

Annual Economic Impact of the  
Cleveland Institute of Music

Impact on the Economy  
of the State of Ohio

2003 – 2008

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## *Executive Summary*

The Cleveland Institute of Music (CIM) a world class conservatory attracting gifted students, master educators, and audiences from around the world to learn, teach, and listen. Together, these students, educators, and audiences have a remarkable impact in the music world, and an ongoing, sustainable economic impact in the State of Ohio as well.

CIM contributes to the economic output of the State of Ohio in several ways. CIM's operating revenues are derived from sources throughout the world, adding to the economic output of the State of Ohio, and CIM operating spending is conducted in Ohio. Many CIM alumni start their careers in Ohio, or spend their career in Ohio, adding to the economic output of the state. CIM Conservatory students rent apartments, purchase household goods and services, socialize in restaurants, and work in local orchestras. Preparatory and Continuing Education students, primarily from Ohio, purchase instruments, and visit museums and restaurants during after their lessons each week. CIM attracts over 47,000 visitors to University Circle each year to attend concerts, take special education classes, attend graduation ceremonies, and audition for employment opportunities. These visitors have an economic impact in Ohio as they travel, stay in hotels, rent cars, visit restaurants, go shopping, and attend other concerts in the region.

## *Income Sources*

CIM draws Conservatory students globally, and these students bring financial support for tuition, living and other education expenses into the State of Ohio. The endowment funds of CIM are invested across the nation, and the returns on these investments are spent by CIM within the state. CIM receives funds from federal education programs. In total, income sources from outside the State of Ohio provide 62% of CIM's operating revenues. For the fiscal 03-04 operating year, with an operating budget of \$16.6 million, **\$10.3 million is income derived from sources outside the state of Ohio.** By 2008, CIM forecasts revenues of nearly \$20 million, and over \$12 million of this income will be derived from outside the state of Ohio.

## *Operating Spending Impact*

CIM purchases goods and services, and strives to use Ohio based vendors whenever possible. Over 90% of all CIM spending is done within state boundaries. CIM purchases direct labor, music services and supplies, office and maintenance supplies, utilities, insurance, and professional services.

With an operating budget of \$16.6 million in 2003-2004, CIM has a direct spending impact of \$11.6 million within the state. This direct spending impact creates an indirect economic impact as it ripples through the Ohio economy by the spending of CIM employee households, and the vendors supplying goods and services to CIM. This indirect impact reaches \$14.5 million for **a total economic impact on the economic output of the State of Ohio in excess of \$26 million in 2003-2004.** Each year, CIM delivers this significant economic impact within the state, and this impact will continue to grow. By

2007-2008, CIM is expected to have a total economic impact of **over \$32 million within the State of Ohio.**

As a world-class conservatory, CIM directly employs over 200 (full time equivalent) citizens within the state. **These are high quality jobs, with average earnings in excess of \$40,000 per year in 2003-2004.** In turn, vendor purchases by CIM, and household spending by CIM employees support an additional 137 jobs for a total job impact of nearly 350 jobs within the State of Ohio. By 2007-2008, CIM will directly and indirectly employ 375 Ohio citizens.

These employees, both those directly employed by CIM, and those employed by vendors within the State of Ohio, **will contribute \$585,000 within the State of Ohio as income tax withholding payments made to the state and local municipalities in 2003-2004.** By 2008, income tax withholding payments will exceed \$725,000.

#### *Alumni Employment Impact*

Conservatory graduates of CIM have an ongoing economic impact within the State of Ohio as they work and build their careers in the music industry. There are two “types” of graduates that can impact the economic output of the state – “Starters and Stayers”. Recent graduates, the ‘Starters’, are just starting their careers. Upon completing their degrees, many CIM graduates choose to stay in the region for the first three years of their career, and then move elsewhere. The “Stayers” are the CIM graduates that remain in Ohio for their entire career, or return to Ohio to build their career. **The CIM Alumni “Starters and Stayers” earn nearly \$30 million in the State of Ohio, and household spending by the alumni increases Ohio’s economic output by \$48 million each year.** The direct alumni employment and the employment supported by their household spending exceeds 800 Ohio jobs each year, contributing \$1.4 million as income tax withholding payments to the State of Ohio, and just over \$800,000 as income tax withholding payments to local municipalities within Ohio.

#### *Student Spending Impact*

Conservatory student attend CIM from regions all over the world, and as these students move through the education programs, they rent apartments, buy instruments, cars, and computers, and work in regional orchestras. The Conservatory students gather in restaurants, attend concerts, and purchase music books and recordings. Each year, 420 CIM Conservatory students spend \$6 million in Ohio to support their household and education needs beyond their CIM tuition. **Conservatory student spending has a total economic impact of \$ 8 million each year on Ohio’s economic output.**

CIM also has an extensive education program for non-degree students – primarily from Ohio – the Preparatory and Continuing Education Program. These students take lessons with CIM faculty, perform in recitals and concerts at CIM, purchase instruments and music, visit restaurants and museums, and attend concerts as well. **Each year, the**

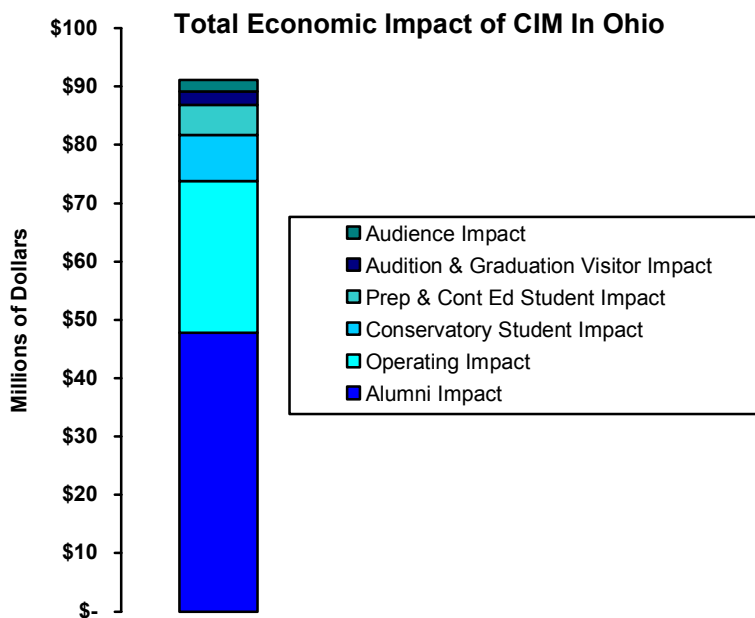
**Preparatory and Continuing Education students spend \$2.6 million, and this spending has a total economic impact of \$5.2 million on Ohio’s economic output.**

*Visitor Impact*

Each year, CIM sponsors over 560 concerts, special education programs, and special events. Over 47,000 people visit CIM to audition, attend special programs, graduation ceremonies, and to attend concerts. Preliminary survey information suggests that the total economic impact by the 45,000 CIM concert attendees will exceed \$2 million. Over 3,500 people visit CIM each year for auditions and graduations, and these visitors have a total economic impact of \$2.3 million as travel and hotel expenses, and visits to restaurants and other entertainment venues. **The visitor impact is expected to reach \$5 million in total economic impact at a minimum.**

*Summary: Economic Impact in Ohio*

As a world-class source of music education in the State of Ohio, CIM’s has a tremendous economic impact within the State of Ohio. **The 240 professional music faculty and staff of CIM, with an operating budget of \$16.6 million create a total economic impact of over \$90 million each year as alumni, students, and other visitors seek to learn, teach, and listen with CIM.** Direct employment, alumni employment, and the employment created due to visitor and household spending reaches 1,300 FTE jobs in Ohio, with total earnings exceeding \$42 million. Income tax withholding payments made within the State of Ohio (local and state) reach \$2.2 million. **CIM is a world class, ongoing source of economic impact within the state, and will remain a vital, ongoing source of economic impact for the future, delivering \$90 million to Ohio’s economic output as illustrated.**



## ***Introduction***

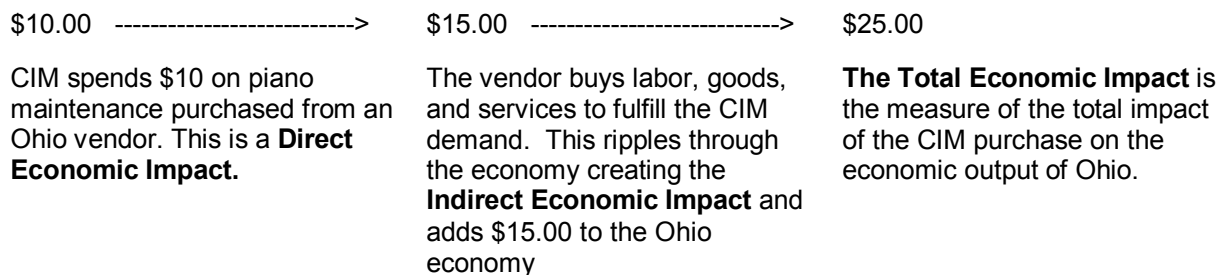
The mission of the Cleveland Institute of Music (CIM) is to provide exceptionally talented students from around the world an outstanding, thoroughly professional education in the art of music performance and related musical disciplines. CIM also provides rigorous training in programs for gifted pre-college musicians and serves as a resource for the community with training for individuals of all ages and abilities.

CIM contributes to the economic output of the State of Ohio in several ways. CIM contributes to the economic output of the State of Ohio in several ways. CIM's operating revenues are derived from sources throughout the world, adding to the economic output of the State of Ohio, and CIM operating spending is conducted in Ohio. Many CIM alumni start their careers in Ohio, or spend their career in Ohio, adding to the economic output of the state. CIM Conservatory students rent apartments, purchase household goods and services, socialize in restaurants, and work in local orchestras. Preparatory and Continuing Education students, primarily from Ohio, purchase instruments, and visit museums and restaurants during after their lessons each week. CIM attracts over 47,000 visitors to University Circle each year to attend concerts, take special education classes, attend graduation ceremonies, and audition for employment opportunities. These visitors have an economic impact in Ohio as they travel, stay in hotels, rent cars, visit restaurants, go shopping, and attend other concerts in the region.

## ***Methodology***

The magnitude of the economic impact of CIM is estimated based on the spending patterns of CIM within the state. Each dollar spent by CIM, or a visitor to CIM creates a further downstream economic impact, creating a multiplier effect as illustrated in Figure 1.

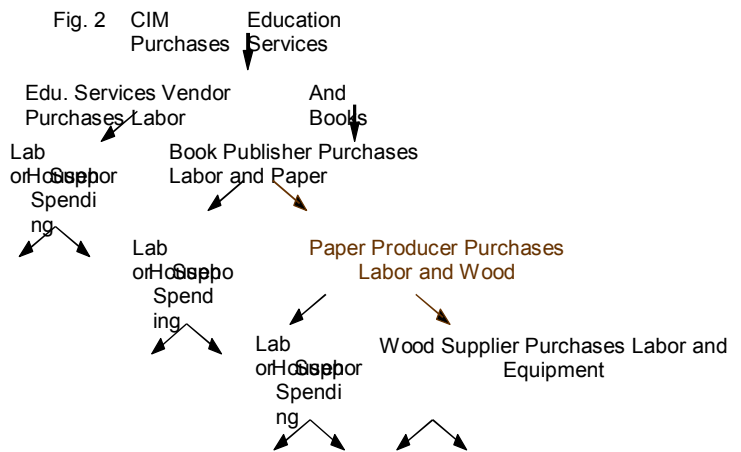
Fig. 1: The Economic Impact Effect



The total dollars spent in a region is does not necessarily equal the direct economic impact in the region. For example, many goods such as instruments, may be purchased from a local retailer, however, the instrument may have been manufactured in New York. For these types of purchases, on the retailer's margin has an economic impact within the State of Ohio. Purchased services, in contrast, such as auditing services, are directly purchased from the service provider without transportation costs, wholesaler, or retailer margins. In

general, spending on services with the state have a larger impact than the purchase of hard goods that are manufactured in other states like computers.

Another way to view this “ripple” effect is shown as Figure 2. With each purchase made by CIM, people are employed and other goods and services are purchased. The direct economic impact is measured as the purchase CIM made, and the indirect economic impact is the total of all the labor, goods and services that are purchased to support the CIM expenditure. The total economic impact of the CIM purchase is the sum of the direct and indirect impacts.



***CIM: Revenue Impact within Ohio***

As a first class conservatory, CIM draws visitors and students from throughout the world. For example, among the conservatory students, 25% are international students, 48% are out of state students, and 27% of the students are from within the state of Ohio. CIM has endowment funds that are invested across the nation, and as a university education program, CIM receives federal government assistance on behalf of their students.

For fiscal 2003-2004, CIM expects to generate \$16.6 million in revenues. Over 16% of these revenues will come from international sources, 46% from out-of-state sources, and 38% from within state sources. For the state of Ohio, **CIM will bring \$10.3million to the State of Ohio from other geographic regions.**

As an ongoing source of economic impact to the state, CIM will continue to bring international and out-of-state revenues to the state. By fiscal 2007-2008, CIM forecasts total revenues to reach \$19.8 million, and with this growth, CIM will bring \$12.3 million to the State of Ohio from other geographic region.

In addition to the revenue impact, CIM also contributes in-kind gifts within the State of Ohio. On average, CIM donates over \$50,000 each year on an in-kind basis primarily through waiver of facility rental expenses. By fiscal 2007-2008, these contributions are expected to reach \$60,000 each year.

***CIM Operating Budget Impact within Ohio***

CIM has an ongoing, sustainable economic impact on Ohio’s economic output. During the 2003-2004 fiscal year, **CIM operations will contribute a total economic impact in excess of \$26 million on the economic output of Ohio.**

The direct spending dollars by CIM have a larger ripple effect within the economy in two ways. First, the employees hired by CIM receive salaries, wages and benefits that are spent primarily within the localities where they reside. This household spending creates an indirect economic impact with the economy. Second, CIM purchases goods and services within the state, such as professional services, building maintenance services, printing services and supplies to support CIM operations. These vendor purchases by CIM also have an indirect economic impact as the vendors purchase goods and services needed to produce the product or service CIM has purchased. For example, vendors may purchase labor, raw materials, professional services, or sub-components. Thus, the spending patterns of CIM have had, and will continue to have a substantial economic impact within the state.

The operating budget of CIM for fiscal 2003-2004 is \$16.6 million. Just over \$4 million of this budget is provided as financial aid to the conservatory students. Almost \$13 million is ‘real’ spending, that is, actual purchases of goods and services within the economy. The area of interest to determine an economic impact is the actual CIM expenditures.

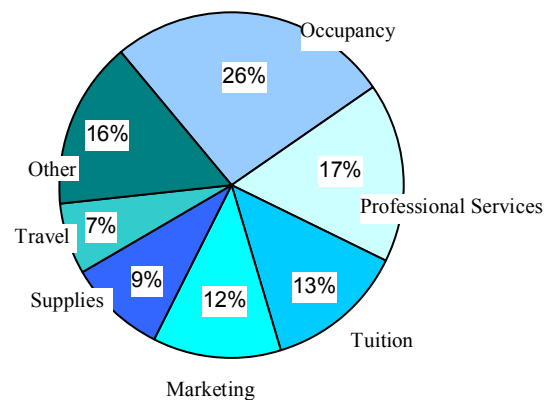
Category	% of Budget
Personnel Expenses	56%
Financial Aid	23%
Non-Personnel Expenses	22%

The operational spending categories are shown as Table 1, and as expected, personnel expenses is the largest cost category reaching over \$ 9 million, or 56% of the operating budget in fiscal 2003-2004. This expense includes the salaries, wages, and benefits paid to the direct CIM staff as well as students that are employed on a part-time basis each year.

The personnel expenses are spent primarily in the State of Ohio, as faculty and staff members of CIM live in Ohio as do conservatory students earning work study wages. Less than 2% of the personnel expenses are paid to individuals living outside the State of Ohio. CIM employs over 380 full and part time faculty and staff members. As full-time equivalents, these 380 members, and the 150 conservatory students employed part-time are equivalent to 214 full-time positions. Over 98% of the FTE positions are employed within the State of Ohio.

Financial aid and non-personnel expenses comprise 44% of the operating budget. Financial aid is “spent” as a tuition offsetting cost rather than an actual expenditure. For non-personnel expenses, the major categories are shown in Figure 3. The majority of the non-personnel expenses are service related expenses rather than hard goods. For example, occupancy expenses include rents and maintenance services. Professional services include accounting, legal, and consulting services. Tuition expenses are paid primarily to Case Western Reserve University so that conservatory students

Fig. 3: Non-Personnel Expense Categories

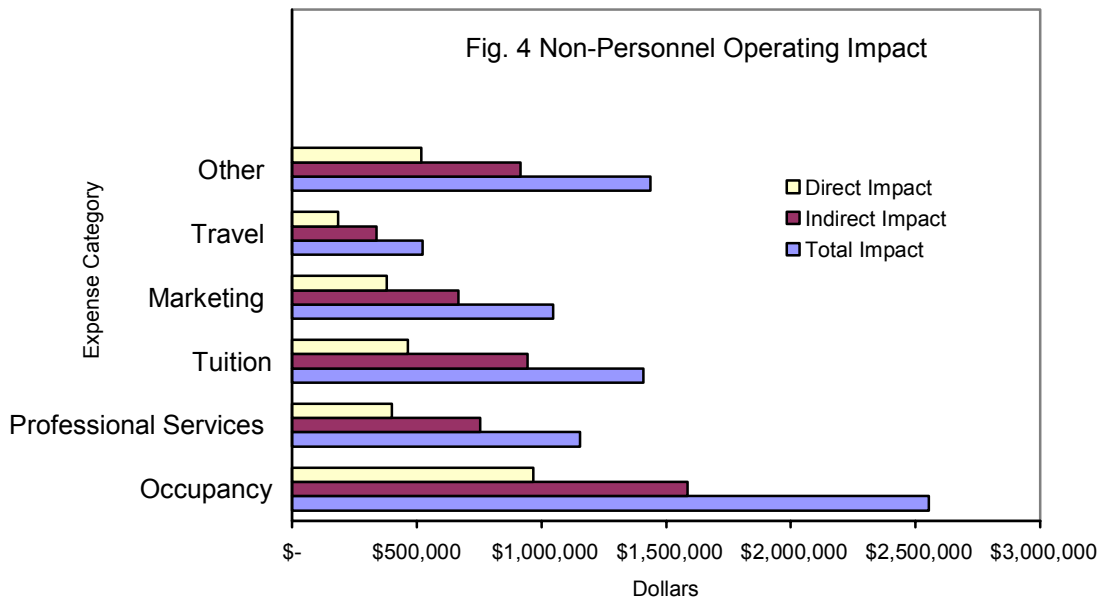


may take their non-music related classes. Marketing expenses include the advertising, and printing and mailing of literature.

The majority of vendors supplying goods and services to CIM are located within the State of Ohio, and CIM strives to utilize local vendors whenever possible. During the current year, 2003-2004, CIM will spend almost \$13 million, and almost 94% of the total “spending” to support CIM operations will be with vendors and suppliers located within the State of Ohio.

To determine the economic impact of CIM spending expenditures, the impact for each spending category was determined individually. Each industry CIM purchases from has a unique spending pattern within the state. For example, professional service vendors to CIM may spend the revenues they receive to purchase labor, computers, and office space. Companies that provide building space to CIM for rent may purchase buildings, construction expenses, and labor. Utility suppliers purchase capital equipment, labor, and maintenance services. Office supply providers will acquire labor and goods from major manufacturers, such as paper and pen manufacturers. Service industries tend to be very labor intensive while retailers tend to have extensive inventory needs. Suppliers of utilities are capital intensive. Thus, the spending pattern of each vendor industry supplying goods and services to CIM is unique within the economy; the economic impact of each industry must be assessed individually.

The direct economic impact of CIM’s spending expenditures within Ohio is \$11.6 million in fiscal 2003-2004. This direct spending will spur an additional \$ 14.5 million as indirect impact creating a **total economic impact of \$ 27 million within the State of Ohio for fiscal 2003-2004**. Personnel expenses comprise \$18 million of this impact, and non-personnel expenses impacts, totaling over \$8 million are shown in Figure 4.



Each spending category has a unique impact within the state, and each of these spending impacts is discussed in turn. Personnel expenses are the largest spending category for CIM as the education industry is very labor intensive. In 2003-2004 fiscal year, CIM will spend \$9.2 million in salaries, wages, and benefits to acquire the labor of 214 FTE employees. As 98% of the CIM employees, and all of the conservatory students live within the state, this expenditure will have a direct economic impact of \$9.1 million on Ohio's economic output.

Each of these employees, in turn, purchases goods and services for their household needs including consumable and durable goods and services – such as groceries, major appliances, housing, insurance, and investments among other purchases. With this purchasing, the household spending of CIM employees adds another \$9.7 million to Ohio's economy as an indirect economic impact, creating a total economic impact on the state of Ohio's economic output of \$18.8 million due to personnel spending by CIM.

Occupancy costs consume 26% of the non-personnel operating budget. This important spending category includes rental and leasing expenses, repair and maintenance of buildings, building service purchases, and utility expenses. The vendors supplying these goods and services to CIM receive \$967,000 from CIM, and in turn, these vendors purchase labor and other goods and services to meet the needs of their customer, CIM. In addition, employees of the building service vendors receive salaries, wages, and benefits, and these earnings are used to acquire household goods and services, just like the direct employees of CIM. With the direct spending of \$967,000 by CIM, and the subsequent spending by the building service providers, their suppliers, and their employees adds an indirect economic impact of \$1.6 million as shown in Figure 4. Together, the occupancy spending of CIM has a total economic impact on Ohio's economic output in excess of \$2.5 million.

CIM also purchases a wide variety of goods and services to support the organization including tuition, travel, professional services, and marketing services as shown in Table 2. Comparing the indirect impact of various spending categories illustrates the unique spending patterns within a particular industry. For example, the initial direct spending impact of \$ 967,000 million in occupancy expenses by CIM has an indirect spending impact of \$ 1.6 million, exceeding the initial direct spending impact by \$ 633,000. In contrast, the direct spending of \$ 9.1 million as personnel expenses by CIM creates a relatively smaller economic impact of \$ 9.7 million. The reason the two indirect impact differ is due to the subsequent spending patterns by the vendors supplying occupancy services compared to the vendors supplying goods and services to CIM employee households.

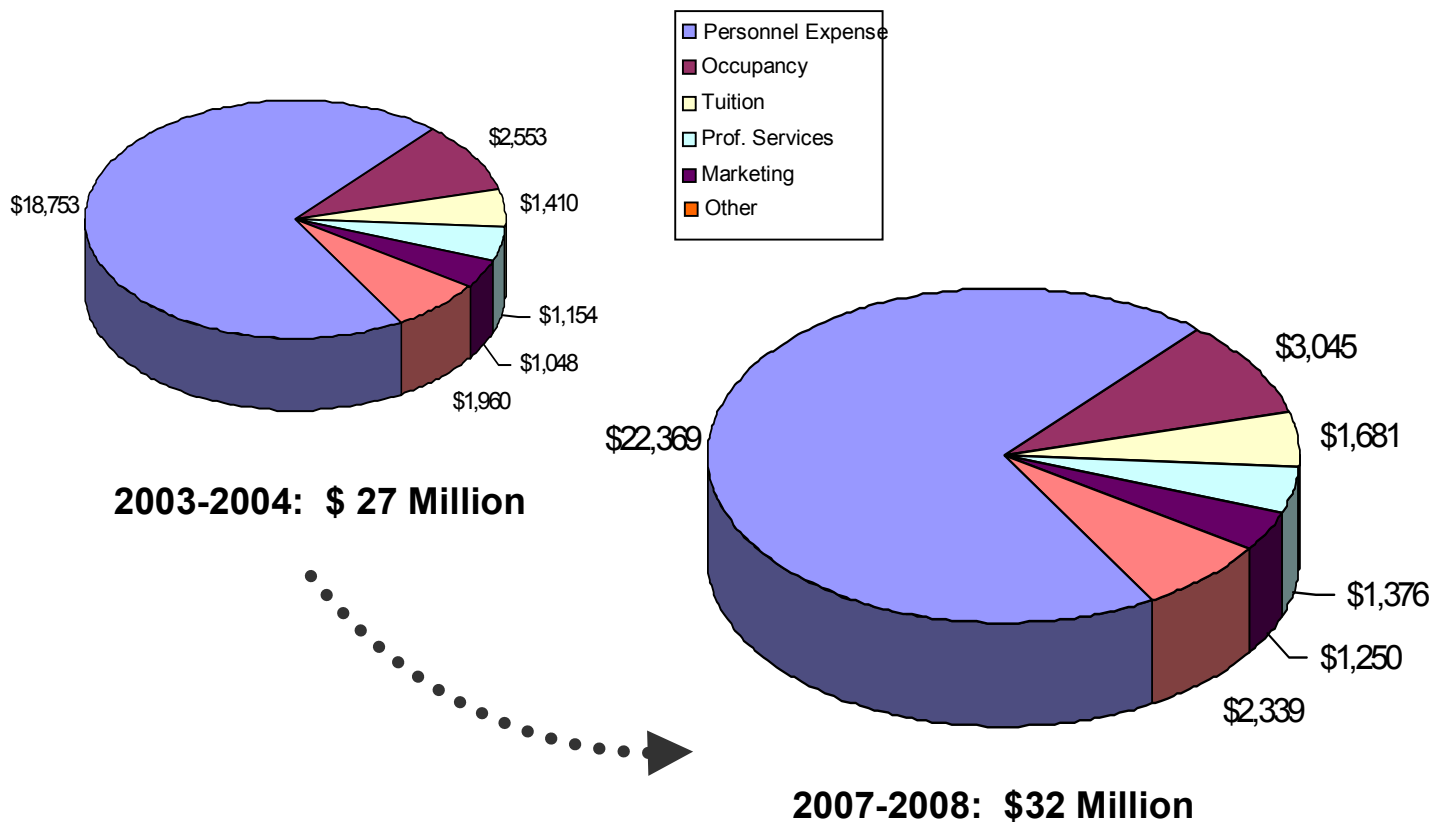
<u>Category</u>	<u>Examples of Expenses in Category</u>
Occupancy	Rent, Lease, Repair & Building Maintenance, Building Supplies, Services, Cleaning, and Utilities
Professional Services	University Circle Inc, Cleveland Rapid Transit System, Library, Bank, Auditing, Collection, Consulting, and Legal, Insurance, Piano Moving and Set/Costume/Lighting Design Services
Tuition	Tuition Services from CWRU for Conservatory Students.
Marketing	Printing of CIM Publications such as Newsletters, Brochures, Concert Guides, etc.; Advertising; Postage; and Mailing Services.
Travel	Travel Expenses & Expenses for Meetings or Conferences held at CIM (Catering)
Equipment Rental and Maintenance (inc. in other)	Office and Transportation Equipment Rentals; Maintenance and Repair Services for Copiers, Computer and Phone Systems, and Instrument Maintenance and Repair.
Supplies (inc. in other)	Office, Paper, Music, Audio, and Computer Supplies
Dues & Publications (inc. in other)	Subscriptions, Association Dues, and Books and Scores

Across all of the non-personnel goods and services, including the occupancy expenses previously discussed, CIM will spend \$3.6 million to support operations, and \$2.9 million of this spending will be with vendors located within the state. This direct economic impact of \$2.9 million will spur an indirect impact of an additional \$5.2 million; almost double the direct economic impact. Across the state, CIM spending on business goods and services will have a total economic impact on Ohio's economy of over \$8.1 million in fiscal 2003-2004.

***CIM: an Ongoing Source of Economic Impact for Ohio***

CIM has been, and will remain as an ongoing source of economic impact for the State of Ohio. Over the next five years, CIM forecasts demonstrate that the operating budget will reach nearly \$20 million in fiscal 2007-2008. With this increase, the direct operational spending impact is estimated to be \$14.3 million. This spending by CIM will spur an indirect economic impact of \$17.8 million, such that **by 2007-2008, the operating spending by CIM will have a total economic impact in excess of \$32 million as illustrated in Figure 5.**

**Fig. 5: Total Economic Impact in Ohio by Category 2003 to 2008**  
In Thousands of Dollars



### ***Employment Impact of CIM's Operating Spending on Ohio***

The operational spending expenditures of CIM also have an impact on the number of jobs within the State of Ohio. This impact is comprised of three key components - the direct employees of CIM, the jobs created as these employees spend their earnings, and the jobs created by vendor spending.

CIM directly employs over 245 people, as full and part time faculty and staff. This employment is considered as 207 full time equivalent (FTE) jobs. These are high quality jobs with an average salary of \$38,000 per FTE in fiscal 2003-2004. CIM also provides employees with high quality benefits, an average of \$6,550 per FTE. **The average earning of nearly \$45,000 per FTE each year illustrates the high quality of these positions.**

As discussed earlier, the direct CIM employees spend their salaries, wages and benefits, largely within the State of Ohio purchasing household goods and services such as groceries, large appliances, housing, vehicles, and investments. With this spending, 87 additional Ohio citizens are indirectly employed by the vendors that supply goods and services to CIM employee households.

Likewise, each good or service purchased by CIM has an employment impact. For example, CIM purchases professional services, and these purchases support employment at the professional service vendor. In turn, the professional service employees purchase household goods and services. The professional service vendors also purchase other goods and services, such as auditing services, equipment, and paper. The vendors supplying goods and services to the professional service vendors also hire employees and purchase other goods and services. The non-personnel vendor spending by CIM indirectly employs 55 Ohio citizens.

For 2003-2004, the indirect employment impact total is 141 jobs, and with the direct employment, the **total employment impact of CIM is nearly 350 Ohio jobs. By 2008, this impact will increase reaching 375 jobs within the state.**

### ***Withholding Tax Impact of CIM Operating Spending in Ohio***

Withholding income tax payments made within the state of Ohio are increased by CIM in three ways. First, CIM employees make income tax withholding payments to the federal, state, and local governments through CIM payroll operations. As the employees spend their household earnings, the vendors supplying these goods and services to the households also make federal, state, and local income tax withholding payments on behalf of their employees. Third, the vendors that supply goods and services directly to CIM, and the sub-contractors that supply these vendors send withholding income tax payments on behalf of their employees.

The largest component of the overall withholding tax impact is the taxes withheld on behalf of the direct CIM employees. In 2003-2004, CIM employees will earn over \$8 million as salaries and wages, and these employees will contribute \$430,000 as income tax withholdings within the State of Ohio, as state and local withholding tax payments.

Beyond the direct employee withholding tax payments, employees of Ohio vendors providing goods and services to the direct employee households will receive over \$2 million as earnings, and likewise, the vendors and sub-suppliers providing goods and services to CIM in 2003-2004 will earn \$ 1.3 million. Together, the direct employees of CIM will earn \$8.3 million as salaries and wages, and the indirect spending impact will create an additional \$ 3.5 million in earnings, **bringing the total to nearly \$12 million in earnings paid to Ohio citizens in 2003-2004.**

As shown in Table 4, CIM employees, household spending, and vendor spending employees will pay in excess of over \$600,000 million in income tax withholding payments within the State of Ohio in 2003-2004. By 2007-2008, income tax withholding payments will reach \$730,000 within the state as local and state withholding tax payments. Table 4 details the withholding tax payment estimates by region.

<b>Table 4: Income Tax Withholding Impact by Type</b>		
Year	<u>2003-2004</u>	<u>2007-2008</u>
<u>Direct CIM Employees Withholdings</u>		
State of Ohio Income Taxes Withheld	\$ 27 3,043	\$ 325,678
Local Income Taxes Withheld in Ohio	\$ 157,207	\$ 187,512
<u>Indirect Earnings Withholdings</u>		
State of Ohio Income Taxes Withheld	\$ 114,522	\$ 136,599
Local Income Taxes Withheld in Ohio	\$ 65,937	\$ 78,648
<u>Total Income Tax Withholding Payments</u>		
State of Ohio Income Taxes Withheld	\$ 387,566	\$ 462,277
Local Income Taxes Withheld in Ohio	\$ 223,144	\$ 266,160
<b>Total Withholding Income Taxes Paid within Ohio</b>	<b>\$ 610,710</b>	<b>\$ 728,437</b>

***Graduates of CIM: Impact of Ohio Career “Starters and Stayers”***

Conservatory graduates of CIM have an ongoing economic impact within the State of Ohio as they work and build their careers in the music industry. There are two “types” of graduates that can impact the economic output of the state – “Starters and Stayers”. Recent graduates, the ‘Starters’, are just starting their careers. Upon completing their degrees,

many CIM graduates choose to stay in the region to start their careers, and then move elsewhere. The “Stayer” are the CIM graduates that remain in Ohio for their entire career, or leave the state to start their career elsewhere, and return to Ohio to build their career. Each of these “types” will be discussed in turn.

Among all students graduating from CIM over the last three years, 26% of these students chose to remain in the State of Ohio, and 22% of the total graduates were living and working in Cuyahoga County. In contrast, just over 4% of the incoming Conservatory students are from Cuyahoga County.

Each year the CIM Conservatory graduates about 120 students, and on average, 39 will remain within the State of Ohio for three years. From an economic standpoint, there are 94 recent graduates living, working, and contributing to Ohio’s economy during any given year. Based on surveys, a recent graduate living in Ohio earns \$28,000 per year. Collectively, these recent graduates will earn over \$2.6 million each year within the State.

A portion of the recent graduate earnings will be spent as household expenses creating an indirect economic impact of \$2.8 million among the suppliers of household goods and services. The household spending will indirectly employ 25 Ohio citizens as full time equivalent positions, and these indirect employees will earn an estimated \$636,000 during the year. Together, the direct and indirect employment totals 148 citizens earning \$ 3.3 million. These citizens will pay income tax withholding payments estimated at \$108,000 to the State of Ohio, and an estimated \$62,000 as local income tax withholding payments within the State.

**Each year, the recent Conservatory graduates add \$5.4 million to Ohio’s economic output, employing a total of 119 citizens, and making withholding income tax payments within the State of \$170,000. This is a source of ongoing economic impact delivered each year.**

On average, 26% of the recent graduates remain in Ohio for the first three years of their career. Other recent graduates pursue opportunities around the world. There is a small percent of graduates that initially pursue opportunities elsewhere, and then return to Ohio as their career proceeds. Overall, about 20% of all CIM graduates remain or return to Ohio to build their career within the State.

Based on surveys conducted with the alumni of CIM, over 94% of the alumni based in Ohio are working in the music field. Many perform in orchestras, groups, or as soloists. Others work primarily as musician educators – university professors, school based music teachers, and private lesson instructors. On average, the alumni living in Ohio are earning salaries of \$41,250 each year, representing a high quality Ohio job. (This income figures excludes the recent graduates as discussed earlier.)

Approximately 495 wage-earning alumni are living in Ohio, and with an average salary of \$41,250 per year, these alumni collectively earn over \$ 20.4 million within the State of Ohio. This estimate is the direct salaries and wages only, it does not include any benefits

earned by these citizens. As benefits paid to employees also have an economic impact within a region, the estimate of the economic impact based on salaries and wages of the Ohio alumni is conservative.

**Earnings of \$20.4 million by the Ohio alumni create an ongoing economic impact each year. With these earnings, Ohio alumni purchase goods and services as household spending, and this spending adds an additional \$21.9 million** to the economic output of Ohio. The Ohio alumni will indirectly employ an additional 196 citizens that supply goods and services to the Ohio alumni households. The indirect employment created will earn \$5.0 million as earnings. Together, the Ohio alumni and the employment created by their spending patterns will pay an estimated \$838,000 as income tax withholding payments to the State of Ohio, and \$482,000 as local income tax withholding payments made within the state.

The economic impact of the recent CIM graduates and the Ohio alumni is summarized as Table 6. This is an ongoing source of economic impact to the State of Ohio as the CIM continues to graduate Conservatory students each year, and the alumni continue to contribute to the economy through their music careers.

<u>Economic Measure</u>	<u>Recent Graduates</u>	<u>Ohio Alumni</u>	<u>Total</u>
Total Employment, No. of Ohio Jobs	119	691	<b>810</b>
Total Economic Impact on Ohio's Economic Output	\$5.4 million	\$ 42.3 million	<b>\$47.9 million</b>
Total Earnings within Ohio	\$3.3 million	\$ 25.4million	<b>\$28.7 million</b>
Total Income Tax Withholding Payments Within Ohio (State and Local Taxes)	\$169,400	\$ 1,319,900	<b>1,489,300</b>

### ***CIM Conservatory Student Impact***

As a world-class conservatory, CIM attracts students from all over the world. Each year, about 25% of CIM students are from international regions, 46% are from outside the State of Ohio, and 27% are from regions within the state. Only 4% of the incoming students are from Cuyahoga County, Ohio. Beyond their tuition and dorm expenses, these students also purchase household goods and services, purchase instruments, books and other goods and services to support their academic studies, purchase automobiles, and incur entertainment expenses. Based on surveys conducted for this study, Conservatory students spend nearly \$3 million each year in support of their education within the State of Ohio.

To enable these expenditures, the Conservatory students receive income from work-study programs, summer employment, local part-time employment, and their families. Each year, about 100 students live on campus, in the dormitory, and 320 students live off-campus in the local community. Generally, the dorm students are freshman and sophomore students, and the off-campus students are juniors, seniors, and graduate students. As the students progress through their course of study, they move off-campus,

and they incur typical household expenses such as rent, utilities, and groceries. The older students have found local part-time employment as musicians and other typical college employment. With this increased employment, many students purchase cars and computers.

Based on survey results, the spending profile of the conservatory students is shown as Table 5. Each of these categories is discussed in turn.

Music expenses are a very large category as about half of the Conservatory students purchase instruments during their studies. Of the total music expense category, \$5,000 on average per student is spent on instruments; however, only 10% of these instrument purchases are from Ohio vendors. The other music expenses include instrument maintenance, music equipment, music and staff books, concerts, audition fees/travel, and recordings. These items are purchased locally. To support their academic studies, on average, the conservatory students spend \$380 on books and office supplies.

Spending Category	Per Student Spending
<b>All Students</b>	
Music Expenses	\$ 6,025
Entertainment Expenses	\$ 775
Academic Expenses	\$ 380
<b>Dorm Students</b>	
Additional household expenses	\$ 495
<b>Off- Campus Students</b>	
Household Expenses	\$ 6,500
Computer Expenses	\$ 255
Auto Purchases	\$ 1,220
Auto Expenses	\$ 1,080

Entertainment expenses for students average \$775 per student, with the primary category as spending at eating and drinking establishments of \$580 per student. Other expenses include tickets to concerts, movies, and sporting events. These purchases are all local expenditures.

Students living in the dormitories report that they spend almost \$500 each school year to purchase groceries, cell phones, and clothing. Like entertainment expenses, these are all local purchases.

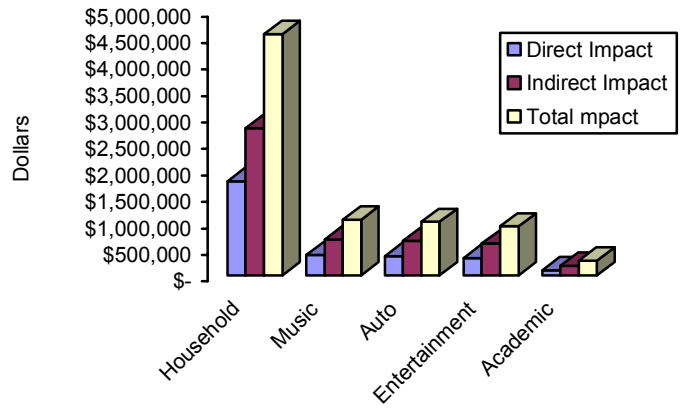
Off-campus students spend just over \$9,000 each year to support their household and auto expenses. Household expenses include rent, utilities, and groceries among other items, consuming \$6,475 of their \$9,000 living budget each year. A small number of students purchase cars, others bring them from home, and on average, the students spend \$2,300 on auto related expenses, including parking tickets. These students also purchase computers locally – both new and used, and on average spend \$255 per student for these purchases.

In total, the conservatory students will spend \$6 million in support of their education. However, only ten percent of instrument purchases are made within the state, and a large portion of the student spending is with retailers. Economically, only 10% of the instrument purchases will have an economic impact within the State of Ohio, and the purchases made from retailers impact the local economy by only the retailer margin. For example, an automotive purchase of \$20,000 in Cuyahoga County will have a direct economic impact of \$1,650 in the county, as the retailer margin is only 15%. Based on the

spending that is conducted within Cuyahoga County and the State of Ohio, and across all of the spending categories, **the direct economic impact of the conservatory student spending is \$3 million within the State of Ohio.**

For each major spending category by conservatory students, the direct, indirect and total economic impact within the State of Ohio is shown as Figure 6. The vendors supplying goods and services to the Conservatory Students will add almost \$5 million as indirect impact to Ohio's economic output. **Thus, during the fiscal 2003-2004 year, the total economic impact of the Conservatory student spending is \$7.8 million within the State of Ohio.** With a modest increase in prices of only 3% each year, by **2007-2008, this impact will grow to \$8.8 million.**

**Fig. 6: Conservatory Student Spending Impact**



The conservatory students will earn, on average, \$3,000 per student split evenly between CIM work-study programs, local employment as musicians and other college student types of employment. In total, these students will earn \$1.3 million. Combined with support from their families and savings, the students will spend \$3 million directly within Ohio, and this spending will indirectly employ 44 Ohio (FTE) citizens to provide goods and services to them. These indirect Ohio employees will earn a total of \$920,000. Student earnings and indirect employee earnings will reach \$2.2 million in 2003-2004. The students and indirect employees will make state withholding income tax payments of nearly \$72,000, and local withholding tax payments of \$41,000. Thus, a total of \$113,000 as income tax withholding payments will be made within the State of Ohio due to the Conservatory student employment and the expenditures to support their education in 2003-2004. With a modest increase in prices of only 3% each year, by 2007-2008, the total income tax withholding payments made within the state will grow to nearly \$130,000.

***CIM Preparatory and Continuing Education Student Impact on Ohio***

In addition to the educational programs leading to degrees or certificates for professional musicians, CIM also has an extensive Preparatory and Continuing Education program for children, youth, and adults that provides excellent teaching, emphasizing the development of individual potential, and instilling a lifelong appreciation for, and support of, the musical arts. Each year, over 1,750 Preparatory and Continuing Education students take lessons from CIM faculty. Over 86% of these students reside in Cuyahoga County, 10% are from other regions within the State of Ohio, and almost 4% are from regions outside the State of Ohio. Like the Conservatory students, these students also have an economic impact within the State of Ohio.

Beyond the fees for lessons, Preparatory and Continuing Education students incur music related expenses such as the purchase of instruments, music and staff books, music-related equipment, and recordings. As visitors to CIM, they incur travel expenses to reach the CIM teaching locations, and often parents will visit local restaurants while their child is taking lessons, or visit nearby museums with their children once lessons for the day are finished. Family and friends attend CIM recitals to hear the Preparatory and Continuing Education students perform, and these students also attend special events as part of the learning experience. The economic impact of each of these areas will be discussed in turn.

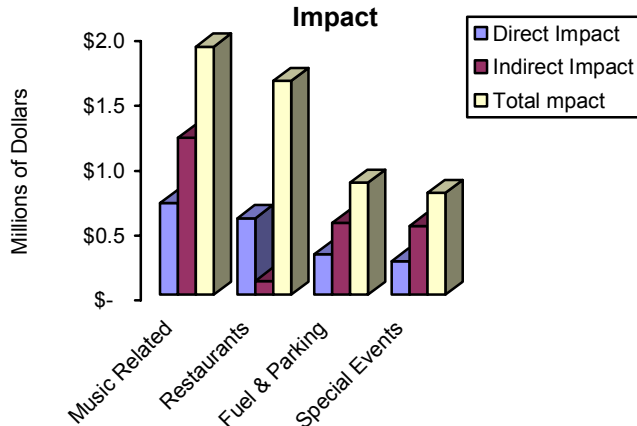
Instrument purchases are a very large spending category as about sixty percent of the Preparatory and Continuing Education students purchase instruments during their education with CIM. On an annual basis, these students spend about \$780,000 each year to purchase instruments. Other students rent instruments, and many students incur maintenance costs such as piano tuning, or violin bow maintenance. Other music related purchases include music and staff books, recordings, and recital performance attire. Together, this music related expenses reach \$1.3 million.

While taking lessons at the various CIM locations, and participating in CIM recitals, the Preparatory and Continuing Education students and their families and friends spend \$590,000 at local restaurants, and \$550,000 in fuel and parking expenditures throughout the year. And, as one Preparatory parent summarized, “We patronize other University Circle institutions much more frequently since becoming involved at CIM.” These students and their families purchase tickets to The Cleveland Orchestra, The Cleveland Opera, and memberships at museums spending \$260,000 each year as local purchases.

In total, the Preparatory and Continuing Education students, their families, and friends will spend \$2.7 million in support of their education. Based on the spending that is conducted within the State of Ohio, and across all of the spending categories, the direct economic impact of the Preparatory and Continuing Education student spending is \$1.8 million within the State of Ohio.

For each major spending category, the direct, indirect, and total economic impact within the State of Ohio is shown as Figure 7. The vendors supplying goods and services to the Preparatory and Continuing Education Students will add \$3.4 million as indirect impact to Ohio’s economic output.

**Fig. 7: Prep. & Cont. Ed. Student Spending Impact**



**Thus, during the fiscal 2003-2004 year, the total economic impact of the Preparatory and Continuing Education student**

**spending is \$5.2 million within the State of Ohio.** With a modest increase in prices of only 3% each year, by **2007-2008, this impact will grow to \$5.9 million.**

### ***CIM Events: Auditions and Graduation Visitor Impact***

To apply for admission to the CIM Conservatory, potential students perform during CIM Audition Days. Potential students and their families travel from around the world for these auditions. As a Conservatory centrally located in the Midwest, CIM also extends audition capacity to other music related institutions such as the Chautauqua Institution, the Aspen Music Festival, Tanglewood, and the Pacific Music Festival of Japan. These organizations send individuals to Cleveland to audition and interview potential candidates for music related positions in their organizations. Candidates from any region in the world are welcome to audition for these institutions at CIM.

Each year, CIM sponsors over 20 auditions, bringing over 3,000 visitors to CIM and Cleveland. Just over 8% of these visitors travel from international regions, and only 14% are from within Ohio. The majority of the visitors, 78%, are from states outside of Ohio.

Graduation from CIM is also a time when many visitors come to CIM and Cleveland to celebrate a Conservatory student's accomplishment. Each year, about 120 Conservatory students graduate from CIM, and based on surveys of graduates from 2001-2003, on average, about 480 visitors attend the graduation ceremonies each year. Like the auditions, the majority of these visitors are from other states – 83%, and only 5% are from international regions. The balances, 2%, are from Ohio.

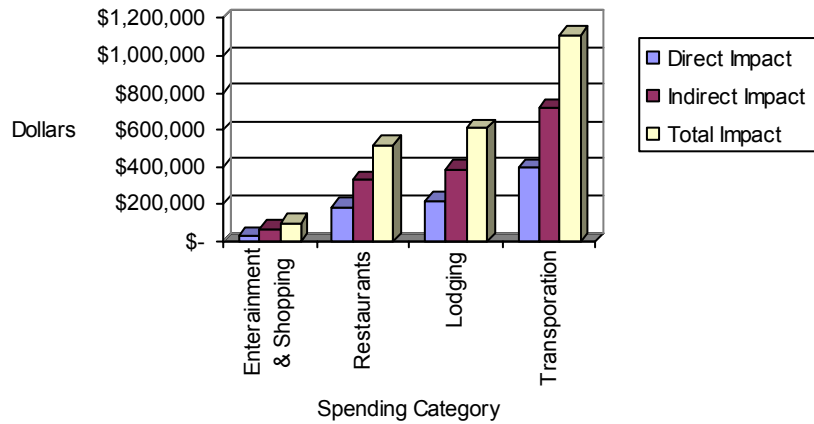
Collectively, these 3,500 visitors have an economic impact on the region when they visit CIM for these special events, and the spending categories for the audition and graduation visitors are very similar – transportation, lodging, entertainment, and shopping expenses. Total spending by these visitors is estimated at \$1.2 million based on spending surveys, and over 86% of this spending is by visitors from outside the State of Ohio.

Transportation expenses is the largest spending category, and collectively, the audition and graduation visitors spend \$715,000 to get to Cleveland as well as during their stay in Cleveland. As many of the visitors are from out-of-state, airfare is the largest portion of the transportation expense – almost 84% of the total transportation expenses. Local transportation expenses, such as auto rentals, fuel, parking, and public transportation expenses comprise the remaining 12%.

Lodging expenses of \$220,000 are spent on hotels, motels, or bed and breakfast accommodations. During their stay, these visitors spend \$186,000 in restaurants or clubs, \$22,500 visiting other local attractions, and \$21,000 in local retail shops.

**The economic impact of these visitors exceeds \$2.3 million each year within the State of Ohio as shown in Figure 8. This is an ongoing source of economic impact on Ohio's economic output each year.**

Fig. 8 Impact of Audition and Graduation Visitors



The total employment supported by this visitor spending is 17 FTE positions each year. The total earnings paid is \$352,000, and these FTE positions will pay \$11,600 and \$6,700 as income tax withholding payments to the State of Ohio and local cities respectively.

***CIM Special Programs Impact***

Each year, CIM hosts a number of special music education programs that bring additional visitors to the Cleveland region. For example, each year, CIM holds the ENCORE School for Strings. Over 40 violin, viola, and cello master teachers from around the world come to Ohio to join CIM faculty in providing advanced string instruction to 190 gifted students in an intensive six-week program. In 2003, more than 95% of these students were from regions outside the State of Ohio. During their visit to Ohio, these teachers and students work on their music all day, and socialize in the evenings visiting restaurants and local retailers. To support their study, students and instructors purchase many violin, viola, and cello strings as well as have their instruments maintained during the six-week period. And many string instrument dealers attend ENCORE as well.

During ENCORE, the teacher and students perform over 20 concerts that are attended by hundreds of people over the six-week period. And, these guest instructors, string students, and concert attendees have an economic impact each summer within the State of Ohio for this special program.

ENCORE is just one example of the many special education programs held by CIM each year. Other programs include the Art Song Festival, the Sergei Babayan International Piano Academy, the Conductor’s Guild, and the Young Composers Program. As this next year progresses, surveys will be conducted at these programs, and an economic impact will be determined for these visitors. These programs generally attract student and master teachers from all over the world.

### ***CIM Concerts: The Audience Impact***

Each year, CIM sponsors about 560 concerts events each year. The CIM Concert Series includes performances by the CIM Orchestra, CIM Opera Theatre, CIM Conservatory Ensembles, Faculty Recitals, and Guest Artist performances throughout the academic year. Other concerts during the academic year include Student Recitals, Conservatory Master Classes and Studio Class Recitals, and the Preparatory Studio, Class, Department, and Orchestra concerts. During the summer, there are “camp” and competition concerts.

These concerts have a broad range of attendees from 15 concert attendees for student recitals to 2,000 attendees for the concerts held at Severance Hall. Nearly 45,000 people attend CIM sponsored concerts each year. While the majority of the CIM concerts are provided at no charge, the concert attendees still have an economic impact in the region due to spending in eating and drinking establishments, parking, and fuel. Conservatory parents may have traveled from other states or countries to attend important performances, incurring travel expenses and visiting other sites and events during their stay and providing an economic impact within the region.

Early survey results suggest that the direct spending by concert attendees will exceed \$1 million dollars each year, and have a total economic impact of a minimum of \$2 million. This is a conservative estimate based on the early survey results.

### ***Summary: The Total Economic Impact of CIM on Ohio’s Economic Output***

As a world-class source of music education in the State of Ohio, CIM’s has a tremendous economic impact within the state. **The 240 professional music faculty and staff of CIM, with an operating budget of about \$17 million create a total economic impact of over \$90 million each year as alumni, students, and other visitors seek to learn, teach, and listen with CIM.** The total employment impact reaches 1,300 FTE jobs in Ohio, with total earnings exceeding \$42 million. Income tax withholding payments made within the State of Ohio (local and state) exceed \$2 million.

**CIM is a world class, ongoing source of economic impact within the state, and will remain a vital, ongoing source of economic impact for the future, delivering \$90 million to Ohio’s economic output each year.**

