Using Data to Foster Thriving Arts Organizations

NATIONAL CENTER FOR ARTS RESEARCH

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SMU

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NCAR + TACA
DALLAS ARTS ORGANIZATIONS: A NATIONAL COMPARISON

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SMU National Center for Arts Research (NCAR)

Advancing the arts through evidence-based knowledge

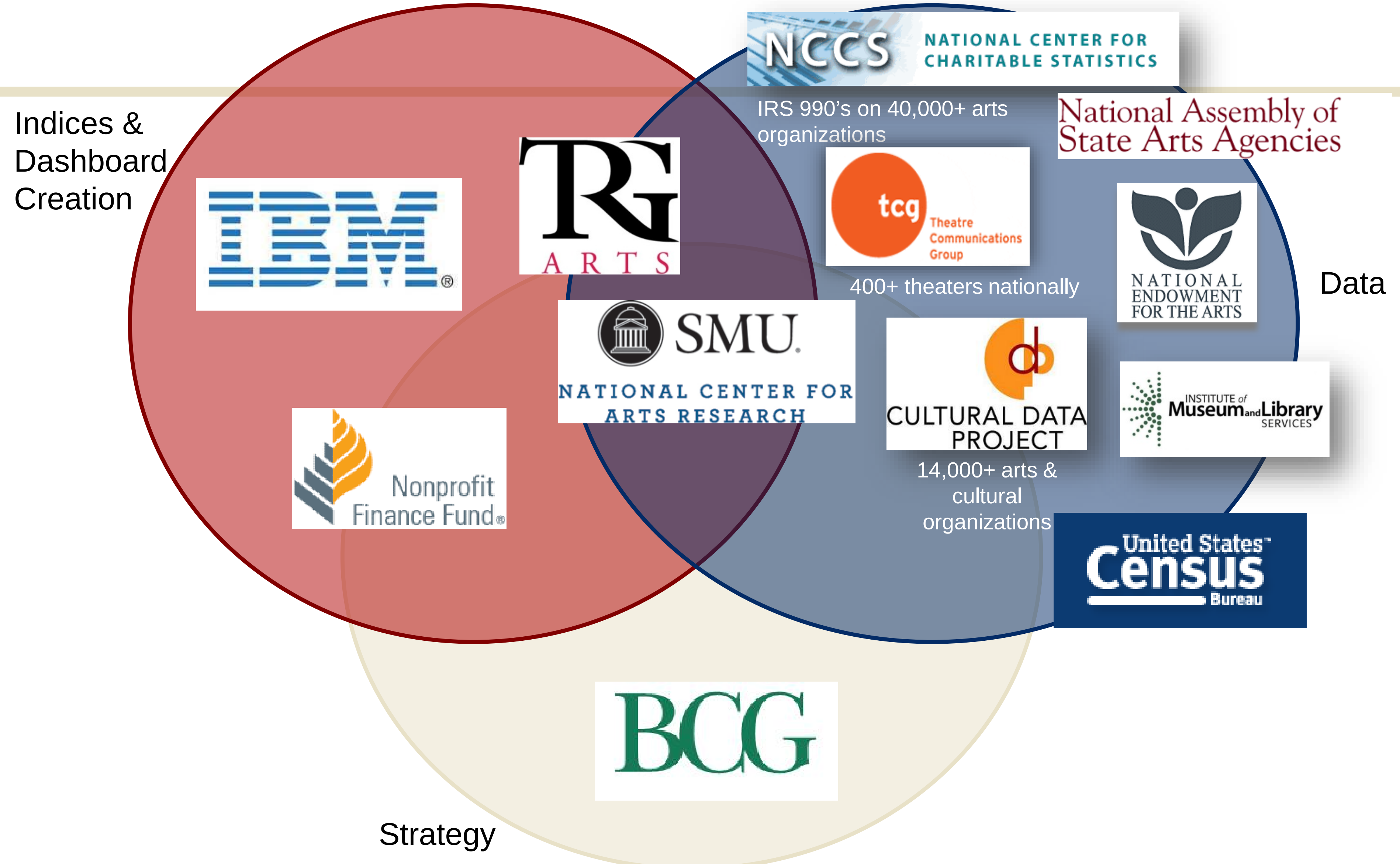
Vision Statement

To act as a catalyst for the transformation and sustainability of the national arts and cultural community

Mission Statement

To be the leading provider of evidence-based insights that enable arts and cultural leaders to overcome challenges and increase impact

Partners


Indices & Dashboard Creation
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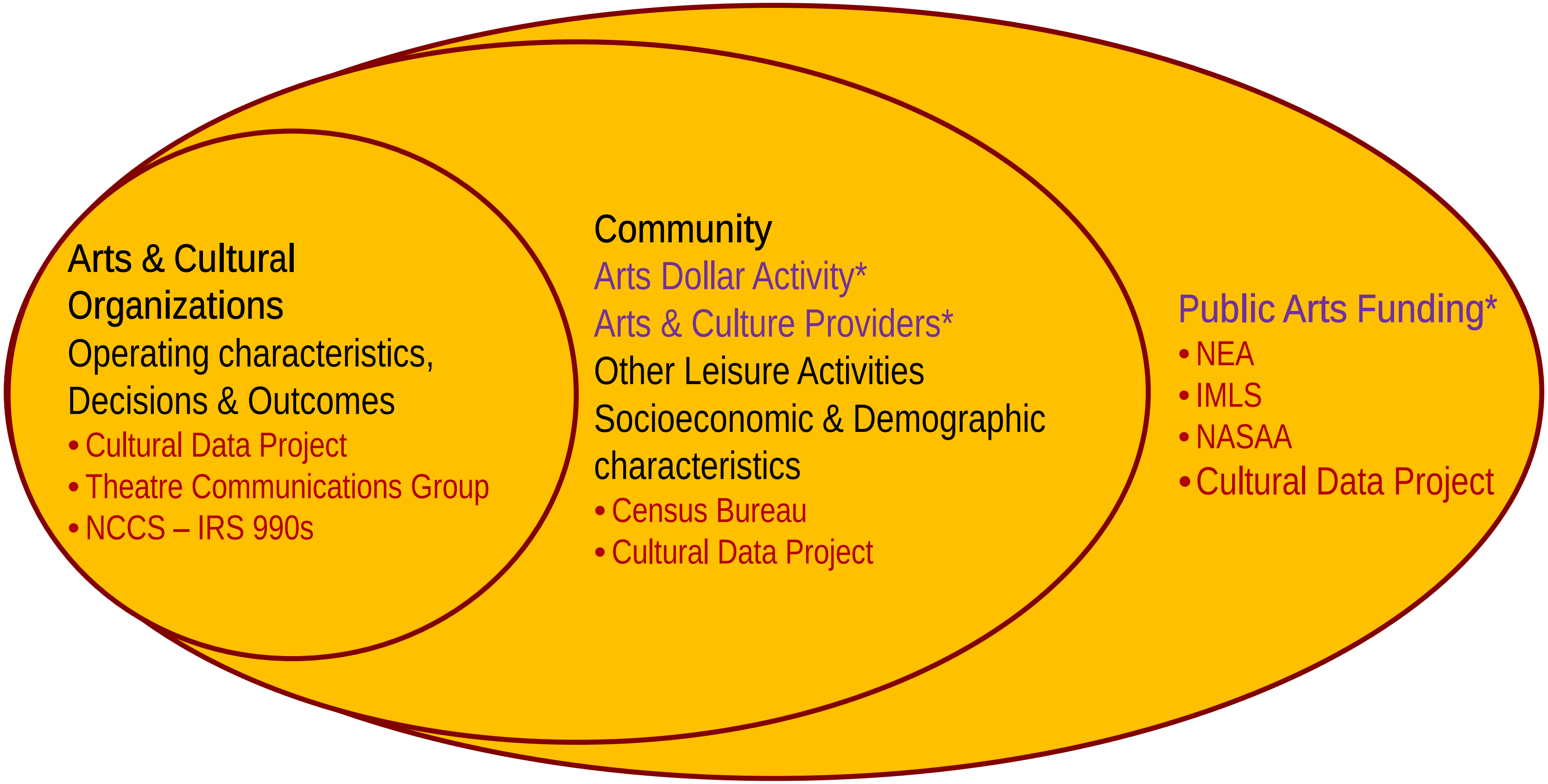
IRS 990's on 40,000+ arts organizations
National Assembly of State Arts Agencies
tcg Theatre Communications Group
400+ theaters nationally
NATIONAL ENDOWMENT FOR THE ARTS
Data
CULTURAL DATA PROJECT
14,000+ arts & cultural organizations
INSTITUTE of Museum and Library SERVICES
United States Census Bureau
BCG
Strategy

Modeling the Arts & Culture Ecosystem



*These form the basis of our Arts Vibrancy Index metrics

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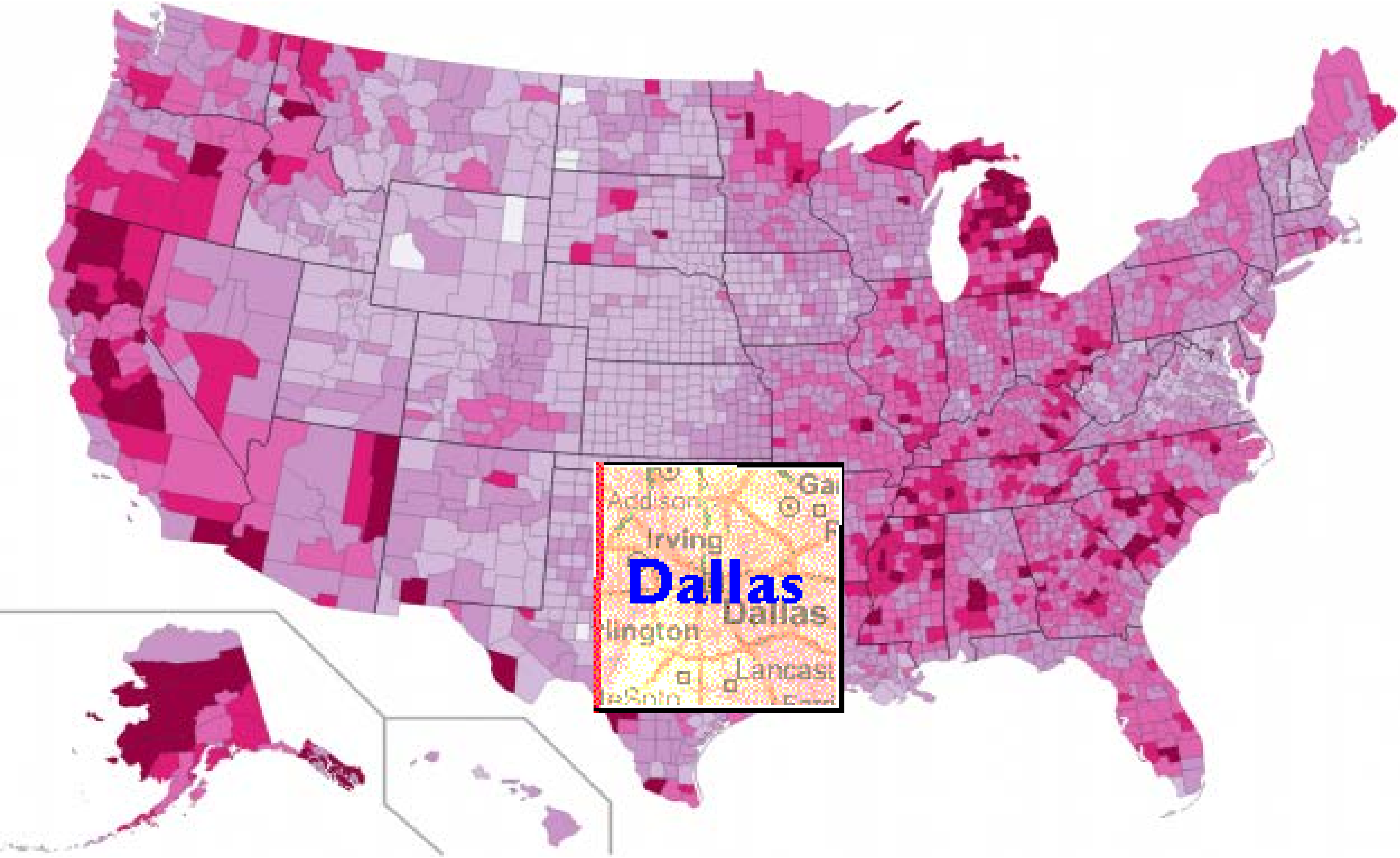
What are the Important Questions to Ask about Health & Impact?

- Contributed revenue
- Earned revenue
- Expenses
- Marketing Impact
- Bottom Line
- Balance Sheet
- Community Engagement
- Program Activity
- Staffing

What outcomes should we examine in order to answer the questions?

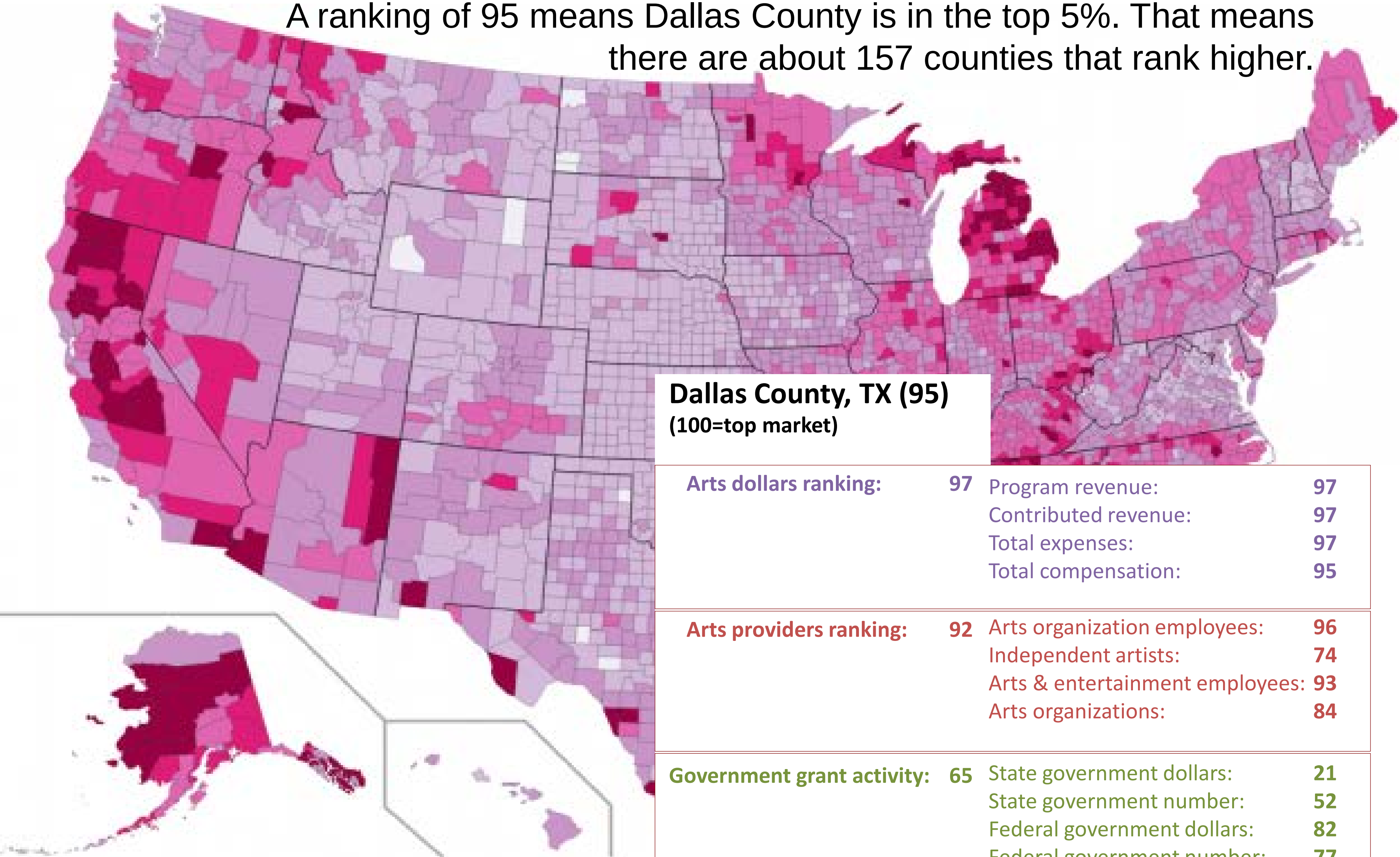
Do we have data on those outcomes?

Dallas County compared with all 3,144 U.S. counties



Dallas County compared with all 3,144 U.S. counties

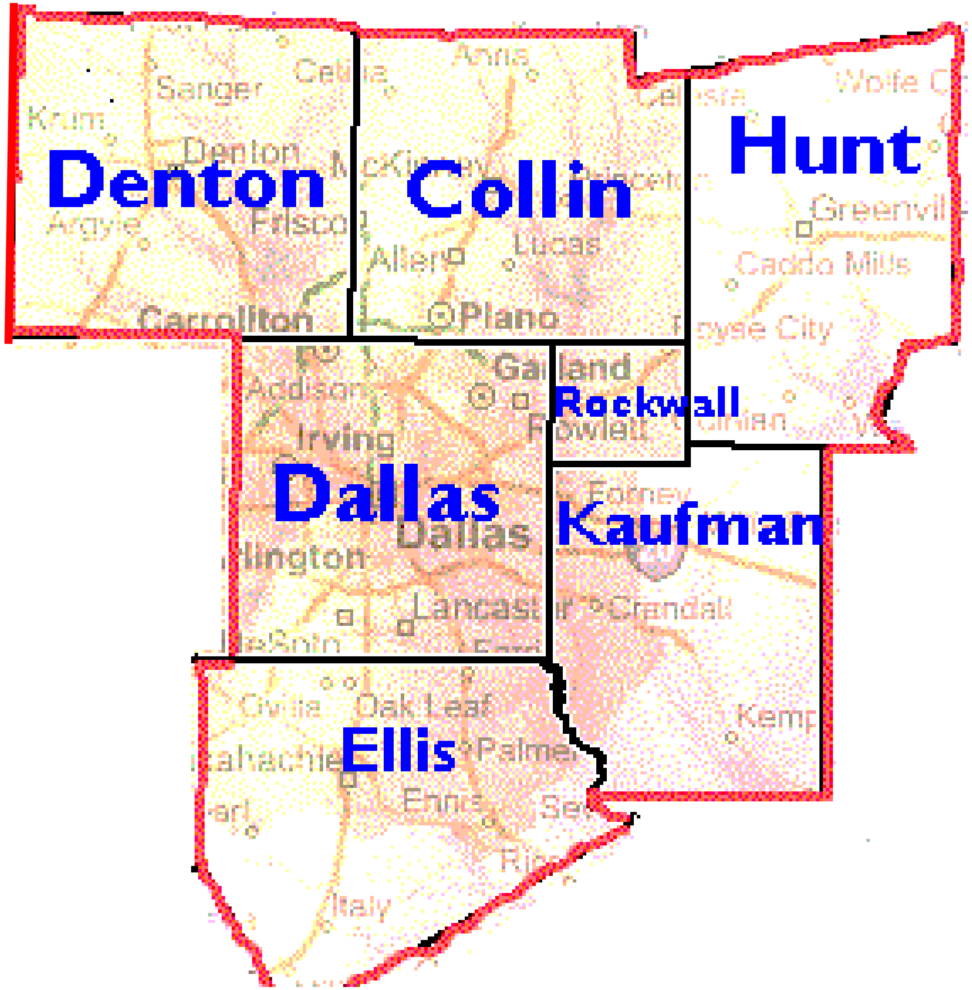
A ranking of 95 means Dallas County is in the top 5%. That means there are about 157 counties that rank higher.



Dallas County, TX (95)
(100=top market)

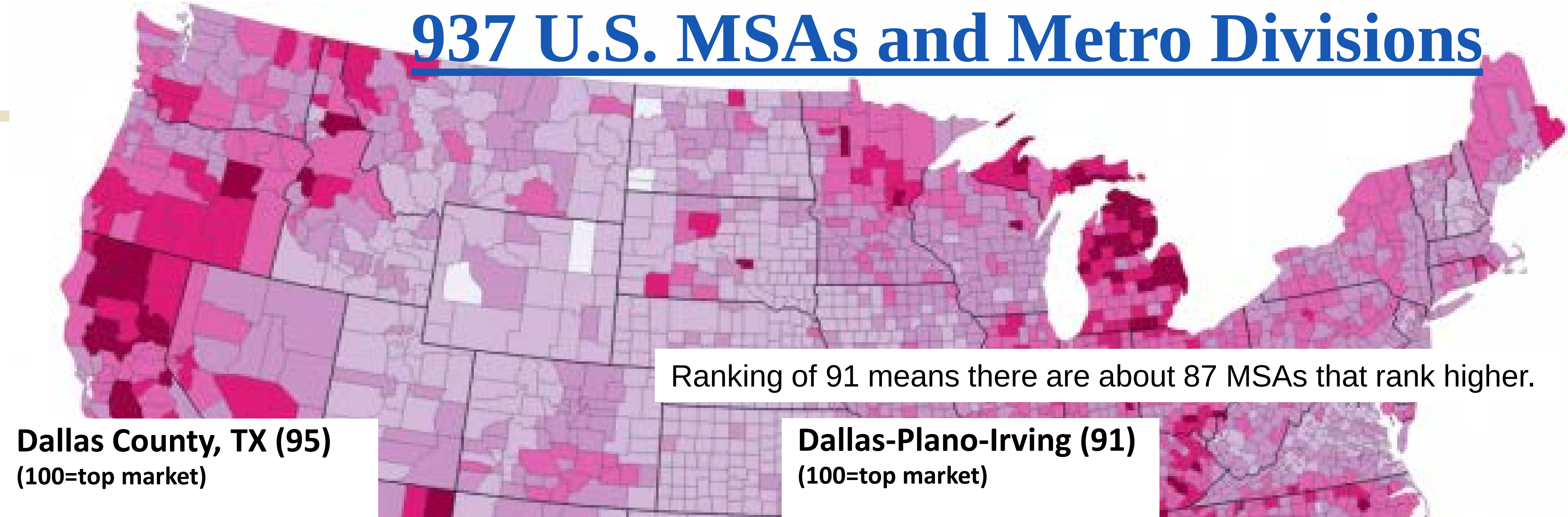
Arts dollars ranking:	**97**	Program revenue:	**97**
		Contributed revenue:	**97**
		Total expenses:	**97**
		Total compensation:	**95**
Arts providers ranking:	**92**	Arts organization employees:	**96**
		Independent artists:	**74**
		Arts & entertainment employees:	**93**
		Arts organizations:	**84**
Government grant activity:	**65**	State government dollars:	**21**
		State government number:	**52**
		Federal government dollars:	**82**
		Federal government number:	**77**

Dallas-Plano-Irving Metro Division



MSAs are delineated geographic areas consisting of one or more counties that have high social and economic integration with an urban core. Focusing on MSAs captures the network of suburbs that rise up around a city. Where the OMB breaks down 11 very large MSAs (population cores of 2.5 million or more) into Metropolitan Divisions, we do the same. Metropolitan Divisions function as distinct social, economic, and cultural areas within the larger MSA, kind of like MSAs within MSAs. Our Metro Division is Dallas-Plano-Irving.

Dallas-Plano-Irving Metro Division compared with 937 U.S. MSAs and Metro Divisions



Ranking of 91 means there are about 87 MSAs that rank higher.

Dallas County, TX (95)
(100=top market)

Arts dollars ranking:	**97**	Program revenue:	**97**
		Contributed revenue:	**97**
		Total expenses:	**97**
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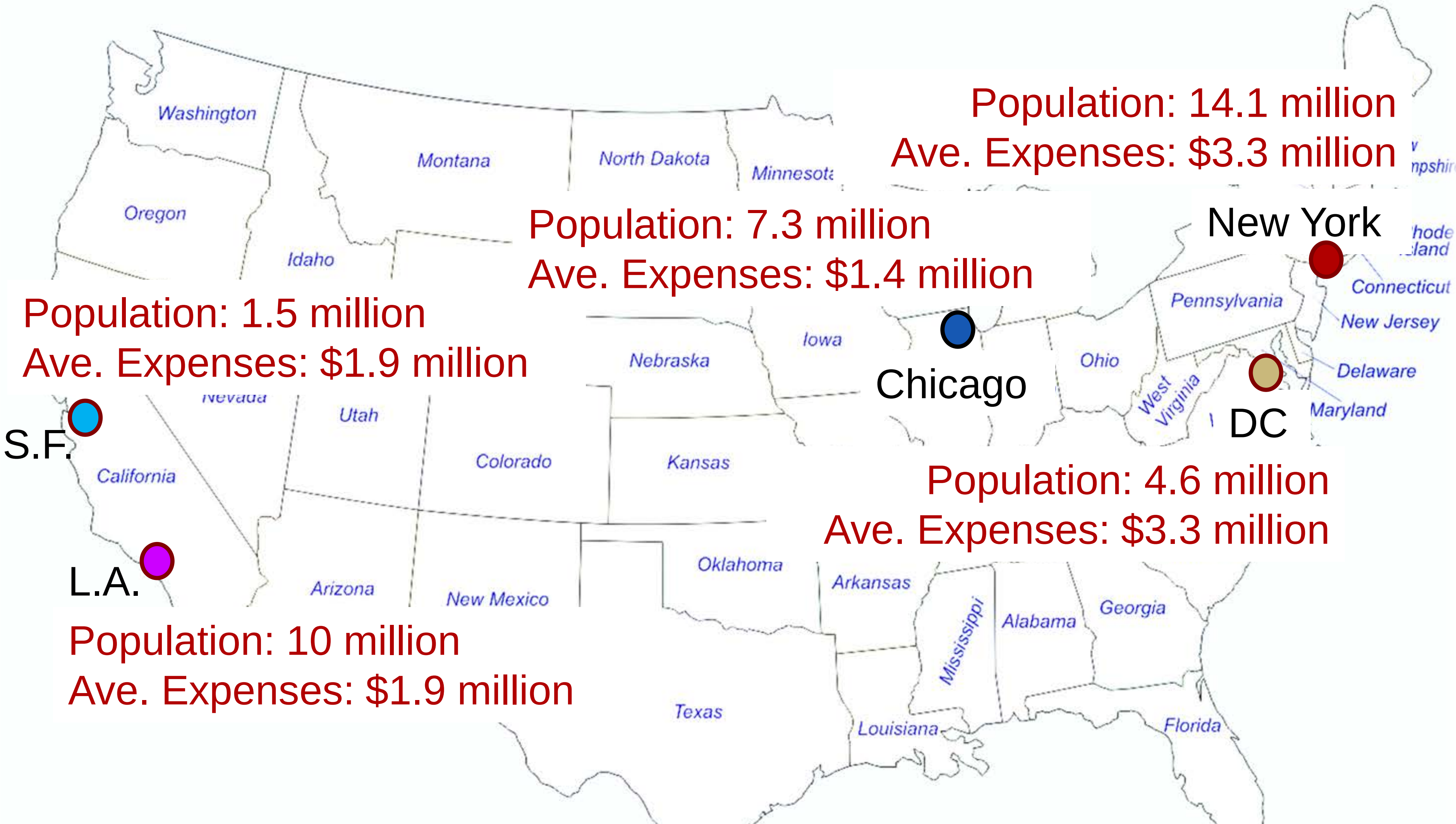
Dallas-Plano-Irving (91)
(100=top market)

Arts dollars ranking:	**94**	Program revenue:	**93**
		Contributed revenue:	**94**
		Total expenses:	**94**
		Total compensation:	**91**
Arts providers ranking:	**84**	Arts organization employees:	**94**
		Independent artists:	**68**
		Arts & entertainment employees:	**84**
		Arts organizations:	**78**
Government grant activity:	**57**	State government dollars:	**20**
		State government number:	**54**
		Federal government dollars:	**75**
		Federal government number:	**62**

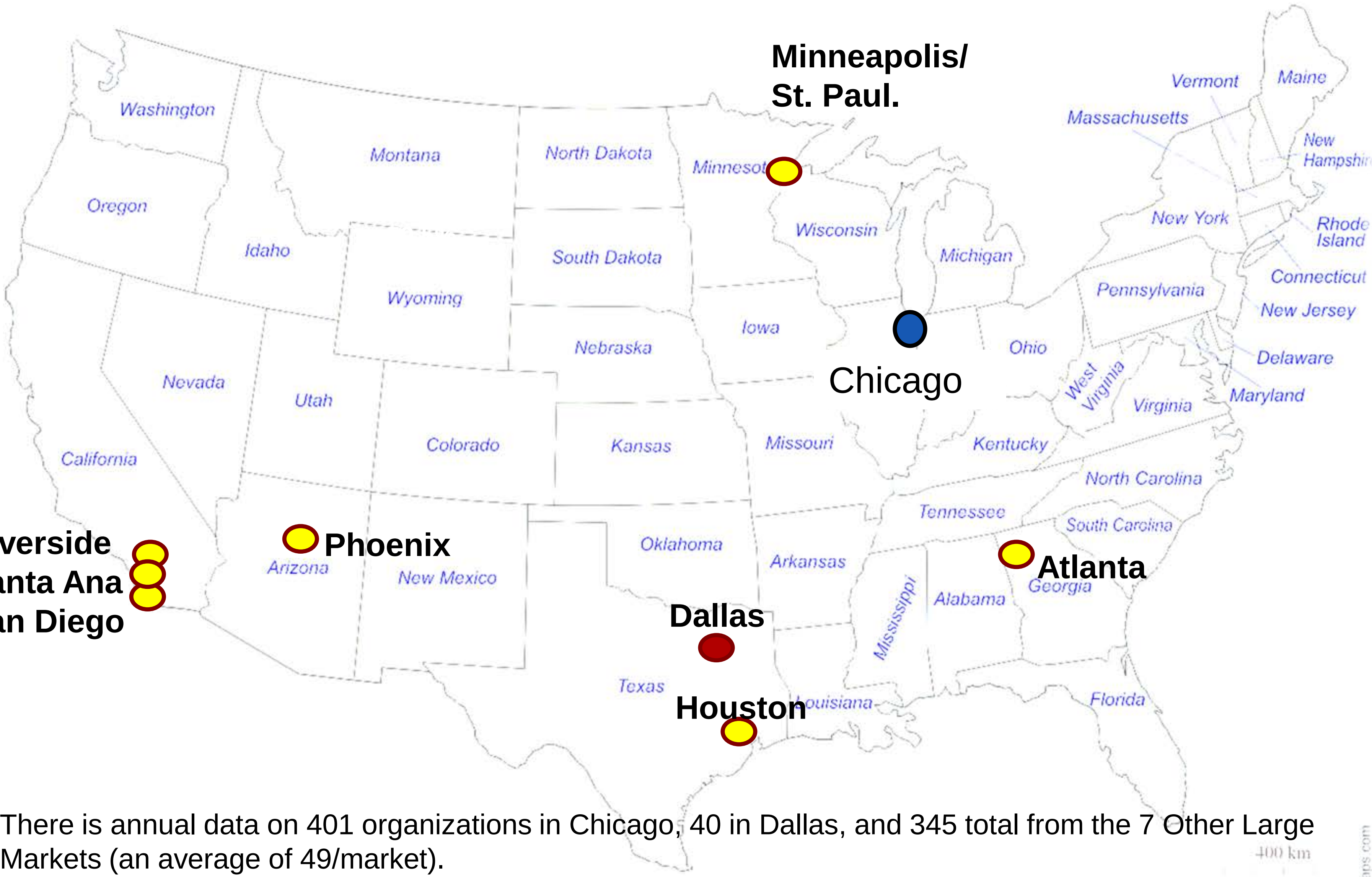
Market Clusters: 5 Individual Markets*



The characteristics we chose for determining similar markets were population, density and size of arts and cultural organizations, state grant dollars in the market, and median income in the community. These 5 markets did not cluster with anyone else.

*CDP Markets, only

Market Clusters: Other Large Markets*, Dallas, and Chicago



There is annual data on 401 organizations in Chicago, 40 in Dallas, and 345 total from the 7 Other Large Markets (an average of 49/market).

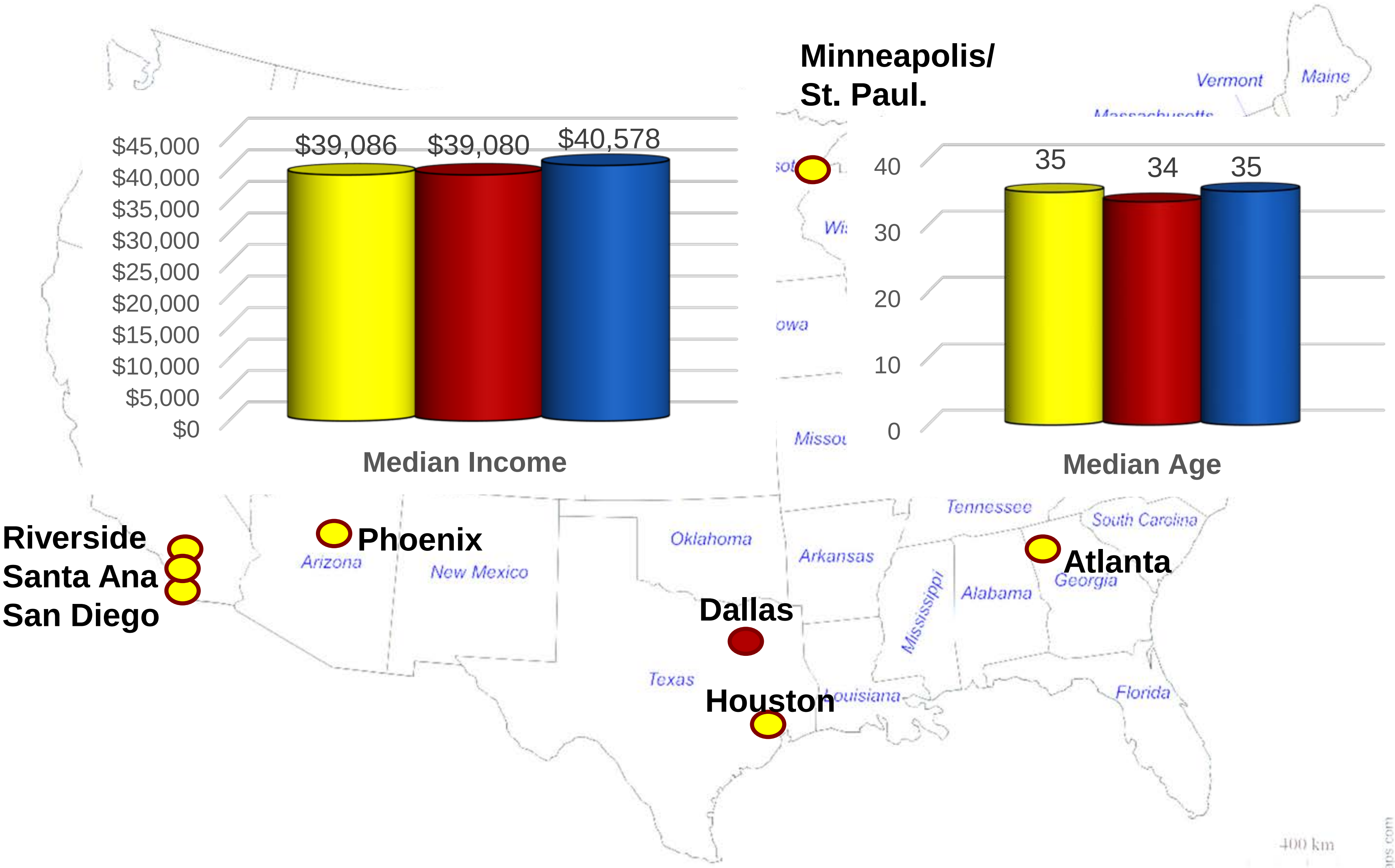
7 Other Large Markets (ave. pop. 3.8 million)

Dallas (pop. 4.4 million)

Chicago (pop. 7.3 million)

*CDP Markets, only

Market Clusters: Other Large Markets*, Dallas, and Chicago



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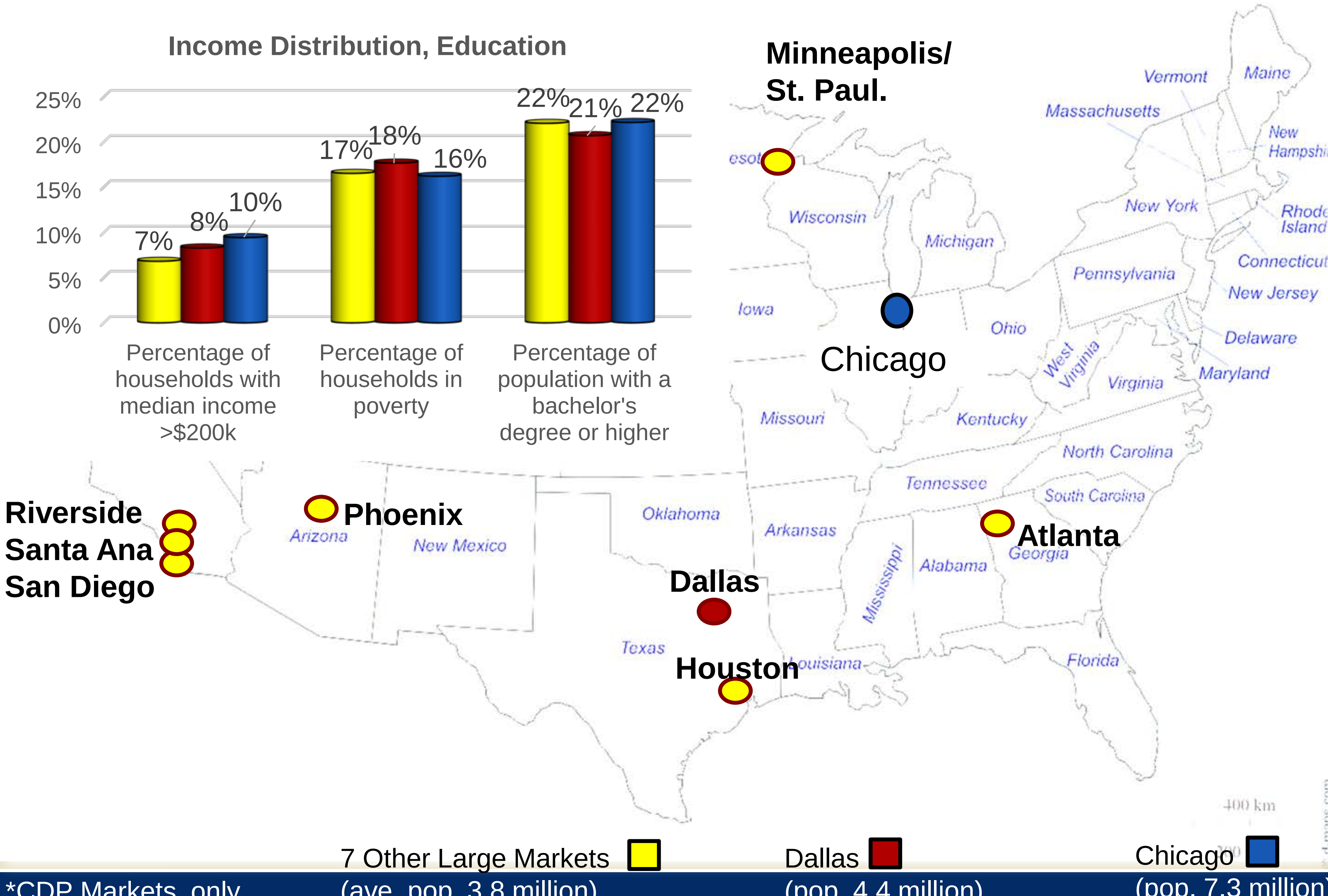

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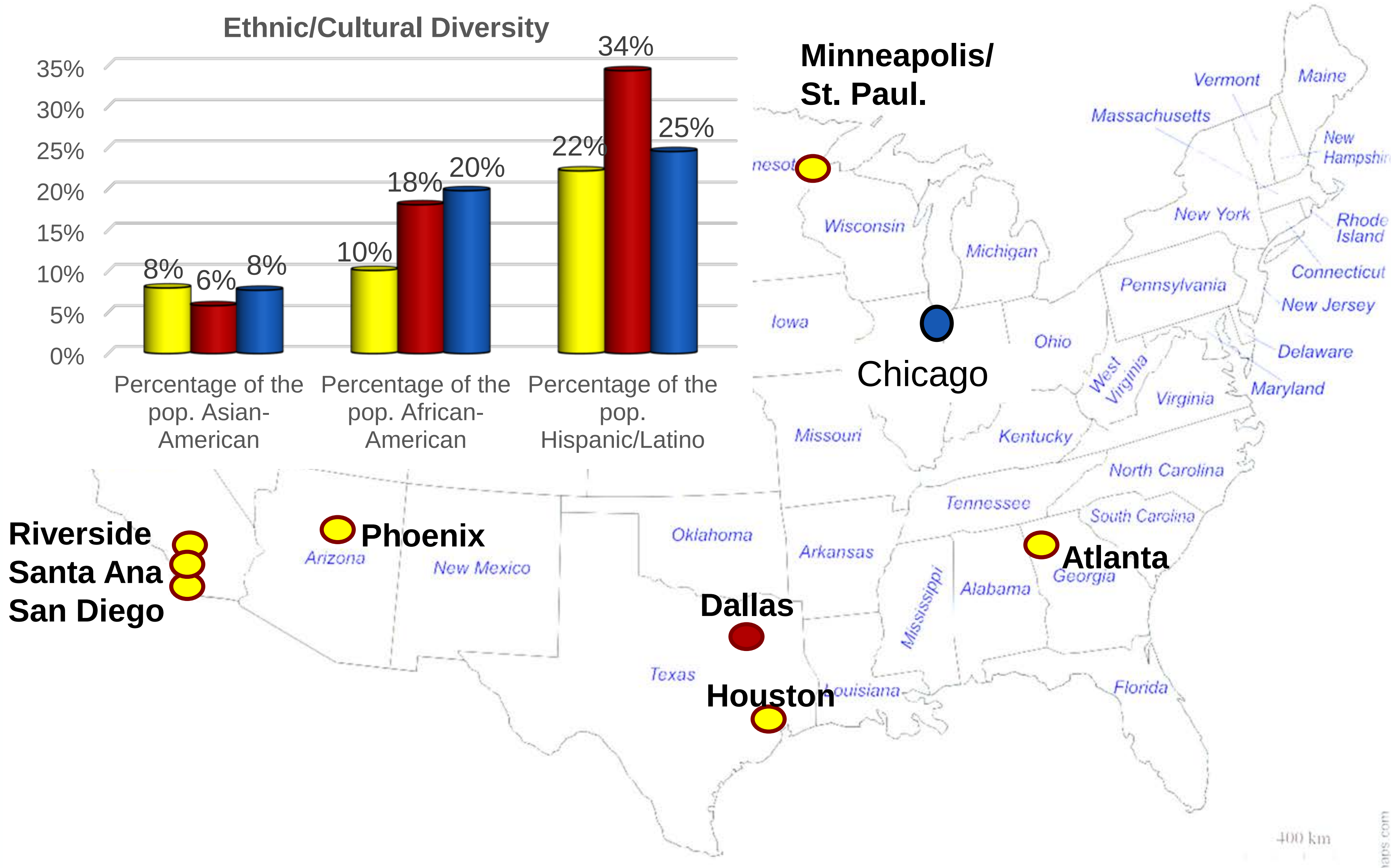

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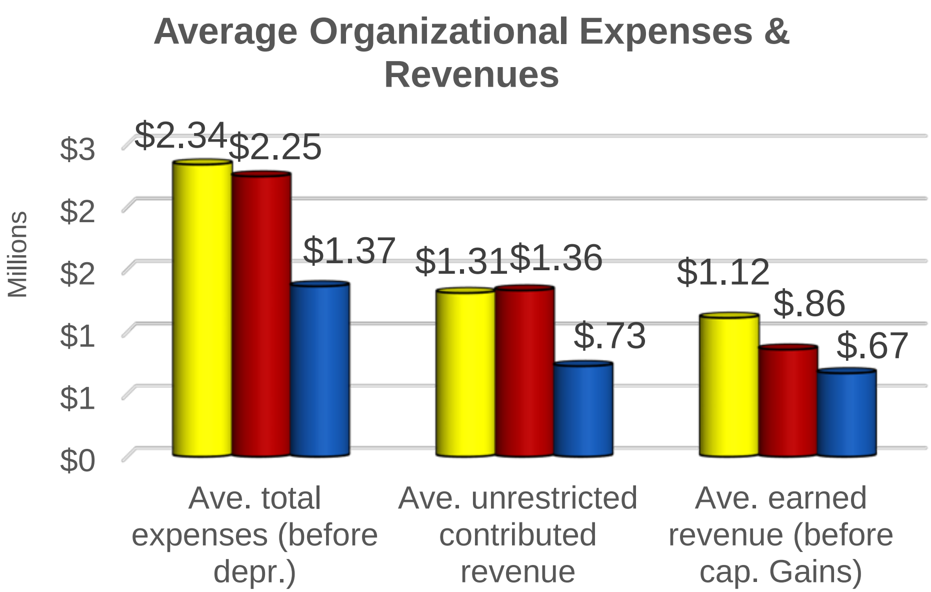

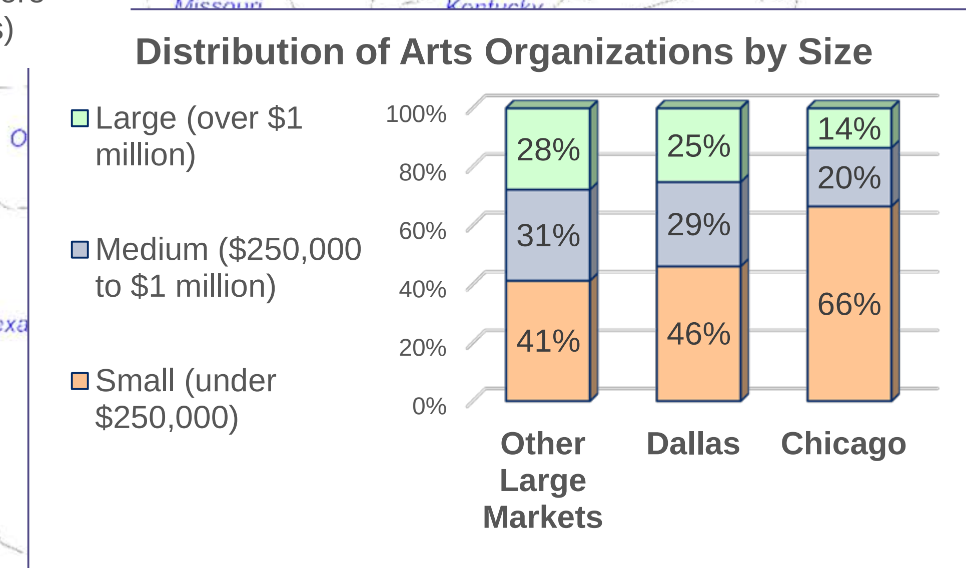

7 Other Large Markets (ave. pop. 3.8 million)

Dallas (pop. 4.4 million)

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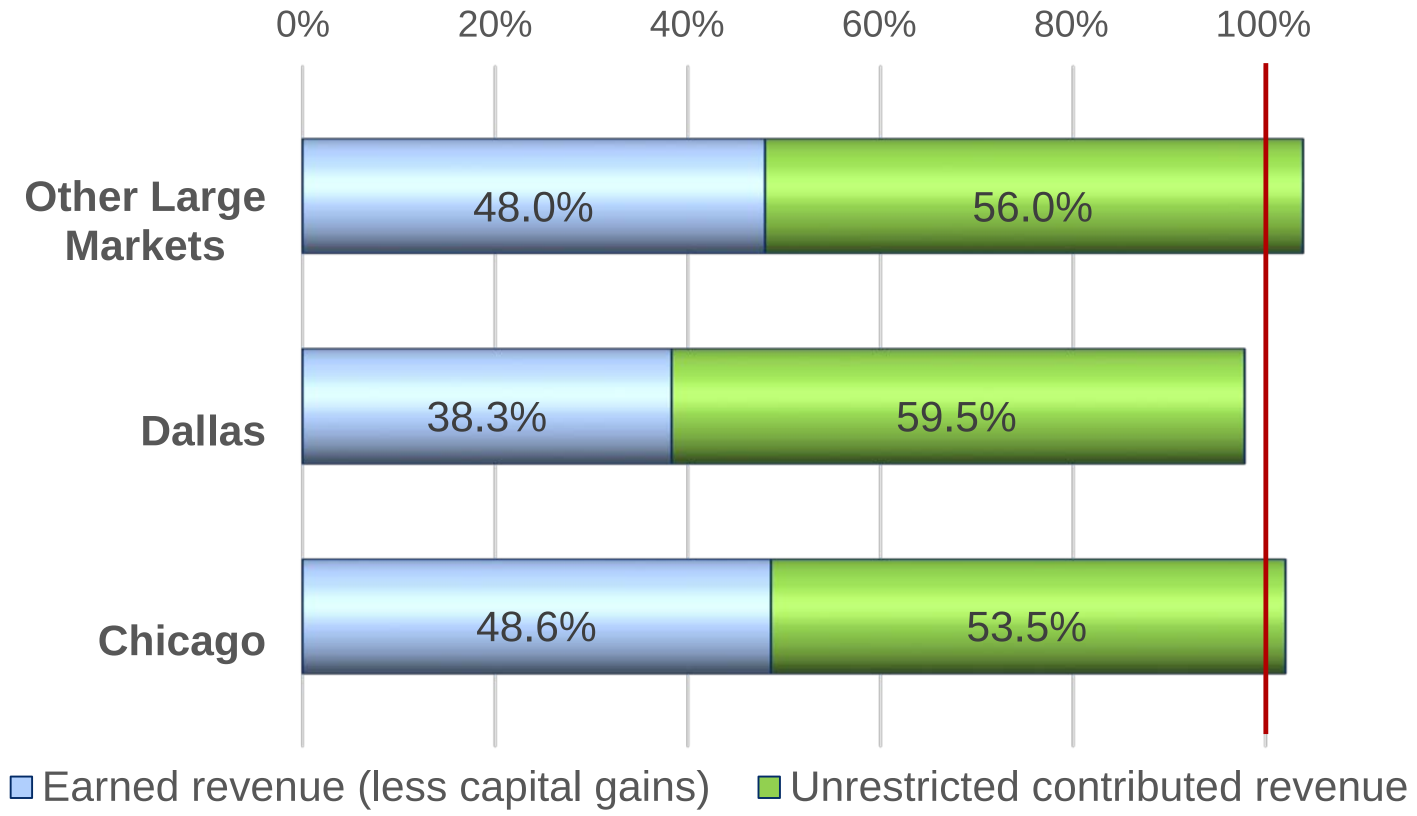
To what extent do Earned Revenue and Unrestricted Contributed Revenue cover Total Expenses?



Other Large Markets: Minneapolis, Atlanta, Houston, Phoenix, Riverside, San Diego, Anaheim-Irvine-Costa Mesa

Dallas arts organizations support more expenses with contributed revenue and less expenses with earned revenue than arts organizations in Other Large Markets and Chicago.

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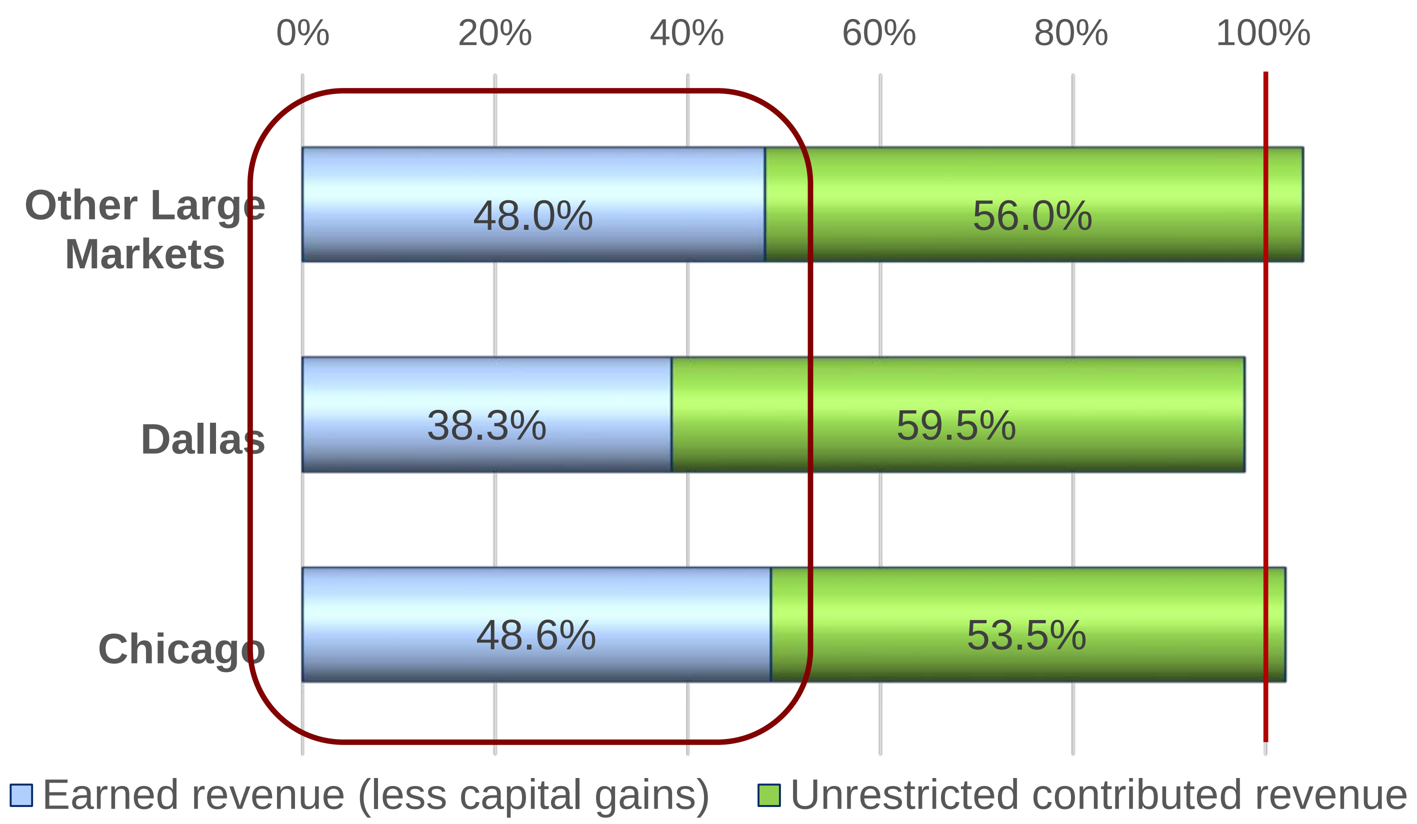
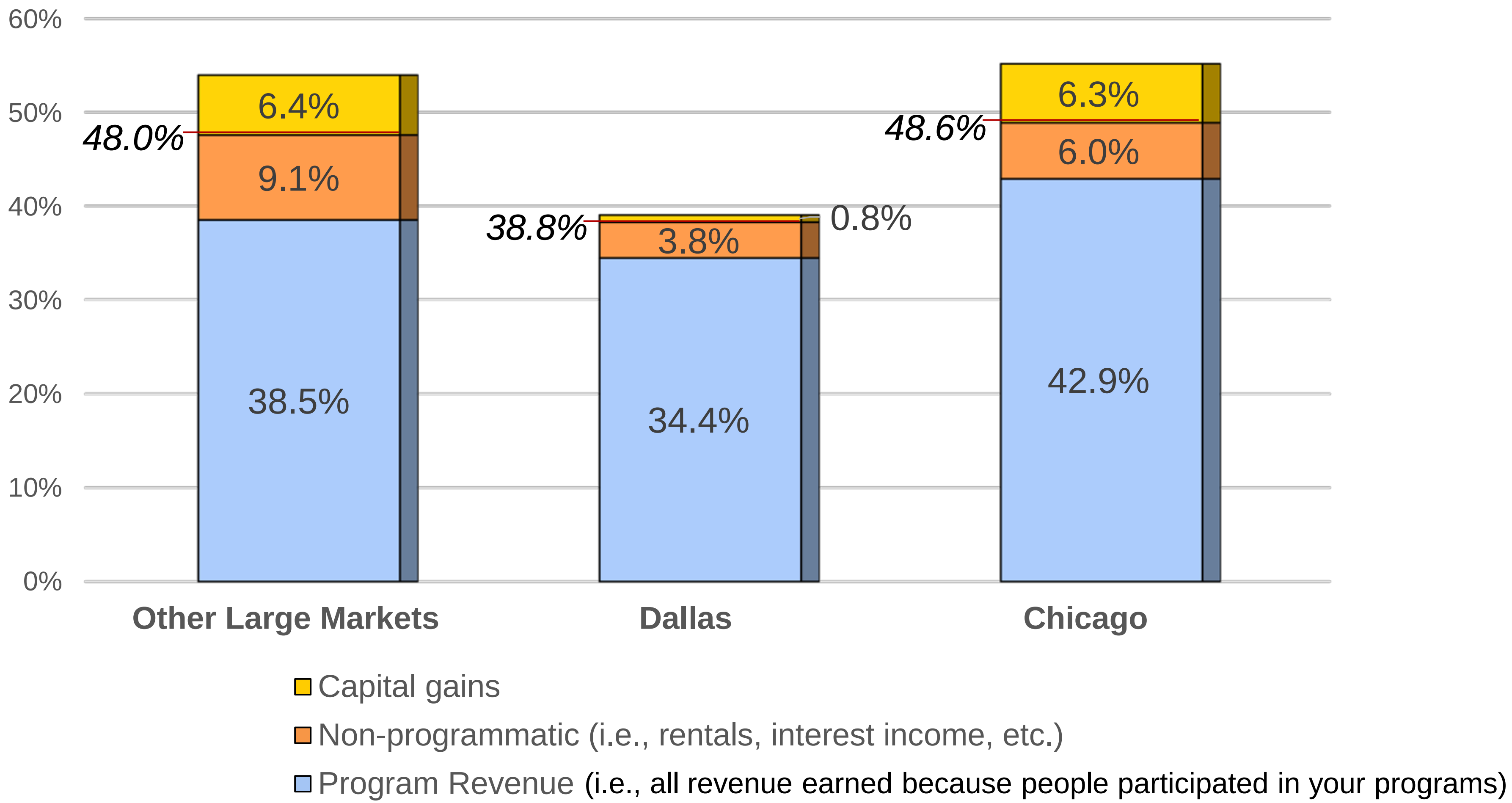


Other Large Markets: Minneapolis, Atlanta, Houston, Phoenix, Riverside, San Diego, Anaheim-Irvine-Costa Mesa

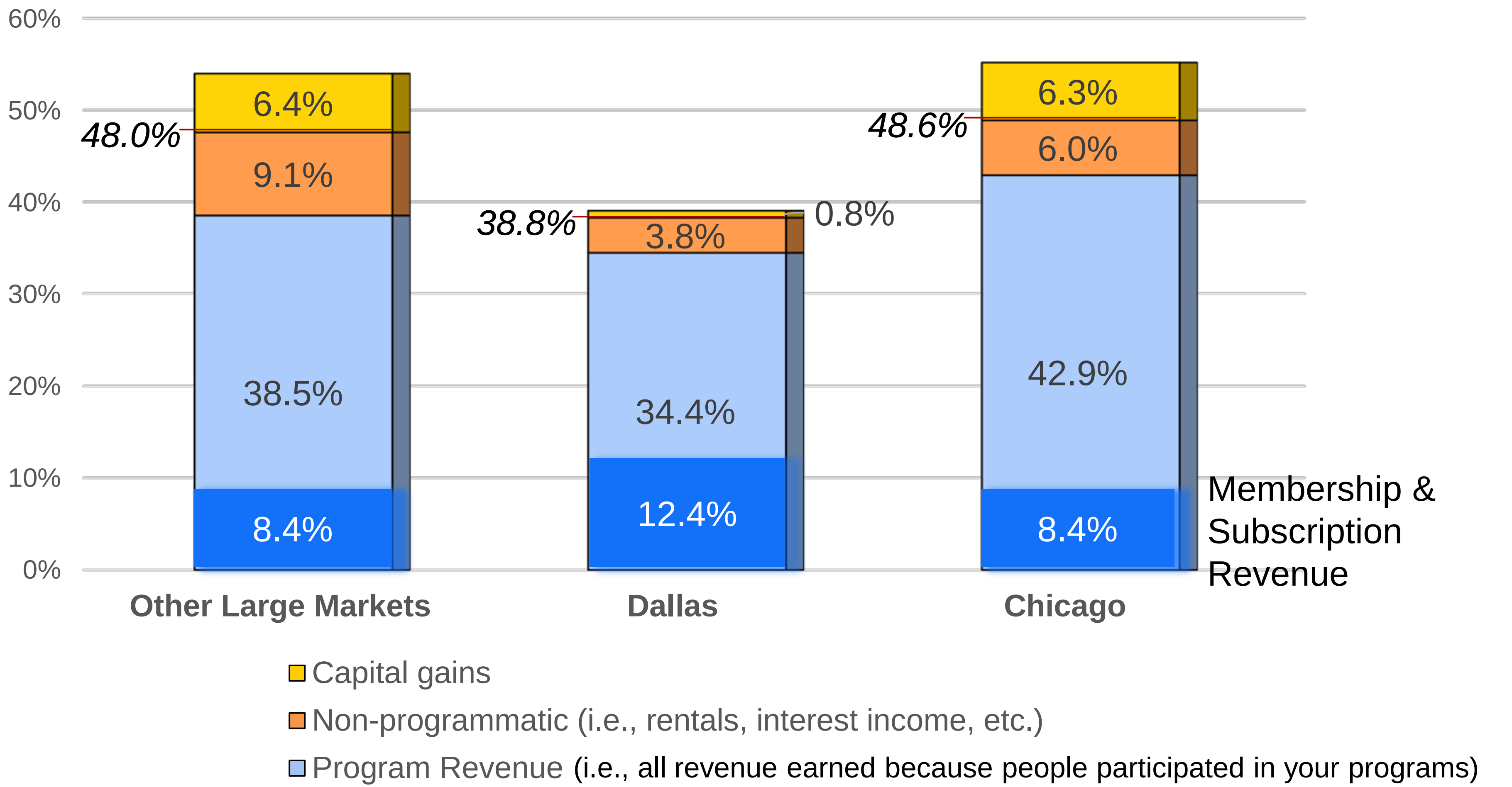
Dallas arts organizations support more expenses with contributed revenue and less expenses with earned revenue than arts organizations in Other Large Markets and Chicago.

To what extent do programmatic and non-programmatic earned revenue and capital gains cover expenses?



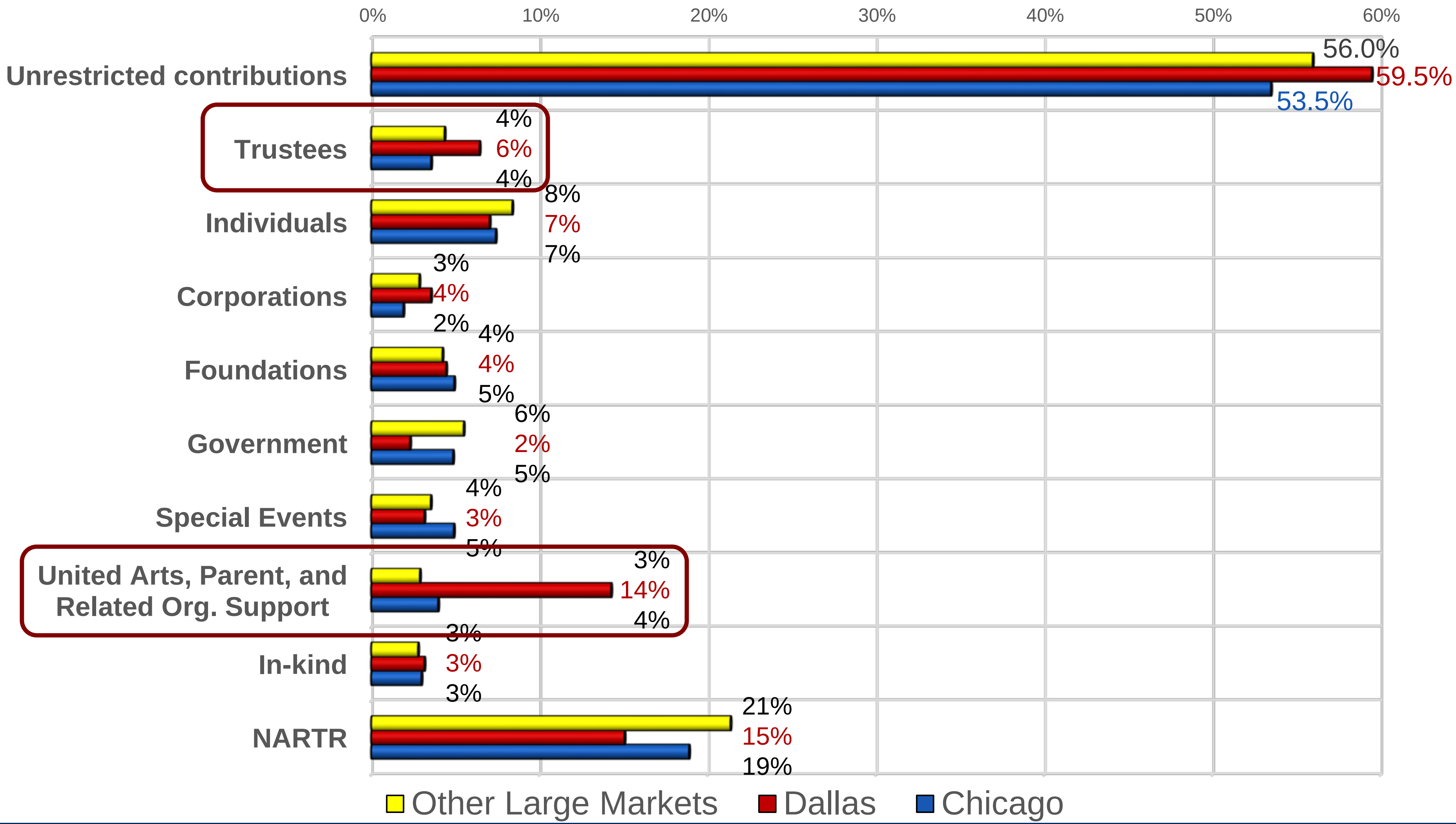
Dallas arts organizations support less expenses with each area of earned revenue than arts organizations in Other Large Markets and Chicago.

To what extent do programmatic and non-programmatic earned revenue and capital gains cover expenses?



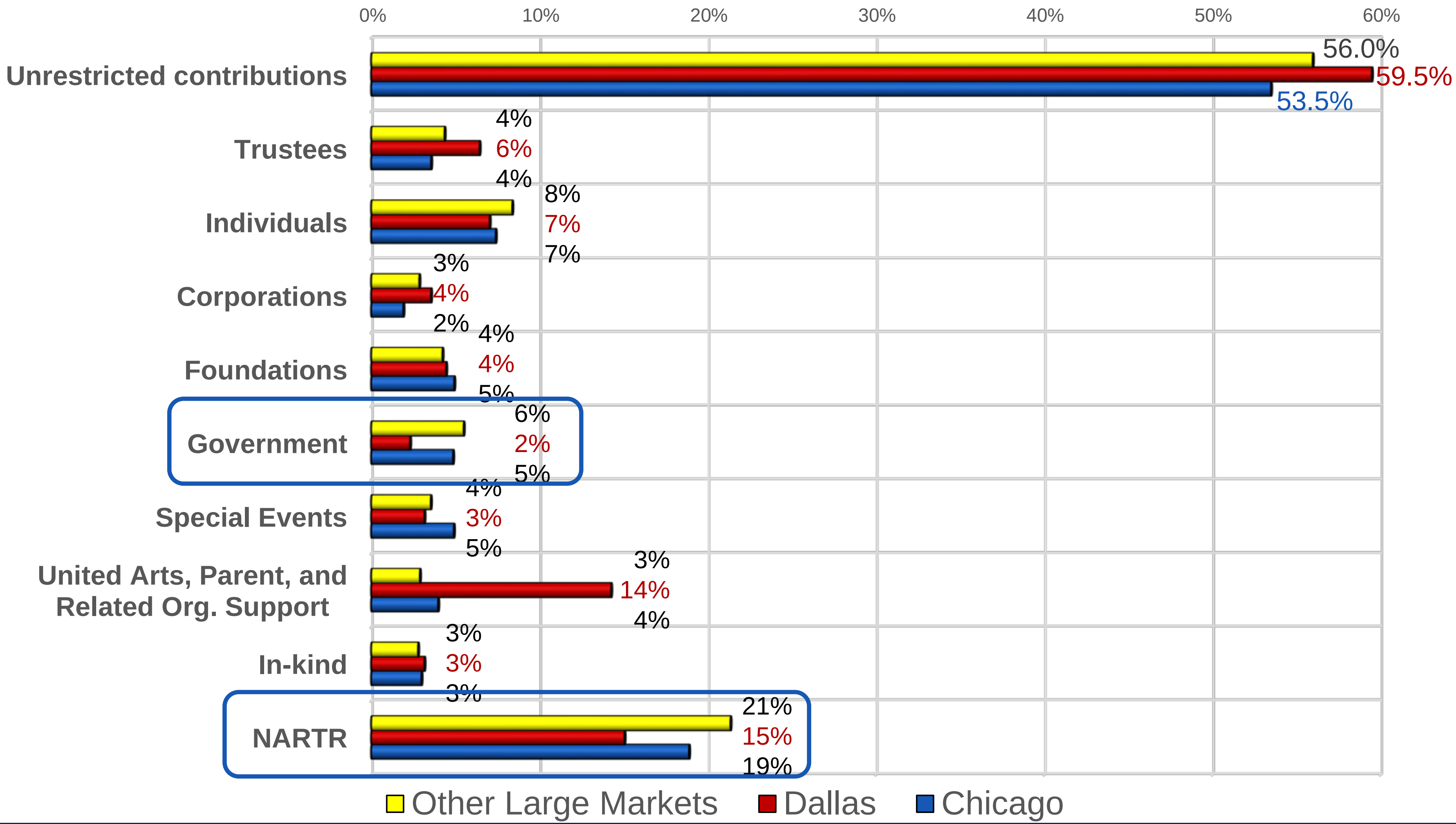
The opposite is true of membership/subscription revenue.

To what extent does unrestricted support from each of these sources cover expenses?



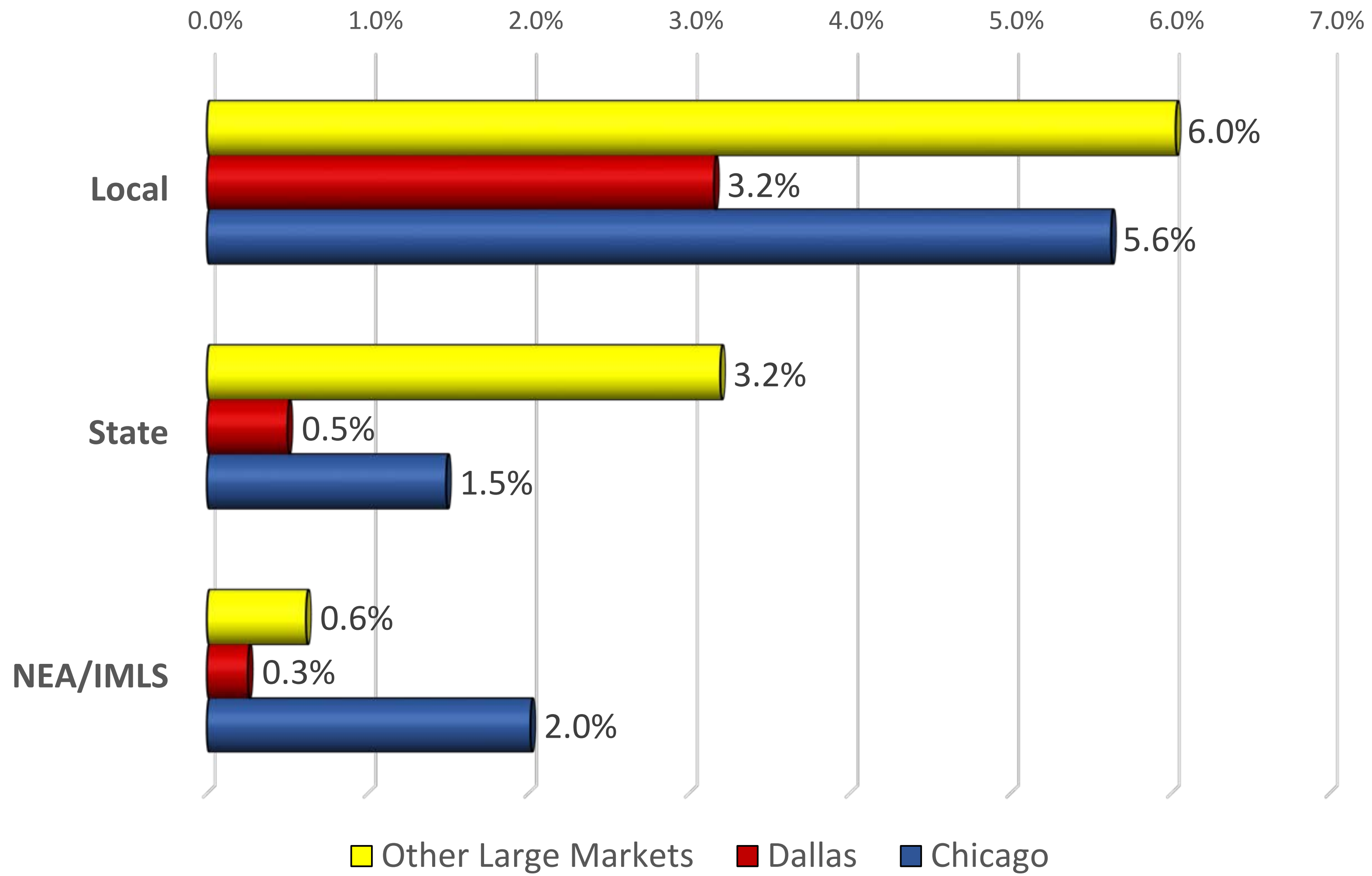
Dallas organizations tend to cover more of their expenses with trustee giving, united fund and related organization support than Other Large Markets or Chicago, ...

To what extent does unrestricted support from each of these sources cover expenses?



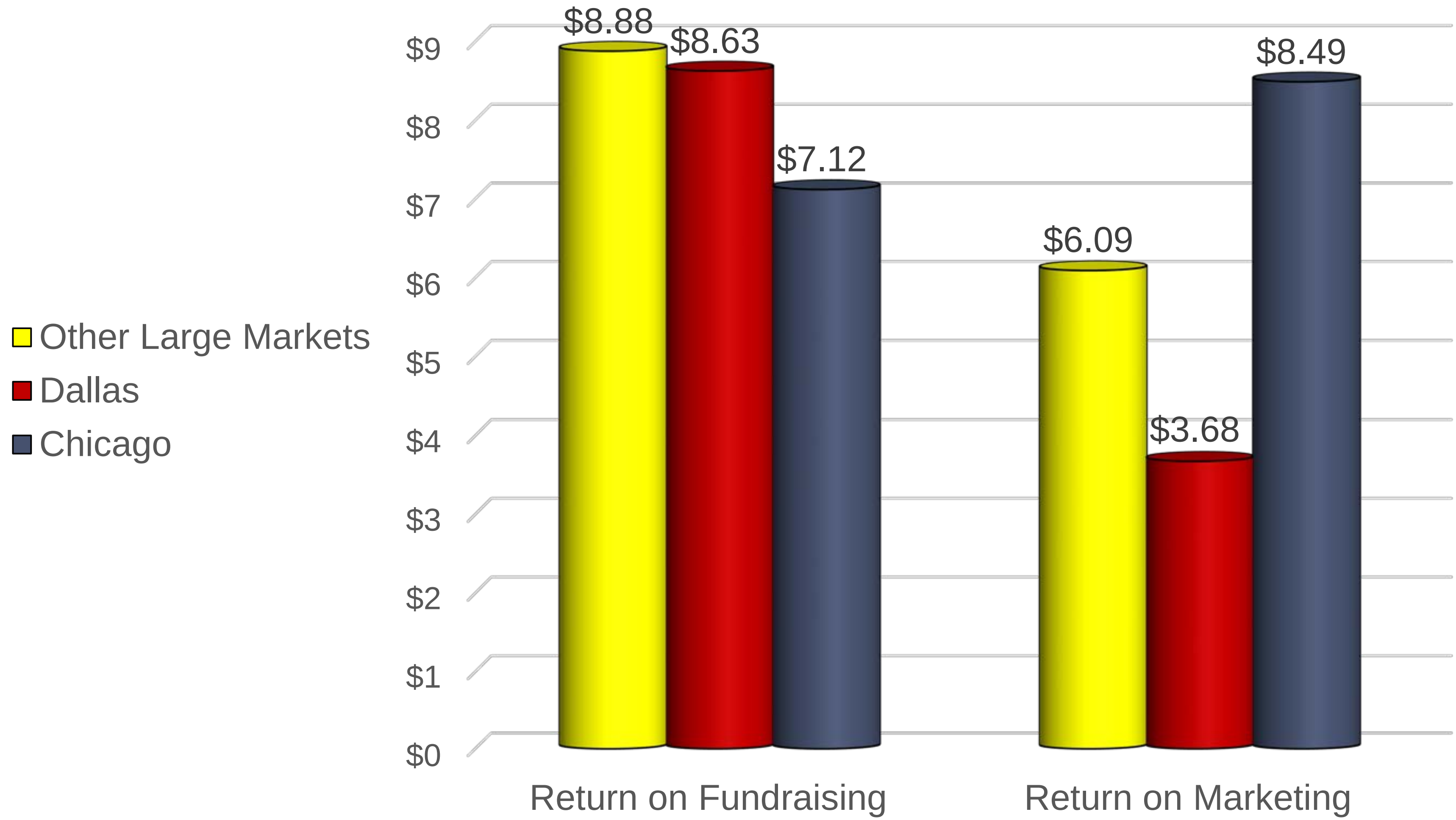
…whereas Other Large Markets and Chicago cover more government support and NARTR than Dallas. There was 1% or less difference in individual, corporate, foundation, special event, and in-kind support.

What percentage of Unrestricted Contributed Revenue comes from each Government source?



Dallas arts organizations have comparatively less support from all levels of government, particularly local and state.

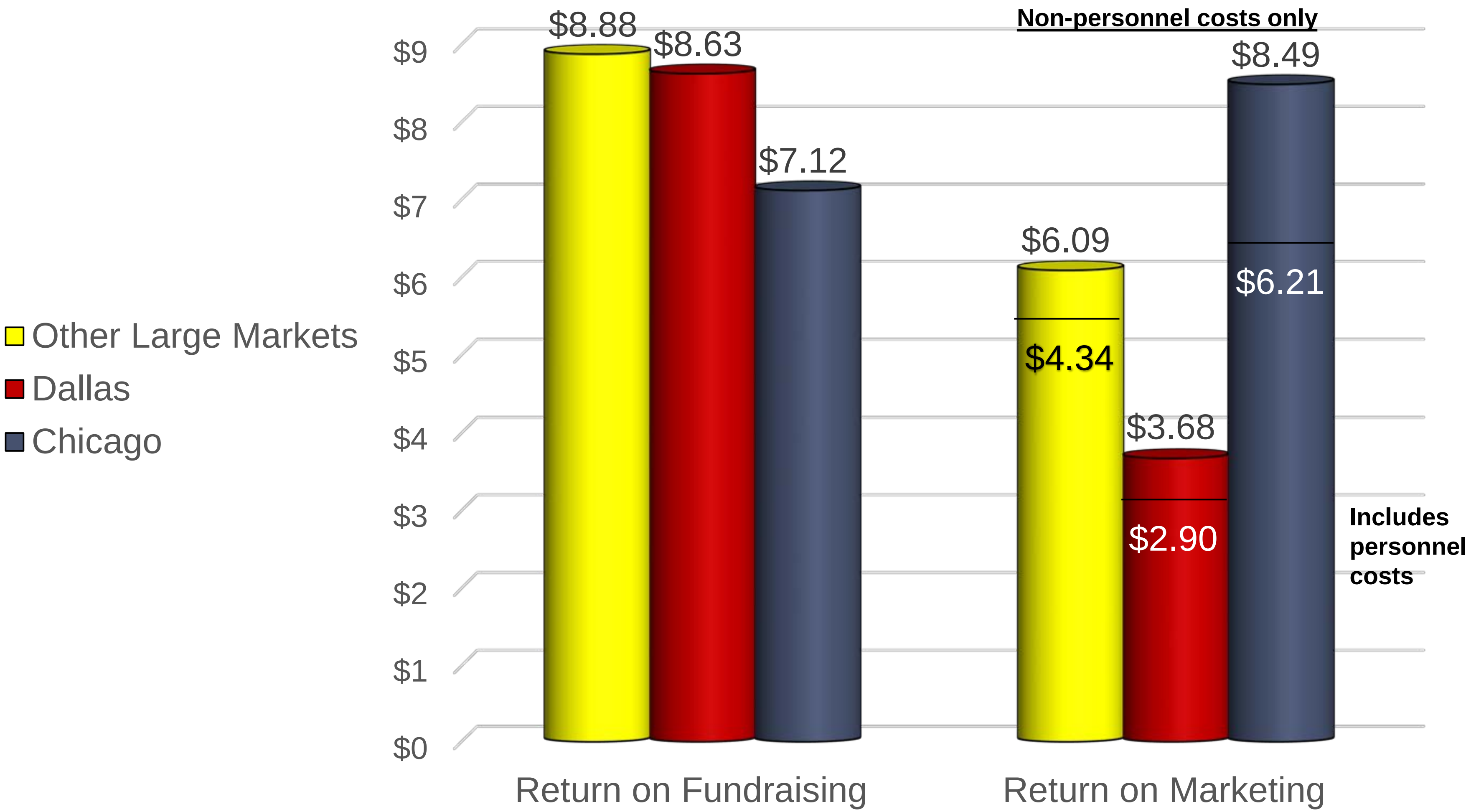
What is the Fundraising Return on Investment and Marketing Return on Investment*?



*Return on marketing includes all revenue earned due to people participating in program activity.

Return on Fundraising is very similar for organizations in Dallas and Other Large Markets and higher in these markets than in Chicago.

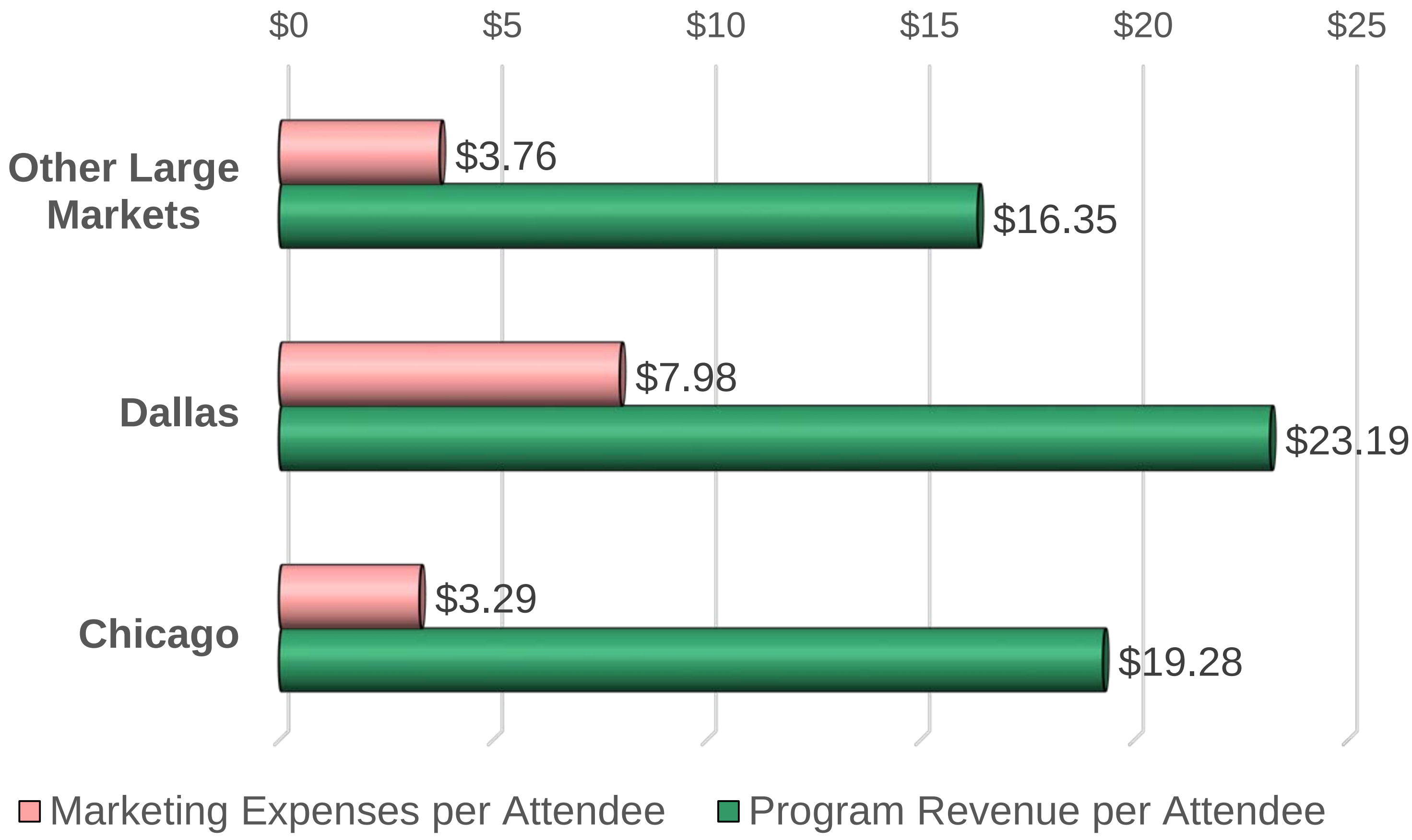
What is the Fundraising Return on Investment and Marketing Return on Investment*?



*Return on marketing includes all revenue earned due to people participating in program activity.

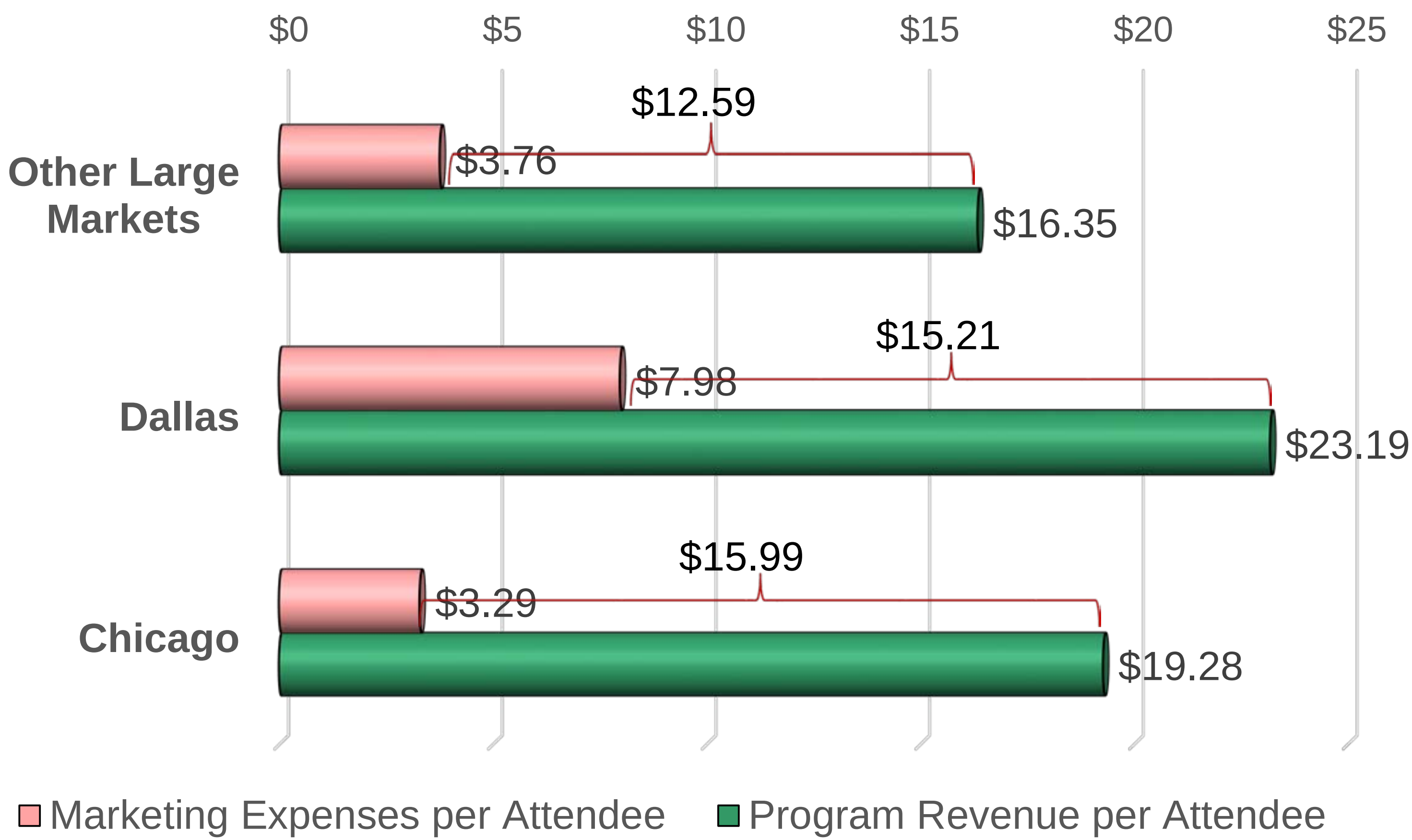
However, Dallas arts organizations earn less program revenue for every dollar spent on marketing than those in Other Large Markets or Chicago, and they spend proportionally less on marketing personnel.

How much Marketing Investment does it take to bring in one person, and how much Program Revenue is earned per attendee?



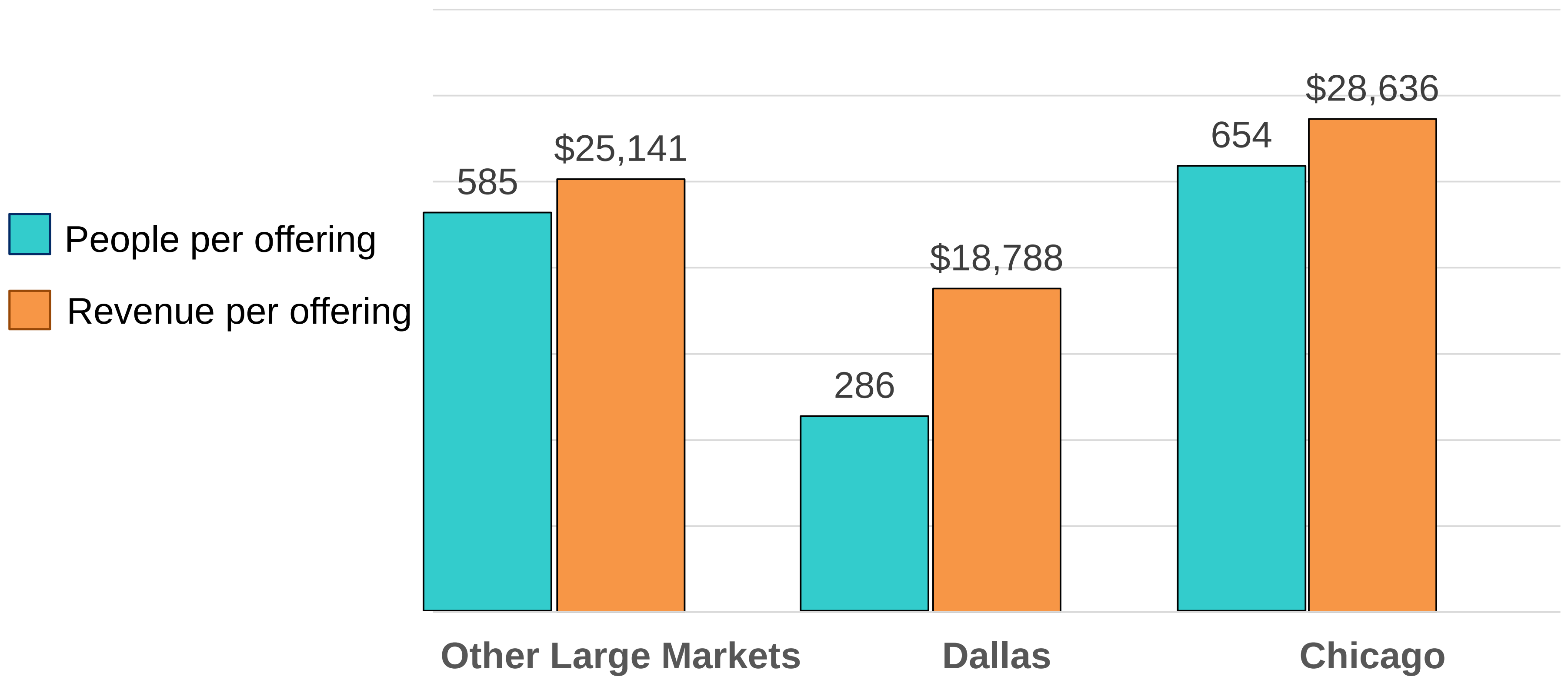
Dallas organizations spend twice as much to bring in each attendee than organizations in Other Large Markets or Chicago but they then earn more per attendee once someone attends.

How much **Marketing Investment** does it take **to bring in one person**, and how much **Program Revenue** is **earned per attendee**?



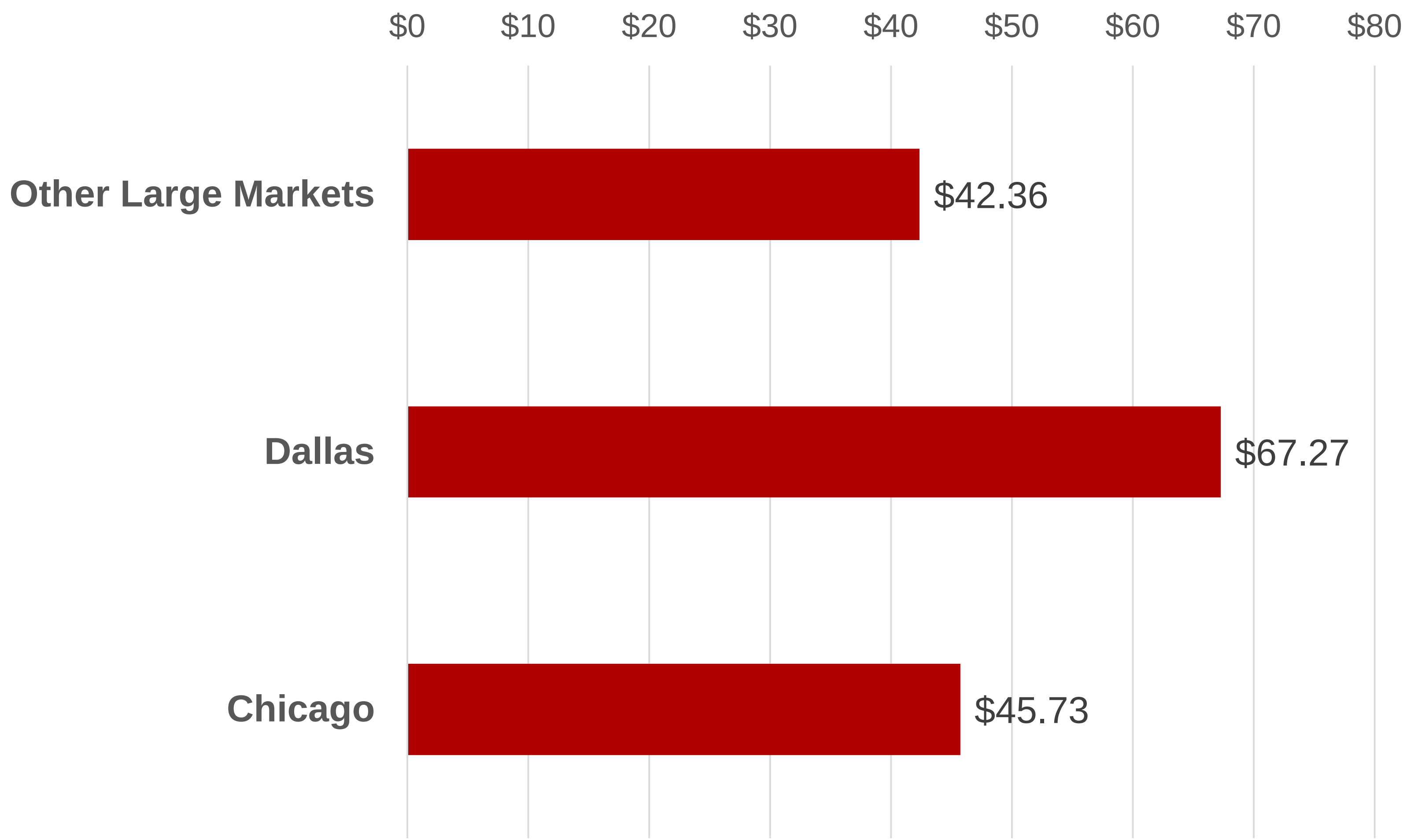
The result is that Chicago organizations earn more net program revenue per attendee than those in Dallas, which earn more than organizations in Other Large Markets.

How many **people are engaged per offering** and what is the amount of total unrestricted operating **revenue generated per program offering**?



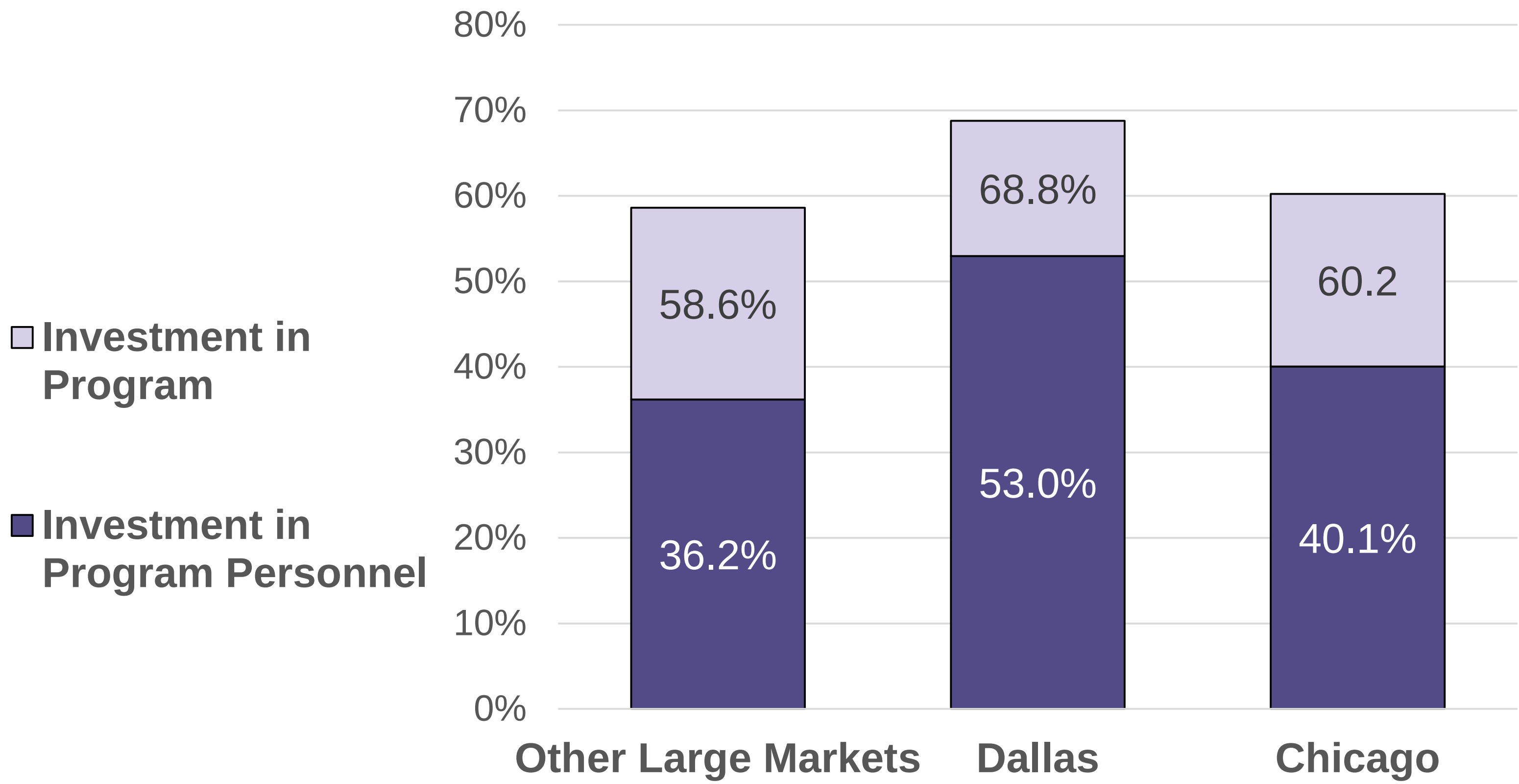
Organizations in Other Large Markets and Chicago engage twice as many people per programmatic offering than do organizations in Dallas. They also generate higher revenue per offering.

How much is the total cost of serving each person (not including virtual attendance)?



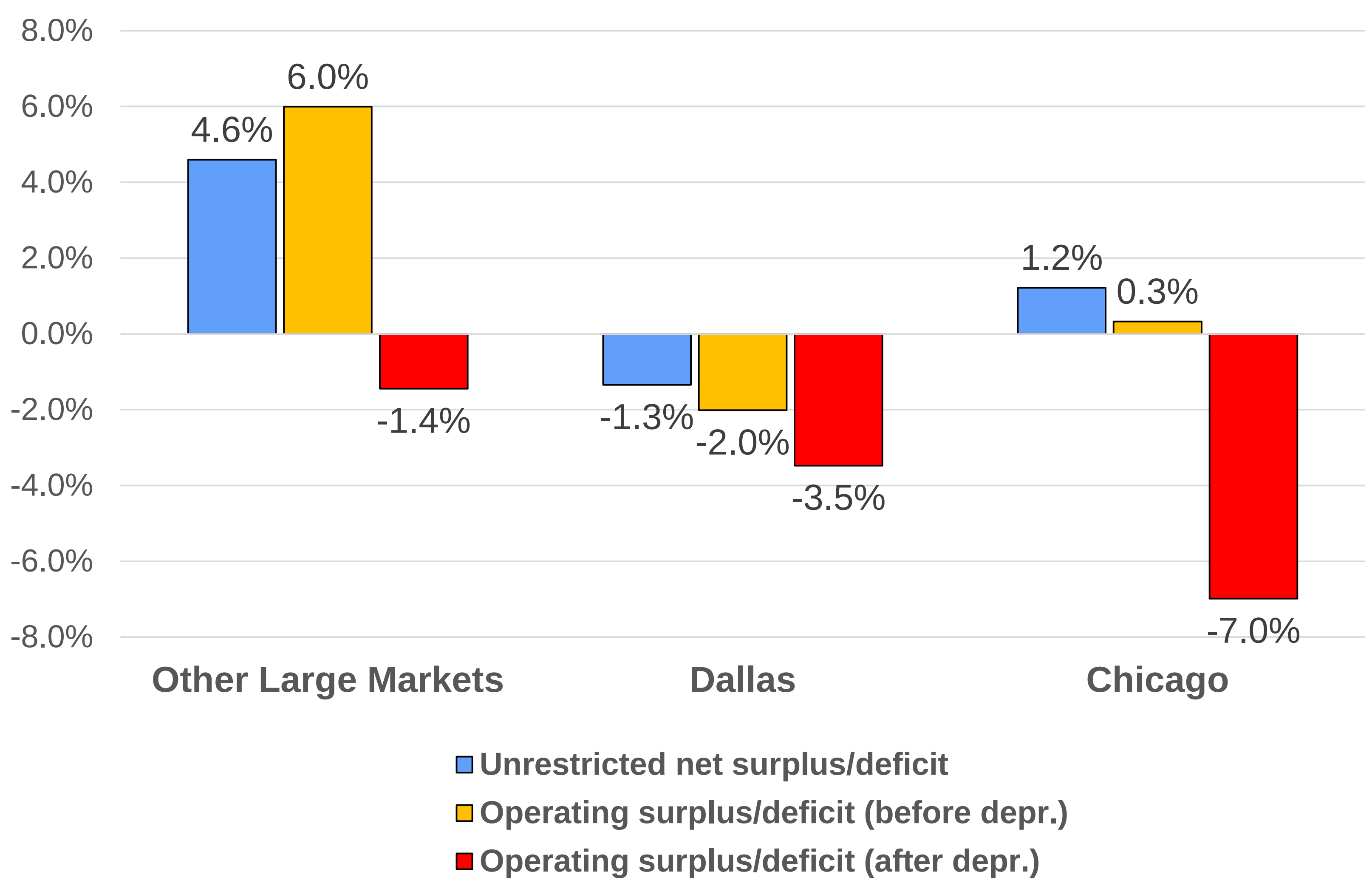
Dallas organizations spend 1/3rd more in total on programming, fundraising, and general administrative expenses for every attendee than organizations in Other Large Markets and Chicago.

How much revenue is directly invested in programs, considering <u>all direct costs related to programs</u> and then only the <u>costs of paying artists and program personnel</u>?



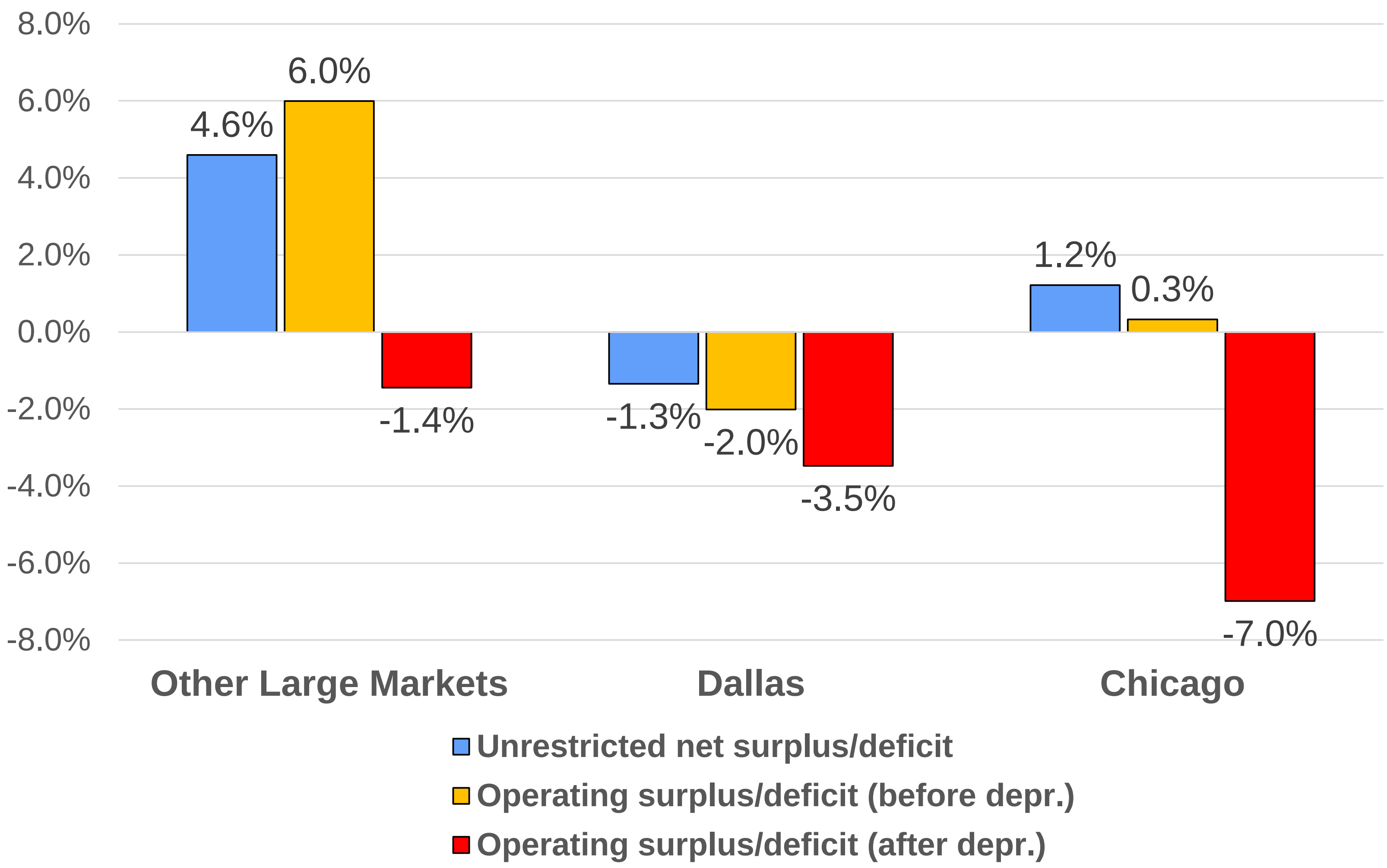
Dallas organizations spend more resources on program than those in Other Large Markets and Chicago. They invest much more in artists and program personnel.

What is the Bottom Line relative to Expenses?



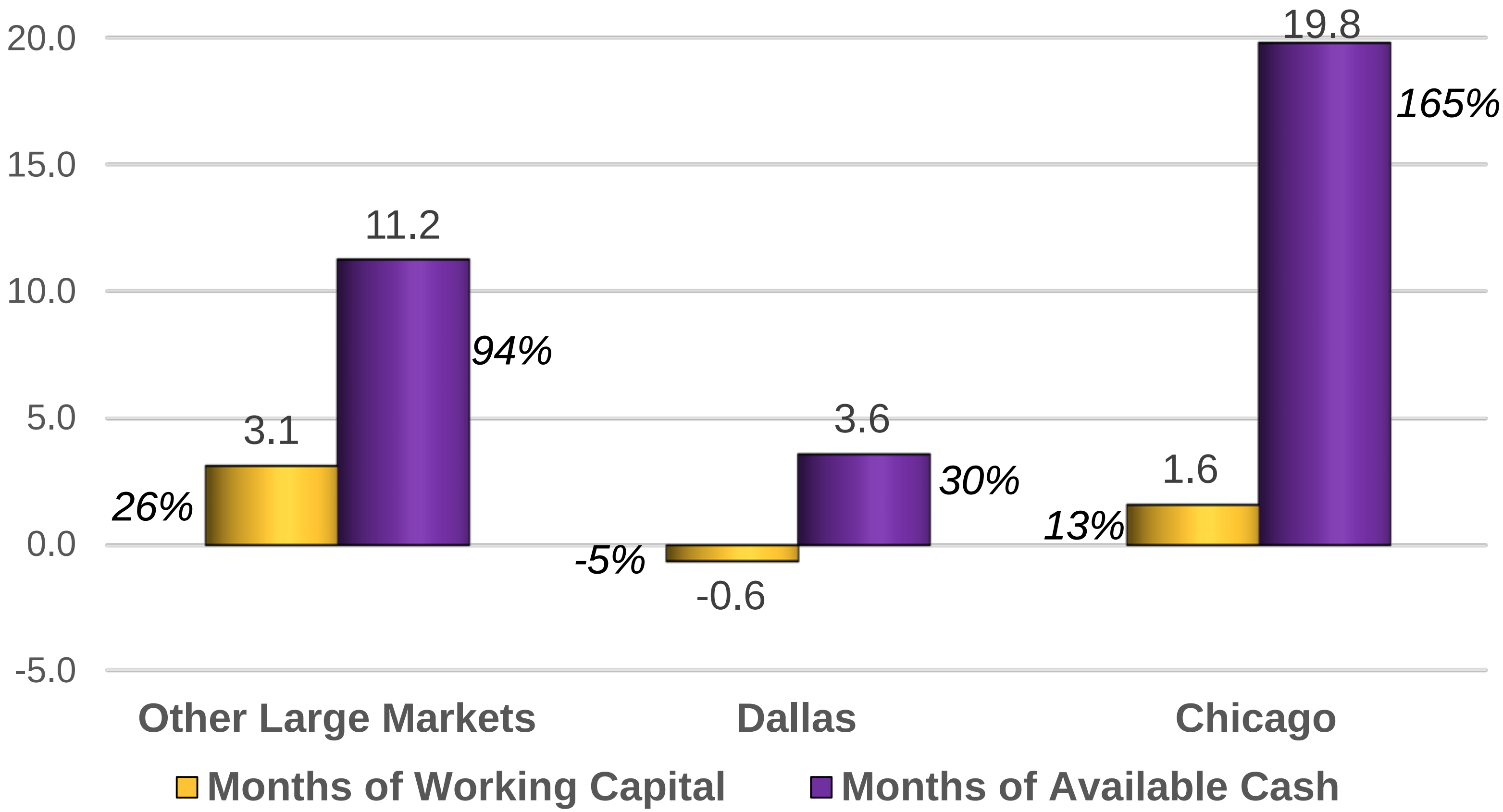
Dallas organizations average a negative bottom line regardless of how it is calculated. The effect of depreciation expenses heavily impacts organizations in Other Large Markets and Chicago.

What is the Bottom Line relative to Expenses?



However, Small and Medium organizations in Dallas average a positive bottom line across all measures. Across all markets: 1) Small organizations ran a positive average bottom line, and 2) the larger the organization, the more likely it is to run a deficit.

How many <u>months of working capital</u> does the organization have? What is the relationship between its <u>access to readily available cash</u> and its annual budget?



Dallas organizations have fewer months of working capital and access to available cash than organizations in Other Large Markets and Chicago.

SUMMARY OF KEY TAKE-AWAYS

Dallas arts organizations in the CDP:

- Benefit from higher trustee giving and related organization (i.e. TACA) funding.
- Have lower public funding at every level and lower NARTR, so less funding given in a prior year for future activity. Generate higher return on fundraising than Chicago but lower return on marketing than either Chicago or Other Large Markets.
- Spend twice as much to bring in each attendee than organizations in Chicago or Other Large Markets and earn more per person once someone attends. Chicago organizations net more program revenue per person than other markets.
- Attract fewer people per offering and revenue per offering, and serve fewer people relative their budget size.
- Invest more of their budgets in program and program personnel.
- Struggle to break even, keep up with cash flow needs and maintain access to cash, especially large organizations.

FOOD FOR THOUGHT

- It is great to have TACA in Dallas. What could we imagine for the arts in the city if we had TACA funding AND strong public arts funding?
- The marketing nut is critical to crack.
- What are the opportunities for programming that is compelling to Hispanics/Latinos, African-Americans and Asian-Americans in our community? They are the majority.

These areas presents big opportunities for growth.

Thank you!

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