



PRESERVING THE ARTS, HISTORY, CULTURAL HERITAGE, AND ECONOMY

An Economic Analysis of Minnesota’s Arts and Cultural Heritage Fund Monies: An Update

INTRODUCTION

In the winter of 2011, University of Minnesota Extension performed an analysis quantifying the economic effect of Minnesota Arts and Cultural Heritage Fund-supported grants, partnerships, and programs awarded and managed by the Minnesota Historical Society (MHS). The analysis considered spending during fiscal years 2010 and 2011. This report is an update to the original analysis. Spending during 2012 and 2013 fiscal years are considered here. For a more detailed report on the analysis and findings, please see the 2011 report, “An Economic Analysis of Minnesota’s Arts and Cultural Heritage Fund Monies: Preserving the Arts, History, Cultural Heritage, and Economic of Minnesota” available from University of Minnesota Extension.

ECONOMIC ANALYSIS

In fiscal years 2012-2013, the Minnesota Historical Society awarded and managed \$24,628,610 of Arts and Cultural Heritage Fund (ACHF) Appropriations. These expenditures are shown in table 1.

Table 1: Minnesota Arts and Cultural Heritage Fund Expenditures by the Minnesota Historical Society: FY 2012-2013

Programs/Individual Grants and Partnerships	MHS Expenditures/Grant Expenditures
Statewide Historical Programs	\$9,334,429
Statewide History Partnership Projects	\$3,177,755
Historical and Cultural Heritage Grants Program	\$11,116,426
Minnesota Digital Library	\$500,000
Statewide Survey of Historical and Archaeological Sites	\$500,000
Total	\$24,628,610

Expenditures from the ACHF for grants, partnerships, and programs create a direct effect in the local economy. Those dollars generate additional economic activity. An input-output model can measure the value of the additional economic activity. In this analysis, the input-output model, IMPLAN, was used to calculate the total economic impact of the direct spending. The results of this analysis are shown in table 2.

Direct expenditures by the MHS are directly related to employment. In order for a museum to design and open a new exhibit with Fund monies, they must hire an employee. These employees are paid. These direct effects are displayed in columns 2-4 in the table.

When the dollars ripple through the economy, additional economic activity is generated. For example, a new museum employee or a contractor hired to perform the work, has additional income. With that additional income, the employee may spend more in the local economy, going out to dinner at the café or buying groceries. This creates additional economic activity at the café and in the grocery store. These effects are capture in the total economic activity columns of table 2.

Table 2: Economic Effect of the Minnesota Arts and Cultural Heritage Fund Expenditures by the Minnesota Historical Society: FY 2012-2013

Programs/Individual Grants and Contracts	Direct Expenditures	Direct Employ.	Direct Labor Income	Total Economic Activity (Output)	Total Economic Activity (Employ)	Total Economic Activity (Labor Income)
Statewide Historical Programs	\$9,334,429	101	\$4,253,580	\$17,860,532	168	\$7,121,134
Statewide History Partnership Projects	\$3,177,755	32	\$1,474,903	\$6,230,551	56	\$2,515,799
Historical and Cultural Heritage Grants Program	\$11,116,426	89	\$4,749,617	\$22,089,418	171	\$8,583,252
Minnesota Digital Library	\$500,000	8	\$432,464	\$950,532	11	\$585,671
Statewide Survey of Historical and Archaeological Sites	\$500,000	2	\$133,933	\$750,986	4	\$220,475
Total	\$24,628,610	232	\$11,044,497	\$47,882,019	410	\$19,026,331

Estimates by University of Minnesota Extension

Table 3 shows the employment effects by major industry classification. This table highlights which of the sectors received benefits from the Fund spending.

Table 3: Employment Effects of the Minnesota Arts and Cultural Heritage Fund Expenditures by the Minnesota Historical Society: FY 2012-2013

NAICS Description	Full and Part-Time Employment
Ag, Forestry, Fishing, and Hunting	1
Mining	0
Utilities	1
Construction	38
Manufacturing	7
Wholesale Trade	4
Retail Trade	24
Transportation and Warehousing	14
Information	24
Finance and Insurance	16
Real Estate and Rental	13
Professional - Scientific and Technical Services	47
Management of Companies	1
Administrative and Waste Services	17
Educational Services	28
Health and Social Services	23
Arts - Entertainment and Recreation	60
Accommodation and Food Services	15
Other Services	29
Government	47
Total	410

NOTES ON THE ANALYSIS

This analysis is an update of the work performed in 2011. It is subject to the limitations of that previous study. A comprehensive analysis of the Fund expenditures should be considered every 5 years.

The total expenditure \$24.6 million to appropriation amounts (\$25 million) do not perfectly correspond due to carry over of funds and expenditures from the first biennium existing in the current biennium.

PREPARED

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