National Trends for Arts and Cultural Organizations

April 26, 2024

In an examination of data from arts and cultural organizations across the country who completed a Cultural Data Profile (CDP), we uncover key trends shaping the sector. Our initial analysis focuses on FY 2023, drawing from data provided by over 233 organizations of varying budget sizes, geographic locations, and artistic disciplines. Of these, 12% (29 organizations) self-identify as having a mission rooted in a Black, Indigenous, or People of Color (BIPOC) community or tradition, 88% do not.

Over three consecutive weeks, we'll dissect funding sources and attendance, staffing patterns, and working capital, offering insights into their implications for organizations. We will examine key differences by organization size, and while our current sample of organizations who identify as BIPOC is too small to draw generalizable conclusions, we will share findings about this group and acknowledge the limitation. As more organizations finalize their end of year financial documents and input their data in the CDP in the coming months, we'll update our analysis to track the persistence of these trends.

As Relief Funding Dwindles, Arts and Culture Seek New Revenue Sources

8-minute read

Through COVID-19 shutdowns, reopening, and ongoing adjustments to new audience behaviors, relief funding has been a bulwark for the cultural sector. Much of this funding – especially from federal sources – has already been awarded, with a few key re-granting programs winding down through 2026. In public forums and internal discussions, many are wondering what the revenue landscape for arts and culture will look like after that point. Is there a revenue engine emerging that might fill this gap?

To answer this question and others we analyzed data from FY 2019 to 2023 collected from 233 organizations through the Cultural Data Profile.

Spudnik Press Cooperative, Chicago, IL. Photo by Angee Lennard

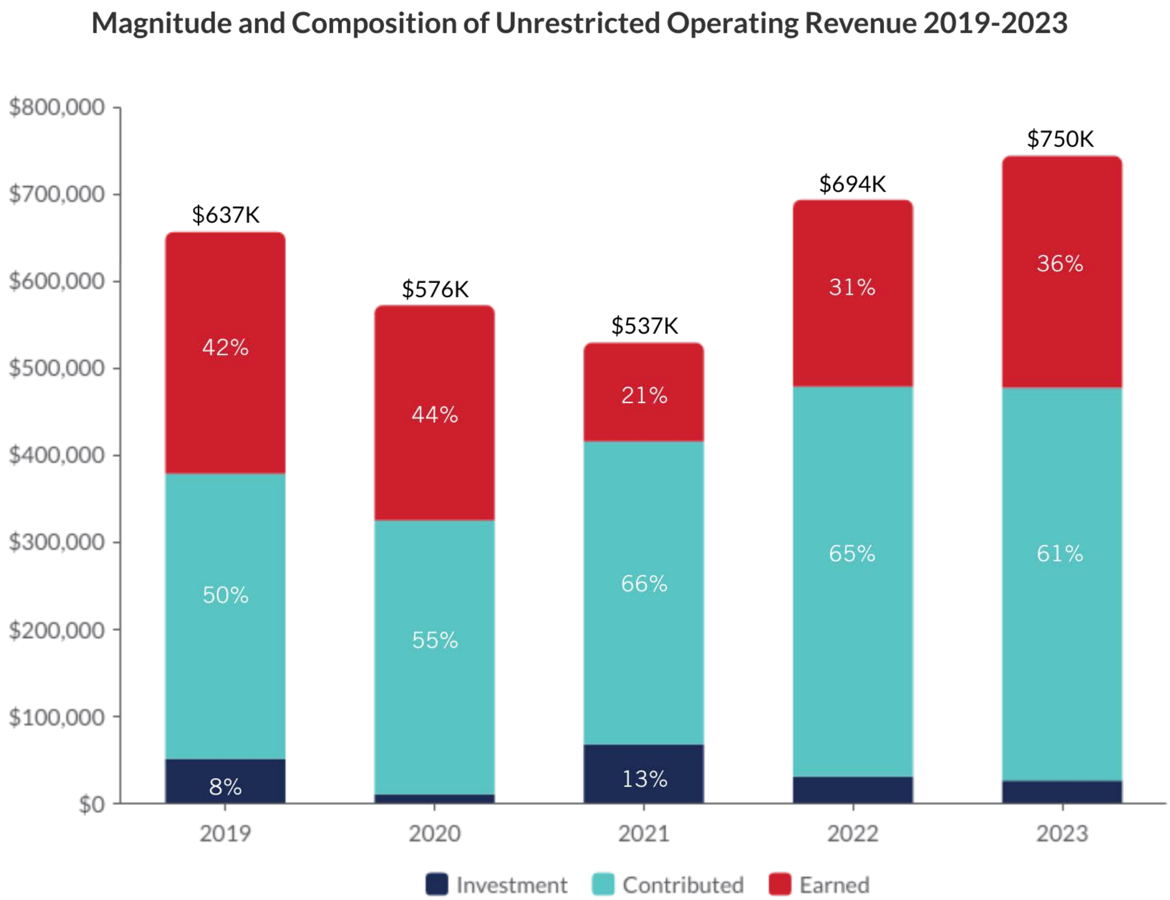
Key Findings

- Greater reliance on contributed revenue remains a trend, with contributed revenue accounting for 61% of total operating revenue in FY 2023.
- Unrestricted Contributions rose by 16% in inflation-adjusted dollars over the five-year period. This rise was driven primarily by government funding, a trend especially pronounced for large organizations.
    - On average, the 29 BIPOC organizations in this study more than doubled their contributed revenue (113% growth) even after accounting for inflation, whereas growth was 11% for non-BIPOC orgs.
- Among major private support stakeholder groups, only foundations increased their support above inflation. This rise was mainly driven by medium budget organizations.
- Earned revenue is recovering, but has not fully rebounded in absolute terms or in terms of the percentage of organizational expenses it covers.
- Education revenue remains 33% lower than pre-pandemic levels in terms of inflation-adjusted dollars.
- Single ticket/admissions revenue remains 35% lower than pre-pandemic levels in terms of inflation-adjusted dollars, with both attendance and the lowest ticket prices paid still lower than before the pandemic.

Inflation is an important backdrop to these trends, as the power of each dollar raised has decreased over the last few years. While some funding sources appear to remain steady without accounting for inflation, factoring in rising prices reveals a decline in terms of the buying power provided to organizations. Experiences have also varied by organization budget size, and by whether the organization is BIPOC or not. We explore all of these dynamics within this analysis.

Changing Revenue Composition

Total operating revenue in FY 2023 neared its return to pre-pandemic levels, though its composition shifted. Organizations became – and remain – more dependent on contributed revenue for their survival.



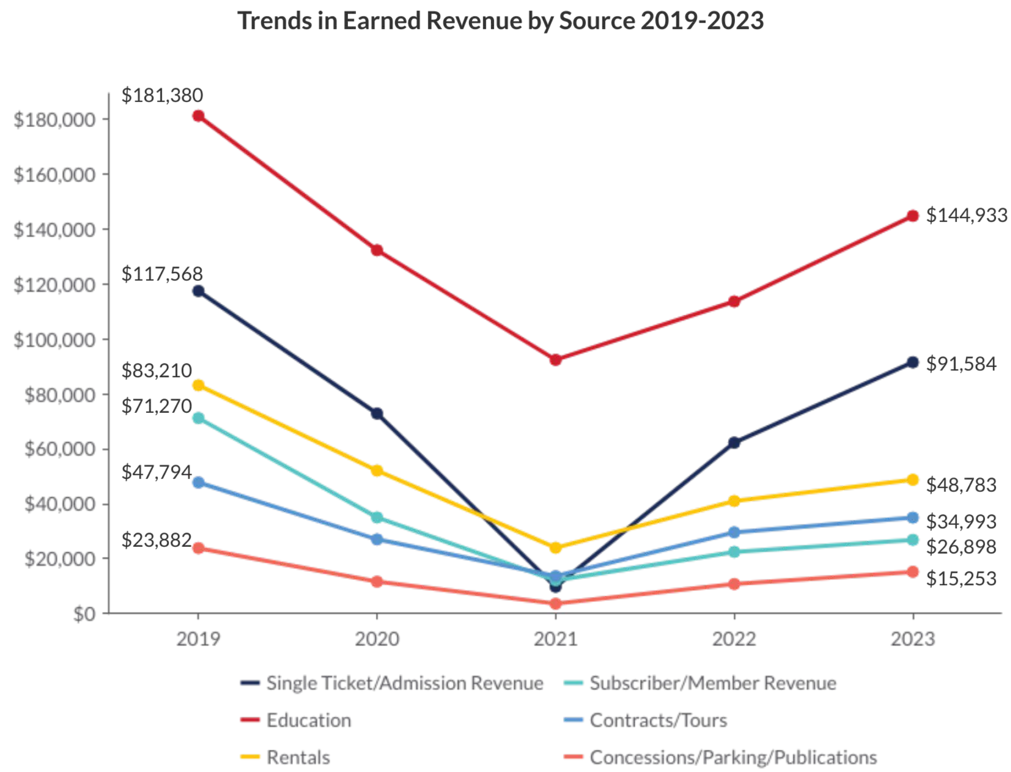
Earned revenue experienced an impressive recovery since FY 2021, but has not fully returned to its pre-pandemic levels, either as a percentage of overall revenue or in nominal terms.

Investment revenue rose to 13% of total operating revenue in 2021, possibly due to many organizations' decision to increase their endowment draws to offset earned revenue losses at a time when the S&P 500 generated impressive returns. The presence of investment revenue was widespread across organizations in the cohort, including the majority of large organizations and 40% of small organizations. Only one in four BIPOC organizations reported investment revenue at least once during the five years.

Inflation represents an important aspect of this overall picture. Operating revenue was 14% higher in 2023 than in 2019 in nominal terms, but 4% lower once inflation is taken into account.

Shifts in Earned Revenue Sources

Organizations experienced significant shakeups in earned revenue through this five-year period. Signs of recovery are starting to appear, but no earned revenue sources have recovered to pre-pandemic levels.



Before the pandemic, education revenues served as the primary source of earned income for organizations, on average. However, this source sharply declined during the 2020 shutdowns – only beginning to recover in 2022. These revenues – which include tuitions from workshops, courses, classes, and lectures – were still 33% lower than they were pre-pandemic in inflation-adjusted dollars. While education revenues have not fully recovered by any means, they have improved more than any other earned revenue category in our analysis. This recovery trend is particularly strong for medium sized organizations, whose education revenues have increased 21% over pre-pandemic levels in inflation-adjusted dollars.

Ticket and Admissions sales, the second largest source of earned revenue for the average organization before the pandemic, have bounced back since 2021 but are still 35% lower than pre-pandemic levels in inflation-adjusted dollars. Subscription and Membership revenue had been on a long downward trend heading into the pandemic. It has made an even slower recovery, showing indications of a permanent reduction. These two trends hold constant across organization size.

A closer look at ticket prices and attendance, as detailed in the table below, reveals further insights into the driving factors behind this slow recovery and how they vary across budget size. For small and medium organizations, single ticket revenue has declined to a greater extent than attendance, and in some cases, ticket prices have been lowered. This indicates that more volume is being sold towards the lower end of single ticket prices than the high end. The reverse is true for large organizations, with a drop in attendance of 43% over the 5-year period – double the rate of their smaller peers – 37% lower ticket revenue, and a raise of their highest ticket price by 50% more than inflation. At larger organizations, fewer people are paying higher prices. This is a reminder that inflation affects not just the spending power of the organizations but also the price sensitivity of many ticket buyers.

Ticket Prices and In-person Attendance

Small Organizations	2019	2023	% Change
Single ticket high price	$35.58	$54.87	30%
Single ticket low price	$10.58	$8.20	-35%
In-person attendance	4,928	3,822	-22%
# Subscribers/Members	139	146	5%

Medium Organizations	2019	2023	% Change
Single ticket high price	$41.80	$41.59	-16%
Single ticket low price	$8.15	$5.30	-45%
In-person attendance	27,502	22,963	-17%
# Subscribers/Members	302	215	-29%

Large Organizations	2019	2023	% Change
Single ticket high price	$56.35	$100.26	50%
Single ticket low price	$10.73	$9.00	-29%
In-person attendance	57,367	32,885	-43%
# Subscribers/Members	1,747	838	-52%

Previous research conducted on Chicago-area organizations showed that declines in attendance are most pronounced in theatres and other performing arts organizations, while museums and education organizations have fared slightly better. A number of studies confirm that the earlier organizations were able to resume in-person activity, the sooner their attendees and associated revenue returned.

Earned Revenue Mix Varies by Organization Size

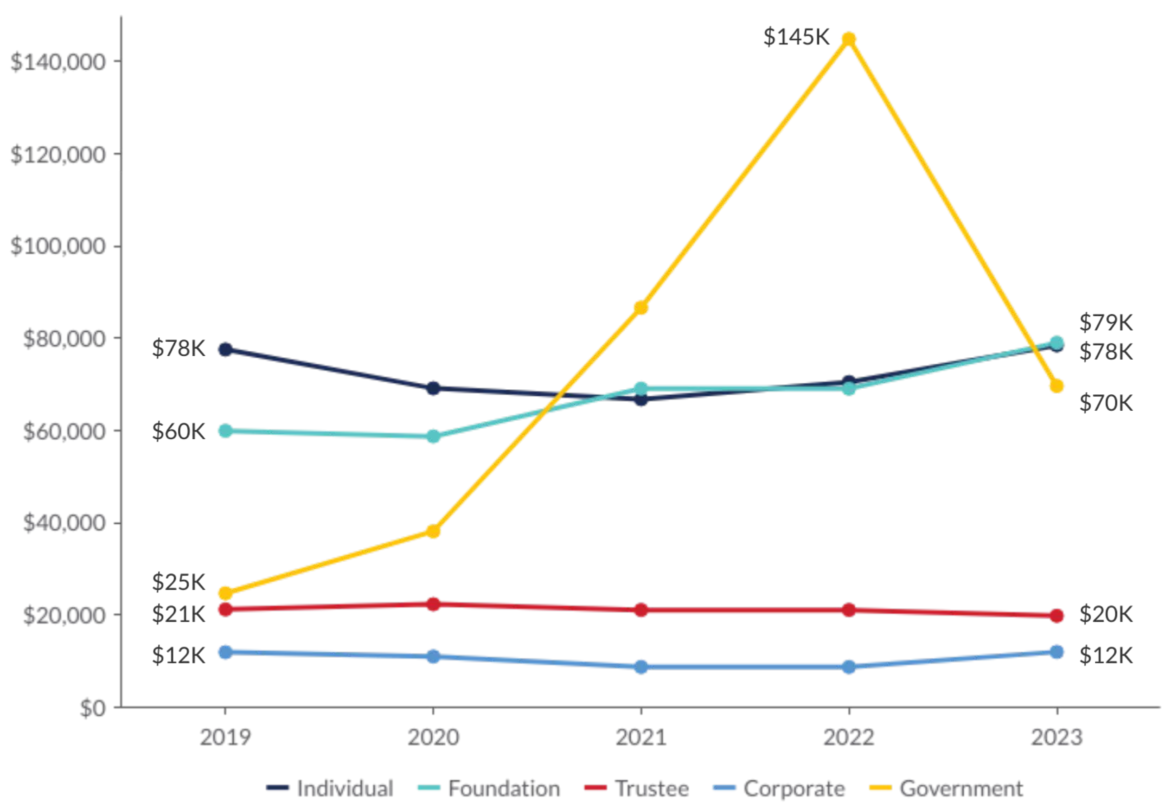
The earned revenue mix of organizations in 2023 varies by budget size.

The importance of education revenue is most pronounced for medium organizations, though it represented the largest portion of earned revenue across all budget sizes in 2023. Tickets and admissions play a more important role for large organizations than they do for their smaller peers, and contracts and tours play an increasingly important role as budget size decreases.

Contributed Revenue Saved Organizations, Largely Due to Government Funding

As we saw at the beginning of this article, contributed revenue has made up a consistently larger portion of organizations funding since 2021. Total contributed revenue growth exceeded inflation by 16% from 2019 to 2023, a growth of 38% in non-inflation adjusted dollars. The biggest source of that growth was government funding, with an additional increase in foundation support.

Unrestricted Contributed Revenue by Source 2019-2023



An unprecedented level of federal relief funding fulfilled its intended purpose of keeping many organizations afloat during the pandemic and saving jobs in the arts. Government revenue supported an increasingly larger portion of the average organization's expenses over the past four years, rising from 4% in 2019 up to 21% in 2022 then down to 9% in 2023.

The wind down of these relief programs is already evident in the data, and will continue as the last trickle of federal relief funding makes its way through local government re-granting programs, where funds are required to be disbursed by 2026.

This varies considerably with organization size. Government funding already supported 20% of the average small organizations' budget pre-pandemic. These organizations saw only a minor boost directly from federal relief funds, but they saw higher average funding in 2023 from local and state agencies as federal funding made its way to local agencies to be redistributed to organizations. The story was similar for medium budget organizations, although their boost in direct federal relief support was a bit bigger during the pandemic. Large organizations were the biggest beneficiaries of government support from programs such as the Small Business Administration's Payroll Protection Program and Shuttered Venue Operating Grants. Government supported 2% of their expenses in 2019, 21% in 2022, and 8% in 2023. They saw high triple digit increases in state and federal support – even in 2023 – and their local support growth outpaced inflation by 61%.

In terms of private sources, foundations increased their support while levels of support from all other sources remained steady over the period. However, taking inflation into account reveals that individual, trustee, and corporate support all declined over the five-year period in terms of real buying power provided to organizations. Donors may renew at the same dollar amount year after year without thinking much about the fact that those dollars don't go as far during periods of higher inflation.

Private Funding Sources Adjusted for Inflation

Source	2019	2023	% Change	Inf. Adj. % Change
Trustees	$21,182	$19,809	-6%	-21%
Other Individuals	$77,551	$78,448	1%	-15%
Foundations	$59,928	$79,012	32%	11%
Corporations	$11,911	$11,977	1%	-15%

Growth in foundation giving was not the experience for organizations of every size. It was the domain of medium budget organizations, whose support from foundations surpassed inflation by 18%. Small and large organizations' foundation support was higher over time in nominal terms, but growth fell short of inflation in both cases.

While the number of BIPOC organizations in this study is too few to draw generalizable conclusions, foundation support nearly quadrupled for the 29 BIPOC organizations whose data was analyzed.

Arts Organizations Grow Staff Despite Challenging Conditions

3-minute read

Attracting, retaining, and cultivating a strong workforce is a key priority for every arts and cultural organization. But how did the arts and cultural workforce fare through the ups and downs of the labor market over the last few years? And how are organizations approaching their investments in the people – especially the artists – who are essential to fulfilling their missions?

To answer these questions, we analyzed data from FY 2019 through 2023 collected from 233 organizations through the Cultural Data Profile.

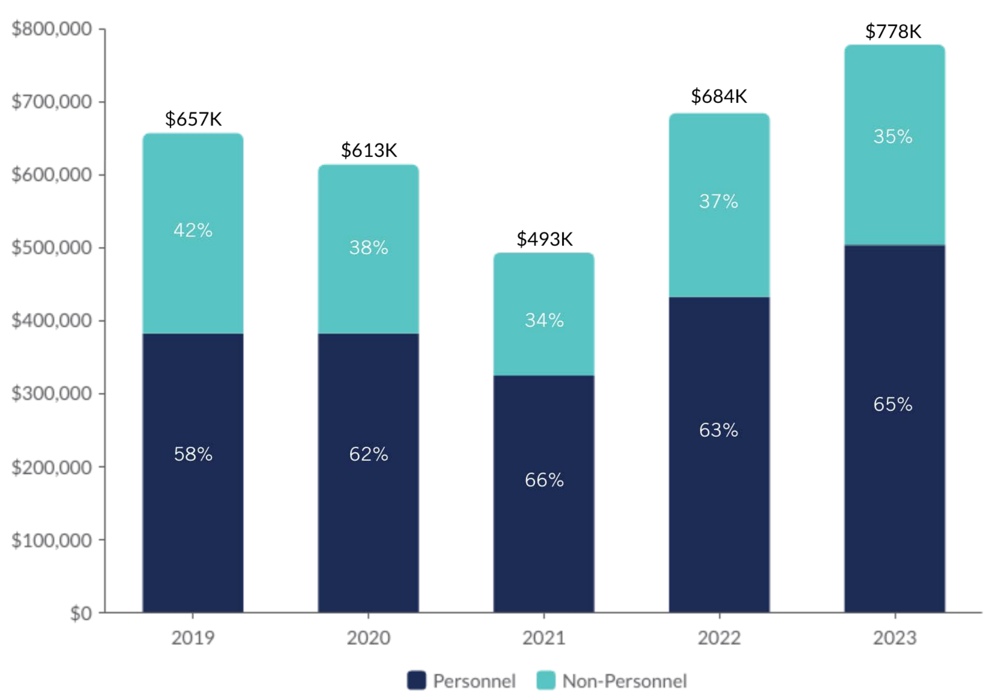
Key Findings

- Personnel expenses were consistently the largest portion of organizational expenses and played an even larger role post-pandemic – making up 65% of total expenses in 2023.
- On average, organizations retained their full-time staff through pandemic shutdowns.
- Average staff size has grown over the last two years (2022 to 2023) through the addition of permanent part-time positions.
- Payroll has also increased over the period analyzed, outpacing inflation by 11%.
- Organizations are showing a growing commitment to artists – 19% more artists in total were hired in 2023 than 2019, and increases in total artist compensation outpaced inflation.

Personnel Expenses were Consistently the Largest Driver of Organizations Expenses

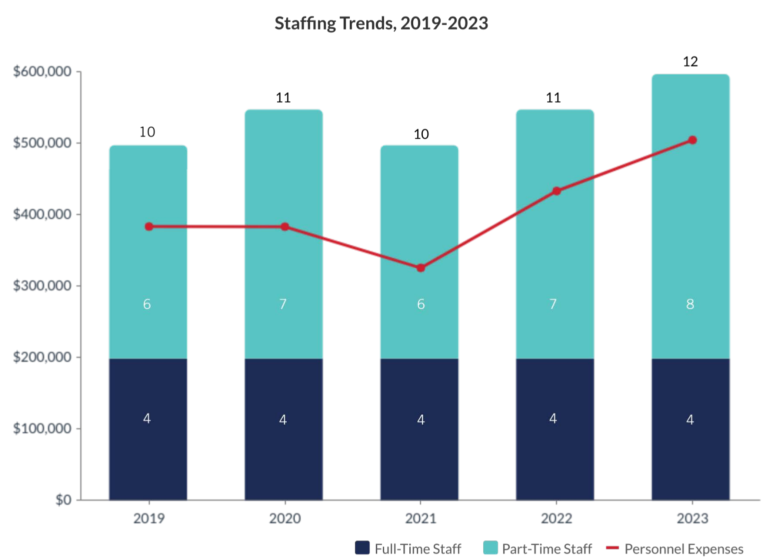
Even as expense levels fluctuated throughout the pandemic, personnel expenses represented the largest expenditure throughout that period. In fact, personnel expenses made up an increasingly larger portion of the whole, especially during the most severe contraction of expenses in 2021. As organizations returned to pre-pandemic spending levels, personnel expenses made up a 7% larger portion of overall expenditures in 2023 than in 2019. These trends were fairly consistent across all budget sizes.

Personnel and Non-Personnel Expenses, 2019-2023



Organizations Maintained Full-Time Employees Through the Pandemic

Organizations retained permanent, full-time staffing levels while slowly adding part-time permanent staff over the past two years. This trend was fairly stable regardless of organization budget size. The arts and cultural sector as a whole benefited from 40.1 billion dollars in forgivable loans via the Paycheck Protection Program (PPP), and the resulting impact on workforce retention is clear.



The stability in full-time employment at arts and culture organizations stands in contrast with drastic increases in unemployment rates within the broader arts, culture, and recreation sector at the beginning of the pandemic. Unemployment within the broader arts sector skyrocketed to twice the national average in early 2020, and remained two to three times higher than the national rate into 2021. Since then, arts unemployment has hovered near the national rate, with some swings month to month which may be due to noise within the dataset as opposed to larger trends. The increased unemployment rates within the larger arts sector at the beginning of the pandemic may reflect the realities of contracted employees and seasonal staff as opposed to permanent staff members, as well as difference between the nonprofit sector represented in this analysis and the broader arts and culture sector represented in the unemployment data.

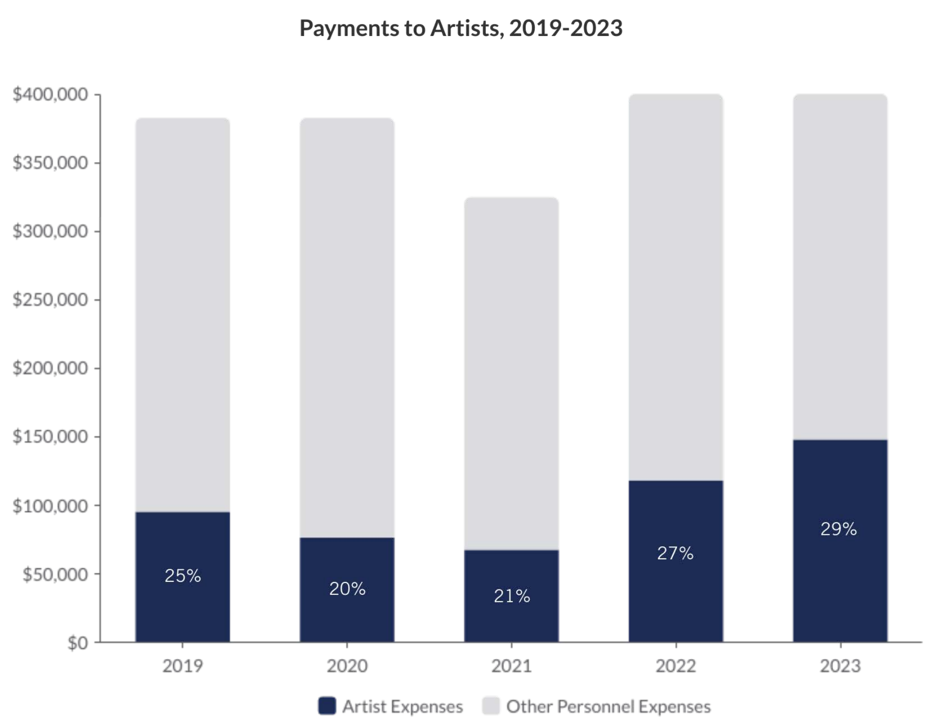
Re-Investing in People

Corresponding to the 20% rise in staff levels, total payroll was 32% higher in nominal terms, and 11% higher with inflation taken into account. In each of the last two years, growth in compensation has exceeded inflation. All of this reflects a significant investment in people over the last few years, which likely includes efforts to retain employees during a strong job market, as well as a modest expansion in staff sizes.

These trends are confirmed by data from the Bureau of Labor and Statistics (BLS) which show increases in aggregate payrolls in the performing arts and museum sectors over the last two years. While our analysis here does not analyze specific sectors, the BLS data points to variations between performing arts organizations, which show a slower and more uneven increase, and the museum sector, which displays more consistent growth over the same period.

Renewed Commitment to Artists

In 2020 and 2021, compensation to artists declined alongside overall personnel expenses and made up a smaller portion of total personnel expenses than they did pre-pandemic. This changed in 2022 when compensation for artists rebounded above pre-pandemic levels in terms of the amount of compensation and the percentage of total personnel expenses directed to artists.



The number of artists hired also increased in 2022 and 2023. Looking at the five-year period as a whole, the average organization hired 19% more artists in 2023 than in 2019, and growth in compensation paid to artists outpaced inflation by 31%.

Are Capital Reserves Amassed During the Pandemic Beginning to Erode?

4-minute read

Working capital is a measure of an organization's liquidity, and represents the ability to weather uncertainty, unexpected losses, and adapt to changing circumstances. A primary way to grow working capital is through consistent operating surpluses.

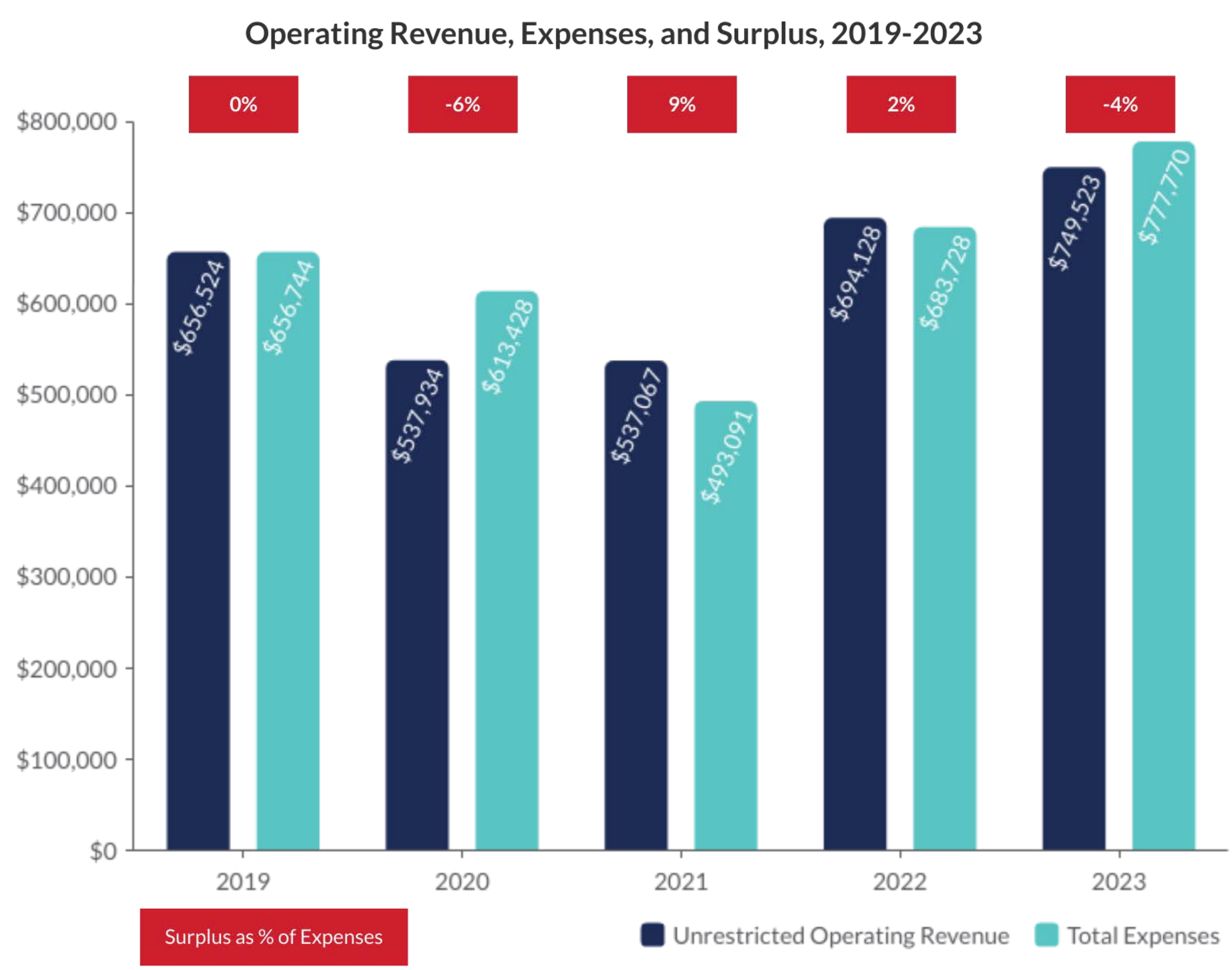
To explore how organizations' bottom line and working capital have fared over the last few years, we analyzed data from FY 2019 to 2023 collected from 233 organizations through the Cultural Data Profile.

Key Findings

- Organizations did a remarkable job operating within their means during the crisis.
- Operating surpluses were positive for 2021 and 2022, but this trend has reversed in 2023.
- Most organizations had less than 6 months of working capital going into the pandemic.
- Working capital rose during the pandemic due to relief funding and reduced expenses due to shutdowns.

Organizations were Adept at Managing Expenses During Pandemic Closures

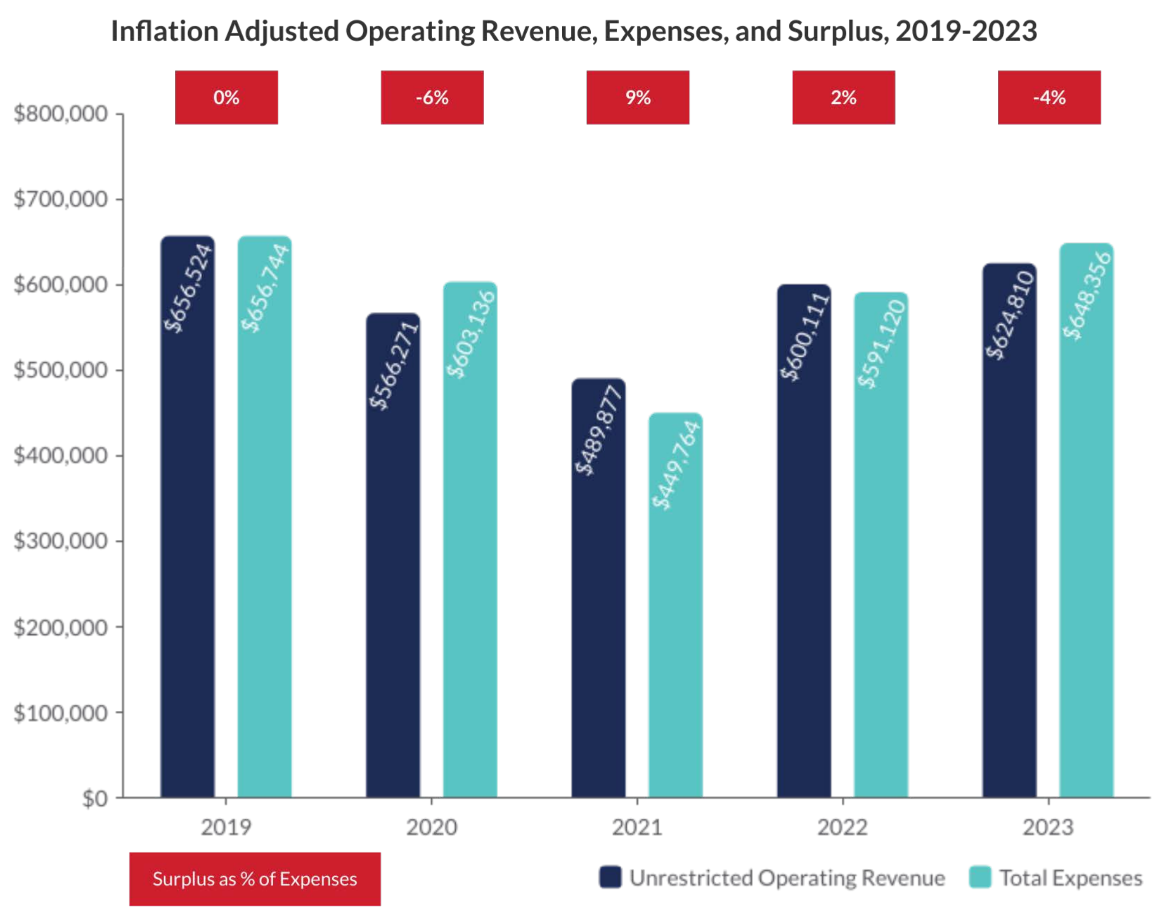
While revenue fell during pandemic closures, organizations were able to manage finances by drastically cutting expenses while doors were closed then slowly reintroducing expenses during reopening. This led to the average organization experiencing operating surpluses in FY 2021 and 2022.



This trend began to reverse in 2023. As earned revenue made a slower than expected recovery, and relief funding diminished, expenses began to outpace revenue as re-opening continued. Overall, revenue was 14% and expenses 18% higher in 2023 than in 2019 in nominal dollars.

Inflation and Slow Earned Revenue Recovery

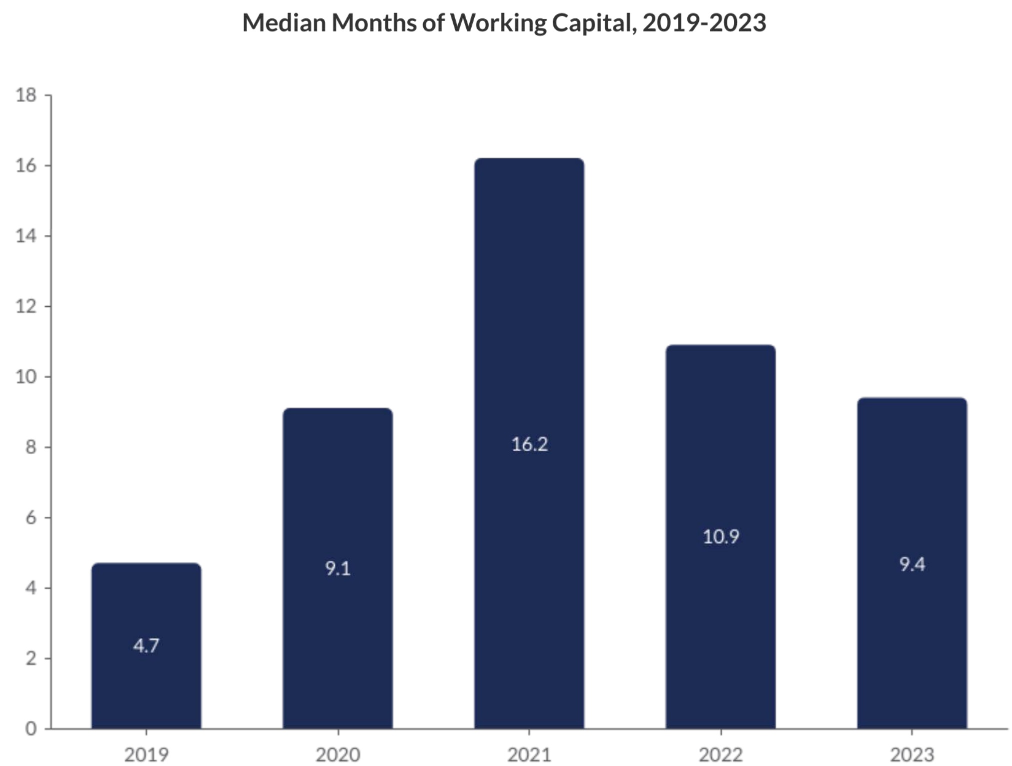
The effects of inflation are an important part of the picture. During periods of high inflation – like the last few years – each dollar in an organization's budget has significantly less buying power than it did the year before. As organizations began to resume programming after pandemic shutdowns, they likely found that their previous expenditures were not sufficient to produce the same programs they had before the pandemic, leading to a growth in expenses in 2023 (as shown in the graph above). The graph below depicts the same figures but adjusted for inflation – providing a better direct comparison to pre-pandemic spending levels. Adjusting for inflation, operating revenue was 4% lower over time while expenses were back to their 2019 level.



In our previous analysis on revenue sources, we found that most revenue sources did not keep up with inflation, aside from the notable exceptions of government revenue and foundation contributions. For many organizations re-opening and the resumption of programming expenditures was complicated by these trends: **arts leaders were realizing that audiences weren't coming back at the same levels while rising costs made it difficult to do more with less to protect the bottom line.**

Working Capital Rose During Pandemic Years

The operating surpluses experienced by the average organization during pandemic closures lead to increases in working capital over the pandemic years.



During 2019, organizations tended to end their fiscal years near the break-even point, as we saw earlier, so they had little to squirrel away. The median working capital in 2019 for organizations in this analysis was 4.7 months.

In 2020, as doors closed and expenses decreased, relief funding was allocated, significantly increasing working capital. However, as expenses rebounded in 2022 and outpaced revenue in 2023, the average organization experienced a slight deficit. This trend is reflected in the declining months of available working capital for the median organization starting in 2022.

We use median values for working capital instead of averages because the latter can be misleading due to a few large institutions skewing the data. For instance, in 2019, these institutions had an average working capital equivalent to 10.7 months' worth of total expenses, compared to the overall average of 4.7 months. Median figures, representing the midpoint of organizations in the sample, provide a clearer picture of the majority of organizations' experiences.

Looking to the Future

Robust working capital is vital for a thriving arts and cultural sector, providing leaders with flexibility and security. Having sufficient savings allows organizations to navigate uncertainties or potential losses without risking closure. With access to cash, they can ensure smooth operations and manage temporary or unpredictable revenue shortfalls effectively. This financial resilience enables them to adapt to evolving community needs and maintain relevance over time.

While the high levels of working capital seen throughout the pandemic years are encouraging, there are signs that this new level of liquidity may not be sustainable. As we saw in previous analysis, earned revenue is recovering slowly, most sources of private giving have not kept up with inflation, and pandemic relief funding has – for the most part – wound down. We can start to see the working capital amassed during the pandemic eroding in FY 2023, with a potential for further erosion in future years. Organizations may start to return tothe cash strapped position they were in pre-pandemic, further heightening uncertainty about limitations on earned revenue and the absence of a sustainable revenue engine. It's also worth noting that these figures represent the median experience – many organizational are already short on cash as they navigate these shifts in revenue.

Only time will tell how will organizational leaders and those who support them will respond to these changing conditions and steer towards a sustainable future for the sector.

About the Data

As of April 26, 2024

This analysis includes data from 233 arts and culture organizations.

- Organizations had budgets ranging from $11,000 to $15.8M in 2023, with an average budget of $780,000.
  - Small (under $500k) – 162 (70%)
  - Medium ($500k-$1M) – 35 (15%)
  - Large ($1m+) – 36 (15%)
- Organizations analyzed are located in 14 states.
- 12% (29 organizations) self-identify as having a mission rooted in a Black, Indigenous, or People of Color (BIPOC) community or tradition, 88% do not. This sample of organizations who identify as BIPOC is too small to draw generalizable conclusions, but we do share findings about this group throughout and acknowledge the limitation.
- All organizations analyzed submit their data through Cultural Data Profile, either through participating grantmakers or our national service organization partners (Opera America and Theatre Communications Group). We extend our gratitude to all organizations whose time and effort invested in the CDP allows us to share these findings.

The figures analyzed represent mean and median trends from 2019 to 2023 for these arts organizations. For certain analyses, we take inflation into account, since what cost $1 at the end of 2019 cost $1.19 at the end of 2023. Inflation adjusted figures will be called out in the text as inflation adjusted, or real dollars, or labeled as such in data visualizations.