



# THE TOURISM ECONOMIC IMPACT OF CULTURAL DISTRICT GRANT FUNDING

FOUR CASE STUDIES  
NOVEMBER 2016



PREPARED BY  
TXP, INC  
ON BEHALF OF  


COVER PHOTO CREDIT

LUBBOCK SYMPHONY ORCHESTRA

DALLAS THEATER CENTER

ENSEMBLE THEATRE

WIMBERLEY VALLEY CULTURAL DISTRICT

HOUSTON CENTER FOR CONTEMPORARY CRAFT

TEXAS COMMISSION ON THE ARTS

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# The Impact of Cultural District Grant Funding: Introduction

The Texas Commission on the Arts (TCA) was given authority in 2005 by the 79 Texas Legislature to designate Cultural Districts in communities across the state. These specific areas use existing cultural landmarks and resources to generate economic development and community revitalization. Currently, there are 35 TCA-designated Cultural Districts in 30 cities.

Due to the collaborative work of the Texas Cultural Trust and Texans for the Arts, the 84 Texas Legislature appropriated \$5.0 million to TCA for creating a competitive grant program to support economic development within Cultural Districts. In December 2015, 20 grants totaling \$1.5 million were awarded to Cultural Districts located in Dallas, El Paso, Galveston, Houston, Lubbock, San Elizario, and Wimberley. These eleven designated Cultural Districts were funded in amounts ranging from \$10,000 to \$500,000 for projects focusing on significant cultural tourism efforts. The funded projects focused on marketing, infrastructure investment, and support for major events. The grant funding was anticipated to attract additional visitors and revenue to the Cultural Districts and their cultural institutions.

As Texas' leading voice for the arts in education, advocacy, and economic development, the Texas Cultural Trust retained TXP, Inc. (TXP) to evaluate the economic impact of four projects receiving TCA grant funding. As part of this process, TXP interviewed Cultural District grant recipients; reviewed their funding applications; and created a methodology to estimate the tourism economic impact on the regional economy

The four case studies highlight the variety of cultural arts opportunities that exist for every community, large and small, throughout Texas. While this analysis focuses on the tourism implications, there are numerous spillover benefits that have not been quantified.

Figure 1: Cultural District Project Grant Recipients 2015



# The Impact of Cultural District Grant Funding: Methodology & Approach

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TXP contacted each Cultural District case study grant recipient (the recipient) to collect information about how the funding would be used, obtain estimates on total attendance at each exhibit/event, and analyze ZIP Code data on where visitors live. One of the goals of the TCA Cultural District program is to promote and develop “marketable tourism assets that highlight the distinct identity of a community and encourage in-state, out of state, and international visitors.” Based on the data collected by the recipients, TXP was able to estimate the number of local, regional, and overnight visitors. TXP translated this information into new direct economic activity for the region. Local visitor spending was not included because these residents would likely spend money at another cultural attraction in community. TXP used average visitor spending data (daytrip and overnight) from the Office of the Governor, Economic Development and Tourism to approximate the direct increase in local economic activity. TXP also adjusted the input model data to take into consideration spending by exhibitors. Based on the increase in economic activity, TXP calculated the new tax revenue collected by the State of Texas.

## **Economic Impact of Methodology**

Economists use a number of statistics to describe regional economic activity. Four common measures are “Output” which describes total economic activity and is generally equivalent to a firm’s gross sales; “Value Added” which equals gross output of an industry or a sector less its intermediate inputs; “Labor Income” which corresponds to wages and benefits; and “Employment” which refers to jobs that have been created in the local economy.

In an input-output analysis of new economic activity, it is useful to distinguish three types of expenditure effects: direct, indirect, and induced.

**Direct effects** are production changes associated with the immediate effects or final demand changes. The payment made by an out-of-town visitor to a hotel operator or the taxi fare paid for transportation while in town are examples of direct effects.

**Indirect effects** are production changes in backward-linked industries caused by the changing input needs of directly affected industries typically, additional purchases to produce additional output. Satisfying the demand for an overnight stay will require the hotel operator to purchase additional cleaning supplies and services. The taxi driver will have to replace the gasoline consumed during the trip from the airport. These downstream purchases affect the economic output of other local merchants.

**Induced effects** are the changes in regional household spending patterns caused by changes in household income generated from the direct and indirect effects. Both the hotel operator and taxi driver experience increased income from the visitor’s stay, as do the cleaning supplies outlet and the gas station proprietor. Induced effects capture the way in which increased income is spent in the local economy.

A multiplier reflects the interaction between different sectors of the economy. An output multiplier of 1.4, for example, means that for every \$1,000 injected into the economy, all other sectors produce an additional \$400 in output. The larger the multiplier, the greater the impact will be in the regional economy.

For this analysis, TXP used the RIMS II economic impact model for each region being examined.



# The Impact of Cultural District Grant Funding: Case Studies

## Houston Museum District

The Museum of Fine Arts Houston's (MFAH) *Sculpted in Steel: Art Deco Automobiles and Motorcycles, 1929-1940* exhibition ran from February, 2016 to May, 2016. This exhibition showcased automobiles and motorcycles from 1920-1940 that exemplified the classic elegance, luxurious materials, and iconography of motion that characterized the Art Deco style. Its focus was the way in which industrial designers adapted one of the most popular visual idioms of the twentieth century to transportation.

The MFAH is one of the largest cultural institutions in the United States. Nearly 1 million visitors annually engage with the Museum's permanent collection of more than 68,000 objects. The *Sculpted in Steel* exhibition was designed to attract visitors to the Houston Museum District, both traditional museum patrons and new audiences alike.

Approximately 69,000 people attended the exhibit. Nearly 18 percent of visitors were from outside of the Harris County region.

The total economic impact (direct + indirect + induced) of visitor spending related to the *Sculpted in Steel* exhibit was \$3.8 million. This event generated approximately \$70,000 in State of Texas tax revenue.

**Table 1: Tickets Sold by Place of Residence to the *Sculpted in Steel* Exhibit**

Home Location	Percentage
City of Houston	59.2%
Harris County (outside of Houston)	23.2%
Houston MSA (outside of Harris County)	14.2%
Outside of Houston MSA	3.4%
<b>TOTAL</b>	<b>100.0%</b>

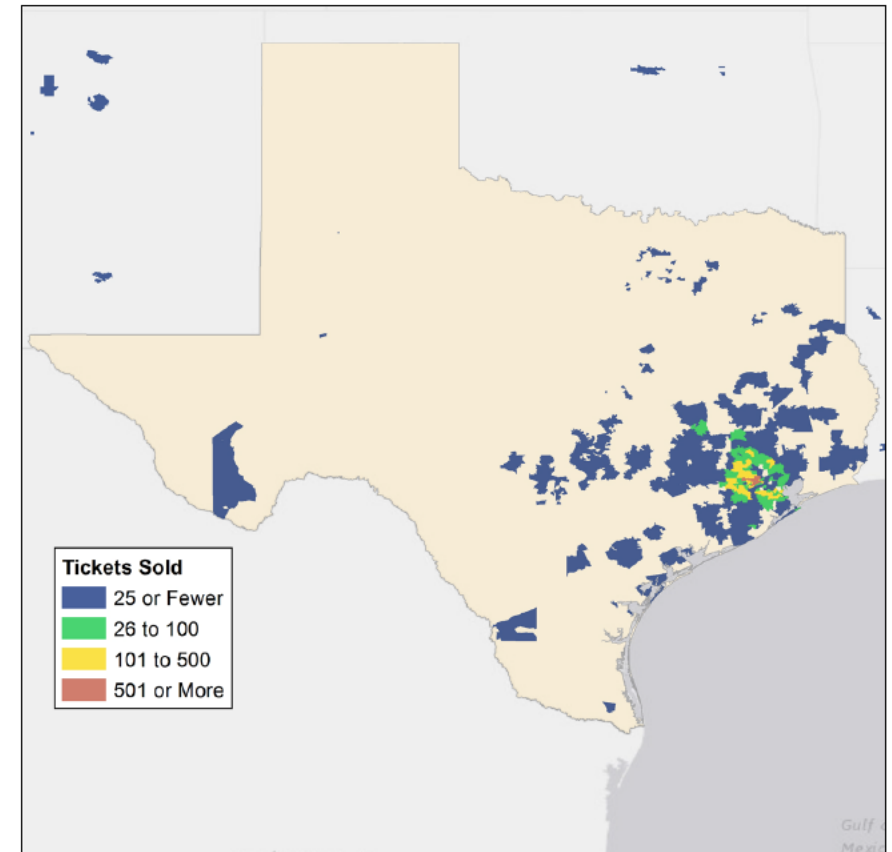
Source: TXP

**Table 2: Economic Impact of *Sculpted in Steel* Exhibit**

	Economic Activity	Gross State Product	Earnings	Jobs
Direct	\$1,870,176	\$1,131,272	\$629,254	28
Indirect + Induced	\$1,940,515	\$1,011,967	\$563,450	14
<b>TOTAL</b>	<b>\$3,810,691</b>	<b>\$2,143,239</b>	<b>\$1,192,704</b>	<b>42</b>

Source: TXP

**Figure 2: *Sculpted in Steel* Exhibit Ticket Sales by ZIP Code**



# The Impact of Cultural District Grant Funding: Case Studies

## Dallas Arts District

The Dallas Museum of Art (DMA) is one of Dallas' premier cultural assets. In its current location in downtown, DMA serves as an anchor of the Dallas Arts District. Its global collection of more than 23,000 works celebrates a full range of world cultures. DMA offers nearly 5,000 multidisciplinary programs annually dedicated to helping visitors experience great works of art.

The DMA's *Jackson Pollock: Blind Spots* exhibition ran from November, 2015 to March, 2016. This exhibit was the exclusive American venue of more than 70 works, including 31 Pollock canvases from his black paintings period of work, considered a major turning point in the artist's style. In addition to the TCA grant, the DMA invested \$300,000 in its advertising and promotional campaign for the exhibit, generating nearly 35.5 million media impression.

The exhibit attracted 68,000 visitors a 35 percent increase over the initial projection of 50,000. Targeted marketing efforts helped to attract more than 10,000 visitors from outside the Dallas MSA further proving the DMA is a driver of cultural tourism in Dallas.

The total economic impact (direct + indirect + induced) of the DMA's *Jackson Pollock: Blind Spots* was \$15.0 million. This event generated approximately \$282,000 in State of Texas tax revenue.

**Table 3: Tickets Sold by Place of Residence to *Jackson Pollock: Blind Spots***

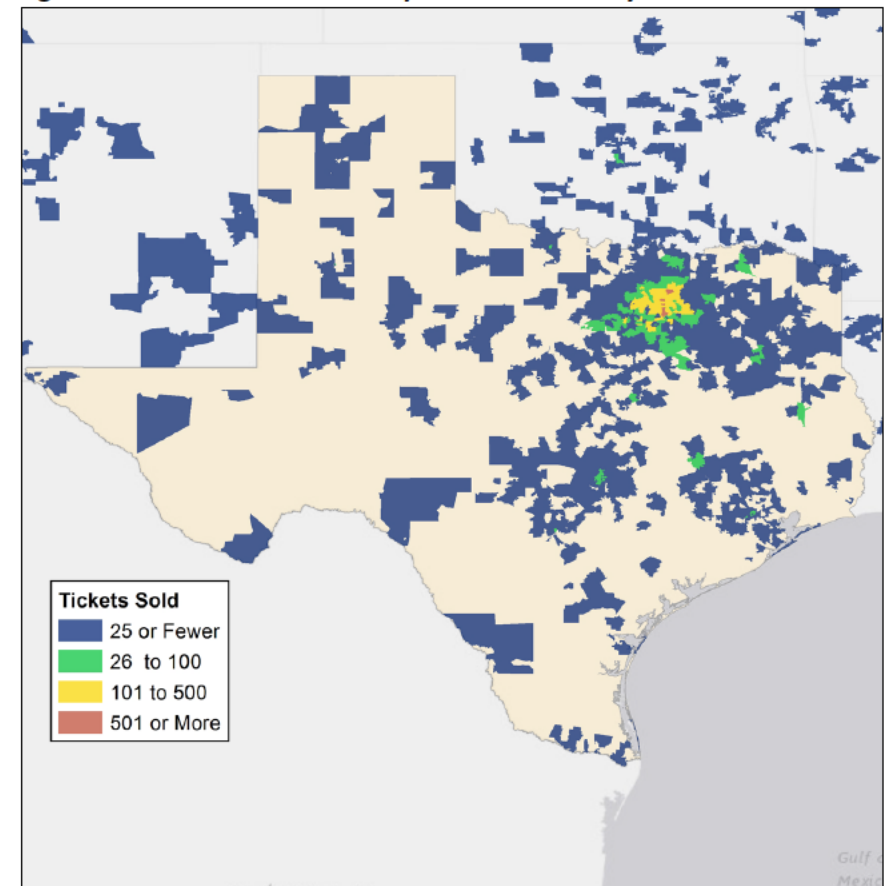
Home Location	Percentage
City of Dallas	16.5%
Dallas County (outside of City)	7.8%
Dallas MSA (outside of Dallas County)	18.2%
Outside of Dallas MSA	16.2%
No ZIP Code Data Provided	41.2%
<b>TOTAL</b>	<b>100.0%</b>

**Table 4: Economic Impact of *Jackson Pollock: Blind Spots***

	Economic Activity	Gross State Product	Earnings	Jobs
Direct	\$6,852,735	\$4,153,673	\$2,304,865	98
Indirect + Induced	\$8,168,419	\$4,404,548	\$2,429,599	61
<b>TOTAL</b>	<b>\$15,021,154</b>	<b>\$8,558,221</b>	<b>\$4,734,464</b>	<b>159</b>

Source: TXP

**Figure 3: *Jackson Pollock: Blind Spots* Ticket Sales by ZIP Code**





# The Impact of Cultural District Grant Funding: Case Studies

## Wimberley Valley Cultural District

The Wimberley Players are a major force in the cultural live of Wimberley and Central Texas. First formed in 1979, the Players now present five major productions each seasons to frequently sold-out audiences in their 104-seat theatre. These efforts have allowed for significant attendance growth: from approximately 3,400 tickets sold in 2013 to more than 5,200 sold in 2015. One of out of every six audience members travel from outside the Austin MSA to attend, which indicates the broad appeal of the Wimberley Players.

Grant funding was sought to support enhancements to the Wimberley Valley Cultural District with the addition of a public garden and a small outdoor stage on the grounds of the theatre to increase the draw of the downtown area. The City of Wimberley is also an active partner in the enhancements efforts for the Cultural District, with landscaping and streetscaping the area around the theatre included in the City’s capital improvement planning. The aesthetic enhancements were to drive increased ticket sales, especially from out of town patrons, and thereby bring increased spending by these visitors to other merchants in downtown Wimberley.

The total economic impact (direct + indirect + induced) of out-of-town guests attending Wimberley Players’ productions in 2015 was \$1.3 million. This event generated approximately \$25,000 in State of Texas tax revenue.

**Table 5: Tickets Sold by Place of Residence to The Wimberley Players (2015)**

Home Location	Percentage
City of Wimberley	45.6%
Hays County (outside of Wimberley)	19.7%
Austin MSA (outside of Hays County)	17.2%
Outside of Austin MSA	17.5%
<b>TOTAL</b>	<b>100.0%</b>

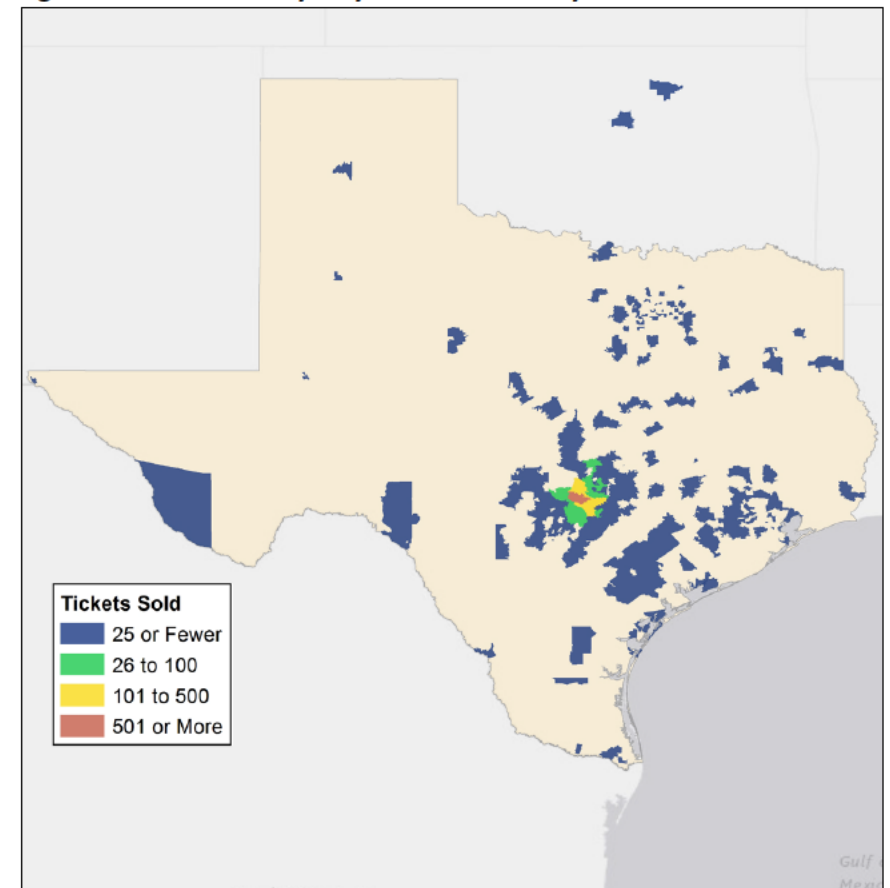
Source: TXP

**Table 6: Economic Impact of The Wimberley Players (2015)**

	Economic Activity	Gross State Product	Earnings	Jobs
Direct	\$694,733	\$422,288	\$234,203	10
Indirect + Induced	\$617,831	\$333,448	\$183,992	5
<b>TOTAL</b>	<b>\$1,312,563</b>	<b>\$755,736</b>	<b>\$418,195</b>	<b>15</b>

Source: TXP

**Figure 4: The Wimberley Players Ticket Sales by ZIP Code**



# The Impact of Cultural District Grant Funding: Case Studies

## Lubbock Cultural District

Lubbock Arts Alliance has worked to support local artists and arts organizations for nearly 50 years. As a part of this work they produce the annual Lubbock Arts Festival, the largest regional celebration of the fine arts. This three-day art event features innovative visual art exhibitions, 150 artists from around the nation selling their artwork, demonstrating artists, music performances, and more that attracts visitors to the Lubbock Cultural District.

In an effort to increase its appeal to a wide audience and establish Lubbock as a regional arts destination, the Arts Festival emphasizes unique opportunities to experience the arts in new ways. Its efforts to showcase innovative visual exhibits which attract local audiences as well as tourists has been successful.

In 2016, approximately 10,000 people attended the Lubbock Arts Festival. Approximately 20 percent were from outside the City of Lubbock. Based on visitor survey data collected, the Festival was the primary reason the visitor came to Lubbock.

The total economic impact (direct + indirect + induced) of the 2016 Lubbock Arts Festival was \$1.2 million. This event generated approximately \$23,500 in State of Texas tax revenue.

**Table 7: Attendance to 2016 Lubbock Arts Festival by Place of Residence**

Home Location	Percentage
City of Lubbock	80.7%
Lubbock MSA (outside of City)	2.9%
Outside of Lubbock MSA	12.7%
No ZIP Code Data Provided	3.7%
<b>TOTAL</b>	<b>100.0%</b>

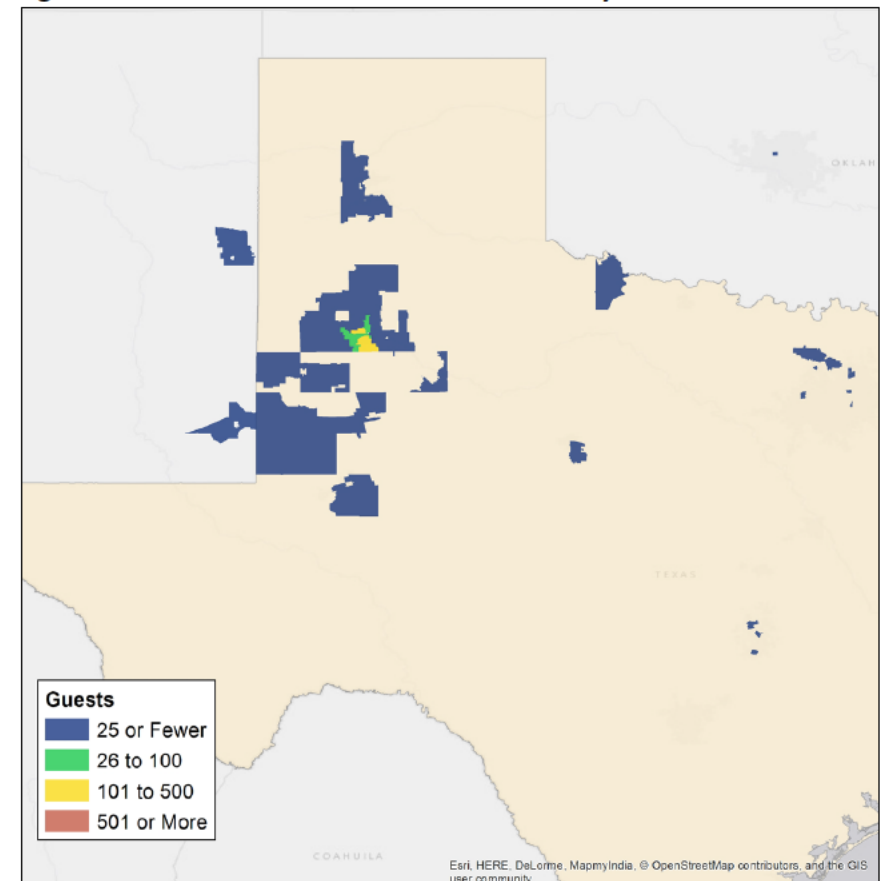
Source: TXP

**Table 8: Economic Impact of the Lubbock Arts Festival (2016)**

	Economic Activity	Gross State Product	Earnings	Jobs
Direct	\$680,692	\$412,208	\$205,419	10
Indirect + Induced	\$525,660	\$298,604	\$148,497	4
<b>TOTAL</b>	<b>\$1,206,352</b>	<b>\$710,812</b>	<b>\$353,916</b>	<b>14</b>

Source: TXP

**Figure 5: Lubbock Art Festival 2016 Ticket Sales by ZIP Code**

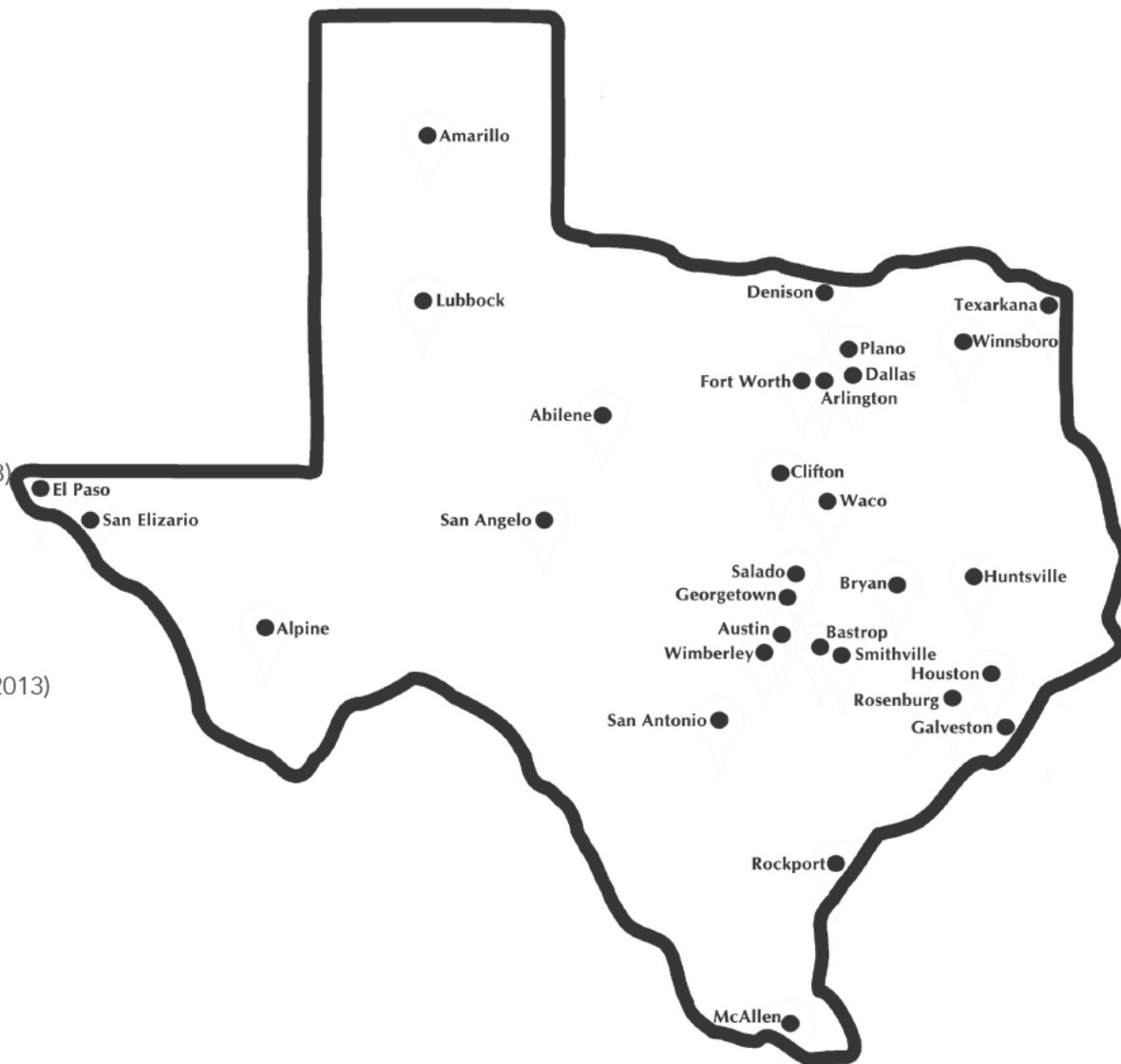


## TCA CULTURAL DISTRICTS (YEAR DESIGNATED)

- Abilene Cultural District (2010)
- Alpine Cultural District (2011)
- Amarillo Cultural Arts District (2016)
- Arlington Cultural Arts District (2016)
- Austin's African American Cultural Heritage District (2009)
- Bastrop Cultural Arts District (2012)
- Bryan Downtown Cultural District (2014)
- Clifton Cultural Arts District (2011)
- Dallas Arts District (2010)
- Denison Arts and Cultural District (2009)
- El Paso Downtown Cultural District (2011)
- Fort Worth Cultural District (2010)
- Galveston Arts and Cultural District (2012)
- Georgetown Cultural District (2013)
- Houston Greater East End Cultural District (2014)
- Houston Midtown Cultural District (2012)
- Houston Museum District (2010)
- Houston Theater District (2010)
- Houston Washington Avenue Cultural District (2013)
- Huntsville Cultural District (2009)
- Lubbock Cultural District (2009)
- McAllen Cultural District (2009)
- Plano Downtown Cultural District (2016)
- Rockport Cultural Arts District (2016)
- Rosenberg Historical Downtown Cultural District (2013)
- Salado Art and Cultural District (2016)
- San Angelo Cultural District (2009)
- San Antonio King William Cultural District (2011)
- San Antonio Zona Cultural (2015)
- San Elizario Historic Arts District (2013)
- Smithville Cultural District (2013)
- Texarkana Arts and Historical District (2016)
- Waco Downtown Cultural District (2016)
- Wimberley Valley Cultural District (2015)
- Winnsboro Cultural Arts District (2009)



**Texas  
Commission  
on the Arts**  
Investing in a Creative Texas





**CULTURAL  
DISTRICT  
AWARDS  
BY CITY**

**ABILENE**

**ABILENE CULTURAL DISTRICT**

Abilene Cultural Affairs Council

**SENATE DISTRICT: 28**

Enhancements to the District

**HOUSE DISTRICT: 71**

FY2017 \$90,000

**DALLAS**

**DALLAS ARTS DISTRICT**

AT&T Center for the Performing Arts

Dallas Museum of Art

Dallas Theater Center

**SENATE DISTRICT: 23**

High Quality Arts Programming

High Quality Arts Programming

High Quality Arts Programming

**HOUSE DISTRICT: 108**

FY2017 \$270,000

FY2016 \$500,000

FY2016 \$10,000

**EL PASO**

**EL PASO DOWNTOWN CULTURAL DISTRICT**

El Paso Downtown Cultural District

**SENATE DISTRICT: 29**

Promotion and Marketing

**HOUSE DISTRICT: 77**

FY2016 \$94,950

**FORT WORTH**

**FORT WORTH CULTURAL DISTRICT**

Kimbell Art Museum

Modern Art Museum of Fort Worth

**SENATE DISTRICT: 12**

High Quality Arts Programming

High Quality Arts Programming

**HOUSE DISTRICT: 99**

FY2017 \$450,000

FY2017 \$450,000

**GALVESTON**

**GALVESTON ARTS AND CULTURAL DISTRICT**

Galveston Arts Center

Grand 1894 Opera House

Grand 1894 Opera House

**SENATE DISTRICT: 11**

High Quality Arts Programming

Enhancements to the District

High Quality Arts Programming

**HOUSE DISTRICT: 23**

FY2016 \$34,375

FY2016 \$100,000

FY2017 \$90,000

**HOUSTON**

**GREATER EAST END CULTURAL DISTRICT**

Greater East End Cultural District

Greater East End Cultural District

**SENATE DISTRICT: 6**

Signage and Wayfinding

Signage and Wayfinding

**HOUSE DISTRICT: 145**

FY2016 \$30,000

FY2017 \$73,737

**HOUSTON MUSEUM DISTRICT**

Museum of Fine Arts, Houston

Museum of Fine Arts, Houston

**SENATE DISTRICT: 15**

High Quality Arts Programming

High Quality Arts Programming

**HOUSE DISTRICT: 147**

FY2016 \$100,000

FY2017 \$450,000

**HOUSTON THEATER DISTRICT**

Alley Theatre

Da Camera of Houston

Houston Ballet Foundation

Houston Ballet Foundation

Theatre Under the Stars

**SENATE DISTRICT: 13**

Promotion and Marketing

High Quality Arts Programming

High Quality Arts Programming

High Quality Arts Programming

High Quality Arts Programming

**HOUSE DISTRICT: 147**

FY2016 \$50,000

FY2016 \$50,000

FY2016 \$20,000

FY2017 \$450,000

FY2017 \$45,000



<b>HOUSTON (continued)</b>			
<b>MIDTOWN HOUSTON CULTURAL DISTRICT</b>	<b>SENATE DISTRICT: 15</b>	<b>HOUSE DISTRICT: 147</b>	
Community Artists' Collective	High Quality Arts Programming	FY2017	\$13,500
Ensemble Theatre	Signage and Wayfinding	FY2016	\$50,000
Ensemble Theatre	High Quality Arts Programming	FY2017	\$41,754
Midtown Management District	Promotion and Marketing	FY2016	\$25,000
<b>WASHINGTON AVENUE CULTURAL DISTRICT</b>	<b>SENATE DISTRICT: 6</b>	<b>HOUSE DISTRICT: 145</b>	
FotoFest	High Quality Arts Programming	FY2016	\$185,000
Fresh Arts	Promotion and Marketing	FY2017	\$69,816
Multicultural Education & Counseling	High Quality Arts Programming	FY2017	\$29,700
<b>LUBBOCK</b>			
<b>LUBBOCK CULTURAL DISTRICT</b>	<b>SENATE DISTRICT: 28</b>	<b>HOUSE DISTRICT: 84</b>	
Broadway Festivals	High Quality Arts Programming	FY2016	\$25,000
Charles Adams Studio Project	Enhancements to the District	FY2016	\$25,000
Louise Hopkins Underwood Center	Enhancements to the District	FY2016	\$100,000
Lubbock Arts Alliance	High Quality Arts Programming	FY2016	\$50,000
Lubbock Arts Alliance	Promotion and Marketing	FY2017	\$25,200
Lubbock Symphony Orchestra	High Quality Arts Programming	FY2016	\$15,000
<b>SAN ANGELO</b>			
<b>SAN ANGELO CULTURAL DISTRICT</b>	<b>SENATE DISTRICT: 28</b>	<b>HOUSE DISTRICT: 72</b>	
San Angelo Historic Cultural District	Enhancements to the District	FY2017	\$135,000
<b>SAN ANTONIO</b>			
<b>KING WILLIAM CULTURAL DISTRICT</b>	<b>SENATE DISTRICT: 26</b>	<b>HOUSE DISTRICT: 123</b>	
Blue Star Contemporary	Promotion and Marketing	FY2017	\$87,522
King William Cultural Arts District	Signage and Wayfinding	FY2017	\$18,315
<b>SAN ELIZARIO</b>			
<b>SAN ELIZARIO HISTORIC ARTS DISTRICT</b>	<b>SENATE DISTRICT: 29</b>	<b>HOUSE DISTRICT: 75</b>	
San Elizario Historic Art District	High Quality Arts Programming	FY2016	\$12,850
<b>WIMBERLEY</b>			
<b>WIMBERLEY VALLEY CULTURAL DISTRICT</b>	<b>SENATE DISTRICT: 25</b>	<b>HOUSE DISTRICT: 45</b>	
Wimberley Players	Enhancements to the District	FY2016	\$20,000



# Texas Cultural Trust & Partners

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## TEXAS CULTURAL TRUST

The Texas Cultural Trust is a 501(c)(3) nonprofit organization whose mission is to be the leading voice for the arts in education, advocacy, and economic impact in Texas, spotlighting the artistic excellence of our state. Programs of the Texas Cultural Trust include the biennial Texas Medal of Arts Awards, Texas Women for the Arts, the Texas Young Masters Program, the Arts & Digital Literacy Initiative, the Invest in the Arts. The Arts Perform Legislative Campaign, and the Art Can Initiative. The Trust also supports the programs of the Texas Commission on the Arts and other qualifying state agencies. Since 2008, the Texas Cultural Trust has invested more than \$3.2 million into arts awareness and education, bringing the total investment to more than \$4.9 million. For more information on the Texas Cultural Trust, please visit [www.txculturaltrust.org](http://www.txculturaltrust.org).



## TEXAS COMMISSION ON THE ARTS (TCA)

*Grants, Information, and Technical Assistance for the Arts*

The Texas Commission on the Arts was established by the Texas Legislature in 1965 to advance the state economically and culturally by investing in a creative Texas. By providing resources to enhance economic development, arts education, cultural tourism and artist sustainability initiatives, the Texas Commission on the Arts supports a diverse and innovative arts community statewide.



TEXANS FOR THE ARTS

## TEXANS FOR THE ARTS

*Political Advocacy for the Arts*

Texans for the Arts is a highly effective, non-partisan statewide arts advocacy organization that organizes advocacy efforts in order to protect and increase public funding for the arts at the state, national and local levels and provides coordinated information about legislative activity related to arts issues. Texans for the Arts' legislative agenda advocates for the development and implementation of public policy that supports a strong and vibrant arts and cultural industry.

In addition to its legislative activity, Texans for the Arts works closely with its partner organization Texans for the Arts Foundation to produce the biennial Texas Arts Advocacy Day, the biannual Arts Funding & Leadership Development Workshop, and serves as "State Captain" for Americans for the Arts collaborating on national arts advocacy efforts.

# About TXP, Inc.

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TXP is an economic analysis and public policy consulting firm founded in 1987 in Austin, Texas. Our clients have discovered that we are the firm to hire when there is not an immediate, obvious, or simple solution to their economic or public policy challenge. In addition to drawing on the expertise of our firm members, we regularly partner with urban planning, engineering, and public policy firms to put together teams uniquely suited to our clients' needs.

TXP offers a full-range of economic analysis and forecasting services to public and private clients. The firm specializes in applying focused primary research to enhance secondary data. TXP offers a number of other services to clients, including periodic reports highlighting economic trends in regional economies and presentations to a range of stakeholders. TXP currently serves as economist-on-retainer for a number of high-profile private and public sector clients throughout Texas.

TXP has successfully helped clients manage the balance between economic development, land use planning, and infrastructure development to ensure overall community prosperity. Our team provides in-depth analysis on the connection between tax base enhancement and service cost reduction, and works with communities, state agencies, local governments, universities, and developers to facilitate growth and redevelopment.



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## Legal Disclaimer

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Any statements involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that such opinions or estimates will be realized. The information and expressions of opinion contained herein are subject to change without notice, and shall not, under any circumstances, create any implications that there has been no change or updates



Texas Cultural Trust's mission is to be the leading voice for the arts in education, advocacy, and economic impact in Texas, spotlighting the artistic excellence of our state.