therefore, the total impact equals the direct spending plus the indirect effect plus the induced effect. Estimates of the total income and employment generated are calculated in a similar fashion.

The input-output model used in the study was IMPLAN, a nationally recognized leader in the field. The portion of the IMPLAN model used was derived specifically for New York State and New York City, using State and county data. The IMPLAN model was selected for this study because it includes an exceptionally wide range of industries and permits a number of important modifications where warranted. Inputs and outputs are available in the model for over 500 industries in the State, with good coverage in the retail and services sectors, an important consideration for the arts "industry." Modifications were made to retail margins, State and local purchase coefficients, and the calculation of induced effects when such adjustments would likely result in more realistic outputs. In every case, an upper and lower impact was estimated using conservative assumptions, and the midpoint was chosen as the most likely result. Key to the accurate use of this model was the research that developed the levels and detailed patterns of expenditures of the cultural sector.

In addition to the economic impact, the fiscal impact of the arts was estimated from a tax model which translates economic impacts into tax revenue estimates. The model, developed by the firm of T.J. Spitznas & Associates, estimates the impact on the personal income tax, the sales and use tax and the various business taxes at both the New York State and New York City levels.

Appendix D

Output, Employee Compensation and Employment Ranges, FY'95

Total Economic Impact of New York State Nonprofit Cultural Organizations, FY'95

	Total Output (\$1,000)	Total Employee Compensation (\$1,000)	Employment (No. of Jobs)
Most Likely (midpoint)	4,056,620	1,846,485	55,728
Range:			
Upper Limit	4,169,049	1,885,235	57,157
Lower Limit	3,944,191	1,807,734	54,299

**Total Economic Impact of Arts Capital Spending by New York State
Nonprofit Organizations, FY'95**

	Total Output (\$1,000)	Total Employee Compensation (\$1,000)	Employment (No. of Jobs)
Most Likely (midpoint)	174,421	55,471	1,688
Range:			
Upper Limit	179,375	57,146	1,751
Lower Limit	169,467	53,795	1,625

Total Economic Impact of New York City Nonprofit Cultural Organizations, FY'95

	Total Output (\$1,000)	Total Employee Compensation (\$1,000)	Employment (No. of Jobs)
Most Likely (midpoint)	3,225,040	1,517,935	40,723
Range:			
Upper Limit	3,252,185	1,526,991	40,998

Lower Limit	3,197,895	1,508,879	40,447
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Source for 3 tables above: Alliance for the Arts

Appendix D

Total Economic Impact

Total Economic Impact of Arts Capital Spending by New York City Nonprofit Cultural Organizations, FY'95

	Total Output (\$1,000)	Total Employee Compensation (\$1,000)	Employment (No. of Jobs)
Most Likely (midpoint)	139,494	47,361	1,194
Range:			
Upper Limit	139,694	47,518	1,198
Lower Limit	139,294	47,203	1,190

Total Economic Impact of New York State Commercial Theater, FY'95

	Total Output (\$1,000)	Total Employee Compensation (\$1,000)	Employment (No. of Jobs)
Most Likely (midpoint)	1,064,325	553,099	11,981
Range:			
Upper Limit	1,083,731	559,789	12,232
Lower Limit	1,044,919	546,409	11,730

Total Economic Impact of Arts Capital Spending by New York State Commercial Theater, FY'95

	Total Output (\$1,000)	Total Employee Compensation (\$1,000)	Employment (No. of Jobs)
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Most Likely (midpoint)	9,141	2,803	85
Range:			
Upper Limit	9,373	2,882	88
Lower Limit	8,909	2,723	82

Source for 3 tables above: Alliance for the Arts

Appendix D

Total Economic Impact

Total Economic Impact of New York City Commercial Theater, FY'95

	Total Output (\$1,000)	Total Employee Compensation (\$1,000)	Employment (No. of Jobs)
Most Likely (midpoint)	1,003,368	540,476	10,733
Range:			
Upper Limit	1,006,426	541,392	10,763
Lower Limit	1,000,310	539,561	10,703

Total Economic Impact of Arts Capital Spending by New York City Commercial Theater, FY'95

	Total Output (\$1,000)	Total Employee Compensation (\$1,000)	Employment (No. of Jobs)
Most Likely (midpoint)	8,051	2,618	66
Range:			
Upper Limit	8,091	2,637	66
Lower Limit	8,011	2,598	65

Total Economic Impact of New York State Art Galleries & Auction Houses, FY'95

	Total Output (\$1,000)	Total Employee Compensation (\$1,000)	Employment (No. of Jobs)
Most Likely (midpoint)	894,855	311,483	7,700
Range:			
Upper Limit	904,797	314,829	7,830
Lower Limit	884,913	308,137	7,569

Source for 3 tables above: Alliance for the Arts

Appendix D

Total Economic Impact

**Total Economic Impact of Arts Capital Spending by New York State
Art Galleries & Auction Houses, FY'95**

	Total Output (\$1,000)	Total Employee Compensation (\$1,000)	Employment (No. of Jobs)
Most Likely (midpoint)	24,757	7,594	231
Range:			
Upper Limit	25,383	7,806	239
Lower Limit	24,131	7,382	223

Total Economic Impact of New York City Art Galleries & Auction Houses, FY'95

	Total Output (\$1,000)	Total Employee Compensation (\$1,000)	Employment (No. of Jobs)
Most Likely (midpoint)	823,254	293,068	6,211
Range:			
Upper Limit	826,455	294,481	6,251

Lower Limit	820,053	291,655	6,170
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**Total Economic Impact of Arts Capital Spending by New York City
Art Galleries & Auction Houses, FY'95**

	Total Output (\$1,000)	Total Employee Compensation (\$1,000)	Employment (No. of Jobs)
Most Likely (midpoint)	21,528	7,003	175
Range:			
Upper Limit	21,639	7,056	176
Lower Limit	21,418	6,950	173

Source for 3 tables above: Alliance for the Arts

Appendix D

Total Economic Impact

Total Economic Impact of New York State Motion Picture & TV Production, FY'95

	Total Output (\$1,000)	Total Employee Compensation (\$1,000)	Employment (No. of Jobs)
Most Likely (midpoint)	4,437,266	2,245,074	50,869
Range:			
Upper Limit	4,557,174	2,286,811	52,409
Lower Limit	4,317,358	2,203,338	49,329

Total Economic Impact of New York City Motion Picture & TV Production, FY'95

	Total Output (\$1,000)	Total Employee Compensation (\$1,000)	Employment (No. of Jobs)
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Most Likely (midpoint)	3,351,472	1,759,523	35,068
Range:			
Upper Limit	3,381,980	1,770,232	35,395
Lower Limit	3,320,965	1,748,814	34,740

Total Economic Impact of New York State Visitor Ancillary Spending, FY'95

	Total Output (\$1,000)	Total Employee Compensation (\$1,000)	Employment (No. of Jobs)
Most Likely (midpoint)	2,754,376	1,144,463	45,782
Range:			
Upper Limit	3,197,419	1,300,168	51,395
Lower Limit	2,311,333	988,757	40,169

Source for 3 tables above: Alliance for the Arts

Appendix D

Total Economic Impact

Total Economic Impact of New York City Visitor Ancillary Spending, FY'95

	Total Output (\$1,000)	Total Employee Compensation (\$1,000)	Employment (No. of Jobs)
Most Likely (midpoint)	2,502,200	1,127,011	36,277
Range:			
Upper Limit	2,726,846	1,209,850	38,760
Lower Limit	2,277,555	1,044,172	33,793

Source: Alliance for the Arts

Appendix D

Tax Ranges, FY'95

Estimated New York State Taxes Generated from Nonprofit Cultural Organizations, FY'95

	Most Likely (\$1,000)	Upper (\$1,000)	Lower (\$1,000)
Personal Income Tax* (from I-O inputs)	69,904	71,684	68,124
Sales, Excise & User Taxes	36,913	37,942	35,884
Business Taxes**	15,037	15,855	14,220
Other Taxes and Fees***	3,283	3,452	3,114
Total Taxes	125,138	128,933	121,342

Estimated New York State Taxes Generated from Commercial Theater, FY'95

	Most Likely (\$1,000)	Upper (\$1,000)	Lower (\$1,000)
Personal Income Tax* (from I-O inputs)	26,641	26,935	26,347
Sales, Excise & User Taxes	9,886	10,066	9,705
Business Taxes**	7,720	7,860	7,579
Other Taxes and Fees***	1,060	1,275	845
Total Taxes	45,307	46,137	44,476

Estimated New York State Taxes Generated from Art Galleries & Auction Houses, FY'95

	Most Likely (\$1,000)	Upper (\$1,000)	Lower (\$1,000)
Personal Income Tax* (from I-O inputs)	14,008	14,149	13,866
Sales, Excise & User Taxes	6,811	6,901	6,720
Business Taxes**	5,318	5,389	5,248
Other Taxes and Fees***	784	799	768
Total Taxes	26,920	27,238	26,603

- * Personal Income Taxes estimated from New York State personal income tax schedules; other taxes estimated on basis of historical relationships with relevant measures of New York State economic activity.
- ** Corporation Franchise Tax, Corporation & Utilities Tax, Insurance Taxes, Petroleum Taxes, Bank Tax.
- *** Property transfer taxes plus other taxes and fees, excluding fees not collected by the New York State Department of Taxation & Finance.

Source for 3 tables above: Alliance for the Arts

Appendix D

Tax Ranges, FY'95

Estimated New York State Taxes Generated from Motion Picture & TV Production, FY'95

	Most Likely (\$1,000)	Upper (\$1,000)	Lower (\$1,000)
Personal Income Tax* (from I-O inputs)	101,842	103,683	100,001
Sales, Excise & User Taxes	41,214	42,328	40,101
Business Taxes**	32,184	33,054	31,314
Other Taxes and Fees***	3,937	4,141	3,733
Total Taxes	179,177	183,206	175,149

Estimated New York State Taxes Generated from Ancillary Spending by Cultural Tourists, FY'95

	Most Likely (\$1,000)	Upper (\$1,000)	Lower (\$1,000)
Personal Income Tax* (from I-O inputs)	48,706	57,543	39,868
Sales, Excise & User Taxes	25,319	29,391	21,246
Business Taxes**	19,771	22,951	16,591
Other Taxes and Fees***	2,995	3,650	2,340
Total Taxes	96,790	113,536	80,045

Estimated New York State Taxes Generated from Arts Capital Spending, FY'95

	Most Likely (\$1,000)	Upper (\$1,000)	Lower (\$1,000)
Personal Income Tax* (from I-O inputs)	3,402	3,495	3,309
Sales, Excise & User Taxes	1,710	1,763	1,657
Business Taxes**	1,335	1,377	1,294
Other Taxes and Fees***	267	276	258

Total Taxes	6,714	6,910	6,518
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- * Personal Income Taxes estimated from New York State personal income tax schedules; other taxes estimated on basis of historical relationships with relevant measures of New York State economic activity.
- ** Corporation Franchise Tax, Corporation & Utilities Tax, Insurance Taxes, Petroleum Taxes, Bank Tax.
- *** Property transfer taxes plus other taxes and fees, excluding fees not collected by the New York State Department of Taxation & Finance.

Source for 3 tables above: Alliance for the Arts

Appendix D

Tax Ranges, FY'95

Estimated New York State Taxes and Fees Generated from All Arts Categories, FY'95

	Most Likely (\$1,000)	Upper (\$1,000)	Lower (\$1,000)
Personal Income Tax* (from I-O inputs)	264,503	277,490	251,515
Sales, Excise & User Taxes	121,852	128,392	115,313
Business Taxes**	81,366	86,486	76,246
Other Taxes and Fees***	12,326	13,593	11,058
Total Taxes	480,047	505,961	454,132

Estimated New York City Taxes and Fees Generated from Nonprofit Cultural Organizations, FY'95

	Most Likely (\$1,000)	Upper (\$1,000)	Lower (\$1,000)
Personal Income Tax* (from I-O inputs)	20,569	20,852	20,286
Sales, Excise & User Taxes	18,217	18,378	18,056
Business Taxes**	11,646	11,851	11,441
Other Taxes and Fees***	3,025	3,051	2,998
Total Taxes	53,457	54,132	52,781

Estimated New York City Taxes Generated from Commercial Theater, FY'95

	Most Likely (\$1,000)	Upper (\$1,000)	Lower (\$1,000)
Personal Income Tax* (from I-O inputs)	10,002	10,045	9,958
Sales, Excise & User Taxes	6,065	6,084	6,047
Business Taxes**	7,543	7,566	7,520
Other Taxes & Fees***	1,007	1,010	1,004
Total Taxes	24,617	24,705	24,529

* Personal Income Taxes estimated from New York State personal income tax schedules; other taxes estimated on basis of historical relationships with relevant measures of New York State economic activity.

** Corporation Franchise Tax, Corporation & Utilities Tax, Insurance Taxes, Petroleum Taxes, Bank Tax.

*** Property transfer taxes plus other taxes and fees, excluding fees not collected by the New York State Department of Taxation & Finance.

Source for 3 tables above: Alliance for the Arts

Appendix D

Tax Ranges, FY'95

Estimated New York City Taxes Generated from Art Galleries & Auction Houses, FY'95

	Most Likely (\$1,000)	Upper (\$1,000)	Lower (\$1,000)
Personal Income Tax* (from I-O inputs)	4,321	4,340	4,302
Sales, Excise & User Taxes	3,860	3,879	3,841
Business Taxes**	4,800	4,823	4,777
Other Taxes and Fees***	641	644	638
Total Taxes	13,622	13,686	13,558

Estimated New York City Taxes Generated from Motion Picture & TV Production, FY'95

	Most Likely (\$1,000)	Upper (\$1,000)	Lower (\$1,000)
Personal Income Tax* (from I-O inputs)	32,437	32,737	32,137
Sales, Excise & User Taxes	20,259	20,443	20,074
Business Taxes**	25,194	25,424	24,965
Other Taxes and Fees***	3,364	3,394	3,333
Total Taxes	81,254	81,998	80,510

Estimated New York City Taxes Generated from Arts Capital Spending, FY'95*

	Most Likely (\$1,000)	Upper (\$1,000)	Lower (\$1,000)
Personal Income Tax** (from I-O inputs)	575	588	562
Sales, Excise & User Taxes	844	848	841
Business Taxes***	1,050	1,054	1,046
Other Taxes and Fees****	140	141	140
Total Taxes	2,609	2,630	2,588

* Personal Income Taxes estimated from New York State personal income tax schedules; other taxes estimated on basis of historical relationships with relevant measures of New York State economic activity.

** Corporation Franchise Tax, Corporation & Utilities Tax, Insurance Taxes, Petroleum Taxes, Bank Tax.

*** Property transfer taxes plus other taxes and fees, excluding fees not collected by the New York State Department of Taxation & Finance.

Source for 3 tables above: Alliance for the Arts

Appendix D

Tax Ranges, FY'95

Estimated New York City Taxes and Fees Generated from All Arts Categories, FY'95*

	Most Likely (\$1,000)	Upper (\$1,000)	Lower (\$1,000)
Personal Income Tax** (from I-O inputs)	78,699	81,692	75,707
Sales, Excise & User Taxes	63,908	65,616	62,199
Business Taxes***	68,468	70,597	66,339
Other Taxes and Fees****	10,611	10,895	10,328
Total Taxes	221,686	228,800	214,573

* Including taxes derived from capital spending by Nonprofit Cultural Organizations, Commercial Theater and Art Galleries and Auction Houses.

** Personal income taxes estimated from NYC personal income tax schedules; other taxes estimated on basis of historical relationships with relevant measures of NYC economic activity.

*** General Corporation Tax, Bank Tax, Unincorporated Business Tax, Utilities Tax, Commercial Rent Tax, Mortgage Recording Tax, Real Property Transfer Taxes. Direct output of Nonprofit Cultural excluded.

**** Hotel Tax, OTB Dividend and Surcharge, Stock Transfer Taxes.

Source: Alliance for the Arts
