STATEWIDE ECONOMIC IMPACT STUDY: STRENGTHENING NATIVE AMERICAN BUSINESSES AND LOCAL ECONOMIES

An analysis of the Heard Museum’s economic contributions to American Indian artists and the state of Arizona in 2012.

PARTNERS

Heard Museum

ASU School of Community Resources & Development

J.P. Morgan

CHASE
STATEMENT FROM MARK BONSALL, 
CHAIR, HEARD MUSEUM BOARD OF 
TRUSTEES

August 1, 2013

The mission of the Heard Museum is to educate the public about the arts, heritage and life ways of the Indigenous peoples of the Americas, with an emphasis on American Indian tribes of the Southwest. In its ongoing efforts to achieve this mission, the Board of Trustees has determined that a reliable economic impact assessment was needed as a tool in the development, clarification, and implementation of its medium and long-term strategic initiatives.

Senior staff leadership at the Heard has chosen Arizona State University as the independent contractor to analyze, distill, and summarize the findings of data supplied by the various stakeholders that partner with or have economic interests in the Heard Museum. It is important to note that this study highlights both the positive impacts and also identifies areas of opportunity.

I encourage you to review the recommendations at the end of the report. These recommendations are an effort to increase our economic impact in Arizona in partnership with Tribes and American Indian artists. This impact study, made possible by a grant from J.P. Morgan Chase, will be an important tool for new senior leadership and will provide the Trustees both insight and direction as the Heard approaches its second century in Arizona.

Mark B. Bonsall
Board Chairman

AUTHORS

Rhonda Phillips, Ph.D. Professor, Arizona State University
Eric S Trevan Ph.D. Student, Arizona State University
1. **Direct Impacts** - Described as sales, jobs, and income generated by companies producing for non-local markets.

2. **Indirect Impacts** - Encompasses the economic activity generated by businesses selling goods and services because of the existence of these companies.

3. **Induced Impacts** - The volume of economic activity generated by spending by employees of the company.

<table>
<thead>
<tr>
<th>Impact Type</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Effect</td>
<td>$10,769,872.69</td>
</tr>
<tr>
<td>Indirect Effect</td>
<td>$25,574,573.82</td>
</tr>
<tr>
<td>Induced Effect</td>
<td>$9,642,008.80</td>
</tr>
<tr>
<td><strong>Total Effect</strong></td>
<td><strong>$45,986,455.31</strong></td>
</tr>
</tbody>
</table>

$45,900,000 Economic Impact of the Heard Museum on the State of Arizona

$19,200,000 Heard Museum Daily Operations Impact

$26,700,000 Economic Activity Facilitated by the Heard Museum

446 jobs Employment Impact of the Heard Museum

1.29 Economic Multiplier

1.58 Job Multiplier
THE HEARD MUSEUM

$11,000,000 budget
125,000 visitors annually
140 employees

25% of Heard Museum Employees are American Indian

STATE OF ARIZONA

289,812 American Indians in Arizona
12,379 American Indian art and entertainment employees
4.3% Percentage of American Indian/Alaska Native/Pacific Islander working in art and entertainment

TRIBAL LANDS OF ARIZONA AND NEW MEXICO

Established 1929

25% of Heard Museum Employees are American Indian
SURVEY RESPONSE

82% of respondents are American Indian Artists

State of origin of responding American Indian Artists:

34% Arizona American Indian Artists

35% New Mexico American Indian Artists

31% Other

SURVEY RESPONSE BY TRIBAL AFFILIATION

Navajo 30.9%
Hopi 18.3%
Other Decendency 10.7%
Zuni Pueblo 7.1%
Cherokee 2.3%
Laguna Pueblo 2.3%
Acoma Pueblo 1.8%
Santo Domingo Pueblo 1.8%
Pueblo 1.4%
Yaqui 1.4%
Isleta Pueblo .9%
Jemez Pueblo .9%
Ohkay Owingeh Pueblo .9%
Oneida .9%
Passamaquoddy .9%
San Ildefonso Pueblo .9%
San Carlos Apache .9%
Santa Clara Pueblo .9%
Tewa Pueblo .9%
Wisconsin Oneida .9%
American Indian .4%
Apache .4%
Choctaw .4%
Citizen Potawatomi Nation .4%
Colorado River Indian Tribes .4%
Dakota .4%
Delaware .4%
Eastern Band Cherokee .4%
Grand Traverse Band of Ottawa and Chippewa .4%
Havasupai .4%
Kaw Nation .4%
Kiowa .4%
Mescalero Apache .4%
Mexican-Tarascan (Purépecha) .4%
Oglala Lakota .4%
Oglala Sioux .4%
Paiute .4%
Penobscot .4%
Pajoaque .4%
Quinault .4%
Red Cliff Chippewa .4%
San Felipe Pueblo .4%
Southern Ute .4%
Wichita .4%
Yavapai-Apache Nation .4%

Statewide Economic Impact Study 5
IMPACT OF HEARD MUSEUM OPERATIONS

AMERICAN INDIAN SALES

- Impact represents positive multiplier for American Indian sales
- More sales leads to more American Indian artist revenue
- Shows opportunity to improve procurement policy for American Indian artists and Native-owned businesses

IMPACT FOR EVERY $1 SALES HAS ON AMERICAN INDIAN ARTIST REVENUE

<table>
<thead>
<tr>
<th>Activity</th>
<th>Impact</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shop sales</td>
<td>.94</td>
<td>.008*</td>
</tr>
<tr>
<td>Heard Museum sales</td>
<td>1.011</td>
<td>.000</td>
</tr>
</tbody>
</table>

*<.005 is recognized as significant, however due to the proximateness of the score, this was allowed as a significance test
*other explanatory variables were not considered significant and were not included

Heard Museum shop sales have a significant impact on the revenue of American Indian artists.
**HIGHLIGHTS**

$197,794  Average Amount the Heard Museum Spends Monthly on American Indian Artists

$16,572  Mean American Indian Artist Revenue Indian Fair & Market

$13,573,882  Annual Direct Revenue to American Indian Artists

Greater attendance at events such as Hoop Dance and Indian Fair & Market will increase artist revenues.

**HEARD MUSEUM EVENTS**

- Additional attendance will increase American Indian artist revenues
- Diverse opportunities at events (i.e. artist demonstrations) can increase sales significantly

**IMPACT FOR EVERY PERSON ATTENDING THESE EVENTS HAS ON AMERICAN INDIAN ARTISTS’ REVENUE**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Impact</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indian Fair &amp; Market</td>
<td>5.35</td>
<td>.000</td>
</tr>
<tr>
<td>Hoop Dance</td>
<td>17.96</td>
<td>.000</td>
</tr>
</tbody>
</table>

*other explanatory variables were not considered significant and were not included*
SURVEY

BUSINESS IMPACT ON AMERICAN INDIAN ARTISTS

- Shows need for additional markets
- Shows need for additional revenue sources in addition to one art medium
- Survey responses from artist perspective, not operational/financial data
- Additional artist demonstrations provides American Indian artists opportunities for increased revenue
- Could offer artist demonstrations through events, educational programming and daily operations
- Consistent through all sections of survey
- Represents stresses at home can decrease overall revenue
- 75% of respondents earn below mean revenue

ARTIST DEMONSTRATIONS

Every artist demonstration yields a $15,000 impact for American Indian artists.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Impact</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Artist Demonstrations</td>
<td>15,167</td>
<td>.007*</td>
</tr>
</tbody>
</table>

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*other explanatory variables were not considered significant and were not included
OPPORTUNITIES

- Shows need to provide diverse opportunities for all artists of multiple mediums
- Improve market & sales opportunities and diversification for all artists
- Represents personal opinions of survey respondents
- 75% of respondents earn below mean revenue
- Provide other opportunities - increase marketing, attendance, diversity of art & artists, enhance reputation, increase shop sales - based on survey results

EVENTS

<table>
<thead>
<tr>
<th>Activity</th>
<th>Impact*</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indian Fair &amp; Market</td>
<td>-1,320</td>
<td>.000</td>
</tr>
</tbody>
</table>

*other explanatory variables were not considered significant and were not included

*shows opportunity gap for artists below mean revenue

PERSONAL INFORMATION

- Consistent through all sections of survey
- Represents stresses at home can decrease overall revenue
- Shows need for additional markets with help from the Heard Museum
- Shows need for additional revenue sources in addition to one art medium

<table>
<thead>
<tr>
<th>Activity</th>
<th>Impact*</th>
<th>Significance*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households</td>
<td>-.233, -.245</td>
<td>.000, .001</td>
</tr>
<tr>
<td>Importance to the Heard Museum</td>
<td>-.114, -.301</td>
<td>.000, .002</td>
</tr>
<tr>
<td>Percent of art revenue of annual revenue</td>
<td>-.188, -.291</td>
<td>.000, .005</td>
</tr>
</tbody>
</table>

*represents ranges of responses for all levels
*other explanatory variables were not considered significant and were not included
DATA & METHODOLOGY

DATA
IMPLAN Economic Model State of Arizona (2011)
970 individuals/response rate of 245, approximately a 25% rate.
Financial and Operational Data 30 Months (October 2010 through March 31, 2013)
U.S. Census 2010

METHODOLOGY
Multi-Variate Regression Analysis
Reportable data represents significance levels < .005 unless otherwise noted
All analyses were developed to estimate economic output for 2012

Revenue sources need to include more than one art medium.
Provide multiple opportunities for American Indian artists with events
Increase artist demonstrations
Increase Heard Museum's overall American Indian procurement for art, supplies and services
Provide outreach to tribes in New Mexico and Arizona
Develop new markets for American Indian artists and Indian-owned businesses
Increase attendance at Indian Fair & Market and World Championship Hoop Dance
Develop network of supporters to reduce family costs for households (lodging, meals, transportation, storage)
Support technical assistance for American Indian artist/business growth
Continue to evaluate data and needs for American Indian Artists
We are proud to honor Tribal nations throughout North America and provide education and outreach for American Indian culture and arts in the Southwest.