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## Arts and Humanities: Budget (1974-1976): Report 15

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Research ~~██████████~~

~~(See attached from Anne)~~

1. Museums USA: Highlights
2. Americans + the Arts
3. Ford Foundation Survey
4. BCA Survey

# museums usa: highlights

finances

programs

attendance

trustees

personnel

facilities



national endowment for the arts

## foreword

The National Council on the Arts and the National Endowment for the Arts for some time have recognized the need for comprehensive information on America's museums. Thus, the Council in May 1972 directed the Endowment to undertake a major national museum survey in close cooperation with the museum profession. This survey is the first of its kind to be conducted in the United States of museums of all types.

It is hoped that the survey findings will be of great assistance to museums in assessing themselves both individually and as part of a major cultural field; to private and to local, state, and federal government funding sources in helping to determine needs; and to the public in understanding the role of the museum in the life of the community and the nation.

The survey certainly will be useful to the Council in the development of the Endowment's Museum Program. In fiscal 1971, the pilot year of the program, funds for museums totaled \$927,000—more than the entire amount of Endowment support for museums for the five preceding years. By fiscal 1973, the Museum Program had increased fivefold to \$4.6 million. The National Council has recommended continued expansion of this program, which has evolved steadily since its establishment and now offers assistance in twelve categories, including aid to special exhibitions, utilization of permanent museum collections, catalogues, conservation, and renovation (climate control, security, and storage). Hundreds of museums of all types have been assisted.

The problems that beset American museums today were made clear to me in their broadest terms when I worked on The Belmont Report, the 1968 American Association of Museums study commissioned by the Federal Council on the Arts and the Humanities. In more recent years, as Chairman of the Endowment, I have had many opportunities to visit all sorts of museums and to talk with a wide variety of museum professionals and board members. By reviewing the inquiries and applications that come into the agency, I have been given a sense of the museum problems. Though clearly

some are unique to museums, and especially to certain kinds of museums, many can be put in the perspective of the needs of all cultural institutions, and more importantly in the perspective of the great potentials of all cultural institutions to improve the quality of life of this nation.

This brochure merely highlights the results of the museum survey. It has been prepared by the Endowment to return to the museum profession as quickly as possible some of the major findings based on the information they so generously provided.



**Nancy Hanks, Chairman  
National Council on the Arts  
National Endowment for the Arts**

Detailed results and analysis of the entire museum survey will be contained in a book currently being prepared by the National Endowment for the Arts for release in spring 1974. The Endowment is grateful to the museum directors and their staffs who participated in the study and to the museum professionals whose advice and counsel continue to contribute to this effort.

November 1973

## survey procedure

Research for the museum study was conducted by the National Research Center of the Arts, Inc., an affiliate of Louis Harris and Associates, Inc., under contract to the National Endowment for the Arts. In the developmental phases of the study, NRCA was advised by a panel of 26 museum experts, representing museums of all types throughout the country. Further assistance was given by national museum associations: the American Association of Museums, American Association for State and Local History, American Association of Zoological Parks and Aquariums, American Federation of Arts, Association of Art Museum Directors, and Association of Science Museum Directors.

The data collected for the national museum survey covered every major aspect of museum operations: the purposes and functions of the institution, programs, collections, exhibitions, accessibility, attendance, trustees, management and personnel, facilities, budget and finances. Information was examined and analyzed both in the aggregate and by type of museum, budget size, governing authority, and geographical distribution.

The scope of the study extended to all types of museums. Six criteria developed by the museum experts were used to determine whether or not an institution qualified for the survey:

- The institution has permanent facilities open to the public on a regularly scheduled basis.
- The facilities are open three months or more per year and a minimum of 25 hours per week during at least three months of the year.
- The operating budget for fiscal 1971-72 (excluding money spent on major capital improvements or acquisitions for collections) averages a minimum of \$1,000 for each month the museum is open.
- At least part of the collection exhibited is owned by the institution.
- The institution has at least one full-time paid employee with academic training or special knowledge relating to the major subjects represented in the collection.
- The institution is a non-profit tax-exempt organization.

For inclusion in the study, an institution had to meet all six criteria. Using lists supplied by the American Association of Museums, the Office of Education, and the Smithsonian Institution, approximately 1821 museums in the 50 states and the District of Columbia were identified as meeting these criteria. Of these 1821 museums, a representative sample of 728 was selected for interviewing. The sampling was scientifically designed to reflect accurately the distribution of the 1821 museums by type, by region, by budget size, and by governing authority. All 164 museums with operating budgets of \$500,000 and over were interviewed. Approximately one-half of the middle-sized museums (\$100,000 to \$499,999) and one-third of the smaller museums (under \$100,000) were interviewed. (The disproportionate weight given to larger museums was statistically corrected in the final tabulations.) In the survey, all references made to museums are in terms of the 1821 that the universe comprises.

Once the questionnaire was developed and field tested and the interviewers briefed by NRCA, interviews were conducted with the museum director, the primary respondent in the survey. Information was collected in two stages: during the initial visit the interviewer obtained basic attitudinal and statistical data; on the return visit the interviewer secured completed budget, personnel, and trustee forms and asked an additional series of questions on finances. Data in all areas were collected for the fiscal year 1971-72 (defined as the fiscal year ending in 1972, or in December 1971 if the fiscal year was the calendar year). Each questionnaire was then checked for completeness and accuracy and further inquiries were made when necessary. To ensure that the financial data supplied by the museums conformed to the survey requirements, the accounting firm of Peat, Marwick, Mitchell & Co. reviewed the statements.

# survey results

## museum type

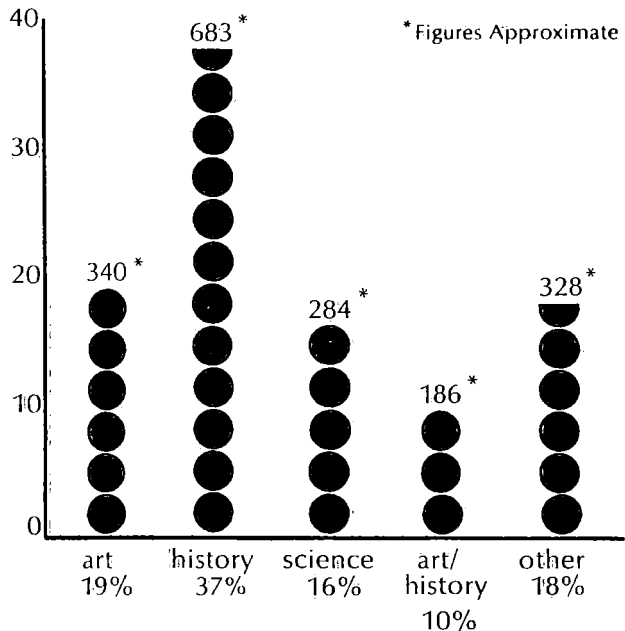
Museums were categorized into five types: art, history, science, art/history, and other museums with equal emphasis on either art and science or history and science or art, history, and science.

**As defined in the survey, history museums include historic sites and museum villages in addition to the more conventional type of museum. Among the science museums are natural history museums, science technology museums, zoos, aquariums, and botanical gardens.**

According to this classification of the 1821 museums, more than one-third (thirty-seven per cent) are exclusively or predominantly history. Nineteen per cent are art, sixteen per cent science, and ten per cent art/history. Among the eighteen per cent of museums with combined subjects, nine per cent are art/history/science, six per cent history/science, and three per cent art/science.

## museum type

universe  
100%



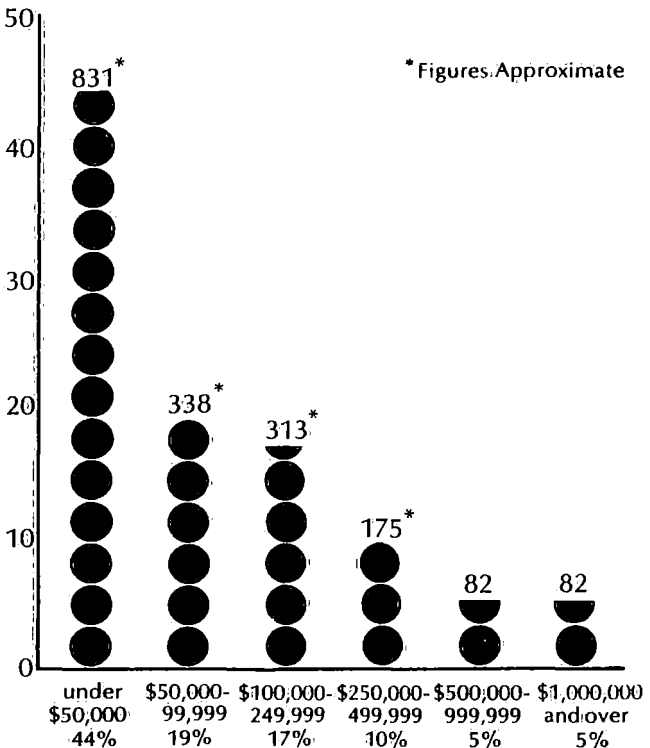


### operating budget

Museums are grouped by the size of their fiscal 1971-72 operating budgets, which are defined as all expenditures except those for major capital improvements or acquisitions for collections. The overwhelming majority of museums are small when measured by budget size. Forty-four per cent had annual operating budgets of less than \$50,000 and another thirty-six per cent expended between \$50,000 and \$249,999. Ten per cent had operating budgets of \$250,000 to \$499,999. Ten per cent had budgets of \$500,000 and over. The annual operating budgets of the museums reflected in this survey ranged from \$3,700 to over \$20,000,000.

### operating budget fy 1971-72

universe  
100%

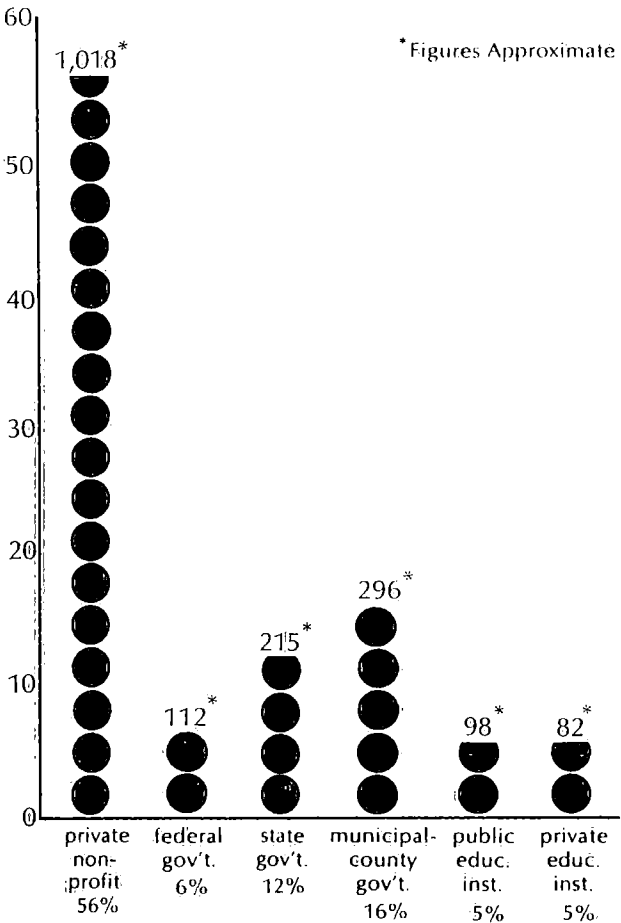


**governing authority**

The governing authority is defined as the agency or organization that ultimately owns the assets and collections of the museum though not necessarily the buildings and grounds. More than one-half (fifty-six per cent) of the nation's museums are governed by private non-profit organizations. The second largest category consists of museums governed by either municipal-county, state, or federal government (thirty-four per cent). Public or private educational institutions govern the remaining ten per cent.

**governing authority**

universe  
100%



## region

The distribution of museums across the country roughly parallels the distribution of population. The one exception is New England which has thirteen per cent of the nation's museums but only five per cent of its population. The six regions used in the survey conform to those of the American Association of Museums:

**New England (6):** Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont.

**Northeast (6):** Delaware, District of Columbia, Maryland, New Jersey, New York, Pennsylvania.

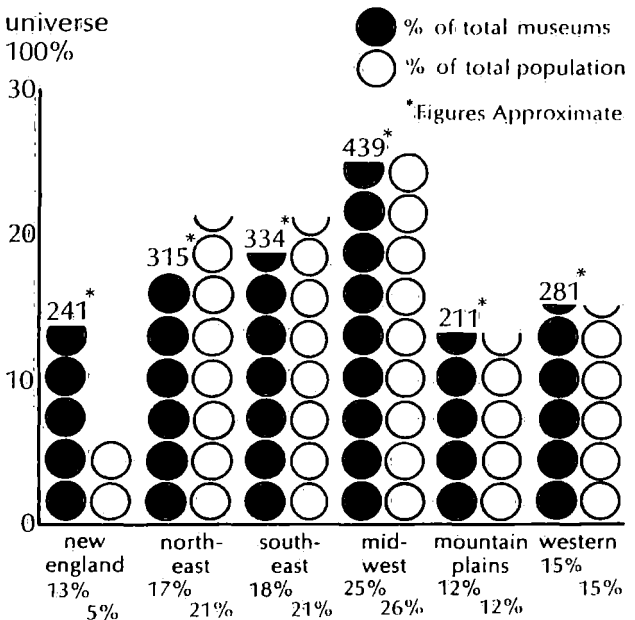
**Southeast (12):** Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia.

**Midwest (8):** Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Ohio, Wisconsin.

**Mountain Plains (10):** Colorado, Kansas, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Wyoming.

**Western (9):** Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Utah, Washington.

## regional distribution



A variety of interrelationships, some of which are noted below, are shown by a comparison of the data within the four basic categories:

- When comparing museum type by budget size, history museums constitute the highest percentage of museums operating on less than \$50,000, while those with budgets of \$1,000,000 and over are art or science.
- When comparing budget size by governing authority, educational institutions have the smallest percentage of museums with budgets of \$500,000 or more.
- When comparing governing authority by museum type, art and art/history museums have the highest percentage of private non-profit organizations as governing authorities. History museums have the highest percentage with a government agency as controlling authority.
- When comparing regional distribution of museums by budget size, the largest percentage of museums with budgets of \$250,000 and over are located in the Northeast and Midwest.

### **income**

Of the total income received by the 1821 museums in fiscal 1971-72 (\$513,341,000), sixty-three per cent was provided by the private sector and thirty-seven per cent by the public sector. The sources of income from the private sector were:

- Private support (twenty-one per cent of total income) including contributions and donations from individuals, foundations, and corporations, membership funds, and allocations from colleges and universities. Individuals provided almost one-half of the private support.
- Operating revenues (twenty-nine per cent of total income) including admission fees, sales from museum shops, and revenues from such facilities as parking lots and restaurants. Admission fees generated approximately one-third of the operating revenues.
- Non-operating revenues (thirteen per cent of total income) including income on investments which represented the primary source of non-operating revenues.

Eighty-three per cent of all private sector income went to private non-profit museums, ten per cent to government operated museums, and seven

per cent to educational institution museums. Income from the private sector accounted for more than one-half of the total income in museums of all budget sizes.

The sources of income from the public sector were:

- Municipal-County government (eighteen per cent of total income), of which forty-eight per cent went to municipal-county museums, forty-six per cent to private non-profit museums, five per cent to state and federal museums, and one per cent to educational institution museums.
- State government (seven per cent of total income), of which sixty-one per cent went to state museums, thirty-two per cent to private non-profit museums, six per cent to educational institution museums, and one per cent to municipal-county and federal museums.
- Federal government (twelve per cent of total income), of which seventy-eight per cent went to federal museums, seventeen per cent to private non-profit museums, three per cent to educational institution museums, and two per cent to state and municipal-county museums.

Sixty-three per cent of all public support went to government operated museums, thirty-four per cent to private non-profit museums, and three per cent to educational institution museums. A considerable part of the funds received by public educational institution museums from the educational institutions came from government sources, particularly state government. Thus the support received by educational institution museums from the public sector, directly and indirectly, is clearly greater than three per cent. The percentage of income received from the public sector decreases as the budget size of the museum increases, from forty-five per cent in museums under \$100,000 to thirty-three per cent in museums of \$1,000,000 and over.

### **operating expenditures**

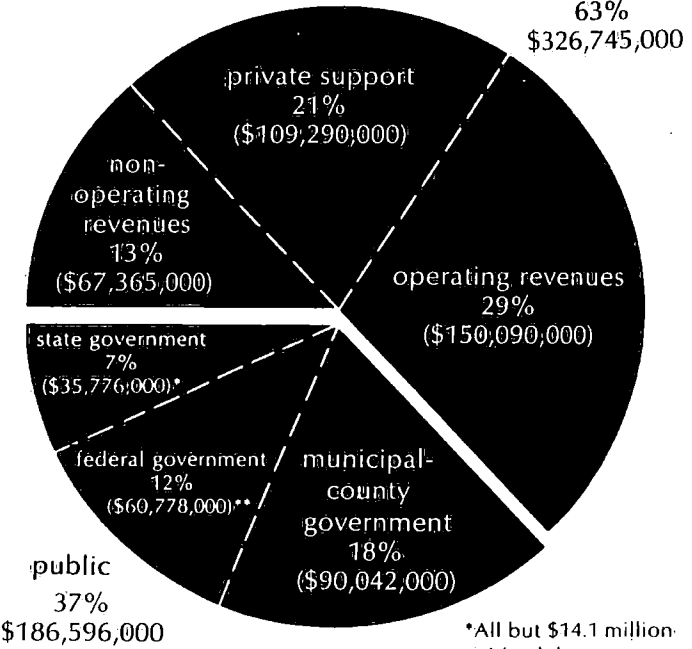
In fiscal 1971-72, the total operating expenditures for the 1821 museums were \$478,912,000. (This amount excludes extraordinary expenditures such as those for major capital improvements or acquisitions for collections.) Fifty-nine per cent of all operating expenditures was expended for personnel. A distribution of the total operating budget among museum program areas shows the two largest expense areas to be operations and support (including custodial, security, and sales services) and administration.

The percentage spent on administration declines steadily as the budget size of the museum increases.

The forty-four per cent of museums with budgets under \$50,000 accounted for four per cent of the total operating expenditures; the ten per cent of museums with budgets of \$500,000 and over accounted for sixty-nine per cent of the total operating expenditures.

While fifty-five per cent of the museums did have some unexpended income at year end and twenty-four per cent managed to or were legally required to break even, twenty-one per cent of the museums had a deficit after exhausting all sources of income. For those museums with unexpended income, the surplus often means simply that they were able to plan and budget ahead for the following year with some degree of confidence. These figures in no way reflect to what degree museums may have restricted activities they want to and should undertake to meet the needs of their disciplines and of their publics.

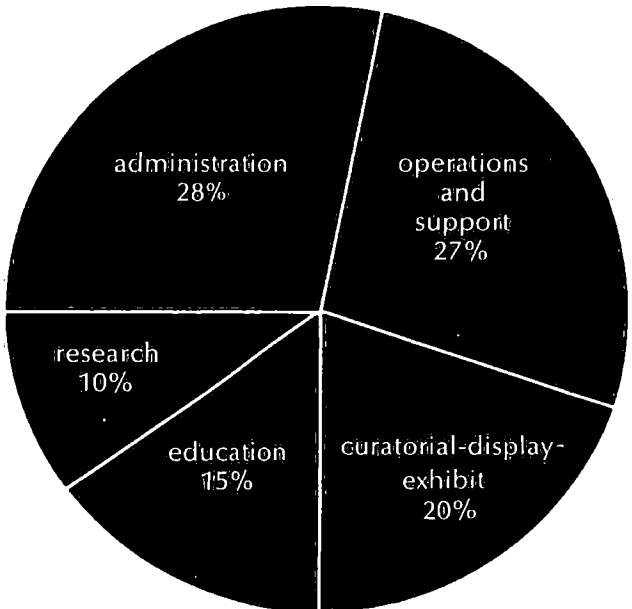
**museum income**  
**fy 1971-72 (\$513,341,000)**



\*All but \$14.1 million went to state museums.

\*\*All but \$13.5 million went to federal museums.

**areas of expenditures**  
**fy 1971-72 (\$478,912,000)**



## **programs**

Despite the great diversity in museum type, size, governing authority, and location, there is strong agreement among the nation's museum directors on the basic purposes (goals) of museums and the functions (activities) necessary to realize these purposes. When directors evaluate the relative importance of six given museum purposes, ninety-two per cent rate as very important providing educational experiences for the public. Eighty-four per cent rate as very important conserving the cultural and/or scientific heritage, seventy-eight per cent interpreting the past or present to the public, forty-nine per cent providing aesthetic experiences for the public, seventeen per cent encouraging positive social change, and seventeen per cent providing entertainment to the public.

When judging the relative importance of ten given museum functions, eighty-four per cent of the directors list exhibiting the cultural and/or scientific heritage as very important. Conservation and preservation of objects is ranked very important by eighty-two per cent, providing instruction to the young by seventy-one per cent, providing a scholarly and information resource by sixty-two per cent, and acquiring works or specimens by fifty-six per cent.

This ranking of importance is generally repeated in the directors' evaluation of the two purposes and the two functions most important for their own museums, the two the museum has satisfied most successfully, and the two the museum trustees and the public consider most important. (The major exceptions are that the directors believe the public places a higher priority on being entertained as a museum purpose and on attracting tourists to the community as a museum function.)

The emphasis museums place on education is reflected in the types of programs conducted. In addition to the inherent educational value of exhibitions, the overwhelming majority of the museums either regularly or occasionally schedule some type of educational activity directed to a specific audience. The most frequently scheduled programs are for groups of school children visiting the museum. Seventy-three per cent of the museums regularly schedule activities for such



groups, twenty per cent occasionally schedule these activities, and seven per cent never schedule these activities. Sixty-two per cent have programs, either regularly or occasionally, for school children outside of school groups and fifty-six per cent make presentations at schools.

The great majority of the museums schedule with some frequency educational activities for the general public and for adults: Eighty-three per cent conduct tours and gallery talks for general groups and sixty-nine per cent have lectures, classes, clubs, and study groups for adults.

### **exhibitions**

More than two-thirds of the museums had special exhibitions in 1971-72. Most of these exhibitions were developed by the museums where they were shown rather than by an outside source. A majority of the thirty-two per cent that did not have special exhibitions would like to offer them but are unable to do so primarily because they lack space and funds. Thirty-four per cent of all museums sent out traveling exhibitions during the year. The most frequent recipients of the exhibitions were other museums and colleges or universities.

Of the ninety-nine per cent of museums that borrow and/or loan objects or collections, twenty-nine per cent report an increase in this practice since 1966. Nine per cent report a decline, citing as the major reasons high cost and, more importantly, risk of damage or loss.

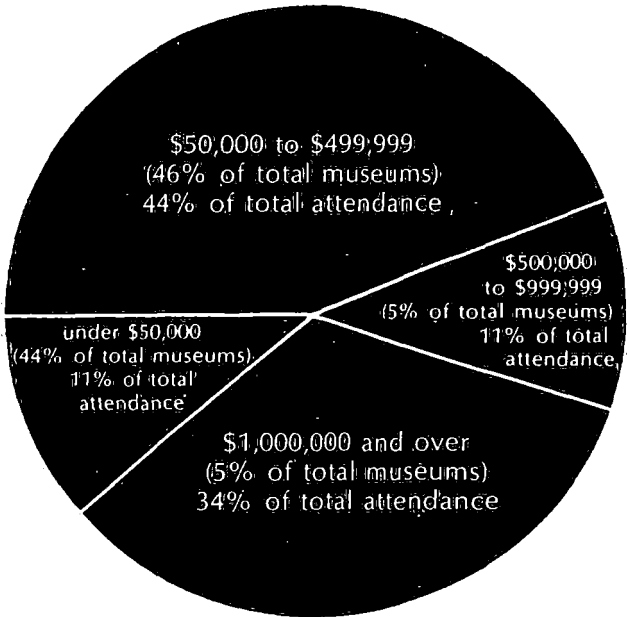
### **attendance and accessibility**

A total of 308,205,000 visits were made to the 1821 museums in fiscal 1971-72. The greatest percentage of attendance was general attendance (including attendance at special exhibitions), followed by elementary and secondary school classes. Thirty-eight per cent of all visits were made to science museums, twenty-four per cent to history museums, and fourteen per cent to art museums. A majority of the attendance (fifty-five per cent) occurred at government museums.

A comparison of attendance figures by budget size demonstrates the impact of the larger museums on the pattern of attendance. Museums with budgets of \$1,000,000 and over, which represent only five per cent of the nation's museums,

account for thirty-four per cent of the total attendance. Museums with budgets under \$50,000, which represent forty-four per cent of the museums, account for eleven per cent. A similar pattern occurs in the distribution of attendance by region. The Northeast, with the highest percentage of large museums (\$500,000 and over), has twenty-nine per cent of the total attendance—proportionately higher than either its share of museums (seventeen per cent) or population (twenty-one per cent). New England, with a much lower percentage of large museums, has five per cent of the attendance—proportionately lower than its share of museums (thirteen per cent) and the same as its share of population.

museum attendance  
 fy 1971-72 (308,205,000)



proportion of total attendance by  
 museum budget size

The accessibility of the museum to the public is measured by admission policy and by the amount of time museum facilities are open. Of the 1821 museums, fifty-nine per cent have free admission at all times. Thirty-seven per cent charge an admission fee and four per cent request a donation. (Seventy-three per cent of those now charging a fee or requesting a donation have been doing so for more than five years.) Among those museums that now charge a fee, only seventeen per cent believe that this policy has resulted in a significant decrease in attendance.

Museums are open an average of approximately eleven months a year and more than forty-five hours a week. In 1971-72, seventy-nine per cent of the museums were open during all twelve months of the year. While a majority (sixty-five per cent) were open about the same number of hours as they were in 1966, twenty-four per cent were open more hours. Eleven per cent of the museums reduced their hours in this period.

### **trustees**

Seventy-six per cent of the museums have a board of trustees or an equivalent body. The overwhelming majority of private non-profit museums (ninety-three per cent) have boards, compared with fifty-nine per cent of all government museums and forty per cent of educational institution museums (other than the board of the parent institution). Of those museums without boards, approximately one-half are governed by a government agency and one-quarter are governed by a university or college.

Approximately two-thirds of all trustees are either business executives (twenty-four per cent), volunteers active in civic affairs but not otherwise employed (twenty-one per cent), or lawyers, bankers/accountants/financial experts, and educators (twenty-one per cent).

In the museum directors' evaluation of reasons for the selection of current trustees, eighty-three per cent cite the trustees' interest in the museum aside from contributions and seventy-two per cent cite expertise in administrative areas of value to the museum. Approximately one-third of the directors mention the ability of trustees to raise or to contribute funds. (While this reason for selection

of trustees is rated relatively low, directors report that in fiscal 1971-72 an average of sixteen per cent of the private contributions to museums were received from trustees.)

Eighty-three per cent of the directors rate as satisfactory the degree of involvement of the board as a group in non-financial program decisions related to exhibitions, collections, and acquisitions. Yet only forty-seven per cent feel the board is very well informed about the museum's programs and operations. Sixty-two per cent of the directors feel the board is very well informed about the financial situation of the museum.

### **personnel**

The total museum work force, including volunteers, numbers more than 110,000. Of this number, 30,400 are full-time paid personnel—11,000 professionals and 19,400 non-professionals—and 18,700 are part-time paid personnel. A total of 64,200 volunteers are utilized. The average annual salary of full-time professional personnel ranges from \$8,100 in museums with budgets under \$50,000 to \$13,600 in museums with budgets of \$1,000,000 and over. The equivalent salary range for full-time non-professional personnel is \$4,400 to \$7,300. The average annual salary of museum directors ranges from \$9,000 in museums with budgets under \$50,000 to \$33,200 in museums with budgets of \$1,000,000 and over.

Eighty-four per cent of the museums employ part-time personnel and sixty per cent use volunteers. A distribution of the full-time personnel by budget size shows that the five per cent of museums with operating budgets of \$1,000,000 and over employ forty-five per cent of all full-time personnel. The forty-four per cent of museums with budgets under \$50,000 employ nine per cent.

The largest proportion of full-time personnel works in the area of operations and support (forty-five per cent), followed by administration (twenty-three per cent), curatorial, display, and exhibit (seventeen per cent), education (nine per cent), and research (six per cent). In each of the areas, except for operations and support in which ninety per cent of the employees are non-professional, professionals represent a slightly higher proportion

of personnel than non-professionals. The distribution of part-time personnel among job areas roughly parallels that of full-time personnel except that a higher proportion of part-time staff is involved in education. Approximately fifty per cent or more of the museum directors specify the need for additional staff in each of the five job categories: This ranges from forty-seven per cent in the research area to sixty-one per cent in curatorial, display, and exhibit.

### **facilities**

The primary facilities of forty-one per cent of the nation's museums are thirty or more years old; twenty per cent of the museums are using facilities that are more than fifty years old. Separate facilities have been constructed or acquired by fifty-nine per cent of the museums, in most cases since 1950.

Less than one-half of the museums for which the items are applicable rate any of ten given aspects of exhibition and storage space, except for available exterior space, as fully adequate. Museums cite also specific facilities that they do not have but do need. The most frequently mentioned need is facilities for preservation, restoration, or reconstruction of the collection (thirty-three per cent). (This is also the item considered less than fully adequate by the highest percentage of museums with such facilities.) Among the other needed facilities are: auditorium and theatre (thirty-two per cent), separate exhibitions or galleries for children (thirty-two per cent), classrooms, lecture rooms, and studios (twenty-nine per cent), workshop (twenty-four per cent), members' facilities (twenty-two per cent), and storage space for the collection (fifteen per cent).

### **financial status**

Since 1966, operating costs have increased in nine out of ten museums, with a median increase of thirty-nine per cent in those museums. Expansion and improvement in programs, facilities, and collections contributed to this increase, but the primary reasons for the cost rise were higher salaries and inflation. Financial pressures have resulted in the past five years in cutbacks in facilities, services, or staff in thirty-six per cent of all museums. Reductions in staff, both professional

and non-professional, were the most frequently mentioned cutbacks, followed by reductions in equipment and building maintenance. Of all museum types, art had the highest proportion of museums in which cutbacks were necessary. Among budget sizes, the proportion of museums in which cutbacks were necessary was highest in the \$250,000 to \$499,999 category; and among governing authorities, the proportion was highest in educational institutions.

Sixty-six per cent of the museum directors find that their current operating budget does not enable full utilization of the facilities, exhibits, collections, staff, and other resources of the museum. To achieve full utilization, directors estimate that a median budget increase of forty-five per cent is needed in the next two to three years. If additional funds were secured for short-term needs, fifty per cent of the museums currently operating below capacity would add to existing staff. Forty-one per cent would use additional funds for exhibitions and displays and twenty-one per cent would use funds for educational programs. Seventeen per cent would spend funds on collections and acquisitions, seventeen per cent on improvement and renovation of facilities, thirteen per cent on new building and more space, eleven per cent on research and scholarship, and ten per cent on conservation and preservation of collections.

In addition to short-term needs, directors cite the primary areas in which increased funding would be used in the next five to ten years: Forty-nine per cent mention staff, forty-one per cent new building and more space, and thirty-four per cent exhibitions and displays. Nineteen per cent would use additional funds for improvement and renovation of facilities, seventeen per cent both for collections and acquisitions and for facilities and equipment, and sixteen per cent for educational programs. Thus museum directors perceive little difference in their short-term needs and their long-term needs. Whether looking ahead for two to three years or for five to ten years, directors give high priority to improvements in staff, exhibitions, and facilities.

As an additional measure of the financial needs of museums, directors rate the seriousness of need in specific areas of operation applicable to their museum. Fifty-one per cent consider very serious the need for additional funds for major new construction. Thirty-eight per cent rate as very serious the need for staff and programs in the two areas of education and of curatorial, display, and exhibit. Approximately one-third of the museums express a very serious need for additional funds for climate control, for security, and for conservation.

In a great majority of all the museums, current expenditures for climate control, security, and conservation are considered inadequate; directors estimate that average fund increases ranging from forty-six per cent to fifty-eight per cent are required to meet immediate needs in this area.


The National Endowment for the Arts is an independent agency of the Federal Government, created in 1965 to encourage and assist the nation's cultural resources. The Endowment is advised by the 26 Presidentially-appointed members of the National Council on the Arts.



# Americans and the Arts

## HIGHLIGHTS FROM A SURVEY OF PUBLIC OPINION

Research conducted by the  
National Research Center of the Arts, Inc.,  
an affiliate of Louis Harris Associates, Inc.,  
for Associated Councils of the Arts

- 
- 64 percent of the (adult) public—93.1 million Americans—would be willing to pay an additional \$5 a year. Even among those with incomes under \$5,000, a full 50 percent say they would accept a tax rise of \$5 if they knew that the additional revenues would be directed to support of the arts and cultural facilities.
  - 47 percent would be willing to pay an additional \$25 a year in taxes.
  - 36 percent would pay an additional \$50 a year in taxes if the money went to maintain and operate cultural facilities.

Publication of this booklet and  
the entire study is made possible  
by a grant from Philip Morris Incorporated

Highlighted below are some preliminary findings of the Associated Councils of the Arts' national public opinion study of receptivity to and participation in the arts:

Attendance

- The percentage of the public that attends activities such as art shows and museums and historical sites "a great deal" or "some" exceeds the percentage who attend spectator sports "a great deal" or "some." (For the former the percentage is 49%; for the latter, 47%)
- 29% of the public attended no live performance of theatre, dance or music and no museum in the twelve month period prior to the interview.
- Men and women have almost identical attendance patterns at cultural events. (29% of men, and an identical 29% of women, are non-attenders; 11% of men and 10% of women are heavy attenders.)
- An almost identical percentage of whites (10%) and non-whites (11%) are "heavy cultural attenders." Generally, cultural attendance does not vary by race to the same degree that it does by other factors such as income and education.
- Current heavy and moderate cultural attenders attended every type of cultural event more frequently when they were growing up than did the light and non-attenders. As important as frequency of attendance, appears to be the age of first exposure. Those who attend most frequently today were consistently exposed to all kinds of cultural activities at an earlier age than were non-attenders.
- 62% of the public said they had taken field trips to museums, planetariums, concerts or plays while in school, and 79% of those people feel that these trips "really stimulated my interest in the things I was taken to see or hear."

- In terms of facilities: 50% of the public feel that there are not enough "places for cultural events -- places such as theatres, concert halls and museums -- in the community where they live."

### Participation

- In terms of the extent to which people actively participate in artistic pursuits: a) 39% currently engage in wood-working, weaving, pottery, ceramics, or other crafts and an additional 18% would like to; b) 19% currently play a musical instrument and an additional 24% would like to; c) 16% currently paint, draw or sculpt and another 15% would like to; d) only 2% currently work with a theatrical group, but five times that many (10%) would like to.

At least 4 out of 5 people involved in each pursuit responded that their own participation or interest stimulated them to see the works of other people involved in the same field.

- In terms of active participation: 42% of the public feel there are not enough opportunities for creative activities in their communities.

### Attitudes

- In comparing this national study to a similar study in New York State, it is clear that New Yorkers are not significantly more progressive in their attitudes nor more interested in cultural activity than the rest of the country.
- A large proportion of the public feels that courses in the arts should be offered "for credit as a regular part of the school curriculum, just like math or science or English:" a) 78% felt this way in regard to playing a musical instrument; b) 71% regarding weaving, woodworking, pottery and other crafts; c) 70% regarding art appreciation; d) 49% regarding acting; and e) 46% regarding dance.
- The statement, "I wouldn't mind going to a concert in the park, but going to a concert hall makes me feel uncomfortable," was agreed with by 23% of the public, disagreed with by 68%, with the remaining 9% not sure. Only 17% of

the public agreed with the statement, "Symphony concerts are just for highbrows," while 75% disagreed and 8% were not sure.

### Communication

IT IS APPARENT THAT THE ARTS WORLD HAS NOT COMMUNICATED EFFECTIVELY TO THE PUBLIC ITS FINANCIAL SITUATION.

- The public's perception of the earnings of artistic professionals reflects a general lack of knowledge of the economic facts of most artists' lives. 33% think that painters and sculptors earn more than most salaried people; 49% think that about musicians; and 71% about professional actors.
- 56% of the public feel that most cultural organizations operate in the black. Only 18% of the public feel that such organizations "lose money."
- Majorities of the public feel that the following are self-supporting: a) Broadway plays or commercial touring companies -- 64%; b) ballet or modern dance companies -- 57%; c) opera companies -- 50%.
- The public in general favors government support where they feel a tradition for it has already been established (for example, zoos, history and science museums) but are disinclined to favor it where they believe government support has not been significantly involved. Consequently, convinced that the performing arts are mostly self-supporting, the public is less inclined to government support of these groups.

Ford Foundation Study tab

SPECULATIONS FOR FISCAL 1976

15
4.5
<hr/>
19.5

MEMO FOR THE FORD FOUNDATION FILE: Survey of 166 Professional Perf. Arts Gps.

Subject: Telecon and meeting, Ana Steele with Dick Sheldon  
August 6 and August 12, 1974

30%  
more

PROJECTIONS TO FISCAL 1976, computed by D.Sheldon

Details are in backup file, but excluding the Met, this would be the guesstimated picture for the 1975-75 season, our Fiscal 1976:

	<u>70-71 (FY '71)</u>	<u>75-76 (FY '76)</u>
TOTAL COSTS . . . . .	\$ 137.7 . . . . .	\$ 258.0
EARNINGS GAP. . . . .	\$ 62.0 . . . . .	\$ 140.4
<u>To cover</u>		
--"local private"	36.0	70.0
--national foundations	8.0	8.0
--earnings on endowments*	10.0*	8.0
--all governments	8.0	54.0
state and local	(4.5)	(31.0)
Arts Endowment	(3.5)	(23.0)

(71)

\$137.7 costs  
 8.0 NEA  
 \$129.7 total  
 NEA = (5.8%)  
 NEA = (94.2%)

\$137.7 costs  
 3.5 NEA  
 2.5% of total costs

(76)

\$258 costs  
 54 NEA  
 204 all private sector (79.1%)

\$258 costs  
 8.9% of total costs

SINCE WE ARE CURRENTLY GIVING ABOUT 20% OF OUR FUNDS TO THESE 166 GROUPS, AND IF THIS RATIO REMAINED ABOUT THE SAME, THE ARTS ENDOWMENT WOULD NEED A TOTAL BUDGET OF \$115 MILLION IN FISCAL 1976 TO KEEP THESE GROUPS ABOUT WHERE THEY ARE NOW.

\* \* \* \*

All figures approximate!

\* The FY '71 figure includes dipping into capital (\$2 million); the FY '76 figure assumes this will not happen, and that earnings on endowments (almost entirely orchestras) will hold.

steele  
B&R  
9/29/74

EXCERPT from FORD FOUNDATION STUDY :

	<u>1970-71 Actual.</u>	<u>1980-81 More Optimistic Speculations</u>	<u>1980-81 Less Optimistic Speculations</u>
Government grants	\$ 8 million	\$133 million	\$ 58 million
National foundation grants	8	23	8
Corpus earnings	8	15	11
Invasion of capital	<u>2</u>	<u>0</u>	<u>0</u>
	\$26	\$171	\$ 77
Earnings gap	62	335	335
Local private contributions required to fill gap	\$36 million	\$164 million	\$258 million

See following two pages  
for more detailed  
explanation of the above

# SPECULATIONS FOR 1980-81

## FORD FOUNDATION STUDY

(Survey of the Finances of 166 professional, nonprofit, performing arts institutions with budgets of \$100,000 and over)

### In the 1970-71 season:

Total expenditures:	\$157 mil.	}	INCLUDING THE MET OPERA
Earned income:	<u>91</u> "		
EARNINGS GAP:	\$ 66 mil.		

Total expenditures:	\$138 mil.	}	EXCLUDING THE MET OPERA
Earned income:	<u>76</u> "		
EARNINGS GAP:	\$ 62 mil.		

### In the 1980-81 season:

Taking the 1970-71 earnings gap of \$62 million (EXCLUDING THE MET) and projecting this to the 1980-81 season with inflation built in at 7%, provides for an estimated EARNINGS GAP OF \$335 million in 1980-81.

#### 1) Optimistic Speculation for filling the gap

IF the Endowment's budget was \$290 million in 1980-81 and if the Endowment continued to provide approximately 20% of its funds to organizations covered in the study;

IF state and local governments continued to provide roughly 30% more than the Endowment to the groups in the survey

IF national foundations increased giving by approximately 50% and provided additional funds to cover the effects of inflation

IF private endowment <sup>(income)</sup> also increases substantially,

Funds from these sources to the organizations covered in the survey MIGHT look like:

National Endowment for the Arts	\$ 58 mil.
State and Local governments	75 "
National foundations	23 "
Endowments	<u>15 "</u>
	\$171 mil.





1) Optimistic speculation for filling 1980-81 earnings gap (cont)

Measuring the \$171 mil. against the \$335 million earnings gap, leaves \$164 million to be met from other private sources. Roughly \$36 million came from local private sources in 1970-71, which means that roughly 3½ times more \$\$ must come from these other private sources in 1980-81 than in 1970-71.

2) Less optimistic speculation for filling 1980-81 gap

IF the Endowment's budget was \$123 million in 1980-81 and other sources were reduced accordingly, the picture of funds to groups covered in the survey MIGHT look like:

ALL government sources	\$ 58 mil.
National foundations	8 "
Endowments	<u>11</u>
	\$ 77 mil.

Measuring the \$77 million against the \$335 million earnings gap, leaves \$258 million to be met from other private sources. This means that roughly 6 times more \$\$ must come from local private sources in 1980-81 than in 1970-71.

BUDGET & RESEARCH  
-- DO NOT REMOVE --

Highlighted Summary from  
Ford Foundation Study

## CHAPTER I

### SUMMARY AND CONCLUSIONS

Almost all professional performances of symphonic and operatic music, of ballet and modern dance, and many of the noteworthy drama productions in theaters all over the United States are made available through nonprofit corporations. The exceptions are seen in the commercial theaters along Broadway, in their off-Broadway and beyond-New York counterparts, in the array of road-show companies and dinner theaters, and in some, but not all, of the summer stock companies. In addition, performing organizations from other countries in all the arts ordinarily make their appearances here under commercial auspices. The use of the nonprofit corporation as an instrument for the development of professional companies and groups attempting to achieve both permanence and higher standards of craft was spurred by federal inheritance and income tax provisions. Some patrons, however, often make contributions for which they do not receive an equivalent tax benefit.

Performing arts organizations are nonprofit corporations because, like colleges and universities, they do not earn enough to support themselves. They require contributed income. It is already generally understood that colleges and universities do not subsist on tuition. But it is by no means generally understood that arts organizations do not subsist on ticket sales and performance fees. The very nature of performing groups along with their need for artistic freedom and goals make it both impossible and undesirable for them to limit their spending to what they can earn.

This study of 166 of these organizations--theaters, operas, symphonies and dance companies--covers the six seasons from 1965-66 to 1970-71. It was a period of steady growth, and at its end in the 1970-71 season the groups taken together except for the Metropolitan Opera spent \$138 million.\* They earned \$76 million. Thus, they were left with an earnings gap of \$62 million. Private local patrons contributed \$36 million, or something less than 60 per cent of the unearned income required. The remaining \$26 million came from other

\*With the Metropolitan, the amount was \$157 million. The Metropolitan is excluded from many of the analyses of the report because of the biasing effect of its size.

sources, chiefly a very few national foundations and public agencies on the federal, state and municipal levels. The contributions of the national foundations approximated those of federal, state and municipal sources combined. Although the income of the 166 organizations taken together in 1970-71 equaled their expenditures, this does not mean that each organization balanced its budget. Half did not, and this is the report's first finding.

While both income and expenditures grew during the survey period, total income equaled expenditures less often than it fell short of them. The organizations as a whole had a cumulative operating loss of \$8.4 million while total operating budgets grew from \$75 million to \$138 million.

For many reasons it is not possible to forecast exactly what expenditures the organizations will have and what contributions they will need in the future.

But it is possible to ascertain trends and speculate on their implications. One salient implication is that private patrons, foundations, corporations, and federal, state and municipal programs all must increase their support substantially in the future just to maintain the 1970-71 financial position of the performing organizations in the study. This is the second important conclusion of the report.

Insofar as it applies to foundations as a class this conclusion is clear, but in a study sponsored by the Ford Foundation it is necessary to point out that most foundations dependent entirely on existing endowment are currently faced with grave difficulties in maintaining existing programs. Indeed some with fully developed programs and a habit of spending well beyond their income now confront very difficult policy choices which may lead to large reductions in particular programs. This is the case of the Ford Foundation itself. Modest program reductions in preceding years have

affected the Foundation's programs in the arts along with most of its other activities, and while decisions about future budgets have not yet been made, the officers of the Foundation cannot exclude the possibility of a Trustee review which might lead to further reductions in any field.

A simple extrapolation of the 1965-71 trend indicates that the earnings gaps of the 165 organizations (excluding the Metropolitan Opera) could increase from their 1970-71 total of \$62 million to a 1980-81 total of \$180 million with the increase calculated in constant 1970-71 dollars. That is, if the total earnings gap continued to grow throughout the present decade at exactly the rate it grew during the survey period, it would triple by 1980, even before any inflation factor was applied to it. Since long experience, confirmed by this survey, shows that from year to year performing arts organizations fluctuate greatly in their growth, an exact continuation of a six-year trend for an added ten years cannot be expected. For this reason, the \$180 million, and indeed any extrapolated figure of this kind, cannot in any sense be regarded as a prediction. The purpose of extrapolating trends is not to determine what will happen but to help portray what might happen--possibilities that arts managers, patrons, and funding agencies might consider useful in planning for the seasons ahead.

The next step in doing this is to bring inflation

into the picture. During the 1973-74 season the monthly average of prices, according to the Consumer Price Index, was 16 per cent higher than it was during the 1970-71 season. No one knows what the rate of inflation during the rest of the decade will be, but for purely illustrative purposes we can consider the effect of three alternative rates upon the \$180 million constant-dollar earnings gap extrapolated for 1980-81. A low rate, for example, might be 4.5 per cent per year (the average rate during the survey period). Inflated at this rate, the earnings gap would be \$285 million in 1980-81. A high rate might be 10 per cent per year (the approximate current rate). It would bring the earnings gap to \$405 million. A convenient middle rate is 7 per cent per year. It would bring the earnings gap to \$335 million. in 1980-81.

Let us assume that for current planning purposes the middle inflation rate of 7 per cent per year is at least a reasonable one to use. The associated 1980-81 earnings gap, \$335 million, is more than five times larger than the 1970-71 earnings gap of \$62 million.

We can only speculate about how it might be filled.

However, it is appropriate to offer some speculations so long as it is understood that they are no more than



that, because they can suggest some of the implications of an earnings gap of this size.

Fifty-eight per cent of the 1970-71 earnings gap was filled by contributions from local private patrons (including businesses and local foundations). The remainder was filled, in approximately equal amounts, by government grants (federal, state, and local), by grants from the few national foundations with programs that included the arts, and by dividends and interest from endowments.\* The report offers two pairs of speculations about the amount of contributed income these sources might provide in 1980-81.

The first pair consists of two sets of speculations, one a more optimistic set and the other less optimistic, about amounts from sources other than local private patrons. By subtracting the totals of these amounts from the assumed earnings gap of \$335 million, we arrive at an estimation of the amounts required from local private patrons to fill the earnings gap entirely. The speculations and their rationale are explained in Chapter VIII. The results of the process are these

---

\*Virtually all performing organizations with endowments are symphonies, and the bulk of the endowment funds belongs to relatively few large symphonies. Some symphonies also invaded capital to meet operating expenses.

(the government grant figure is a total of federal, state, and local government grants);

	1970-71 <u>Actual</u>	1980-81 More Optimistic <u>Speculations</u>	1980-81 Less Optimistic <u>Speculations</u>
Government grants	\$ 8 million	\$133 million	\$ 58 million
National foundation grants	8	23	8
Corpus earnings	8	15	11
Invasion of capital	<u>2</u>	<u>0</u>	<u>0</u>
	\$26	\$171	\$ 77
Earnings gap	62	335	335
Local private contributions required to fill gap	\$36 million	\$164 million	\$258 million

As background to a consideration of these figures, it may be noted that during the six-year survey period local private contributions doubled. Even under the more optimistic of the speculations, which postulates close to a seventeen-fold increase in government support, local private contributions would have to quadruple during the present decade if the live performing arts were simply to maintain their 1970-71 financial position. And even if such an increase in government support were to occur, presumably the local private sector would still remain the single most important source of maintenance. Under the less optimistic speculations

postulating a seven-fold increase in government funding, which can hardly be called "pessimistic," local private contributions, like those of the government sources, would have to increase by a factor of seven.

The second pair of speculations is the converse of the first pair and begins with independent optimistic and less optimistic speculations about contributions that might be received from the local private sector. The speculations are derived from the year-to-year variability of trends during the survey period in a manner explained in Chapter VIII. The more optimistic speculation is that in 1980-81 the local private sector might contribute \$251 million, close to the \$258 million requirement derived from the less optimistic of the previous speculations--so close, indeed, that essentially the two speculations coincide. The situation they portray is one possible way the live performing arts might be sustained.

The pessimistic speculation about local private contributions, however, portrays quite a different situation. The speculation is that the contributions might not rise above \$93 million. If the 1980-81 earnings gap is assumed to be \$335 million as in the previous illustrations, \$242 million would then be

required from sources other than the local private sector. If the previous \$171 million speculation about funds from these sources is as optimistic as it appears to be, \$242 million would be extraordinarily difficult to obtain.

The survey fully documents the fact, well known to professionals in the field, that the labor-intensive performing arts, whose productivity cannot keep pace with the ever increasing productivity of the industrial economy in which they exist, are faced with an ever increasing gap between their operating costs and their earned income. The costs, principally wages, are set by the cost level of the economy; the earned income is limited by the inherent limit on the number of performances live performers can give and the number of seats in halls. It is possible that developments in telecommunications may be able to increase the number of "seats" and hence the amount of earned income. Experiments testing this are beginning, but it is still too early even to estimate what their results will be.

In all the art forms personnel costs, mainly performers' salaries and fees, amount to more than half the total expenditures. When all cost items are expressed as percentages of total expenditures, distinct patterns

emerge. Each art form has a characteristic expenditure pattern. Because symphonies, for example, ordinarily have many performers and no scenery costs, their expenditure pattern differs markedly from theaters, which ordinarily have far fewer performers and far larger scenery costs.

However, large symphonies and small symphonies have, on the average, the same expenditure patterns, and this is true in all art forms. Furthermore, the pattern of each art form remained virtually unchanged throughout the period of the survey, even though the budgets involved increased 70 per cent. The clear implication is that it is the art form that chiefly determines the budget-proportioning of expenditures. Performing arts managers and patrons determine how large the budget will be within limitations imposed by union wage scales, the cost of goods, the kinds of audiences they seek, and similar factors. But once this is done the expenditure patterns are, on the average, relatively fixed, as are the limits beyond which the most economy-minded management cannot vary them.

The patterns of earned income are not so fixed. Management can, within wider limits, emphasize different ways of earning income. One result of this during

the survey period was that earned income patterns, unlike expenditure patterns, changed somewhat. There were two principal changes. The first was that the ratio of subscription to single ticket income grew among three of the five art forms--theater, opera, and ballet. The fourth, symphony, had previously developed a five to one ratio, much higher than the others, and maintained it with little variation throughout the period. The fifth, modern dance, characteristically does not sell tickets but instead performs under contract for fixed fees.

Fixed fee performances, which produce what is called services income in the report, are relatively new as a substantial source of revenue. The second principal change in patterns of earned income was a marked growth in the proportion of services income among symphonies and ballets. Modern dance companies, as previously noted, depend heavily on it. For reasons explained in the report, theaters and operas rely less on services income than the other art forms.

Patterns of unearned income also change, but the changes, unlike those in earned income, are caused primarily by factors outside the control of the performing organizations themselves.. Major sources of support

for the arts can have marked effects upon unearned income patterns, either by launching new programs or simply by growing. The survey data clearly show, for example, the effect upon ballets and symphonies of the Ford Foundation's programs in those fields launched in the 1960s. The growth of federal support through the National Endowment for the Arts can also be clearly traced, and the sudden increase in 1970-71 of the budget of the New York State Council on the Arts from \$2.3 million to \$20.2 million had a dramatic effect upon the unearned income patterns of ballets and modern dance companies (three important ballets and all but one of the modern dance companies have headquarters in New York).

The one constancy in unearned income is that except for modern dance all the art forms depend for the major part of their contributed support primarily upon local private sources (modern dance companies usually perform on tours and have not built up a local support constituency). It is an important constancy. Even if other sources increase greatly their funding, the local private sector, as we have seen, will in all probability remain the principal supporter of the performing arts. This is the third important conclusion of the report

EXCERPTS FROM BCA'S  
SURVEY OF BUSINESS SUPPORT OF THE ARTS -- 1973

(Survey based on the more than 65,000 businesses listed by Dun and Bradstreet in their combined Million Dollar and Middle Market Directories.)

September 1974

EXCERPTS ARE FROM PRE-RELEASE  
COPY



## Significant survey results:

1. Companies in the survey population contributed approximately  
\$144 million to the arts in 1973. The business population  
has been defined as the more than 65,000 businesses listed  
by Dun & Bradstreet in their combined Million Dollar  
and Middle Market Directories.
2. Large companies (that is, sales in excess of \$100 million)  
account for, by far the largest share of business' support  
of the arts. These companies represented only 3% of the  
population but provided approximately 42% of the support.
3. Consumer oriented companies are larger arts contributors  
than industrial or service-oriented businesses. Although  
only 25% of the respondents were consumer-oriented  
companies, they accounted for 38% of the dollars contributed  
to the arts.
4. Museums and symphony orchestras were the most frequently  
cited recipients and received the greatest amounts of  
support. Museums and symphony orchestras were cited as  
recipients by 20% and 27%, respectively, of the survey  
respondents.
5. Approximately 23% of the survey respondents indicated an  
intention to increase support of the arts in the future;  
58% plan to maintain the same level of support, 4% plan to  
decrease their support; and 15% were undecided.

6. The portion of total business philanthropy channeled to support of the arts has remained approximately unchanged since 1970. The 1970 survey indicated that approximately 9.9% of the survey population's philanthropy went to the arts; the 1973 survey result is 8.7%.

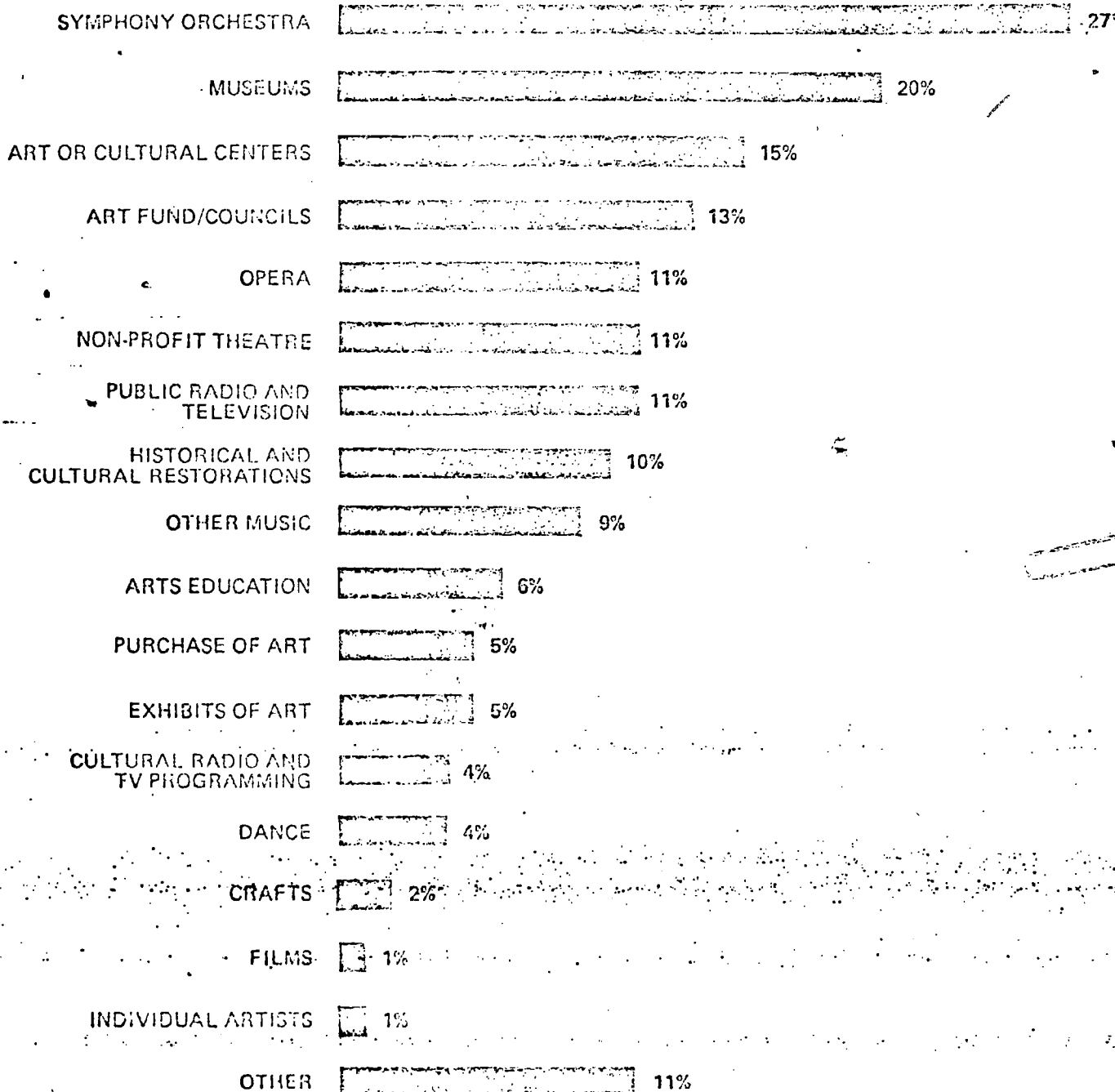
1973

BUSINESS COMMITTEE FOR THE ARTS  
Survey of Business Support of the Arts - 1973

DANCE & THEATRE

65,000

FREQUENCY OF SUPPORT (1)



(1) BASED ON 995 RESPONSES. THE PERCENTAGES ARE BASED ON THE NUMBER OF TIMES EACH ART FORM WAS CITED BY RESPONDENTS. CONSEQUENTLY, THE PERCENTAGES EXCEED 100%.

# FEDERAL OFFICE OF CULTURAL AFFAIRS Survey of Business Support of the Arts - 1978

## DISTRIBUTION OF BUSINESS SUPPORT DOLLARS (1)

			AVERAGE SUPPORT PER CONTRIBUTOR
MUSEUMS	18%		\$13,200
SYMPHONY ORCHESTRA	13%		7,000
PUBLIC RADIO AND TELEVISION	11%		14,200
ART OR CULTURAL CENTERS	9%		8,500
ART FUNDS/COUNCILS	7%		8,400
ARTS EDUCATION	7%		15,000
PURCHASE OF ART	6%		15,600
HISTORICAL AND CULTURAL RESTORATIONS	5%		6,700
EXHIBITS OF ART	4%		13,300
CULTURAL RADIO AND TELEVISION	4%		15,700
NON-PROFIT THEATERS	3%		4,600
OPERA	2%		3,000
OTHER MUSIC	2%		3,200
FILMS	2%		23,500
DANCE	1%		4,600
INDIVIDUAL ARTISTS	1%		16,200
CRAFTS	1%		4,000
OTHER	4%		5,700

(1) BASED ON 635 RESPONSES

## THE FUTURE OF BUSINESS' SUPPORT OF THE ARTS

The survey indicates that the future for business contributions to the arts is promising.

As shown in Exhibit 6, 23% of all respondents indicated that they expect to increase their support of the arts in the future, while 58% expect their support to continue at the present level. Only 4% felt that their support of the arts would decrease.

The largest contributors that is, companies with sales in excess of \$500 million and the hundred largest banks show a larger proportion of companies who intend to increase their support of the arts.

BUSINESS COMMITTEE FOR THE ARTS  
 Survey of Business Support of the Arts - 1973

REPORTED CHANGE IN SUPPORT SINCE 1970 BY  
 COMPANY CLASSIFICATION AND SIZE (1)

CLASSIFICATION	CHANGE IN SUPPORT SINCE 1970		
	MORE	SAME	LESS
<b>I. NET WORTH &gt; \$1 MILLION</b>			
SALES (IN MILLIONS)			
500+	66%	27%	7%
100 - 499	51%	43%	6%
50 - 99	48%	46%	6%
20 - 49	35%	62%	3%
10 - 19	45%	51%	4%
0 - 9.9	28%	70%	2%
<b>II. NET WORTH \$500,000 - \$999,000</b>			
SALES (IN MILLIONS)			
5+	33%	67%	-
0-4.9	19%	76%	19%
<b>III. OTHER</b>			
100 LARGEST BANKS	73%	19%	8%
OTHER BANKS	33%	53%	5%
100 LARGEST BROKERS	44%	45%	11%
	43%	62%	5%

(1) BASED ON 1571 RESPONSES TO THE 1973 SURVEY