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# BATON ROUGE GALLERY | ECONOMIC IMPACT REPORT

SEPTEMBER 2022

PREPARED BY:



## EXECUTIVE SUMMARY

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Baton Rouge Gallery – center for contemporary art, a nonprofit artist cooperative and art gallery housed in BREC’s City Park, has had a significant economic impact on its surrounding community over the past decade. From 2010 through 2019, Baton Rouge Gallery hosted over 640 events attracting a conservatively estimated 117,050 visitors, resulting in a total economic impact estimated at \$8,119,565. The true economic impact is likely higher, as this analysis looks only at event-related attendance and does not factor in general gallery attendance.

This analysis is based on Baton Rouge Gallery’s annual expenses and event attendance, which were used to estimate additional spending on behalf of the Baton Rouge Gallery’s audiences. Baton Rouge Gallery’s spending along with its audience’s spending over the decade were used to estimate job creation, additional household income, and local and state government revenues that can be traced back to events hosted by Baton Rouge Gallery or in the Baton Rouge Gallery’s space. This analysis includes data derived from the Arts & Economic Prosperity 5 Calculator, a tool developed by *Americans for the Arts* for the purpose of estimating the economic impact of arts organizations.

- Baton Rouge Gallery’s **total impact** on the local economy is estimated to be **\$8,119,565** over the full decade.
- From 2010 through 2019, Baton Rouge Gallery created an estimated **143 direct, indirect, and induced jobs**.
- In 2019, there was **\$17.41** in estimated **total economic impact per each fundraising dollar** collected.
- Every **\$1 of overall revenue** generated by Baton Rouge Gallery resulted in **\$5.03 of total economic impact**.

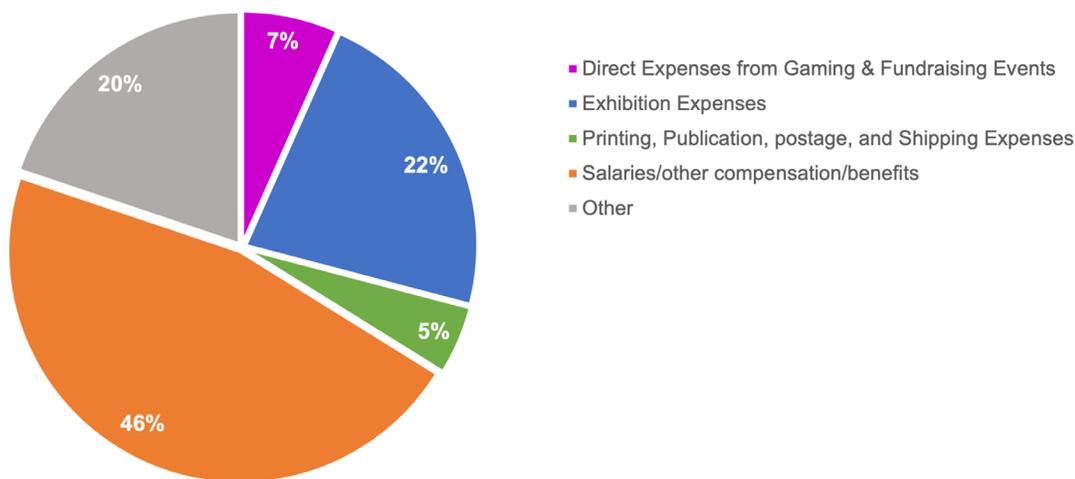
## ECONOMIC IMPACT OF BATON ROUGE GALLERY ON EAST BATON ROUGE PARISH (AND SURROUNDING AREAS)

For many people, an afternoon or evening spent at one of Baton Rouge Gallery’s events includes much more than the event itself. Dinner before the event with friends, drinks after, or ice cream with the kids on the way home may all be features of an evening spent at Baton Rouge Gallery. Each event hosted by Baton Rouge Gallery drives additional spending in the community at restaurants, bars, retail stores, and other establishments. Visitor spending that’s spurred by events hosted at or by Baton Rouge Gallery, in addition to Baton Rouge Gallery’s own expenditures, result in a significant impact on the local economy.

### Expenses & Revenues

Over the decade from 2010 through 2019, Baton Rouge Gallery reported \$1,525,856 in total expenditures, including direct expenses from fundraising events. The overwhelming majority of these were operating expenses, and more than \$1 out of every \$5 spent went towards exhibition expenses.

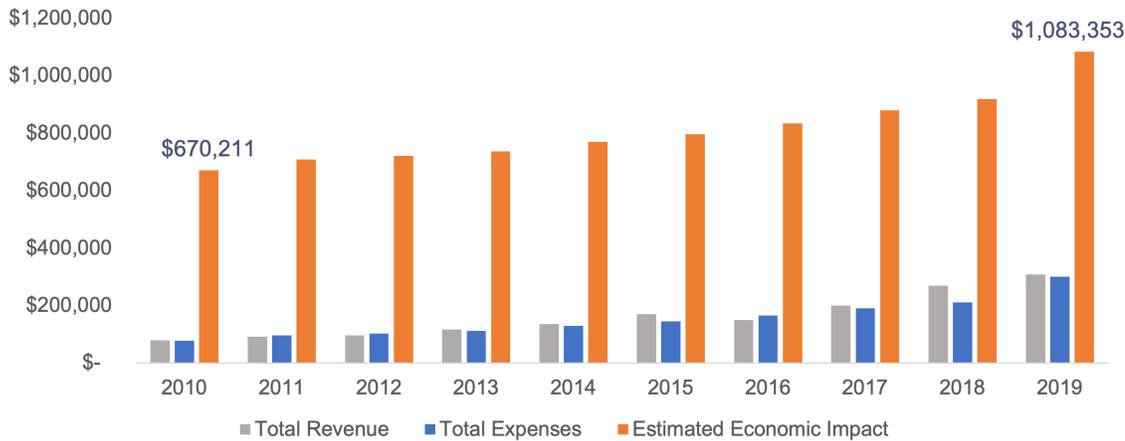
How Does the Baton Rouge Gallery Spend its Money?



Expenses falling under “advertising and promotion” represent just 2.4% of total expenditures over the decade; each dollar the Gallery spent for advertising and promotion corresponded with more than 3 event attendees.

Revenues reported by Baton Rouge Gallery, which showed a year-over-year increase in nine of the ten years studied, totaled \$1,614,368 from 2010 through 2019. Each \$1 of revenue reported by Baton Rouge Gallery correlated with \$5.03 of economic impact in the community. Additionally, one full time equivalent (FTE) job was created for each \$11,289 in revenue generated over the decade.

## Estimated Annual Economic Impact 2010 - 2019

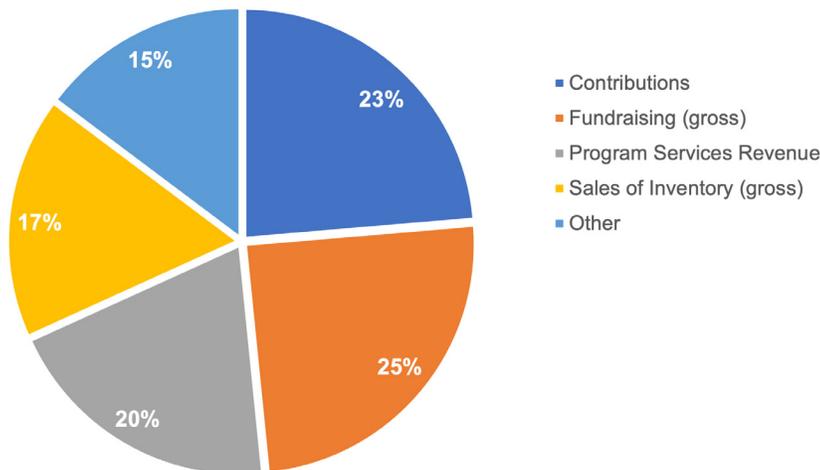


## Fundraising and Other Revenues

Fundraising represents the single greatest share of revenue-generating activities for Baton Rouge Gallery, but not by much. In 2019 alone, each \$1 of fundraising corresponded with \$17.41 in total economic impact.

Revenue generated from program services, such as income from ticketed events, combined with sales of works of art represent about one third of total revenues generated from 2010 through 2019. Other revenues, which include membership dues and fees collected from other organizations renting the Baton Rouge Gallery’s space, account for \$0.20 of every \$1.00 of revenue generated.

### Baton Rouge Gallery Revenue Breakdown, 2010 - 2019 Totals



## Expenditures, Jobs, Household Income, and Government Revenues

Economic multipliers derived from a study of 341 participating regions nationwide helped determine the Baton Rouge Gallery’s economic impact over the decade (these multipliers can be found in the *Methodology* section). Baton Rouge Gallery’s own expenditures of \$1,525,856 in addition to its visitors’ expenditures estimated at

\$3,271,960<sup>1</sup> over the ten-year period fueled local job creation, additional household income, and additional local and state government revenues.

The more than \$1.5 million spent by Baton Rouge Gallery over the decade created an estimated 60 FTE jobs in the community, and outside spending by its audiences created 83 more FTE jobs, totaling 143 FTE jobs, or about 14.3 annually.

The impact Baton Rouge Gallery had on household income, defined as the “dollars paid to community residents as a result of the expenditures made by Baton Rouge Gallery and its audiences,<sup>2</sup>” is estimated to be \$2,875,890 from 2010 through 2019 with 60.3% of the total driven by visitor spending.

Government revenues driven by Baton Rouge Gallery events, divided into state and local revenues, add up to \$445,859 over the decade. A significant majority of these revenues, almost 71%, was driven by audience spending alone. These state and local government revenues are largely generated through sales tax collections because these sales taxes are tacked on to the dollars spent by visitors before and after events at establishments like bars and restaurants. Louisiana has the highest combined sales tax rate in the nation<sup>3</sup>, which includes both the local and the state sales tax rate. Given this analysis’ reliance on national average *sales tax* rates (as opposed to other tax rates), and provided that Louisiana has the highest combined sales tax rate in the nation, it’s likely that the \$445,859 in government revenues that can be traced back to Baton Rouge Gallery events is an underestimate.

## Events

Events hosted at Baton Rouge Gallery drive significant spending in the local economy. About sixty-five events are hosted annually at the Gallery. Private events hosted at Baton Rouge Gallery, which account for about two out of every five events, attract an average of 4,900 visitors annually, driving \$157,000 in additional local spending by private event attendees alone.

Events hosted by Baton Rouge Gallery that are free to the public, including First Wednesday Opening Receptions, Sundays @4, and ARTiculate Artist Talks, drive almost \$5,000 in local spending by audiences *per event*.

Based on an estimate of cultural audience spending in the City of Lafayette which found that the average attendee spends \$32.29 in the local economy per event, it’s estimated that \$377,954 in annual spending throughout Baton Rouge’s economy can be attributed to the 11,705 annual visitors to events at Baton Rouge Gallery. In total, visitors to the Gallery were responsible for

Visitors to the Baton Rouge Gallery, by Event Type



<sup>1</sup> Since the Arts and Economic Prosperity 5 Calculator uses national estimates to determine an organization’s economic impact, we use \$28.43 as the per attendee spending multiplier, which is a national average for communities the size of Baton Rouge, to keep it consistent with other national estimates used in the calculator. In the “Events” section, we use the multiplier \$32.29 to represent outside local spending per attendee. This estimate, derived from a study in the City of Lafayette, LA, is likely more accurate for the purpose of estimating the impact of the Baton Rouge Gallery’s audience’s spending. The higher figure, \$32.29, is used to get better estimates of the economic impact of specific events, but it’s not used in the total economic impact analysis for consistency.

<sup>2</sup> Arts & Economic Prosperity 5, Americans for the Arts, 2017

<sup>3</sup> <https://taxfoundation.org/2022-sales-taxes/>

nearly \$3.8 million<sup>4</sup> in local economic spending from 2010 through 2019, or about \$5,860 in local spending per event.

The average event attendee multiplier of \$32.29 is slightly higher than the national average multiplier used in the overall economic impact analysis (\$28.43), but the Lafayette multiplier is likely more accurate for specific events given the geographic, economic, and cultural similarities between Baton Rouge and Lafayette.

The \$32.29 per attendee is manifested through the purchase of cocktails at local bars, appetizers at local restaurants, and other food, drink, and recreation type spending that may not have occurred without the evening's capstone event at Baton Rouge Gallery.

<sup>4</sup> \$3.8 million based on the average event attendee spending \$32.29 locally per event. The overall economic impact analysis, using national averages to estimate total event attendee spending, estimates event attendees spending \$3.2 million over the decade, or \$28.43 per event.

## **VOLUNTEERS + BRG@BTR**

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Although not included in the formal economic analysis, both Baton Rouge Gallery's volunteers as well as Baton Rouge Gallery's installation at the Baton Rouge Metropolitan Airport, BRG@BTR, have had an impact on the community and are worth mentioning.

Volunteers served an estimated 5,600 hours at Baton Rouge Gallery from 2010 through 2019, and the time value of their service totals \$122,646, calculated using yearly estimates of the value of a volunteer hour from *Independent Sector*<sup>5</sup>. This figure is likely an underestimate as it does not include the time Baton Rouge Gallery Board Members, all of whom are volunteers, put towards Baton Rouge Gallery initiatives.

One of Baton Rouge Gallery's newest initiatives, BRG@BTR, has brought more than 60 works from Louisiana-based artists to the airport's concourses and a dedicated gallery space. Based on visitor count numbers between October 26, 2021, and May 12, 2022, about 2.2% of all flyers passing through the Baton Rouge Metropolitan Airport stopped to visit BRG@BTR during that timespan<sup>6</sup>. Based on the location of the gallery space in the airport, it's reasonable to assume that more than 2.2% of all flyers who pass the gallery space visit. It's possible that many passengers arriving into and departing from Gate A may not pass the dedicated gallery space and, therefore, may not be aware of this amenity.

<sup>5</sup><https://independentsector.org/wp-content/uploads/2022/03/Value-of-Volunteer-Time-by-State-2001-2020.pdf>

<sup>6</sup>Estimated 8,105 visitors from October 26, 2021, through May 12, 2022. Data on the total number of flyers, which include all enplanements and deplanements, was calculated using data from Open Data BR

## **SUMMARY OF IMPACTS**

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Baton Rouge Gallery's \$8,119,565 economic impact from 2010 through 2019 includes the Gallery's impact on local spending patterns, job creation, additional household income, and state and local government tax revenues. The almost \$4.8 million in total spending by Baton Rouge Gallery and its audiences helped fuel the creation of 143 full-time jobs, and led to nearly \$2.9 million in additional household income and at least \$445,859 in additional government tax revenues. This analysis measured the economic impact resulting from the 640 events hosted at Baton Rouge Gallery that brought in 117,050 visitors from 2010 through 2019.

### **About the Baton Rouge Area Chamber**

The Baton Rouge Area Chamber is an economic development organization with a footprint of the nine parishes in Louisiana's Capital Region. The organization's research team regularly engages in economic modeling and impact analyses for businesses in a number of industries, such as manufacturing, technology, healthcare, logistics and transportation, retail, utilities, and others. These findings have been presented to a number of local and state governmental entities throughout Louisiana.