



ECONOMIC IMPACT

OF THE YOUNG AUDITORIUM
on Whitewater and the surrounding community

INTRODUCTION

The Young Auditorium serves as both a cultural and artistic resource to not only its patrons but also South-Central Wisconsin. Patrons from Milwaukee to Madison come to Whitewater, Wisconsin to enjoy the first-class performances, convenient location and reasonable ticket prices. The Young Auditorium's main demographic reaches an approximately ninety mile radius in three Counties: Rock, Walworth, Jefferson which have a combined population of 338,378. This location, just north of the Illinois border, east of Janesville and Madison and west of Racine and Milwaukee provides Young Auditorium with a niche in serving a section of Wisconsin otherwise underserved by live Theatre. While the auditorium provides cultural and recreational serves to patrons of the auditorium it also has an economic impact on Whitewater and the surrounding community.

The performing arts are an important contributor to national, state, and local economies. The Americans for the Arts estimates that the nation's art industry generates \$166.2 billion annually in economic activity and supports 5.7 million full-time equivalent jobs (Americans for the Arts 2006).



Between 2000 and 2005, spending by organizations and their audiences grew 24 percent. When adjusted for inflation, this represents a healthy 11 percent increase. Gross Domestic Product, by comparison, grew at a slightly faster rate of 12.5 percent, again adjusted for inflation.

The performing arts industry in Wisconsin provides direct employment and income-producing activities to thousands of the state's residents. These jobs range from event organizers and facility management to food concession workers. This industry, however, is frequently overlooked in designing state and community economic development strategies. Consequently, the Young Auditorium and the Fiscal and Economic Research Center (FERC) implemented this study as a means of documenting the economic impact of the Young Auditorium on Whitewater and the surrounding community.

While this study focuses on economics, it is critical to recognize that Theatre and the arts also provide non-monetary returns to society through enhanced quality of life which indirectly spurs economic growth and development. The overall purpose of this study is to attempt to create a better understanding of the relationship between community, the performing arts and economics throughout Wisconsin.



A total of 1,500 patrons who attended programs at the auditorium over the past two seasons were surveyed in the fall of 2007. From these surveys, 295 were returned. A number of these respondents had attended more than one event. As a result, our survey work covered 493 patron-events. We then constructed an economic model of the Jefferson and Walworth County region from which the relevant economic multipliers were derived. Beyond these introductory comments the report is composed of three sections. First, we create a profile of a typical patron of the Young Auditorium. Second, we analyze the patron spending patterns. Finally we look at the economic impact of these patrons and the existence of the auditorium as a growing concern.

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BACKGROUND ON THE YOUNG AUDITORIUM

The mission of the University of Wisconsin-Whitewater's Young Auditorium is to serve as major regional Performing Arts Center providing citizens of southeastern Wisconsin with a wide variety of the best professional performing arts talent. Inherent in the auditorium's mission is the aspiration to become a major cultural institution, enriching the quality of life for all citizens in this region. The Young Auditorium attempts to serve people from all segments of society, from new audiences contemplating their first arts experience to veteran arts audiences seeking new and innovative events. This is accomplished by presenting a wide range of performing arts experiences from traditional or mainstream events to less familiar, more challenging, and culturally diverse artists or art forms. The Young Auditorium's mission is complemented by the Cultural Affairs Committee's (CAC) mission. The CAC is comprised of students, community members and faculty members who meet every two weeks during the school year (average attendance this year

was 20-25). The CAC is dedicated to assisting in the selection of cultural, diverse, educational and entertaining events for students and community members, while providing opportunities for members to gain educational experiences in arts management.

Outreach programs are an important aspect of the Young Auditorium's mission. The Horizons School Matinee Series (HMS) introduces students to the performing arts and prepares them to be the artists and audiences of tomorrow. Since the building of the auditorium in 1993, the average yearly attendance for the HMS has been 29,000. Over 430,000 students have participated since 1985. Most HMS programs are chosen on the basis of their relationship to curriculums of various grade levels (e.g., *The Hungry Caterpillar*, *Cam Jansen*, *Freedom Train*, *Macbeth*). To enhance student-learning experiences, study guides are distributed to teachers a month prior to the performance.

PROFILE OF PATRONS

A total of 295 unique surveys were returned. Many of theatre-goers attended more than one event; with one-third attending more than one event (eight percent of the respondents attended more than two events). When reviewing the demographic makeup of the respondents, it is critical to recognize that the survey was directed towards non-students. Since many students attend the various programs, this is an important consideration. The object of this study is to better understand how the Young Auditorium generates new monies that come into the local economy from external patrons. As a result, students (whether residing in on-campus housing, off-

campus, or attending as non-traditional students) were not included as potential respondents to the survey.

In addition, primary and secondary school students are not included in the study. While these students are a core group of patrons, they do not ordinarily have the opportunity to spend any disposable income during their visit. While school groups all incur transportation expenditures, it is the Young Auditorium's experience that the groups rarely expend additional monies.

TABLE 1: PATRON PROFILE

LEVEL OF EDUCATION	
HIGH SCHOOL	11%
TWO-YEAR SCHOOL	30%
BACHELOR'S DEGREE	23%
POST COLLEGE	36%

LEVEL OF INCOME	
LESS THAN \$40,000	15%
\$40,000 TO \$59,999	21%
\$60,000 TO \$79,999	7%
\$80,000 TO \$99,999	25%
\$100,000 TO \$119,999	19%
OVER \$120,000	13%

The average patron responding to the survey was 57 years old and about 73 percent were women. As outlined in Table 1 the typical patron has a college degree and has a relatively high income level.

Consistent with the notion that the Young Auditorium is a regional asset the respondents came from a wide area surrounding Whitewater. Sixteen percent of the respondents came from the City of Whitewater; twelve percent came from Janesville; ten percent from Fort Atkinson; nine percent from Elkhorn; and seven percent from Delavan. The remainder came from communities throughout southeastern Wisconsin; a few came from outside Wisconsin. Finally, the vast majority (75%) of the respondents answered that they were visiting the City of Whitewater "specifically to attend this arts event".

When reviewing all 493 events attended (including those in which one respondent acknowledged attending more than one event), several features are noteworthy. First, 46 percent of respondents purchased food while in the Whitewater area and 29 percent purchased food at the Young Auditorium. Looking specifically at those participants spending money, they spent \$13.77 on food at the Young Auditorium. In addition, those stating that they purchasing food outside the auditorium spent an average of \$44.70 while in the Whitewater region. Those respondents answering that they spent money on local transportation (gas, parking, tolls, rental car, taxi or bus fare) spent an average of \$12.33 on transportation. Table 2 summarizes the spending patterns of all respondents (including those who spent no money on food at the auditorium or in the area & those who did not acknowledge spending money on transportation in the area).



TABLE 2: PATRON EXPENDITURE PROFILE

Refreshments and/or snacks purchased while at this event	\$4.06
Food, drinks, or meals purchased before or after this event (i.e., at a local restaurant)	\$20.40
Souvenirs, gifts, books, recordings, and/or art purchased locally	\$2.77
Souvenirs purchased from the performer	\$2.22
Clothing or accessories specifically for this event	\$1.88
Local transportation (e.g., gas, parking, tolls, rental car, taxi or bus fare --not airfare)	\$4.10
Child-care specifically to attend this event	\$1.29
Overnight accommodations because of this event (e.g., hotel, motel, bed & breakfast)	\$1.49

THE ECONOMIC MULTIPLIER—THE YOUNG AUDITORIUM

A focal point of this study is to assess the economic impact of the Young Auditorium on Whitewater and the surrounding community. This study employs economic multipliers developed through the 2006 IMPLAN economic modeling system. In the most general sense, an economic multiplier is a quantitative measure of economic impact that explicitly recognizes that economies (local, state, regional, or national) are interconnected networks of interdependent activity. When a change takes place in one part of such a network, its effects propagate throughout the system. These effects typically result in a larger total impact than the original change would have caused in isolation.

For example, when 200 workers are hired to work in a theatre, employment tends to increase by more than the 200 jobs directly tied to this auditorium. This happens for two reasons. First, the operation of the auditorium requires certain expenditures such as utilities, insurance and perhaps maintenance contracts. This operational spending creates additional jobs in the industries



that supply those materials, equipment and services. These types of impacts are often referred to as “indirect effects.” Second, people working in the auditorium also spend their earned income on consumer goods and services in the local community. This spending tends to create jobs in the businesses that produce those goods and provide those services. These types of impacts are often called “induced” impacts. We can therefore define the “employment multiplier” as the number that is multiplied by the number of jobs directly involved in the auditorium to yield the total number of jobs created, both directly in the auditorium and the additional jobs created in the community as a result of the project. If the total number of jobs created were 300, the employment multiplier in this example would be 1.5 ($300/200 = 1.5$).

For this study we have two types of data that are used in assessing the economic impact of the Young Auditorium. The first is the direct spending by the auditorium in terms of the costs of day-to-day operations. This includes employees of the auditorium and other “non-labor” expenditures such as heating and utilities,

contracted maintenance, insurance and other expenses. The second is the spending of patrons of the auditorium in the local economy as described above.

The total economic impacts across three metrics of the economy (industry sales, jobs and income) are reported in Table 3. In total, the Young Auditorium contributes \$2.1 million dollars in terms of industrial sales to the local economy, 26.4 jobs and \$964,000 in labor income. This provides a “Young Auditorium industry sales multiplier” of 1.49 ($2,117,082/1,420,551$) and suggests that for every dollar of sales at the auditorium and additional 49 cents of economic activity will be generated in the local economy. The “Young Auditorium employment multiplier” is 1.40 ($26.4/18.9$) and suggests that for every job at the auditorium there will be an additional .4 jobs created in the local economy. Finally, the income multiplier for the Young Auditorium is 1.66 indicating that for every dollar of labor income earned by employees of the auditorium there will be an addition 66 cents of income earned in the community through the multiplier effect.

TABLE 3: ECONOMIC IMPACT OF THE YOUNG AUDITORIUM

	DIRECT	INDIRECT	INDUCED	TOTAL
Industry Sale	\$1,420,551	\$429,080	\$267,451	\$2,117,082
Jobs	18.9	4.3	3.1	26.3
Employment Income	\$579,549	\$220,102	\$163,981	\$963,633



CONCLUSION

The combined economic impact of the Young Auditorium as outlined in Table 2 is \$2,117 million in terms of income and over 26 jobs, where employment defined here is annual full time equivalents (Table 3). In consideration of these results, it is clear that the important conclusion of this study is that through the interconnectedness of the Whitewater area economy, nearly all aspects of the economy are positively affected by the existence of the Young Auditorium. Through

the direct injection of new money into the local economy, specific business and their employees directly benefit. Examples of such business that directly benefit include restaurants and gas stations. It is conceivable that, without a theatre in Whitewater, patrons of the arts would travel elsewhere for this entertainment. However, this investment in Whitewater reaps benefits to the community in social terms, economic terms and cultural terms.



