Bay Area Arts And Culture Organizational Sustainability Survey Report

Top line findings that highlight the changing financial and operational context of dance, theater and performing arts organizations from 2019 to 2023.

SMU DataArts

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On the cover: Sins Invalid. Photo credit: Alex Cafarelli.

About This Report

The Kenneth Rainin Foundation engaged SMU DataArts, a national center for arts research at Southern Methodist University, to examine the changing financial and operational context of Bay Area dance, theater and performing arts organizations. The Rainin Foundation wanted to better understand:

- Financial and operating trends after the COVID-19 pandemic, including differences amongst performing arts disciplines, to help identify where their support could make a stronger impact.
- Challenges and opportunities impacting micro-organizations, which represent 27% of the Foundation's current arts grantees and are a key part of the Bay Area's arts ecosystem.
- Bright spots in this long period of pandemic recovery to celebrate and build upon.

In 2024, SMU DataArts conducted an analysis of financial trends among all Bay Area arts organizations for whom they had Internal Revenue Service (IRS) and Cultural Data Profile records. Noticing a representation gap for very small budget arts organizations, with budgets under $60,000, SMU DataArts developed a second phase of the analysis, creating an additional sustainability survey to gather data directly from a cohort of these micro-organizations.

This snapshot of top line findings, prepared in December 2024, highlights trends of Bay Area arts organizations from 2019 to 2023 and provides financial insights on very small budget arts organizations based on collected survey data.

A note about the charts:

- All charts reflect an inflation adjustment of 20% from 2019-2023 or 4% from 2022-2023.
- Figures throughout are based on averages, given the priority of understanding financial trends and dynamics of the group overall.

About the Process and Datasets Used

- Datasets were pared down to Arts National Taxonomy of Exempt Entities (A60 Performing Arts, A61 Performing Arts Centers, A62 Dance, A63 Ballet and A65 Theater).
- Organizations with budgets under $5 million within the six-county Bay Area region were selected.
- The Rainin Foundation reviewed the list of organizations and excluded multidisciplinary organizations that were not primarily rooted in theater or dance from the datasets.

Table 1: Dataset Descriptions

Data Source	Geographic Region	Average Year Founded	Average Budget Size	Median Budget Size	Phase I Sample Size	Phase II Sample Size
2-County IRS	Alameda and San Francisco Counties	1995	$652,320	$300,000	79	N/A
6-County IRS	Alameda, Contra Costa, Marin, San Francisco, San Mateo and Santa Clara Counties	1994	$656,449	$270,000	149	103
6-County Cultural Data Profile	Alameda, Contra Costa, Marin, San Francisco, San Mateo and Santa Clara Counties	1991	$759,133	$400,000	24	17
Micro-organization Sustainability Survey	Alameda and San Francisco Counties	2008	$58,121	$34,000	N/A	15

Trends Among Bay Area Arts Organizations

The following section showcases trends for organizations, with budgets under $5 million and IRS or Cultural Data Profile data for fiscal years 2019-2023. Charts in this section use the six-county IRS sample (n=103) and Cultural Data Profile sample (n=17).

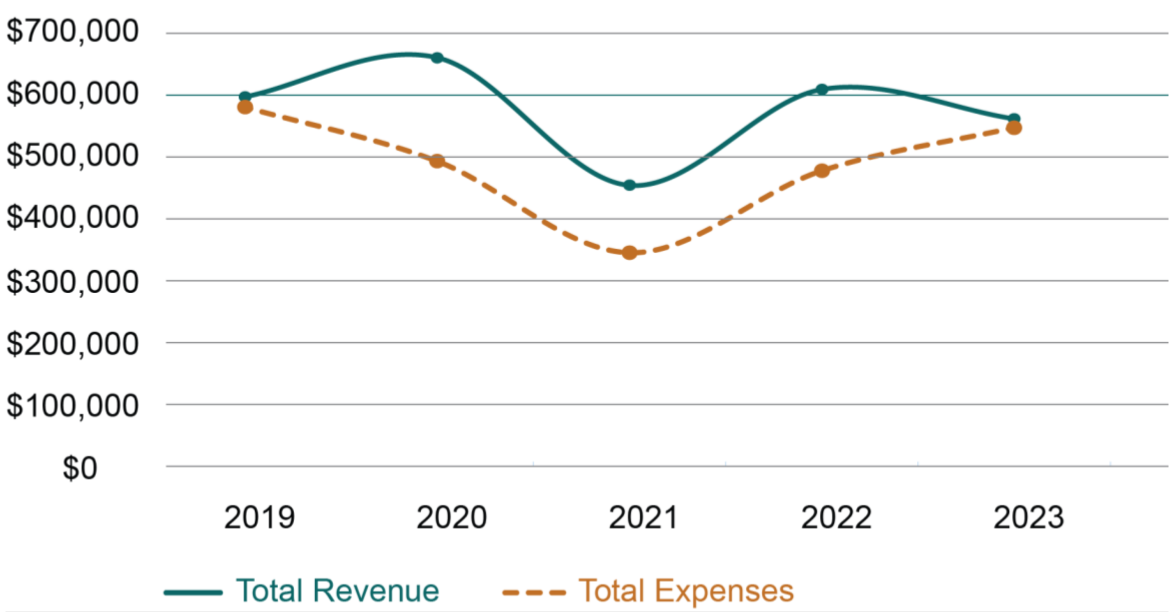
Expense growth outpaced revenue growth starting in 2022, leaving organizations once again at break-even in 2023.

As the chart below illustrates, Bay Area arts organizations ended fiscal year 2019 near break-even, with little left in reserve. Relief funding and cost cutting boosted liquidity in 2020, as doors closed and remained closed well into 2021.

By 2022, as expenses rebounded with a 16% increase in inflation, the average organization experienced a slight deficit. This was primarily driven by mid-sized and large organizations with budgets greater than $250,000.

Deficits persisted into 2023, with expenses up 21% and revenue down 12% compared to 2022. In 2022, two-thirds of organizations reported surpluses; however, in 2023 just under half of organizations reported surpluses.

Change in Total Revenue and Expenses 2019-2023



Exceptional federal relief programs kept many organizations afloat during the pandemic.

Large and mid-sized organizations experienced the highest increase in government funding through the trend period.

From 2019-2022, government funding increased 245% for organizations with budgets over $1 million, 268% for those with budgets between $250,000-$1 million and 50% for organizations with budgets under $250,000.

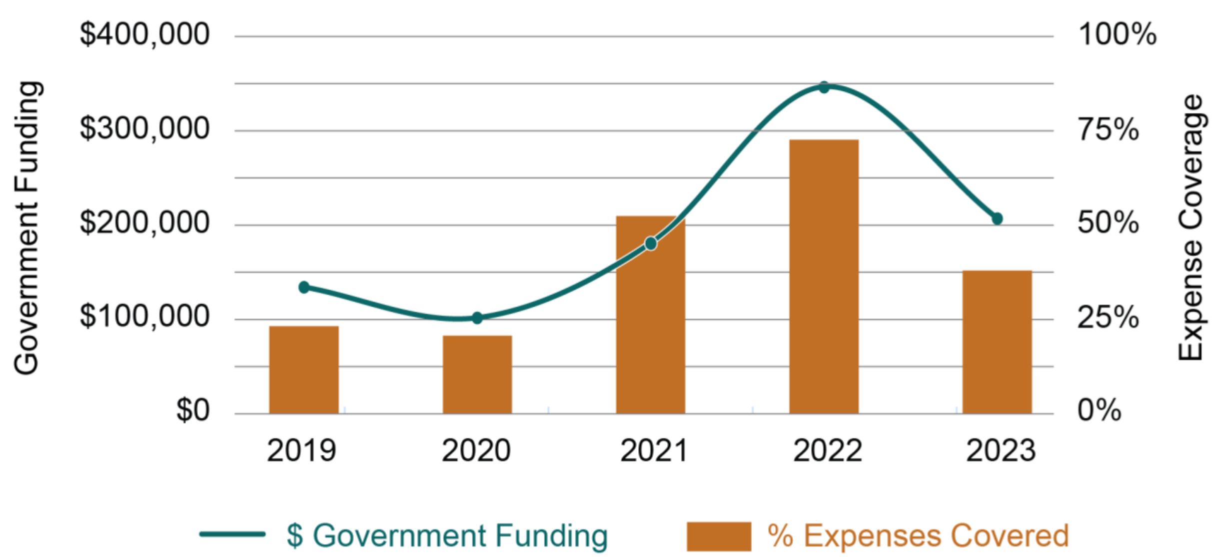
Although relief dollars increased the least for small sized organizations, those organizations drastically cut costs, so government funding covered more than 75% of expenses in 2022.

But those temporary public funds are waning.

In 2023 there was a wind-down of these funds as the last trickle of federal support makes its way through local government re-granting programs.

As the chart below illustrates, the six-county region experienced an 84% reduction in government funding from 2022 to 2023, although support levels remain 74% higher than 2019 with government funding covering more expenses in 2023 than in 2019.

Change in Government Funding & Expense Coverage 2019-2023

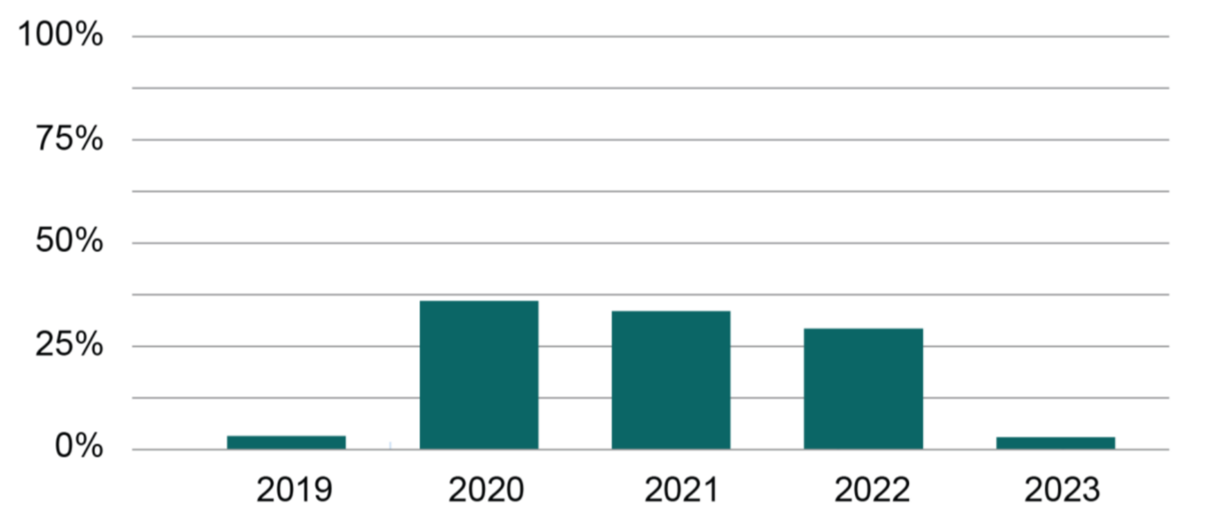


Organizations are struggling to replace the gap in government funding.

For organizations within the Cultural Data Profile sample, it remains challenging to discover a funding source to replace waning government funds as expenses rise.

- Most of the major private funding sources did not keep pace with inflation. Corporate and trustee support hit a five-year low in 2023, even before inflation adjustments.
- Foundation support increased by 8% from 2019 - 2023; however, expense coverage has declined since 2022.
- Individual support grew 9% from 2022 to 2023 in nominal dollars, constituting 82% of private support—its highest in five years. However, it hasn't kept up with inflation.

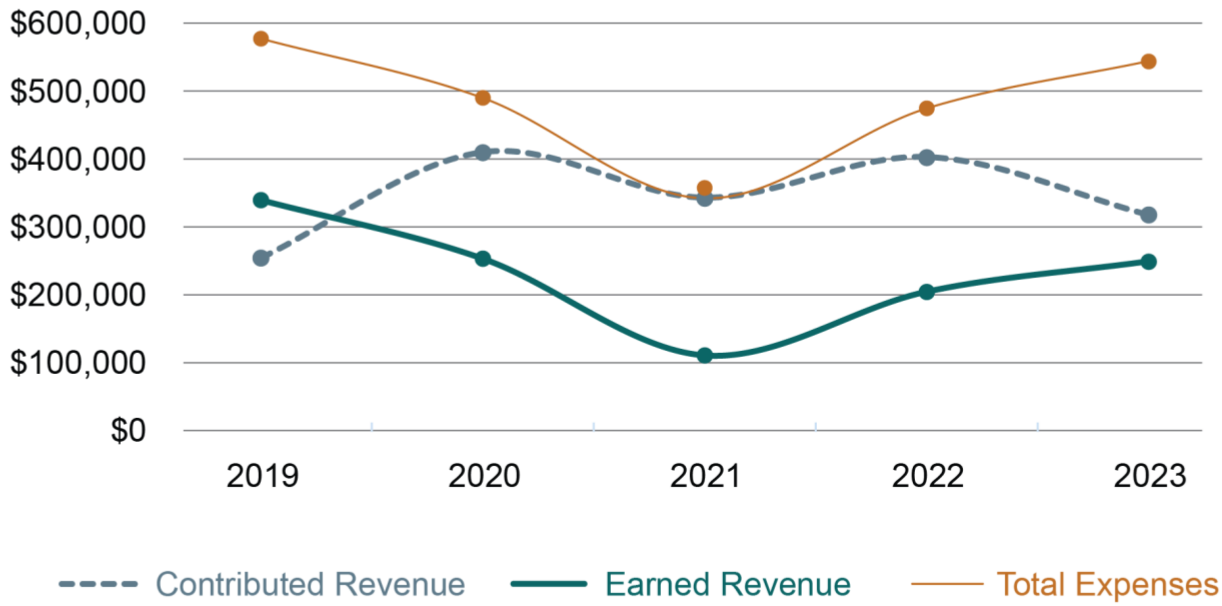
Levels of Surplus 2019-2023



Post-pandemic, the rate of contributed revenue is slowing down and earned revenues remain in a recovery state as expenses rise.

As the chart below illustrates, over the past five years organizations replaced missing earned revenue with substantial growth in contributed revenue. While growth in contributed revenue is slowing, it is still higher than 2019 levels. Earned income is increasing but remains 26% below pre-pandemic levels. Expenses began to outpace contributed revenue in 2022, and the gap widened significantly in 2023. From 2022-2023 contributed revenue decreased by 27% and total expenses increased by 21%.

Change in Contributed Revenue, Earned Revenue and Total Expenses 2019-2023

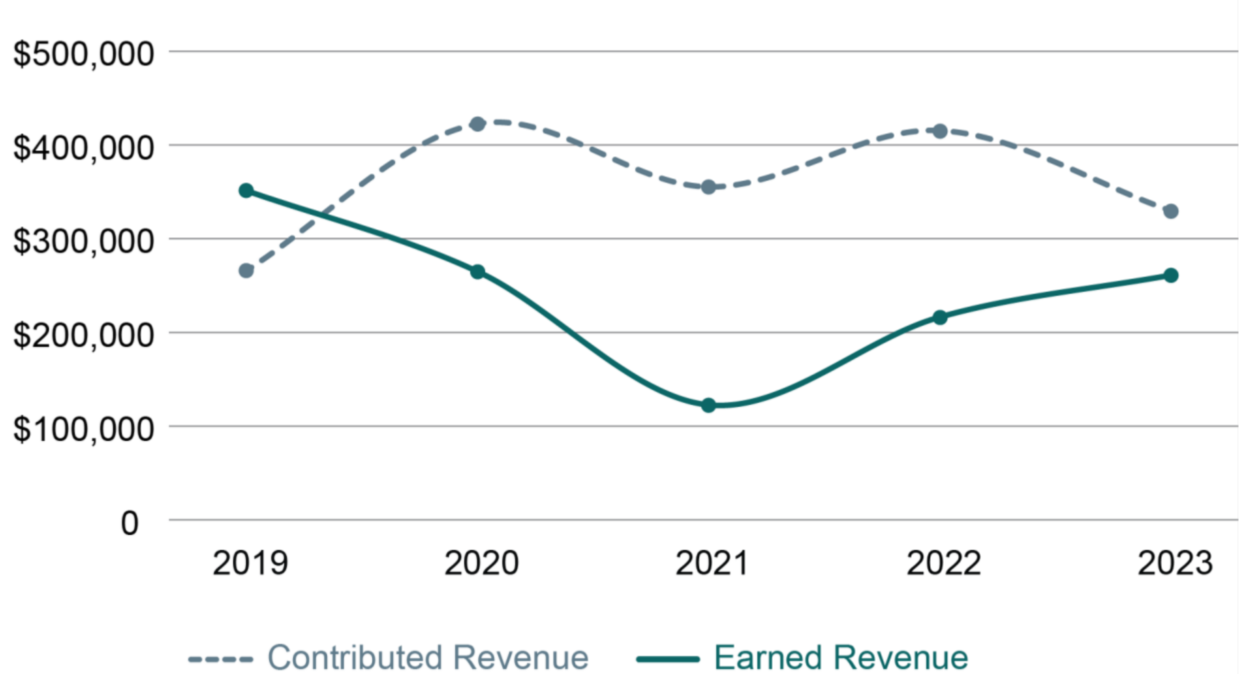


Bay Area organizations are increasing in-person attendance and program offerings, but earned revenue is still in a recovery state.

As the chart below illustrates, earned revenue rose 42% from 2022 to 2023, covering 5% more expenses, while contributed revenue fell by 27%. Despite nominal gains, earned revenue is still 26% below pre-pandemic levels after inflation adjustments.

In-person attendance for the Cultural Data Profile sample more than doubled from 2022 to 2023, spurred by expanded education and community programs. However, average attendance remains 42% lower than 2019.

Change in Earned vs. Contributed Revenue 2019-2023



Expense growth will be important to monitor and manage as organizations continue to rebuild programming.

The recent rise in expenses for the median organization continues in 2023, rising 15% from 2022.

- More than a quarter of organizations dealt with expense increases of 25% or higher over the year.
- About 8% of organizations have more than doubled their expenses in this one-year period.

What's driving this growth?

- Expenses have naturally increased along with levels of attendance and programming.
- Historically high levels of inflation in 2022 contributed to rising expenses, and arts and culture organizations continue to experience the impact of increased costs.
- Unionization efforts, advocacy for living wages and pay equity are increasingly common in arts and culture organizations, aligning with their values but also having cost implications.

Finding a stable balance of revenue sources that exceeds expenses will be critical in the next few years.

It's a relatively urgent issue to address given that expense growth continues to outpace total revenue growth, and the gap is widening. More than half of organizations had a net decrease in assets from 2022 to 2023 as they spend down any surplus from the pandemic.

In this same period, four organizations' assets dropped to $0 (one of the four had $0 in assets in 2022 as well). If the same rate of asset decline from 2022 to 2023 continues, about half (52 of the 104 organizations) will hit $0 assets within six and a half years.

That balance may look different by size and genre as organizations vary in expense-to-revenue ratios.

Organizations with positive changes in net assets have generally maintained higher contributed revenue proportions into 2023 and kept expenses lower, making them less dependent on earned income.

No matter the budget size, expenses grew at a faster rate than revenue from 2022 to 2023. This gap was widest among mid-sized organizations with budgets of $250,000-$1 million who reported average asset changes of negative $20,000.

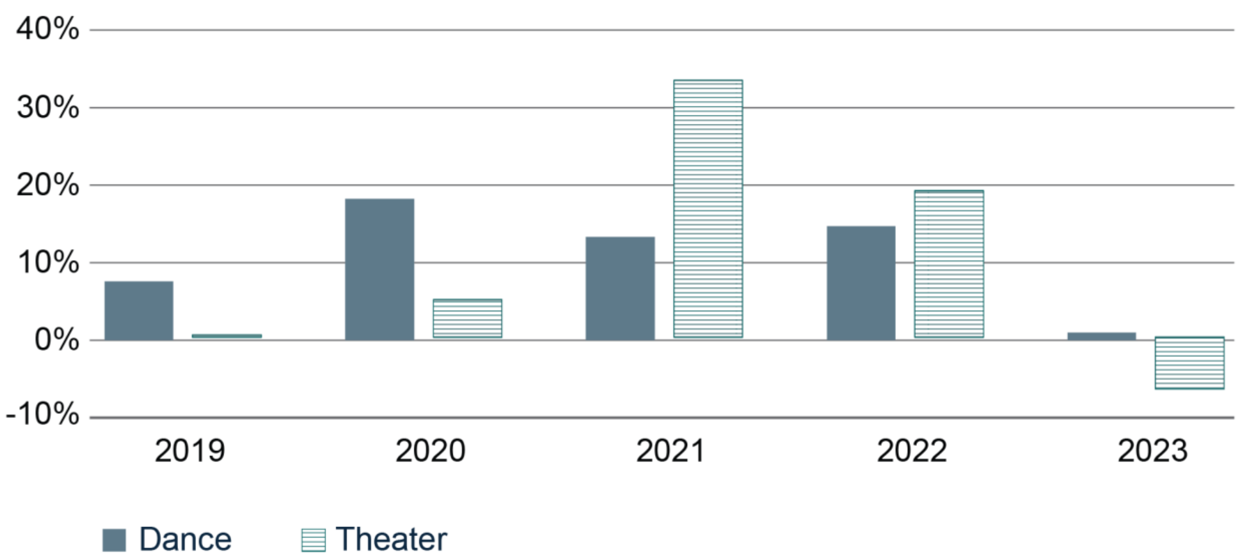
Small organizations (budgets under $250,000) increased costs at a slower rate comparatively, allowing them to cover a much greater proportion of expenses than mid-sized or large organizations post-pandemic.

In theaters, expenses are outpacing revenue to a greater degree.

Between 2022 and 2023, dance organizations grew their costs by 9%, a slower rate compared to theaters' 17% growth in expenses. With costs remaining steady, contributed income had the least impact on expense coverage for dance organizations. They did not receive as much government funding when compared to theaters.

Theaters, on the other hand, had a larger jump in earned revenue compared to dance organizations. Yet this increase was met by a larger increase in expenditures, leaving dance organizations able to cover 54% of their expenses with earned income sources in 2023, more than theaters' 38% expense coverage.

Level of Surplus by Discipline



Bay Area Creative Workforce Analysis

Chloe Luo in "And the Community Will Rise" by Lenora Lee Dance. Photo credit: Robbie Sweeney

Defining the Sector via Industry and Occupations

For the universe of artists in the Bay Area, this analysis defines artists as those that are part of the “Independent Artists, Writers, and Performers” (North American Industry Classification System 7115).

For the universe of creative workers in the Bay Area, this analysis defines creatives by their occupation, regardless of industry, covering the below occupations:

- Fine artists, art directors and animators
- Actors
- Announcers
- Architects
- Dancers and Choreographers
- Musicians
- Other Entertainers
- Photographers
- Writers and Authors
- Designers
- Producers and Directors

Bay Area Creative Workforce Changes

The size of the creative workforce as defined by occupation is roughly 10 times larger than that of independent artists, which are a subset of the creative workforce.

Over time, the size of the artist and creative workforce fell by about 20%, aligning with the broader population outmigration trends in the Bay Area.

Note: Data in the tables below is from the Census Bureau's American Community Survey Public Use Microdata Sample Five-Year Estimates (ACS PUMS). San Francisco and Alameda counties are highlighted because the Rainin Foundation prioritizes support for organizations in San Francisco and Oakland.

Table 2: Two County Region

Alameda and San Francisco Counties

	2019	2022	Number Change	2021-2022 % Change
Number of Independent Artists	7,304	6,103	-1,201	-16%
Number in Creative Workforce	68,411	55,776	-12,635	-18%
Total Population	2,531,772	2,029,238	-502,534	-20%

Table 3: Six County Region

Alameda, Contra Costa, Marin, San Francisco, San Mateo and Santa Clara Counties

	2019	2022	Number Change	2019-2022 % Change
Number of Independent Artists	13,926	11,123	-2,803	-20%
Number in Creative Workforce	136,876	111,285	-25,591	-19%
Total Population	6,629,036	5,310,496	-1,318,540	-20%

Sustainability Survey Of Micro-Organizations: 2022-2023

Kambara+'s "IKKAI means once: a transplanted pilgrimage." Photo credit: Bruce Mui Ghent

Survey Context & Methodology

To supplement data from the IRS and Cultural Data Profile, it was crucial to capture the experiences of very small organizations, as these "micro-organizations" play a significant role in the arts and culture ecosystem of the six-county Bay Area, but are often left out of the data.

From June to August 2024, the Arts & Sustainability survey was distributed to 38 theater and dance nonprofits in the Bay Area with budgets under $60,000. The survey asked streamlined questions about fiscal years 2023, 2022 and optionally 2019, for data not previously submitted through the Cultural Data Profile. Organizations were incentivized with a $250 stipend per year of data submitted, up to a maximum of $500.

Responses were captured directly by SMU DataArts and stored in a secure, third-party survey data system accessible only to SMU DataArts. There was a 42% response rate, with 16 organizations participating. Fifteen of these organizations provided data for fiscal years 2022 and 2023, only two submitted data for 2019 so that year is not included in the analysis.

The following section provides a summary of the financial context of very small-budget arts organizations based on the collected survey data. Please note that for some charts, the sample size is fewer than 15 due to the availability of data provided by the organizations. In these cases, the number of organizations may be presented instead of percentages to avoid potential misinterpretation.

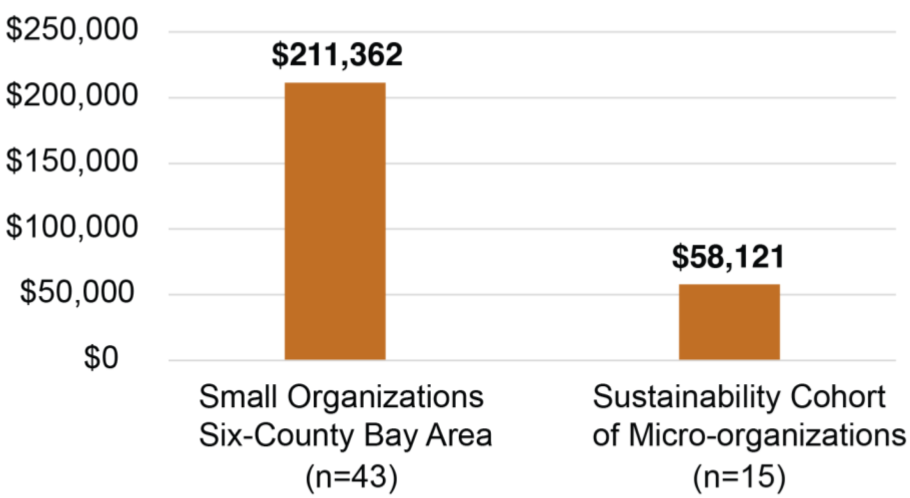
The micro-organization cohort average budget is less than $60,000, more than three times less than the six-county small organization budget.

Most (12 out of 15) responses came from someone in a director position, one was from a co-founder and two were from artists. All but one organization indicated that they paid visual or performing artists, two-thirds of organizations sold tickets or charged admission to programs. Only one micro-organization was in a capital campaign.

The small size of micro-organizations brings both advantages and challenges. Their smaller budgets give them flexibility to innovate and respond to the unique needs of their communities. Unlike larger institutions, which often grow through market expansion, micro-organizations grow by cultivating deep, meaningful connections within their local networks. This type of growth is more about impact than filling more seats or expanding budgets.

Micro-organizations also face significant hurdles like being left out of the funding landscape and being highly dependent on a few revenue streams. During the pandemic, federal relief funds went to large and mid-size organizations, helping them stay afloat. Meanwhile, micro-organizations—many of which rely heavily on ticket sales from just a few performances—were left without any revenue. Their small staffs meant they had less access to funding and donor networks, leaving them struggling for short-term survival rather than long-term sustainability.

Average Budget 2023



Top Line Findings: Sustainability Survey Of Micro-Organizations

Micro-organizations have at least two months of liquid reserves amid disparate revenue and expense growth.

The micro-organization dataset shows significant variability, with vastly different financial realities across organizations. The range of change is as high as a 1,079% increase in expenses.

Most micro-organizations reported growth in both revenue and expenses. However, expense increases were generally higher than revenue growth, and organizations were divided on whether they increased or decreased earned income. This highlights the need for tailored strategies that address the specific challenges and opportunities faced by each organization.

Despite expenses growing faster than revenue, nine of the 15 organizations still reported surpluses and positive working capital in 2023, with liquidity ranging from two months to nearly eight years. However, only two out of the 15 organizations increased their working capital from 2022 to 2023, suggesting a reliance on reserves to maintain operations.

The combination of high reserves and rising expenses may indicate that these small organizations are using saved funds for risk-taking and strategic shifts. Alternatively, the trends could reflect unplanned expense increases due to rising costs, forcing organizations to dip into their rainy-day funds at an unsustainable rate.

In 2023, nine out of 15 micro-organizations increased both revenue and expenses. However, the rise in expenses was significantly higher than the revenue gains.

Only one organization cut expenses through reductions related to non-personnel costs, which offset increasing payroll through the hiring of nine additional artists. This investment and rebalancing of expenses led to an increase in earned income.

The other two organizations that reduced expenses did so primarily by decreasing personnel costs, either by reducing the number of independent contractors and artistic staff or lowering total compensation of staff. These organizations reported a reduction in revenue.

Average revenue increased by 1% in 2023, remaining comparable to 2022, while expenses grew at a rapid and varied rate.

Micro-organizations had disparate experiences when it came to revenue and expense growth. Eight out of 13 organizations reported expenses rising at a greater rate than revenue from 2022 to 2023.

- Increases across both personnel and non-personnel expenses were observed. Ten organizations increased their payments to artists.
- Three organizations reported revenue losses, with two of the three receiving less foundation support through fewer funders.
- Most organizations reduced their spending for marketing-related expenses.

Micro-organizations boosted support in 2023; however, this was muted due to rising costs.

Eight out of 12 organizations that reported data boosted their contributed revenue (by up to 285%) from 2022 to 2023, but half of them saw expenses grow at an even faster rate.

- Four observed a rise in individual giving and four in foundation funding, with two increasing both sources.
- Only three organizations covered more expenses using contributed income in 2023. Two organizations increased individual donations, and one received a foundation grant.

Micro-organizations report astounding earned revenue growth, however earned income is less impactful on expense coverage.

Earned revenue also grew (up to a 1,102% increase for some organizations); however, expense coverage declined in 2023 as revenue increases were outpaced by higher expense increases.

More instances of huge earned revenue increases, as well as big expense increases across the board, suggest these micro-organizations are engaging in some experimentation.

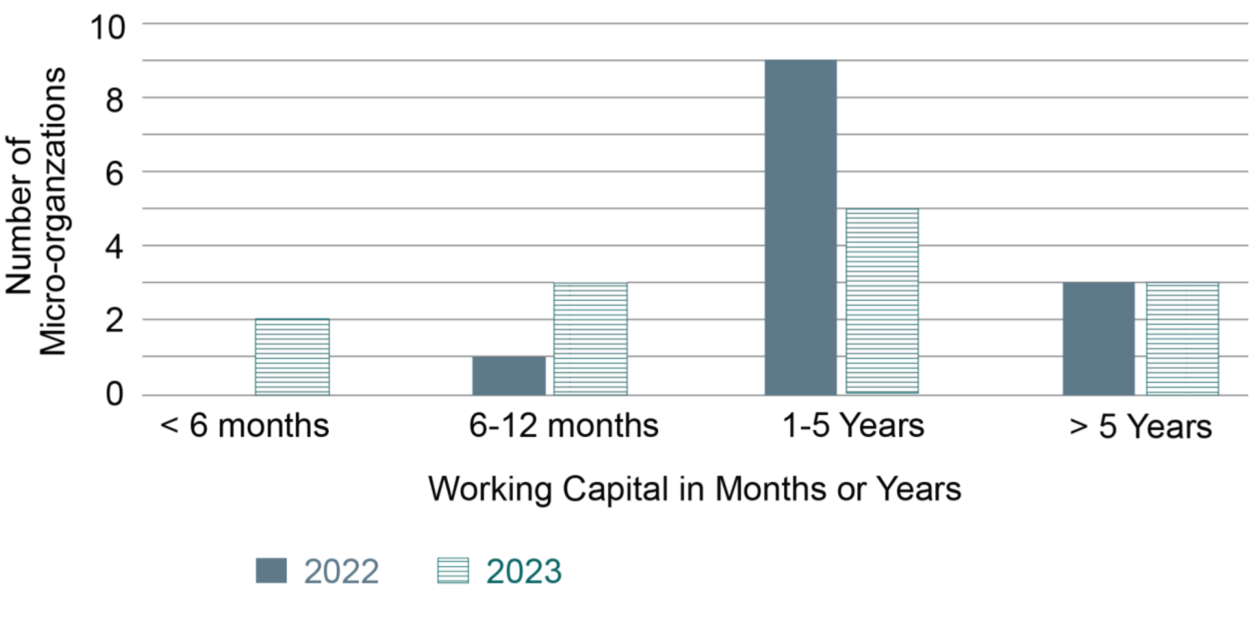
Micro-organizations have at least two months of working capital despite disparate revenue and expense growth.

Working capital is a measure of cash liquidity representing the money on hand to support day-to-day operations and pay bills. Nine out of the 15 organizations reported surpluses and positive working capital in 2023, even though expenses grew faster than revenue for most of them. While this may suggest financial stability, long-term sustainability might be at risk if working capital is depleted faster than it can be replenished.

Only two of the 15 organizations increased their working capital from 2022 to 2023, suggesting that most organizations were relying on reserves to maintain operations rather than growing their financial cushion. However, a few organizations have large reserves with working capital available to cover nearly eight years of operating expenses.

This trend of high reserves alongside rising expenses suggests two possible interpretations. Some organizations may be using saved funds for risk-taking or strategic shifts, such as increased artist payments or experimentation with new programming, or unexpected rising costs are forcing organizations to use their reserves at an unsustainable rate.

Available Capital for Micro-Organizations 2022-2023



The chart above reflects organizations reporting data in the sustainability cohort (n=15). Four organizations are excluded due to no earned revenue data.

Higher ticket sales and increased artistic staff, programs and attendees point to mission-focused recovery and potential shifts in pricing strategies.

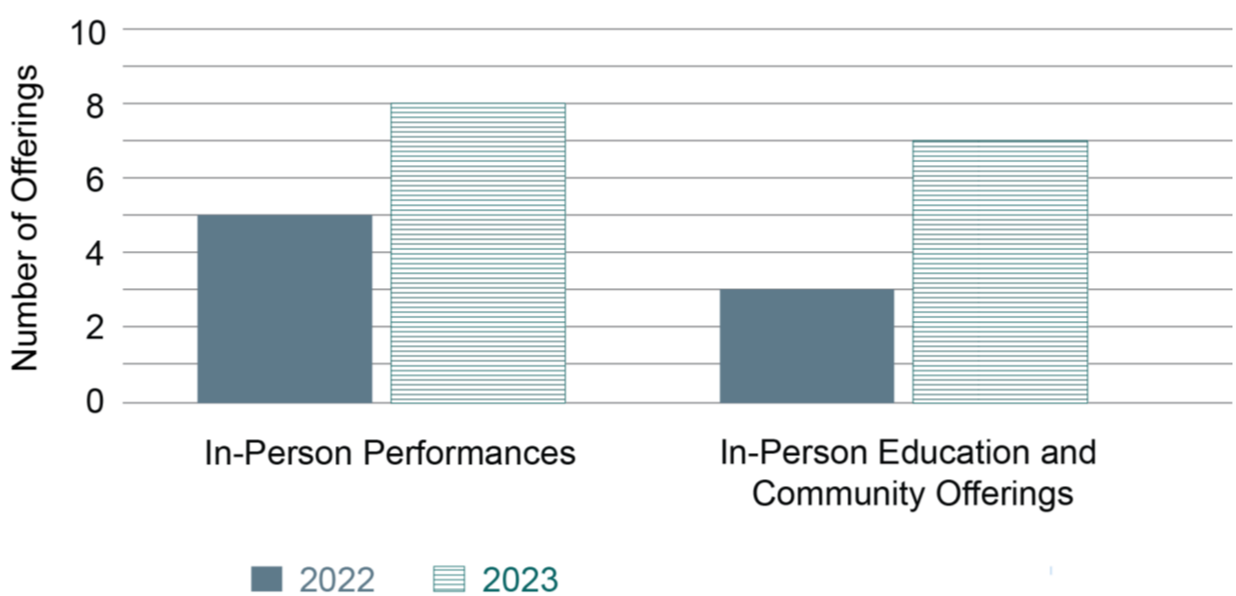
Despite challenges, micro-organizations are demonstrating resilience by expanding programs and engaging more attendees, often prioritizing free community access. Six organizations increased ticket sale revenue, and nine grew their audiences.

- Of these, eight organizations grew their in-person attendees, primarily through an increase in free attendees. One organization increased free digital attendees.
- The average organization doubled the price of their lowest-priced tickets and increased higher priced tickets by 12%.
- Large price increases to low-priced tickets could be the reason behind ticket revenue growth, or organizations could be selling a higher volume of single tickets at the upper end of prices.

On average, micro-organizations are hosting more in-person performances, educational and community offerings in 2023 compared to 2022.

Six organizations submitted data on their increased in-person education and community-based offerings. As the chart below shows, the average micro-organization offered three of these programs in 2022 and seven in 2023.

In-Person Offerings 2022-2023



To assist in these programs, micro-organizations depend on independent contractors and artistic staff.

More micro-organizations reported part-time staff and independent contractors in 2023, a similar trend we observe nationally at larger organizations.

- More micro-organizations reported volunteers in 2023.
- One organization reported no board members in 2022 and came back with a board of four in 2023.

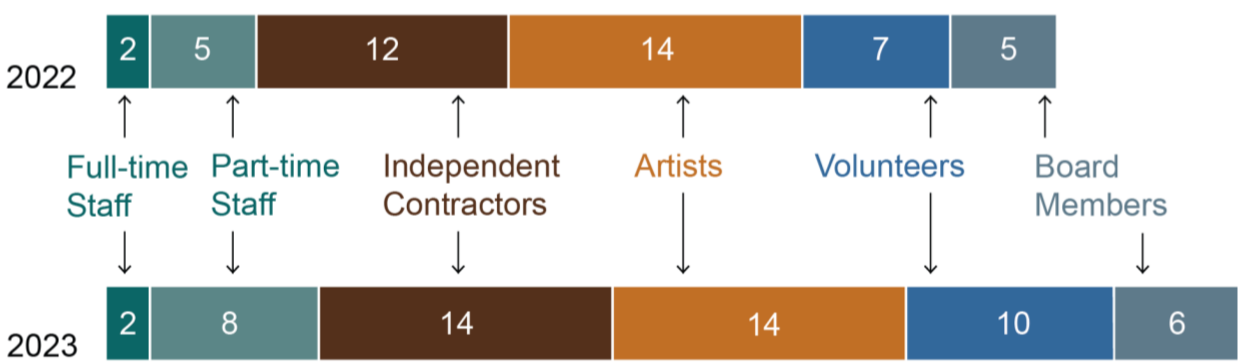
None of the micro-organizations increased staff on payroll, but none reduced payroll staff either.

- Only two organizations reported one full-time staff member while eight had part-time staff of one to four employees.
- All these payroll staff positions were retained between 2022 and 2023.

Staff trends highlight the significant role of independent contractors and artists in supporting the growth and resilience of micro-organizations.

To assist in program expansion, as shown in the chart below, eight organizations increased the number of artists on staff and seven hired more independent contractors. Three organizations increased their part-time staff and four increased volunteers.

Workforce Numbers Within Micro-Organizations In 2022 and 2023



Bright Spots And Areas To Watch

Bright Spots

- Reserves were built up during the pandemic due to exceptional relief funding.
- Foundations increased or maintained their support.
- Earned revenue is increasing and audiences are returning, thanks to investment in the artistic workforce.

Surabhi Bharadwaj/Siddhi Creative's "The Maze & Finding Joy." Photo Credit: Kyle Adler Photography

Areas To Watch

- Can organizations sustain these reserves?
- Government relief funding was only a temporary lifeline; revenue diversification is of utmost importance.
- Efforts to build capacity put added strain on employees who are burnt out and unable to earn above the poverty line.

Conclusion

The trends in this report highlight both challenges and bright spots for Bay Area arts organizations. Federal relief programs provided critical support during the pandemic, but as public funds wane and earned income remains in recovery, organizations face revenue gaps. Rising expenses and changing audience behavior add further pressure, prompting questions about sustainable business models and revenue strategies.

NOW Hunters Point's "An Intentional Shift." Photo credit: Amani Wade

Theater organizations saw expenses outpace revenue gains, while dance organizations experienced smaller budget fluctuations and lower programming costs. Micro-organizations showed adaptability in engaging their communities but face long-term sustainability challenges without scalable infrastructure or staff support.

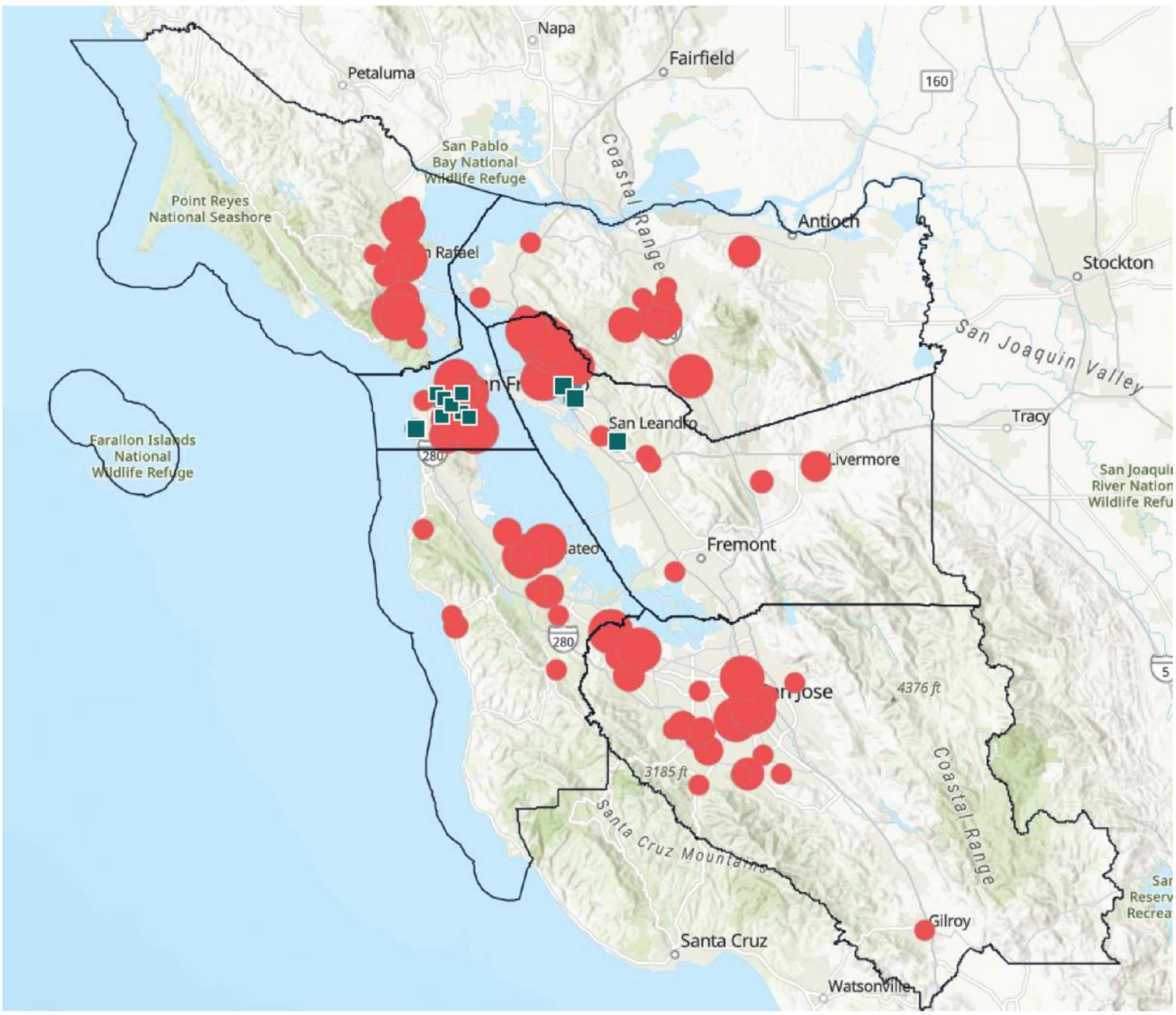
To ensure the arts ecosystem's health, funding models should move beyond temporary relief and support organizations as they explore new business models, take risks and build collaborations.

Appendix

Map of Bay Area Organizations

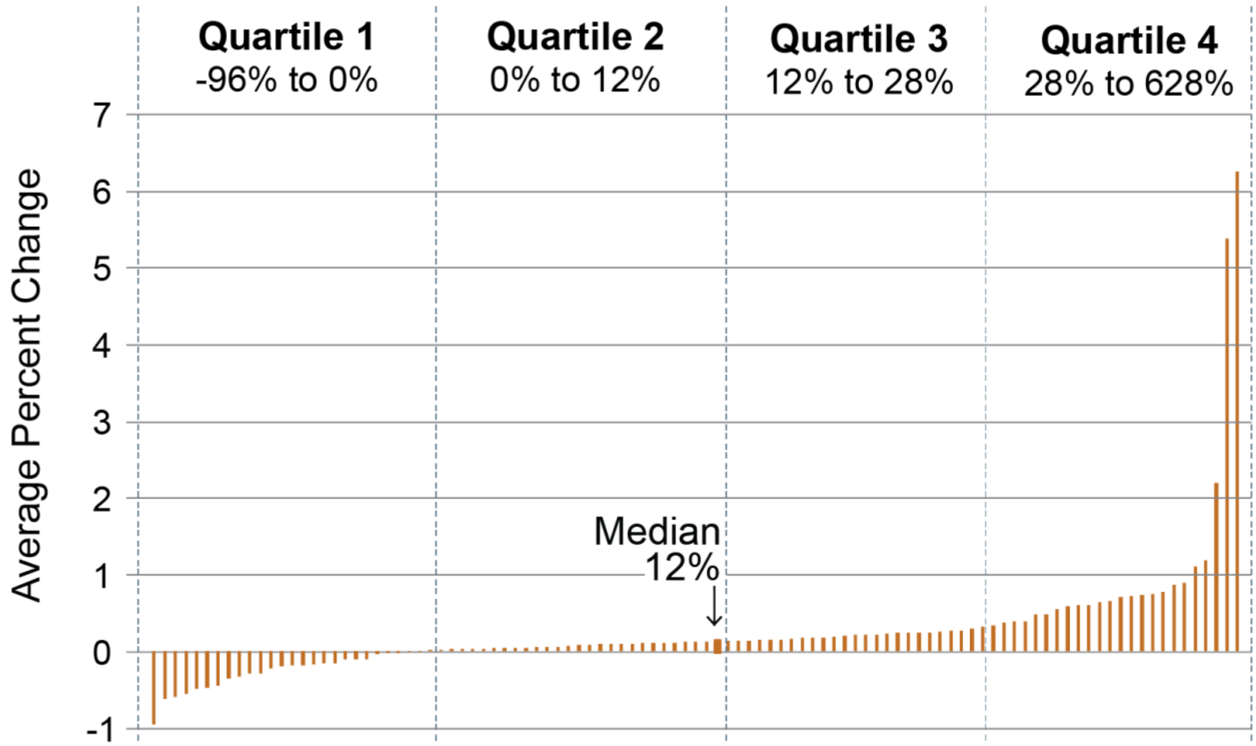
On the map below, the red circles indicate the locations of the organizations in the six-county Bay Area. The circle size corresponds to budget size—larger circles indicate larger budgets.

The teal squares reflect the 16 micro-organizations that are clustered in San Francisco and Oakland.



Additional Charts

Average Percent Change in Expenses 2022-2023
Arts Organizations In Six-County Bay Area Region



The chart above shows the percentage change in expenses across all 149 organizations—the lowest 25% is on the far left, the next 25% is second from the left, the next 25% is second from the right and the top 25% is on the far right. Not surprisingly, about 75% of organizations had increased expenses from 2022 to 2023. About 8% of organizations more than doubled their expenses in this one-year period (100%+ increases).
The median increase in expenses was 12%.