



ARTS, ENTERTAINMENT, AND RECREATION

INDIANA NONPROFIT EMPLOYMENT, 1995-2009

Our ongoing analysis of Indiana nonprofit employment is a joint effort by the Center on Philanthropy, the School of Public and Environmental Affairs, and the Indiana Business Research Center at Indiana University to document the significant impact of nonprofits on Indiana's economy by providing detailed information on the size, composition, and distribution of paid employment in the private nonprofit sector in Indiana.

Highlights from a report on

Indiana Nonprofit Arts, Entertainment, and Recreation (AER) Employment, 1995-2009

For the full report, visit: www.indiana.edu/~nonprof

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Key Findings in Nonprofit AER, 1995-2009

- Total AER employment (nonprofit, for-profit, and government) became increasingly important in Indiana from 1995 to 2009. While Indiana employment decreased overall, total AER employment grew by 79 percent. Payroll in AER increased an impressive 121 percent (adjusted for inflation).
- Nonprofit employment in the AER grew modestly (less than 9 percent between 1995 and 2009), while for-profits experienced a 79 percent growth in employment.
- Nonprofit wages in AER were on average 32 percent less than for-profit wages.
- Employment, establishments, and payroll in AER peaked in summer months. This was particularly true for nonprofits such as clubs and membership groups (those not classified as 501(c)(3) charitable organizations) and for-profit establishments.
- Average monthly wages for nonprofit workers in AER were lowest during the summer quarter and highest during the winter quarter.

Why does nonprofit employment matter?

Data on nonprofit employment helps illuminate Indiana's overall economic development and health. This employment information provides insights into how nonprofits contribute to particular industries. Nonprofit arts, entertainment, and recreation (AER) programs contribute to the quality of life in Indiana communities by offering access to the arts, recreation, and cultural activities. For example:

- Performing arts and spectator sports are powerful economic forces because of their ability to both create jobs and also to attract a young, innovative, and educated workforce.
- Museums and historical sites are important spaces for educating visitors of all ages about art, science, and history.
- Organizations in the amusement, gambling, and recreation sub-industry operate sports teams, clubs, leagues, and guided tours. They also provide facilities where citizens can engage in recreational activities.

Nonprofit employment in AER grew slightly from 1995-2009.

Nonprofit employment in AER grew by almost 9 percent over the time period, adding about 500 workers (Figure 1, below). In comparison, overall employment in Indiana declined 0.3 percent.

Nonprofit AER employment remained a constant 3 percent of total nonprofit employment in the state of Indiana. AER is the smallest of the “major” nonprofit industries, which also include health care, education, social assistance, and membership organizations. For more information, see Section II.B in the full report.

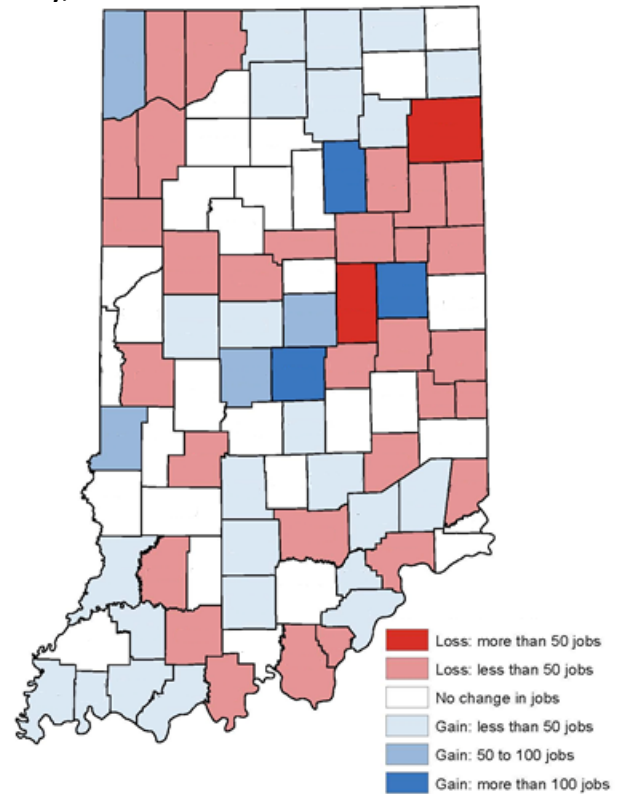
Across almost all sectors and sub-industries, patterns of seasonal employment mean that a significant segment of AER employees must find other employment during the off-season and AER establishments must devote considerable resources to hiring and training new employees. More information on this seasonality can be found throughout the full report.

Employment varied from county to county between 1995 and 2009.

Of the 92 counties in Indiana, 31 added nonprofit positions in the AER industry, while nonprofit AER employment decreased in 30 counties (Figure 2). The rest (31 counties) had either no change in employment (3 counties) or no nonprofit workers at all in arts, entertainment, and recreation during the time period (28 counties).

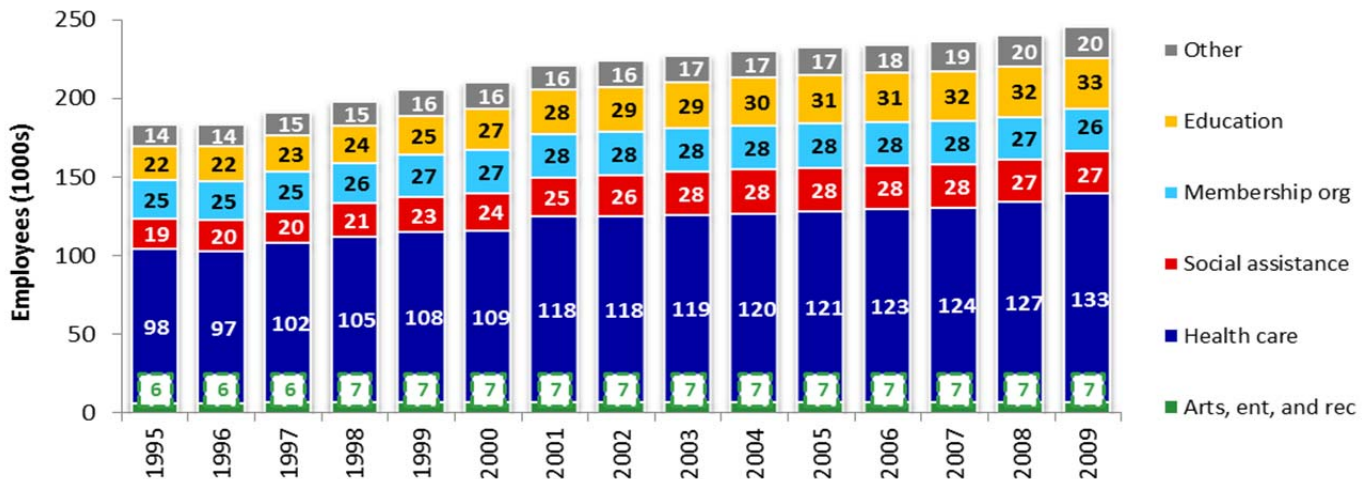
During the time period, arts, entertainment, and recreation establishments added jobs in higher populated counties like Marion, Delaware, Lake,

Figure 2: Changes in nonprofit AER employment by county, 1995-2009



Hamilton, Hendricks, and Vigo, and reduced employment in many rural areas. This pattern may reflect the greater ability of nonprofit establishments located in larger markets to generate fees and service charges and thus off-set declining public funding or private donations. The clear exception to this pattern is Allen county (home to the state’s second largest city, Fort Wayne), which lost more nonprofit AER employment than any other county in the state.

Figure 1: Nonprofit employment in major nonprofit industries, 1995–2009

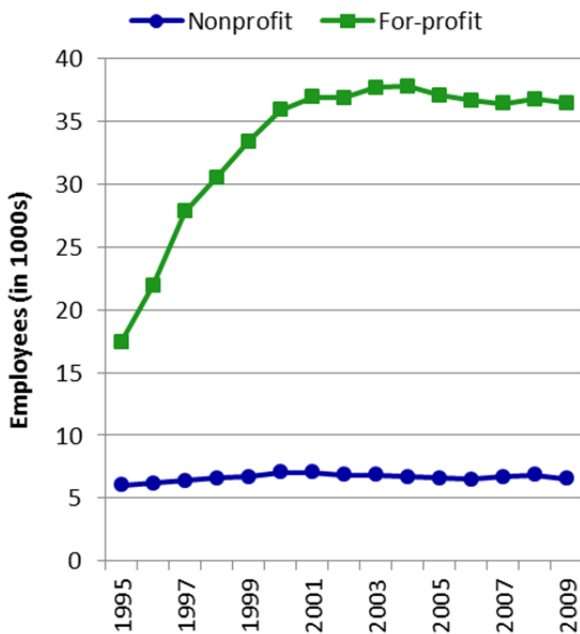


For-profit employment grew faster than nonprofit employment in AER.

While the number of nonprofit employees in AER grew slightly from 1995 to 2009, the number of for-profit employees in the industry more than doubled over the same time period (Figure 3).

Nonprofits employed nearly 25 percent of all AER workers in 1995, but only 15 percent by 2009. By 2009, for-profits accounted for the great majority of AER employees (83 percent), with government establishments far behind at roughly 2 percent of total employment. For more information, see Section II.C of the full report.

Figure 3: AER nonprofit and for-profit employment, 1995-2009



The gain in for-profit employment largely came from increases in the amusement, gambling, and recreation sub-industry. Riverboat gambling was authorized by the state legislature in 1993, stimulating rapid growth in this area. For-profits also account for the majority of employment in the performing arts and spectator sports sub-industry. Only the museums and historical site sub-industry is dominated by nonprofit organizations.

Payroll grew faster than employment in nonprofit AER establishments.

Total nonprofit payroll for AER increased 27 percent from 1995 through 2001, beginning at \$125 million and increased to a maximum of \$160 million in

2001. Payroll then decreased from 2002 through 2009, ending at \$146 million, for an overall of 16 percent (adjusted for inflation).

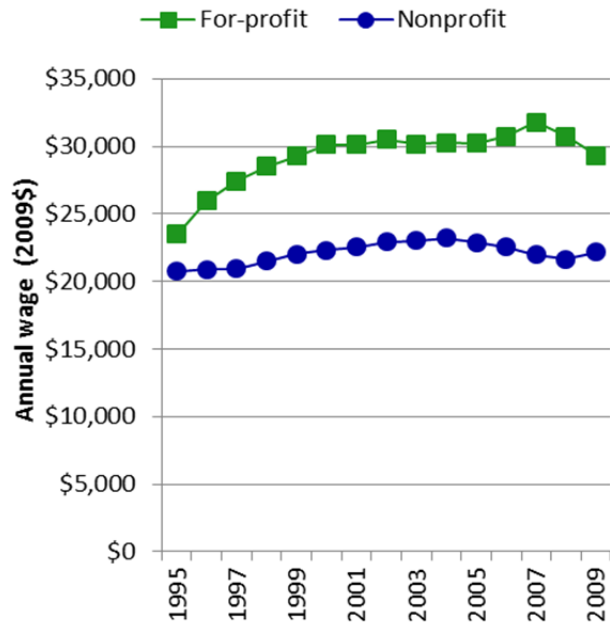
This was the smallest rate of growth among all major nonprofit industries. Despite this relatively slower growth, AER maintained its overall share of total nonprofit payroll (2 percent) in Indiana during the time period.

For-profit payroll experienced an overall increase of 161 percent from 1995 to 2009. For more information, see section IV.C of the full report.

Average wages in the AER industry increased consistently for much of the time period.

For-profit wages grew 25 percent from 1995 to 2009, while nonprofit wages grew only 7 percent, adjusted for inflation. By 2009, for-profits paid their employees 32 percent more than nonprofit organizations, on average (Figure 4). However, our data do not allow us to distinguish between full-time and part-time employees, and it is possible that nonprofit AER establishments simply hire more part-time workers than for-profits. If so, that would reduce the average wages calculated for nonprofit employees.

Figure 4: Average annual wages in AER, 1995-2009



Nonprofit arts, entertainment, and recreation wages were about 13 percent (\$230) higher in the fourth quarter than in the lowest (second) quarter. For-profit payroll was also highest in the fourth quarter and showed much more seasonal variation

than nonprofit wages, with an average volatility of \$840 (a 41 percent change) between the second and fourth quarters.

Amusement, gambling, and recreation organizations were the largest sub-industry employer within the nonprofit AER industry.

The nonprofit AER industry is comprised of three sub-industries (in order of greatest nonprofit employment to least): amusement, gambling, and recreation; museums and historical sites; and performing arts and spectator sports (Figure 5).

Nonprofit employment in **amusement, gambling, and recreation** decreased about 7 percent, losing 200 jobs over the period. Due to data limitations, we do not know if there were any nonprofit gambling establishments in Indiana. We do know that this sub-industry includes sports teams, clubs, leagues, and guided tours, as well as recreational facilities. The average nonprofit staff size remained constant at 24 employees, while for-profits grew from 13 employees to 27 by 2009. While for-profit wages in this sub-industry grew 53 percent from 1995 to 2009, nonprofit wages decreased 4 percent. In 2009, the average nonprofit worker made just under \$17,700 per year.

In contrast, **museums and historical sites** nonprofit employees made an average \$25,500 per year – nearly \$9,400 more than the average for-profit worker in this sub-industry. Nonprofit employment increased 29 percent to almost 2,000 workers by 2009. In contrast, the number of for-profit workers fluctuated between 63 and 95 employees, ending 2009 at a 1 percent decrease in employment compared to 1995. For-profit organizations also had much smaller establishments (9 employees on av-

erage) than nonprofits (35 employees).

Nonprofits in the **performing arts and spectator sports** sub-industry employed more employees (28) than for-profits (17), on average. However, for-profits greatly outnumbered non-profits in terms of both number of establishments and total employment. By 2009, nonprofit employees made \$24,800 on average, while for-profit worker wages were over \$62,000.

Policy Implications

Our analysis reveals several major themes in the AER industry between 1995 and 2009. These include pronounced patterns of seasonal employment, growing competition between nonprofits and for-profits in some sub-industries, and persistent patterns of market segmentation in other sub-industries. Thus, nonprofits dominate some market niches such as museums and historical sites but are dwarfed in others.

Although the nonprofit AER sector is small, its activities and attractions are highly valued by a wide range of audiences. AER contributes to recreation, mental and physical health, public education, and also employment and local economic development. AER’s nonprofit sector includes both 501(c)(3) public charities and other kinds of nonprofits (in contrast, public charities dominate other major nonprofit industries like social assistance and education). While one cannot easily measure the tangible benefits of arts, entertainment and recreation, such as the value of leisure, quality recreation, or cultural awareness, articulating these benefits will be critical for nonprofit AER organizations as austerity cuts to state government budgets may continue the trend of shrinking public funding to the arts.

Figure 5: Nonprofit employment in AER sub-industries, 1995-2009

