

year decline in such royalty income, but is still the second-lowest level over the five-year period and underscores the capricious nature of such earnings. When work is either transferred to a successful commercial run, as was the case with *Ain't Misbehavin'*, *Crimes of the Heart* and *Mass Appeal*, all of which began at the Manhattan Theatre Club, or when a play receives a number of productions in other nonprofit theatres, as has Marsha Norman's *'night, Mother*, which began at the American Repertory Theatre, such loaves-and-fishes income may result. But for most of the Sample theatres, the trend over the past five years shows that relying on such income is as unwise as including an Irish Sweepstakes ticket in earned income projections. While windfalls are still few and far between, managements have shown a greater sophistication over the past five years in protecting their interests by negotiating a share of future earnings from work they have helped nurture. Since 1980, the number of theatres participating in future earnings has grown by a third, and the number of plays providing such income has more than doubled, although the average earnings from each property are considerably smaller.

Concessions and advertising income increased by 24 percent each during 1984 and together covered 2.5 percent of all expenses, a percentage which has remained fairly constant over the five years.

Other miscellaneous forms of income increased by 77 percent this past season, largely as a result of substantial gains made on the sale of real estate holdings by one theatre in the Sample, producing much higher than normal figures in this category. If adjusted for this unusual circumstance, miscellaneous income increased during 1984 by 26 percent, an indication that these theatres are still finding inventive ways to increase their earning potential. The demands of such diversification can, however, divert time and resources from the theatre institution's central artistic mission.

The growth in 1984 earnings—the smallest year-to-year increase since 1980—failed to keep pace with increased 1984 expenses, and produced the largest earnings gap faced by these theatres in the past five years.

CONTRIBUTIONS

Over the past five years, earnings and expenses for the 37 Sample theatres have both increased by more than 70 percent. However, over the same period, total contributions have grown by barely 56 percent. The disparity between the increase in earnings and expenses and the growth recorded in contributed income has produced an increasingly large aggregate deficit for these 37 theatres in each of the past three seasons. Between 1983 and 1984 alone, this collective deficit more than doubled.

Public and private support through grants and contributions to the Sample theatres increased 13 percent in 1984. While contributed income grew faster than either earnings or expenses for the first time in the five years, the 1984 increase was insufficient to arrest the half-decade of erosion in the share of expenses covered by contributions. In 1984, contributions covered barely 35 percent of the season's operating expenses, a marked decline from 1980, when contributions sustained more than 38 percent of all expenses.

Many different types of gifts and grants are part of the total contributions picture, and an understanding of the sum is based upon an examination of the various parts, as well as upon investigation of the relationships which exist among these components. Larger changes in the nation's economy have drastically altered both public and private giving patterns over the past five years, and while these theatres have worked diligently to adapt to the new economic realities which surround them, experts in many circles warn that this period of philanthropic turmoil may have just begun.

PUBLIC SUPPORT

Federal Government

While nearly three-quarters of a million dollars in National Endowment for the Arts Challenge funds increased aggregate 1984 federal support to the 37 Sample theatres by almost 10 percent, program support from the NEA Theatre Program fell by almost 6 percent.

Support from the federal government—for nearly a decade one of the most important and egalitarian sources of funding for these theatres—plummeted to fourth place in the hierarchy of five major funding sources in 1984. Had it not been for the infusion of Challenge monies to two of the Sample theatres and a simultaneous decline in foundation gifts, federal support would have been in last place. Total federal funding covered only 4 percent of 1984 operating expenses for the Sample theatres, the lowest proportion in five years. Federal support had reached a five-year high in 1981 and covered over 6.5 percent of expenses.

During fiscal 1984, as the NEA Theatre Program embarked on a series of other special funding initiatives, grants totalling only \$7.2 million were made in the Theatre Program's traditional funding mainstay, the Professional Theatre Companies category, representing just 69 percent of the Theatre Program's allocated budget. By comparison, two years earlier, \$7.7 million in grants in the Professional Companies category represented 80 percent of the Theatre Program's budget. While the average