

Pittsburgh Arts in Tough Economic Times: Results of a Snapshot Survey - August 2009

Report Released October 15, 2009

Second in a series of surveys, the first was conducted in February 2009 for a report released March 3, 2009

This is the second survey in a series designed to understand how the impact of the recession on arts and culture is changing over time; the first was conducted in February 2009. Our hope is that organization leaders, board members, foundation trustees, corporate executives and others will find the results useful for benchmarking and decision-making.

We are using this economic downturn as an opportunity to fortify the foundation of our process. With our funding cut in half and no line of credit to use as filler we are forced to think of creative ways to enhance the programming that remains. It has been a challenge, but one that has opened our eyes in a new way to our mission. *-Survey Respondent*

Profile of Survey Respondents

Organization budget size (annual expenses)		
	# of Respondents	% of Total Respondents
Under \$50,000	11	17%
\$50,000 - \$249,999	22	34%
\$250,000 - \$499,999	10	15%
\$500,000 - \$999,999	8	12%
\$1 million - \$4,999,999	8	12%
\$5 million or more	6	9%
Total	65	100%

Organization discipline		
	# of Respondents	% of Total Respondents
Theatre & Opera	17	26%
Music	15	23%
Multi-Discipline	12	18%
Visual Arts & Museums	9	14%
Media & Literary Arts	7	11%
Dance	5	8%
Total	65	100%

Key Findings

- Almost 80% of responding organizations say that they have been feeling the impact of the economic crisis to varying degrees. Nine organizations characterize the impact on their organizations as “We have been hit extremely hard by the economic crisis.”
- Arts and culture organizations have been most challenged by reductions in funding from foundation, corporation, and government sources.
- Thirty nine percent of respondents have experienced “somewhat lower” or “substantially lower” income from ticket sales/admissions. A new PA sales tax on tickets and admissions could further harm this vital income stream.
- Thirty percent of respondent organizations have been forced to reduce their administrative and/or artistic staffs. For those organizations, paid staff eliminations are an average of 28% of their staffs that existed before the crisis.
- All responding organizations in the Pittsburgh region have taken actions in response to the economic downturn. The most common actions are: reduction or freeze of salaries (43%), additional income-generating programming (non-ticket sales) (43%), reduction in traveling/conferences (42%), reduction in number of performances/exhibit hours (32%) more use of free marketing tools (i.e. social networking), and shared services with other organizations.
- Two responding organizations have ceased their operations.

Overall Impact

This survey was open to respondents between July 27 and August 21. The majority of organizations (78%) were feeling the impact of the economic crisis, however many (46%) were hopeful that “things will remain level/improve.” All seven organizations that responded with “We haven't been hit hard by the economic crisis and don't think we will be,” were organizations with budgets of under \$250,000. This continues a trend that was apparent in the first survey: some small organizations with few resources have been relatively insulated from being impacted by the recession because they have little to lose.

Respondents were asked, “At this point, how would you best describe the state of your organization in relation to the economic crisis?”			
	# of Respondents	% of Total Respondents	
We have been hit extremely hard by the economic crisis and our organization is in peril	3	4%	13%
We have been hit extremely hard by the economic crisis and worry that worse is coming	2	3%	
We have been hit extremely hard by the economic crisis, but think things will remain level/improve	4	6%	
We're feeling the impact of the economic crisis and worry that worse is coming	16	25%	65%
We're feeling the impact of the economic crisis, but think things will remain level/improve	26	40%	
We haven't been hit hard by the economic crisis, but fear the other shoe will drop	7	11%	22%
We haven't been hit hard by the economic crisis and don't think we will be	7	11%	

Looking Back (completed or nearly completed budget results)

If we consider that the severity of the economic downturn became fully apparent in September / October 2008, by now most organizations have completed an entire fiscal year in the recession. We asked organizations how various budget items compared to their last recession-free fiscal year.

Similar to the first survey, a higher percentage of respondents are experiencing decreases in contributed income sources (corporate, government, foundation, individual contributions) than in “earned” income sources (ticket/admission sales, subscriptions/memberships, classes/tuition). One respondent noted, “We have had success in finding new funders, but drastic reductions from our long-term funders is what is seriously hurting us right now.”

Change in budget lines (“actual” figures for some organizations, “projected” figures for others near the end of their fiscal years)					
	Substantially lower	Somewhat lower	Similar to/same as	Somewhat higher	Substantially higher
Income					
Foundation contributions	36 organizations		12 organizations 20%	13 organizations	
	20%	39%		15%	7%
Corporate contributions	35 organizations		10 organizations 19%	8 organizations	
	28%	38%		9%	6%
Government contributions	34 organizations		14 organizations 26%	6 organizations	
	19%	44%		9%	2%
Individual contributions (non-trustee)	28 organizations		23 organizations 37%	12 organizations	
	8%	37%		17%	2%
Overall ticket sales/admissions	19 organizations		14 organizations 29%	16 organizations	
	8%	31%		33%	0%
Trustee contributions	13 organizations		23 organizations 43%	12 organizations	
	8%	17%		26%	6%
Expenses					
Operations Expenses	24 organizations		27 organizations 42%	13 organizations	
	3%	34%		19%	2%
Personnel Expenses	23 organizations		35 organizations 41%	13 organizations	
	5%	33%		20%	2%
Program Expenses	21 organizations		31 organizations 48%	13 organizations	
	3%	29%		18%	2%
Subscriptions/memberships (if applicable)	15 organizations		14 organizations 33%	13 organizations	
	0%	36%		21%	10%
Classes/tuition income (if applicable)	7 organizations		11 organizations 34%	14 organizations	
	6%	16%		34%	9%

(In each category above, some organizations chose “not applicable.”)

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. **So far, the worst case scenario has become reality for two respondent organizations that have ceased operations as a result of the economic downturn.**

Cost-cutting actions that organizations 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
Reduction or freeze of salaries	28	43%
Additional income-generating programming (non-ticket sales)	28	43%
Reduction in traveling/conferences	27	42%
Reduction in number of performances/exhibit hours	21	32%
New ticket discounting	20	31%
Reduction in the number of administrative staff	18	28%
Reduction or cancellation of other programming or events	15	23%
Reduction in number of productions/exhibits	15	23%
Reduction in the number of paid artists (actors, directors, designers, choreographers, singers, dancers, etc.)	14	22%
Buy in bulk/collectively bargain for reduced rates with other organizations	13	20%
Alternative uses of facilities	13	20%
Reduction in the number of technical/production staff	10	15%
Substitution of larger cast shows in your season with small cast shows	10	15%
Requirement of greater employee contributions to company health plan	10	15%
Change of salaried staff to seasonal/part-time	7	11%
Reduction in the number of artistic staff	6	9%
Halt/reassessment of capital campaign	5	8%
Suspension of retirement plan matches	5	8%
Reduction in other fringe benefits	5	8%
Imposition of staff furloughs	2	3%
Closing and/or suspending operations	2	3%
Relocating to reduce space costs / Moving to home offices	2	3%
Changing to a lower cost health care plan	1	2%
Substitution of a produced show in your season with a booked-in show	1	2%

Items in bold directly affect the arts and culture workforce.

Other actions that organizations 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
More use of technology and social networking	49	75%
Shared services with other organizations	42	65%
More communication with stakeholders	35	54%
Revised internal planning process	31	48%
Narrowing of focus to programs within the core of artistic mission	14	22%
Broadening of focus to programs outside the core of artistic mission	10	15%

In the March 2009 survey, we saw a trend of large-budget organizations taking significant actions (an average of 5.5 each from the list above) while small organizations were lagging behind with an average of 1.3 actions each. In August 2009, **organizations of all budget sizes are taking or have taken an average of eight of the actions listed above in response to the recession.**

Impact on the Arts and Culture Workforce

Job loss is of primary concern for a sector that is notoriously under staffed in good times. **19 organizations (30% of respondents) have cut a total of 75 individuals** (full or part-time paid staff) over the last year as a result of the recession. For those 19 organizations, paid staff cuts are an average of 28% of their staffs that existed before the crisis.

Impact on Endowments

Seventeen organizations (26% of respondents) have an endowment fund. Three organizations have had their endowments fall below historical value. Ten 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.)

Impact on Cash Flow

Twenty two respondents (34%) representing organizations of all budget sizes expect to encounter cash flow problems this year.

Looking Ahead

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
Decreasing your budget by more than 25%	4	6%	1	2	0	1	0	0
Decreasing your budget by 11-25%	12	18%	1	3	3	2	2	1
Decreasing your budget by 1-10%	21	32%	3	2	4	4	4	4
Keeping your budget the same as or similar	19	29%	3	10	2	1	2	1
Increasing your budget by 1-10%	5	8%	1	3	1	0	0	0
Increasing your budget by 11-25%	3	5%	2	1	1	0	0	0
Increasing your budget by more than 25%	1	2%	1	0	0	0	0	0

Narrative responses from survey respondents express concern about the fate of their organizational budgets in upcoming year. One respondent said, "Our fiscal year ends on December 31. I am not worried about this year; I am extremely nervous about 2010. Things will be worse next year, and we are planning for this."

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

Afro-American Music Institute
American Jewish Museum
artists image resource
ArtUp (Artists Upstairs)
Associated Artists of Pittsburgh
Attack Theatre
Bach Choir of Pittsburgh
Balmoral School of Piping
barebones productions
Boyd Community Center
Bricolage
Calliope: The Pittsburgh Folk Music Society
Children's Festival Chorus of Pittsburgh
Children's Museum of Pittsburgh
City Theatre Company
Dance Alloy Theater
Dreams of Hope
Father Ryan Arts Center of Focus On Renewal
Frick Art & Historical Center
Gateway to the Arts
Gemini Theater Company
International Poetry Forum
Kente Arts Alliance
Mary Miller Dance Company
MCG Jazz
New Hazlett Center for the Performing Arts
Open Stage Theatre
Opera Theater of Pittsburgh
Phase 3 Productions
Pittsburgh Arts & Lectures
Pittsburgh Chamber Music Society
Pittsburgh CLO
Pittsburgh Filmmakers/Pittsburgh Center for the Arts
Pittsburgh Glass Center
Pittsburgh Irish & Classical Theatre, Inc.
Pittsburgh Jewish Israeli Film Festival
Pittsburgh Musical Theater
Pittsburgh New Music Ensemble
Pittsburgh Opera
Pittsburgh Playhouse, The Rep
Pittsburgh Playwrights Theatre Company
Pittsburgh Shakespeare in the Parks
Pittsburgh Youth Ballet
Pittsburgh Youth Pops Orchestra
Pittsburgh Youth Symphony Orchestra
Quantum Theatre
River City Brass Band
Senator John Heinz History Center
Silk Screen
Silver Eye Center for Photography
SLB Radio Productions, Inc.
South Park Theatre
Squonk Opera
Stage 62
StorySwap
Sweetwater Center for the Arts
The Andy Warhol Museum
The Heritage Players, Bethel Park Community Theatre
The Legacy Arts Project, Inc.
The Pittsburgh Cultural Trust
The ToonSeum
Three Rivers Young Peoples Orchestras
Tuesday Musical Club
USA Dance Pittsburgh
Viaduct Studio

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