SPECIAL REPORT

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This special report, based on an examination of the finances and productivity of nonprofit theatres nationwide during the 1983-84 season, includes the following major findings:

• In spite of record productivity, the American nonprofit professional theatre ended the year in the red for the third consecutive season. Expenses exceeded income for more than half of the 230 theatres studied in 1984.

• For a Sample Group of theatres examined in detail over the five-year period 1980-84, the 1984 aggregate deficit was double that recorded the year before–a disturbing reversal of the healthy picture seen in 1980, when these theatres registered a substantial surplus.

• Total earnings from box office receipts and other sources increased by almost 11 percent, and paid for nearly two-thirds of the season's expenses–the highest earnings ratio in all the nonprofit performing arts.

• For the first time in five years, the growth in total contributions outpaced the increases in both earnings and expenses; but this growth failed to close the widening earnings gap.

• Corporate and business support grew by 24 percent in 1984 and leapt to second place among the five major sources of contributions. The dynamic growth of corporate support over the past five years is the most important new development for the nonprofit theatre since the establishment of the National Endowment for the Arts in the mid-1960s.

• At the same time, federal support–once the leading source of theatre funding–plummeted to fourth place in the hierarchy of the five major sources of contributed income.

• State funding exceeded support from the federal government in each of the past three seasons.

• Donations from individuals comprised the largest source of theatre support, as gifts from more than 82,400 individuals increased over 1983 by a resounding 27 percent.

• Foundation giving, largely responsible for the early growth of the nonprofit theatre in the 60s and 70s, fell by nearly 7 percent in 1984, dropping to last place among the five major sources of contributions.

• Salaries, fees, royalties and commissions accounted for more than 60 percent of all theatre expenses, reflecting the traditionally labor-intensive nature of the theatre. More than 23,000 artists, administrators, and technical/production personnel were employed by the 230 theatres surveyed during the 1983-84 season.

Over the past 25 years, as playwrights, actors, directors and designers have created the nonprofit theatre to provide the space and means to experiment and refine their visions, their work has become a forum for distinctly American voices, expanding our knowledge of an increasingly complicated and confounding world. Once the choice was made to produce a body of work over an arc of time, rather than to provide popular entertainment for profit, the theatre–like the library, the museum, the university–became a means of enlightenment and understanding.

The pioneering investments of the Ford and Rockefeller foundations helped the nonprofit theatre take its early steps. The creation of the National Endowment for the Arts in the mid-1960s provided the national recognition the nonprofit theatre needed in order to be woven into the fabric of American life as an essential cultural force.

By 1980, the idea was working. The chrysalis had opened, and the American theatre had evolved into a vital artistic force in communities across the continent. The perception of theatre in America had changed. It was no longer "the fabulous invalid," subject to the boom-or-bust cycle of commercial supply and demand. Like any revolution, it had largely been a case of two steps forward, one step backward. But, nevertheless, progress was being made.

Over the past three seasons, however, real progress seems to have ceased. While the productivity of the nonprofit professional theatre has made quantum leaps, accompanied by a steady growth in earnings, the costs of doing business have grown faster than available income. At the same time, support structures providing the necessary subsidy have undergone radical changes: major funding from foundations and the federal government–long the mainstays of a coherent fund-raising strategy–has given way to increased dependence on a larger number of smaller gifts from corporations and individual donors. Long-range planning efforts, based on creating realistic goals, are increasingly hampered by the shifting philanthropic terrain.

In response to recent pressures, development staffs have mobilized in an effort to secure this large number of smaller grants and contributions. Fund-raising costs have escalated geometrically, the probability of success has diminished, and in the end, contributed support has failed to keep pace with the inexorable increases in expenses. The result: deficits. Big and getting bigger. Sometimes, when the pressure is too great, the theatre closes its doors, and a valuable community resource disappears. Even as this report was being prepared, two theatres–having served their communities for more than a decade–joined the growing list of nearly 30 theatres that have ceased operation since 1980.

The story behind these changes is at once fascinating, confusing, and ominous.