

Research and Library Services



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# **ECONOMIC AND SOCIAL IMPACTS ARISING FROM SPORTS, ARTS, MUSEUMS AND LIBRARIES**

This paper examines the economic and social benefits that can be derived from sport, arts, museums and libraries in both the United States of America and the United Kingdom.

Research Papers are compiled for the benefit of Members of The Assembly and their personal staff. Authors are available to discuss the contents of these papers with Members and their staff but cannot advise members of the general public.

## **SUMMARY OF KEY POINTS**

Non-profit arts organisations in The United States of America generates some \$134 billion through its total economic activity per year; supporting some 4.9 million full-time equivalent jobs.

The Bureau of Economic Analysis details that consumers spent \$9.4 billion on admissions to performing arts events in 1998 - \$2.6 billion more than admissions to motion pictures and \$1.8 billion more than total spending on spectator sports.

In Canada sport spending per annum totals almost \$16 billion and supports 2% of the jobs in the country. Estimates of health-care spending due to physical inactivity range from \$2.1 billion to \$5.3 billion annually, representing as much as 4.8% of total health care costs.

The public libraries in the United States of America currently have four strategies operating in relation to workforce development, including creating job information centres, expanding access to technology and tech training, providing targeted employment outreach and adult literacy training and community support centres.

Sport related employment in England was estimated at 434,000 in 2005, accounting for 1.8% of all employment in England. In England, sport-related economic activity has increased from 1985 to 2000, representing an increase from £3,358 million to £10,373 million.

There are over 42 million visits each year to major museums and galleries in Britain with 43 per cent of the population attending a museum or gallery at least once during the past year.

Impacts such as education, social inclusion, community cohesion and reduction in crime are complicated to quantify. Many of the benefits of these activities can not be measured initially in financial terms. Any benefits derived, will likely be seen at a local and community level rather than at a regional level.

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## Introduction

The purpose of this paper is to provide an overview for the Culture, Arts and Leisure Committee to identify the potential benefits that arise from sport, arts, museums and libraries within the United Kingdom and the United States of America. The paper details the economic and social benefits that are derived from participation in sport and the arts in general. Also included is reference to the ability to quantify in financial terms the benefits of expenditure on such activities.

Economic and social benefits and impacts of sport, arts, museums and libraries have been documented in the United States and the United Kingdom. These impacts can be seen in both financial terms and in relation to community benefits such as increased inclusion and community cohesion. Both, the United Kingdom and the United States have experienced many benefits generated from sport and cultural activities; these can be seen in savings in health care due to increased physical activity, employment, promotion of education, community support and tourism.

## Socio-Economic Impacts of Sports, Arts, Museums and Libraries in United States of America

### THE ECONOMIC IMPACT OF NON-PROFIT ARTS ORGANIZATIONS

A paper on the 'Economic impact of non-profit arts organisations' in The United States of America stated that the industry generates some \$134 billion through its total economic activity per year; this revenue is created by its arts organisations and audiences. This spending supported 4.9 million full-time equivalent jobs, which is a larger percentage of the United States workforce than that of accountants, lawyers, physicians or computer programmers. Some \$24.4 billion is generated in federal, state and local revenues; however spending on the arts by local, state and federal government is less than \$3 billion annually, resulting in a financial return of more than 8-to-1 on an annual basis<sup>1</sup>.

From 1992 to 2000, total spending by America's non-profit arts organisations grew from \$36.8 billion to \$53.2 billion<sup>1</sup>. This spending generated an estimated \$80.8 billion of valuable revenue for local merchants and their communities in 2000, which is an average of \$22.87 per person, per event<sup>1</sup>.

In an earlier document entitled 'The Role of the Arts and Economic Development' states that nationally, the non-profit arts industry in America supported 1.3 million full-time jobs in 2001. Governments also gain economic benefits, for example \$790 million in revenue is generated at the local level, \$1.2 billion at state level and \$3.4 billion at federal level<sup>2</sup>.

According to the Bureau of Economic Analysis, consumers spent \$9.4 billion on admissions to performing arts events in 1998: \$2.6 billion more than admissions to motion pictures and \$1.8 billion more than total spending on spectator sports<sup>2</sup>.

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<sup>1</sup> Arts and Economic Prosperity: The economic impact of Non-profit Arts Organization and their audiences, [http://www.americansforthearts.org/informationresources/economic\\_impact/](http://www.americansforthearts.org/informationresources/economic_impact/)

<sup>2</sup> The Role of the Arts in Economic Development, <http://www.nga.org/files/pdf/062501artsdev.pdf>

### THE SOCIO-ECONOMIC BENEFITS OF SPORT PARTICIPATION IN CANADA

The Canadian report, 'Strengthening Canada: The Socio-Economic benefits of Sport Participation in Canada' highlights the economic costs of physical inactivity to the health service. Estimates of health-care spending due to physical inactivity range from \$2.1 billion to \$5.3 billion annually, representing as much as 4.8% of total health care costs<sup>3</sup>; relating to a range of between \$62.9 dollars and \$158.7 dollars per capita.

### ECONOMIC IMPACTS OF SPORT IN CANADA

The Report goes on to state that sport spending per annum totals almost \$16 billion and supports 2% of the jobs in Canada<sup>3</sup>. The total amount of household spending on sport in Canada was approximately \$15.8 billion in 2004. For the same year, on average each Canadian household that participated in sport spent \$1,963 per year on sport related activities, indeed every Canadian adult and child spent on average \$495 on sport in 2004<sup>3</sup>. However, the Report also indicates that when household income drops due to unemployment, the level of sport spending in a household often decreases and rapidly<sup>3</sup>.

### PUBLIC LIBRARY CONTRIBUTIONS TO ECONOMIC AND SOCIAL DEVELOPMENT

'Making Cities Stronger: Public Library Contributions to Local Economic Development' states that public libraries have an important role to play in the area of economic transformation, arguing that local economic development initiatives and public libraries are logical partners<sup>4</sup>. This report highlights the specific ways local governments, agencies, and libraries are working together to achieve benefits for individuals, agencies and the community at large<sup>4</sup>.

From 2000 to 2005 local library construction doubled from \$948 million dollars to \$2 billion dollars; providing short-term local and economic spin-off benefits from construction alone. Positive economic impacts are also evident at the city level. A recent study conducted by the Carnegie Mellon University's (CMU) Centre for Economic Development for the Carnegie Library of Pittsburgh found the library to be the most visited regional asset, attracting 500 thousand more visitors than the Carnegie Science Centre and the Pittsburgh Steelers combined. CMU researchers estimate that the library generates a return of more than \$91 million in combined economic output and sustains more than 700 jobs<sup>4</sup>. The Seattle Public Library found substantial economic returns to the city and local business immediately following the development of the new library. The net new contribution to the local economy was approximately \$16 million dollars during the first full year of operation alone<sup>5</sup>.

Programming in public libraries such as the 'Early literacy' programme contributes to increasing young children's level of literacy and engagement in learning<sup>4</sup>. Evidence linking early literacy to long-term education and economic success states that introducing children to books and reading before they enter school, greatly improves their chances of academic success<sup>4</sup>. Public library literacy programs also reduce the

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<sup>3</sup> Strengthening Canada: The socio-economic Benefits of Sport Participation in Canada, [http://www.pch.gc.ca/progs/sc/pubs/socio-eco/sports\\_participation\\_e.pdf](http://www.pch.gc.ca/progs/sc/pubs/socio-eco/sports_participation_e.pdf)

<sup>4</sup> Making Cities Stronger: Public Library contributions to local economic development, [http://www.urbanlibraries.org/files/making\\_cities\\_stronger.pdf](http://www.urbanlibraries.org/files/making_cities_stronger.pdf)

<sup>5</sup> Making Cities Stronger: Public Library contributions to local economic development, [http://www.urbanlibraries.org/files/making\\_cities\\_stronger.pdf](http://www.urbanlibraries.org/files/making_cities_stronger.pdf)

cost for area agencies by providing free staff development opportunities. Community child care is supported by public libraries due to the expanding learning resources and improving the quality of child care through literacy training<sup>4</sup>.

The public libraries currently have four strategies in relation to workforce development. They include the following;<sup>4</sup>

- (1) Creating job information centres,
- (2) Expanding access to technology and Tech Training,
- (3) Providing Targeted Employment Outreach
- (4) Adult Literacy Training and community support centres

(1) Creating Job information centres: Career resource materials are being collated into user-friendly career information. Many centres have special staff available to provide one-on-one assistance and career development workshops<sup>4</sup>.

(2) Expanding Access to technology and Tech Training: A survey conducted stated that 70% of those using computers in libraries did so as it was their only access to computer facilities<sup>4</sup>.

(3) Targeted Employment Outreach: Libraries that do have adequate resources are providing services in areas of high unemployment, working in conjunction with local employment service agencies<sup>4</sup>.

(4) Adult literacy training and community support: Public libraries are an important entry point to community services for new citizens. Programmes provided by public libraries include a wide range of community resources that impact an individuals economic self-sufficiency. Thus, services often include English language classes and other basis skills training<sup>4</sup>.

## **Socio-Economic Impacts of Sports, Arts, Museums and Libraries in The United Kingdom**

### THE ECONOMIC IMPORTANCE OF SPORT IN ENGLAND, 1985-2005

Sport-related economic activity has increased from 1985 to 2000, representing an increase from £3,358 million to £10,373 million. This amount of sport-related economic activity increased again in 2005 to £15,471 million<sup>5</sup>. From 2000 to 2005, employment in sport increased by 19%<sup>5</sup>. Sport related employment in England was estimated at 434,000 in 2005, accounting for 1.8% of all employment in England.

Consumer expenditure on sport in England was £16,580 million in 2005, an increase from £3,536 million in 1985<sup>5</sup>; representing a per capita spend of £0.03.

### ECONOMIC AND SOCIAL IMPACTS OF THE BRITISH LIBRARY

On an annual basis, for every £1 of public funding that is received by the British Library, £4.40 is generated for the UK economy. Indeed, if the British Library did not operate the UK economy would lose some £280 million of economic value per year<sup>6</sup>.

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<sup>6</sup> British Library: Measuring our value, <http://www.bl.uk/pdf/measuring.pdf>

The British Library has developed a corporate action plan which examines the role and impact of diversity within the library. This has been conducted in relation to; the Library's collection/content, access to services, corporate training schemes that promote diversity awareness, workforce development, and communication to reach new and more diverse audiences. The British Library's annual report states that the library has designed and delivered a Disability Equality Scheme and did so with the involvement of people with disabilities, employees, key stakeholders and those who provide support services<sup>7</sup>.

#### MUSEUMS AND GALLERIES IN BRITAIN

According to 'Museums and Galleries in Britain: Economic, social and creative impacts' there are over 42 million visits each year to major museums and galleries in Britain, with 43 per cent of the population attending a museum or gallery at least once during the past year. The Report states that the self-generated income of museums and galleries within Britain can be as high as £200 million a year, including over £100 million in donations and sponsorship, over £100 million in trading income and some £20 million in ticket sales<sup>8</sup>. In relation to regional museums and galleries, there are over 500,000 visitors to the Bristol's Museums, Galleries & Archives. Birmingham Museums and Art Gallery and Sheffield Museums and Galleries Trust had over 1.5 million visitors in total<sup>8</sup>. According to research by the Association of Leading Visitor Attractions, seven out of the top ten visitor attractions in the UK are national museums<sup>8</sup>. Museums Libraries and Archives Council policy of 'Renaissance in the Regions', which has focused on increasing and developing wider audiences to regional museums has had a number of beneficial effects. Indeed, between 2002-03 and 2003-04 participation by black and minority ethnic groups increased by 15.2 per cent and 60 per cent respectively<sup>8</sup>.

In 'Valuing Museums', an earlier report on major museums and galleries, it was estimated that the full economic impact of the museums and galleries was between £1.83 billion and £2.07 billion<sup>8</sup>. The Report states that the National Museums Liverpool has experienced an increase of international visitors from 49,000 to 112,000 from 1997 to 2004<sup>8</sup>. The Valuing Museums report, estimated that approximately £320 million per year was spent in the UK by overseas visitors in relation to museum and gallery visits<sup>8</sup>.

#### **Construction of a Quantifiable Economic Model**

Impacts such as education, social inclusion, community cohesion and reduction in crime are more complicated to quantify. The difficulty in relation to these impacts is their nebulous nature; indeed with many of these impacts the benefits can not be measured initially or in financial terms. Any benefits derived, will likely be seen at a local and community level rather than providing an overarching regional benefit<sup>9</sup>. Output data from numerous projects would need to be assessed in order to see if it is possible to build up a picture of what can and cannot be quantified.

Rather it is more appropriate to provide benefits ratios for types of project/initiatives. It is not appropriate to estimate the benefit ratios of funding at the individual,

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<sup>7</sup> Annual Report and Accounts 2006/07, *My Library: The way we share knowledge is driven by our users*, <http://www.bl.uk/about/annual/2006to2007/fullreport.pdf>

<sup>8</sup> Museums and Galleries in Britain: Economic, Social and Creative Impacts, <http://www.mla.gov.uk/resources/assests//m/museumsgalleriesinbritain10528.pdf>

community and regional levels, the data is not available or does not lend itself to be analysed at these levels. Focusing on individual projects that were funded in 2005/06 would not be practical as these would change from year to year<sup>9</sup>.

The difficulties in modelling impacts in a quantifiable way are seen in relations to the public library programs in the United States of America. For example, context factors, such as family, economic, race, school and other social aspects do not lend themselves to traditional evaluation methodologies. Returns on investment studies alone do not identify the ways in which library services are benefiting a range of user, for example students, job seekers, employers, small businesses and entrepreneurs<sup>9</sup>.

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<sup>9</sup> Making Cities Stronger: Public Library contributions to local economic development, [http://www.urbanlibraries.org/files/making\\_cities\\_stronger.pdf](http://www.urbanlibraries.org/files/making_cities_stronger.pdf)