



<Date>

<Project Contact>
<Title of Project Contact>
<Customer Organization>
<Mailing Address 1>
<Mailing Address 2>
<City>, <State> <ZIP Code>

Dear <Project Contact>:

The purpose of this letter is to serve as a **letter of agreement** for <YOUR ORGANIZATION>'s participation in Americans for the Arts' Economic Impact Study Service, one of the research services that we offer through our Institute for Community Development and the Arts. As we have discussed, this service will enable you to measure—in a reliable and affordable manner—the economic impact of <YOUR COMMUNITY>'s cultural sector on four key areas of your state's economy:

1. Full-time-equivalent jobs supported
2. Personal income paid to residents
3. Revenue generated to local government
4. Revenue generated to state government

Our Economic Impact Study Service will allow you to compare the findings for <YOUR COMMUNITY> with the findings from our recently-published research study, *Arts & Economic Prosperity III: The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences*. This 156-community study documents in unprecedented scope and detail the key role played by the nonprofit arts and culture industry in strengthening local economies. Our research methodology, developed with highly regarded economists from the Georgia Institute of Technology, has repeatedly proven to be credible and accurate. Arts administrators, legislators, advocates, media, and others from across the country regularly use our data to demonstrate the value of arts and culture to their community. To date, we have conducted economic impact studies in all 50 states and more than 200 communities ranging in geography (Alaska to Florida), population (4,000 to 3 million), and type (rural to large urban).

There are two areas that we study: (1) the economic impact of spending by arts and cultural organizations, and (2) the impact of event-related spending by these organizations' audiences. The following pages provide a more detailed description about how we will study the impact of the arts and culture in <YOUR COMMUNITY>.

MEASURING THE IMPACT OF NONPROFIT ARTS AND CULTURE ORGANIZATIONS

Expenditures by nonprofit arts, humanities, heritage, and culture organizations provide a significant impact on their local and state economies. They are employers, producers, consumers, and key members in marketing their cities and states. Spending by these organizations is far reaching: they pay their employees, purchase supplies, contract for services, and acquire assets. These actions, in turn, support local jobs, create household income, and generate revenue to your local and state governments.

1. Americans for the Arts will design a survey document to measure the expenditures of <YOUR COMMUNITY>'s nonprofit arts, humanities, heritage, and culture organizations. The survey will be implemented using Americans for the Arts' secure research server and advanced web-based survey technology. Additionally, hardcopies of the survey can be mailed to eligible respondents who lack Internet access or who would prefer to fill out a hard copy.
2. <YOUR ORGANIZATION> will develop a comprehensive list of the nonprofit arts, humanities, heritage, and culture organizations throughout <YOUR COMMUNITY> that are eligible to participate in the survey. The list will include a primary contact name, phone number, mailing address, and e-mail address for each organization. This list will be provided to Americans for the Arts. Americans for the Arts will then disseminate the surveys to those organizations for which e-mail addresses and a primary contact person are available. **<YOUR ORGANIZATION> is responsible for distributing and collecting a survey from each organization that does not have an e-mail address.** Americans for the Arts will be available for technical assistance by phone to ensure that the survey distribution and collection are completed correctly.
3. In partnership with the project economist, Americans for the Arts will build a unique input/output economic model for <YOUR COMMUNITY>. This input/output model will measure the economic impact of the dollars spent by the nonprofit arts and cultural organizations. The econometric model will be customized specifically for the <YOUR COMMUNITY> economy, taking into account the specific state and local industry, tax, and commerce characteristics. For the purposes of this study, economic impact is defined using these four measures: (1) full-time equivalent jobs, (2) household income paid to residents, (3) revenue generated to local (city and county) governments, and (4) revenue generated to the state government.
4. Once the data collection process is complete, Americans for the Arts will computerize the data and provide a summary of the data to <YOUR ORGANIZATION> for review and approval. Once authorization is provided by <YOUR ORGANIZATION>, Americans for the Arts will analyze all survey data for use in the economic model.

MEASURING THE IMPACT OF INDUCED SPENDING BY ARTS AND CULTURE AUDIENCES

Arts, humanities, heritage, and culture organizations—unlike most industries—leverage significant amounts of event-related spending by their audiences. Attendance generates related commerce for hotels, restaurants, parking garages, and more. Our study will provide you with the economic impact of event-related spending by these audiences on jobs, personal income, and local and state government revenue. Past research has also demonstrated that non-local audience members spend more than their local counterparts. We will analyze your audience data by zip code to differentiate spending by cultural tourists from spending by local resident arts attendees.

1. Americans for the Arts will design a survey instrument that will capture the expenditures of <YOUR COMMUNITY>'s cultural audiences.
2. **<YOUR ORGANIZATION> is responsible for coordinating the completion and collection of a minimum of 1,000 audience surveys throughout <YOUR COMMUNITY>.**

Because it is imperative that audience surveys are collected from a broad representation of the arts events held in the state (e.g., symphony performances, festivals, exhibitions), audience data collection typically takes 6-8 months, and can often take up to one year to complete. Americans for the Arts will work closely with <YOUR ORGANIZATION> to ensure that diverse arts events are selected. Additionally, Americans for the Arts will provide <YOUR ORGANIZATION> with detailed instructions for audience intercept surveying, and will be available for technical assistance by phone to ensure that the survey distribution and collection are completed correctly.

3. When the completed surveys are returned to Americans for the Arts, they will be computerized for analysis and use in the economic model.

OUR STATE OF THE ART ECONOMIC ANALYSIS

Input/output analysis will be used to determine the economic impact in your community. An input/output model is a system of mathematical equations that combine statistical methods and economic theory in an area of economic study called econometrics. It is based on a matrix which tracks the dollar flows between 533 finely detailed industries within your community and allows researchers to determine the economic impact of local spending on jobs, household income, and government revenue. **Our economist will customize an econometric model to reflect the unique economy of <YOUR COMMUNITY>.**

Your input/output model is designed to measure both the direct and indirect economic impacts of expenditures by your cultural organizations. That is, (1) the economic impact resulting from the initial expenditures by the nonprofit arts organizations and (2) the economic impact of the dollars being re-spent in—or "rippling" through—the region. How can a dollar be "re-spent" in a community? Consider this example:

A theater company purchases a gallon of paint from the local hardware store for \$10 (this generates the "direct economic impact"). The hardware store then uses a portion of the \$10 to pay the sales clerk's salary; the sales clerk re-spends some of the money for groceries; the grocery store in turn uses some of the money to pay its cashier; the cashier then spends some for the utility bill; and so on (these are the "indirect economic impacts").

Your input/output model will measure each round of spending until the dollars spent by the arts organizations and audience members have "leaked" out of the local economy. How does money "leak" out of the community? To continue the example above:

The hardware store spent a portion of the \$10 to pay the clerk's salary. But another portion of the \$10 was paid to a paint distributor. Because the paint distributor is located in another state, that portion of the \$10 has no impact on the local community—instead, that portion has "leaked" from the local economy.

<YOUR ORGANIZATION>'S REQUIREMENTS

This research study employs a national-local partnership strategy—one that we've used successfully for over 15 years. This means that both Americans for the Arts and <YOUR ORGANIZATION> are required to accomplish certain tasks to ensure that the project is a success. It is also the primary reason that your project fee is so affordable.

There are five primary responsibilities of <YOUR ORGANIZATION>. This contract is not considered formalized unless the following section is completed in full.

Initial above

1. Identify a primary project contact.

It could be you, a member of your board, a member of your staff, or a volunteer. This person will act as a single point of contact for Americans for the Arts during the duration of the economic impact study. He/she will be responsible for your local work being completed in an accurate and timely manner.

Name of Primary Contact: _____
Job Title: _____
Phone Number: _____
E-mail Address: _____

Initial above

2. Provide a comprehensive list of nonprofit arts and culture organizations.

We need you to create as complete a list as possible of all nonprofit arts and culture organizations in <YOUR COMMUNITY> (*i.e.*, not just your members or grantees). Each listing should include the organization name, the mailing address, the name of a primary contact, the primary contact's e-mail address, and the appropriate National Taxonomy of Exempt Entities definition code (*e.g.*, symphony, historical museum). The National Taxonomy of Exempt Entities (NTEE) codes are included in the Study Welcome Packet that we will send you upon receipt of this contract. This list must be provided to Americans for the Arts as a Microsoft Excel spreadsheet.

Initial above

3. Survey the nonprofit arts and culture organizations on your list.

Americans for the Arts has designed a proprietary survey instrument to measure the expenditures of the nonprofit arts and cultural organizations on your list. A paperless survey process will be implemented electronically by Americans for the Arts using our secure research server and advanced web-based survey technology. Still, two actions are required of <YOUR ORGANIZATION>:

- A hardcopy of the survey must be mailed to eligible organizations for which you do not provide a valid e-mail address. It will be the responsibility of <YOUR ORGANIZATION> to distribute and collect these paper surveys, and return them to Americans for the Arts.

- Additionally, many organizations will not respond to our first, second, or third requests to complete our web-based survey. Upon completion of the web-based data collection effort, <YOUR ORGANIZATION> is responsible for following up with non-responding organizations to solicit their survey response (e.g., faxing additional copies of the survey, coaxing by phone).

Each organization on your list is important, but we do not anticipate nor expect a 100 response rate. Economic impact is based on the number of dollars spent in your community, so we want to capture as many of those dollars as possible. For the purposes of this project, an adequate response can be characterized as data collected from all the large and mid-sized budget organizations on your list and a sampling of the smaller budget organizations.

Initial above

4. Collect at least 1,000 arts audience surveys in your community.

Americans for the Arts has designed a proprietary survey instrument to measure the expenditures of the arts event attendees in your community. <YOUR ORGANIZATION> is responsible for collecting a minimum of 1,000 “audience-intercept” surveys.

Americans for the Arts will also provide you with a survey protocol that will enable you to train your local arts organizations to conduct the audience surveys themselves. Surveys should be returned to Americans for the Arts in batches for data entry purposes.

Initial above

5. Pay your affordable project fee.

The total cost for your study is \$X,XXX. One half of the project fee is payable upon initiation of the project, and the other half is payable upon <YOUR ORGANIZATION>'s receipt of the CD-ROM containing the final study deliverables. You will receive invoices for each payment. (It is important to note that the full market value for this type of study is typically five to ten times this amount.)

DELIVERY OF THE FINAL REPORT AND ACCOMPANYING MATERIALS

Within eight weeks of returning the completed surveys to Americans for the Arts, <YOUR ORGANIZATION> will receive a CD-ROM from Americans for the Arts containing electronic copies of the following deliverables:

- The <YOUR COMMUNITY> **Report** (~24 pages) devoted to the findings for <YOUR COMMUNITY>'s total economic impact of the arts. The easy-to-use report will describe the economic impact of the spending by nonprofit arts organizations and the induced spending by arts audiences. It will also include a description of the methodology and an introduction about the overall value of the arts (economic, social, and aesthetic). Finally, the report will include comparison data from other local areas that have studied the economic impact of the arts using our proprietary methodology.
- Two versions of a **One-Page Summary** of the findings for <YOUR COMMUNITY>
- Our 2007 *Arts & Economic Prosperity III National Report* including study background and methodology, detailed data tables, frequently asked questions, and frequently used terms (300+ pages)
- Our **Summary Report** of the national findings with background and methodology (24 pages)
- Our four-fold **Brochure** highlighting the national findings
- Our customizable **PowerPoint Presentation** of the national findings with talking points and quotes from influential public and private sector leaders (drop in the results for <YOUR COMMUNITY> and you are ready to meet with your elected officials!)

Important Note: All project materials are delivered electronically on a CD-ROM. All printing and production requirements are the responsibility of <YOUR ORGANIZATION>.

I am excited that you have decided to partner with Americans for the Arts for your local economic impact study. If you have additional questions or need more information, please feel free to give me a call.

Sincerely,

A handwritten signature in black ink that reads "Benjamin Davidson". The signature is written in a cursive style with a large initial "B".

Ben Davidson
Director of Field Research

STATEMENT OF AGREEMENT

For Americans for the Arts

On behalf of Americans for the Arts, I look forward to our partnership on *Arts and Economic Prosperity: The Economic Impact of Nonprofit Arts Organizations and Their Audiences in Oklahoma City*. We agree to comply with all of our requirements set forth herein.

Printed Name: _____ Title: _____

Signature: _____ Date: _____

For <YOUR ORGANIZATION>

<YOUR ORGANIZATION> acknowledges that we have retained a copy of this Letter of Agreement. We agree to comply with all of our requirements set forth herein.

Printed Name: _____ Title: _____

Signature: _____ Date: _____

CONTRACTUAL CLAUSES

The survey instruments and economic impact modeling techniques are proprietary and will remain the sole property of Americans for the Arts. Additionally, Americans for the Arts will retain all copyright to the finished products of this project.

Any dispute of any nature arising out of or under this contract which is not disposed of by the agreement of the parties shall be resolved by binding arbitration pursuant to the rules of the American Arbitration Association. Such arbitration will be conducted in Washington, DC.