



**SMU'S NATIONAL CENTER FOR ARTS RESEARCH (NCAR)
RELEASES A REPORT ON FUNDRAISING TRENDS
IN THE FIELD OF ARTS & CULTURE**

*Report shows overall growth in unrestricted contributions,
which outpaced both growth in expenses and inflation*

Dallas (SMU), September 7, 2016 – SMU's National Center for Arts Research (NCAR) today released its most comprehensive report to date on national fundraising trends in the arts and cultural sector, the latest in the Center's series of evidence-based insights on the health of the industry. The NCAR Fundraising Report, available [online](#), is the only report to examine fundraising by sector, organization size and geographic location. It is based on 2014 data provided by over 4,200 organizations across 11 arts disciplines, with trends for a subset of over 2,700 organizations over the four-year period 2011-2014. The report shows that over this period, growth in unrestricted contributed revenue – meaning contributions that are provided without any restrictions on how the funds are to be spent – slightly outpaced growth in expenses, suggesting that over time, arts organizations have built deep, committed relationships with their supporters.

NCAR regularly publishes its findings on important trends and issues in the arts. In addition to [white papers](#) and its annual [Arts Vibrancy Index](#), NCAR recently launched the [KIPI Dashboard](#), a free online diagnostic tool that allows arts organizations to see how they are performing in nine finance and operations categories relative to organizations like theirs nationally. The Dashboard also allows organizations to model how performance would have to change in order to increase their score, and provides links to resources that can help improve organizations' health. NCAR's offerings provide data-driven findings and nationwide benchmarks to help inform arts practitioners, board members, policymakers and researchers as they set strategy, make day-to-day decisions and gain a better understanding of the field.

NCAR's latest report takes a close look at the various dimensions of fundraising, examining the **unrestricted contributed revenue index** (which analyzes contributions in

relation to expenses), the **return on fundraising investment** (examining the revenue generated for every dollar spent on fundraising activities), as well as **contributions by five major sources – trustees, individuals, corporations, foundations, and government – relative to expenses**. The report also examines how certain organizational and community characteristics impact an institution's ability to attract public and private dollars.

“As the latest addition to NCAR's library of resources for the field, this report tracks fundraising trends and helps arts organizations understand their performance in relation to their peers around the country as well as other organizations in similar communities,” said Dr. Zannie Voss, director of NCAR and chair and professor of arts management and arts entrepreneurship in SMU's Meadows School of the Arts and Cox School of Business. “By providing evidence-based insights and field-wide benchmarks, we hope that this report becomes an effective management tool that helps organizations set goals, make strategic decisions and contextualize their performance with key stakeholders. For example, our analysis has shown that as organizations invest more in fundraising staff, they achieve a higher return on their fundraising efforts, indicating that a high investment in personnel is key for successful relationship cultivation.”

Highlights of the NCAR Fundraising Report include:

- Income generated from **fundraising efforts continues to be critical to the financial sustainability of organizations**. The average organization across the country relies on unrestricted donations to support 57% of its annual expenses.
- Overall, **fundraisers are becoming increasingly efficient** and effective: organizations are spending more on fundraising, including personnel compensation; but, as a result, they are attracting higher returns for the additional investment.
- In markets with **more state and federal grants and dollars overall, unrestricted donations also tend to be higher** for each individual organization, with a higher level of support from foundations, trustees and other individuals. In these markets, organizations tend to spend less on fundraising.

- For the average organization across the country, **individuals (non-trustees) provide the most funding to the arts on an annual basis** while corporations provide the least.
- Combined, **the donations from two sources – trustees and individuals – grew 8.8% from 2011 to 2014.** By comparison, revenue earned from paid subscriptions and memberships grew 3.3%. As a result, trustee/individual donations are covering slightly more expenses (1.1% more), while revenue from subscribers and members is covering 3.4% less.
- In relation to expenses, **each of the five major sources of funds varied less than one percentage point annually and over time**, signaling reliability of relationships and consistent commitment.
- **Only government support was lower in 2014 than in 2011.** This was true both overall and for average support from each of the three levels of government: local, state and federal. Annually, the average organization's local funding is three times higher than that of its state funding, which is slightly more than the average amount it receives from federal agencies. As with most findings, this varies somewhat by arts sector and by size.

Findings by organizational size/type/sector:

- **Art museums had the highest return on fundraising** while **general performing arts** (e.g., an organization presenting a multidisciplinary performance series) **had the lowest.** In all but the art museum sector, small organizations tend to achieve a higher return on fundraising as compared to medium or large organizations.
- **Trustee contributions support an average of 3-4% of expenses** for all sectors except dance, music, opera and symphony orchestras, where the percentage is higher at 5-9%.
- Board size and the percentage of trustees that donate varies across sectors with the **largest boards found in opera**, with an average size of 29 members, **95% of whom donate.** The next largest boards are found in art

museums, with an average board size of 24. Other sectors average 10-11 board members with approximately 68-85% of trustees donating.

- Opera companies have the lowest government support index, with less than 1% of total expenses covered by government funding.
- Organizations that serve **children, African Americans or Asian Americans** tend to operate with a comparatively lower level of **overall donations**, all else being equal.
- Overall, the larger the organization: 1) the more diverse its portfolio of donations; 2) the less reliant it is on cash contributions from the five major sources given in the current year for the current year's activities; and 3) the better able it is to do multi-year planning and attract funding now for future projects.

Findings by geographic area:

- While New York's return on fundraising is on par with that of other markets, the **average amount of donated revenue per organization is roughly twice as high in New York** as it is in other markets. It is also consistently the market with the highest average fundraising expenses.
- Organizations in **Los Angeles achieved the highest return on fundraising**¹ compared to all other markets, and more than double that of San Francisco, which had the lowest return.
- On average, **organizations in New York attracted 1,342 individual (non-trustee) donors, nearly twice as many as organizations in small markets, the next-highest performer**, which averaged 780 donors. Organizations in Los Angeles, Chicago, San Francisco and organizations in medium markets average 550-600.
- The **highest percentage of expenses covered by trustee contributions is seen in New York and San Francisco**. This is true despite the fact that

¹ The Los Angeles market saw the biggest growth in return on fundraising over four years (57%). This is mostly due to a large increase in total contributed revenue rather than a drop in fundraising expenses. The remarkable growth in contributed revenue in L.A. was not attributable to just one or two organizations, nor was it driven by a preponderance of capital campaigns.

San Francisco averages a relatively low number of board members (11), 75% of whom donate.

Organizations represent 11 sectors of the arts, including: community, arts education, dance, opera, music, symphony orchestra, theatre, general performing arts companies, performing arts centers, art museums and other museums.

About NCAR

In 2012, the Meadows School of the Arts and Cox School of Business at SMU launched the National Center for Arts Research (NCAR). The vision of NCAR is to act as a catalyst for the transformation and sustainability of the national arts and cultural community. The goals of the Center are to become the nation's leading source of expertise on: 1) arts attendance and patronage; 2) understanding how managerial decisions, arts attendance, and patronage affect one another; and 3) fiscal trends and fiscal stability of the arts in the U.S., and to create an in-depth assessment of the industry that allows arts and cultural leaders to make more informed decisions and improve the health of their organizations. To work toward these goals, NCAR integrates data from DataArts and its Cultural Data Profile² and other national and government sources such as Theatre Communications Group, the League of American Orchestras, the National Endowment for the Arts, the Census Bureau, and the National Center for Charitable Statistics. NCAR makes its findings available free of charge to arts leaders, funders, policymakers, researchers and the general public.

NCAR develops reports based on this uniquely comprehensive set of arts organizations' data. It assesses the industry from multiple perspectives, including sector/art form, geography, and size of the organization, and it determines what drives health from the organization's conditions and its community's characteristics. Recent publications include a white paper on [diversity and equity in the arts](#), [reports on the health of the U.S. arts and cultural sector](#), and NCAR's [2016 Arts Vibrancy Index](#), which

² "DataArts is a nonprofit organization that empowers the arts and cultural sector with high-quality data and resources in order to strengthen its vitality, performance, and public impact. Any interpretation of the data is that of NCAR, not DataArts. For more information, visit www.culturaldata.org."

outlines the 20 most arts vibrant communities around the country. In July 2016, NCAR launched the [KIPI Dashboard](#), a free online diagnostic tool that allows arts organizations to benchmark their individual performance in nine finance and operations categories against their peers.

The project's indices were created in partnership with TRG Arts, Nonprofit Finance Fund, and numerous field leaders. IBM and Linchpin Programming contributed to the creation of NCAR's Dashboard. The Center also partnered with the Boston Consulting Group to develop its mission, vision, and long-term strategies.

NCAR's director is Dr. Zannie Voss, chair and professor of arts management and arts entrepreneurship in the Meadows School of the Arts and Cox School of Business, and Dr. Glenn Voss, endowed professor of marketing at Cox School of Business, serves as research director. Through this leadership, NCAR sources its cross-disciplinary academic expertise in the fields of arts management, marketing, econometrics, and statistics from Meadows and Cox faculty.

For more information, please visit the NCAR website at smu.edu/artsresearch.

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