SMU DataArts

State of the Sector: Arts & Culture in Massachusetts

Four-Year Financial & Operating Trends of Participating Massachusetts Arts & Cultural Organizations

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Prepared for Mass Cultural Council

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Executive Summary

This report provides an overview of 2019-2022 financial and operating trends of Massachusetts organizations with findings shared by budget sizes and disciplinary focus. As such, this report is a look back at the health of a cohort of Massachusetts organizations before, during, and after the early stages of emergence from the pandemic. Specifically, this research examines the following questions:

1. What were trends in organizational wellbeing among Massachusetts organizations who completed a CDP from FY2019 to FY2022?
2. Did these trends vary for organizations with different characteristics such as budget size or discipline?
3. How do these trends compare with national trends?

Despite an uptick in many financial and operating metrics during reopening, most organizations are still working to recover as of 2022 to their pre-pandemic levels of organizational wellbeing. Historically high levels of inflation contributed to rising expenses for arts and cultural organizations during this time. The majority of federal relief dollars that buoyed many organizations during the pandemic have now run out faster than arts and cultural organizations, especially theatres, can rebuild. A look in the rearview mirror provides context for the challenges many organizations in Massachusetts face today, including dwindling ticket sales, rising costs, and revenue sources that have failed to keep pace with inflation. It also shows the significant impact that temporary relief funds provided by government sources had on organizations' bottom lines. Key findings include:

Strategies for survival during the pandemic

- Massachusetts organizations weathered the crises of recent years by **scaling back their operations and attracting additional support**.

- **The average Massachusetts cultural organization reduced its budget by 12%** in 2022 compared to 2019 after adjusting for inflation.

- **Unprecedented levels of government support were observed over the four-year period.** Federal relief programs kept many organizations afloat during the pandemic and saved jobs in the arts, fulfilling their intended purpose. **Overall, a fourfold increase in government support was observed from 2019 to 2022.** Growth was highest among organizations with budgets between $2 and $5 million.

- Government funding fueled revenue growth that, while lower in real dollars over time, exceeded the amount of reduced expenses resulting **in annual surpluses,**

rising from the equivalent of 4% of expenses in 2019 to 14% in 2021. Median working capital was 5 months prior to the pandemic and rose to nearly 11 months.

Uncertainty in future revenue sources

- **After adjusting for inflation, operating revenue shows a 12% decline from 2019 to 2022.**

- **Organizations remain very reliant on declining revenue sources.** In 2022, 65% of expenses were covered by contributed revenue. However, the rate of contributed revenue growth has slowed. With the exception of government funding, other contributed revenue sources did not keep up with inflation.

- **Private giving by individuals dropped 13% after adjusting for inflation.**

- **Trustee giving dropped by 3%** while foundation funding supported virtually the same level of Massachusetts organizations' total expenses in 2022 as in 2019.

Recent growth in attendance and earned revenues…but much ground has been lost

- In 2021-2022, increased program offerings spurred promising **growth in earned revenues (84%) and attendance (749%), as well as accompanying expenses (18%).**

- **However, the recovery is still in progress as these metrics remain lower than pre-pandemic levels**, with earned revenue down 34% and attendance down 47% since 2019. **From 2021 to 2022, expenses grew at twice the rate of revenue, causing organizations to spend down surpluses.** Over this period, 90% of organizations studied increased expenses.

- **In-person attendance rose 42% from 2021 to 2022 but was still 29% lower than pre-pandemic levels.** The decreases to in-person attendance for music (-66%) and other theatres (-63%) were far more severe than those of art museums (-16%) in the Massachusetts organizations studied.

- The average Massachusetts arts organization **added 1 full-time position and retained all part-time positions** in 2022 compared to 2019**.**

Acknowledgements

Since 2009, 839 Massachusetts organizations completed 6,847 Cultural Data Profiles. During that period, 4,481 reports were generated allowing organizations to analyze their own data as well as how they compared to other organizations[1], contributing valuable insights and data to the arts and culture sector.

This report would not have been possible without the participation of the organizations who spent time tracking and sharing their data through the Cultural Data Profile.

Thank you in particular to the 287 organizations who completed a Cultural Data Profile from 2019 to 2022 whose experiences are reflected in this report.

[1] As of June 14, 2024

Introduction

The Mass Cultural Council promotes excellence, inclusion, education, and diversity in the arts, humanities, and sciences. As the state's arts agency, the Mass Cultural Council invests in communities across the state, leading to the Commonwealth holding a top rank in the economic contribution of the arts sector.[2] The annual Arts Vibrancy Index published by SMU DataArts ranks Massachusetts the third most arts-vibrant state in the U.S.[3]. In fact, all regions across the state ranked higher than 55% of communities nationwide on the number of arts and culture employees, independent artists, and arts and entertainment organizations per capita.

However, the landscape dramatically changed with the arrival of the COVID-19 pandemic. **The disruption caused by the pandemic sent Massachusetts into crises as closures and cancellations resulted in revenue losses totaling $588.3 million.**[4] SMU DataArts' research revealed that drops in earned revenue were particularly severe in Massachusetts compared to other communities in terms of impact on Arts Vibrancy.

In response to these crises, levels of government funding rose drastically to buoy organizations through the devastating impact of the pandemic. The Commonwealth benefitted from a historic $51 million investment of state relief funds in 2023 which helped thousands of culture bearers in Massachusetts recover as organizations slowly reopened their doors.

Despite these efforts, recovery has been slow. While the COVID-19 public health emergency officially came to an end on May 11, 2023, there is a growing sense of financial and operating crisis within the arts sector as relief funds dwindle and inflation remains high. Indeed, The American Alliance of Museums reports two-thirds of museums saw average attendance remaining 29% below pre-pandemic levels.[5] Theatres have been hit particularly hard and struggle to return to pre-pandemic activity; as the artistic director of the Actors' Shakespeare Project notes:

> "The [government] COVID money saved quite a few of us, but now is the reckoning time. Audiences aren't coming back to where they were before the pandemic.[6]"

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[2] Mass Cultural Council: Arts & Cultural Sector Hit All-Time High in 2022 Value Added to U.S. Economy. April 3, 2024 https://massculturalcouncil.org/blog/arts-cultural-sector-hit-all-time-high-in-2022-value-added-to-u-s-economy/

[3] SMU DataArts: The Top 40 Arts-Vibrant Communities of 2023 https://culturaldata.org/arts-vibrancy-2023/the-top-40-list/

[4] Mass Cultural Council: One Year Later: Cultural Sector in Economic Crisis Due to Ongoing COVID-19 Pandemic. March 8, 2021 https://massculturalcouncil.org/blog/one-year-later-cultural-sector-in-economic-crisis-due-to-ongoing-covid-19-pandemic/

[5] American Alliance of Museums, Annual National Snapshot of United States Museums, July 19, 2023, Accessed from https://www.aam-us.org/2023/07/19/say-cheese-a-candid-snapshot-of-the-museum-sector/

[6] Aucoin, Don. With Plenty of Empty Seats to Fill, Some Theater Companies are in a Fight for Survival. Boston Globe. Accessed from https://www.bostonglobe.com/2024/02/02/arts/boston-theaters-fight-for-survival/

TRG Arts, a prominent arts consulting firm with a large set of data on U.S. and U.K. household performing arts purchases, reports that theatre was the hardest hit and slowest to recover among the performing arts sectors it studies, in terms of tickets, ticket revenue, and number of gifts.[7]

This report reveals trends from a pre-pandemic time that radically changed as organizations closed their doors to in-person operations in 2020, redefining how to engage constituents while cutting expenses and seeking new funding sources for sustenance. Comparisons are made to national trend analysis conducted by SMU DataArts[8] which incorporates fiscal year 2023 data, allowing us to understand how organizations are thriving in the new post-pandemic landscape, and which trends were felt most acutely in the Commonwealth.

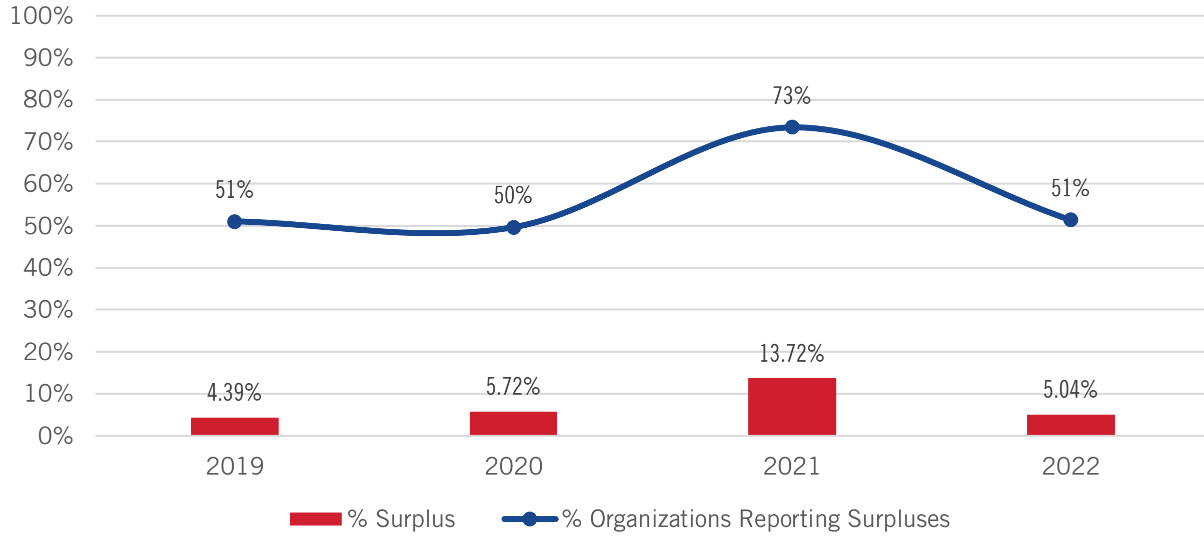
Bottom Line and Working Capital

> "Liquidity, like cash flow, sounds simplistic, but it lets you dream big and really think ahead about strategic growth, which you can't do if you can't turn the lights on. It relieves the not–sleeping–at–night issue and lets you get beyond basic needs. It is where resiliency begins."

Through 2022, Massachusetts organizations weathered the crises of recent years by scaling back their operations and attracting revenue that, while lower over time, exceeded the amount of their reduced expenses. From 2019 to 2021, this approach resulted in annual surpluses, rising from the equivalent of 4% of expenses in 2019 to 14% in 2021 (Figure 1). Indeed, **the majority of organizations in the Commonwealth observed surpluses both before and after the 2020 lockdowns.** For most years, at least half of organizations reported higher revenue relative to expenses. In 2021 alone, 73% of organizations experienced operating surpluses.

[7] Robinson, J. Not All Recoveries are Created Equal: A Snapshot of the 4 Genres. TRG Arts/Purple Seven. Accessed from https://trgarts.com/blog/not-all-recoveries-are-created-equal.
[8] https://culturaldata.org/national-trends-2024/bottom-line-and-working-capital/

Figure 1: Operating Surplus FY2019 to FY2022



Working Capital

These surpluses left organizations with liquidity in the form of positive working capital each year. Working capital reflects the resources available to meet day-to-day cash needs and obligations, including savings, and is a simple calculation of current assets less current liabilities. When organizations have sufficient working capital, they can manage and take risks, navigate unpredictable shortfalls in revenue, fix or replace facilities and equipment, and experiment artistically in ways that might not otherwise be affordable.[9] Shrinking working capital reduces flexibility. While there is no rule of thumb that requires a certain level of working capital for all organizations, determining the level of savings that is relevant for an individual organization's operating needs can help weather uncertain times[10].

Overall median working capital among the studied Massachusetts organizations was 5 months prior to the pandemic and rose to nearly 11 months due to relief funding and reduced expenses related to shutdowns.[11] Figures 2 and 3 below show months of working capital by sector and budget size over the trend period. Across most sectors, working capital levels peaked in 2021 and dipped by varying degrees in 2022.

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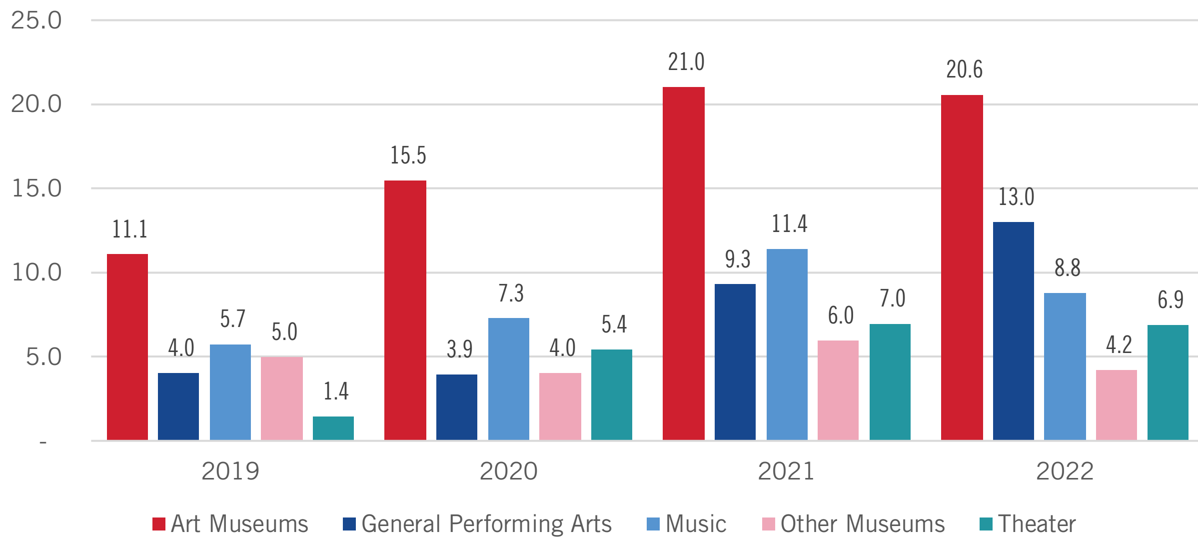
[9] Thomas, R., and Z. Voss (2018), Five Steps to Healthier Working Capital, SMU DataArts. Accessed from https://culturaldata.org/white-papers/five-steps-to-healthier-working-capital/

[10] For more information, please visit https://dataarts.my.salesforce-sites.com/Resources/articles/Article/How-much-should-my-organization-save

[11] Working capital data reflects 259 organizations who entered total asset and liability information into the Balance Sheet section of the Cultural Data Profile

Figure 2: Median Months of Working Capital, by Sector (FY2019 – 22)



Massachusetts art museums fared better than other sectors as shown in Figure 2 above, with median working capital higher across the four-year period compared to other types of arts and cultural organizations. This contrasts with other museum types such as children museums, history, multidisciplinary, and science and technology museums which experienced a drop in working capital between 2019 and 2022.

General performing arts organizations,[12] who may have fared better from later waves of government support such as the Shuttered Venue Operating Grants program,[13] reported their largest levels of working capital in 2022. **Heading into the pandemic, the performing arts sector exhibited a more precarious liquidity position, with theatres holding less than 2 months of working capital.**

National trend analysis conducted by SMU DataArts shows that organizations generally did a remarkable job operating within their means during the crises, resulting in positive operating surpluses. However, an examination of FY2023 available data reveals a reversal of this trend in 2023 as expenses continue to outpace growth in earned revenue while relief funding diminished. In 2023, the median bottom line was at break-even – its lowest point over the 5-year period – meaning that half of the sector lost money. This points to the fact that the high levels of working capital seen throughout the pandemic years may not be sustainable as organizations look to the future. **In fact, the national**

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[12] Organizations with NTEE code A60 (Performing Arts)

[13] The two biggest federal relief funding initiatives that directly benefitted arts and cultural organizations were the Paycheck Protection Program, with disbursements occurring between May 2020 and May 2021, and the Shuttered Venue Operator Grants program, where funds were disbursed between June 2021 and April 2022. The former benefitted arts and cultural organizations of every kind whereas the latter was intended to benefit venues such as performing arts organizations and music venues. For more detail, see https://culturaldata.org/media/2884/distribution-of-federal-funding_2023.pdf

trend analysis shows 58% of the field reporting more than 6 months of working capital in 2021, slipping to 48% in 2023.

The following sections of the report assess how the various sources of revenue have changed from 2019 to 2022 as organizations look towards a more sustainable future.

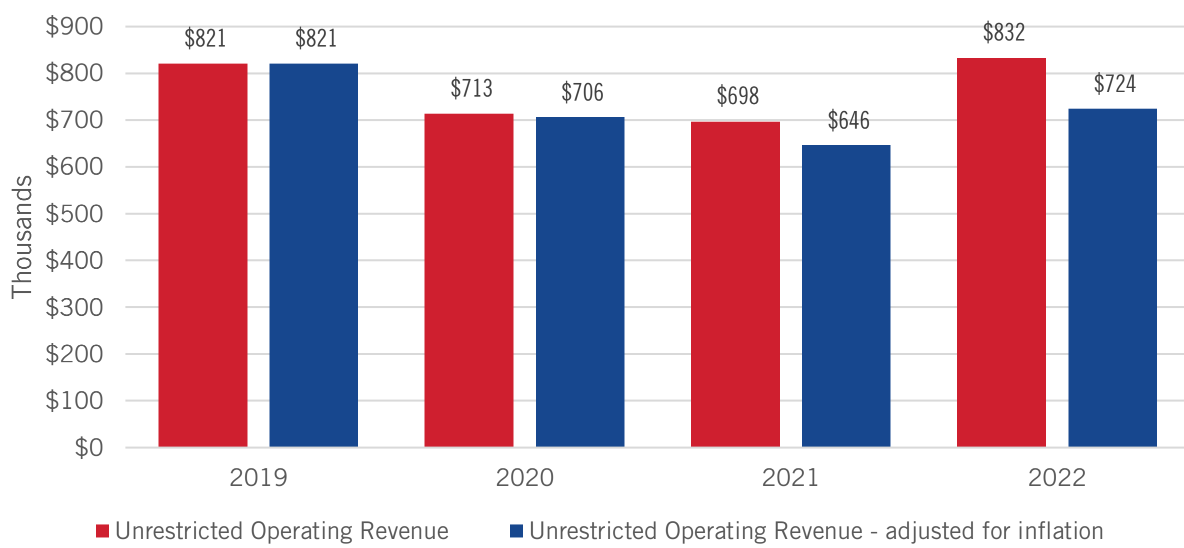
Revenue Composition

In this section we report on trends in operating revenue and how its composition has shifted.

Total Operating Revenue

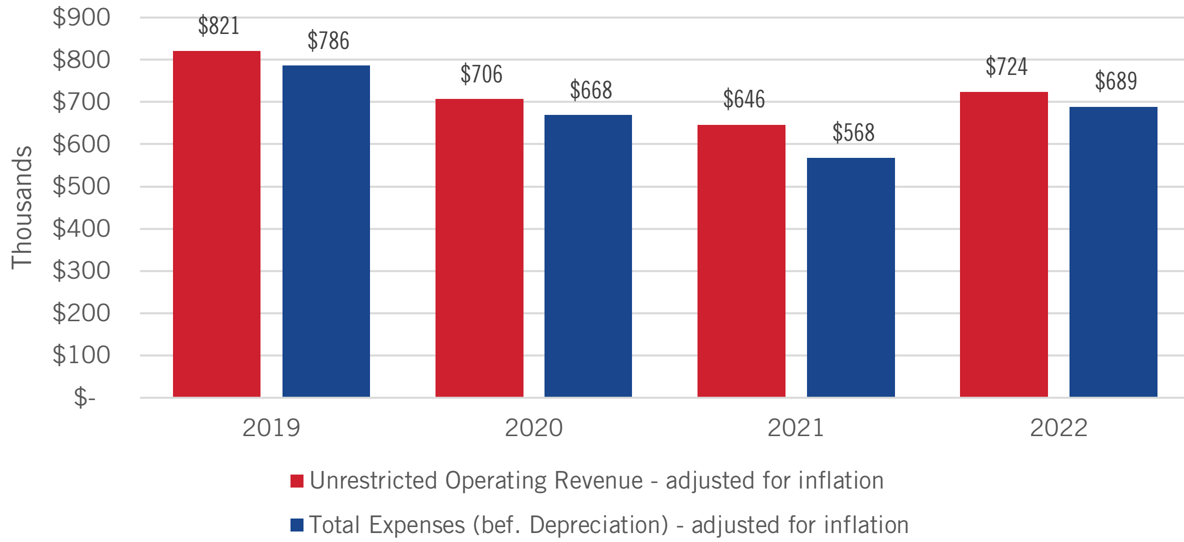
Total operating revenue in FY2022 neared its pre-pandemic levels in nominal dollars. However, inflation is an important backdrop to this trend, as the power of a dollar raised or earned has decreased over the past few years. **In fact, after adjusting for inflation, operating revenue shows a 12% decline from 2019 to 2022 (see Figure 3).**

Figure 3: Magnitude of Unrestricted Operating Revenue 2019-2022 (Nominal vs. Inflation Dollars, Median Values)



With a similar adjustment, total expenses have also declined by 12% for the average Massachusetts organization over the trend period, tracking lower than revenue every year and resulting in similar surpluses in 2022 as observed in 2019 (Figure 4). **However, when analyzing the one-year change from 2021 to 2022 as organizations resumed programming, expenses increased by 18% overall, double the rate of revenue growth.** Ninety percent of organizations in the Commonwealth observed expense increases from 2021 to 2022.

Figure 4: Operating Revenue and Expenses 2019 - 2022 (Inflation Adjusted, Median Values)



Increases in expenditures are causing organizations to spend down on surpluses. Looking ahead to reports for 2023, national findings point to a continued creep of expenses to the point where 1% deficits are observed. The following sections explore which sources of revenue, and for what types of organizations, can sustain rising costs despite the impacts of inflation.

Contributed Support

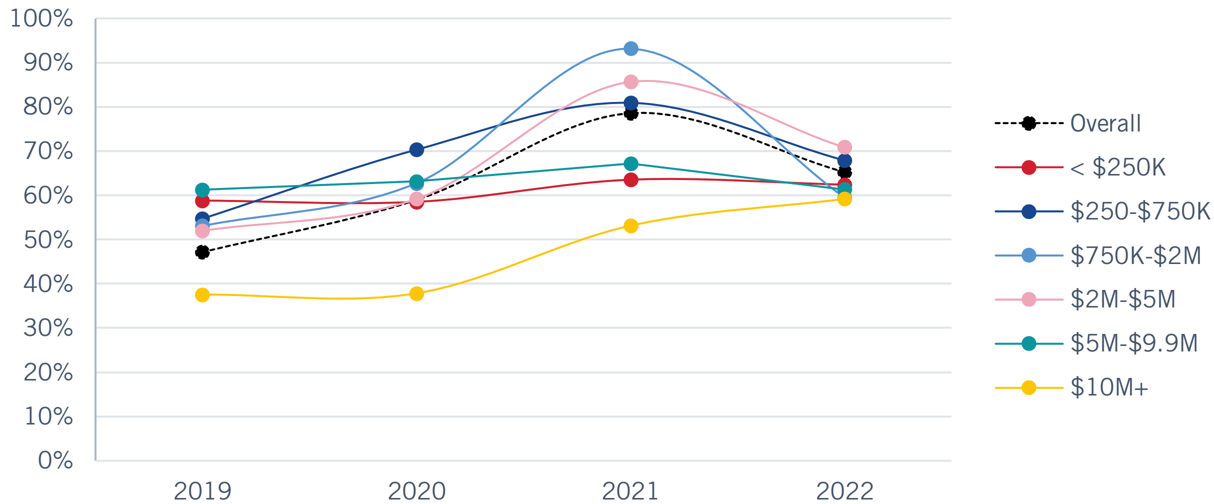
This section explores total contributed support, and the level of expenses that each of the major sources of private and public philanthropy supported. It expands on the following key findings:

- Over the 2019-2022 trend period, reliance on contributed revenue grew, in part due to the reduction of expenses paired with exceptional government support.
- Overall, a fourfold increase in government support was observed from 2019 to 2022.
- Across major private support stakeholder groups, funding has not kept pace with inflation between 2019 and 2022

Reliance on Contributed Income

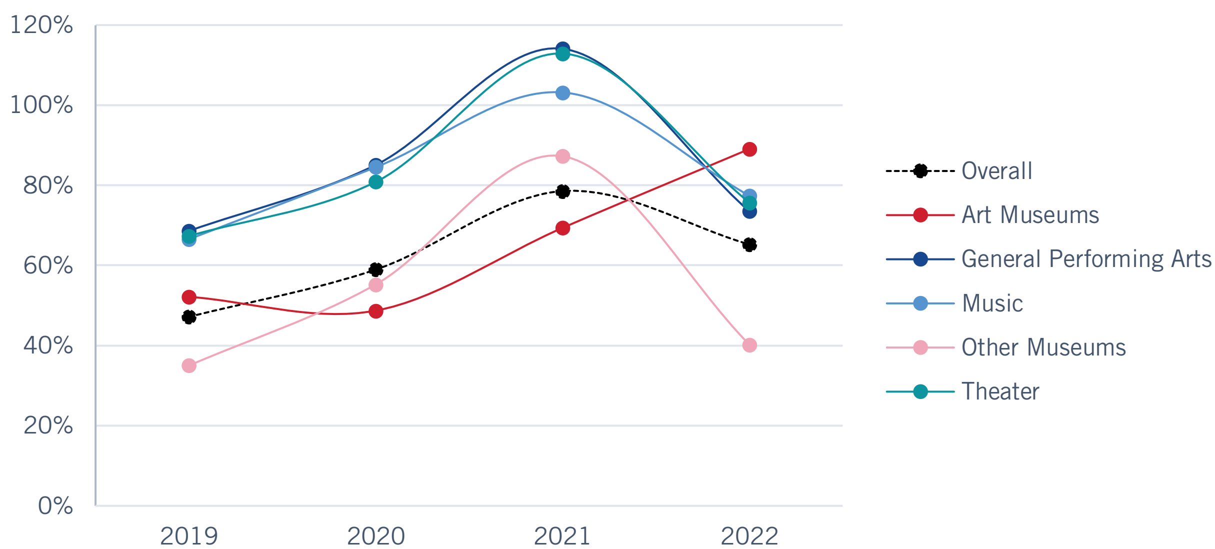
Across organization types and sizes, contributed revenue is a major source of funding for Massachusetts organizations. In 2019, contributions supported 47% of expenses, rising to 79% in 2021 and falling slightly to 65% in 2022. (see Figure 5 and 6). Over the trend period, contributed revenue grew by 21% in inflation-adjusted dollars. In 2021, contributed income covered more than half of expenses across all sectors and budget groups except for the largest ($10M+) organizations.

Figure 5: Contributed Income as a Percentage of Expenses, by Budget Size



As organizations closed their doors to in-person operations in 2020 and the pandemic severely limited their ability to consistently offer live programming in 2021, total expenses were cut, and organizations relied on contributed revenue. The ability to reduce expenses substantially resulted in higher coverage from contributed income, particularly among performing arts, theater, and music organizations.

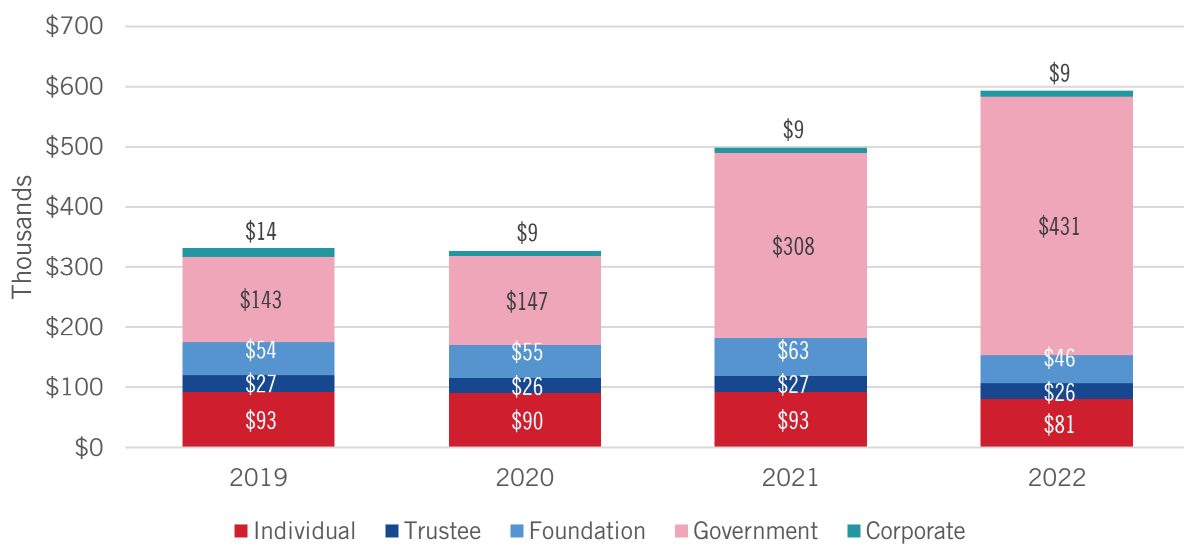
Figure 6: Contributed Income as a Percentage of Expenses, by Sector



Impact of Government Funding

Figure 7 below shows the shifts in the various sources of support revenue for Massachusetts organizations. The biggest source of growth in contributed income was government funding. Federal relief programs such as the Paycheck Protection Program (PPP), the Shuttered Venue Operators Grant (SVOG) Program, the American Rescue Plan (ARP), and Coronavirus Aid, Relief and Economic Security (CARES) Act grants kept many organizations afloat during the pandemic and saved jobs in the arts, fulfilling their intended purpose.[14] All counties in Massachusetts received funding from these programs, compared to 89% of counties in the nation overall, with metro regions receiving exceptionally high shares of total federal relief dollars. **In Massachusetts, a fourfold increase in government support was observed from 2019 to 2022.** Government revenue supported an increasingly larger portion of the average organization's expenses over the past four years, rising from 2% in 2019 up to 10% in 2021 and a slight dip to 7% in 2022.

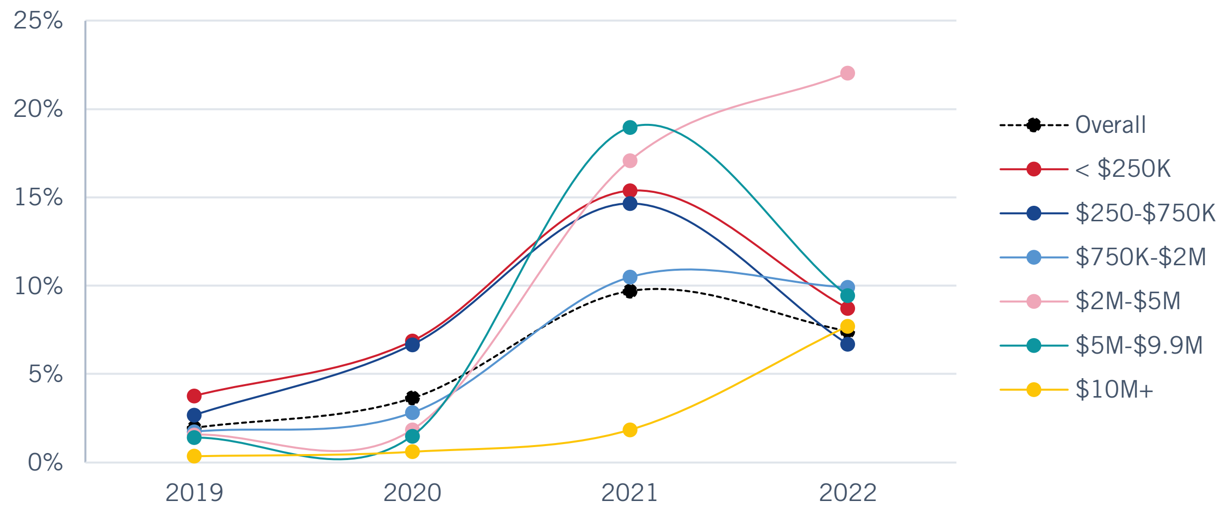
Figure 7: Unrestricted Contributed Revenue by Source, 2019-2022 (Inflation Adjusted)



This trend was especially pronounced for large organizations (Figure 8); organizations with budgets between $2 and $5 million benefited from exceptional levels of federal relief which covered 16% of expenses.

[14] Fonner, D., Voss, G., and Voss, Z. (2023), Distribution of Federal COVID-19 Relief Funds for the Arts and Culture Sector, SMU DataArts. Accessed from https://culturaldata.org/distribution-of-federal-covid-19-relief-funding/overview/

Figure 8: Government Support as a Percentage of Expenses, by Budget Size

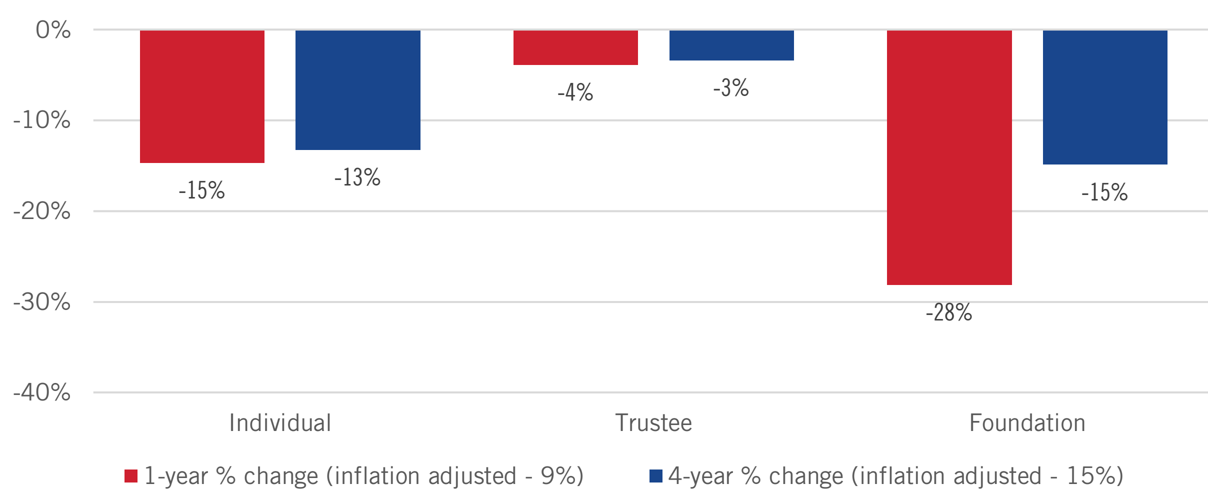


For most organizations, 2022 marked a slowdown in the influx of government funding. National trends show a continued wind-down of these relief programs in 2023 as the last trickle of federal relief funding makes its way through local government re-granting programs, where funds are required to be disbursed by 2026.

Private Funding Sources

Across major private support stakeholder groups, funding has not been able to keep pace with inflation. While Figure 7 above shows the dollar amounts and proportions for each funding source, Figure 9 below describes the one and four-year change after adjusting for inflation.

Figure 9: Private Funding Sources Inflation-Adjusted Change Over Time



Individual Support

Non-trustee individual donors gave at about the same level of nominal dollars during COVID as they had pre-pandemic. However, when we account for inflation, giving levels have actually fallen substantially. **Over the 4-year trend period from 2019 to 2022, the level of individual support fell by 13%. Specifically, from 2021 to 2022 individual support dropped by 15%.** Individual donors, facing the effects of inflation on their discretionary spending, may not contribute as much in the current year as they did in prior years. When analyzed by budget size, organizations with budgets below $250,000 and between $2 Million and $9.9 Million experienced the steepest decline (23% and 22%, respectively) in individual support over the 4-year period (Table 1). The 59 organizations in between these two budget categories ($750K-$2M) bucked the trend with notable increases in individual giving. Over a third of organizations in this budget group observed at least a 25% increase in individual dollars after adjusting for inflation. A possible characteristic of this budget group is the fact that they are large enough to be eligible for government relief funds meant for organizations with payroll personnel and owned facilities. Additionally, the pool of donors for these mid-sized groups tend to be larger than small counterparts yet perhaps are more engaged than the donors of very large institutions.

Table 1: Unrestricted Individual Support (Median) by Budget Size

	2019	2020	2021	2022	1-year % change (inflation adjusted - 9%)	4-year % change (inflation adjusted - 15%)
< $250K	$20,092	$21,966	$21,810	$17,811	-25%	-23%
$250-$750K	$48,587	$69,122	$69,742	$88,517	16%	58%
$750K-$2M	$137,718	$129,970	$151,562	$145,119	-12%	8%
$2M-$5M	$266,493	$287,045	$239,225	$240,323	-8%	-22%
$5M-$9.9M	$546,569	$512,147	$638,487	$630,497	-9%	0%
$10M+	$1,269,338	$1,081,200	$1,305,000	$1,307,509	-8%	-10%

Although average gift size is not collected in the Cultural Data Profile, we can explore average gift size by dividing an organization's total individual contributions by number of individual contributors. Doing so reveals that across all budget cohorts, the average individual gift size increased between 2019 and 2022. Coupled with data that reveals a decrease in the number of individual donors, this points towards fewer individuals digging deeper into their pockets. However, larger average gift size did not counteract the effects of inflation.

Trustee Support

Trustees increased their giving by 11% in nominal dollars which allowed their contributions to cover the same percentage of expenses throughout the trend period (3-5%). However, after adjusting for inflation, donations decreased slightly (Figure 9). **The organizations in this analysis maintained the size of their board, but on average lost 2 board donors** (18% decline) between 2019 and 2022.

National trend research shows a continued decline (20%) of trustee giving across all organization sizes and types, falling at a faster rate than other individual giving in 2023. In fact, **average trustee giving was at a 5-year low in 2023 for organizations of every size and mission focus**.

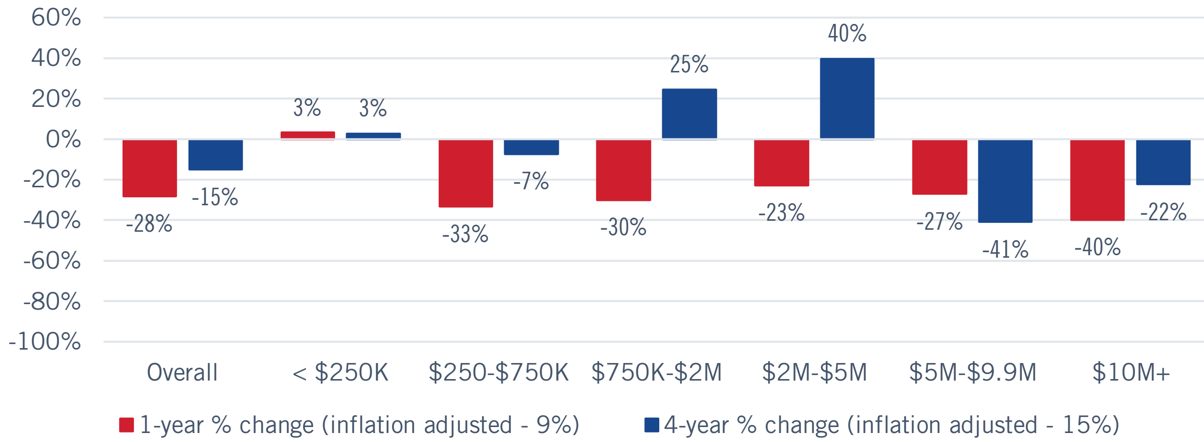
Foundation Support

Figure 10 below shows both one and four-year trends for foundation support across budget groups. In 2022, foundation support remained 15% below pre-pandemic levels. **In recent years, foundation giving has fallen over 20%.** Organizations on average lost one foundation funder, suggesting that either the loss of this funder resulted in significant reduction in amounts awarded, or that award amounts generally declined between 2021 and 2022.

Declines in foundation giving were primarily driven by large organizations with budgets exceeding $5 million. **Mid-sized organizations with budgets between $750,000 and $5 million bucked the trend, observing an increase by 25% to 40% between 2019 and 2022 - receiving more support from the same pool of donors.** Notably, over 40% of organizations in this budget range reported inflation-adjusted increases in foundation support across the four-year trend period, contrasting sharply with the overall downward trend in foundation giving. This increase mirrors increases observed nationally, as the budget constraints in this grouping more closely align with the average budget size of the organizations studied in national trend research. In fact, national trends show double-digit growth in foundation giving from 2019 to 2023 for organizations of every size. For small and medium budget organizations, foundation support was at its highest 5-year average in 2023.[15]

[15] National trend research categorizes small organizations as those with budgets under $500,000 and large organizations as having a budget of $1 million or more

Figure 10: Foundation Support (Median)
Inflation-Adjusted Change Over Time by Budget Size



Staffing

Attracting, retaining, and cultivating a strong workforce is a key priority for every arts and cultural organization. The following section explores how, **despite a reduction in expenses, organizations have been able to retain workforces** amidst the challenges of the pandemic.

Management of Expenses

Expense levels fluctuated throughout the pandemic, with an overall decrease of 12%. Fluctuations vary by sector (Table 2); from 2019-2022, **theatres constricted their budgets by 34%** while non-art museums maintained the same level of expenses, with adjustments for inflation. The large increase in expenses among General Performing Arts (10 institutions) is due to extreme fluctuations experienced by a few organizations.

Table 2: Total Expenses (Median) by Sector

	2019	2020	2021	2022	1-year % change (inflation adjusted - 9%)	4-year % change (inflation adjusted - 15%)
Art Museums	$8,539,297	$7,764,716	$6,907,152	$8,144,031	8%	-17%
Performing Arts	$851,267	$821,231	$727,732	$1,222,475	54%	25%
Music	$299,058	$223,296	$201,701	$283,280	29%	-18%
Other Museums	$2,651,232	$1,935,254	$2,165,236	$3,034,074	29%	0%
Theater	$1,158,406	$860,814	$875,939	$884,489	-7%	-34%
Overall	$786,440	$674,794	$613,565	$792,415	18%	-12%

Personnel Expenses

Despite the constriction of budgets for most organizations and the challenging conditions presented by pandemic related closures, personnel-related expenses remained the largest contributor of organizational expenses throughout the trend period. **While personnel expenses remained 12% lower in 2022 than in 2019 after adjusting for inflation, Massachusetts organizations increased their personnel budget by 8% in 2022**.

National findings across the U.S. economy point to a continued growth in compensation which exceeds inflation, reflecting an investment in people as organizations seek to retain employees during a strong job market[16]. The arts and cultural sector as a whole benefited from $40.1 billion in forgivable loans via the Paycheck Protection Program which had a positive impact on organizational payroll.[17]

National trend research conducted by SMU DataArts underscores the Massachusetts findings: personnel expenses were 8% lower in 2022 than in 2019 after adjusting for inflation. However, the average organization made significant investments in personnel in 2023, changing the 5-year outcome to an increase of 1% higher than inflation. These findings observed that in each of the last two years, growth in total compensation has exceeded inflation for organizations of every ilk. It is good news that the field is heading in a healthy direction with respect to recognizing the value of arts workers. However, i**t is important to put these increases into perspective. In 2022, averaging across all nonprofit arts and culture disciplines including employees and freelance artists, the average annual salary for arts workers in the U.S. was $33,024;[18] a bit above the poverty level for a family of four but not by much.**

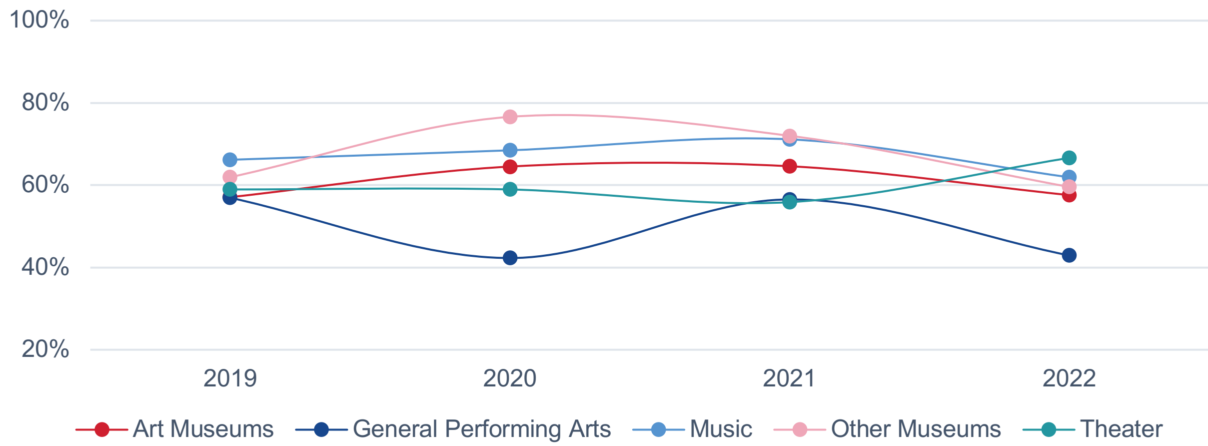
Personnel and payroll expenses made up a particularly large portion of total expenses for theatres in Massachusetts, as this sector contracted their expenses the most severely (Figure 11). The one-year growth in personnel expenses continues to outpace the overall growth in expenses for theatres, indicating a dedication to workforce retention, perhaps in response to long-term pay equity issues, while remaining cautious about non-personnel expense increases.

[16] Economic Policy Institute. (2024, June 20). Average wages have surpassed inflation for 12 straight months. Retrieved from https://www.epi.org/blog/average-wages-have-surpassed-inflation-for-12-straight-months/

[17] Fonner, D., Voss, G., and Voss, Z. (2023), Distribution of Federal COVID-19 Relief Funds for the Arts and Culture Sector, SMU DataArts. Accessed from https://culturaldata.org/distribution-of-federal-covid-19-relief-funding/overview/.

[18] Fonner, D., Voss, G., and Voss, Z. (2023), Distribution of Federal COVID-19 Relief Funds for the Arts and Culture Sector, SMU DataArts. Accessed from https://culturaldata.org/distribution-of-federal-covid-19-relief-funding/overview/.

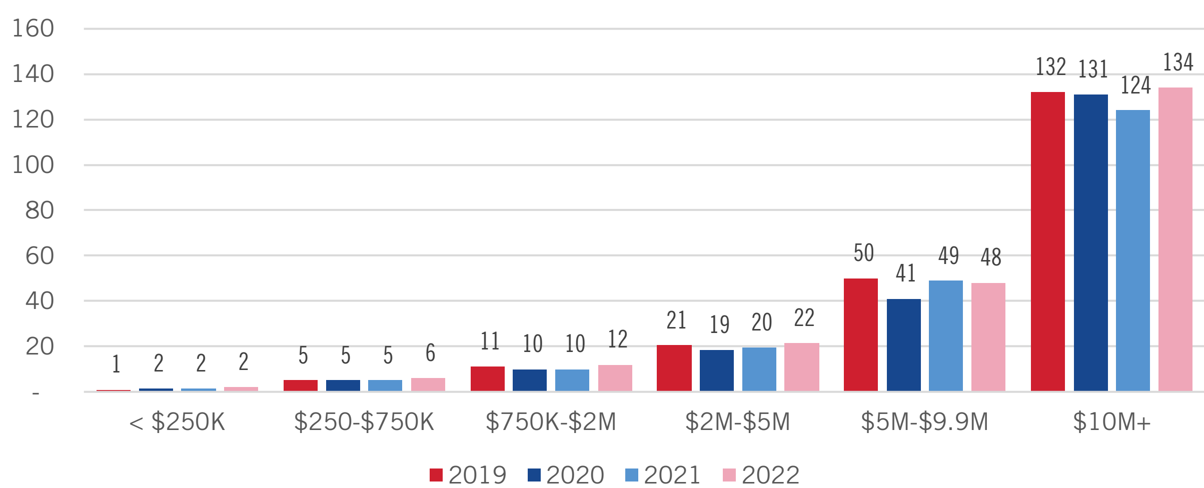
Figure 11: Personnel Expenses as Percent of Total Expenses, 2019-2022 by Sector



Workforce Composition

Massachusetts ranks highly in the number of employees working in artistic institutions and/or freelance artists, with every region placing in the top 60% of communities across the nation and overall levels of pay outpacing those of arts and culture workers in other areas of the country[19]. **Overall, Massachusetts organizations maintained workforce stability, adding one full-time position and retaining all part-time positions post-pandemic.** This trend was observed across budget sizes and mirrors national trends in the arts workforce (Figure 12).

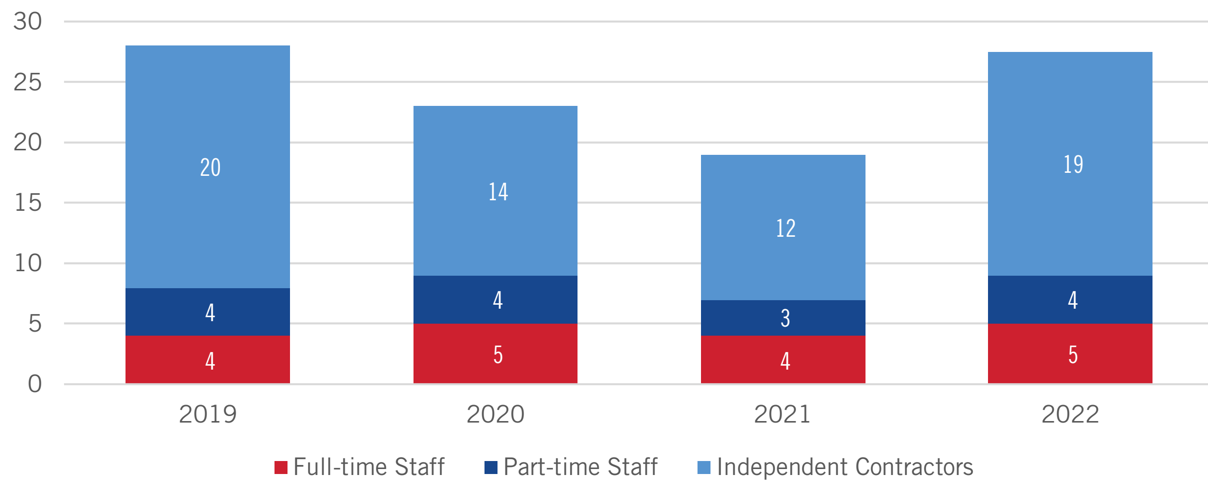
Figure 12: Full and Part Time Positions by Budget Size, 2019-2022



[19] Benoit-Bryan, J., Fonner, D., Voss, Z. (2024), Trends in Arts Vibrancy Across Massachusetts. Accessed from https://barrfdn.issuelab.org/resource/mapping-massachusetts-trends-insights-into-arts-vibrancy.html

As organizations grow, so do the proportions of permanent positions. The trends in permanent positions stand in contrast to drastic increases in National unemployment rates within the broader arts, culture, and recreation sectors.[20] This is due to shifts in the employment of contracted workers: **much of the increased unemployment in the larger arts sector reflects the realities of individuals who do not hold permanent positions. Contracted employees, artists and seasonal staff comprise a large proportion of the arts workforce (Figure 13).**

Figure 13: Workforce Composition, 2019-2022



Small institutions rely more on independent contract labor; at least one in four staff positions at organizations with budgets below $2 million are held by independent contractors or artists.

Steep drops in the employment of these individuals occurred in 2020 and 2021; in 2022, the average organization reinstated all but one of their contracted workers and 7 artists (not shown), doubling their contracted and artistic employment count from the previous year.

Attendance & Program Activity

The final section of this report examines patterns related to earned income, which is primarily generated through audience engagement. **In 2021-2022, increased program offerings spurred promising growth in earned revenues (84%) and attendance (749%),**

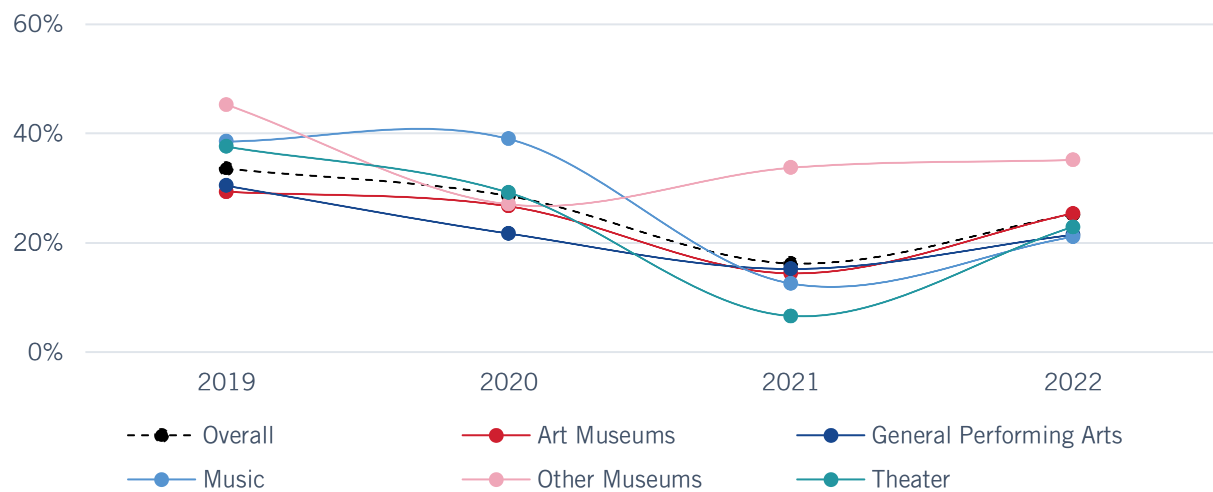
[20] Fonner, D., Roscoe, R. (2022), Pandemic Priorities, SMU DataArts. Accessed from https://culturaldata.org/media/2555/covid-era-employment-report-final.pdf

as well as accompanying expenses (18%). However, gaps still exist when comparing to pre-pandemic levels of engagement.

Earned Revenue

A key contributor to the current crisis is dwindling attendance and its impact on earned revenue. **Earned revenue dropped by 19% over the trend period, supporting 8% less of total expenses in 2022 than in 2019** among the Massachusetts organizations studied, and 17% less of total expenses for music organizations and 15% less for theaters (Figure 14). As organizations re-opened and increased program offerings, earned revenue grew by 84%. This growth in earned income outpaced the growth in expenses (18%). However, much ground has been lost, particularly for music and theatre organizations whose earned revenue levels remain alarmingly low compared to pre-pandemic levels (60% lower and 55% lower, respectively).

Figure 14: Earned Income as Coverage of Expenses by Sector, 2019-2022



In-Person Attendance & Ticket Sales

In-person attendance has been coming back since 2021, but the recovery has been slow. Among the Massachusetts organizations studied, **attendance grew by 42% from 2021 to 2022. However, despite this increase, attendance remains 29% lower than pre-pandemic levels.** National findings point to a plateaued growth in attendance figures, and ticket sales remain 11% lower than 2019 so the question remains on how long until audiences return to pre-pandemic levels of engagement[21].

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[21] Voss, Z., Roscoe, R., Fonner, D., Benoit-Bryan, J. (2023), Navigating Recovery, SMU DataArts. Prepared for the City of Chicago Department of Cultural Affairs and Special Events. Accessed from https://culturaldata.org/arts-and-culture-financial-and-operating-trends-in-chicago/overview/

Ticket admissions revenue has decreased 61% overall when adjusted for inflation. This is due in part to ticket prices. When adjusted for inflation, median ticket prices at the high end of the range have decreased 23%. Median ticket prices at the low end of the range have decreased 57%. Both declining admissions numbers and declining ticket prices point to a difficult environment for maintaining or growing earned revenue with existing business models.

Table 3: Total In-Person Attendance (Median) by Sector

	2019	2020	2021	2022	1-year % change	4-year % change
Art Museums	109,383	42,370	33,986	91,431	169%	-16%
General Performing Arts	11,875	13,079	180	5,043	2702%	-58%
Music	3,213	1,217	NA*	1,100	NA	-66%
Other Museums	21,327	17,980	8,768	32,678	273%	53%
Theater	11,842	3,638	247	4,400	1681%	-63%
Overall	5,920	3,026	367	3,111	749%	-47%

*Of the 42 music organizations, none reported attendance data for fiscal year 2021.

As shown in Table 3, **in-person attendance decreases for music organizations (-66%) and theatres (-63%) were far more severe than those of museums studied.** This corresponds to trends observed in similar analysis of Chicago organizations and points to the fact that perhaps museums were able to open their doors sooner than performing arts or other organizations given their advantage of flexible entry times, ability to control the flow of people, low interaction between visitors and staff/artists, and frequent availability of outdoor spaces for engagement.[22] Other studies confirm that the earlier organizations could resume in-person activity, the sooner their attendees and associated revenues returned.[23]

Program Activity

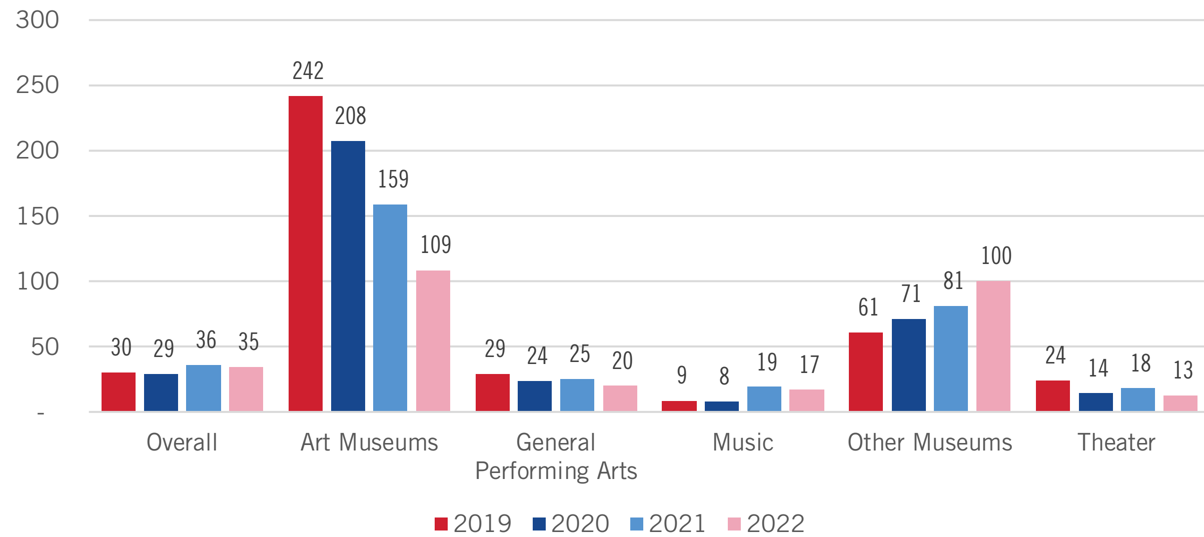
Despite rising expenditures, in 2021 and 2022 organizations worked hard to provide an increased variety of programs, offering 6 more distinct programs in 2021 and 5 more in 2022 compared to 2019. Museums generally had more programmatic offerings and more attendees than other sectors. However, it is notable that the number of programs is on the decline among art museums, while it is on the rise for other museum types. This

[22] Gifts & Ticket Sales revenue Analysis: US, Canada, and UK – December 2023 TRG Arts/Purple Seven. Accessed from https://trgarts.com/blog/gifts-and-ticket-analysis-december-2023.html

[23] Robinson, J. Not All Recoveries are Created Equal: A Snapshot of the 4 Genres. 2023 TRG Arts/Purple Seven. Accessed from https://trgarts.com/blog/not-all-recoveries-are-created-equal

may relate to the 17% constriction of expenditures among art museums, whereas other museum types have maintained the same levels of expenses from 2019 to 2022.[24]

Figure 15: Median Distinct Programs by Sector, 2019-2022



When assessing trends in programming, it is important to analyze the relationship between supply (number of programs offered) and demand (attendance). We calculate the number of people per offering to understand the number of individuals engaged across total offerings in a single year. Despite increases in distinct programs, the average number of people attending each program is 28% lower in 2022 compared to 2019 (63 vs. 46).

Conclusion

Across the Commonwealth of Massachusetts, arts and culture remains particularly vibrant. However, the challenges brought about by the COVID-19 pandemic, coupled with economic uncertainties and shifting audience behaviors, have created a landscape fraught with unknowns and questions about the sector's future. The trends highlighted in this report reflect national patterns and underscore the urgent need for innovation and transformation in developing new models, bolstering new relationships, and crafting creative approaches to meet the evolving needs of constituents.

[24] The Cultural Data Profile was streamlined in December 2020. A notable shift occurred in how organizations were able to report digital programming. Because we do not know if data entered before December 2020 reflected digital programs, there is a potential skewing of findings from Fiscal Year 2019. Future analyses will point towards a more consistent methodology of collecting this type of data.

As organizations and funders alike confront an uncertain future, it is crucial to:

- **Support flexible plans** that can adapt to changing dynamics, and embrace innovative business and financing models that reimagine the rebuilding process
- **Invest in human capacity** to mitigate burnout, improve employee retention, and sustainability expend programmatic capabilities
- **Understand working capital requirements** necessary for sustaining growth and ensuring adequate reserves during future downturns

We hope that the insights shared in this report spark critical conversations as organizations navigate future planning and innovation in response to the challenges presented. While the data only extends through 2022, the historical narrative of recovery can serve as a valuable guide for establishing future benchmarks and metrics as organizations continue on the road to recovery.

Methodology

As with any health diagnostic, organizational wellbeing can be examined across a spectrum of metrics and measures. For this reason, we report on a spectrum of trends from 2019 through 2022 for Massachusetts organizations who completed a Cultural Data Profile. The Cultural Data Profile (CDP) is a detailed online survey of financial, programmatic, and demographic information that cultural nonprofits fill out once annually. The CDP is used apply for funding to multiple grant programs. Other organizations provide data as part of integrated surveys administered by national arts service organization partners. This data powers a suite of business intelligence reports which cultural leaders use to better manage their organizations. It also contributes to a robust, national data resource for research and advocacy.

2019-2022 Trend Analysis: Organizations Included

Appendix A includes a list of the 287 Massachusetts organizations included in this report. Over half of these organizations reflect the arts activity in the Greater Boston region, however the distribution of the largest organizations can be found throughout most regions in the state. Tables 3 through 5 below show the counts and characteristics of the organizations studied. Total expenses vary greatly in the dataset, with the smallest organization reporting total expenses less than $6,000 and the largest at over $312 million. Thus, trend findings are based on median values (i.e., midpoint in the range) to better reflect the overall organization experience given the large distribution in budget size.

TABLE 3: Trend Dataset Characteristics

Region	Count	%	FY22 Expenses		Average Year Founded
			Average	Median	
Greater Boston	159	55%	$7,068,427	$884,489	1962
Cape & Islands	18	6%	$946,498	$469,651	1974
Western Massachusetts	33	11%	$1,700,669	$510,179	1966
Berkshires	22	8%	$3,539,253	$1,361,502	1973
Southeastern/South Coast	18	6%	$2,035,736	$1,002,741	1968
Northeast Massachusetts	22	8%	$1,834,689	$442,825	1964
Central Massachusetts	15	5%	$4,221,260	$1,786,978	1917
Overall	287		$4,546,412	$792,415	1968

Table 2 below highlights the disciplines that this report will analyze (light blue). When analyzed at the overall level or by budget size, all disciplines below are included.

TABLE 4: Trend Dataset Artistic Discipline

Sector	Count	%	FY22 Average Expenses	Average Year Founded
Art Museums	10	3%	$22,094,929	1935
Arts Education	28	10%	$1,663,207	1958
Community	36	13%	$1,111,264	1975
Dance	6	2%	$6,169,002	1980
General Performing Arts	10	3%	$1,134,539	1975
Music	42	15%	$993,307	1980
Opera	2	1%	$3,981,035	1991
Other Museums	17	6%	$8,457,543	1930
Performing Arts Centers	10	3%	$6,745,791	1969
Symphony Orchestras	16	6%	$7,179,043	1955
Theater	25	9%	$2,866,651	1988
Other: Zoos, Aquariums, Historical Societies	21	7%	$3,405,506	1932
Other	64	22%	$8,443,441	1955

TABLE 5: Trend Dataset Budget Size

Trend Dataset	Count	%	Average FY22 Expenses	Average Year Founded
< $250K	66	23%	$145,538	1984
$250-$500K	45	16%	$313,307	1975
$500K-$1M	49	17%	$717,599	1976
$1M-$5M	84	29%	$2,140,977	1954
$5M+	43	15%	$25,401,364	1915

Inflation Adjustment

This report focuses on trend findings between 2019 and 2022. Financial data in this report reflect a 15% adjustment for inflation when comparing 2019 to 2022, and a 9% adjustment for 2021 to 2022 figures.[25] This adjustment is critical to understanding the very real impact on the cost of operations as well as the impact $1 had as it relates to the strength of the U.S. dollar. Inflation causes economic uncertainty which can translate to fewer recreational expenses on artistic experiences as well as more discretion in donations.

[25] We base the 15% adjustment for inflation in the discussion trends on compounded annual average changes in the Consumer Price Index for all urban consumers as reported by the U.S. Department of Commerce's Bureau of Labor Statistics: https://www.bls.gov/data/inflation_calculator.htm.