U.S. Arts and Cultural Production Satellite Account: Issue Brief #5

TRENDS RELATED TO INDEPENDENT ARTISTS AND PERFORMING ARTS INDUSTRIES (1998-2013)

Independent artists, performing arts companies, and presenters of performing arts events contributed a combined total of $44.5 billion to the U.S. economy in 2013. And although independent artists are taxable entities, tax-exempt performing arts companies and presenters also contributed sizeable "value added"—nearly $9 billion in 2013.

Led by opera and theater performances, growth in the production of performing arts services has outpaced production of all arts and cultural commodities. Between 1998 and 2013, average annual "real" (i.e., inflation-adjusted) growth rates in opera production and in theater were 7.5 and 6.3, percent, respectively. By comparison, the average annual real growth rate for all Arts and Cultural Production Satellite Account (ACPSA) commodities was 1.1.

This strong production growth is reflected in value added by industries producing performing arts commodities. Over the 16 years spanning 1998 to 2013, the average annual growth rate in real value added by performing arts companies was nearly 2.4 percent; for presenters, the rate was 2.2 percent. Both rates exceeded the 1.8 percent average growth rate in real value added by all industries producing arts and cultural services.

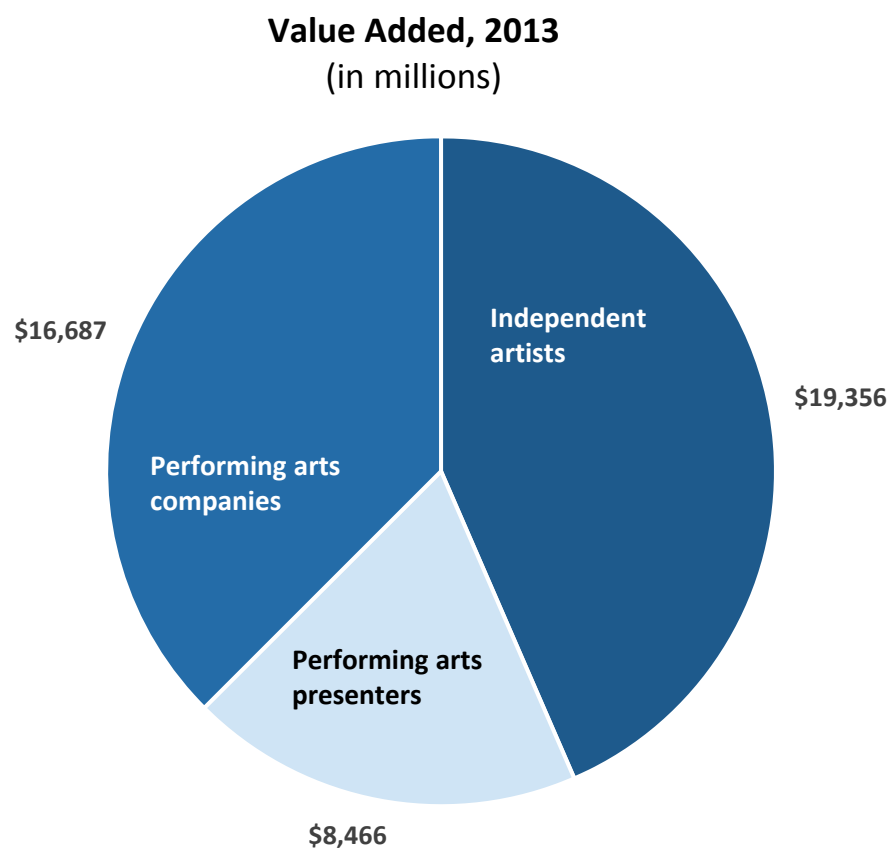
Moreover, the basket of all consumer goods purchased by U.S. consumers comprises larger and larger shares of admissions to concerts, plays, dance performances, and other performing arts.

<u>Value Added by Independent Artists and Performing Arts Industries in 2013</u>

In 2013, the combined value added (GDP) by independent artists, performing arts companies, and performing arts presenters totaled $44.5 billion, an amount equal to 6 percent of all arts and cultural value added to the U.S. economy in that year.

The independent-artists industry comprises freelance artists, writers, and performers.[i] Of the three industries highlighted in this research brief, independent artists generated the greatest value added—$19.4 billion in 2013. Close behind are performing arts companies. In 2013, value added by performing arts companies totaled $16.7 billion.

In that year, performing arts presenters, which include a variety of establishments that promote, present, and manage performing arts events (including festivals), generated $8.5 billion.



Data source: Arts and Cultural Production Satellite Account (ACPSA), U.S. Bureau of Economic Analysis.

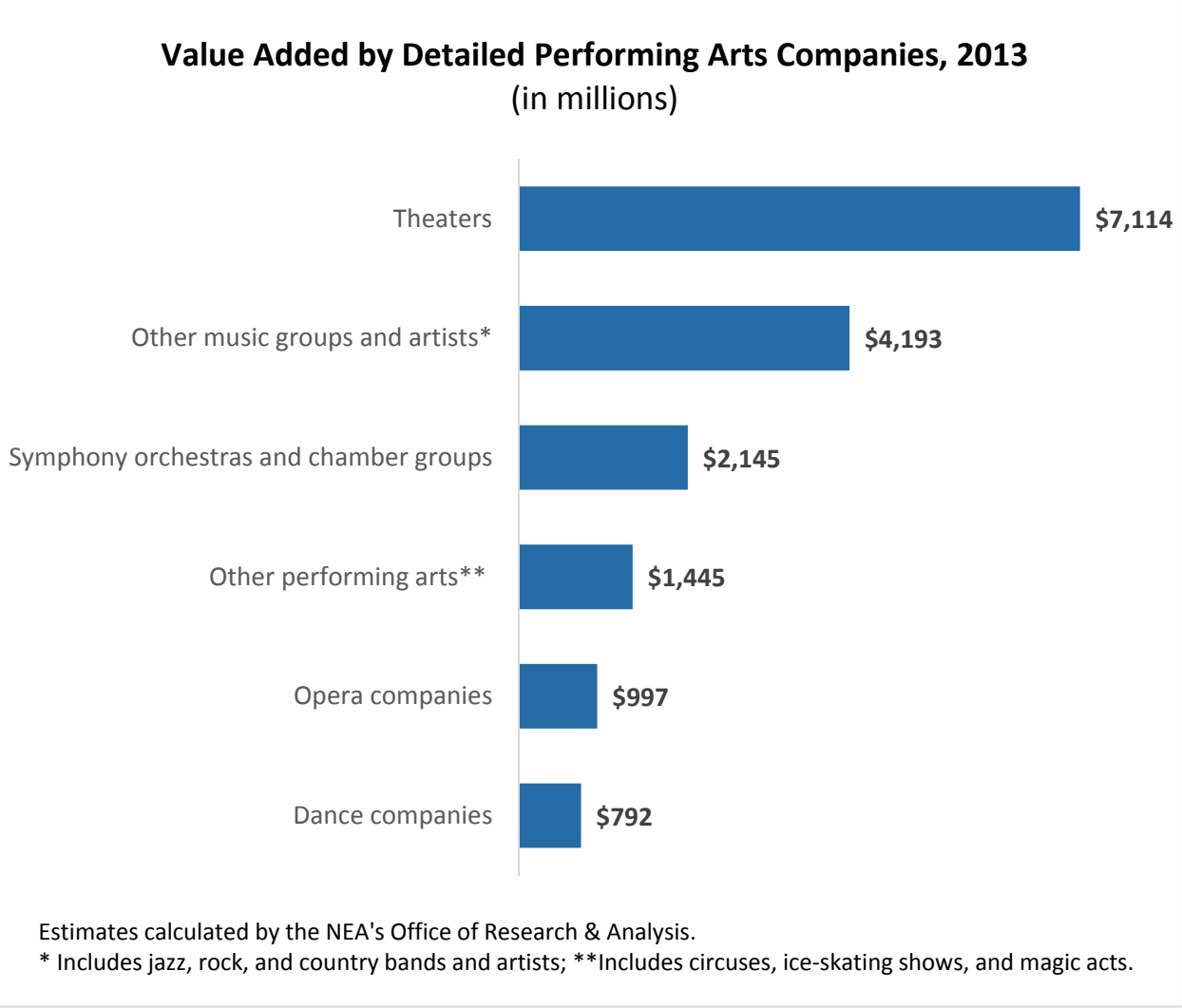
Detail and Tax Status of Performing Arts Industries

Although the ACPSA reports no further detail on the performing arts industry, industry breakouts can be estimated by combining data from the account with data from the 2012 Economic Census. These data sources can also be used to calculate estimates delineated by taxable and tax-exempt status.

For example, estimates derived from the two data sources show that theater companies compose the largest percentage of performing arts value-added. In 2013, estimated value added by theaters was $7.1 billion, an amount equal to nearly 43 percent of value added by all performing arts organizations.

The “music groups and artists” industry comprises: (1) symphony orchestras and chamber groups; and (2) “other music groups and artists,” including jazz, rock, and country bands and artists. NEA estimates indicate that the aggregate industry, music groups and artists, generated $6.3 billion in 2013 value added. Of that total, symphony orchestras and chamber groups accounted for $2.1 billion, while “other music groups and artists” accounted for the remaining $4.2 billion.

Opera companies and dance troupes produced an estimated value-added of $997 million and $792 million, respectively, while other performing arts groups (e.g., circuses and groups performing ice skating shows and magic acts) posted an estimated $1.4 billion in value added.



Of the $16.7 billion in value added by performing arts companies, an estimated $6.9 billion, or 42 percent, was generated by tax-exempt organizations.[ii] Of these, nonprofit theaters and symphony orchestras and chamber groups generated the greatest shares of value added—$2.7 billion and $2.1 billion, respectively.

Of the estimated $792 million in value-added by dance companies in 2013, nearly all ($732 million) is credited to tax-exempt dance troupes.

And although independent artists are exclusively taxable concerns, performing arts presenters include a significant tax-exempt segment. The ACPSA and Economic Census data suggest that nearly one-quarter of the estimated value added by performing arts presenters is tax-exempt. In 2013, that estimated value was $2.1 billion.

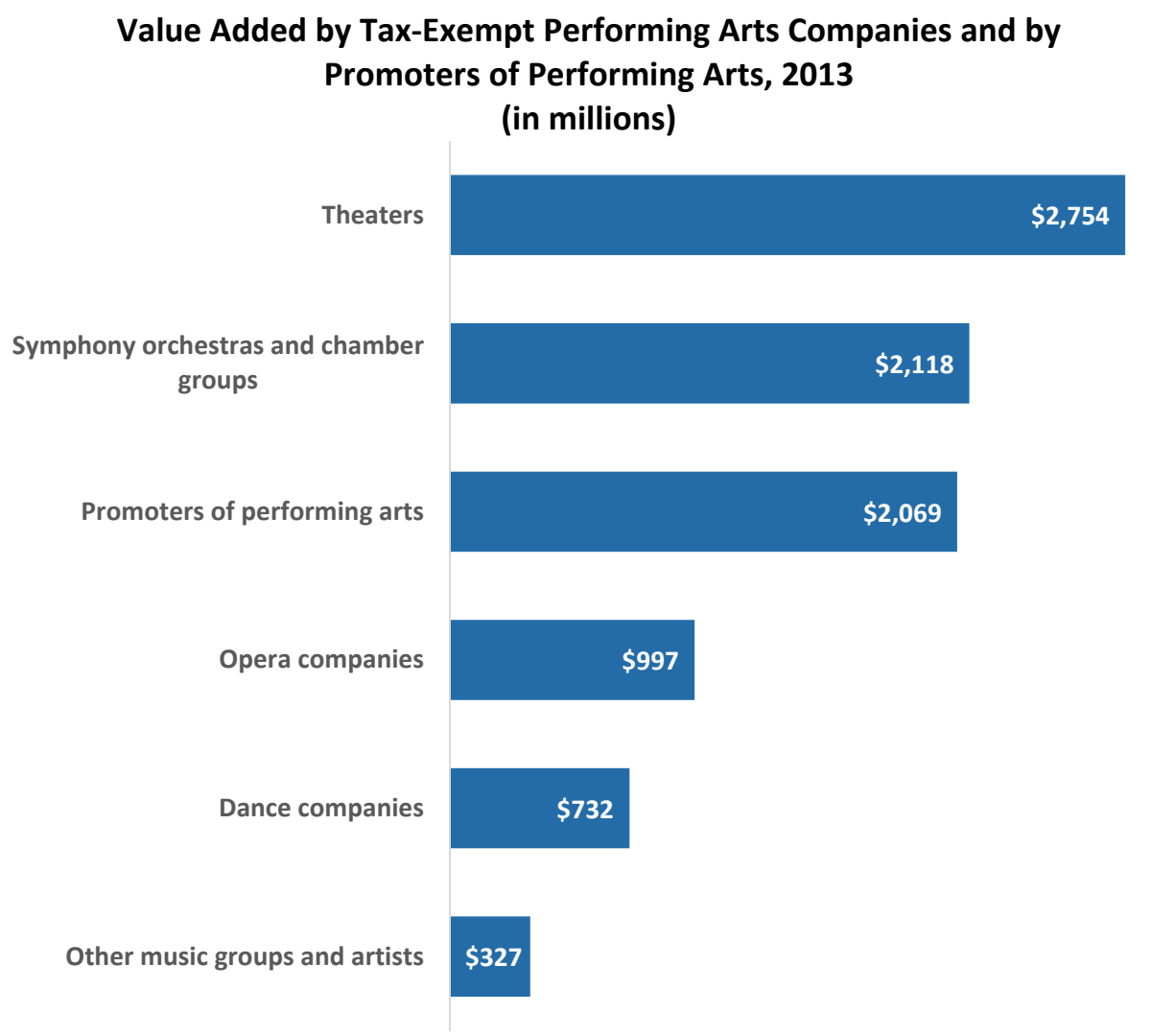
The table shown at the end of this Issue Brief reports 2013 value added and employment for detailed performing arts industries, independent artists, and performing arts presenters.

Trends in Performing Arts Production: 1998-2013

The U.S. economy has steadily produced more performing arts goods and services. Over the 1998-2013 time period, the average annual growth rate of real (inflation adjusted) gross output of performing arts was 4.6 percent, well above the 1.1 percent average annual growth rate calculated for all ACPSA commodities.

Gains in gross output of performing arts commodities were propelled by strong growth in the production of opera and theater performances, and in the staging of "other performing arts" such as circus acts and ice skating and magic shows.

Over the 16-year period, the average annual growth rate of real opera output was 7.5 percent; the corresponding growth rate of theater production was 6.3 percent. In fact, average annual growth rates of real production of most performing arts exceeded the 1.1 percent rate calculated for all arts and cultural commodities. The exception was production of symphony orchestra and chamber group performances. Over the 1998-2013 timeframe, average annual growth in real production of that commodity was 0.8 percent.



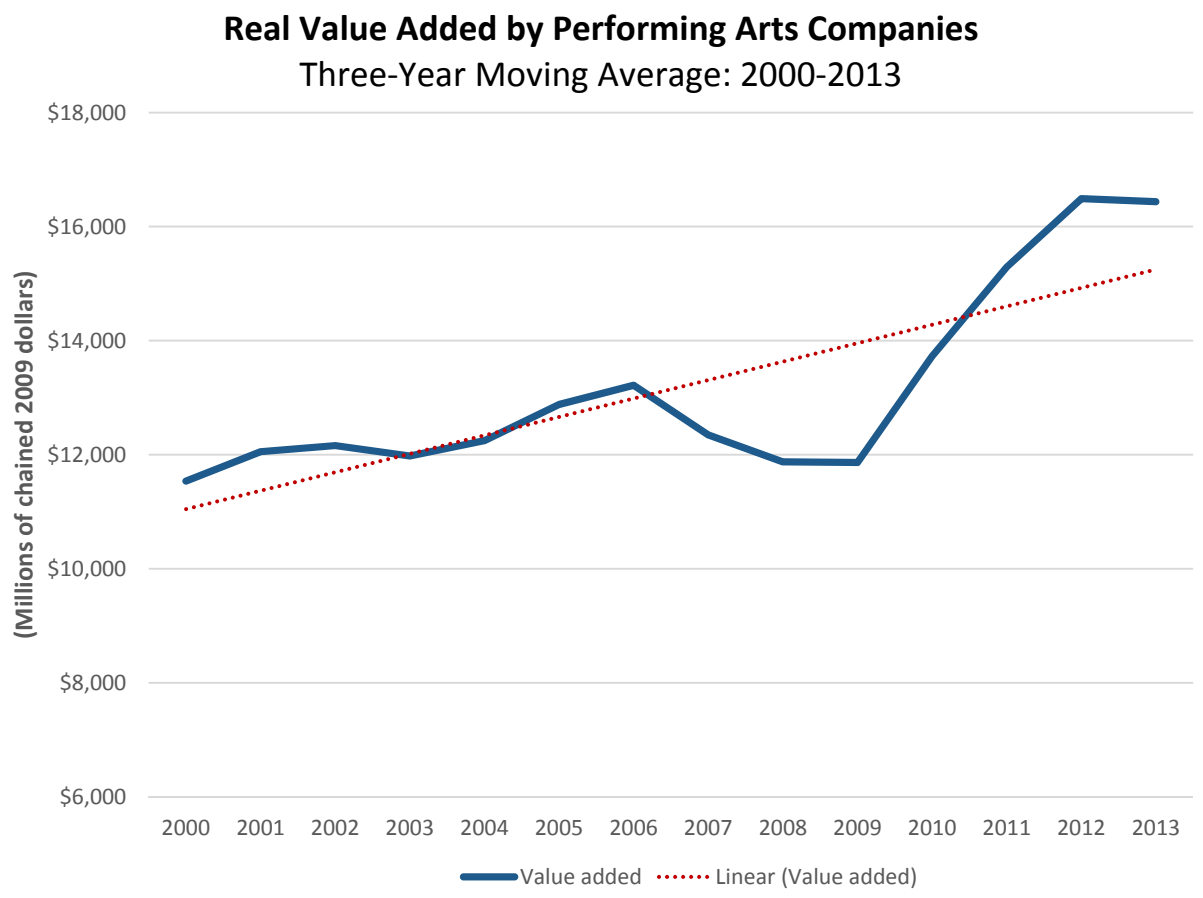
Estimates calculated by the NEA's Office of Research & Analysis.
Data sources: Arts and Cultural Production Satellite Account (ACPSA), U.S. Bureau of Economic Analysis; and 2012 Economic Census, U.S. Census Bureau.

Gains in the production of performing arts are reflected in value added by the industries that produce these commodities—performing arts companies and presenters.

Over the 1998-2013 period, the average annual growth rate in real ACPSA value added by the performing arts industry was 2.4 percent. That rate exceeded the average growth rate for ACPSA value added by all industries (1.8 percent), and it made the performing arts industry one of the fastest growing industries within the U.S. Arts and Cultural Production Satellite Account (ACPSA).

Growth in real ACPSA value added by presenters of performing arts was also strong—2.2 percent.

Within the ACPSA framework, goods and services provided by independent artists, writers, and performers are classified as a commodity by the same name. And nearly all independent artist services are produced by the independent artists, writers, and performers *industry*. Although real ACPSA value added by the independent artists industry is greater than that of either the performing arts or presenter industries, its growth rate has been below average. Over the 16-year time period, the average annual growth rate of real ACPSA value added by independent artists was 1.4 percent.



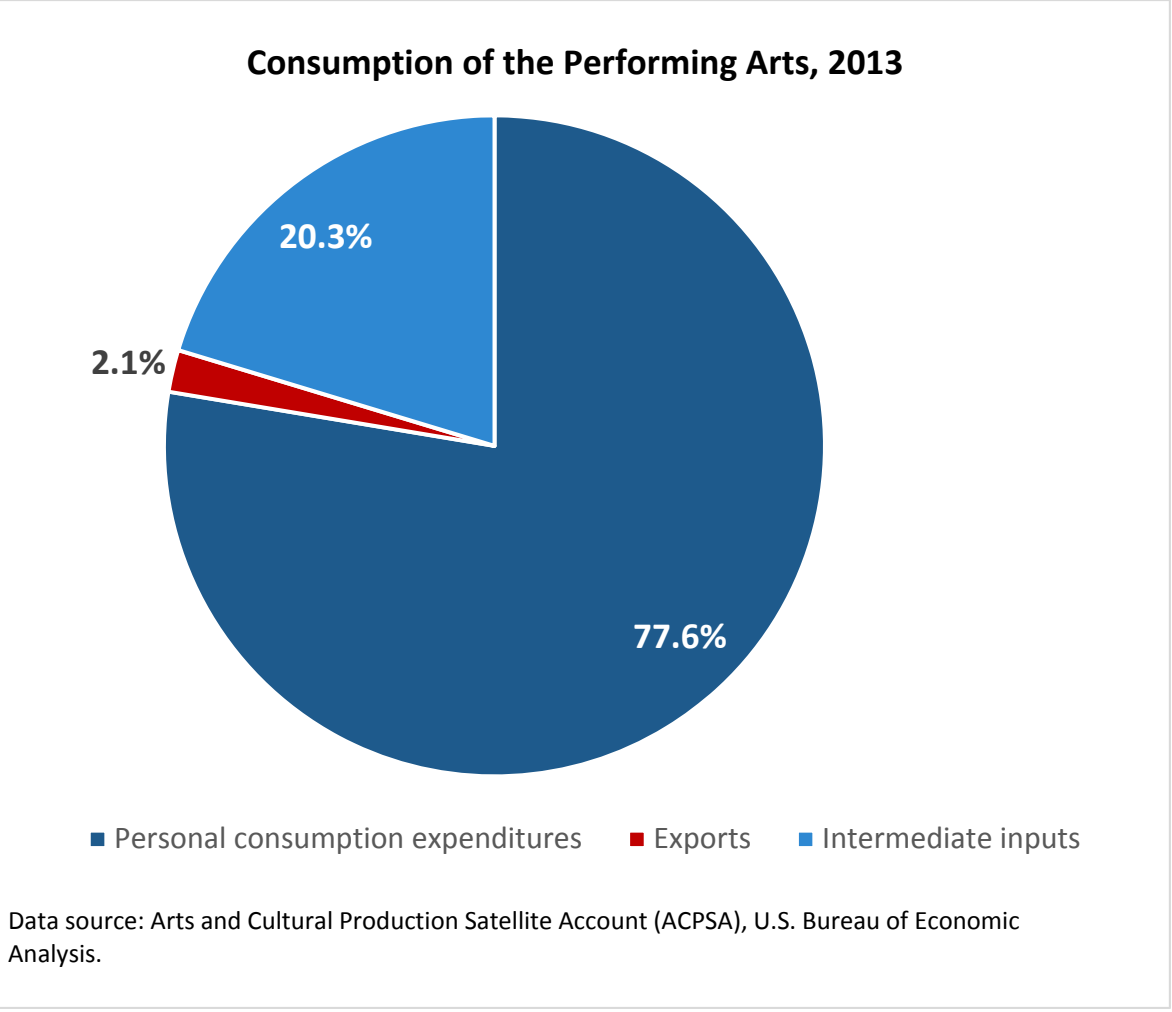
Data source: Arts and Cultural Production Satellite Account (ACPSA), U.S. Bureau of Economic Analysis.

Consumption of the Performing Arts

In addition to accounting for production, the ACPSA also tracks how the supply of commodities is used. Among all arts and cultural commodities supplied (i.e., ACPSA commodities produced in the U.S. plus arts and cultural imports from other countries), the largest share, 41.2 percent, is "intermediate consumption," referring to commodities that are used as intermediate inputs to the production of another commodity.

For example, 67 percent of the supply of movies and TV programs are used as intermediate inputs. (The broadcasting industry, for example, uses movies and TV programs and sound recordings to generate its commodity—TV and radio broadcasts.) And virtually all ACPSA advertising services are used as intermediate inputs by other industries.

The supply of performing arts commodities, alternatively, is largely purchased by consumers.[iii] In 2013, nearly 78 percent of performing arts commodities supplied was purchased by consumers—resulting in personal consumption expenditures or PCE. An additional 20.3 percent of performing arts services are used as intermediate inputs, and 2.1 percent are exported.[iv]



Data source: Arts and Cultural Production Satellite Account (ACPSA), U.S. Bureau of Economic Analysis.

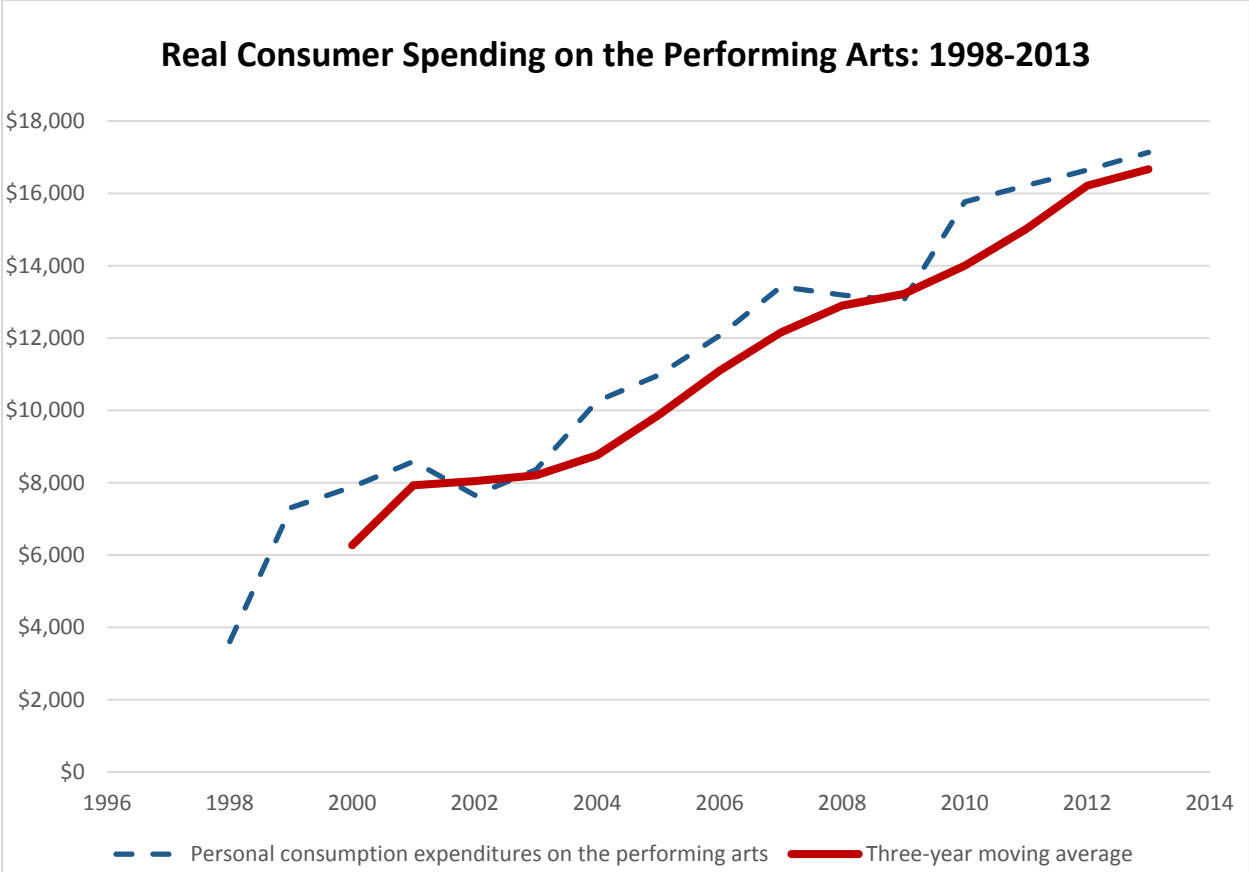
Trends in PCE of the Performing Arts

Given the consumer's primacy in how the supply of performing arts commodities are used, it is useful to examine trends in personal consumption. The ACPSA shows that over time, real (inflation-adjusted) personal consumption expenditures (PCE) on the performing arts have increased.

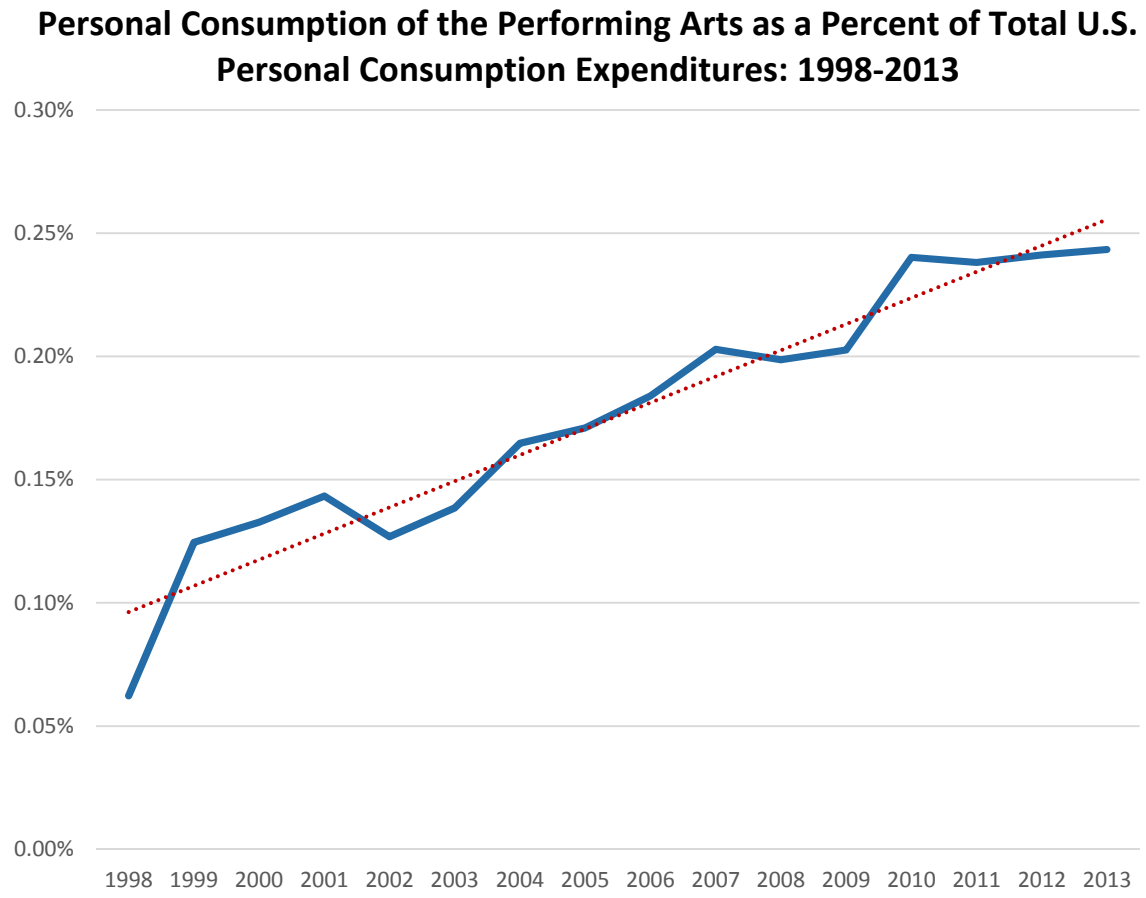
Perhaps even more telling is that PCE of the performing arts, as a share of all U.S. PCE, has been increasing. In other words, the basket of consumer goods purchased by U.S. consumers comprises larger and larger shares of admissions to concerts, plays, dance performances, and other performing arts.

For example, after adjusting for inflation, the average annual growth rate in PCE on the performing arts between 1998 and 2013 was 10.2 percent.[v]

In 1998, PCE on the performing arts made up 0.06 percent of all personal consumption spending. By 2013, that share rose to 0.24 percent.



"Real" refers to estimates controlled for inflation by applying the Consumer Price Index (CPI).
Data sources: Arts and Cultural Production Satellite Account (ACPSA), U.S. Bureau of Economic Analysis; Consumer Price Index, U.S. Bureau of Labor Statistics.



Data sources: Arts and Cultural Production Satellite Account (ACPSA) and Personal Consumption Expenditures; U.S. Bureau of Economic Analysis.

Value Added and Employment by Performing Arts Companies, Independent Artists, and Promoters of Performing Arts, 2013

	Value added (millions)	Employment (thousands)
Performing arts companies	$16,687	102.3
Taxable	$9,759	35.4
Tax exempt	$6,928	66.9
Theaters	$7,114	45.9
Taxable	$4,360	17.9
Tax exempt	$2,754	28.1
Opera companies	$997	6.8
Taxable	*	*
Tax exempt	*	*
Dance companies	$792	8.1
Taxable	$61	0.6
Tax exempt	$732	7.6
Music groups and artists	$6,339	36.0
Taxable	$3,894	11.5
Tax exempt	$2,445	24.4
Symphony orchestras and chamber groups	$2,145	21.2
Taxable	$27	0.3
Tax exempt	$2,118	20.9
Other music groups and artists	$4,193	14.7
Taxable	$3,867	11.2
Tax exempt	$327	3.5
Other performing arts	$1,445	5.5
Taxable	$1,388	4.8
Tax exempt	$57	0.7
Circuses	$211	1.0
Taxable	*	*
Tax exempt	*	*
Other performing arts, except circuses	$1,235	4.5
Taxable	*	*
Tax exempt	*	*
Independent artists, writers, and performers	$19,356	38.2
Performing arts presenters	$8,466	84.5
Taxable	$6,397	60.7
Tax exempt	$2,069	23.8

* Not estimated because the Economic Census Data were withheld to avoid disclosure of individual establishments.

Note: Estimates for detailed performing arts industries, as well as for taxable and tax-exempt categories, were calculated by the NEA's Office of Research & Analysis.

Data sources: 2015 Arts and Cultural Production Satellite Account (ACPSA), U.S. Bureau of Economic Analysis; 2012 Economic Census, U.S. Census Bureau.

[i] Value added by independent artists, writers, and performers includes income earned by non-employer, self-employed workers.
[ii] To prevent disclosure of individual companies, the Economic Census reports no tax-status detail for revenue earned by opera companies or by other performing arts companies. Based on counts of establishments in each of these performing arts categories, the figures cited above count all value added by opera companies as tax-exempt, and all value added by other performing arts companies as taxable.
[iii] The 2012 Economic Census shows that nearly 70 percent of performing arts revenue is derived from admissions and contract fees.
[iv] Examples of industries using the performing arts as intermediate inputs include motion picture industries and advertising services.
[v] "Real" personal consumption expenditures (PCE) on the performing arts were estimated by applying the Consumer Price Index (all urban consumers, admissions to movies, theaters, and concerts, 1997=100), produced by the U.S. Bureau of Labor Statistics, to nominal estimates of PCE performing arts, reported in the Arts and Cultural Production Satellite Account (ACPSA), U.S. Bureau of Economic Analysis.