

Pittsburgh Arts in Tough Economic Times: Results of a Snapshot Survey

March 3, 2009

The Greater Pittsburgh Arts Council conducted a short snapshot survey in February 2009 in order to understand how arts and culture are faring in Pittsburgh during these challenging economic times. The results comprise the most comprehensive look at the fiscal health of nonprofit arts and culture organizations in our region since the start of the economic downturn. Our hope is that organization leaders, board members, foundation trustees, corporate executives and others will find the results useful for benchmarking and decision-making. Similar surveys will be conducted at regular intervals during the upcoming year.

Profile of Survey Respondents

Organization budget size (annual expenses)		
	# of Respondents	% of Total Respondents
Under \$50,000	12	22%
\$50,000 - \$249,999	19	35%
\$250,000 - \$499,999	11	20%
\$500,000 - \$999,999	5	9%
\$1 million - \$4,999,999	4	7%
\$5 million or more	4	7%
Total	55	100%

Organization discipline		
	# of Respondents	% of Total Respondents
Music	16	29%
Theatre & Opera	15	27%
Multi-Discipline	6	11%
Visual Arts & Museums	6	11%
Arts Education & Service	4	7%
Dance	4	7%
Media & Literary Arts	4	7%
Total	55	100%

Current-Year Budget Projections

Projected year-end budget results			
	# of Respondents	% of Total Respondents	
Deficit of 25% or more of total expenses	3	5%	42%
Deficit of 11-25% of total expenses	9	16%	
Deficit of 1-10% of total expenses	11	20%	
Break-even	23	42%	42%
Surplus of 1-10% of total expenses	6	11%	16%
Surplus of 11-25% of total expenses	2	4%	
Surplus of 25% or more of total expenses	1	2%	

Relationship of projected year-end budget results (above) to the organization's original budget		
	# of Respondents	% of Total Respondents
Worse than budget	26	47%
Similar to or same as budget	28	51%
Better than budget	1	2%

Organizations in the middle budget ranges of \$250,000 - \$499,999 and \$500,000 - \$999,999 were mostly likely to project "worse than budget" year-end results, 64% and 100% respectively. Of the 26 organizations that answered "worse than budget," ALL attribute the change to the economic downturn either "somewhat" (14 organizations, 54%) or "entirely" (12 organizations, 46%).

Future-Year Budget Projections

Narrative responses from several survey respondents express concern about the fate of their organizational budgets in upcoming years.

- "Further/deeper cuts are expected and budgeted for the next 2 years."
- "We expect to experience the impact of the economic downturn more fully in the upcoming fiscal year than we have in the current fiscal year."
- "[Our organization] has made arrangements to make it through this season, and likely 2010. However, if we endure essentially ANY more cuts in funding from any sources, we will no longer be able to exist in our current [programming] format. At that point, we would expect a dramatic reduction in audience attendance, and many, if not all, of the [artistic staff] would quit."

Respondent budget plans for the next fiscal year								
	All Respondents		Organization Budget Size					
			Under \$50,000	\$50,000 - \$249,999	\$250,000 - \$499,999	\$500,000 - \$999,999	\$1 million - \$4,999,999	\$5 million or more
Increase their budget	5	9%	4	0	1	0	0	0
Keep their budget the same or similar	27	49%	7	10	5	2	1	2
Decrease their budget	23	42%	1	9	5	3	3	2

Expenses

Nearly half of the surveyed organizations (45% of respondents) are decreasing their current-year budgets by more than \$2.5 million combined. Large-budget organizations are more likely to be cutting their budgets. Smaller-budget organizations generally indicated, "We have nothing to cut."

Some express hope that, even in the face of cuts, they can continue their programming at a high level. "We are committed to continuing to produce high-quality artistic programming and moving ahead with our vision/mission/strategic plan, but with flexibility and this field's renowned and innate ability to respond creatively to financial challenges."

Estimated difference between original budgets and re-projections		
Budget Decreases	# of Respondents	Average Amount of Budget Cuts
Organizations with budgets under \$250,000	9 out of 31	\$ 25,000
Organizations with budgets between \$250,000 - \$499,999	6 out of 11	\$ 44,267
Organizations with budgets between \$500,000 - \$999,999	3 out of 5	\$ 100,000
Organizations with budgets between \$1 million - \$4,999,999	3 out of 4	\$ 106,167
Organizations with budgets \$5 million or more	4 out of 4	\$ 362,500
Total	25 out of 55	\$ 102,364

Two additional organizations reported that they are re-projecting expenses, but did not indicate the amount of decrease.

Breakdown by discipline of the 25 respondents cutting expenses for the current year						
Arts Education & Service	Dance	Media & Literary Arts	Multi-Discipline	Visual Arts & Museums	Theatre & Opera	Music
1 out of 4	1 out of 4	2 out of 4	2 out of 6	3 out of 6	9 out of 15	7 out of 16

Endowments

Ten organizations (18% of respondents) have an endowment fund. Currently, no organizations have had their endowments fall below historical value, but all are reporting that their balance has decreased significantly. Five organizations have reduced the percentage of draw they will take to support their operations.

(Note: "Historical value" is the sum of all the contributions to the endowment fund from its beginning to the present, without any adjustment for investment performance, inflation or other factors.)

Income

A higher percentage of respondents are projecting decreases in “unearned” income sources (corporate, government, foundation, individual and trustee contributions) than in “earned” income sources (ticket/admission sales, subscriptions/memberships, classes/tuition) at this time.

- The budget group \$500,000 - \$999,999 had the highest percentages of organizations projecting that unearned income sources will be “somewhat lower” or “substantially lower” than budgeted. These income sources included government contributions (100% of organizations projecting decreases), corporate contributions (100%), foundation contributions (80%), individual contributions (80%), and trustee contributions (80%).
- The smallest budget group, budgets under \$50,000, had the lowest percentages of organizations projecting decreases in these unearned income sources: government contributions (33% of organizations projecting decreases), corporate contributions (50%), foundation contributions (33%), individual contributions (42%), and trustee contributions (33%).
- All budget groups were relatively similar in their percentages of organizations projecting decreases in earned income sources.

Projected change in amounts from income sources compared to original budgets this year					
	Substantially lower	Somewhat lower	Similar to/same as	Somewhat higher	Substantially higher
Corporate contributions	36 organizations		14 organizations 25%	5 organizations	
	27%	38%		4%	5%
Government contributions	33 organizations		19 organizations 35%	3 organizations	
	18%	42%		2%	4%
Foundation contributions	31 organizations		16 organizations 29%	8 organizations	
	24%	33%		5%	9%
Individual contributions (non-trustee)	31 organizations		16 organizations 29%	8 organizations	
	20%	36%		11%	4%
Trustee contributions	26 organizations		19 organizations 35%	10 organizations	
	18%	29%		5%	13%
Overall ticket sales/admissions	24 organizations		25 organizations 45%	6 organizations	
	9%	35%		5%	5%
Subscriptions/memberships (if applicable)	16 organizations		17 organizations 31%	4 organizations	
	9%	20%		4%	4%
Classes/tuition income (if applicable)	8 organizations		14 organizations 25%	2 organizations	
	4%	11%		4%	0%

Actions in Response to the Economic Crisis

A variety of actions have been taken or are planned by the organizations that responded to the survey. Some organizations indicated that they are only beginning to develop strategies and actions in response to the economic crisis and have not yet made final decisions regarding what they will do.

“We are working with the funding community and stakeholders to closely monitor and track fiscal performance and create a set of actions (as per below) to be taken if goals are not met within a defined period and variance,” noted one respondent.

Actions that respondents have taken or plan to take in response to the economic crisis (respondents were asked to "check all that apply")		
	# of Respondents	% of Total Respondents
1. More use of technology and social networking	37	67%
2. Revised internal planning process	36	65%
3. Shared services with other organizations	32	58%
4. More communication with stakeholders	31	56%
5. Reduction or freeze of salaries	22	40%
6. New ticket discounting	18	33%
7. Alternative uses of facilities	18	33%
8. Additional income-generating programming (non-ticket sales)	18	33%
9. Reduction or cancellation of other programming or events	17	31%
10. Reduction in the number of performances/exhibit hours	15	27%
11. Reduction in traveling/conferences	15	27%
12. Reduction in the number of productions/exhibits	13	24%
13. Reduction in the number of administrative staff	13	24%
14. Reduction in the number of technical/production staff	10	18%
15. Narrowing of focus to programs within the core of artistic mission	10	18%
16. Substitution of a larger cast show in your season with a smaller cast show	9	16%
17. Reduction in the number of artistic staff	9	16%
18. Broadening of focus to programs outside the core of artistic mission	9	16%
19. Requirement of greater employee contributions to company health plan	6	11%
20. Halt/reassessment of capital campaign	5	9%
21. Suspension of retirement plan matches	4	7%
22. Reduction in other fringe benefits	4	7%
23. Imposition of staff furloughs	3	5%
24. Substitution of a produced show in your season with a booked-in show	2	4%
25. Reduction in spouse/family benefits	1	2%
Other actions cited in narrative responses include reduction of budgets for marketing and production, move out of studio space, hiring freeze, cut part-time staff, bring formerly contracted services in-house, and consider dissolving the organization.		

Respondents in the three largest-budget groups (\$500,000 - \$999,999, \$1 million - \$4,999,999, and \$5 million or more) are taking or planning an average of 5.5 of the actions listed above. In contrast, responding organizations in a smallest-budget group (under \$50,000) are taking or planning an average of 1.3 of the above actions at this time.

Thank you to the following organizations for participating in this survey.

AFTRA Pittsburgh
American Jewish Museum
artists image resource
Arts Education Collaborative
ArtUp (Artists Upstairs)
Attack Theatre
Bach Choir of Pittsburgh
barebones productions
Bulgarian Macedonian National Educational & Cultural Center
Cabaret Pittsburgh, Inc.
Calliope: The Pittsburgh Folk Music Society
Carnegie Mellon STUDIO for Creative Inquiry
Children's Festival Chorus (CFC) of Pittsburgh
Children's Museum of Pittsburgh
City Theatre Company
Craftsmens Guild of Pittsburgh
Dance Alloy Theater
Frick Art and Historical Center
Gateway to the Arts
Mary Miller Dance Company
McKeesport Symphony Orchestra
Mendelssohn Choir of Pittsburgh
North Suburban Symphonic Band
Open Stage Theatre
Phase 3 Productions
Pittsburgh Chamber Music Society
Pittsburgh CLO
Pittsburgh Concert Chorale
Pittsburgh Festival Orchestra
Pittsburgh Filmmakers
Pittsburgh Irish & Classical Theatre, Inc.
Pittsburgh Musical Theater
Pittsburgh New Music Ensemble
Pittsburgh Opera
Pittsburgh Opera Theater
Pittsburgh Playwrights Theatre Co.
Pittsburgh Youth Pops Orchestra
Pittsburgh Youth Symphony Orchestra
Quantum Theatre
Renaissance & Baroque
Silk Screen
South Park Theatre
Squonk Opera
Stage 62
Steel Valley Arts Council
Steeltown Entertainment Project
StorySwap
The Heritage Players Bethel Park Community Theatre
The Pillow Project
The Point Chamber Orchestra
The Toonseum
Three Rivers Young Peoples Orchestras
University of Pittsburgh Repertory Theatre
Women In Film and Media
WQED Multimedia Pittsburgh

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