

ART MATTERS

It's no secret that vibrant artistic and cultural communities are what make great cities great. In the past few years Nashville, like cities across America, has begun to prioritize the arts, realizing that the most successful 21st-century metropolises will be those in which creative, innovative people choose to live and work. The Frist Center, Country Music Hall of Fame, TPAC's renovations and the building of Schermerhorn Symphony Center demonstrate this commitment to the arts in Nashville.



Rendering of Schermerhorn Symphony Center provided by The Nashville Symphony

The arts contribute not only to a city's quality of life but to its financial health. They add directly to the economy by employment and its ripple effects, and they add exponentially by drawing local visitors and out-of-town tourists who patronize a wide range of businesses as well. Ultimately, a well-established arts scene—both commercial and nonprofit—is key to attracting desirable new permanent residents and companies.

Impact of the Nonprofit Arts on the Local Economy

	2003	2002
Full-time equivalent jobs	1,884	2,064
SALES REVENUE (community-wide)		
Generated by arts organizations	\$100 million	Not reported
Generated by arts audiences	\$ 58 million	Not reported
Total sales revenue	\$158 million	Not reported
PERSONAL INCOME		
Generated by arts organizations	\$ 78 million	\$ 74 million
Generated by arts audiences	\$ 34 million	\$ 30 million
Total personal income	\$112 million	\$104 million
STATE AND LOCAL TAXES		
Generated by arts organizations	\$5 million	Not reported
Generated by arts audiences	Not reported	Not reported

This ninth annual study—conducted by Middle Tennessee State University, the Nashville Area Chamber of Commerce and the Metropolitan Nashville Arts Commission—measures the economic state of the nonprofit arts based on responses from 60 arts groups in the metro area about their fiscal year 2003 operations. A barometer of a healthy arts community and a healthy city, the numbers provide valuable clues to Nashville's cultural and economic future.



PARTICIPATING ORGANIZATIONS

- | | | |
|----------------------------------------------------|---------------------------------------------|-----------------------------------------------------------------------------------|
| Abintra Montessori School | Humanities Tennessee | Scarritt-Bennett Center/Celebration of Cultures |
| ACT I (Artists' Cooperative Theater 1) | The Hermitage/Ladies Hermitage Association | St. Clair Street Senior Center |
| Acholi Sudanese Cultural Association | Lakewood Theatre Company | Stones River Crafts Association |
| Actors Bridge Ensemble Theatre of Nashville | Live Music in America | Tennesseans for the Arts |
| American Institute of Architects, Middle TN | Main Street, Murfreesboro/Rutherford County | Tennessee Art League |
| Arts in the Airport Foundation | Metro Parks and Recreation, Arts Program | Tennessee Arts Commission |
| Belcourt YES! | Metro Nashville Arts Commission | Tennessee Association for the Preservation & Perpetuation of Storytelling (TAPPS) |
| Belmont Mansion | Mockingbird Public Theatre | Tennessee Association of Craft Artists |
| Cheekwood Botanical Garden and Museum of Art | Music City Blues Society | Tennessee Performing Arts Center |
| Discovery Center at Murfree Spring | Nashville Ballet | Tennessee Repertory Theatre |
| Country Music Hall of Fame and Museum/Foundation | Nashville Calligraphers Guild | Tennessee State Museum |
| Cumberland University Fine Arts Dept./Arts Academy | Nashville Chamber Orchestra | Travellers Rest Plantation and Museum |
| Family and Children's Service/Lifework Productions | Nashville Children's Theatre | Vanderbilt University, Blair School of Music |
| Friends of Tennessee Art League | Nashville Cultural Arts Project | Vanderbilt University Fine Arts Gallery |
| Frist Center for the Visual Arts | Nashville Film Festival | Vanderbilt University, Sarratt Student Center |
| Global Education Center | Nashville Opera Association | Village Cultural Arts Center |
| Handweavers Guild of Nashville | Nashville Shakespeare Festival | W.O. Smith Nashville Community Music School |
| Hendersonville Arts Council | Nashville Symphony | Watkins College of Art & Design |
| Historic Watertown | Nashville Symphony Guild | |
| | O'More College of Design | |
| | Parthenon Patrons | |
| | People's Branch Theatre | |
| | RUBY GREEN Foundation | |



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Nashville Symphony

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Watkins College

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METROPOLITAN NASHVILLE ARTS COMMISSION



ARTS & the Economy 2003



Adding Record Amounts To Nashville

Any way you measure it, the economic impact of the arts on Nashville's economy is significant. One measurement looks at the portion of total sales revenue in the community that is attributable to arts-related activities. For 2003 that figure was \$158 million. (This number was not tracked in previous years.)

Another measure of the economic impact of the arts is the personal income it produces for individuals. For 2003, total personal income was \$112 million, an 8% increase over 2002. To reach this number the personal income derived from estimated ancillary spending by audiences in connection with arts events (meals, hotels, etc.) is added to the amount generated by arts organizations themselves.

At \$78 million, the personal income generated by arts organizations alone was the highest since the study began, increasing 147% since 1995.

Arts Organizations' Combined Results of Operations

	2003	2002
Total attendance	2.4 million	2.1 million
Total earned revenue	\$43 million	\$40 million
Contributions		
Individuals	\$ 8 million	\$ 5 million
Businesses	\$ 2 million	\$ 4 million
Guilds/Auxiliaries	\$ 1 million	\$ 1 million
Foundations	\$ 8 million	\$ 10 million
Government	\$ 9 million	\$ 8 million
Total contributions	\$ 28 million	\$ 28 million
Other revenue	\$ 9 million	\$ 6 million
Total revenue	\$80 million	\$74 million
Operating expenses	\$82 million	\$79 million
Operating deficit	(\$2 million)	(\$5 million)

THE STATE OF THE ARTS

The Arts Are Growing Strong

The combined operating results of the 60 participating local arts groups shows that both earned revenue, at \$43 million, and total revenue (including contributions), at \$80 million, are at their highest levels since the study began in 1995. Looking at the long-term trend, one sees a steady increase in both measures from 1995-1998. A big dip in 1999 may have been due to the expansion of professional sports and the increased competition for entertainment dollars and contributions. Arts revenues bounced back in 2000, returning to an upward trend that saw total revenue increase 8% from 2002 to 2003. Attendance at arts events also made a positive turn over the prior year, up 12% in 2003.

Local Support Makes It Possible

Operating expenses for 2003 increased along with revenue to a record high. The bottom line was an operating deficit of \$2 million, as compared to a deficit of \$5 million in 2002 (the worst operating result since the study began). It's too early to tell if the recent positive trend will produce a surplus next year or if deficits will continue.

While Nashville arts organizations have been increasingly successful in generating earned revenue (covering more than half of their operating expenses), they must rely, as all nonprofits do, on contributions to make up the shortfall. In 2003, total contributions were \$28 million, the same level as 2002, though that amount was not enough to produce a surplus.

Though total contributions held steady, a closer look reveals variance in the sources of support. Contributions by individuals and government were up (56% and 23% respectively), while those by businesses and foundations fell (47% and 19%). Total private funding fell for the second straight year.

Government reaps an immediate return on investment. Of the \$9 million in total government support during 2003, \$6 million came from local and state government. During the same time period, local and state tax revenues generated by arts organizations totaled more than \$5 million. This figure does not include taxes generated by ancillary audience spending.

LOOKING FORWARD

Nashville has come far in building a robust arts community. Local arts groups now offer an array of high-quality programming—from visual arts, to ballet, to theater, music and crafts. The economic benefit of this growth is measurable. However, when looked at as a whole, the city's arts groups have operated at a deficit for the past three years. In order to maintain the quality and quantity of arts activities—and the clear economic and cultural benefits they provide—these organizations must be able to cover their expenses.

Among the cultural benefits is the major contribution Nashville's arts groups make to education. They offer children direct exposure to and experience with the arts and bolster the arts curriculum available in school. In 2003, 75% of the 60 organizations surveyed reported that they had programs for students in K-12. Of those, 30% said that at least half of their programming was for these students. The extent to which arts organizations can contribute to education depends on the level of financial support they receive.

So with increased momentum of community-wide support Nashville is poised to be one of those winning 21st-century cities that educates and enlightens all of its citizens, retains its most talented ones with a rich cultural life and attracts the type of creative newcomers who are the engine of economic growth.