

Economic Impact Analysis of SFA's School of Art and Cole Art Center Events and Activities



ABSTRACT

Stephen F. Austin State University's School of Art and the Cole Art Center provide residents and visitors experiences with regional, national, and international art as well as educational programs and lectures on a variety of art-related topics in Nacogdoches County, Texas. The analysis presented in this report focuses on their contributions to the local economy. School of Art and Cole Art Center events and activities are described in detail; findings show an increase in county output of goods and services, earnings, and employment attributable to their operations.

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Background and Setting: the Cole Art Center

This study focuses on Stephen F. Austin State University's (SFA) School of Art events and activities in Nacogdoches, Texas with a specific interest in the Cole Art Center. The Cole Art Center is an art exhibition site located in the Old Opera House in downtown Nacogdoches. It offers a wide variety of services and experiences to those seeking to explore the arts. Specifically, patrons can view exhibits planned by the SFA gallery director as the facility contains two floors of gallery space.

The Cole Art Center closed briefly during the COVID-19 pandemic. However, due to budget cuts associated with the pandemic, the Cole Art Center staff was reduced from two full-time and two part-time staff positions to only a full-time director and part-time office manager. With the aid of a grant awarded by the Center for Applied Research and Rural Innovation (CARRI), the Cole Art Center was able to hire several undergraduate and graduate student workers. These funds help the Cole Art



Center accomplish its goal of increasing exposure to the arts in East Texas and its surrounding areas.

In addition to Cole Art Center activities, the School of Art in the Micky Elliott College of Fine Arts at SFA hosts several art-related educational events for K-12 students and educators.

As a part of the CARRI grant awarded to the School of Art, the Center for Business and Economic Research (CBER) at SFA was tasked with measuring the economic impact of the arts in Nacogdoches. The current report is a result of this collaboration, which uses data provided by faculty in SFA's School of Art as well as information gleaned from the School of Art's CARRI grant application. Detailed descriptions of Cole Art Center events along with School of Art educational activities are provided in the next section.

Cole Art Center Events

This section is dedicated to events that take place in the gallery. These events can be attended and enjoyed by the public at no cost. Due to this practice of free entry, the Cole Art Center's greatest contribution to the local economy is the increased visitor activity brought on by these events and the economic contribution these visitors provide to surrounding businesses.

The Cole Art Center has a handful of employees necessary for the day-to-day function of the gallery. There is a director, who works full-time, and a business manager, who works part-time. There are also four student workers. The CARRI grant provided funding for two additional student docents and two additional graduate assistants. Student docents are responsible for researching exhibits, writing tour scripts, and leading tours for visitors. The graduate assistants serve as the Cole Art Center's event planners and are responsible for budgeting, scheduling, and publicity.

Other notable contributions associated with the CARRI grant include this study and funding for restarting the First Friday Film series, which was suspended due to the COVID-19 pandemic.

First Friday films are held once a month and are often attended by 20 to 100 curious moviegoers. The films are sponsored by the CARRI grant and are free to attend for the public. The films chosen range from classic movies to art house films, documentaries, and student work. A handful of attendees come from out of town, including some filmmakers who have spoken as guests at the events.

Exhibits are activities in which an artist's or multiple artists' works are put on display for the public to enjoy. Exhibits are up for weeks and are open during standard operating hours. During this time, guided tours are offered by the student docents. These are often attended by anywhere between a few and twenty people several times a month. Every exhibit features an opening reception, which is held at the beginning of the exhibit's runtime. There are typically five exhibits per semester, with receptions that are regularly attended by 100-150 people, making them the most popular times of an exhibit's runtime.

Juried exhibits are similar to standard exhibits with a slight difference in format. Juried exhibits are essentially art competitions. These competitions run for a few months and can conclude with prizes for the first, second, and third places. Juried exhibits usually draw around 5-10 visitors daily to view the various pieces on display, with multiple juried exhibits showing throughout the year. It is estimated that around 50 percent of these visitors come from outside of Nacogdoches.

The gallery also acts as a venue for the Micky Elliott College of Fine Arts Dean's Circle annual awards ceremony. The event serves to support and showcase student work as well as highlight the presence of fine arts in the East Texas region. The ceremony is one of the larger events, attended by about 100-150 people. However, only around 20 percent of that group is estimated to be from outside of Nacogdoches, corresponding to 20-30 out-of-town visitors.

During the summer, local artist groups often host events at the Cole Art Center. Around 50-75 individuals utilize the space and amenities in total, most of whom are local to Nacogdoches.

The director of the Cole Art Center, along with student workers, is also responsible for operating the gallery in the Griffith Fine Arts building on SFA's campus. The gallery features work by nationally recognized artists as well exhibits of graduate and undergraduate student work. Similarly, two student galleries are located in the School of Art building. Exhibitions by graduating students attract between 40-60 people at opening receptions, with around 10 percent of those individuals considered non-locals. There are 3-5 student exhibitions each semester.

Cole Art Center activities described above often require expenditures for publicity, gallery supplies, office supplies, reception supplies (where appropriate), and insurance. This spending contributes to the economic activity in Nacogdoches.

K-12 Educational Activities — School of Art

The School of Art commonly holds events for K-12 students from schools in East Texas and as far away as Nort Houston. They have a handful of available experiences for students to engage with, all of which provide the downtown Nacogdoches area with a fresh influx of visitors. These events include Art Day, Educator's Workshop, and the Art Academy. These are described in greater detail below.

One of the bigger events that the School of Art hosts is Art Day. Art Day is a once a semester event held by the School of Art faculty on a Friday, in which several groups of students from different schools around East Texas and the surrounding regions participate in a kind of "open house." Attendees for this event are required to register beforehand. Students participate in studio sessions where they learn technical and creative art strategies taught by SFA faculty, gaining hands-on experience in a college setting. After the studio sessions, some attendees take advantage of the Cole Art Center tours conducted by student docents, while others explore the historic Stone Fort Museum on SFA's campus. Finally,



attendees typically eat lunch locally at Nacogdoches restaurants. Around 60-70 individuals, mainly students and several teachers, participate in this event each semester. All participants are estimated to be out-of-town visitors.

The School of Art also has programs structured similar to educational camps. One such program, Educator's Workshop, is for K-12 educators in which faculty in SFA's School of Art conduct more advanced instructional lessons to hone and improve upon the skills these educators already possess. The most recent Workshop saw nearly 20 attendees, none of whom was local. Participants spend several days working with professional artists using a variety of media and processes to explore classroom applications, develop and refine studio art-making practices, and create art for exhibits.

Another notable event is the Art Academy, which is a week-long educational camp where K-12 students participate in activities and lessons to create a foundation of artistic knowledge to foster a passion for the arts. The Art Academy is one of the larger events, having been attended by about 100 students, at both primary and secondary levels. On occassion, some attendees travel from outside of Nacogdoches and stay a week in town in order to attend the Art Academy; however, most participants are local.

Economic Impact Analysis

SFA's School of Art events and activities, especially those related to the Cole Art Center, have contributed a great deal to the economy of Nacogdoches County. The art programs produce important benefits through the creation of jobs, income, county output, and attracting visitors to the area. The following analysis estimates the economic benefits of the School of Art and Cole Art Center programs based on the most recent year's spending figures, information provided in the CARRI grant application, and estimates for the number of visitors (including the percentage of those from out-of-town) provided by School of Art faculty. Additionally, visitor spending at local food services and drinking places was estimated by assuming that out-of-town visitors spent U.S. General Services Administration per diem rates of spending for travel days on meals and incidentals in Nacogdoches. The economic impact model uses these data as inputs to generate impact estimates.

There are three main components of the analysis:

- 1. the direct effects of School of Art events and activities, including those related to the Cole Art Center;
- 2. the indirect effects, and
- 3. the multiplier (or induced) effects.

The Cole Art Center provides jobs and income to the individuals employed by the center. That income from employment is created directly. In addition, income and employment are generated indirectly when the School of Art and the Cole Art Center purchases goods and services from Nacogdoches County service providers and vendors — firms that in turn, hire workers, earn profits, and generate income. The multiplier process results in the creation of additional income and employment as workers spend their incomes in the county and as other firms generate sales, earn profits, and hire new employees. To take direct effects and estimate total effects via this multiplier process, the analysis requires the use of Regional Input-Output Modeling System (RIMS II) multipliers, which are specific to Nacogdoches County, based on 2021 regional data that come from the U.S. Bureau of Economic Analysis.

²Per diem rates for Nacogdoches, TX can be found here: https://www.gsa.gov/travel/plan-book/per-diem-rates.



¹In instances where there was no percentage of out-of-town versus local visitors to an event provided, an average percentage of out-of-town visitors was applied, which was calculated based on the events where such a percentage was provided. If the provided information for an event with visitors stated most were local, the analysis assumes one percent of visitors were from out-of-town.

Direct, indirect, and multiplier effects are aggregated to produce the total output, earnings, and employment impacts of the School of Art events and activities. Direct effects are attributable to the actual operation of the School of Art and Cole Art Center ventures, including hiring of Cole Art Center staff (the direct employment impact) and payments to these workers (the direct income effect). Indirect effects result from School of Art- and Cole Art Center-related purchases of goods and services as well as spending by visitors of exhibits, films, and educational programs. Finally, the multiplier effect occurs as the direct and indirect incomes are spent and re-spent within the local economy.

For example, Cole Art Center employees spend a portion of their wages and salaries in the local community on goods and services such as housing, clothing, and food. Likewise, the owners of businesses receiving these payments will use a portion of the proceeds to pay employees and earn profits, continuing the cycle.

Throughout each subsequent round of spending, a portion of the direct and indirect income leaks out of the local economy through taxes, payments to non-residents, savings, and spending outside the local area. As a result, additional impacts on the local economy and its residents are diminished.

Summary of Benefits — The Cole Art Center

A total of \$69.9 thousand was directly paid to 10 employees in the form of payroll expenditures related to Cole Art Center operations in 2022. Those figures include expenses and positions funded by the CARRI grant awarded to the Cole Art Center. An additional \$8,400 was disbursed on direct non-payroll expenditures. Examples include expenditures such as building insurance for the center and the cost of conducting this economic impact study. The total direct output spending by the Cole Art Center was \$78.3 thousand. After these expenditures were injected into the Nacogdoches economy, additional income and employment effects were generated via the indirect and multiplier processes discussed previously.

Table 1 summarizes the overall economic benefits of the Cole Art Center in Nacogdoches. The total impact is the combination of direct, indirect, and multiplier effects. As a result of Cole Art Center events and activities, including attracting out-of-town visitors that spent money in the county, output in Nacogdoches increased by \$130.2 thousand. The output multiplier, which is calculated by dividing the total output benefit by the direct spending on output, was 1.66. This suggests that for every dollar directly spent by the Cole Art Center in Nacogdoches, county gross domestic product (GDP) increased by \$1.66.

| Impact | Direct | Total |
|------------|-----------|------------|
| Output | \$ 78,338 | \$ 130,206 |
| Earnings | \$ 69,938 | \$ 101,516 |
| Employment | 10 | 11 |

Table 1: Annual Economic Benefits of the Cole Art Center Activities

Another important measure of economic benefits created by the Cole Art Center is personal income or earnings, which includes all wages, salaries, profits, interest, rents, and other forms of income earned by residents in Nacogdoches County. This measure is noteworthy because it reflects gains that accrue directly to locals.

Total income benefits from the Cole Art Center activities equaled \$101.5 thousand. The implicit multiplier associated with income benefits, calculated by dividing the total earnings benefit by direct spending on payroll, is 1.45. This indicates that for every dollar the Cole Art Center spent on wages and salaries, \$1.45 was created in total income in the county.



Lastly, the Cole Art Center directly employed 10 individuals and one additional job was created indirectly and through the multiplier effect. The employment multiplier was 1.10, suggesting that for every job directly created by the Cole Art Center, a total of 1.1 jobs were supported in Nacogdoches County.

It is important to note that the center activities also offer fiscal benefits for the local government such as sales tax revenue, property tax revenue, business tax revenue, and payments-in-lieu-of-taxes. For example, the center employees pay taxes on their non-food items purchased at local stores.

Summary of Benefits -- School of Art and the Cole Art Center

In this section we combine the activities of the Cole Art Center with those of the School of Art (some of which may involve the Cole Center but are not strictly attributed to it). We do this for two reasons. First, there are some activities that would take place even in the absence of the Cole Art Center, but are still affected by its presence. For example, when more people attend a particular School of Art event because they plan to visit an exhibit at the Cole Art Center while in town, the center clearly contributes to increased economic activity. Secondly, some of the Cole Art Center's functions are supported by SFA faculty in the School of Art; however, none of the faculty are directly compensated for their work at the center. Because this "unscrambling" of spending strictly on the Cole Art Center from spending by the School of Art is not possible, we consider the activities of the two entities together.

Like the analysis above, estimates of the economic benefits of both the Cole Art Center and other School of Art activities are based on the most recent year's (i.e., 2022) spending figures, information provided in the CARRI grant application, and estimates for the number of visitors (including the percentage of those from out-of-town) provided by School of Art faculty. The economic impact model and methods used here mirror those described in the previous section.

Table 2 shows the overall combined economic benefits of both the Cole Art Center and School of Art activities and events on the Nacogdoches County economy. Notice that the direct output and earnings values are identical to those when only considering the Cole Art Center programs, but the employment number is different. That is because the School of Art employs 22 faculty members that attend or facilitate at least some of the events and/or participate in committees responsible for planning exhibits and events. They have been included in the direct employment values, but their salaries have been excluded from the analysis as accounting for different portions of their salaries based on their level of involvement in the School of Art and Cole Art Center activities is not feasible.

Thus, direct output and earnings expenditures are unchanged from those in Table 1 for the Cole Art Center activities alone. The total benefits differ since the School of Art K-12 educational programs attract a high percentage of out-of-town visitors that spend money within Nacogdoches County.

Table 2: Combined Annual Economic Benefits of the SFA School of Art and Cole Art Center Activities

| Impact | Direct | Total |
|------------|-----------|------------|
| Output | \$ 78,338 | \$ 136,734 |
| Earnings | \$ 69,938 | \$ 102,905 |
| Employment | 32 | 33 |

The combined activities and events organized by the School of Art and the Cole Art Center were responsible for increasing output across Nacogdoches County by \$136.7 thousand in 2022. The output multiplier, calculated using the method described previously, was 1.75, demonstrating that every dollar directly spent by the School of Art and the Cole Art Center in Nacogdoches increased county GDP by \$1.75. Personal income increased by \$102.9 thousand, and 33 individuals were employed because of the School of Art and Cole Art Center programming dollars flowing through the local economy.



Conclusion

Stephen F. Austin State University's School of Art and the Cole Art Center play an important role in Nacogdoches County. While this study primarily focused on their contributions to the local economy, there are many other significant benefits associated with the School of Art and the Cole Art Center that are not quantified in the analysis. For example, as the CARRI grant application states, the Cole Art Center provides "transformational experiences for students in the School of Art who learn practical skills while working at the center." as stated in the CARRI grant application.

Increases in output of goods and services, earnings, and employment are substantial and extend beyond the immediate benefits to those directly employed by the School of Art or the Cole Art Center. Indirect benefits arise from the added business and economic activity by visitors to Nacogdoches of the exhibits and programs. They purchase from local businesses that in turn produce more output, employ additional workers, and pay additional wages. The multiplier effect occurs from additional spending of income earned through direct and indirect involvement with the School of Art and the Cole Art Center.

Direct spending in Nacogdoches County attributable to the School of Art and Cole Art Center events and activities totals \$78.3 thousand in output and \$69.9 thousand in income, with 32 individuals directly employed. Once this money circulates through the local economy, it produces \$136.7 thousand in output benefits, \$102.9 thousand in earnings benefits to local residents, and employment for 33 individuals. Most of these benefits are associated with the Cole Art Center ventures, but K-12 programming for students and educators by the School of Art does add to the Nacogdoches County economy.

Other Benefits

It is also worth noting that there are likely significant non-pecuniary (i.e., nonmonetary) benefits from the activities of the Cole Art Center, the School of Art at SFA, and fine arts generally. While this aspect of arts' contribution lies beyond the scope of this study, which is focused on the economic impact, it would nonetheless be an omission to not at least mention it.

Fine arts and the activities of the sort described in this study promote greater appreciation of the creative world, especially among the younger generations. They also expose residents of rural areas to cultural activities they may not otherwise experience, create a more educated populace, and contribute to the development of the "whole person."