The Capacity of Performing Arts Presenting Organizations

Mark A. Hager
Thomas H. Pollak

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Center on Nonprofits and Philanthropy
The Urban Institute
2100 M Street, NW
Washington, DC 20037
(202) 261-5770
www.urban.org

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THE CAPACITY OF PERFORMING ARTS PRESENTING ORGANIZATIONS

Executive Summary

This report summarizes results from a survey of performing arts presenting organizations in the United States. The study was commissioned by the Doris Duke Charitable Foundation to supplement an evaluation of its Leadership Presenting Organizations program, and by the Association of Performing Arts Presenters to provide context for a series of presenting organization convocations and to provide a basis for future planning. The Center on Nonprofits and Philanthropy at the Urban Institute conducted the research, with assistance from the Center for Survey Research at the Ohio State University and the Center for Survey Research at Indiana University, Bloomington. The work received additional support from and is part of the Center on Nonprofits and Philanthropy's nonprofit subsector analyses program.

The research focuses on a broad range of performing arts presenting organizations. The research not only captures traditional performing arts presenting organizations, such as performing arts centers, but also includes organizations for which presenting is not the primary mission. Further, in addition to capturing data from freestanding, independently incorporated organizations, the research also focuses on performing arts centers and presenting programs that are hosted by larger organizations, such as universities, local governments, museums, and churches.

The research began with the identification of a sampling frame of nearly 7,000 *potential* performing arts presenting organizations that we felt were likely candidates for fitting our definition of a presenting organization. *A performing arts presenting organization is an organization, or a department or program of a larger organization, that works to facilitate exchanges between artists and audiences through creative, educational, and performance opportunities. The work that these artists perform is produced outside of the presenting organization.* Over 800 presenting organizations responded to either a short or a long survey form.

Respondents represent the broad variety of organizational types and sizes found in the performing arts field. We present the distribution of this variation in five different ways:

1. *Annual Presenting Budget*. Nearly one-third of the respondents compose the category of *smallest budget* organizations, with less than $100,000 each in expenditures in fiscal year 2000. Another one-third fall into the category of *small budget* organizations, with annual expenditures ranging from $100,000 to $500,000. One in five organizations make up the *medium budget* class, with between $500,000 and $2 million in annual expenditures. Only a little over one in ten organizations are *large budget* organizations, with annual expenditures exceeding $2 million.

2. *Hosted Status.* “Hosted status” refers to whether a performing arts presenting organization is a freestanding, independent organization or whether it is embedded in a larger organization.

Nearly two-thirds of the organizations in the study are freestanding nonprofit organizations, while the remaining one-third are hosted by other entities. This ratio holds for organizations of all four budget classes.

3. *Community Type*. One in three respondents are in small cities, our most common community type. The smallest number of presenters are in suburban locations, with urban and rural presenters falling in between.

4. *Presenter Age*. The organizations in the study represent a range of organization ages. One hundred thirty-seven organizations in the study report that they began presenting the performing arts before 1960. On the other hand, 209 indicate that they began their presenting activities in the past decade. The creation of urban presenting organizations fell off substantially through the 1980s and 1990s, with the founding of presenting organizations in suburban settings taking up the slack.

5. *Organizational Type*. Nearly half of the organizations in the study are traditional performing arts facilities or presenting programs that are part of an academic institution. However, a substantial minority of respondents are fairs or festivals, museums or other cultural venues with presenting programs, performing groups that also present the work of others, or culturally specific presenting organizations.

These different organizational characteristics provide a basis for exploring variations among organizational programs and the attitudes of their managers. The report is divided into six different substantive areas: scope of programs and activities, sustainability and financial stability, leadership, international artists and cultural diversity, audience development, and technological adaptation. We present the major points from each section here.

I. Scope of Programs and Activities

This section provides information about the overall size and scope of performing arts presenting organizations. We observe that the average presenting organization has 8 or 9 staff members, ranging from 2 to 37 between the smallest and large budget categories. Most staff members in presenting organizations are administrative staff, although some organizations maintain artistic and production staff as well.

By far, music is the most common art form contracted by performing arts presenting organizations. However, the average number of contracts to performances runs in nearly a 1 to 1 ratio, making music one of the most administratively taxing art forms to present. In contrast, nonmusical theatre and Broadway musical theatre are contracted in much fewer numbers but average over five performances for each contract.

The majority of presenting organizations select their programming primarily on artistic merit but also consider their financial goals. Roughly one in five presenters claim that they select their programs based exclusively on artistic merit. Two of the study organizations, both of them in the smallest budget category, indicate that their booking decisions are based almost exclusively on their potential to meet financial goals.

Presenting organizations rely on a variety of sources when deciding which artists to book. Three sources were cited as most critical: personal experience at a full-length performance, references from colleagues, and the general reputation of the artist.

II. Sustainability and Financial Stability

This section focuses on the finances of performing arts presenting organizations, including their own perceptions of their fiscal health. First, we observe that presenting organizations are roughly equally likely to own or rent their primary facility, but that large budget organizations are much more likely to own than small and smallest budget presenting organizations. Among those organizations that rent, budget size dictates their relationship with their primary facility. Presenting organizations with the smallest budgets tend to be occasional users of the venues they rent.

We asked presenters to rank their perception of financial health, financial stability, and financial management on a scale from 1 (low) to 5 (high). While positive responses tend to increase with budget size, presenting organizations of all sizes are optimistic about these dimensions of their finances. They are somewhat less positive about their organizations' fundraising capacity and their capacity for managing investments.

On average, presenting organizations earn roughly half of their revenues, most of which come from ticket sales. Slightly less than half of organizational revenues come from contributions from individuals, foundations, business, government, and host institutions. Reliance on contributed revenues decreases as an organization's budget increases.

Expenditures on artistic fees is by far the largest expenditure category for performing arts presenting organizations, a generalization that is especially true for organizations with the smallest presenting budgets. In contrast, presenters with the smallest budgets spend the least on management and general expenses, a category that constitutes 23 percent of annual expenditures for the average presenting organization. Presenters spend roughly one dollar in eight on direct marketing and fundraising expenses.

Most presenting organizations carry a low fund balance from year to year and do not build up a reserve that they can use for investments. National Arts Stabilization, an independent organization dedicated to improving the long-term stability of arts organizations, suggests that organizations interested in establishing an investment reserve try to gather donor-restricted endowment funds and board-designated quasi-endowments into a sum that equals at least two years of total organizational expenditures. However, very few presenting organizations meet this standard. Little more than one-third of the largest budget organizations have endowments plus quasi-endowments that match even one year's total expenditures.

Nonetheless, endowment-building efforts are growing. More than 10 percent of organizations with endowments established them in 2000. More than 40 percent of all presenting organizations intend to conduct an endowment campaign in the next three years.

III. Leadership

This section focuses on different dimensions of leadership. First, we report on how presenting organizations perceive their own artistic and managerial leadership, both of which rank very positively on a 1 (low) to 5 (high) scale. However, managers responding to the survey were less glowing about their ability to recruit qualified personnel and provide competitive salaries. Indeed, organizations with the smallest and small budgets average less than a neutral 3 when assessing the competitiveness of their salaries.

We asked presenting organizations to report the salary range into which their highest paid person falls. Average highest salaries range from $42,400 in the smallest budget organizations to $123,100 in the large budget organizations. Highest salaries also vary substantially by community type, organizational type, and geographic location. The highest salaries are found in organizations with the largest budgets and in organizations that are located in urban areas. Also, the highest salaries are found in traditional freestanding performing arts facilities. Salaries are lowest among organizations without their own facilities, festivals and fairs, and presenting programs run from museums and local arts agencies.

Presenters reported their perception of board leadership on the 1 to 5 scale. Board leadership rated somewhat lower than self-assessments of artistic and managerial leadership, especially among those organizations with smallest, small, and medium budgets. Presenting organizations vary substantially in terms of the degree to which board members contribute substantial sums to the organization's budget. More than one-third of presenters that receive board contributions receive less than 5 percent of total contributions from their board. On the other hand, more than 11 percent of organizations with boards received more than half of their total contributions from board members.

IV. International Artists and Cultural Diversity

This section highlights survey questions on the presentation of artists who live outside the country and the cultural diversity of the staff, artists, presentations, and audiences of the presenting organizations themselves. On the issue of international artists, we observe that larger budget organizations are generally more involved in the presentation of international artists than their smaller counterparts. However, organizations with medium budgets lead the way in both the numbers of international artists presented and the proportion of all performances presented by international artists.

We asked presenting organizations to assess the diversity of their board, staff, presentations, and audiences on a scale from 1 (low) to 5 (high). While the average assessment of the diversity of presentations averages around a value of 4, diversity of audiences rests closer to 3, and diversity of board and staff ranges from 2 to 3. On average, performing arts presenting organizations assess the diversity of their board and staff as moderately weak.

V. Audience Development

In this section, we consider several measures of efforts to increase the number of audience members at performances, to diversify audiences, or to deepen the performing arts experience for audiences. On the familiar 1 to 5 scale, presenting organizations rate their capacity for developing new audiences in the 3–4 range. As is the case for most of these measures, large budget organizations are more optimistic about the prospects of audience development than are the smaller presenters.

We observe that most performing arts presenting organizations do not have a staff member whose primary responsibility is audience development. Even among the large budget organizations, only slightly more than 40 percent have such a staff member.

Nonetheless, presenting organizations make an effort to collect information on their audiences or otherwise endeavor to develop their audiences. Most presenting organizations collect basic contact information from audience members, and more than half collect information regarding audience satisfaction with performances. Presenting organizations of all sizes are involved with a variety of audience development strategies, such as free performances, programs aimed at school-aged youth, and the dissemination of program notes. The use of audience development strategies increases with budget size, but even the presenters with the smallest budgets display a range of audience development efforts.

VI. Technological Adaptation

Finally, we report briefly on survey questions regarding the use of computer technology in daily organizational work tasks as well as in stagecraft. Virtually all of the organizations have access to the Internet, and most make use of computer technology either in administration or stagecraft. The most widespread use of computer technology among performing arts presenting organizations is the use of the Internet for communication with audiences or artists. Use of the World Wide Web for online promotion of the organization and its season are nearly as common, but these applications are most prevalent among large budget presenting organizations.

Organization size plays a clear role in technological adaptation. Online ticket sales have become the norm for the largest presenters but are very rare among the smallest. The role of size is also clear in self-assessments of technological adaptation in staging and production. Presenting organizations with large budgets average a value of 4.2 on the scale from 1 (low) to 5 (high), while organizations with smallest and small budgets rate a full point lower.

Section 10 reports our efforts to extrapolate our survey findings to national estimates of the number of attendees and the amount of money earned by and donated to performing arts presenting organizations in 2000. Based on our estimate of 7,000 performing arts presenters in the United States, we estimate total attendance at 316 million. We estimate collective earned income at $5 billion and contributed revenues at $3.7 billion.

Conclusions

The report concludes with 12 observations about the current state of the field of performing arts presenters, all raised in the body of the report and elaborated upon in Section 11:

1. The predominance of small budget presenting organizations in the field as a whole
2. The increase in suburban presenting organizations in recent years
3. The predominance of venue ownership among larger budget presenting organizations
4. Generally optimistic self-assessments of financial health
5. Nearly equal reliance on contributions and earned income
6. Low administrative costs among small budget presenting organizations
7. Predominance of small or nonexistent financial reserves and endowments
8. Pessimistic self-assessments regarding competitiveness of salaries
9. Rural presenters active in presentation of international artists
10. Medium budget presenters particularly active in audience development efforts
11. Substantial use of technology, especially among larger budget presenters
12. Collectively, substantial revenues from earned and contributed income

THE CAPACITY OF PERFORMING ARTS PRESENTING ORGANIZATIONS

Introduction

Performing arts presenting organizations are an integral part of the performing arts field and an important contributor to the cultural life of most communities. Presenting organizations, such as performing arts centers, local arts agencies, and community festivals, play an important intermediary role between artists and audiences. Increasingly, these organizations are playing a primary role in the development of artists and the creation and development of new work.

However, partly because they are found in diverse institutional settings, presenting organizations are often unrecognized as a distinct organizational form, even among arts researchers. Performing arts producing organizations—the theatre troupes, dance companies, musical groups, and operas that employ artists in the production of art—are the obvious form that we think about when we describe the performing arts. However, the entities that *present* these producing companies, often when the producing companies are touring to different cities, escape the attention of the general population, the arts research community, and many institutional funders.

To date, research has provided little information on the scope of the field of performing arts presenting organizations. The Association of Performing Arts Presenters has observed a variety of ongoing changes regarding the use of technology, the development of endowments, and a greater diversification of roles that presenting organizations play in their communities. However, researchers have done little to document these kinds of changes. The goal of this report is to address this gap by providing a current overview of the field of performing arts presenting organizations. The work is based on two surveys (a long form and a short form) of presenting organizations. The survey was developed in close collaboration with the Association of Performing Arts Presenters as a means of tapping into the core issues relevant to the field today.

The study was commissioned by the Doris Duke Charitable Foundation to supplement an evaluation of their Leadership Presenting Organizations program. The Doris Duke Charitable Foundation is the principal funder of this work. Additional support was provided by the Association of Performing Arts Presenters and the Urban Institute.

Section 1: Scope of the Study

The research project is a study of performing arts presenting organizations in the United States. Our initial challenge was to define the parameters of the performing arts presenting field. That is, we first had to be clear about which kinds of entities constitute performing arts presenting organizations and which do not. Two distinctions highlight the definition issue.

Producers vs. Presenters
One distinction that guides our research is a field-wide distinction between performing arts *producers* and performing arts *presenters*. Illustrations of pure producers and pure presenters are easy to generate. A theatre troupe that works only with its own talent to produce plays in a rented hall is a **pure producer** and is clearly outside the domain of our study. On the other hand, a local arts center that hosts outside performing artists or arts organizations and does not produce any of its own talent is a **pure presenter** and is clearly within the domain of the study.

However, many organizations have elements of both production and presentation. Organizations that are primarily presenters that produce some work were clear targets for inclusion, but we also wanted to include organizations that are primarily producers that nonetheless exhibit some elements of presenting. An example is an orchestra that periodically hosts an international cellist to play with the orchestra for a short series of performances. In the definitions we laid out for the study, the orchestra is a producing entity that periodically presents an outside, touring artist. We wanted to capture this aspect of presenting, although we sometimes found it challenging to convince such organizations that they met our definition of a performing arts presenting organization.

> Definition: A *performing arts presenting organization* is an organization, or department or program of a larger organization, that works to facilitate exchanges between artists and audiences through creative, educational, and performance opportunities. The work that these artists perform is produced outside of the presenting organization.

Freestanding vs. Embedded Entities
The second consideration is whether or not the presenting entity is a freestanding formal organization. Many performing arts presenters are freestanding nonprofit (and sometimes for-profit) organizations that are easy to define and find because they appear on rolls of incorporated entities. However, many performing arts presenters do not fit this definition. A great many are *hosted* in larger institutions, such as universities and local governments.

Many universities have performing arts centers that serve broad university and community audiences. These centers are usually not separately incorporated, but they function in essentially the same way as a freestanding performing arts center. Universities also host other, less obvious, presenting entities. Individual theatre or music departments, student union program councils, and university auditoriums or amphitheaters may occasionally present external, touring artists. Local governments are another common entity in which presenting programs are hosted. Local governments may have a local arts or recreation agency that sponsors a summer festival or outdoor music series. Some local governments own and operate performing arts facilities that serve as the community's primary arts presenter.

Arts presenting activities are also embedded in other kinds of entities. Some museums supplement their visual arts emphasis with a performing arts series. The same can be said for libraries. In some communities, major churches serve as a venue for touring artists. Fairs and festivals, a major presenting type, are sometimes freestanding entities, but are just as likely to be run from schools, churches, agencies of local government, or larger nonprofit organizations.

What Is Included in the Study?

This study sought to include as broad a cross-section of performing arts presenting organizations as possible. While we focus on traditional freestanding presenting entities, we also include the range of peripheral producing/presenting and hosted programs. The result is a broad overview of the full field of performing arts presenting organizations in the United States. While most of the organizations in the study can be characterized as either freestanding nonprofit organizations or unincorporated entities that are hosted by other institutions, we also include presenting organizations that are incorporated as for-profit businesses. These presenting organizations are a minority in the performing arts field, but their budgets and activities are included here.

Section 2: Research Method

Our goal was to collect a wide range of information on the activities, structure, and finances of a sample of performing arts presenting organizations. The first step in such a project is the creation of a *sampling frame*, the list of all of the organizations and hosted entities that met our definition of a performing arts presenting organization. Unfortunately, such a list does not exist and the creation of such a list requires one to know in advance whether or not an organization is a presenting organization. For example, a list of museums or orchestras is reasonably easy to obtain, but one cannot know which museums have performing arts presenting programs without a full survey of museums. In short, the generation of a sampling frame proved difficult.

Our approach was to generate a list of *potential performing arts presenters*. This was a list of approximately 7,000 entities that we believed were likely to meet our definition. We drew from two main sources when we generated this list: a contact list provided by the Association of Performing Arts Presenters, and the Unified Database of Arts Organizations.

The Association of Performing Arts Presenters maintains a database of organizations that contact their office. This list includes member organizations, nonmembers that they have identified as presenting organizations, and other prospective presenting or touring organizations that Arts Presenters knows less about.

The Unified Database of Arts Organizations (UDAO) is a joint research project of the Urban Institute, the National Association of State Arts Agencies, and the National Endowment for the Arts (NEA). The UDAO is the most comprehensive listing of arts organizations in the United States, with approximately 115,000 records. The listing draws on nonprofit arts organizations that file with the IRS, as well as state arts agency and NEA grantee and mailing lists. We drew organizations from two categories that we believed would include the most potential performing arts presenters: performing arts facilities, and fairs and festivals.

Stage 1: The Long Form

Data collection progressed in two stages. First, we focused our attention on a relatively small sample of presenting organizations. We drew a random sample of organizations that we contacted by phone to determine whether or not they met our definition of a performing arts presenter. Our goal was to deliver our survey instrument to approximately 700 arts presenters. However, missing and bad phone numbers, failure to reach a knowledgeable person by phone at many organizations, and our inclusion of a large number of nonpresenting *potential* arts presenters required us to sample nearly 2,500 entities in order to generate a final sample of 707 entities that passed a simple phone screen.

We mailed a 10-page survey, a cover letter from the Association of Performing Arts Presenters, and a stamped return envelope to the 707 organizations. After 10 days, we faxed a copy of the survey and a reminder cover letter to the nonrespondents. After two weeks, we called all the nonrespondents, and we re-faxed another copy of the survey if they requested it. Two weeks later, we again contacted those who had told us that they would return the survey.

By the end of the first data collection stage, we had received surveys from 303 of the sample organizations. However, 31 of these organizations (10.2 percent) claimed that they did not meet our definition of a performing arts presenter, despite the fact that they had passed the phone screening. We removed these 31 organizations from the sample, resulting in a base of 676 organizations.[1] With 272 valid responses, we calculate a return rate of 40.2 percent. While this level of return causes us to interpret our results cautiously, it is not out of line with typical return rates for surveys of other kinds of nonprofit or community organizations.

Stage 2: The Short Form

We returned stage 1 nonrespondents to the pool, resulting in a new sampling frame of 6,196 organizations. We mailed an announcement letter to all of these organizations and then followed up with a four-page survey, a cover letter from the Association of Performing Arts Presenters, and a stamped return envelope. All of the questions on the four-page survey were drawn from questions on the ten-page survey. We also created a Web-based version of the survey and assigned all organizations in the study a unique password for accessing the online survey. After two weeks, we mailed a reminder postcard to all organizations that had not returned a survey.

In this second data collection stage, we received surveys from 1,054 organizations. Nearly 15 percent (155) responded by filling out the Web-based version of the survey. Since we did not prescreen the organizations by phone, we expected a much higher proportion of organizations to claim that they did not meet our definition of a performing arts presenting organization. This was indeed the case, as 256 (24.3 percent) of the respondents reported that they had no presenting activities. This results in 798 valid responses out of 5,940 valid respondents or nonrespondents. This results in a stage two response rate of 13.4 percent.[2]

We pooled the two data sets, so that questions asked on the short form have as many as 1,070 respondents, 272 from the long form and 798 from the short. The overall pooled response rate can be calculated as well. Of 6,903 organizations contacted, we received responses from 1,357. Of these, 287 did not meet our definition of an arts presenter, reducing our valid returns to 1,070 out of 6,616 candidates. This results in a pooled return rate of 16.2 percent. The pooled return rate climbs to 19.7 percent if we assume that 1,173 of our potential presenters are indeed *not* performing arts presenting organizations.

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[1] The number of true presenting organizations remaining in the sampling frame is unknown because we did not receive responses from 404 organizations. However, if 10.2 percent of the respondents claimed not to be presenters, it may be reasonable to infer that roughly 10 percent of the nonrespondents also would not meet our definition of a performing arts presenting organization. A further reduction of 41 organizations (10.2 percent of 404 nonrespondents) would reduce the sample base to 635 organizations, which places the return rate at 42.8 percent (272 returns out of 635 valid sample organizations).

[2] However, we presume that many nonrespondents are also not valid presenting organizations. If 24.3 percent of respondents are not presenters, then approximately 1,249 of 5,142 nonrespondents may also not be valid presenting organizations. This assumption reduces the number of presenting organizations in the second stage sample to 4,691, resulting in a return rate of 17.0 percent.

Exclusions

We asked respondents in both stages of the research how important presenting the performing arts is to the fulfillment of their organization's mission. If organizations cited presenting as a "primary" or "complementary" part of their mission, we included them in the analysis. We excluded the 80 organizations (from both stages; 7.5 percent) that said that presenting is secondary to other programming activities or peripheral to their mission. We also excluded the 29 organizations (2.7 percent) that did not provide an answer to this question.

On both surveys, we also asked organizations about the number of performances they presented last season. Seven organizations reported zero performances, and 101 did not report this number. We excluded these 108 cases.

The report that follows is based on data from the remaining 880 cases, including 230 cases with long-form data and 650 with short-form data. Throughout the report, we note the conclusions we draw from the pooled data of 880 cases and those we draw from questions asked only on the long form.

Section 3: Distribution of Organizations in the Study

This study is based on a range of presenter types from across the United States. The purpose of this report is to elaborate on the similarities and differences between these presenting organizations across a wide range of issues. The findings are presented in the following eight sections. Following this section, which describes how the organizations are distributed by key characteristics, Section 4 describes the *scope of programs and activities*, including staffing and issues of program selection. Section 5 focuses on *organizational sustainability and financial stability*. Section 6 concerns *leadership* issues, including both staff and board leadership. Section 7 elaborates on several survey questions regarding presentation of *international artists and cultural diversity*. Section 8 discusses issues of *audience development*. Finally, Section 9 briefly describes the results of several questions on *adaptation to computer use and technological innovations* in the performing arts field. Section 10 reports on our efforts to use survey results to estimate the size and scope of the performing arts presenting field. The report concludes with a list of key findings.

Distribution by Annual Presenting Budget
Throughout this report, we present results according to major relevant categories of organizational characteristics. The main characteristic that we give attention to is organizational size, based on an organization's annual expenditures on its presenting activities. For those organizations whose mission is exclusively related to presenting the performing arts, the presenting budget is equal to the total organizational budget. For those organizations with a variety of activities, size is based *only* on that part of the organization's budget that is allocated for presenting. We focus on four different budget categories, as described in table 1.

Since the field is dominated by community-based performing arts presenting organizations with small budgets, we were not surprised to find that most of the organizations in the study fall into the small budget category. Nonetheless, we are uncertain whether or not this distribution matches the true distribution of performing arts presenting organizations. That is, organizations with large budgets may have been less (or more) likely to fill out the survey, creating an overrepresentation (or underrepresentation) of smaller organizations in the study.

Table 1. Distribution of Organizations, by Annual Presenting Expenses (Budget Size)

	Count	Percent
Smallest budgets: Up to $100,000	252	31.5
Small budgets: $100,000–$500,000	302	37.8
Medium budgets: $500,000–$2,000,000	157	19.6
Large budgets: More than $2,000,000	88	11.0
Total	799	100.0 [a]
Did not report financial information	81	

note a. Due to rounding, percent columns in tables in this report may not always add to 100.0 percent.

The budget size of the organizations in the study does not necessarily reflect their overall capacity. As noted above, we asked organizations to report only their presenting budgets, and many of these budgets are a small portion of the budget of a larger host organization. For an indication of how hosted presenting entities differ from freestanding presenting organizations, look ahead to table 12. This table indicates that the average endowment for organizations with the smallest budgets is much larger than the average endowment for organizations in the next highest budget category.

The number of freestanding entities in the study outnumbers the number of hosted entities by a factor of nearly two to one (table 2). We expected that most of the smaller budget presenting organizations would be those that are hosted by larger entities, but this is not the case. Across budget categories, two out of three organizations are freestanding nonprofits, and one of three is embedded in the organizational structure of a host entity, such as a university or agency of local government.

Table 2. Hosted Status, by Annual Presenting Expenses

		Smallest budgets	Small budgets	Medium budgets	Large budgets	Total
Freestanding nonprofits	Count	158	196	99	55	508
	Percentage	65.0%	65.8%	64.3%	64.0%	65.0%
Hosted by other entity	Count	85	102	55	31	273
	Percentage	35.0%	34.2%	35.7%	36.0%	35.0%
Total		100%	100%	100%	100%	100%

Distribution by Community Type and Presenter Age

Two additional variables that differentiate the kinds of organizations in the study are community type and the number of years that an organization has been presenting the performing arts. Table 3 provides an overview of these characteristics.

An organization’s community type was determined by asking respondents which one choice best describes the type of area in which the organization is located. We purposely gave no definitions or guidelines for what constitutes a particular type of community, so responses represent individual conceptions of the communities in which responding presenting organizations work. The study captures a wide range of organizations in terms of age—13 organizations began presenting prior to 1900, while another 11 began in 2001 or 2002.

One striking trend in table 3 is found among urban and suburban performing arts presenting organizations. The creation of urban presenting organizations, which constituted a majority of the organizations established in the 1960s or 1970s, fell off substantially through the 1980s and 1990s. While the establishment of small-city and rural presenting organizations seems to have been comparatively stable, the slack has been taken up by presenting organizations founded in suburban settings. While suburban organizations account for only about one-eighth of the presenting organizations founded before 1960, they represent more than one-fifth of the presenting organizations founded in the past decade.

Table 3. Community Type, by Age

	When Organization Began Presenting Performing Arts				Total
	Before 1960	1960s or 1970s	1980s	1990s or 2000s	
Urban	35 25.5%	89 33.8%	69 28.0%	45 21.5%	238 27.8%
Suburban	17 12.4%	40 15.2%	35 14.2%	45 21.5%	137 16.0%
Small City	62 45.3%	68 25.9%	84 34.1%	79 37.8%	293 34.2%
Rural	23 16.8%	66 25.1%	58 23.6%	40 19.1%	187 21.9%
Total	137 100%	263 100%	246 100%	209 100%	855 100%

Distribution by Organizational Type
Finally, *type of organization* is an important descriptive variable that indicates the range of performing arts presenting organizations represented in the study. Table 4 shows the number of presenting organizations of various types that responded to the survey. While many presenting organizations may legitimately fall into more than one category, we asked organizations to select a single category that describes them best.

Table 4. Types of Performing Arts Presenting Organizations in Study

	Count	Percent
Performing arts facilities with presenting programs	263	29.9
Presenting organizations with no facility; and fairs/festivals	218	24.8
Presenting programs that are part of an academic institution	172	19.5
Museums, galleries, and libraries with presenting programs; and other presenting types	95	10.8
Performing groups that present; and promoters/producers	87	9.9
Culturally specific organizations	45	5.1
Total	880	100.0

The largest group in the study is “traditional” performing arts facilities with presenting programs. However, they are followed closely by presenting organizations that do not have their own presenting facility, including fairs and festivals, and by presenting programs that are part of a school. The study also includes a substantial number of producing groups that also present the work created and produced by others, and culturally specific presenting organizations that are not always included in descriptions of performing arts presenters.

The size of the presenting budget, hosted status, community type, number of years as a presenting organization, and organizational type are important qualities that help us to understand the characteristics of performing arts presenting organizations. However, these characteristics do not tell us much about what these presenting organizations *do* or how they feel about their programs and current challenges. In the following sections, we highlight six different focus areas that discuss these activities and challenges. When activities or challenges differ substantially by one of the characteristics described above, we provide a breakdown and discussion of the differences. Clearly, the most prominent characteristic that conditions what a presenting organization does and how it feels about itself is the size of its budget.

Section 4: Scope of Programs and Activities

This section presents additional descriptive information on how work gets done in performing arts presenting organizations, including descriptions of staffing, artist selection, and the types of artists that organizations participating in the study present. While all of the findings in the previous section are based on questions found on both the long and short form of the survey, the issues in this section are based on questions found on the long form only. That is, the findings in this section are based on, at most, 220 organizations.

Table 5 presents the average number of staff members of various types that organizations of various budget sizes support. Staffing of performing arts presenting organizations is consistent with their image as predominantly administrative organizations. For presenting organizations of all budget sizes, the largest category of full-time staff members is administrative staff. Nonetheless, presenting organizations are clearly not *only* administrative entities that book artists or maintain facilities. A large number dedicate resources to artistry, production, and commission of new works, which points to a blurred boundary between presenting and producing activities.

Table 5. Average Number of Staff, by Budget Size

	Smallest budgets	Small budgets	Medium budgets	Large budgets	All organizations
Full-time artistic staff	0.7	0.7	1.1	4.5	1.6
Full-time production staff	0.9	0.7	1.8	11.7	2.7
Full-time administrative staff	0.9	1.7	4.8	21.7	5.1
All full-time staff	2.2	2.8	7.2	36.5	8.5

Table 6 illustrates the range of performing arts that the organizations in the study present. Theatre and music are, by far, the most frequent type of performing arts presented by performing arts presenting organizations, at least in the number of performances per organization. These two forms differ, however, in terms of the number of contracts they must sign in relation to the number of presentations. While music organizations average a little over one performance per contract, theatre (nonmusical) organizations average more than five performances for each contract they offer.

Table 6. Average Number of Performances and Contracts, by Art Form

	Average number of contracts	Average number of performances	Average ratio of performances to contracts
Pop music	6.4	6.6	1.1
Concert, chamber, jazz, symphonic, choral, and traditional music	15.4	15.3	1.3
Dance	3.2	5.2	1.7
“Other” live performance	6.2	10.6	1.8
Family programming	4.6	9.0	2.3
Non-Broadway musical theatre	1.1	2.3	2.7
Broadway musical theatre	3.1	8.4	5.2
Theatre (nonmusical)	4.1	16.2	5.5

Table 7 summarizes the results of our question concerning the basis by which performing arts presenting organizations select artists or attractions. While less than 6.5 percent of the presenting organizations with large budgets say that their program selection is based almost exclusively on artistic or cultural considerations, more than 35 percent of the smallest budget organizations make this claim.

Table 7. Program Selection Criteria, by Budget Size

	Smallest budgets	Small budgets	Medium budgets	Large budgets	All organizations
Our programs are selected almost exclusively on artistic or cultural considerations	14 30.4%	17 21.8%	7 14.9%	2 6.7%	40 19.9%
Our programs are selected mostly for artistic or cultural considerations, but financial goals are also considered	24 52.2%	42 53.8%	25 53.2%	16 53.2%	107 53.2%
About half of our programs are popular in nature, allowing us to take more artistic risks with the other half	2 4.3%	13 16.7%	9 19.1%	6 20.0%	30 14.9%
Our programs are selected mostly on their potential to meet financial goals, although artistry is also considered	4 8.7%	6 7.7%	6 12.8%	6 20.0%	22 10.9%
Our programs are selected almost exclusively on their potential to meet financial goals	2 4.3%	0 0.0%	0 0.0%	0 0.0%	2 1.0%
Totals	46 100%	78 100%	47 100%	30 100%	201 100%

Slightly over half of the presenting organizations in the study make their selections based primarily on artistic quality, although they recognize the need for their choices to meet financial goals. Still, nearly one in five presenting organizations (and roughly one in three of those with the smallest budgets) say that their selections are made almost exclusively on artistic grounds. Organizations with larger budgets are more likely to acknowledge the role that finances play in their decision making, although the two organizations that say that they consider *only* the financial potential of their selections are among those organizations with the smallest budgets.

Table 8 illustrates the types of sources that presenting organizations of different sizes rely on when making booking decisions. We asked them to rank the usefulness of different sources, ranging from critical (1) to not considered (5). The numbers in table 8 are averages for a particular category, so lower numbers indicate a higher average reliance on a particular source.

Items in table 8 are ranked according to the preferences of arts presenting organizations with large budgets, although the rankings do not differ substantially for smaller entities. On the whole, presenting organizations rely most heavily on personal experience, references, and the reputation of artists when making booking decisions. Booking conferences, booking agents, and promotional materials play a less critical role in these decisions.

Table 8. Average Reliance on Various Sources for Booking Decisions (1=critical to 5=not considered), by Budget Size

	Smallest budgets	Small budgets	Medium budgets	Large budgets
Own experience at a full-length performance	2.1	1.9	2.0	1.9
References from colleagues	2.0	2.0	2.0	1.9
General reputation of artist	1.9	2.1	1.9	2.0
Audio recordings	2.1	2.5	2.4	2.6
Videotapes	2.4	2.8	2.5	2.6
Critical reviews	2.7	2.9	2.5	2.7
Opinion of professional artist	2.7	2.6	2.8	2.8
Attending a showcase at a booking conference	3.1	2.5	2.6	2.9
Recommendation from booking agent	3.0	3.4	3.1	3.1
Printed promotional material about artist	2.6	2.8	2.8	3.2

Section 5: Sustainability and Financial Stability

This section focuses on the finances of performing arts presenting organizations, including their own perceptions of their fiscal health and ability to compete. Before turning to these issues, however, we look briefly at the relationship between arts presenting organizations and their primary venues. On both the long and short survey forms, we asked presenting organizations to consider their primary venue, and then tell us whether they own or rent the venue and whether they are the exclusive, primary, or occasional user of this venue. Table 9 summarizes their responses.

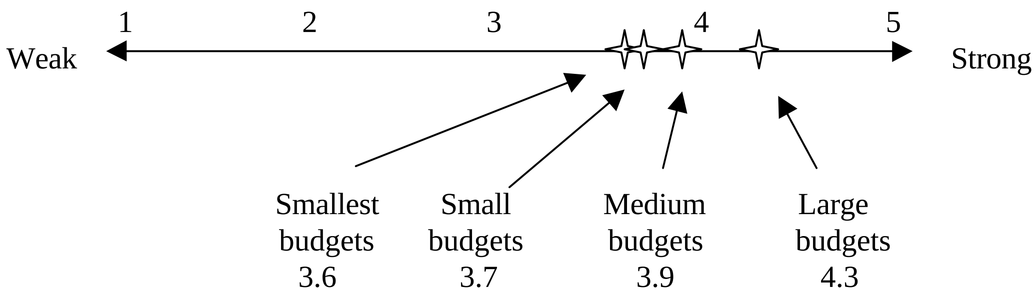
Table 9. Ownership and Usage of Primary Venue, by Budget Size (in percent)

	Smallest budgets	Small budgets	Medium budgets	Large budgets	All organizations
Owner, exclusive user	12.2	12.1	14.7	25.3	14.9
Owner, primary user	23.0	20.3	35.6	36.8	27.8
Owner, occasional user	11.3	12.4	9.8	11.5	11.6
Subtotal: Own venue	46.5	44.8	60.1	73.6	54.3
Tenant, exclusive user	4.8	7.5	7.4	5.7	5.8
Tenant, primary user	5.2	11.1	14.1	11.5	9.6
Tenant, occasional user	43.5	36.6	18.4	9.2	30.3
Subtotal: Tenant	53.5	55.2	39.9	26.4	45.7

Medium and large budget presenting organizations are more likely to own their primary venue (or be embedded in a host institution that owns the venue), while smallest and small budget presenting organizations are more likely to rent. Smallest and small budget presenting organizations are also most likely to be only occasional users of the facilities they rent. When organizations from these budget classes own their primary venue, however, they are no more or less likely to be an exclusive, primary, or occasional user than organizations from larger budget categories.

We asked presenting organizations that received the long survey a series of questions regarding their perception of their financial health and stability. For example, we asked organizations to rate their overall financial health on a scale from 1 to 5, with 1 indicating a “weak” condition and 5 indicating a “strong” condition. Six of the organizations in the study with smallest budgets reported a “weak” overall financial health. Two of the organizations with small budgets selected this category. None of the organizations with medium or large budgets claimed an overall weak financial health. Figure 1 provides a graphic representation of the average values reported by presenting organizations of different sizes.

Figure 1. On a scale from 1 to 5, how do you rate your organization's *overall financial health*?



The average presenting organization with a large budget scores a 4.3 on this subjective measure of fiscal health, placing it between moderately strong and strong. As budget size categories decrease, however, the average conception of organizational fiscal health decreases. Presenting organizations with the smallest budgets are the least confident about their financial health. Nonetheless, an average value of 3.6 places them between neutral and moderately strong. Overall, presenting organizations are optimistic about their financial health.

In addition to the general question about financial health, we also asked more specific questions on the long version of the survey about stability, fundraising capacity, financial management, and investment management. Figures 2 through 5 provide the average category representations for these four questions.

Figure 2. On a scale from 1 to 5, how do you rate your organization's *financial stability*?

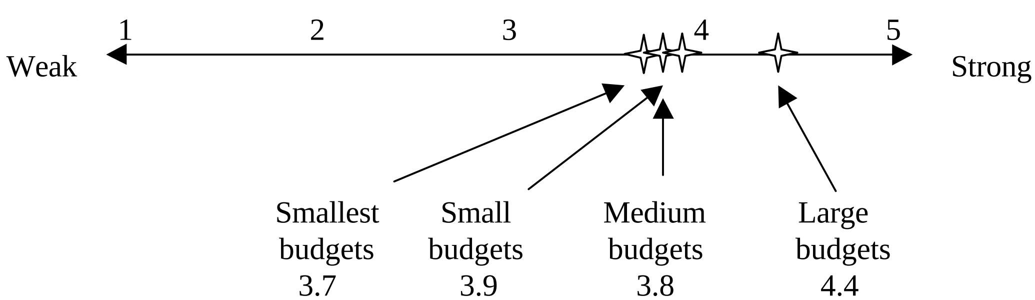


Figure 3. On a scale from 1 to 5, how do you rate your organization's *fundraising capacity*?

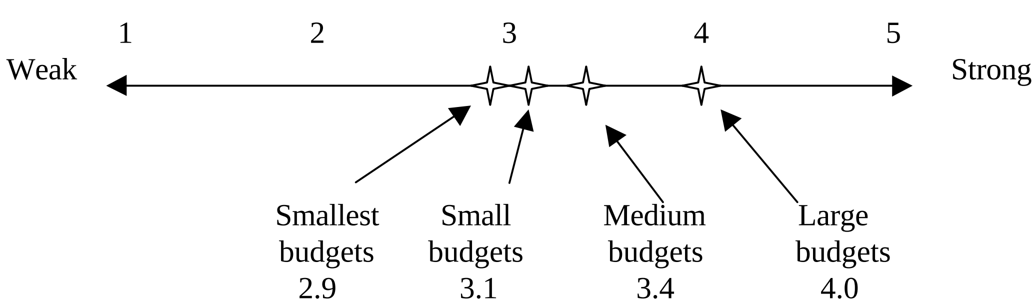


Figure 4. On a scale from 1 to 5, how do you rate your organization's *financial management*?

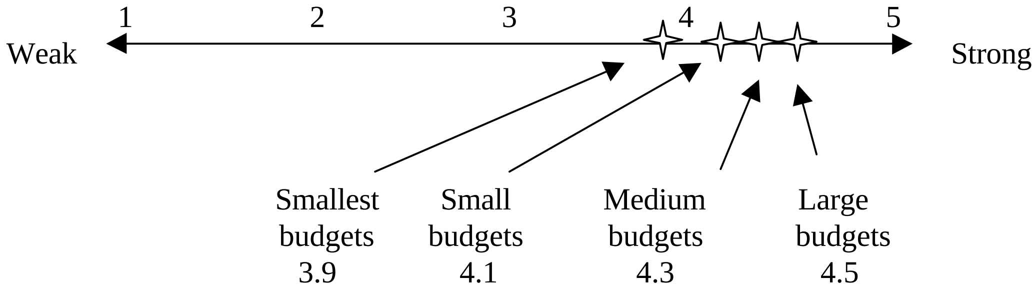
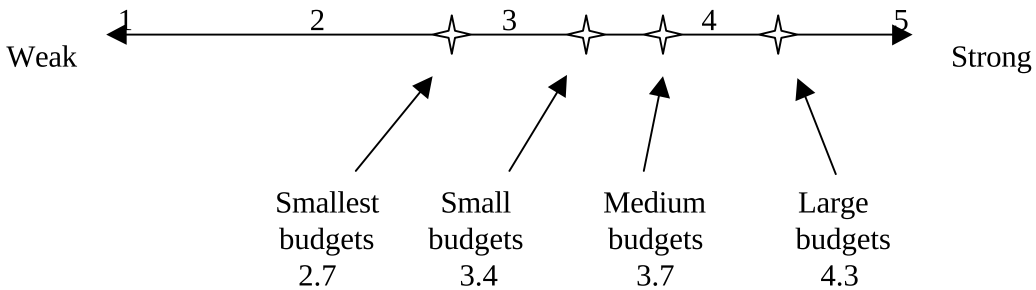


Figure 5. On a scale from 1 to 5, how do you rate your organization's *investment management* ?



On the whole, positive ratings tend to increase as budget sizes increase. One exception to this pattern is that presenting organizations with medium budgets are no more certain of their financial stability than organizations with small budgets. Two averages dip below the neutral mark: presenting organizations with the smallest budgets are pessimistic, on average, about their fundraising capacity and investment management. These concerns are striking given the level of confidence that large budget organizations have in these two areas.

We collected more objective information regarding the scope and nature of the finances of presenting organizations by asking them about their budgets and financial reserves. The remainder of this section is devoted to budget summaries and discussions of reserves and endowments. All of this information comes from data collected from the long survey form.

As indicated in table 10, the proportion of income that arts presenting organizations get from various sources varies somewhat by budget size. Smallest budget arts presenting organizations receive slightly more than half of their income, on average, from contributions from individuals, foundations, businesses, government, and host institutions. In contrast, large budget presenting organizations rely more on earned income, deriving roughly one-third of their income from contributions. Income from investments is a very small proportion of total revenue for presenting organizations of all sizes.

Table 10. Revenue Streams, by Budget Size and Hosted Status (in percent)

	Smallest budgets	Small budgets	Medium budgets	Large budgets	Freestanding presenters	Hosted presenters	All organizations
Earned income:							
Ticket sales	35.0	34.9	39.7	40.6	34.0	39.2	36.4
Investment income	3.8	1.4	2.5	3.7	2.9	2.1	2.5
Other earned	6.1	15.8	13.7	17.9	16.5	9.4	13.4
Contributed income	50.8	45.9	42.8	34.0	44.9	45.5	45.1
All other income [a]	4.3	2.0	1.3	3.8	1.7	3.8	2.6
	100.0	100.0	100.0	100.0	100.0	100.0	100.0

note a. Where possible, we reallocated items reported in this category to other revenue lines. Revenue categories that we kept in the "other income" line include unlabeled miscellaneous revenues, unrealized gains and assets released from restriction, gains on curtailment of pensions, and (in one case) large interest-free loans from board members.

We hypothesized that the income mix for freestanding and hosted presenters would vary substantially since hosted presenters seem to receive a high proportion of their contributions from their hosts. For example, a large number of university-hosted presenting organizations reported that a university line contribution, often a proportion of student fees, was their primary source of support. Consequently, we were surprised to find that roughly 45 percent of both freestanding and hosted presenter budgets are attributable to contributions. We speculate, however, that hosted presenters must dedicate less time and resources to secure these contributions than their freestanding counterparts—time and resources that can be put to other, more productive purposes. Table 10 also suggests that freestanding presenting organizations rely to a greater extent than hosted presenting organizations on earned income other than from ticket sales.

We also asked about the ways that presenting organizations spend their money. Table 11 breaks down types of expenses by budget size. Like revenue categories, expenditure categories vary by budget size. Arts presenting organizations with the smallest budgets devote a greater proportion of their budget dollars to artistic presentations. As the budget sizes increase, arts presenting organizations tend to devote greater proportions of their budgets to fundraising and administrative expenses. While small, medium, and large budget presenting organizations do not differ substantially in their marketing and fundraising costs, medium budget presenters spend a notably higher proportion of their budget on management and general expenses. The reasons for this are not clear, but the finding suggests that medium budget presenters are both less efficient and more stable in their operations than the smaller and larger presenting organizations with which they compete for resources.[3] This issue calls for verification through further research.

[3] High administrative costs are routinely criticized, since they represent a proportion of organizational expenditures that potentially could be spent on programs. However, research indicates that organizations with high administrative costs are more "flexible" and better able to react to crisis than organizations that devote a greater proportion of costs to programs.

Table 11. Expenditure Categories, by Budget Size (in percent)

	Smallest budgets	Small budgets	Medium budgets	Large budgets	All organizations
Artistic salaries, travel, other fees for presentations	56.2	40.6	31.3	28.8	41.0
Stage and direct production costs	10.2	10.3	10.4	14.3	10.8
Direct marketing expenses	9.2	9.5	8.2	9.4	8.9
Fundraising expenses	2.3	2.3	3.6	5.2	3.0
Management and general expenses	12.1	23.4	34.2	22.9	23.0
All other expenses	10.0	13.9	12.2	19.5	13.2
	100.0	100.0	100.0	100.0	100.0

One factor that tempers our ability to draw conclusions about these budget summaries is the *all other expenses* category. We anticipated that the organizations would be able to divide their expenses by the generally accepted accounting categories of *program* (including presentation and production costs), *fundraising* (including marketing costs), and *management/general expenses*. We added the "other expense" category as a safety, but did not ask respondents to tell us the kinds of expenses they were including in it. The inclusion of so much expense under "other" (nearly 20 percent, on average, among the largest budget presenters) reflects either poor accounting and reporting among the presenting organizations or an indication of important budget expenses for which we do not account.

On both the long and short form of the survey, we asked organizations to report total operating expenses and revenue from their most recently completed fiscal year. Over one-third that reported financial information indicated that their expenses exceeded their revenues. An additional 20 percent told us that their expenses precisely equaled their annual revenues. Less than half the organizations in the study generated a positive operating margin that could be reserved or invested as a cushion in bad fiscal times. This is not uncommon for arts organizations on the whole and points to systematic undercapitalization of presenting entities.

Financial reserves are a key resource for organizations that are running deficits or that want to expand or take artistic risks. The rest of this section focuses on two different types of reserves. One type is unrestricted net assets that management or the board set aside (and often invest) as an operating reserve. We refer to this type of asset reserve as a **quasi-endowment**. This type of reserve differs from the second type of reserve, the **endowment**, because of the means by which the reserve is set aside. While the quasi-endowment is set aside by the decision of staff and board (and is therefore technically unrestricted), the endowment is restricted by decision of its donors. This distinction influences how organizations must account for their reserves, as well as how they can spend them. The primary purpose of the endowment and quasi-endowment is to generate investment income that organizations can use as operating capital.

Table 12 focuses on organizational endowments and quasi-endowments. Roughly two in five (41.4 percent) presenting organizations responding to the long survey form have an endowment, although larger organizations are clearly more likely to have endowments than are smaller organizations. It is uncommon for the largest organizations to not have an endowment, while fewer than a quarter of the organizations with the smallest budgets have an endowment.

Table 12. Presenters' Endowments and Quasi-Endowments, by Budget Size

	Smallest budgets	Small budgets	Medium budgets	Large budgets
Median expenses	$39,400	$215,250	$985,000	$4,533,300
Percentage of organizations with an endowment	24.4%	32.5%	48.9%	86.7%
Median 2000 endowment	$0	$0	$0	$1,450,000
Median 2000 endowment among organizations with an endowment	$172,500	$125,000	$465,300	$2,500,000
Percent of organizations with a quasi-endowment	34.1%	36.8%	55.6%	60.0%
Median 2000 quasi-endowment	$0	$0	$10,000	$226,200
Median 2000 quasi-endowment among organizations with a quasi-endowment	$29,300	$27,000	$100,000	$910,400
Percent with either endowment or quasi-endowment	40.0%	51.9%	76.1%	96.7%
Median total endowment + quasi-endowment	$0	$0	$100,000	$2,478,500
Median total endowment + quasi-endowment among organizations with either an endowment or quasi-endowment	$35,500	$33,000	$200,300	$2,500,000
Median total endowment and quasi-endowment as a percentage of total annual expenditures (among organizations with either an endowment or quasi-endowment)	75.6%	18.1%	24.9%	50.9%
Percentage whose endowments + quasi-endowments are more than 100% of total annual expenditures (among organizations with endowments or quasi-endowments)	38.9%	22.0%	17.1%	34.5%
Percentage whose endowments + quasi-endowments are more than 200% of total annual expenditures (among organizations with endowments or quasi-endowments)	38.9%	19.5%	17.1%	20.7%

Since the mean value for the distribution of endowments is seriously influenced by a few cases with very high values, we report medians in table 12.[4] More than half of medium budget and smaller organizations do not have endowments; consequently, the median value of endowments for these classes of presenting organizations is $0. However, when one considers only those organizations that have endowments, the median value of endowments for medium budget organizations rises to nearly $500,000. Endowed presenters with the smallest budgets exhibit a very high median value relative to annual expenses ($172,500) because the small minority with endowments (10 organizations in this study) have very large endowments. When one considers the median value for the 18 smallest budget organizations with either an endowment or a quasi-endowment, the median falls substantially to $35,500.

Are these values for financial reserves high, low, or just about right? National Arts Stabilization sets the bar for an adequate endowment plus quasi-endowment at 200 percent or more of one year's total expenditures. That is, the sum of endowment and quasi-endowment funds should be at least twice the size of one year's budget. However, few presenting organizations meet this standard. Just over one-third of the largest budget organizations have endowments and quasi-endowments that match just one year's total expenditures. The smallest organizations, since their budgets are small to begin with, have a much smaller amount of money to raise to meet these standards. Nearly two in five of the smallest budget presenting organizations not only have reserves that equal one year's budget, but also meet the standard of having two years' worth in the bank.

Two organizations established their endowments as early as the 1950s, but endowments are, on the whole, a new characteristic of arts presenting organizations. The median endowment age is 12 years (established in 1989), and more than 10 percent of the organizations with endowments established them in 2000. Roughly one in ten organizations with endowments (11.2 percent) report that they have conducted an endowment campaign in the past three years. However, more than four in ten (42.4 percent) report that they intend to conduct an endowment campaign in the next three years. Whether or not these new endowments lead to greater stability or a greater quality or range of program options, the establishment of endowments is a growing phenomenon among performing arts presenting organizations.

Excessive debt service can imperil an organization, especially if revenues are declining. Many organizations that own their venues have mortgage payments, while others have outstanding loans due to capital improvements or the purchase of working assets. We asked presenting organizations (those that received the long survey form) about mortgage, equipment, operating, and other loans that will be outstanding beyond one year. *Most performing arts presenting organizations report no long-term debt.* When they do, the mean values in each category are not unreasonably high. Only seven organizations in the study reported that their long-term debt is greater than the total expenditures from their most recent fiscal year. Table 13 reports mean long-term debt by budget size.

[4] The median value represents the "middle" value, with half of organizations reporting a lower value and half reporting a higher one.

Table 13. Long-Term Debt, by Budget Size

	Smallest budgets	Small budgets	Medium budgets	Large budgets	All organizations
Mean long-term debt	$24,900	$16,200	$173,000	$1,732,300	$366,400
Median long-term debt	$0	$0	$0	$0	$0

Section 6: Leadership

This section focuses on several indicators of leadership capacity in performing arts presenting organizations. We consider both staff and board issues, drawing on data from the long survey form only. The first set of questions asks respondents to rate their organizations' leadership on a scale of 1 to 5 based on their perceptions of their organizations' strengths and weaknesses.

Figures 6 and 7 point to an overall sense of optimism in performing arts presenting organizations about their own artistic and managerial leadership. Their overall perceptions of artistic and managerial leadership are very similar, although presenting organizations with large budgets seem to feel slightly better about their management leadership than about their artistic leadership.

Figure 6. On a scale from 1 to 5, how do you rate your organization's *artistic leadership* ?

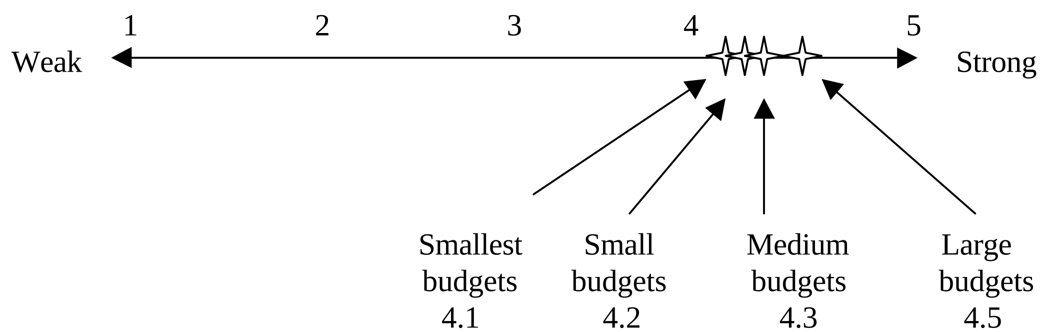
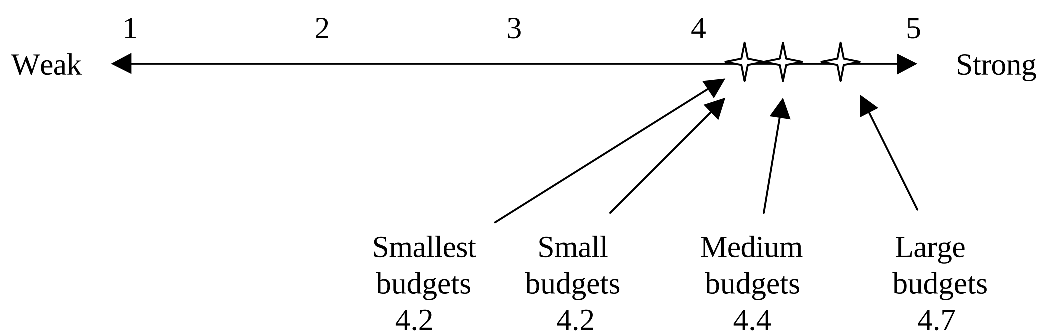


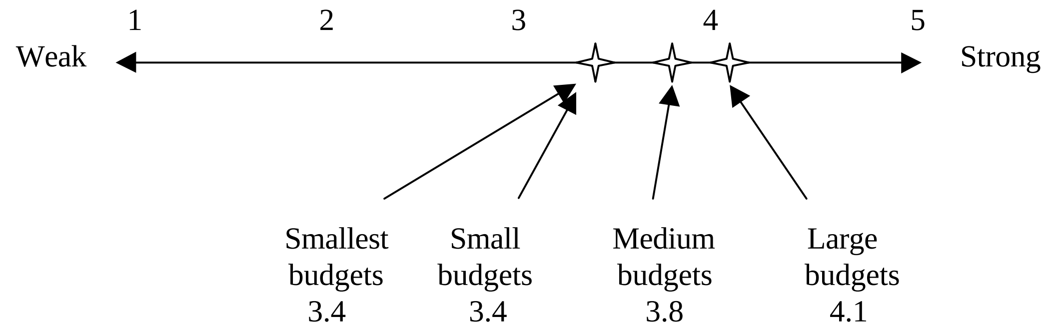
Figure 7. On a scale from 1 to 5, how do you rate your organization's *managerial leadership* ?



The ability to find and keep good leaders and other staff is an issue for most community organizations. We asked organizations to rate their ability to recruit qualified paid staff and their ability to provide competitive salaries. Figures 8 and 9 summarize the results of these two questions.

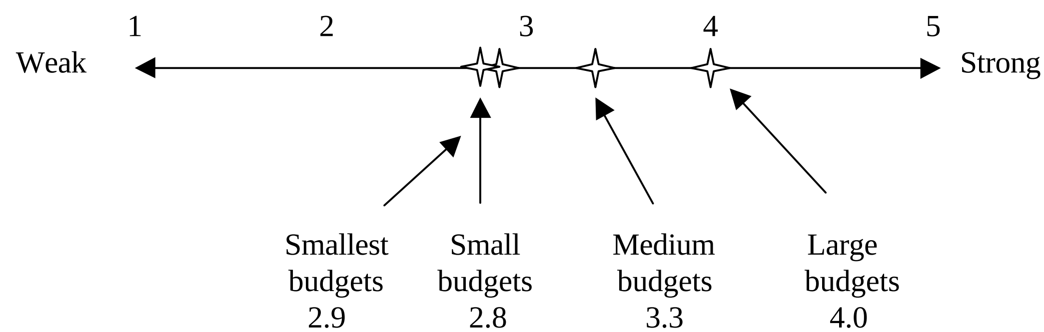
On the whole, performing arts presenting organizations feel better about their leadership skills than they do about their organizations' abilities to successfully recruit staff and provide them with competitive salaries. Both issues follow the familiar trend of managers of organizations with large budgets feeling more positive than managers of organizations with smaller budgets.

Figure 8. On a scale from 1 to 5, how do you rate your organization's *ability to recruit qualified staff*?



While the managers of organizations of all sizes are generally optimistic, average organizations with smallest and small budgets fall on the weak side of neutral regarding their ability to provide competitive salaries. Organizations with medium budgets are only slightly more positive than neutral on this issue.

Figure 9. On a scale from 1 to 5, how do you rate your organization's *ability to provide competitive salaries* ?



The reasons for this concern become clear when one considers the average salary level for organizations of different sizes and types. We asked respondents to consider the salary of the highest paid person in the organization, and then to place that salary within one of six salary ranges: up to $30,000; $30,000 to $49,999; $50,000 to $74,999; $75,000 to $99,999; $100,000 to $149,999; and $150,000 or higher.[5]

[5] To generate the numbers in table 14, we assume that the range of salaries within a particular category average around the midpoint of the category The midpoint values assigned to each category are $20,000; $40,000; $62,500; $87,500; $125,000; and $160,000, respectively. The first category midpoint is not the exact midpoint between $0 and $30,000 because we surmise that most people in this category make closer to $30,000 than $0, so $20,000 is a more reasonable estimate for the average. The last category does not have a midpoint since the category is unbounded. We concluded that $160,000 is a reasonable estimate of the average salaries in this highest salary bracket.

Table 14 provides average highest salaries by a variety of organizational characteristics. The highest salaries are found in organizations with the largest budgets and in organizations that are located in urban areas, although we also need to consider that organizations with the largest budgets tend to be found in urban areas. The highest salaries are found in traditional freestanding performing arts facilities; the lowest are among organizations without their own facilities, festivals and fairs, museums, and local arts agencies. Organizations in New England appear to have higher salaries, but this is explained in part by the fact that our New England respondents tended to have larger budgets and to be urban-based.

Table 14. Average Estimated Highest Salary, by Various Organizational Characteristics

By budget size	
Smallest budget	$42,400
Small budget	$43,700
Medium budget	$66,100
Large budget	$123,100

By hosted status	
Freestanding	$59,300
Hosted	$61,100

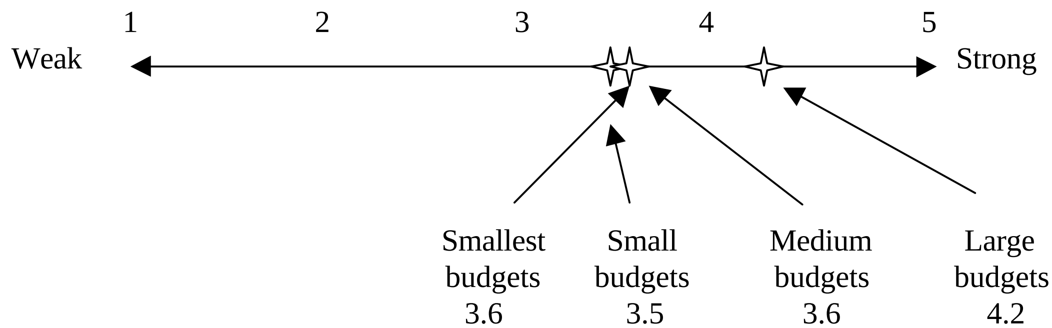
By community type	
Urban	$77,300
Suburban	$70,000
Small city	$53,400
Rural	$44,900

By organizational type	
Presenting facilities with programs	$71,200
Culturally specific	$59,600
Producers	$56,700
Academic institutions	$55,200
Festivals, fairs, & others with no facilities	$45,800
Museums, local arts agencies, other	$45,500

By geographic location	
New England	$65,600
Western	$65,500
Mid-Atlantic	$58,900
Southern	$58,000
Midwest	$57,400
Mid-America	$52,600

An important source of leadership, legitimacy, and funding for many performing arts presenting organizations is its board of directors. Virtually all of the freestanding organizations in the study have a board of directors or governing board, but only slightly more than one-third of the hosted entities have such a board. The mean board size is 21 members, although the mean for presenters with large budgets (39 members) is nearly twice that size. The median number of board members is 16 members, although the median for large presenters is 26. Just as we asked long-form respondents about the artistic and managerial leadership in their organization, we also asked about the strength of their board leadership. Figure 10 illustrates the results from this query.

Figure 10. On a scale from 1 to 5, how do you rate your organization's *board leadership* ?



All organizations except the largest have, on average, about the same lukewarm perception of their board's leadership. Comparing figure 10 with figures 6 and 7, which concern artistic and managerial leadership, one sees that the average perceived strength of board leadership is lower in all budget categories than the average perception of the strength of artistic and managerial leadership. Part of this difference may be explained by the natural tendency for respondents to rate their own leadership more positively than the leadership of others. However, it may also indicate a potential weakness in organization governance.

If boards are not contributing strong leadership to their organizations, at least there is some evidence that they are providing financial support. Only five organizations (among those filling out the long form) with a board of directors reported that no one on their board contributed to the organization last year. We asked how much total money board members contributed, and we divided this number by total contributions to get a measure of reliance on board contributions. The results can be found in table 15.

Table 15. Percentage of Contributions from Board Members

	Count	Percent	Percent of those with boards
None	5	2.2	4.4
Up to 5%	39	17.0	34.2
5–50%	57	24.8	50.0
50–99%	5	2.2	4.4
100%	8	3.5	7.0
No board	73	31.7	
No report	43	18.7	
Total	230	100.0	100.0

Over one-third of the organizations in the study that reported board contributions receive less than 5 percent of total contributions from their board. Half of the organizations in the study get more than 5 percent but less than half of their total contributions from their board. However, more than 11 percent of organizations with boards received more than half of their contributions solely from their board, with eight organizations reporting that all of their contributions were board donations.

Section 7: International Artists and Cultural Diversity

This section focuses on two topics, namely the involvement of performing arts presenting organizations in the presentation of artists who live outside the United States and the cultural diversity of the organizations and their constituents. First, we focus on the presentation of international artists. We asked organizations if they present international artists, and we asked questions about the number of performances and their role in obtaining visas for these visiting artists. The results are found in table 16.

International Artists

On three out of the four indicators, larger organizations are generally more involved in the presentation of international artists than are their smaller counterparts. The first column of the table indicates the percentage of presenting organizations in each category that presented at least one international artist last season. Although more than half of the organizations with the smallest budgets present international artists, they lag behind their larger counterparts. Interestingly, organizations with medium budgets lead the way in both the presentation of international artists and the number of performances by international artists presented.

Table 16. Presentation of International Artists, by Various Organizational Characteristics

	Percentage that present international artists	Number of performances by international artists last year	Percentage of all performances that were by international artists	Percentage of presenters responsible for obtaining visas for international artists
All	68.2	8.9	15.6	11.5
Smallest budgets	53.3	1.7	21.0	4.2
Small budgets	73.3	7.4	12.0	5.5
Medium budgets	78.6	18.7	16.3	18.2
Large budgets	75.9	14.4	21.9	27.3
Freestanding	66.4	7.3	13.4	14.3
Hosted	70.0	10.7	17.4	7.1
Urban	67.9	11.5	15.6	27.8
Suburban	62.9	10.8	12.5	9.1
Small city	70.1	8.8	17.1	7.4
Rural	69.2	5.0	15.4	2.8

We had expected that urban presenting organizations would be more involved with the presentation of international artists than presenting organizations in small city or rural settings, but this is not the case. The only issue for which location seems to make a difference regards taking responsibility for obtaining visas for international artists, where urban presenting organizations are much more involved. Once again, however, this relationship is due in part to the fact that urban presenting organizations tend to be the largest presenting organizations, and large organizations have a greater capacity to manage the bureaucratic process of acquiring a visa. Interestingly, presenters with medium budgets do not lag far behind their larger counterparts in securing visas for international artists.

Cultural Diversity

We investigated the issue of cultural diversity by asking organizations how they rate the cultural diversity of their board, staff, presentations, and audience. Figures 11 through 14 illustrate how presenting organizations responded to these questions. Presenting organizations rate themselves moderately weak to neutral on the cultural diversity of their board and staff. Performing arts presenting organizations with large budgets report more diversity, although even their perception of the diversity of their staff is on the weak side of neutral. On average, presenting organizations with medium budgets rate the cultural diversity of their board more weakly than presenting organizations with smaller budgets.

Figure 11. On a scale from 1 to 5, how do you rate the *cultural diversity of your organization's board*?

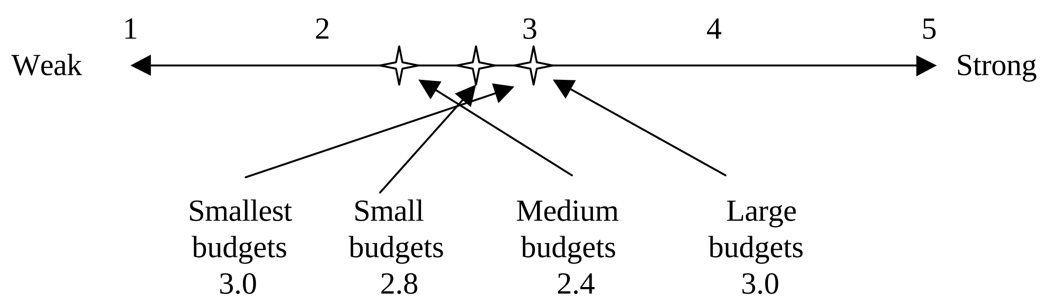


Figure 12. On a scale from 1 to 5, how do you rate the *cultural diversity of your organization's staff*?

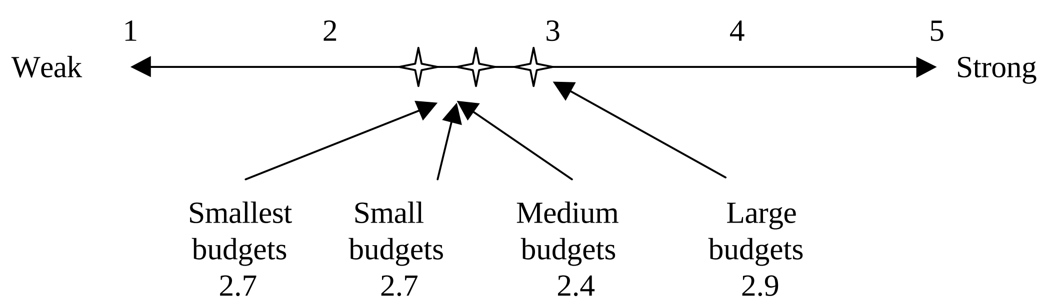
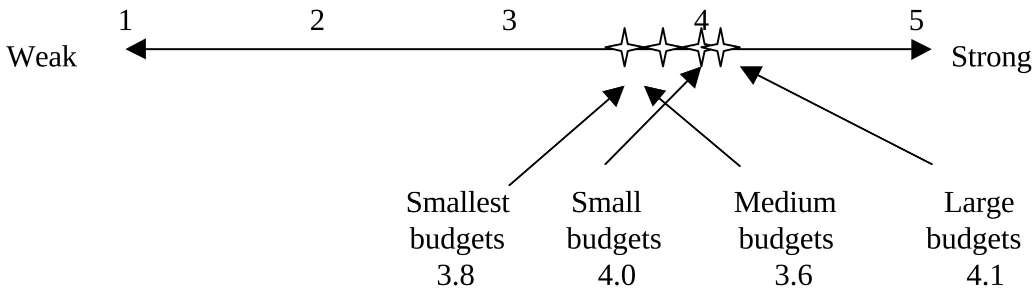
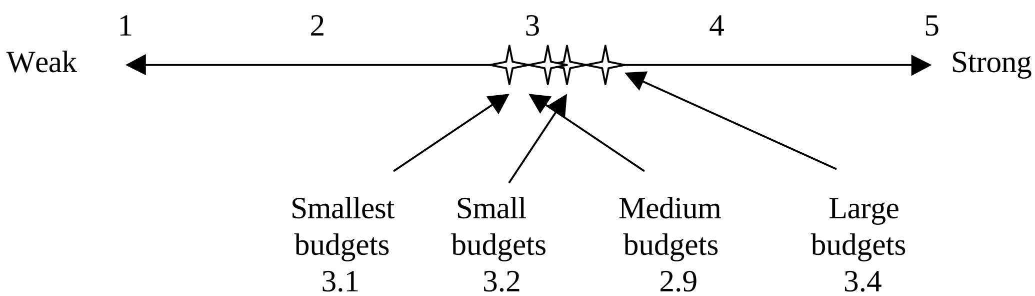


Figure 13. On a scale from 1 to 5, how do you rate the *cultural diversity of your organization's presentations* ?



Presenting organizations feel much more positively about the diversity of their presentations than they do about the diversity of their board and staff. On average, arts presenting organizations rate the cultural diversity of their presentations as moderately strong. Their assessment of the cultural diversity of their audiences, however, is less strong. On average, the organizations in the study rated the diversity of their audiences as neutral.

Figure 14. On a scale from 1 to 5, how do you rate the *cultural diversity of your organization's audience*?

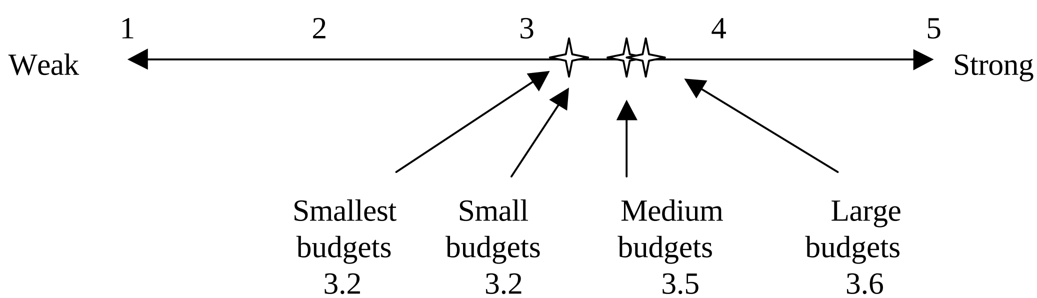


Section 8: Audience Development

Audience development refers to conscious efforts by performing arts presenting organizations to increase the number of audience members at performances, to diversify their audience, or to deepen the performing arts experience for their audiences. For this study, we asked presenting organizations about their success in the development of new audiences, about their audience development staffing, and about the range of activities they pursue to develop audiences.

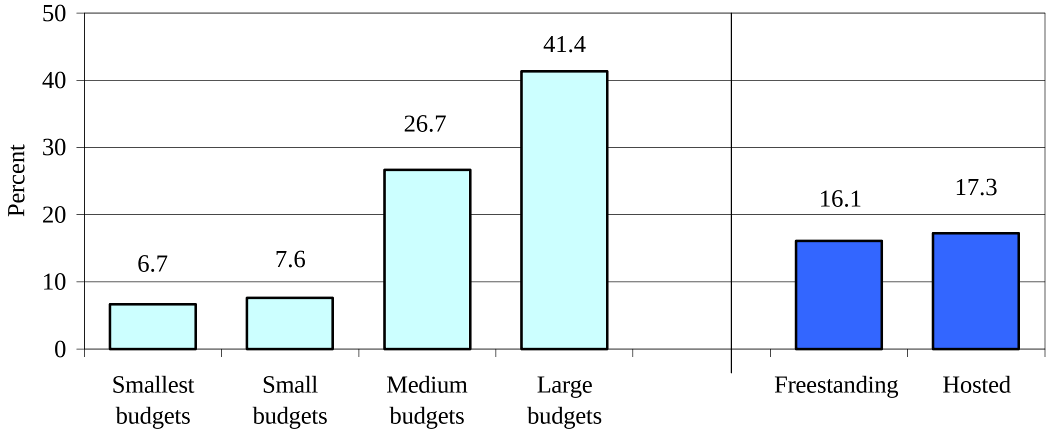
First, we asked long-form respondents to rank their organizations' capacity or status regarding the development of new audiences. Figure 15 illustrates the results of this question. Presenting organizations of different sizes do not differ substantially on this issue, although the largest organizations feel better about their capacity and success than their much smaller counterparts. Overall, presenting organizations feel neutral to moderately strong about their capacity.

Figure 15. On a scale from 1 to 5, how do you rate your organization's capacity for *development of new audiences* ?



In order to get an indication of how seriously organizations take the issue of audience development, we asked them if they have a staff member whose *primary responsibility* is audience development. We anticipated that the number of small organizations with small staffs employing an audience development specialist would be low, but thought that this question would be particularly relevant for organizations with medium and large budgets. Figure 16 summarizes the results from this question.

Figure 16. Percentage of Presenting Organizations with a Staff Member Whose Primary Responsibility Is Audience Development, by Budget Size and Hosted Status



As anticipated, organizations with the smallest and small budgets do not typically have an audience development specialist. Less than one-third of presenting organizations with medium budgets and less than half of presenting organizations with large budgets employ a staff member with an audience development focus.

Nonetheless, arts presenting organizations appear to place a premium on collecting information on audiences and offering a range of programming options aimed at the development of new audiences. On the long survey form, we asked two sets of questions regarding audience development activities, the first focused on the collection of audience information and the second focused on strategies for audience development. Table 17 gives a breakdown of the first set of questions regarding audience information.

Table 17. Audience Information Collected in Past Three Years, by Budget Size (in percent)

	Smallest budgets	Small budgets	Medium budgets	Large budgets	All organizations
Contact information	91.1	92.4	95.7	93.1	92.4
Satisfaction with performances	64.4	60.8	65.2	48.3	59.6
Surveys or focus groups with attendees	22.2	58.2	63.0	65.5	50.2
Demographic information	35.6	40.5	65.2	58.6	46.7
Surveys or focus groups with nonattendees	2.2	12.1	26.1	31.0	16.0

Most presenting organizations collect basic contact information from audience members, and about half collect information regarding audience satisfaction with performances or conduct surveys or focus groups with attendees. Nearly half collect demographic information, such as age and income level of attendees. Many fewer have tried to collect information from nonattendees, although a substantial number of presenting organizations with medium and large budgets have done so. “Other” audience information efforts listed by respondents include collection and analysis of ZIP Codes to see where audiences are drawn from, queries about how audience members are connected to their host institutions, and participation in a regional audience study.

We had anticipated that the use of audience information collection strategies would increase by budget category, just as we have seen in most tables of this report. However, that is not the case. In three of five audience information categories, a greater percentage of presenting organizations with medium budgets pursued a particular strategy than those with large budgets. This finding suggests that presenting organizations with medium budgets have found it necessary to be particularly attuned to their audiences.

While collecting information on audiences is one strategy aimed at the development of audiences, we also asked about a range of other strategies. Table 18 lists the types of strategies that presenting organizations use for audience development.

Table 18. Use of Audience Development Strategies, by Budget Size (in percent)

	Smallest budgets	Small budgets	Medium budgets	Large budgets	All organizations
Programs and performances for K–12	68.9	74.7	76.1	93.1	76.9
Free or subsidized performances	73.3	72.2	78.3	82.8	74.7
Program notes	46.7	55.7	63.0	82.8	59.6
Artist residencies	42.2	60.8	65.2	69.0	58.2
Pre- or post-show discussions or lectures	37.8	58.2	65.2	79.3	57.3
Community or public services	57.8	50.6	65.2	55.2	56.9
Services for persons with hearing, sight, or mobility impairments	42.2	50.6	65.2	75.9	54.2
Adult education and outreach	31.1	59.5	45.7	69.0	50.2
Study guides and materials	26.7	45.6	50.0	58.6	43.1
Participation in local audience campaigns with other organizations	17.8	27.8	34.8	31.0	28.0

Presenting organizations of all sizes are involved with a broad array of audience development strategies. About three of four presenting organizations deliver programs and performances for school-aged youth or sponsor free or subsidized performances. Roughly half distribute program notes, sponsor artists-in-residence, conduct pre- or post-show discussions or lectures, are involved with community or public services, provide special services for disabled patrons, or have special programs for adult education and outreach. Generally, the number of organizations using a particular strategy increases with budget size. Nonetheless, even presenters with the smallest budgets display a range of audience development efforts.

Section 9: Technological Adaptation

Like organizations in most industries, performing arts presenting organizations face a wide range of new technological opportunities, challenges, and risks that have the potential to reshape how they approach many facets of their work. Like most organizations with business operations, presenting organizations are faced with issues of Internet access and use. They may also grapple with an array of potentially costly but promising computer applications for facilitating box office operations, managing facilities, and for staging and production. As artists increase the use of technology in the production of their art, presenting organizations must be prepared to present this cutting-edge work. This is a rich area of inquiry that our current project only begins to address.

Virtually all of the long survey form respondents in the study (98.7 percent) have access to the Internet, with 57.8 percent accessing the Internet via high-speed technology. Dial-up modems provide access for 39.9 percent, while 2.3 percent of the respondents did not know how they access the Internet. We asked presenting organizations about the ways that they use computer and Internet access in their everyday operations. Table 19 summarizes the results from our series of questions.

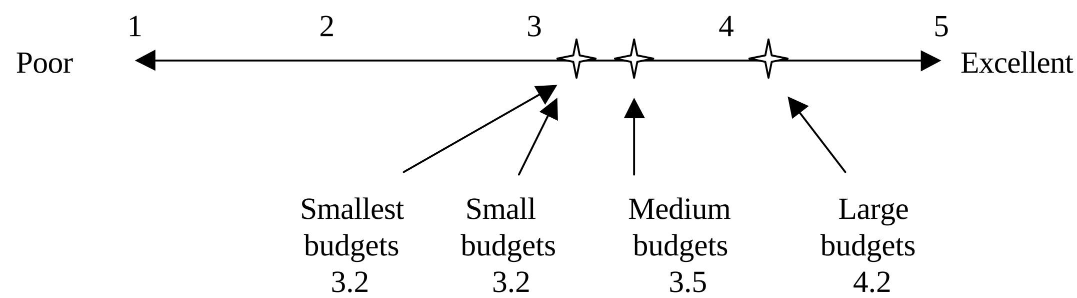
Table 19. Computer and Internet Use, by Budget Size (in percent)

	Smallest budgets	Small budgets	Medium budgets	Large budgets	All organizations
Communication with audience or artists	90.3	92.3	91.5	83.3	90.3
Online promotion of organization	54.3	79.5	85.1	100.0	80.1
Online promotion of season	63.0	79.5	93.6	96.7	77.4
Box office operations	28.3	60.3	87.2	93.3	62.4
Staging and production	47.8	50.0	59.6	73.3	52.7
Facilities scheduling and management	32.6	48.7	51.1	76.7	50.4
Online ticket sales	8.7	23.1	66.0	86.7	37.2
Online merchandise sales	4.3	9.0	12.8	10.0	9.3

The most widespread use of computer technology among performing arts presenting organizations is the use of the Internet for communication with audiences or artists. Use of the World Wide Web for online promotion of the organization and its seasons are nearly as common, but these applications are substantially more prevalent among larger organizations. Use of computers in box office operations, staging and production, and facilities management are less prevalent, but have nonetheless been adopted by roughly half the presenters in the study. Diffusion of these technologies, too, is closely tied to organizational size. Presenting organizations with small budgets are less likely to adopt these kinds of technological advances. The gap is most pronounced in online ticket sales. Online sale of tickets has become the norm for the largest presenters, while less than 9 percent of the smallest presenters have adopted this advance.

Finally, we asked one question on the long survey form about how presenting organizations feel they have adapted to technological innovations available in staging and production. Figure 17 illustrates how presenting organizations reacted to this question.

Figure 17. On a scale from 1 to 5, how do you rate your *organization's adaptation to technological advances in staging and production*?



Presenting organizations with the smallest and small budgets tend toward neutral on this question, although organizations with medium budgets are not too different. Organizations with large budgets, however, feel substantially better about their adaptation to technological advances in stagecraft than their smaller counterparts.

Section 10: Size and Scope of the Presenting Field

In this section, we extrapolate findings from the long survey form to create estimates of the number of presenters in the United States, the number of people who attend their performances, and the amounts of their earned and contributed income. We rely exclusively on long survey data in this section, although some of the numbers could be generated from the pooled samples. We do this for two reasons. The first reason regards consistency. In order for our four estimates to be comparable, they should rely on information from the same organizations. The second reason regards precision. The long survey form received the most vigorous follow-up and attained a much higher response rate, so we have more confidence in the estimates from the long survey.

Number of Presenters

In Section 2, we estimate that as many as 1,173 of our list of 6,903 potential performing arts presenters are indeed *not* performing arts presenters. This results in a list of 5,730 organizations that likely meet our definition. However, during the course of the project, we uncovered many additional presenting organizations that were not included on our initial list. For the purpose of the estimates provided in this section, we place the number of performing arts presenting organizations in the United States at 7,000. This number may be slightly high or slightly low, but we know it to be approximately accurate.

Based on the returns from the large survey, we can use our 7,000 estimate to extrapolate the number of presenting organizations of different types. The largest category of presenting organizations is traditional performing arts facilities with presenting programs, which number roughly 2,700. The next largest group, represented by nearly 1,900 organizations, is academic institutions with presenting programs. Other types of presenting organizations include presenters that do not have their own facilities (750); performing groups that also present external artists (425); local arts or recreation agencies (400); festivals and fairs (300); culturally specific presenting programs (300); museums and libraries with presenting programs (150); and promoters/producers (75).

Number of Attendees

The type of presenting organization with the highest average season attendance is fairs and festivals, which average just over 77,000 attendees. Performing arts facilities with presenting programs are close behind, averaging just over 76,000 attendees in 2000. The field of 7,000 presenting organizations had a total attendance of over 316 million in 2000, which averages to roughly 6 million people a week.

Earned and Contributed Revenues

Arts presenters receive over half of their operating capital from earned income, including ticket sales, rentals, concessions, and investments. In 2000, presenters collectively earned nearly $5 billion, most of which was used to present their programs.

Giving USA 2001 reports that giving to nonprofit arts, culture, and humanities totaled $11.5 billion in 2000. Our research indicates that performing arts presenters—both freestanding nonprofits and presenters that are part of larger organizations—totaled $3.7 billion during the same time period. Contributed income includes donations from individuals and businesses, grants from foundations and government, and operating stipends from host institutions.

Conclusions

The purpose of this study of performing arts presenting organizations is to provide a current overview of the scope, finances, activities, and concerns of the presenting field. This report highlights the status of a number of aspects of the sector. However, the following elements emerged as defining characteristics of the state of the field.

Predominance of Small Presenting Organizations
The performing arts presenting field is dominated by small presenting organizations. Presenting organizations with annual budgets of less than $500,000 outnumber organizations with annual budgets of at least $2 million by a factor of 6 to 1. Freestanding nonprofit organizations outnumber hosted presenters 2 to 1, a finding that holds consistent across organization size categories.

Increase in Suburban Presenting Organizations
Most of the urban presenting organizations in the study were established in the 1970s and earlier. Presenting organizations in small cities, which represent the largest group of organizations in the study, have remained steady over time. However, suburban presenting organizations show a marked increase over time. Seventeen of the suburban presenters in the study were founded before 1960, while 45 suburban presenters have been established since 1990.

Ownership of Venues
Medium and large budget presenting organizations are more likely to own their primary venue than rent it, while smallest and small budget organizations are more likely to rent. Roughly half of all presenters own their own venues, including nearly three-quarters of the largest budget presenters.

Optimism about Financial Health
On a scale from 1 (weak) to 5 (strong), presenting organizations with the largest budgets rate their financial health at an average of 4.3. The average level of optimism decreases with the budget size of the presenter, but the smallest budget presenters still average on the positive side of neutral at 3.6.

Reliance on Both Contributions and Earned Income
Arts presenting organizations receive slightly less than half of their income from contributions from individuals, foundations, businesses, government, and host institutions. However, the smallest budget organizations are the most reliant on contributions, deriving more than half of revenues from contributions. In contrast, the average large budget presenting organizations receives little more than one-third of revenues from contributions. On the whole, presenting organization receive slightly more than half of their income from earnings on ticket sales, investments, rentals, coproductions, sale of merchandise and concessions, and other money-generating activities. Income from investments is a very small proportion of total revenue for presenting organizations of all sizes.

Small Presenting Organizations Avoid Administrative Costs
Unlike revenue categories, expenditures categories vary substantially by budget size. Arts presenting organizations with the smallest budgets devote a greater proportion of their budget dollars to artistic presentations. As the budget sizes increase, presenting organizations devote greater proportions of their budgets to fundraising and administrative expenses. Medium budget presenting organizations appear to have greater difficulty containing these costs than larger budget presenting organizations.

Endowments Are Small for Most Presenting Organizations
Many presenting organizations have recently established an endowment or are planning to start one in the near future. Currently, only a small proportion of arts presenters with large budgets have endowments or other asset reserves that provide their organization with enough investment dividends to represent a substantial portion of operating capital.

Managers Are Not Optimistic about Competitiveness of Salaries
On a scale from 1 (weak) to 5 (strong), presenting organizations with small and the smallest budgets are pessimistic (average of 2.8 and 2.9, respectively) about their ability to provide competitive salaries. The highest salaries are found in organizations with the largest budgets and in organizations that are located in urban areas. Also, the highest salaries are found in traditional freestanding performing arts facilities and are lowest among organizations without their own facilities, as well as festivals and fairs.

Rural Presenters Active in Presentation of International Artists
Rural presenting organizations are no less likely to present international artists than presenting organizations based in urban areas. The only issue on which location seems to make a difference regards taking responsibility for obtaining visas for international artists, where urban presenting organizations are much more involved.

Medium Budget Presenters Active in Audience Development
Medium budget arts presenting organizations take audience development as seriously as large budget presenters. They do more to get in touch with their audiences, and they use nearly as many strategies to develop audiences as do larger presenters. Although they use fewer strategies, smaller presenting organizations also show substantial efforts at development of audiences.

Technology Use Substantial among Presenting Organizations
Almost all presenting organizations have access to the Internet. The most widespread use of computer technology among performing arts presenting organizations is the use of the Internet for communication with audiences or artists. Use of the World Wide Web for online promotion of the organization and its seasons are nearly as common, but these applications are more prevalent among larger organizations. Use of computers in box office operations, staging and production, and facilities management are less prevalent, but have been adopted by roughly half the presenters in the study.

Collectively, Arts Presenters Are an Economic Force

Over 300 million annual attendees provide solid ground for both earned and contributed sources of revenue. Earned income in 2000 reached approximately $5 billion, most of which came from ticket sales and most of which was used to present artistic programs. Contributed income from individuals and institutions totaled approximately $3.7 billion.