

ECONOMIC AND FISCAL IMPACT ANALYSIS



Overture
CENTER FOR THE ARTS

INTRODUCTION

Overture Center for the Arts closed from March 2020 to September 2021 due to the impacts of the COVID-19 pandemic. For 18 months, all arts programming was offered virtually. Live, in-person performances resumed in September 2021 and free/low-cost education and engagement programs slowly followed suit as conditions allowed. As Overture Center and the arts industry recover and rebuild from the pandemic, Overture chose to engage in an economic impact study to establish a post-pandemic baseline for its activities.

This report aims to capture the annual and proposed economic impact of Overture Center for the Arts, which our study shows is **\$34,500,000**.

Overture Center's economic impact comprises four categories of direct spending and the impact of each category. The direct spending comes from the cost of producing and running shows and events, the cost of maintenance and renovations, and ancillary purchases made by Madison tourists.

The money that was directly spent in these four categories was then re-spent in multiple subsequent rounds. These subsequent rounds of spending are categorized as "indirect" spending. The sum of the direct and indirect rounds of spending is what constitutes Overture Center's full economic impact on the Madison economy.

The following data was modeled using an advanced economic analysis software called IMPLAN.



ABOUT OVERTURE

Overture Center is a performing arts center located in Madison, Wisconsin. Overture is home to seven state-of-the-art performance spaces and four galleries. The first Broadway show to open on the Overture Hall stage was the national tour of "Phantom of the Opera" in 2004. Since then, Overture Center has been host to a multitude of performers and Broadway productions.

Overture Center is home to nine arts organizations and hosts hundreds of local, national and international artists, producing over 700,000 educational and artistic experiences each year. Overture Center also provides venues to host corporate meetings, conventions, weddings, receptions, trade shows and banquets.

Overture Center is at the heart of Madison and aims to provide extraordinary experiences for its visitors and add value to the Madison community. Through all its efforts, Overture's mission is to support and elevate our community's creative culture, economy and quality of life through the arts.





PHOTO BY JAMIE YOUNG

EXECUTIVE SUMMARY

In the 2021–2022 season, Overture Center contributed \$34,500,000 to the Madison economy. Overture Center's economic impact comprises four categories of direct spending and the impact of each category. The direct spending comes from the cost of producing and running shows and events, ancillary purchases made by Madison tourists (people who visit Madison and cite attending shows/events at Overture Center as their main reason for coming to the city) and other operating costs. This spending was divided up into four distinct categories: Broadway, Resident Events, Non-Resident and Local Events and Operations.

BROADWAY (\$) (\$) (\$) (\$) \$2.52M

RESIDENT EVENTS (\$) (\$) (\$) \$2.50M

NON-RESIDENT AND LOCAL EVENTS (\$) (\$) \$680K

OPERATIONS (\$) (\$) (\$) (\$) (\$) (\$) \$28.80M

.....
TOTAL (\$) (\$) (\$) (\$) (\$) (\$) (\$)

(\$) (\$) (\$) (\$) (\$) \$34.50M

RESTAURANTS AND HOSPITALITY

Overture Center visitors rented about **7,000 total hotel rooms** and their annual hotel spending exceeded **\$1,000,000**. The hotel tax in Dane county is 10%, which means that Overture visitors generated **\$95,000 annually in hotel tax revenue** for the county. Much of this tax revenue is used to cross-promote Dane county and all of its events.

Overture Center operations and events also resulted in visitor spending of **\$4.6 million at local restaurants**, primarily located in downtown Madison.



PHOTO BY JAMIE YOUNG

IMPLAN ANALYSIS

Overture Center has a significant impact on the local economy in Madison, Wisconsin. Overture Center provides entertainment and culture to the local community while also bringing in a substantial amount of money through direct and indirect consumer spending. For this study, the UW-Whitewater Fiscal and Economic Research Center (FERC) utilized IMPLAN to give a quantitative assessment of Overture's economic impact on the Madison area and Wisconsin as a whole. IMPLAN is an input-output method of measuring the economic impact. IMPLAN estimates are grouped into three categories that affect the local economy: the direct effect, indirect effect and induced effect.

Direct Effect: The direct effect refers to the production change associated with a change in demand for the good itself. In other words, the direct effect is the initial impact to the economy, which is exogenous to the model. Both during the construction phase and the operational phase, spending associated with the project represent the initial change in final demand. Overture's direct spending comes from the cost of producing shows or hosting events, the costs of maintaining its theaters, and the money that visitors spend on tickets or food, drinks and other items purchased from vendors within Overture Center. In addition, output is the value of production by industry in a calendar year. It can also be described as annual revenues plus net inventory change.



IMPLAN ANALYSIS

Indirect Effect: The indirect effect refers to the secondary impact caused by changing input needs of directly affected industries (e.g., additional input purchases to produce additional output). It concerns inter-industry transactions, as companies that witness increased business create a demand for locally sourced materials that are needed to produce said companies' products or services. Output represents all of the output generated because of the direct business to business spending. Overture Center indirectly affects the local and state economies because the firms that provide direct services to Overture Center must also purchase materials and supplies. For instance, a local contractor hired to install flooring will have to purchase carpet or lease portable lighting when operating at night. The carpet wholesaler will also have to purchase goods and services necessary to operate. In addition, this could be the hospitality industry's spending on supplies for their business. These types of spending generate indirect impacts.

Induced Effect: The induced effect is caused by the changes in the household spending due to the additional employment generated by direct and indirect effects. The direct and indirect effects on employment and income affect overall purchasing power within the economy, thereby inducing further consumption spending. For instance, restaurant workers use their income to buy groceries or take their families to the movies, which generates economic impacts for workers and businesses in those sectors. These individuals will, in turn, spend their incomes much like the restaurant workers. This cycle continues until the spending eventually leaks out of the economy as a result of taxes, savings or purchases of non-locally produced goods and services (imports).



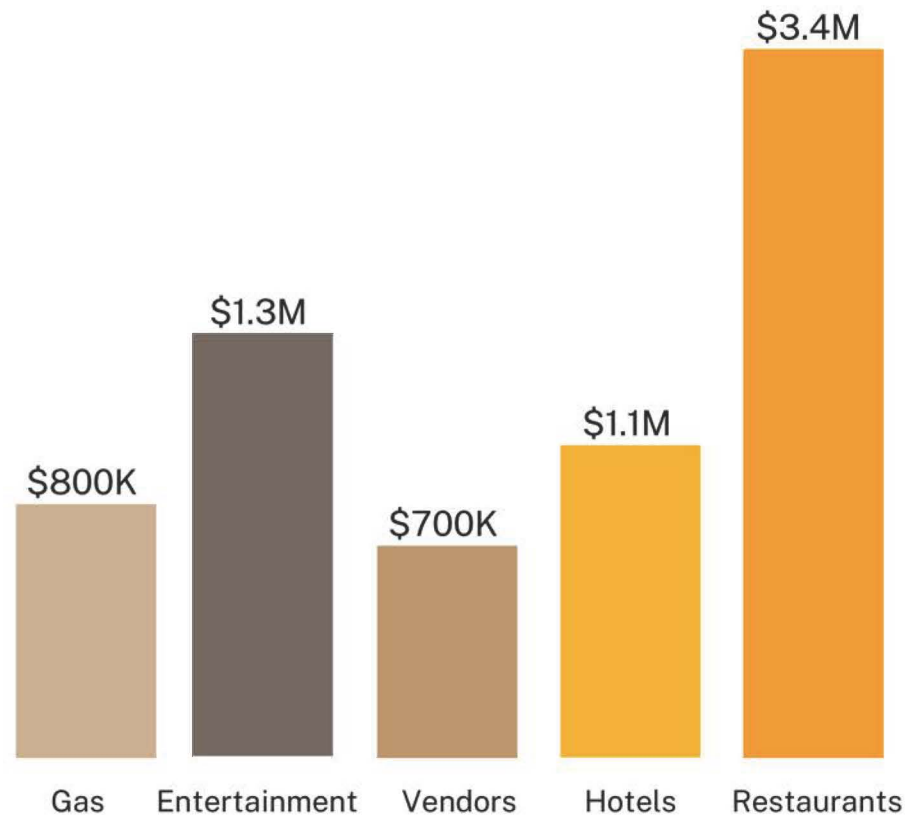
VISITOR SPENDING

Overture Center is a major tourist attraction that draws visitors to the Madison area. In the 2021–2022 season, Overture Center’s productions garnered approximately 288,150 admissions. **Ancillary spending by Overture Center visitors totaled \$6,300,000 in 2021–2022.**

Major categories of ancillary spending include dining at restaurants, purchases made from vendors during shows, purchases made at gas stations/convenience stores and money spent on other entertainment or tourism activities in Madison (shopping, events, recreation, museums, etc.).

In total, **Overture Center visitors spent \$7,400,000** on hotels, restaurants, entertainment, gas and convenience store goods, purchases from vendors, etc. during the duration of their visit to Madison. This spending led to a subsequent round of spending from restaurant owners, hoteliers, vendors and many others. In this subsequent round of spending, some money stayed in Madison and some was spent elsewhere. The sum of all of those indirect rounds of spending totaled \$7,460,730.

VISITOR SPENDING BY CATEGORY



OVERTURE CENTER'S IMPORTANCE FOR VISITING MADISON AMONG OUT-OF-TOWN ATTENDEES

Nearly 53% of attendees were people who live outside the Madison area. Some visitors came from surrounding cities to attend shows at Overture Center and others traveled from out of state and spent money on hotels, local restaurants, stores and other expenses. Spending by Madison tourists makes an important contribution to the Madison economy because tourists bring in "new" money. This spending would not have occurred in Madison if it weren't for Overture.



OUT-OF-TOWN ATTENDEES WHO RANKED ATTENDING A SHOW/EVENT AT OVERTURE AS "VERY IMPORTANT"



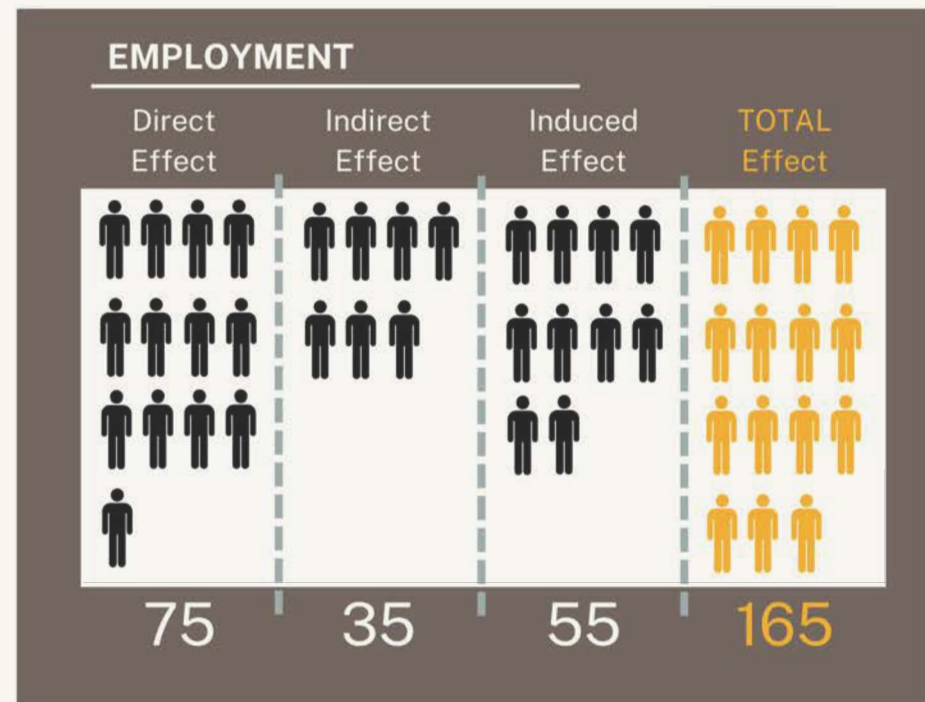
OUT-OF-STATE ATTENDEES WHO RANKED ATTENDING A SHOW/EVENT AT OVERTURE AS "VERY IMPORTANT"

93% of attendees from outside of Dane County said that attending a show/event at Overture Center was a "very important" factor in their decision to come to Madison. Additionally, 97% of visitors from other U.S. states stated that visiting Overture Center was a "very important" reason for coming to the city of Madison.

OPERATIONS

During the 2021–2022 season, Overture Center spent a total of \$14,500,000 on operating expenditures.

After subsequent rounds of spending, the full economic contribution of Overture's operations totaled \$28,800,000. The largest category of operational spending was salaries and wages, closely followed by artist fees, accounting for 62% of the operational budget. Broadway events accounted for the bulk of artist fees. **Overture's operations supported 165 full-time equivalent jobs during the 2021–2022 season.**



LABOR INCOME

DIRECT EFFECT (\$) (\$) (\$) (\$) (\$) \$8.00M

INDIRECT EFFECT (\$) (\$) \$1.65M

INDUCED EFFECT (\$) (\$) (\$) \$2.80M

.....
TOTAL (\$) (\$) (\$) (\$) (\$) (\$) (\$)
(\$) (\$) (\$) \$12.45M

OUTPUT

DIRECT EFFECT (\$) (\$) (\$) (\$) (\$) (\$) (\$) \$14.50M

INDIRECT EFFECT (\$) (\$) (\$) (\$) \$5.50M

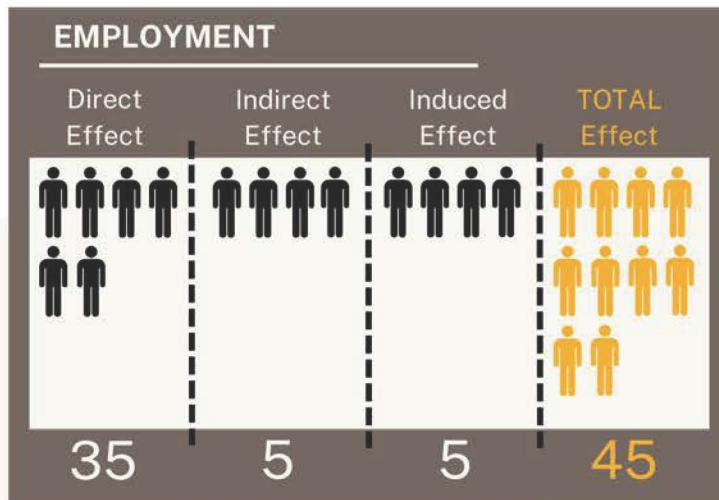
INDUCED EFFECT (\$) (\$) (\$) (\$) (\$) (\$) (\$) \$8.80M

.....
TOTAL (\$) (\$) (\$) (\$) (\$) (\$) (\$)
(\$) (\$) (\$) (\$) (\$) (\$) (\$)
(\$) (\$) (\$) (\$) \$28.80M



RESIDENT EVENTS

The full economic impact of Overture's resident events totaled **\$2,500,000** in the 2021-2022 season. Overture is home to nine resident companies: Children's Theater of Madison, Forward Theater Company, Kanopy Dance Company, Li Chiao-Ping Dance, Wisconsin Academy of Sciences, Arts & Letters - James Watrous Gallery, Madison Ballet, Madison Opera, Madison Symphony Orchestra and Wisconsin Chamber Orchestra. Resident events include any event hosted by one of these resident companies. In the 2021-2022 season, Overture hosted 201 resident events, accumulating over 64,000 total visitors during these events. **Overture's resident events supported a total of 45 full-time equivalent jobs.**



	LABOR INCOME	OUTPUT
Direct Effect	(\$) (\$) (\$) (\$) (\$) (\$) \$900K	(\$) (\$) (\$) (\$) (\$) (\$) (\$) (\$) \$1.30M
Indirect Effect	(\$) (\$) (\$) \$350K	(\$) (\$) (\$) (\$) \$550K
Induced Effect	(\$) (\$) (\$) \$350K	(\$) (\$) (\$) (\$) (\$) (\$) \$650K
TOTAL Effect	(\$) (\$) (\$) (\$) (\$) (\$) (\$) (\$) (\$) (\$) \$1.60M	(\$) (\$) (\$) (\$) (\$) (\$) (\$) (\$) (\$) (\$) (\$) (\$) \$2.50M

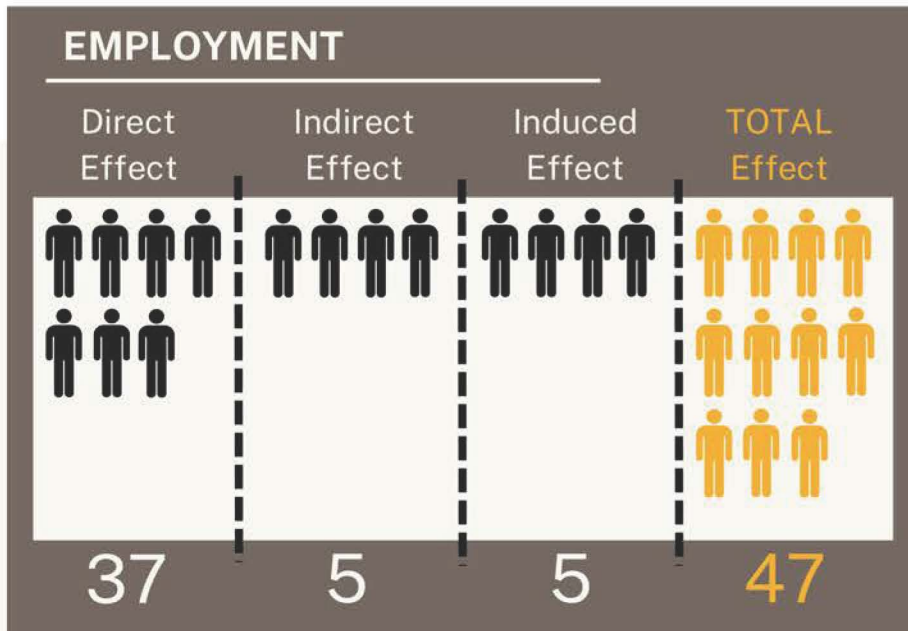
NON-RESIDENT AND LOCAL EVENTS

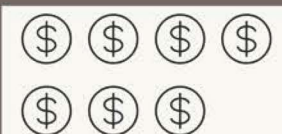
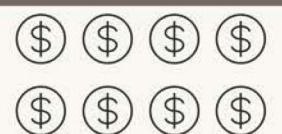






Overture's non-resident and local events contributed a total of \$680,000 to the Madison economy. Non-resident and local events are any events that are not Broadway productions and are not resident events. This category includes Overture Presents events, promoters, local arts groups who present/host events at Overture Center, non-performance events (weddings, meetings, banquets, etc.), free/low-cost programs like education and engagement events, and Overture Galleries. In the 2021–2022 season, Overture hosted over 500 non-resident and local events and accumulated over 153,000 total visitors during these events, with Overture Galleries being the largest contributor in this category.

	LABOR INCOME	OUTPUT
Direct Effect	(\$ \$ \$ \$) (\$) \$250K	(\$ \$ \$ \$) (\$ \$) \$350K
Indirect Effect	(\$ \$) \$100K	(\$ \$ \$) \$150K
Induced Effect	(\$ \$) \$100K	(\$ \$ \$ \$) \$180K
TOTAL Effect	(\$ \$ \$ \$) (\$ \$) \$450K	(\$ \$ \$ \$) (\$ \$ \$) \$680K

BROADWAY

Overture's Broadway performanc contributed a total of **\$2,520,000 to the Madison economy in 2022**. Overture Center hosted 42 Broadway performances in 2022, accumulating over 70,000 total visitors. Some of the Broadway titles featured at Overture Center were "Dear Evan Hansen" and "Mean Girls," during which the FERC conducted visitor surveys. **Overture's Broadway events supported a total of 47 full-time equivalent jobs in the 2021–2022 season.**



	LABOR INCOME	OUTPUT
Direct Effect	 \$920K	 \$1.32M
Indirect Effect	 \$350K	 \$550K
Induced Effect	 \$350K	 \$650K
TOTAL Effect	 \$1.62M	 \$2.52M

CONCLUSION

Overture Center directly spent \$2,950,000 to produce events and shows and \$14,500,000 on operations. After subsequent rounds of spending, this generated another \$17,030,000 for the Madison economy.

Overture's full economic impact on the city of Madison totaled \$34,500,000 in the 2021–2022 season.

During the 2021–2022 season, Overture Center supported roughly **270 full-time equivalent jobs** in the city of Madison, including employees directly on the payroll in programming, marketing, finance, events, maintenance, custodial, ticket sales, fundraising, security, guest services, operations and equity & innovation. This also includes the hours of employees at other businesses like law firms, advertising companies, catering and other businesses that contribute time and resources to Overture events.

Overture Center also generated approximately \$2,300,000 in state and local taxes in the 2021–2022 season. This total consisted mainly of sales and other use taxes, reflecting the impact of heavily taxed tourism-related activities on the economic contribution of Overture Center. The remainder of the total taxes generated by Overture is mainly comprised of business taxes, like business income taxes, utility taxes, etc.

ABOUT THE FERC

The University of Wisconsin-Whitewater Fiscal and Economic Research Center provides research services for area businesses, not-for-profits organizations and government entities, including:

- Economic analysis
- Geographic Information Systems (GIS) analysis
- Market research, marketing strategy and planning
- Statistical analysis
- Simulation analysis
- Ecological and biological analysis
- Government and public policy analysis
- Entrepreneurship
- Economic forecasting and business development

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