

2004 Study of Metro Denver Culture - Executive Summary

The Dividends of Culture

Introduction

Historically, the decision to support cultural activity stemmed from an appreciation of culture. The economic ramifications were rarely considered.

Today, changing political, social, and economic climates are informing a re-examination of the role of cultural entities in society. The findings? Investments in culture pay handsome dividends to business, the economy, our community, and quality of life.

In addition to offering enlightening and entertaining experiences to patrons, cultural and scientific organizations increasingly contribute to the overall health of our economy. Cultural and scientific organizations:

- Provide employment
- Offer the amenities needed to attract tourism and new business
- Serve as a catalyst for growth and redevelopment of other economic sectors

CBCA and Deloitte Consulting, LLP publish the bi-annual study of economic activity generated by metro Denver culture to translate culture's operations into business terms.

Culture's Return on Investment

The metro Denver region is home to more than 300 nonprofit cultural and scientific organizations. Diverse in size and mission, these organizations present culture's many forms, from the performing and fine arts, to science and history.

Taken as a whole, cultural and scientific organizations attracted millions in new revenue to the metro Denver economy in 2003 from cultural tourism, capital expenditures, and federal government grants.

CBCA and Deloitte's findings convey the considerable economic influence of our cultural community: with a \$35 million outlay from metro Denver taxpayers in 2003, the cultural industry created a remarkable 14:1 return on investment, attracting a significant infusion of new money to the region of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson counties.

The Commerce of Culture

Together, metro Denver cultural and scientific organizations generated \$1.3 billion in economic activity in 2003, driving \$497 million in *new* revenue to the metro Denver economy.¹

A strong cultural industry is an important component of metro Denver's economic vitality.

- This billion dollar industry is the 6th largest non-governmental employer in the metro Denver region, and the 7th largest in the state.²
- Cultural and scientific organizations disbursed \$86 million in wages to 9,450 employees, and paid almost \$14 million in payroll, seats, and sales tax.

- Of the nearly \$500 million in new revenue culture attracted to the economy, more than \$400 million comes from cultural tourism. Metro Denver culture drew 2.8 million visitors from outside the metro Denver area, a \$403 million boon to the economy.

Metro Denver's Scientific and Cultural Facilities District (SCFD) is a national model and funds the cultural and scientific organizations that give back so much to the regional economy. The tax, a penny on every \$10 sale in the seven-county area, helps maintain the cultural vibrancy of the Rocky Mountain region.

Boosting Business

A vibrant cultural industry not only promotes a good business environment, it enhances business directly.

- Arts and culture provide highly-skilled labor to fuel other industries, such as the creative businesses (e.g., design, publishing, film production, etc.) along Colorado's Front Range, an area with the fourth-highest density of creative industries among major metropolitan areas in the United States.³
- Thousands of non-arts businesses look to cultural experiences to spark employee creativity, learning, and enterprise.
- Culture also attracts local and out-of-town visitors to hotels, stores, and restaurants.

Creating Value

Less measurable, but no less important are culture's obvious contributions to our region's rich quality of life. Well-rounded Colorado residents and our visitors seek a variety of leisure-time activities, including sporting events, outdoor recreation, and other pastimes, in addition to culture.

In 2003, the combined attendance at professional sporting events, Front Range ski resorts, and Denver area cultural activities totaled more than 24 million.⁴ Nearly half of these visits – more than 11 million - were made to cultural activities. This is more than twice the state's population.⁵

And by helping to make our region a desirable place to live and work, culture gives metro Denver businesses a competitive edge in recruiting and retaining top-notch employees.

Building Community Assets

Culture also encourages growth and redevelopment in our cities and towns. Several new cultural facilities are under construction in metro Denver, and many more have been renovated or restored in recent years. Cultural and scientific organizations generated \$84 million of economic impact through capital expenditures in 2003.

Culture builds community in less tangible ways as well. The many forms of culture – arts, history, sciences – connect our community. Culture reveals common ground and shared identity, and through culture, community members grow in their understanding and appreciation of diverse experiences. For stimulation, inspiration, and transformation – in short, for experiences that count, people turn to culture.

Attendance at cultural events topped 11 million in 2003, indicating the public's broad support for metro Denver culture.

- More than 4.7 million people paid admission to visit a cultural activity in 2003. The entire population of metro Denver is just over 2.5 million.⁶

- Nearly 1 million people enrolled in educational courses at cultural and scientific organizations, and over 41,000 volunteers contributed a combined 1.9 million hours to their favorite cultural and scientific institutions.

The Real Economic Impact

CBCA and Deloitte's study of metro Denver culture measures the economic and social contributions of cultural and scientific organizations and explains cultural operations in business terms. Part of the survey tool quantifies economic impact, which differs somewhat from "economic activity."

"Economic impact" is a term of art for economists, one referring specifically to new money introduced into an economy from outside of the region. CBCA and Deloitte's study measures the seven-county metro Denver region, so for our purposes, economic impact comprises funds spent by people or entities from outside of the metro area. For example, a Jefferson County resident purchasing tickets for a Colorado Symphony Orchestra performance is feeding economic activity, while a California resident buying tickets for the same performance is creating economic impact.

Both economic activity and economic impact reap valuable social and economic benefits for the community, and both measurements are useful in helping a business audience understand the contributions of cultural and scientific organizations.

In 2003, metro Denver's cultural and scientific organizations generated \$1.3 billion in total economic activity, of which \$497 million is true economic impact. This true economic impact comes from cultural tourism (\$403 million), capital expenditures (\$84 million), and federal government grant funds (\$10 million) from outside the metro area. Clearly, the continued support and expansion of culture in its many forms drives new dollars to the metro Denver region.

Economic Resiliency

Jumps in attendance and increases in volunteer hours served speak to the ingenuity of cultural and scientific organizations in maintaining relevance to the community in challenging economic times.

Cultural and scientific organizations provided 765,000 reduced rate admissions, and free admissions rose to 5.8 million in 2003, engaging more people in culture by removing financial barriers to participation.

Business people took advantage of the skill-building, leadership development, and networking opportunities afforded by volunteer positions with cultural and scientific organizations. Cultural groups enjoyed the participation of 41,000 volunteers in 2003.

Cultural and scientific organizations kept up outreach activities in 2003. A major donor to public education, the cultural industry offered 2.3 million outreach opportunities to schools across the metro Denver area.

While donated income from individuals, businesses, foundations, and government accounts for a significant percentage of cultural organization revenues, more than 50% of cultural industry revenues were from earned income in 2003.

A Benchmark Study

From our 15-year history of quantifying the economic and social activity of arts and culture in metro Denver, CBCA and Deloitte know that our bi-annual study has played an important role in communicating the value of cultural and scientific organizations to businesses, foundations, media, and the public at large.

The 2004 study has special significance. It captures the population of recipients of Scientific and Cultural Facilities District (SCFD) funding better than ever before – a 93% response rate captures 96% of SCFD funds distributed.

Also, for the first time, CBCA and Deloitte have measured the economic impact of culture in real economic terms, i.e., what **new** money is being brought into the metro Denver region as a result of cultural and scientific organizations. By presenting the study findings using the most correct economic methods, CBCA and Deloitte increase the study's relevance to a broader audience and improve the accuracy of our conclusions.

For these reasons, CBCA and Deloitte's 2004 study of metro Denver culture is ideally suited to serve as a benchmark study. Future study findings can be compared with real validity to 2003 figures on economic activity and impact, attendance, volunteer hours, and other key indicators.

The Bottom Line

The 2004 Study of Metro Denver Culture conveys the world of culture in the language of business. By quantifying cultural and scientific organizations as an industry, CBCA and Deloitte raise awareness in the business community of the sales, jobs, and income the cultural community generates. For cultural and scientific organizations, the survey and study heighten awareness of how they are perceived through the eyes of the business community. Overall, the study illustrates how the combination of the two elements, business and culture, produces a sum greater than the two component parts.

Organizations Surveyed

CBCA and Deloitte's study surveys organizations that receive funding from the Scientific and Cultural Facilities District (SCFD), voter-approved funding for cultural and scientific organizations located within the seven-county metro Denver area. Via a 0.01% sales tax (one penny on every ten dollars), the SCFD funds more than 300 cultural and scientific institutions in Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson counties.

SCFD organizations that responded to surveys accounted for 96% of the \$35 million SCFD distributed in 2003. Data reported are from fiscal year 2003. The data in this study reflect the activity of survey respondents only.

The purpose of the study is to broaden awareness of culture's effect on the economy and the community. This is the sixth study of SCFD organizations conducted by CBCA and Deloitte (1992, 1995, 1997, 1999, 2001, 2003).

Many patrons of culture, including visitors from outside of the metro Denver region, attend cultural activities like Cirque de Soleil, the Newman Center for the Performing Arts, and Red Rocks Amphitheatre, which are not SCFD organizations and thus are not captured in CBCA and Deloitte's study. Like nonprofit SCFD organizations, however, these other cultural activities also generate

economic activity through operating and capital expenditures, as well as audience event-related spending. An analysis incorporating these other entities would achieve higher totals for culture-related economic activity.

Art Is Everybody's Business

The role culture plays in community is essential to business prosperity and overall quality of life, and business involvement is a critical factor in the success of cultural and scientific organizations. CBCA, an alliance of 140 businesses that recognize the long-term value of culture to business, works year-round to discover, share, and promote the synergies of business and culture. Active in business-arts programming, research, and advocacy, CBCA serves as a liaison between the business and arts communities. Find out more about CBCA's activities at www.cbca.org.

Acknowledgements

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Sources

¹ Total Direct & Indirect Economic Activity

Deloitte Consulting analysis of SCFD survey responses. RIMS multipliers provided by the Colorado Department of Local Affairs.

² Largest Private-Sector Employers

Denver Area: Top 25 Book of Lists, Vol. 55, No. 22, December 2003, The Denver Business Journal. Statewide: The Denver Post Top 100 Employers, May 11, 2003, The Denver Post.

³ Creative Industries Study, June 2004, Americans for the Arts

⁴ Attendance Figures

Colorado Ski Country USA 2002-2003 Season

Front Range Destination & Front Range Resorts: Arapahoe Basin, Beaver Creek, Breckenridge, Copper, Eldora, Keystone, Loveland, Ski Cooper, SolVista, Vail, and Winter Park. Home game attendance for the 2002-2003 season of Avalanche, Broncos, Mammoth, Nuggets, Rapids, and Rockies.

⁵ State Population Figures: U.S. Census Bureau.

⁶ Denver Area Population Figures: Metro Denver Economic Development Corporation