



Research Division Note #28 - January 14, 1988

THE ARTS IN THE GNP: CONSUMER EXPENDITURES FOR NONPROFIT
PERFORMING ARTS EVENTS EXCEED SPECTATOR SPORTS FOR TWO YEARS

1986 consumer expenditures for admissions to nonprofit theaters, opera and other entertainments of nonprofit institutions (not including sports) were \$3.4 billion dollars in current terms and \$2.7 billion dollars in constant dollar terms (1982=100).

1986 is the second year in a row in which admission receipts for nonprofit performing art events exceeded those for spectator sports. In the previous Research Division Note about the Arts in the GNP (#20-February 2, 1987), estimated admission receipts for nonprofit performing arts events in 1985 were reported as being equal to those for spectator sports for the first time. However, the Bureau of Economic Analysis has revised its estimates for 1984 and 1985. These revisions lower the 1985 estimate for admission receipts for spectator sports, but leave unchanged the 1985 estimate for admission receipts for nonprofit performing arts events. In dollar terms, the estimate for nonprofit theater, opera and other entertainments of nonprofit institutions in 1985 is still \$3 billion dollars in current terms, but the revised estimate for spectator sports is lowered to \$2.9 billion dollars. In constant dollar terms (1982=100), these estimates are \$2.5 billion for nonprofit performing arts and \$2.4 billion for spectator sports.

The estimates for 1986 show an increasing gap between the performing arts and the spectator sports components of the GNP. The 1986 estimate for spectator sports is only \$3.1 billion dollars in current dollar terms verses the \$3.4 billion for nonprofit performing arts.

The new estimates released by the Bureau of Economic Analysis do not revise the ones given in Note #20 for 1985 consumer expenditures for admission receipts to motion pictures. The estimates for motion pictures for 1986 are increased by 0.2 billion to \$3.9 billion dollars in current dollar terms. Therefore, motion pictures continues to lead the three selected entertainment components of the GNP, but the margin over spectator sports and nonprofit performing arts is declining.

Readers of this Note who are not familiar with the previous updates prepared by the Research Division are invited to request copies of Research Division Notes #1, #6, #13, and #20. Beyond these Notes, a more detailed discussion of the system and its periodic revisions can be obtained from the Research Division by requesting a copy of "The Arts in the National Income and Product Accounts," by Harold Horowitz in The Economics of Cultural Industries, Volume 1, Proceedings of the Third International Conference on Cultural Economics and Planning, April 25-28, 1984; University of Akron, 1984.

The 1986 data show some changes in relative importance of the several categories of recreational expenditures in the GNP. For example, in 1986, recreational consumer expenditures for radios and TV receivers, records and musical instruments increased substantially as a fraction of both the GNP and of the recreation subdivision of the GNP. This category of recreation expenditures increased its proportion of the total of recreational expenditures in the GNP by nearly a full percentage point. On the other hand, the consumer expenditures for books and maps, for admissions to motion pictures theaters, and for admissions to spectator sports appear to be declining, both as a percentage of the GNP and of the recreation component of the GNP.

Consumer expenditures for admissions to nonprofit theaters, opera and other entertainments of nonprofit institutions are improving their relative position in the GNP and in the recreation component. However, such expenditures still constitute a much smaller fraction than that of durable equipment like radios and TV receivers, records and musical instruments. The durable equipment group comprise a twelve times greater share of the GNP and of the recreation component than does admissions to the nonprofit performing arts.

Additional observations on the proportions on the GNP for the five (of ten) components of the Recreation Expenditure section that are of principle interest to the Arts Endowment:

1) Consumer expenditures in 1986 for radios and TV sets, records and musical instruments are estimated at 0.96 percent of GNP and 20.60 percent of recreation expenditures. The latest data from the Bureau of Economic Analysis contain revisions of the previous estimates for 1984 and 1985. These revisions are both upward. Overall, the four year period covered in the tables attached to this Note show a growing importance of this durable equipment component of the GNP.

2) Consumer expenditures in 1986 for books and maps were 0.21 percent of the GNP and 4.39 percent of the recreation expenditures. The Bureau of Economic Analysis has revised downward its estimates for 1984 and 1985. Overall, the trend for the four years covered in this Note appears downward for books and maps.

3) Consumer expenditures in 1986 for admissions to nonprofit theater, opera and other entertainments of nonprofit institutions (not including sports) were 0.08 percent of the GNP and 1.72 percent of the recreation component. No revisions were made to the 1985 estimate. However, a very small downward revision was made to the 1984 estimate. Overall, this component has increased over the four years covered. The increase in expenditure is not as great as for such durables as radios and TV receivers, records, and musical instruments.

4) Consumer expenditures in 1986 for admission to motion picture theaters were estimated at 0.09 percent of GNP and 1.97 percent of recreation expenditures. Previous estimates for 1984 and 1985 were revised downward. Overall, this component has declined substantially over the four year period covered in this Note.

5) Consumer expenditures for admission to spectator sports in 1986 was 0.07 percent of GNP and 1.57 percent of recreation expenditures. Previous estimates for 1984 and 1985 have been revised. The 1984 estimate was revised very slightly upward, but the 1985 estimate was revised downward. As previously mentioned, this component, as revised, has now slipped below admissions to the nonprofit performing arts for two consecutive years.

Another way of thinking about the changes in these five components is to factor in the numbers of persons in the population. Since the population is increasing, there will be an increase in total expenditures even if the average individual continues to spend the same amount because there are more individuals. In order to examine these effects, per capita expenditures have been calculated for the four years covered in this Note. The deflators used (inflation factors) are specific for the individual components.

In 1986, the average individual spent about \$823 for recreation according to the Bureau of Economic Analysis. In constant dollar terms (1982=100), this was about \$701 and compares with \$625 in 1983, an increase of about 12 percent. The proportion of the change differs for each of the five components.

1. Radio and TV sets, recordings and musical instruments expenditures per capita in 1986 were \$169. In constant dollar terms, this was \$146 which compares with \$116 in 1983, an increase of nearly 26 percent.

2. Books and maps expenditures per capita in 1986 were just over \$36. In constant dollar terms, this was a bit over \$31 and compares with just under \$30 in 1983, for an increase of about 5 percent.

3. Nonprofit performing arts admission expenditures in 1986 were \$14.10 per capita. In constant dollar terms, this was just under \$11.20 and compares with nearly \$10.00 in 1983, an increase of about 16 percent.

4. Motion picture admission expenditures per capita were \$16.20 in 1986. In constant dollar terms, this was about \$14 and compares with \$14.90 in 1983, a decrease of about 6 percent.

5. Spectator sports admission expenditures per capita were \$12.90 in 1986. In constant dollar terms, this was about \$11.10 and compares with about \$10.70 in 1983, an increase of about 4 percent.

CAVEATS: This Note uses the latest data published by the Bureau of Economic Analysis on the Recreation category of Consumer Expenditures in the GNP. These data are for the second year of the current five-year cycle in the the latest Input/Output Model of the U.S. Economy. A number of retrospective revisions have been made to the estimates published for 1984 and 1985 (see Note #20). Retrospective revisions should be anticipated for each future year in this model cycle.

TOTAL PERSONAL CONSUMPTION EXPENDITURES AND RECREATION EXPENDITURES AS A PERCENT OF GNP, 1983-1986

| | <u>1983</u> | | <u>1984</u> | | <u>1985</u> | | <u>1986</u> | |
|---|-------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|
| GNP in Billions (current \$) | \$3,405.7 | | \$3,772.2r | | \$4,010.3r | | \$4,235.0 | |
| Total Personal Consumption Expenditures as a % of GNP | 65.61% | | 64.43%r | | 65.57%r | | 66.11% | |
| Recreation Expenditures as a % of GNP | 4.47% | | 4.46%r | | 4.58%r | | 4.68% | |
| <u>Selected Recreation Expenditures as a % of GNP and of all Recreation Expenditures</u> | | | | | | | | |
| | <u>GNP</u> | <u>Recreation</u> | <u>GNP</u> | <u>Recreation</u> | <u>GNP</u> | <u>Recreation</u> | <u>GNP</u> | <u>Recreation</u> |
| Radio and TV Receivers, Records and Musical Instruments | 0.83% | 18.54% | 0.84%r | 18.72%r | 0.90%r | 19.64%r | 0.96% | 20.60% |
| Books and Maps | 0.21% | 4.73% | 0.21%r | 4.63%r | 0.20% | 4.46%r | 0.21% | 4.39% |
| Admissions to Nonprofit Theaters, Opera and Other Entertainments of Nonprofit Institutions* | 0.07% | 1.58% | 0.07% | 1.60%r | 0.07%r | 1.63%r | 0.08% | 1.72% |
| Admissions to Motion Picture Theaters | 0.11% | 2.37% | 0.10% | 2.32%r | 0.09% | 2.01%r | 0.09% | 1.97% |
| Admissions to Spectator Sports | 0.08% | 1.71% | 0.08%r | 1.72%r | 0.07%r | 1.58%r | 0.07% | 1.57% |

Source: Tables 1.1 and 2.4, "National Income and Products Accounts." Survey of Current Business, Bureau of Economic Analysis, U.S. Department of Commerce, July 1987.

r = revised

* does not include sports

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ADMISSIONS RECEIPTS COMPARED FOR NONPROFIT THEATERS, OPERA AND OTHER ENTERTAINMENTS OF
NONPROFIT INSTITUTIONS WITH MOTION PICTURES AND SPECTATOR SPORTS, 1983-1986

| | <u>1983 (\$ Millions)</u> | | <u>1984 (\$ Millions)</u> | | <u>1985 (\$ Millions)</u> | | <u>1986 (\$ Millions)</u> | |
|--|---------------------------|-----------------|---------------------------|-----------------|---------------------------|------------------|---------------------------|-----------------|
| | <u>Current</u> | <u>Constant</u> | <u>Current</u> | <u>Constant</u> | <u>Current</u> | <u>Constant</u> | <u>Current</u> | <u>Constant</u> |
| <u>Admissions Receipts to Specified Entertainments</u> | \$8,600 | \$8,000 | \$9,500r | \$8,300 | \$9,600r | \$8,000 | \$10,300 | \$8,200 |
| Motion Pictures (change from previous year) | 3,600 (9%) | 3,400 (3%) | 3,900 (8%) | 3,400 (0%) | 3,700 (-5%) | 3,100 (-9%) | 3,900 (5%) | 3,100 (0%) |
| Nonprofit Theaters, Opera and Other Entertainments of Nonprofit Institutions* (change from previous year) | 2,400 (14%) | 2,200 (5%) | 2,700 (13%) | 2,400 (9%) | 3,000 (11%) | 2,500 (4%) | 3,400 (13%) | 2,700 (8%) |
| Spectator Sports (change from previous year) | 2,600 (13%) | 2,400 (5%) | 2,900r (12%)r | 2,500 (4%) | 2,900r (0%)r | 2,400r (-4%)r | 3,100 (7%) | 2,500 (4%) |

* does not include sports

NOTE: Constant \$ values are calculated with implicit price deflators specified for these expenditures in Table 7.10, "National Income and Products Accounts," Survey of Current Business, Bureau of Economic Analysis, U.S. Department of Commerce, July 1987 (1982=100).

r = revised

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PER CAPITA EXPENDITURES FOR SELECTED SUBDIVISIONS OF PERSONAL CONSUMPTION FOR RECREATION, 1983-1986

| | <u>1983</u> | | <u>1984</u> | | <u>1985</u> | | <u>1986</u> | |
|---|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|
| | <u>Current</u> | <u>Constant</u> | <u>Current</u> | <u>Constant</u> | <u>Current</u> | <u>Constant</u> | <u>Current</u> | <u>Constant</u> |
| Recreation Expenditures \$ Per capita | \$649.20 | \$624.80 | \$710.80 | \$609.10 | \$769.10 | \$683.00 | \$822.50 | \$701.20 |
| Radio & TV Receivers, Records & Musical Instruments \$ per capita | \$120.30 | \$116.30 | \$133.10 | \$123.90 | \$150.20 | \$135.10 | \$169.40 | \$146.30 |
| Books & Maps \$ per capita | \$ 30.70 | \$ 29.70 | \$ 32.90 | \$ 30.60 | \$ 34.30 | \$ 30.80 | \$ 36.10 | \$ 31.20 |
| Non Profit Performing Arts Admissions \$ per capita | \$ 10.30 | \$ 9.60 | \$ 11.40 | \$ 10.00 | \$ 12.50 | \$ 10.40 | \$ 14.10 | \$ 11.20 |
| Motion Picture Admissions \$ per capita | \$ 15.40 | \$ 14.90 | \$ 16.50 | \$ 15.40 | \$ 15.50 | \$ 13.90 | \$ 16.20 | \$ 14.00 |
| Spectator Sports Admissions \$ per capita | \$ 11.10 | \$ 10.70 | \$ 12.20 | \$ 11.40 | \$ 12.20 | \$ 11.00 | \$ 12.90 | \$ 11.10 |

Note: Constant \$ values (1982=100) are calculated with implicit price deflators specified for these expenditures in Table 7.10, "National Income and Product Accounts," Survey of Current Business, Bureau of Economic Analysis, U.S. Department of Commerce, July 1987. Population estimates for 1983-1986 were taken from Statistical Abstract of the United States 1986, 106th Edition, Bureau of the Census, U.S. Department of Commerce, December 1985.

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