

Return on Fundraising Index

“What is the return on fundraising?”



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Overall averages 2017

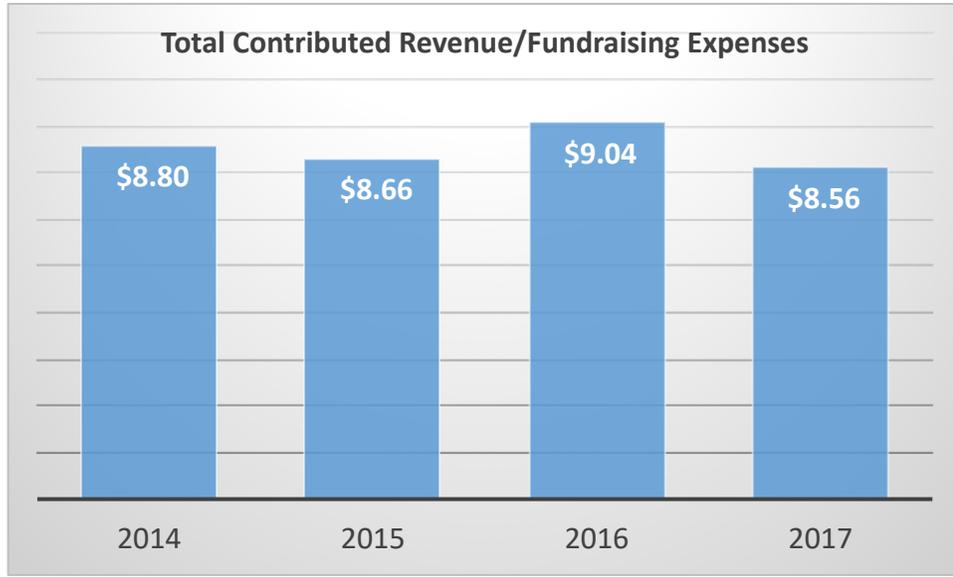
\$8.59

What we learned

The average arts and cultural organization brought in **\$8.59** for every dollar spent on fundraising.

Avg. Total Contrib. Rev./	<u>\$ 1,160,833</u>
Avg. Fundraising Expenses	\$ 135,213

Overall, Trends 2014-2017*



What we learned.

- **Return on Fundraising expense was on a slightly downward trajectory from 2014 to 2017, despite a small spike in 2016.** In other words, the same dollar of fundraising expenses brought in lower total contributed revenue over time. The 2016 peak was not driven by an outlier, but by a coupling of the highest average contributed revenue with the lowest average fundraising expenses of the 4-year period. It is important to note that this index examines all contributed revenue, not only the portion of overall contributions that are unrestricted.

What we learned.

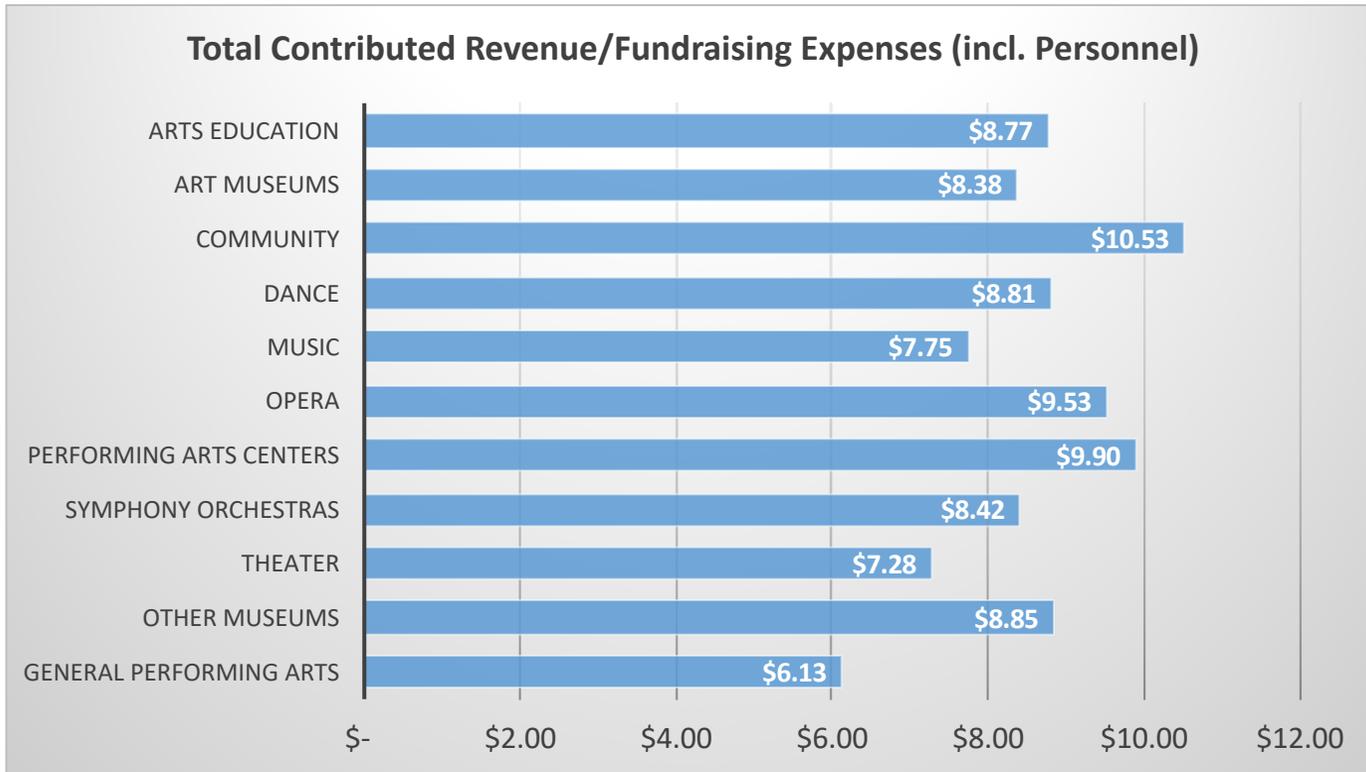
- **Organizations are spending less on fundraising, and the returns generated per dollar spent on fundraising are lower.** Total fundraising expenses decreased by 3.3% while total contributed revenue fell by 5.9% from 2014 to 2017, after adjusting for inflation.
- **Organizations spent more over time on fundraising personnel and far less over time on non-personnel fundraising expenses. Development compensation expense growth exceeded overall fundraising expense growth.** The average organization shifted from allocating 54.4% of fundraising expenses to staff to an allocation of 62.4%, with the percentage increasing annually. The old saying in fundraising is that *people give to people*, so it makes sense to invest in personnel for successful relationship cultivation and development.

Trend table

Return on Fundraising Trend	2014	2015	2016	2017	2014-2017 change	2014-2017 change, adjusted for inflation
Total Contributed Revenue/Fundraising Expenses (incl. Personnel)	\$ 8.80	\$ 8.66	\$ 9.04	\$ 8.56	-2.7%	
Avg. Total Contrib. Rev./	\$ 1,377,720	\$ 1,381,534	\$ 1,405,706	\$ 1,361,188	-1.2%	-5.9%
Avg. Fundraising Expenses	\$ 156,568	\$ 159,568	\$ 155,415	\$ 158,982	1.5%	-3.3%
Avg. Development Salary Expense	\$ 85,250	\$ 89,692	\$ 95,118	\$ 99,193	16.4%	10.8%
Avg. Staff Compensation as a % of Total Fundraising expense	54.4%	56.2%	61.2%	62.4%		

*1,888 organizations that provided data each of the 4 years.

2017- By Sector

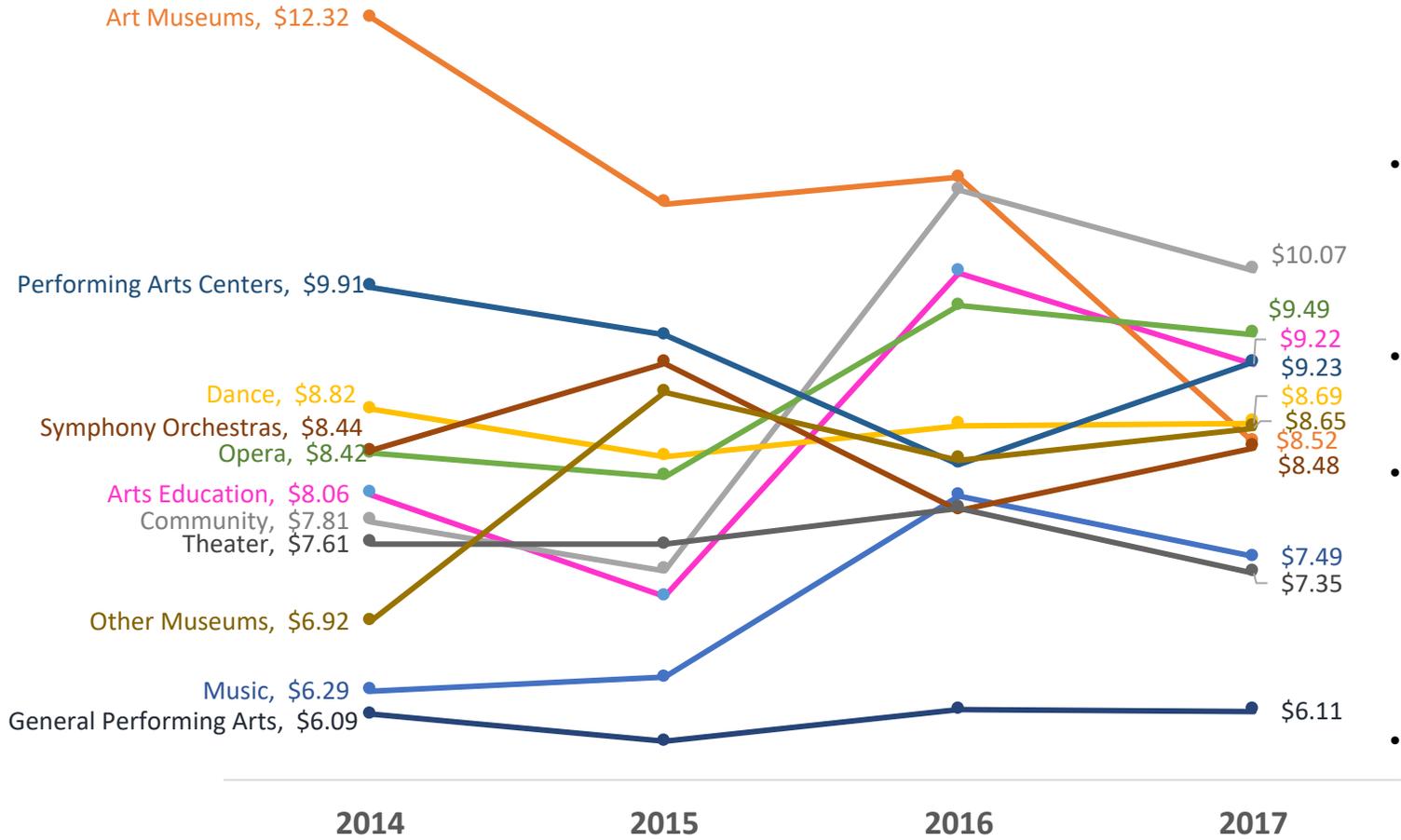


What we learned.

- **The Community-based sector had the highest Return on Fundraising at \$10.53**, followed by PACs. General performing arts was the lowest, bringing in \$6.13 return for each fundraising dollar spent, followed by the Theatre sector.
- Taken together, **we see how similar the sectors can be on some measures**. The difference in Return on Fundraising is within \$1 for the Arts Museum, Orchestra, Arts Education, Dance, and Other Museums sectors despite varying levels of magnitude across these sectors in terms of fundraising expense and total contributions.
- The **Symphony Orchestra** and **Arts Museum** sectors had similar Return on Fundraising even though fundraising expense and contributed revenue were roughly 5 times higher for the average Art Museum than for the average Symphony Orchestra.

	Arts Education	Art Museums	Community	Dance	Music	Opera	Performing Arts Centers	Symphony Orchestras	Theater	Other Museums	General Performing Arts
Return on Fundraising Trend											
Total Contributed Revenue/Fundraising Expenses (incl. Personnel)	\$ 8.77	\$ 8.38	\$ 10.53	\$ 8.81	\$ 7.75	\$ 9.53	\$ 9.90	\$ 8.42	\$ 7.28	\$ 8.85	\$ 6.13
Avg. Total Contrib. Rev./	\$ 916,458	\$ 8,404,549	\$ 423,917	\$ 601,646	\$ 247,889	\$ 4,187,026	\$ 2,793,701	\$ 1,597,164	\$ 853,467	\$ 5,055,241	\$ 665,467
Avg. Fundraising Expenses	\$ 104,443	\$ 1,002,963	\$ 40,272	\$ 68,253	\$ 32,003	\$ 439,281	\$ 282,154	\$ 189,738	\$ 117,179	\$ 571,263	\$ 108,528

By Sector, Trends 2014-2017



What we learned.

- **More sectors saw an increase in Return on Fundraising over time.** The **only decreases** in this index were in the Art Museum, Dance, PAC, Orchestra, and Theater sectors. After adjusting for inflation, the sector with the **highest growth at 28.8%** over the span of four years was **Community-based** followed by Other Museums.
- The pattern of a slight 2016 spike and 2017 decrease in the Overall average was felt by organizations in the Community-based, Arts Education, Music, Opera, Theater, and General Performing Arts sectors.
- Most sectors experienced volatility in terms of their Return on Fundraising over the four years.
- The **Art Museum** sector **experienced the greatest overall decline** in this index over time **at -30.9%**. One organization skewed the average high for the sector in 2014 and 2015. However, eliminating this organization from the analyses would still leave Return on Fundraising 20% lower in 2017 than in 2014 for remaining Art Museums.
- **General Performing Arts** organizations consistently have the lowest Return on Fundraising.

Trend table

RETURN ON FUNDRAISING INDEX TREND, BY SECTOR (1,888 Organizations)	2014	2015	2016	2017	2014-2017 change	2014-2017 change, adjusted for inflation
Arts Education	\$ 8.06	\$ 7.14	\$ 10.03	\$ 9.22	14.4%	
Ave. Total Contributed Rev./	\$ 816,534	\$ 770,348	\$ 1,097,854	\$ 1,114,788	36.5%	30.0%
Ave. Fundraising Expenses (incl. staff)	\$ 101,320	\$ 107,869	\$ 109,424	\$ 120,904	19.3%	13.6%
Art Museums	\$ 12.32	\$ 10.65	\$ 10.89	\$ 8.52	-30.9%	
Ave. Total Contributed Rev./	\$ 13,054,204	\$ 11,370,364	\$ 12,356,064	\$ 9,637,143	-26.2%	-29.7%
Ave. Fundraising Expenses (incl. staff)	\$ 1,059,382	\$ 1,067,263	\$ 1,134,836	\$ 1,131,486	6.8%	1.7%
Community	\$ 7.81	\$ 7.37	\$ 10.78	\$ 10.07	28.8%	
Ave. Total Contributed Rev./	\$ 394,584	\$ 387,625	\$ 414,297	\$ 433,910	10.0%	4.7%
Ave. Fundraising Expenses (incl. staff)	\$ 50,509	\$ 52,600	\$ 38,441	\$ 43,108	-14.7%	-18.7%
Dance	\$ 8.82	\$ 8.39	\$ 8.67	\$ 8.69	-1.4%	
Ave. Total Contributed Rev./	\$ 701,278	\$ 713,727	\$ 655,258	\$ 687,803	-1.9%	-6.6%
Ave. Fundraising Expenses (incl. staff)	\$ 79,527	\$ 85,061	\$ 75,552	\$ 79,140	-0.5%	-5.2%
Music	\$ 6.29	\$ 6.41	\$ 8.04	\$ 7.49	19.0%	
Ave. Total Contributed Rev./	\$ 227,729	\$ 253,988	\$ 284,861	\$ 281,732	23.7%	17.8%
Ave. Fundraising Expenses (incl. staff)	\$ 36,186	\$ 39,608	\$ 35,435	\$ 37,618	4.0%	-1.0%
Opera	\$ 8.42	\$ 8.21	\$ 9.74	\$ 9.49	12.7%	
Ave. Total Contributed Rev./	\$ 4,856,568	\$ 5,034,544	\$ 4,678,355	\$ 5,017,020	3.3%	-1.6%
Ave. Fundraising Expenses (incl. staff)	\$ 576,514	\$ 613,298	\$ 480,117	\$ 528,518	-8.3%	-12.7%
Performing Arts Centers	\$ 9.91	\$ 9.47	\$ 8.32	\$ 9.23	-6.8%	
Ave. Total Contributed Rev./	\$ 2,959,229	\$ 3,034,518	\$ 3,012,996	\$ 2,874,779	-2.9%	-7.5%
Ave. Fundraising Expenses (incl. staff)	\$ 298,738	\$ 320,387	\$ 362,090	\$ 311,349	4.2%	-0.7%
Symphony Orchestras	\$ 8.44	\$ 9.22	\$ 7.91	\$ 8.48	0.5%	
Ave. Total Contributed Rev./	\$ 2,088,437	\$ 1,976,166	\$ 1,647,254	\$ 1,776,272	-14.9%	-19.0%
Ave. Fundraising Expenses (incl. staff)	\$ 247,478	\$ 214,220	\$ 208,246	\$ 209,517	-15.3%	-19.4%
Theater	\$ 7.61	\$ 7.61	\$ 7.93	\$ 7.35	-3.5%	
Ave. Total Contributed Rev./	\$ 906,932	\$ 961,086	\$ 991,299	\$ 961,089	6.0%	0.9%
Ave. Fundraising Expenses (incl. staff)	\$ 119,142	\$ 126,373	\$ 125,022	\$ 130,785	9.8%	4.5%
Other Museums	\$ 6.92	\$ 8.97	\$ 8.36	\$ 8.65	25.0%	
Ave. Total Contributed Rev./	\$ 4,579,645	\$ 5,980,863	\$ 5,526,120	\$ 5,681,419	24.1%	18.2%
Ave. Fundraising Expenses (incl. staff)	\$ 661,825	\$ 666,952	\$ 660,800	\$ 656,850	-0.8%	-5.5%
General Performing Arts	\$ 6.09	\$ 5.85	\$ 6.13	\$ 6.11	0.4%	
Ave. Total Contributed Rev./	\$ 753,234	\$ 751,352	\$ 820,008	\$ 807,164	7.2%	2.1%
Ave. Fundraising Expenses (incl. staff)	\$ 123,747	\$ 128,529	\$ 133,788	\$ 132,034	6.7%	1.6%

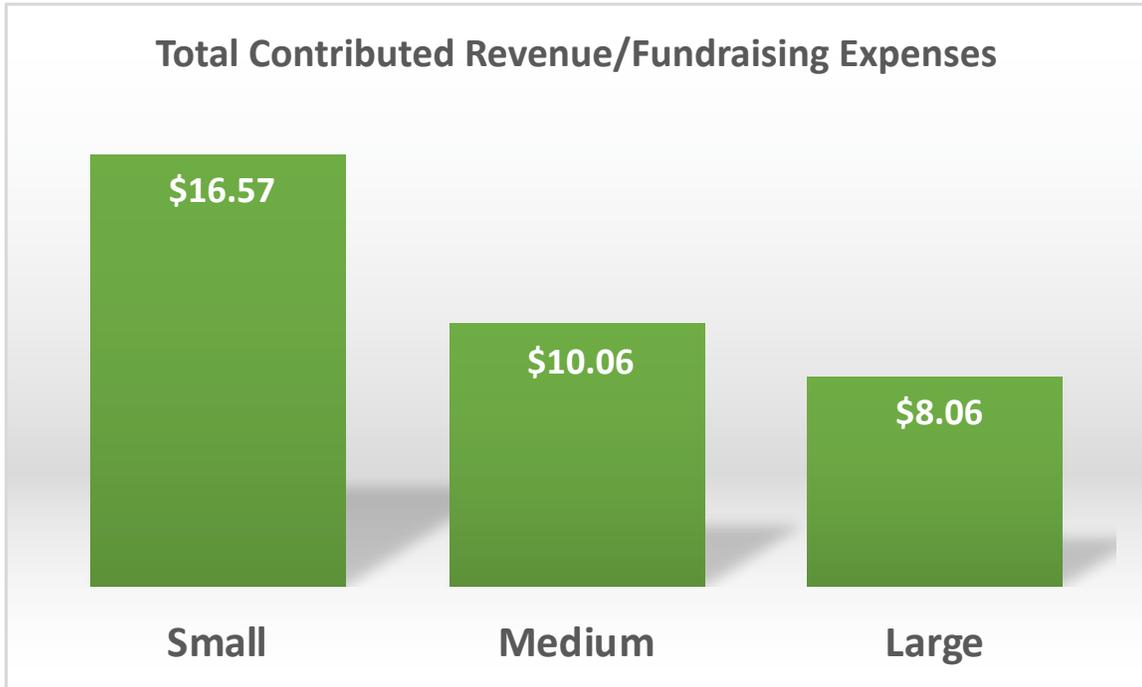
What we learned.

- Total contributed revenue decreased for 5 out of total 11 sectors from 2014 to 2017 in inflation-adjusted figures. **Art Museums had a 29.7% decrease** in their contributed revenue over time while **Arts Education organizations had an increase of 30%**. One organization skewed the average high for the Art Museum sector in 2014 and 2015. However, eliminating this organization from the analyses would still leave contributed revenue 16% lower in 2017 than in 2014 for remaining Art Museums. **The Art Museum sector was the only one where an increased investment in fundraising resulted in lower total contributed revenue.**
- **Orchestras had roughly the same level of decrease in both total contributed revenue and fundraising expenses, leaving the 2017 level of Return on Fundraising very similar to that of 2014** since the index is a ratio.
- In the **Community, Music and Other Museums** sectors, organizations tended to spend less on fundraising but reap higher returns in total contributed revenue over time.
- **Theater companies spent more on fundraising and achieved some growth in total contributed revenue, but not commensurate with the increased level of investment.**
- Fundraising expenses were higher in 2017 than in 2014 in inflation-adjusted figures for these 4 sectors: Arts Education, Theatre, Art Museums and General Performing Arts. **The average organization in every sector allocated a greater proportion of fundraising expenses to staff over time.**
- **Arts Education** experienced the largest growth in average amount spent on development compensation over the 4 year period at 27.4%. Growth in development compensation for **Opera** companies fell 2.6% shy of inflation (not shown in the table) – the only sector to see a decrease.

Budget ranges by sector

Arts Sector	Small	Medium	Large
Arts Education	\$182,265 or less	\$182,266 - \$1,486,102	\$1,486,103 or more
Art Museums	\$2,156,010 or less	\$2,156,011 - \$16,749,562	\$16,749,563 or more
Community	\$207,353 or less	\$207,354 - \$1,426,565	\$1,426,566 or more
Dance Companies	\$161,817 or less	\$161,818 - \$1,777,676	\$1,777,677 or more
Music	\$122,604 or less	\$122,605 - \$681,362	\$681,363 or more
Opera Companies	\$364,780 or less	\$364,781 - \$4,888,184	\$4,888,185 or more
Performing Arts Centers	\$755,135 or less	\$755,136 - \$4,928,483	\$4,928,484 or more
Symphony Orchestras	\$328,930 or less	\$328,931 - \$3,820,994	\$3,820,995 or more
Theater	\$205,995 or less	\$205,996- \$1,825,000	\$1,825,001 or more
Other Museums	\$907,455 or less	\$907,456 - \$8,684,543	\$8,684,544 or more
General Performing Arts	\$190,070 or less	\$190,071- \$1,681,147	\$1,681,148 or more

2017-By Size

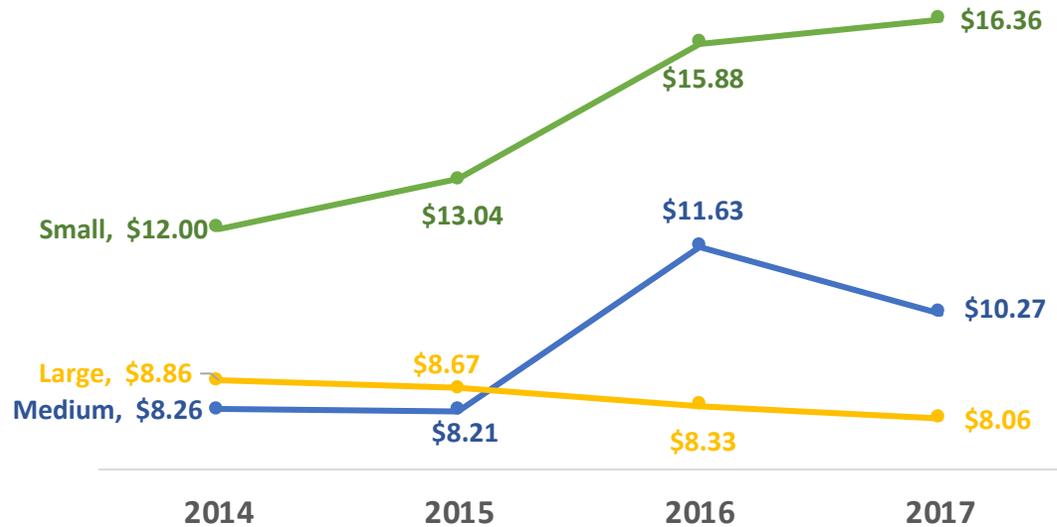


What we learned.

- **Average Return on Fundraising decreased as budget-size increased.** As organizations grow they add paid fundraising staff, so expenses increase. However, the addition of professional staff also allows the organization to attract a much higher level of support.

	Small	Medium	Large
Total Contributed Revenue/Fundraising Expenses (incl. staff)	\$ 16.57	\$ 10.06	\$ 8.06
Ave. Total Contrib. Rev./	\$ 75,598	\$ 657,868	\$ 6,219,523
Ave. Fundraising Expenses	\$ 4,561	\$ 65,403	\$ 771,617

By Size, Trends 2014-2017*



What we learned.

- **Small organizations tend to achieve a higher Return on Fundraising than Medium or Large organizations.** Small organizations tend to be far more reliant on volunteer labor than their larger counterparts.
- **Small size organizations became increasingly effective in their fundraising efforts.** Their Return on Fundraising rose steadily from 2014 to 2017, with the greatest jump from 2015 to 2016.
- Medium organizations boosted their Return on Fundraising over time. The 2016 spike is due to one organization's exceptional contributed revenue that year. Eliminating this organization from the analyses would leave 2016 Return on Fundraising at \$10.04 for remaining Medium organizations, and 2017 at \$10.11.
- Larger organizations had a steady decline in Return on fundraising over the four years from 2014 to 2017.

What we learned.

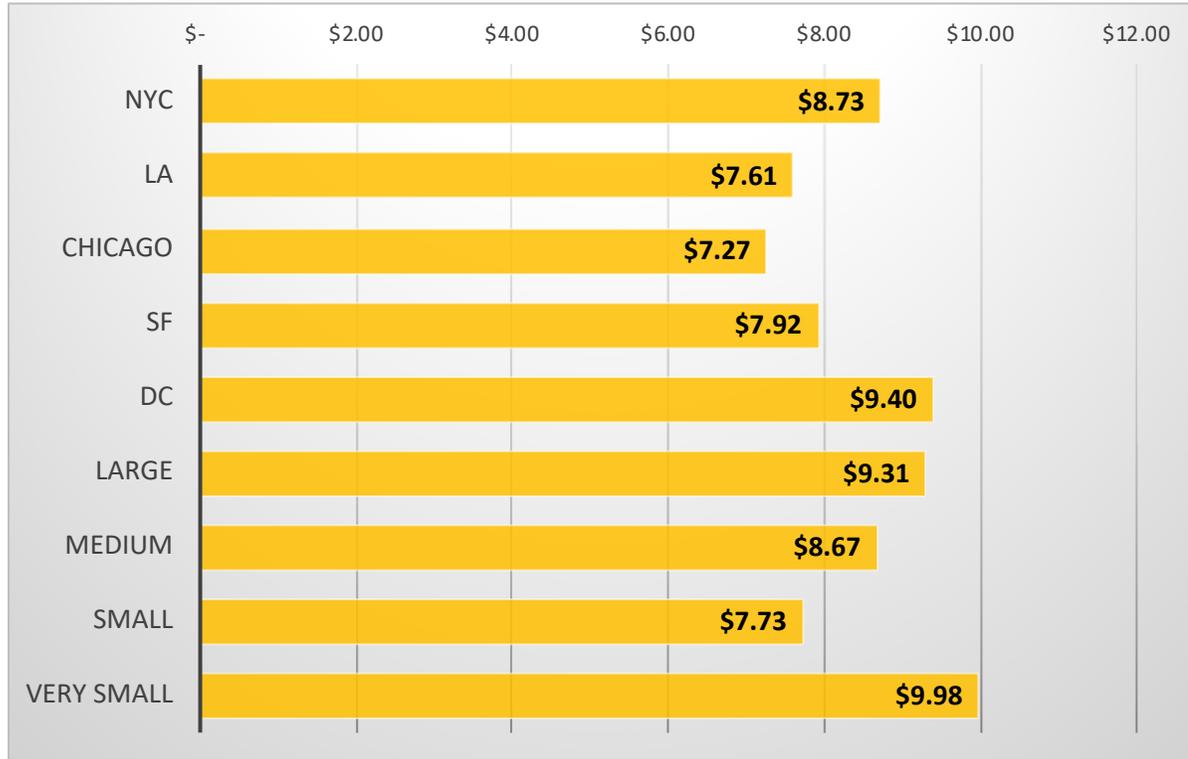
- **Average total contributed revenue and fundraising expenses decreased for organizations of every size from 2014 to 2017.** Large organizations had the largest decrease in total contributed revenue at -20.6%. Small organizations had the largest decrease in fundraising expenses at -28.0%.
- **Both Small and Medium organizations' cut-backs in fundraising expenses had only minimal effect on the level of total contributions,** leaving them higher in absolute dollars but lower in inflation-adjusted figures. **The reverse was true for Large organizations.**
- **Small organizations tend to spend less on fundraising personnel compensation as a percent of total fundraising expenses:** 49% for Small organizations, 62%-64% annually for Medium and Large organizations (*not shown in the table*). Small organizations tend to be far more reliant on volunteer labor than their larger counterparts.

Trend table

RETURN ON FUNDRAISING INDEX TREND, BY SIZE (1,888 Organizations)	2014	2015	2016	2017	2014-2017 change	2014-2017 change, adjusted for inflation
Small	\$ 12.00	\$ 13.04	\$ 15.88	\$ 16.36	36.3%	
Ave. Total Contrib. Rev./	\$ 77,479	\$ 79,883	\$ 81,932	\$ 79,871	3.1%	-1.8%
Ave. Fundraising Expenses	\$ 6,456	\$ 6,126	\$ 5,161	\$ 4,883	-24.4%	-28.0%
Medium	\$ 8.26	\$ 8.21	\$ 11.63	\$ 10.27	24.3%	
Ave. Total Contrib. Rev./	\$ 655,606	\$ 622,406	\$ 805,343	\$ 683,582	4.3%	-0.7%
Ave. Fundraising Expenses	\$ 79,395	\$ 75,834	\$ 69,262	\$ 66,588	-16.1%	-20.1%
Large	\$ 8.86	\$ 8.67	\$ 8.33	\$ 8.06	-9.0%	
Ave. Total Contrib. Rev./	\$ 8,119,000	\$ 7,497,244	\$ 6,938,594	\$ 6,771,023	-16.6%	-20.6%
Ave. Fundraising Expenses	\$ 916,625	\$ 864,390	\$ 833,358	\$ 839,931	-8.4%	-12.7%

*1,888 organizations that provided data each of the 4 years.

2017: By Geography

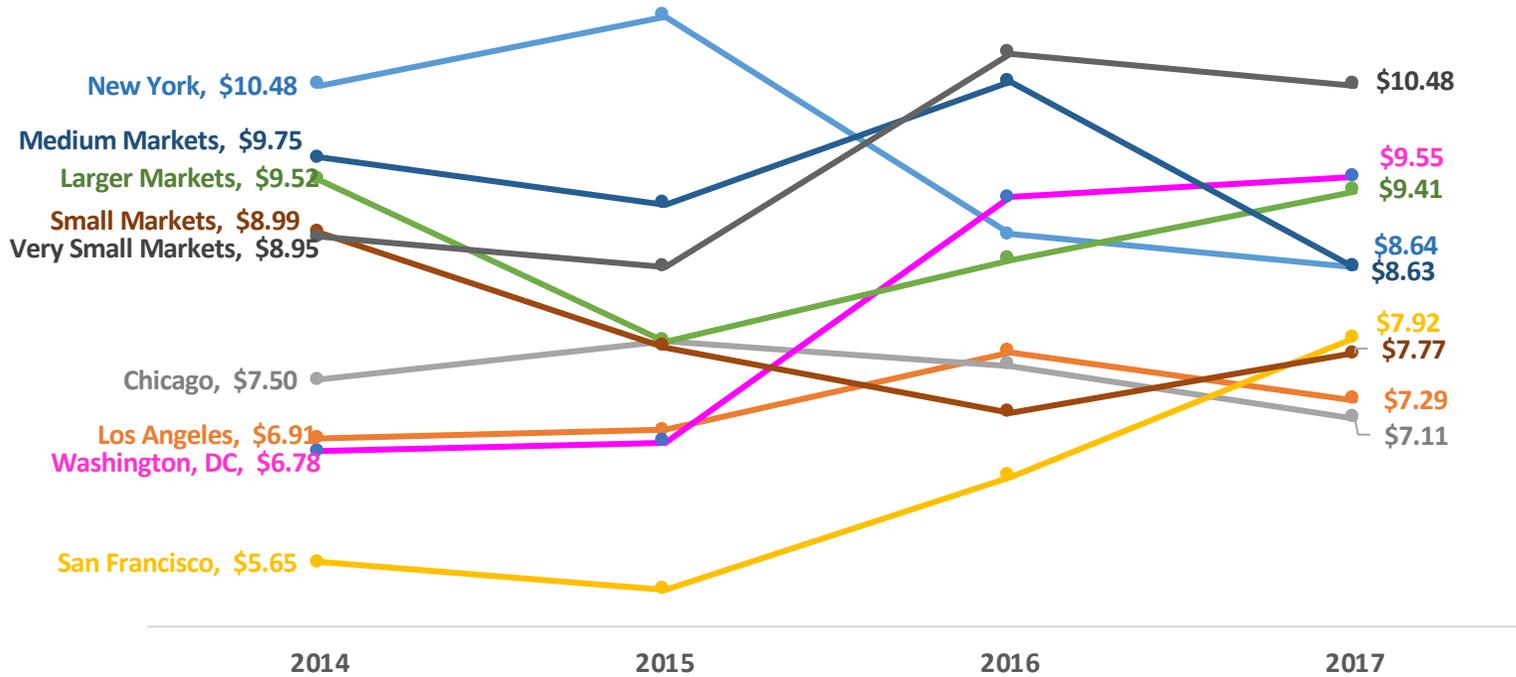


What we learned.

- Arts organizations in **Chicago** have the lowest return on fundraising at **\$7.27** followed by Los Angeles organizations. Arts organizations in **Very Small Markets** have the highest Return on Fundraising at **\$9.98**, followed by organizations in D.C.
- Organizations in Very Small markets have about \$2.25 more Return on Fundraising than Small markets: they spend less on fundraising and attract higher average contributions.
- Next to Small and Very Small Markets, **Los Angeles** organizations have the lowest fundraising expenses and contributed revenue while **New York** organizations have the highest.
- **Chicago organizations** tend to spend 56% more in fundraising expenses and bring in about 49% more in contributed revenue than **Los Angeles** organizations, but Chicago has the lowest Return on Fundraising, attesting to the varied nature of the arts and culture ecology in different markets.
- **San Francisco** organizations have almost two and a half times more fundraising expense and contributed income than **Los Angeles** organizations but the Return on fundraising is just 31 cents higher for San Francisco organizations.

	New York-White Plains-Wayne, NY-NJ	Los Angeles-Long Beach-Glendale, CA	Chicago-Naperville-Arlington Hgts, IL	San Francisco-Redwood City-South SF, CA	Washington-Arlington-Alexandria; Bethesda-Rockville-Fredericksburg, DC-VA	Larger Markets	Medium Markets	Small Markets	Very Small Markets
Ave. Total Contrib. Rev./	\$ 4,039,254	\$ 581,902	\$ 866,612	\$ 2,056,668	\$ 766,308	\$ 1,093,204	\$ 1,133,234	\$ 517,011	\$ 560,372
Ave. Fundraising Expenses	\$ 462,757	\$ 76,464	\$ 119,283	\$ 259,698	\$ 81,560	\$ 117,464	\$ 130,648	\$ 66,909	\$ 56,144

By Geography, Trends 2014-2017



*1,888 organizations that provided data each of the 4 years.

What we learned.

- **LA organizations** had the highest percentage of fundraising expenses allocated to fundraising staff compensation from 2014 to 2016, which then fell more in line with the other markets in 2017.
- **San Francisco organizations** have the lowest percentage of fundraising expenses allocated to fundraising staff compensation every year from 2014 to 2017.

What we learned.

- There was greater spread in Return on Fundraising among markets in 2014 and 2015, which narrowed in both 2016 and 2017 as San Francisco's organizations become more effective in this area.
- The **Washington, DC market saw the biggest growth in Return on Fundraising** over the four years at 40.9% when adjusted for inflation. This is mostly due to a large increase in total contributed revenue.
- **Organizations in all markets except DC, San Francisco, L.A., and Very Small Markets** generated lower Return on Fundraising in 2017 than in 2014. In DC and San Francisco, decreased levels of fundraising expenses generated higher contributed revenue. In L.A. and Very Small Markets, both fundraising expenses and contributed revenue increased, and the additional fundraising spend resulted in accelerated growth in contributed revenue.

Percentage of Fundraising Expenses allocated to Fundraising Personnel Compensation, per Market & Year

Market	2014	2015	2016	2017
NYC	57%	60%	65%	65%
LA	71%	71%	77%	67%
CHICAGO	45%	49%	59%	61%
SF	44%	45%	53%	52%
DC	52%	53%	58%	56%
Large	56%	54%	58%	65%
Medium	60%	61%	62%	64%
Small	61%	59%	61%	59%
Very small	51%	61%	65%	69%

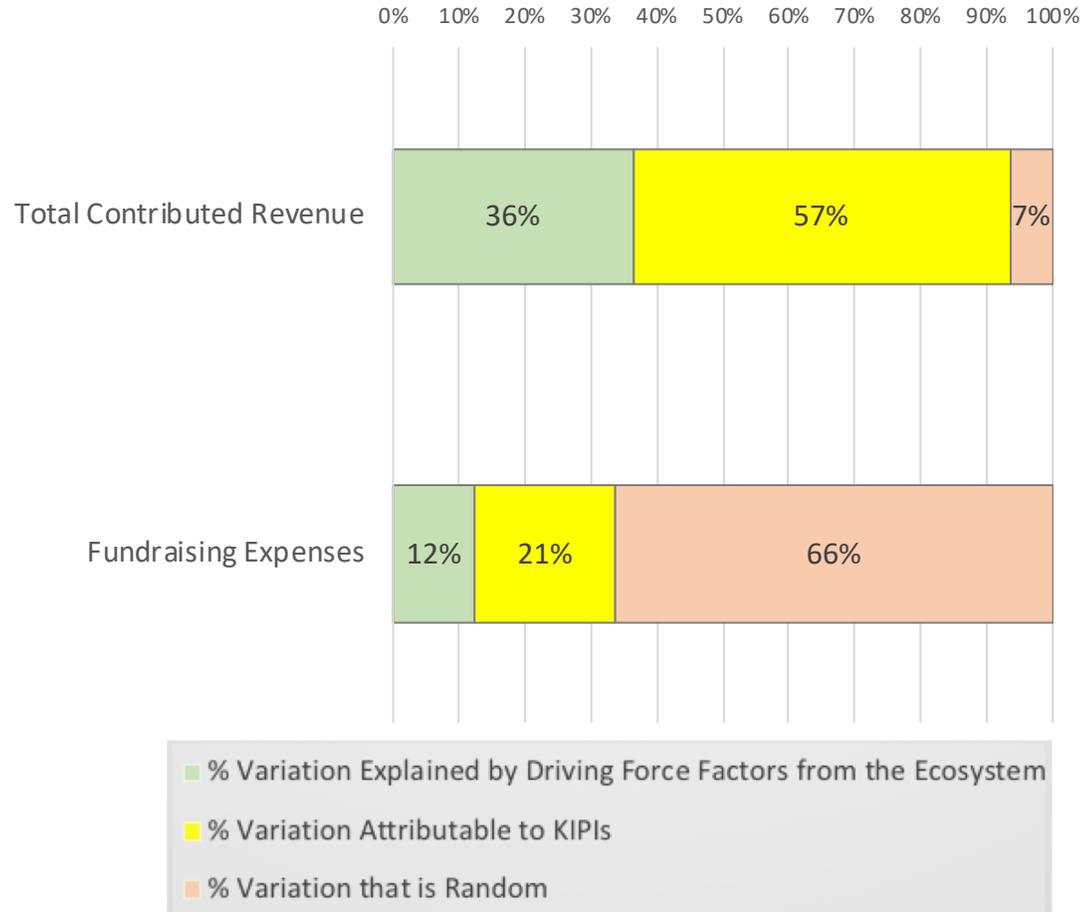
Trend table

RETURN ON FUNDRAISING, by Geography (1,888 Organizations)	2014	2015	2016	2017	2014-2017 change	2014-2017 change, adjusted for inflation
New York-White Plains-Wayne, NY-NJ	\$ 10.48	\$ 11.17	\$ 8.96	\$ 8.64	-17.6%	
Ave. Total Contrib. Rev./	\$ 5,784,621	\$ 6,206,118	\$ 5,048,625	\$ 5,091,515	-12.0%	-16.2%
Ave. Fundraising Expenses (incl. staff)	\$ 551,837	\$ 555,361	\$ 563,285	\$ 589,390	6.8%	1.7%
Los Angeles-Long Beach-Glendale, CA	\$ 6.91	\$ 6.99	\$ 7.78	\$ 7.29	5.6%	
Ave. Total Contrib. Rev./	\$ 417,638	\$ 456,615	\$ 520,876	\$ 560,709	34.3%	27.9%
Ave. Fundraising Expenses (incl. staff)	\$ 60,481.24	\$ 65,302.24	\$ 66,990.38	\$ 76,878.64	27.1%	21.1%
Chicago-Naperville-Arlington Hgts, IL	\$ 7.50	\$ 7.89	\$ 7.64	\$ 7.11	-5.2%	
Ave. Total Contrib. Rev./	\$ 1,349,061	\$ 1,325,934	\$ 1,193,323	\$ 1,031,433	-23.5%	-27.2%
Ave. Fundraising Expenses (incl. staff)	\$ 179,915	\$ 168,066	\$ 156,239	\$ 145,158	-19.3%	-23.2%
San Francisco-Redwood City- South SF, CA	\$ 5.65	\$ 5.37	\$ 6.53	\$ 7.92	40.2%	
Ave. Total Contrib. Rev./	\$ 1,827,806	\$ 1,711,137	\$ 1,809,181	\$ 2,397,559	31.2%	24.9%
Ave. Fundraising Expenses (incl. staff)	\$ 323,397	\$ 318,532	\$ 277,256	\$ 302,579	-6.4%	-10.9%
Washington-Arlington-Alexandria; Bethesda-Rockville-Fredericksburg, DC-VA	\$ 6.78	\$ 6.86	\$ 9.34	\$ 9.55	40.9%	
Ave. Total Contrib. Rev./	\$ 640,211	\$ 690,129	\$ 849,137	\$ 880,186	37.5%	30.9%
Ave. Fundraising Expenses (incl. staff)	\$ 94,454	\$ 100,546	\$ 90,930	\$ 92,133	-2.5%	-7.1%
Larger Markets	\$ 9.52	\$ 7.88	\$ 8.71	\$ 9.41	-1.2%	
Ave. Total Contrib. Rev./	\$ 1,397,184	\$ 1,158,330	\$ 1,269,291	\$ 1,331,327	-4.7%	-9.3%
Ave. Fundraising Expenses (incl. staff)	\$ 146,748	\$ 146,940	\$ 145,665	\$ 141,513	-3.6%	-8.2%
Medium Markets	\$ 9.75	\$ 9.27	\$ 10.52	\$ 8.63	-11.5%	
Ave. Total Contrib. Rev./	\$ 1,271,447	\$ 1,264,633	\$ 1,470,281	\$ 1,225,052	-3.6%	-8.2%
Ave. Fundraising Expenses (incl. staff)	\$ 130,399	\$ 136,357	\$ 139,801	\$ 141,902	8.8%	3.6%
Small Markets	\$ 8.99	\$ 7.83	\$ 7.16	\$ 7.77	-13.6%	
Ave. Total Contrib. Rev./	\$ 611,555	\$ 607,373	\$ 559,804	\$ 606,452	-0.8%	-5.6%
Ave. Fundraising Expenses (incl. staff)	\$ 68,040	\$ 77,521	\$ 78,145	\$ 78,078	14.8%	9.3%
Very Small Markets	\$ 8.95	\$ 8.64	\$ 10.80	\$ 10.48	17.1%	
Ave. Total Contrib. Rev./	\$ 530,563	\$ 571,779	\$ 640,696	\$ 637,454	20.1%	14.4%
Ave. Fundraising Expenses (incl. staff)	\$ 59,291	\$ 60,821	\$ 59,328	\$ 60,821	2.6%	-2.3%

What we learned.

- **Average total contributed revenue** was higher over time in Los Angeles, San Francisco, DC-VA, and Very Small Markets while it dropped in all other markets.
- The **greatest growth in total contributed revenue was in Washington, DC** where it rose to 30.9% from 2014 to 2017, followed by San Francisco with growth of 24.9%.
- **Average fundraising expenses decreased most over time in Chicago**, whereas the biggest growth in this area occurred in Los Angeles.

Driving Forces



What we learned.

Identifying High Performance Indicators

What Drives Total Contributed Revenue?

36% of the variation in the level of total contributed revenue is explained by the factors from the A&C Ecosystem. More than half – 57% -- is attributable to fundraising expertise, and 7% of variation in the amount of unrestricted contributions raised is random.

What Drives Fundraising Expenses (including personnel)?

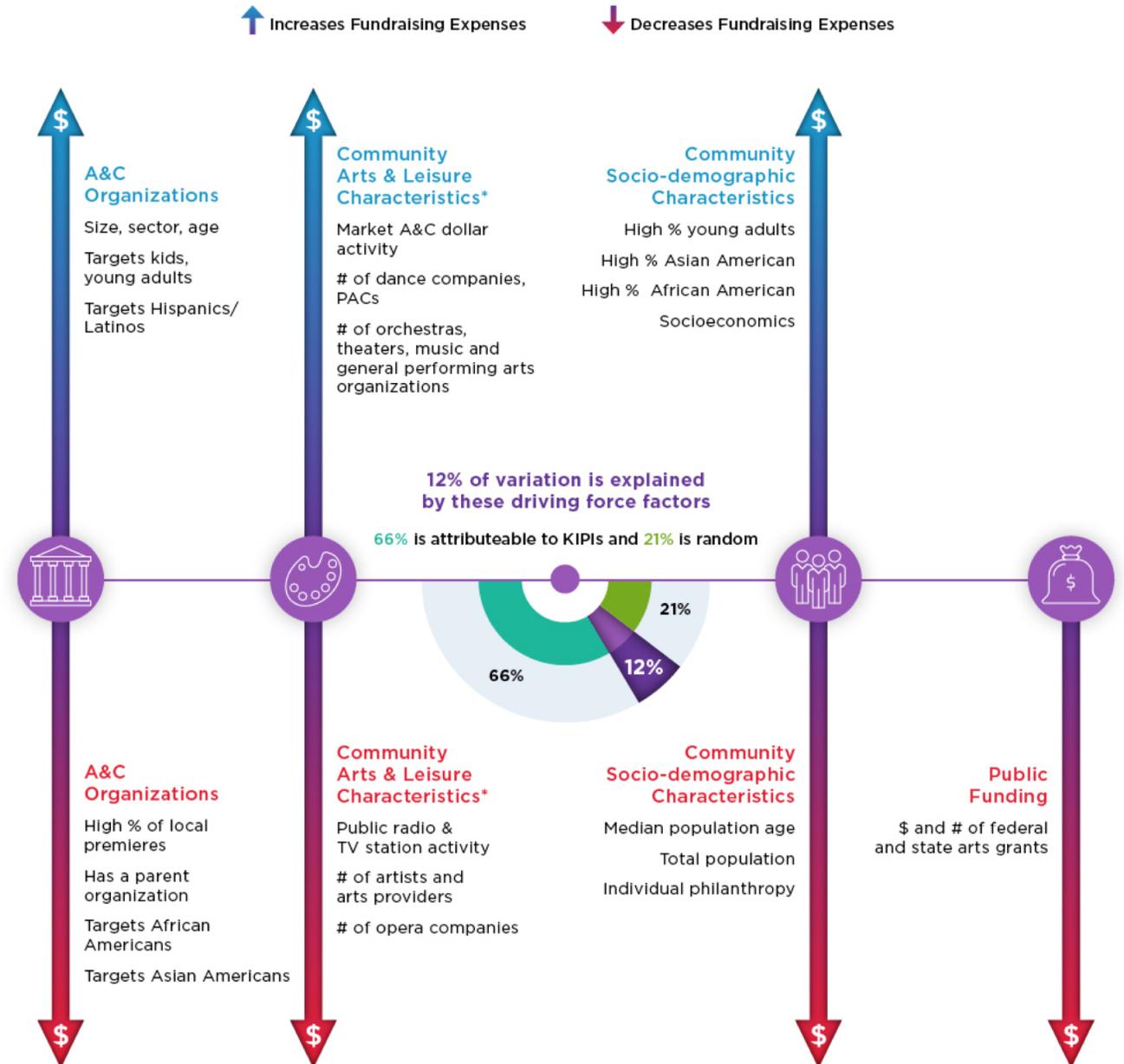
Just 12% of the variation in fundraising expenses is explained by the factors from the A&C Ecosystem. Another 21% is attributable to expertise in establishing and managing the level of total expenses. Nearly two-thirds of variation in fundraising expenses is random.

Index-Specific Drivers

What Drives Total Contributed Revenue & Fundraising Expenses from the A&C Ecosystem?

*Findings related to # of organizations per sector apply only to other organizations in that sector – e.g., More competing PACs lowers government support per PAC.

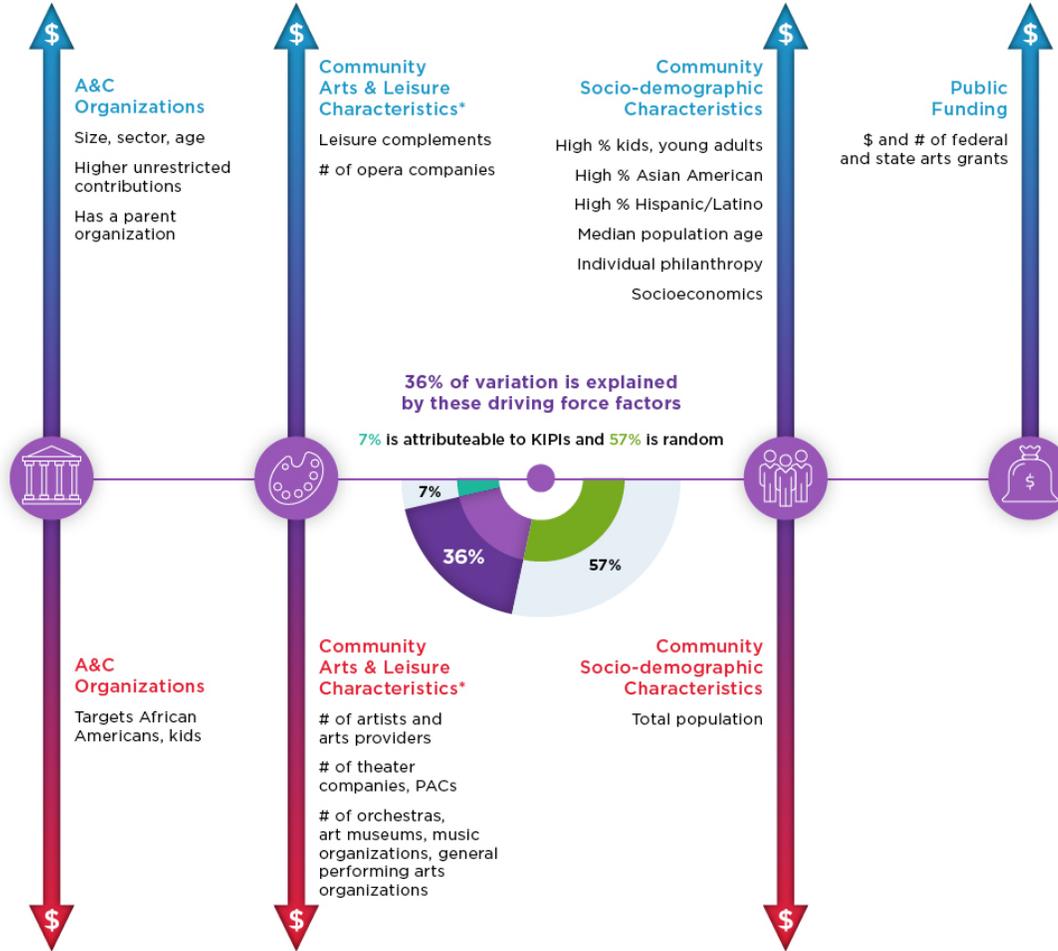
Force Factors From The Arts Ecosystem That Drive Fundraising Expenses



Force Factors From The Arts Ecosystem That Drive Contributed Revenue

↑ Increases Contributed Revenue

↓ Decreases Contributed Revenue



What Drives Total Contributed Revenue

What organizational characteristics affect this performance?

We take into account each organization's level of unrestricted contributed revenue as a starting place for examining the effects of various factors on total contributed revenue. Doing so focuses the effects of the driving forces on those elements that drive a difference between unrestricted versus total contributed revenue – i.e., temporarily and permanently restricted revenue.

- Total contributions tend to increase with budget size, sector and age of the organization. Having a parent organization has a positive influence on total contributions.
- When organizations target kids and African Americans, the total contributed revenue tends to be lower.

How do community arts and leisure characteristics affect performance?

- Total contributed revenue tends to be higher for organizations in communities with more leisure activities, which in this case act as complements.
- Having more opera companies in a community tends to raise the total contributed revenue tide for all organizations in this sector, while having more artists and art providers, theater companies, PACs, orchestras, art museums, music organizations and general performing arts organizations tend to lower the total contributed revenue for all organizations in these sectors.

How do socio-demographic characteristics of the community affect performance?

- Total contributed revenue is higher for organizations in communities where the population has higher percentage of kids and young adults. The higher percentage of Asian American and Hispanic/ Latino has a positive influence on total contributed revenue. This is also the case where the population's median age is higher.
- As the level of individual philanthropy and socioeconomics in the market increases, total contributed revenue goes up.
- The total contributed revenue tends to be lower as the total population increases.

What impact does public funding have on performance?

- Overall state and federal grant activity in the larger local marketplace has a positive effect on an individual organization's total contributed revenue.

What Drives Total Fundraising Expenses

What organizational characteristics affect this performance?

- Fundraising expenses increase with sector, organizational age, budget size, a larger board and a higher level of fixed assets. Fundraising expenses also tend to be relatively higher for organizations that target people under 25- kids/young adults and Hispanics/Latinos.
- When organizations target African Americans and Asian Americans, the fundraising expense levels tend to be lower. The same is true for organizations that have a parent organization and high percentage of local premieres.

How do community arts and leisure characteristics affect performance?

- Fundraising expenses tend to be higher for organizations in communities with higher levels of total arts dollar activity. Having more dance companies, orchestras, theaters, performing arts centers, music and general performing arts organizations in a community tends to raise the spend on fundraising for all organizations in these sectors in the market.
- The more opera companies competing in market drives down the fundraising spend for all organizations in this sector. In other words, more intense competition leads organizations in this sector to spend less on fundraising.
- More public broadcast activity in a market tends to drive down arts and cultural organizations' fundraising expense levels, as does the presence of more artists and arts providers in the community.

How do socio-demographic characteristics of the community affect performance?

- Fundraising expenses are higher for organizations in communities with higher percentage of young adults, Asian Americans and African Americans. Also, the fundraising expense level tends to be higher in places with elevated socioeconomics.
- On the flip side, the fundraising expenses tend to be lower in communities with higher total population and median age. The increased individual philanthropy also lowers the spend on fundraising.

What impact does public funding have on performance?

- Where there is higher overall state and federal grant activity in the local marketplace, organizations tend to spend less on fundraising expenses.



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