

# Memorandum



CITY OF DALLAS

DATE February 13, 2015

TO Honorable Members of the Arts, Culture & Libraries Committee: Philip T. Kingston (Chair), Monica R. Alonzo (Vice Chair), Vonciel Jones Hill, Jerry R. Allen, Carolyn R. Davis, Jennifer Staubach Gates

SUBJECT National Center for Arts Research

On Tuesday, February 17, 2015, the Arts, Culture & Libraries Committee will be briefed on the National Center for Arts Research (NCAR) by Zanie Voss, Director of NCAR.

Please contact me if you have any questions or need additional information.

A handwritten signature in blue ink that reads "Joey Zapata".

Joey Zapata  
Assistant City Manager

## Attachment

c: Honorable Mayor and Members of the City Council  
A.C. Gonzalez, City Manager  
Warren M.S. Ernst, City Attorney  
Craig D. Kinton, City Auditor  
Rosa A. Rios, City Secretary  
Daniel F. Solis, Administrative Judge  
Ryan S. Evans, First Assistant City Manager

Eric D. Campbell, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Mark McDaniel, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Sana Syed, Public Information Officer  
Elsa Cantu, Assistant to the City Manager – Mayor & Council

*Using Data to Foster Thriving Arts Organizations*

# NATIONAL CENTER FOR ARTS RESEARCH

[www.smu.edu/artsresearch](http://www.smu.edu/artsresearch)

**Zannie Voss**

*Director, NCAR*

*Professor and Chair of Arts Management  
and Arts Entrepreneurship*

**Meadows School of the Arts &  
Cox School of Business**

**Arts, Culture &  
Libraries Committee**

February 17, 2015



*Using Data to Foster Thriving Arts Organizations*

*NCAR*  
**DALLAS ARTS ORGANIZATIONS:  
A NATIONAL COMPARISON**

**Zannie Voss**

*Director, NCAR*

*Professor and Chair of Arts Management  
and Arts Entrepreneurship*

**Meadows School of the Arts &  
Cox School of Business**



**SMU**

# SMU National Center for Arts Research (NCAR)

*Advancing the arts through evidence-based knowledge*

## Vision Statement

To act as a catalyst for the transformation and sustainability of the national arts and cultural community

## Mission Statement

To be the leading provider of evidence-based insights that enable arts and cultural leaders to overcome challenges and increase impact

# Partners

Indices &  
Dashboard  
Creation



IRS 990's on 40,000+ arts organizations



400+ theaters nationally



14,000+ arts & cultural organizations

National Assembly of State Arts Agencies



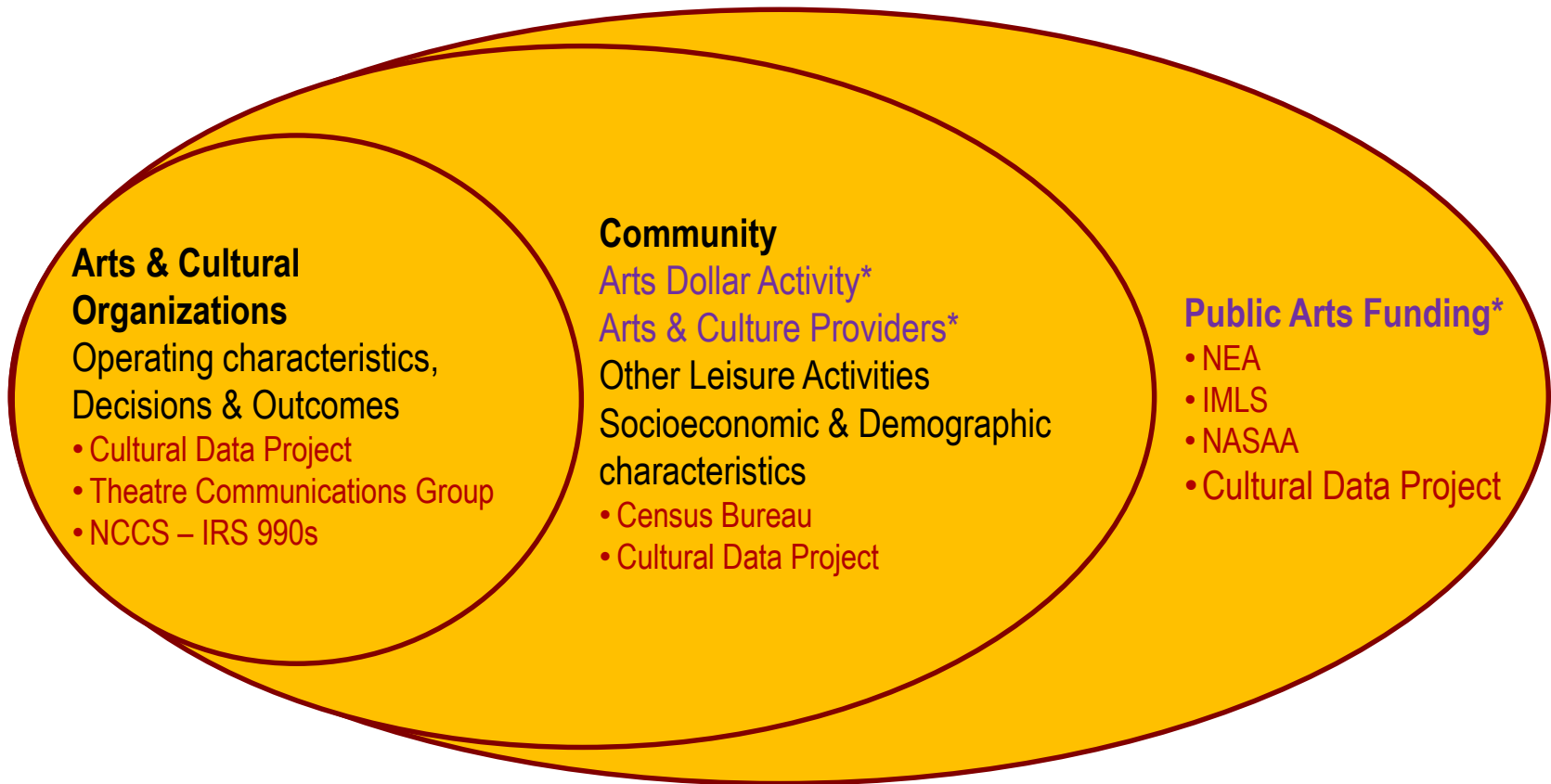
Data



Strategy



# Modeling the Arts & Culture Ecosystem



\*These form the basis of our Arts Vibrancy Index metrics

# SMU National Center for Arts Research (NCAR)

*Advancing the arts through evidence-based knowledge*

## Mission Statement

To be the leading provider of evidence-based insights that enable arts and cultural leaders to overcome challenges and increase impact



What are the Important Questions to Ask about Health & Impact?

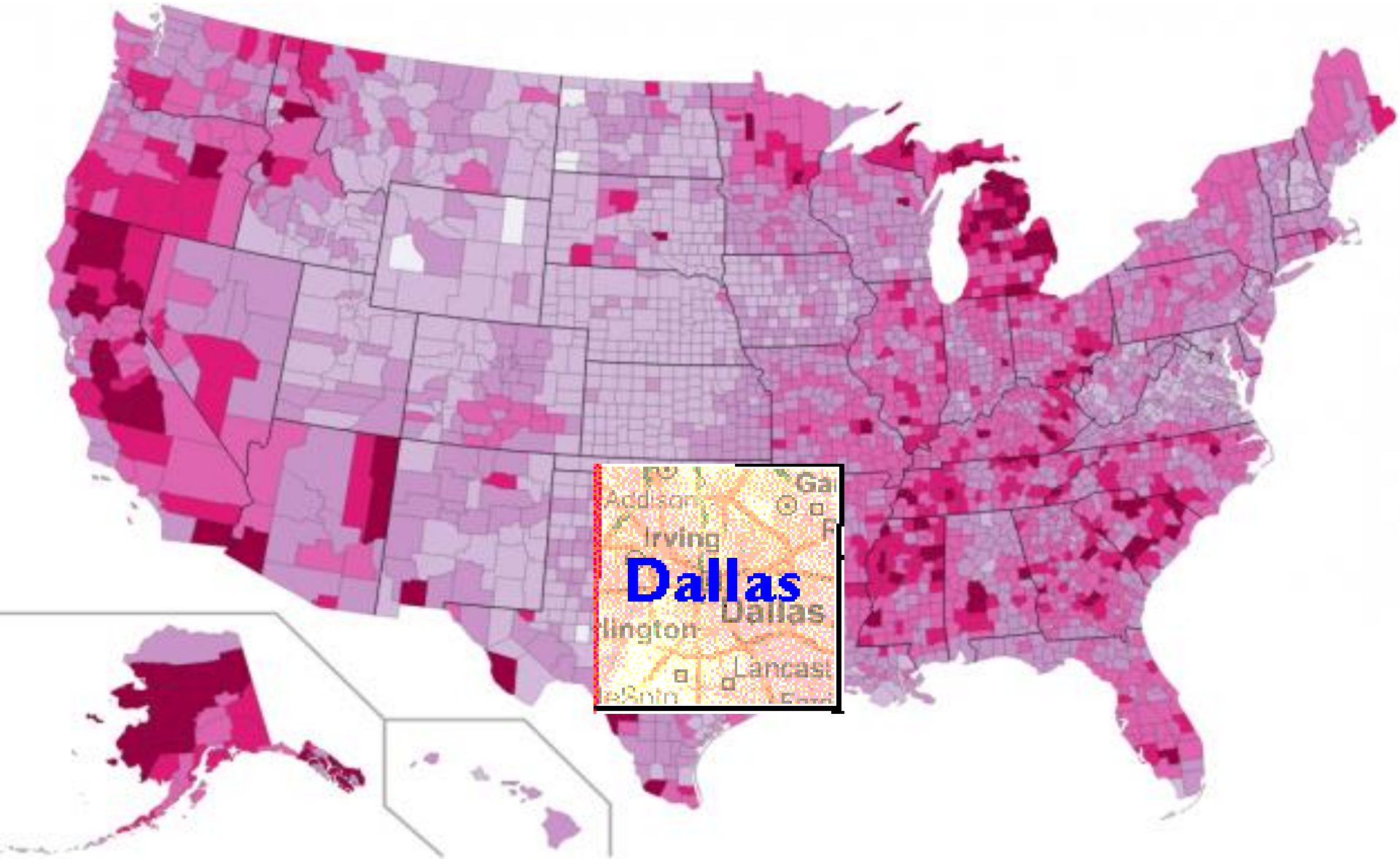


What outcomes should we examine in order to answer the questions?



Do we have data on those outcomes?

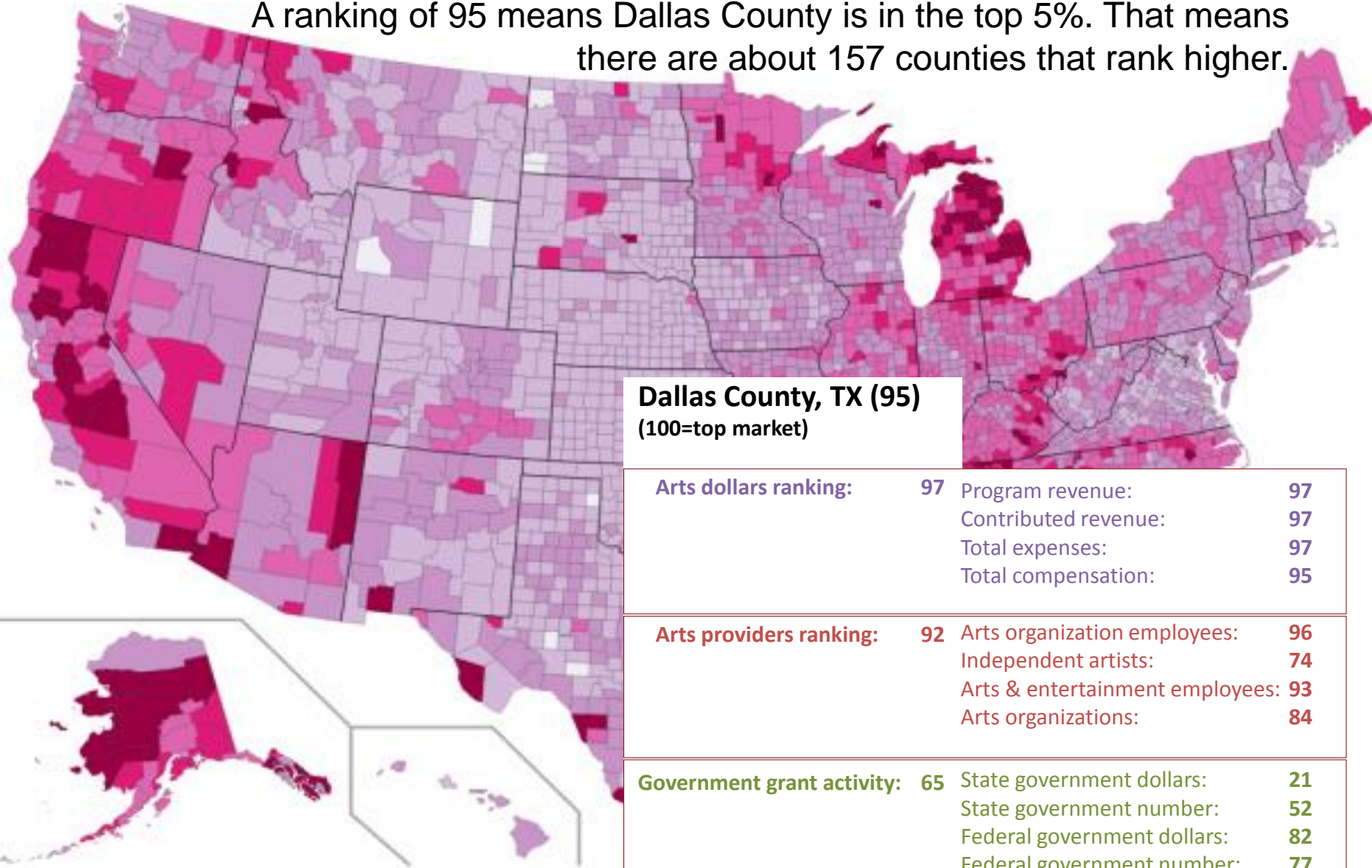
# Dallas County compared with all 3,144 U.S. counties





# Dallas County compared with all 3,144 U.S. counties

A ranking of 95 means Dallas County is in the top 5%. That means there are about 157 counties that rank higher.



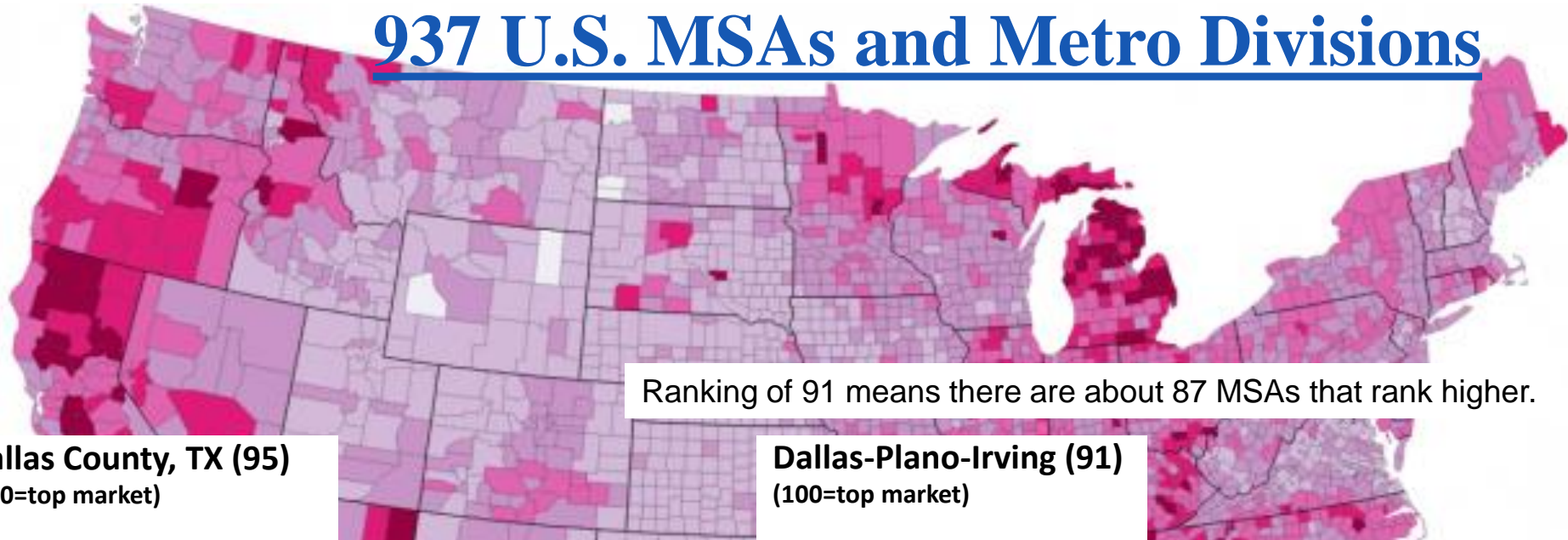
## Dallas County, TX (95) (100=top market)

<b>Arts dollars ranking:</b>	<b>97</b>	Program revenue:	<b>97</b>
		Contributed revenue:	<b>97</b>
		Total expenses:	<b>97</b>
		Total compensation:	<b>95</b>

<b>Arts providers ranking:</b>	<b>92</b>	Arts organization employees:	<b>96</b>
		Independent artists:	<b>74</b>
		Arts & entertainment employees:	<b>93</b>
		Arts organizations:	<b>84</b>

<b>Government grant activity:</b>	<b>65</b>	State government dollars:	<b>21</b>
		State government number:	<b>52</b>
		Federal government dollars:	<b>82</b>
		Federal government number:	<b>77</b>

# Dallas-Plano-Irving Metro Division compared with 937 U.S. MSAs and Metro Divisions



Ranking of 91 means there are about 87 MSAs that rank higher.

## Dallas County, TX (95) (100=top market)

## Dallas-Plano-Irving (91) (100=top market)

<b>Arts dollars ranking:</b>	<b>97</b>	Program revenue:	<b>97</b>
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<b>Arts dollars ranking:</b>	<b>94</b>	Program revenue:	<b>93</b>
		Contributed revenue:	<b>94</b>
		Total expenses:	<b>94</b>
		Total compensation:	<b>91</b>

<b>Arts providers ranking:</b>	<b>92</b>	Arts organization employees:	<b>96</b>
		Independent artists:	<b>74</b>
		Arts & entertainment employees:	<b>93</b>
		Arts organizations:	<b>84</b>

<b>Arts providers ranking:</b>	<b>84</b>	Arts organization employees:	<b>94</b>
		Independent artists:	<b>68</b>
		Arts & entertainment employees:	<b>84</b>
		Arts organizations:	<b>78</b>

<b>Government grant activity:</b>	<b>65</b>	State government dollars:	<b>21</b>
		State government number:	<b>52</b>
		Federal government dollars:	<b>82</b>
		Federal government number:	<b>77</b>

<b>Government grant activity:</b>	<b>57</b>	State government dollars:	<b>20</b>
		State government number:	<b>54</b>
		Federal government dollars:	<b>75</b>
		Federal government number:	<b>62</b>

# Market Clusters: Other Large Markets\*, Dallas, and Chicago 10



There is annual data on 401 organizations in Chicago, 40 in Dallas, and 345 total from the 7 Other Large Markets (an average of 49/market).

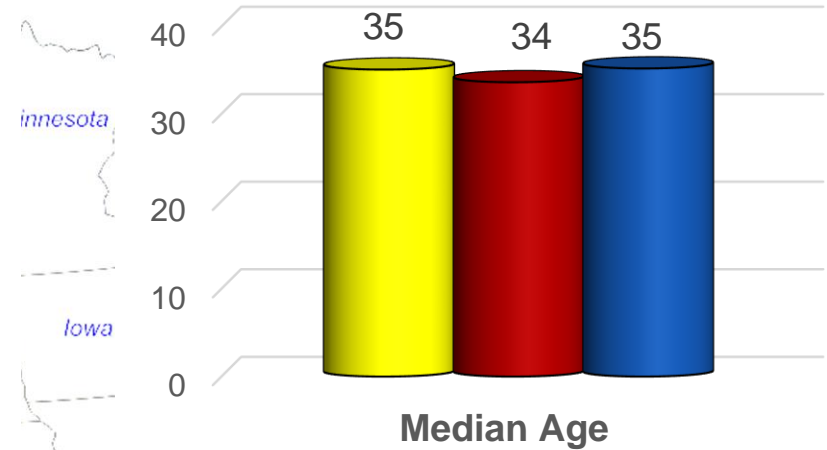
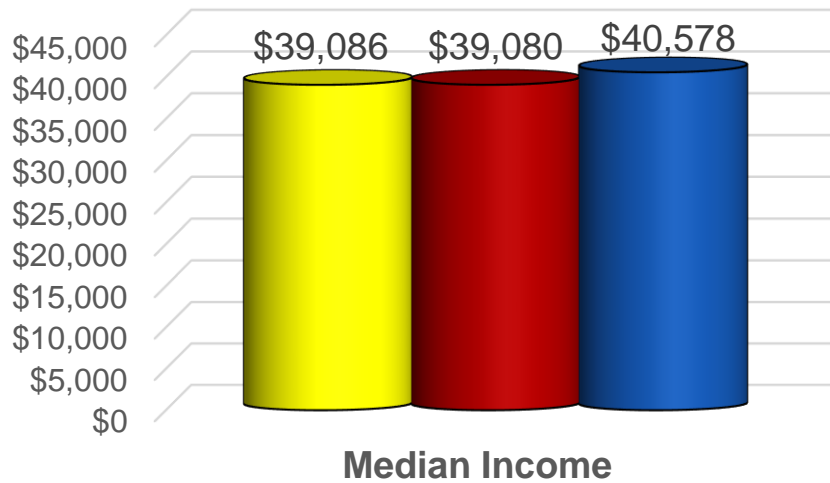
7 Other Large Markets   
(ave. pop. 3.8 million)

Dallas   
(pop. 4.4 million)

Chicago   
(pop. 7.3 million)

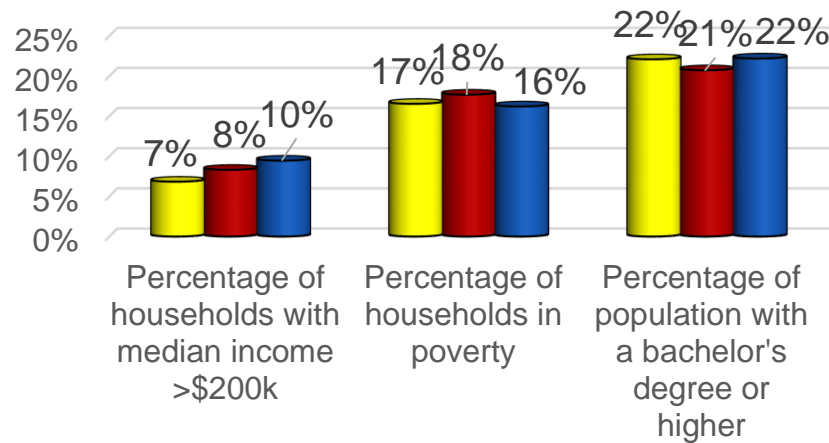
\*CDP Markets, only

# Market Clusters: Other Large Markets\*, Dallas, and Chicago 11



Colorado Kansas Missouri Kentucky

## Income Distribution, Education



7 Other Large Markets  
(ave. pop. 3.8 million)

Dallas  
(pop. 4.4 million)

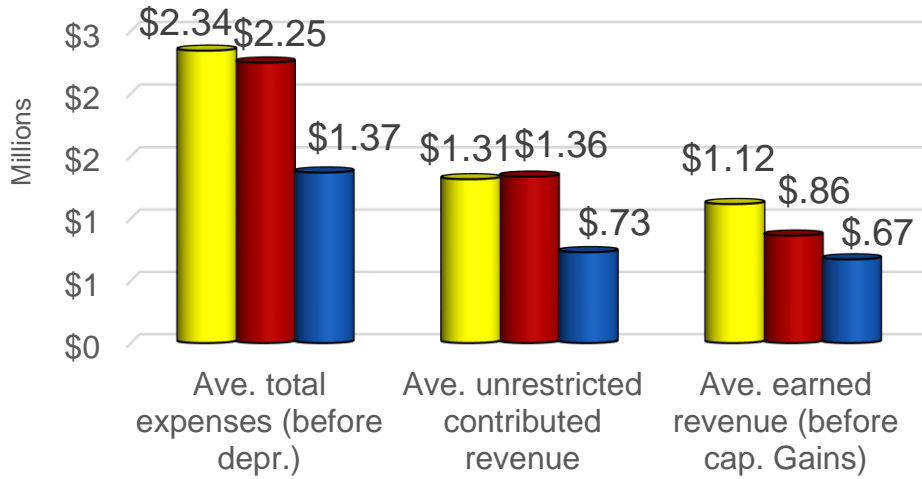
Chicago  
(pop. 7.3 million)

\*CDP Markets, only  
7 Other Large Markets: Atlanta, Houston, Minneapolis/St. Paul, Phoenix, Riverside, Santa Ana, San Diego



# Market Clusters: Other Large Markets\*, Dallas, and Chicago 13

## Average Organizational Expenses & Revenues



## Minneapolis/St. Paul.



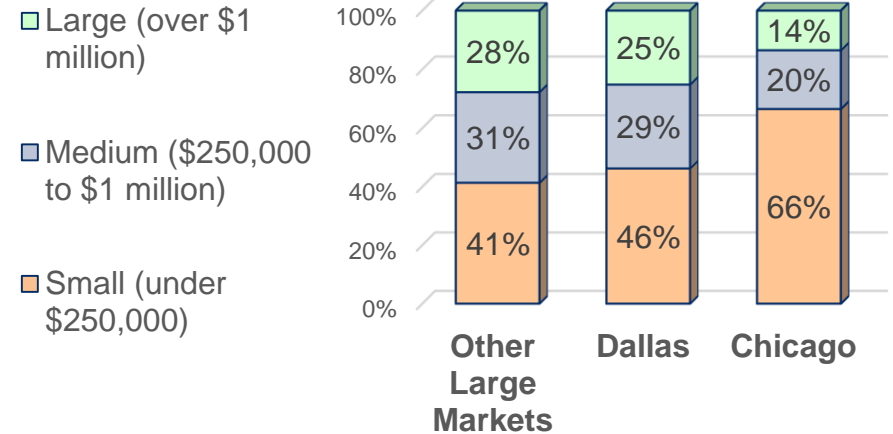
## Chicago

## Riverside Santa Ana San Diego



7 Other Large Markets  
(ave. pop. 3.8 million)

## Distribution of Arts Organizations by Size

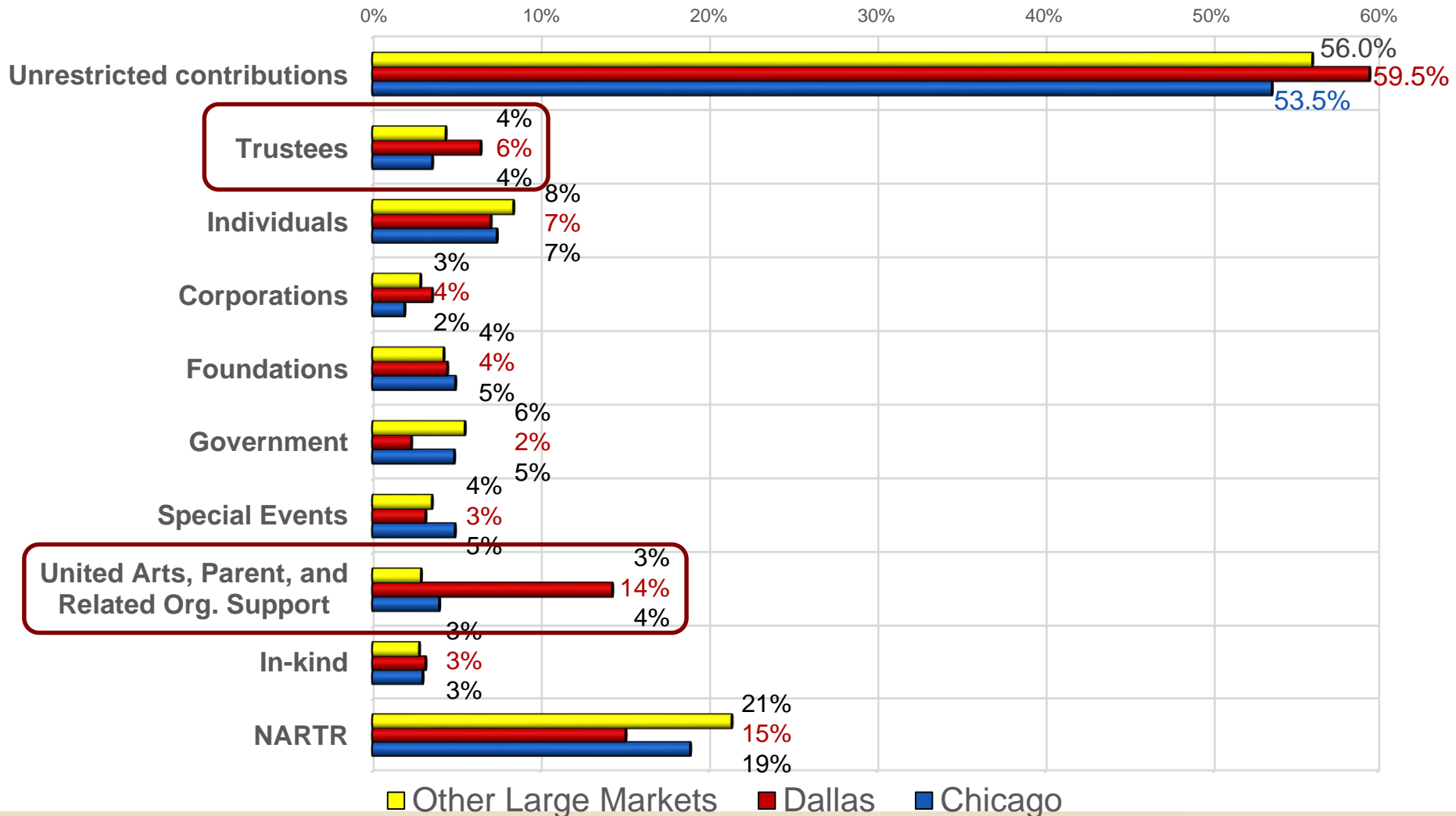


Dallas  
(pop. 4.4 million)

Chicago  
(pop. 7.3 million)

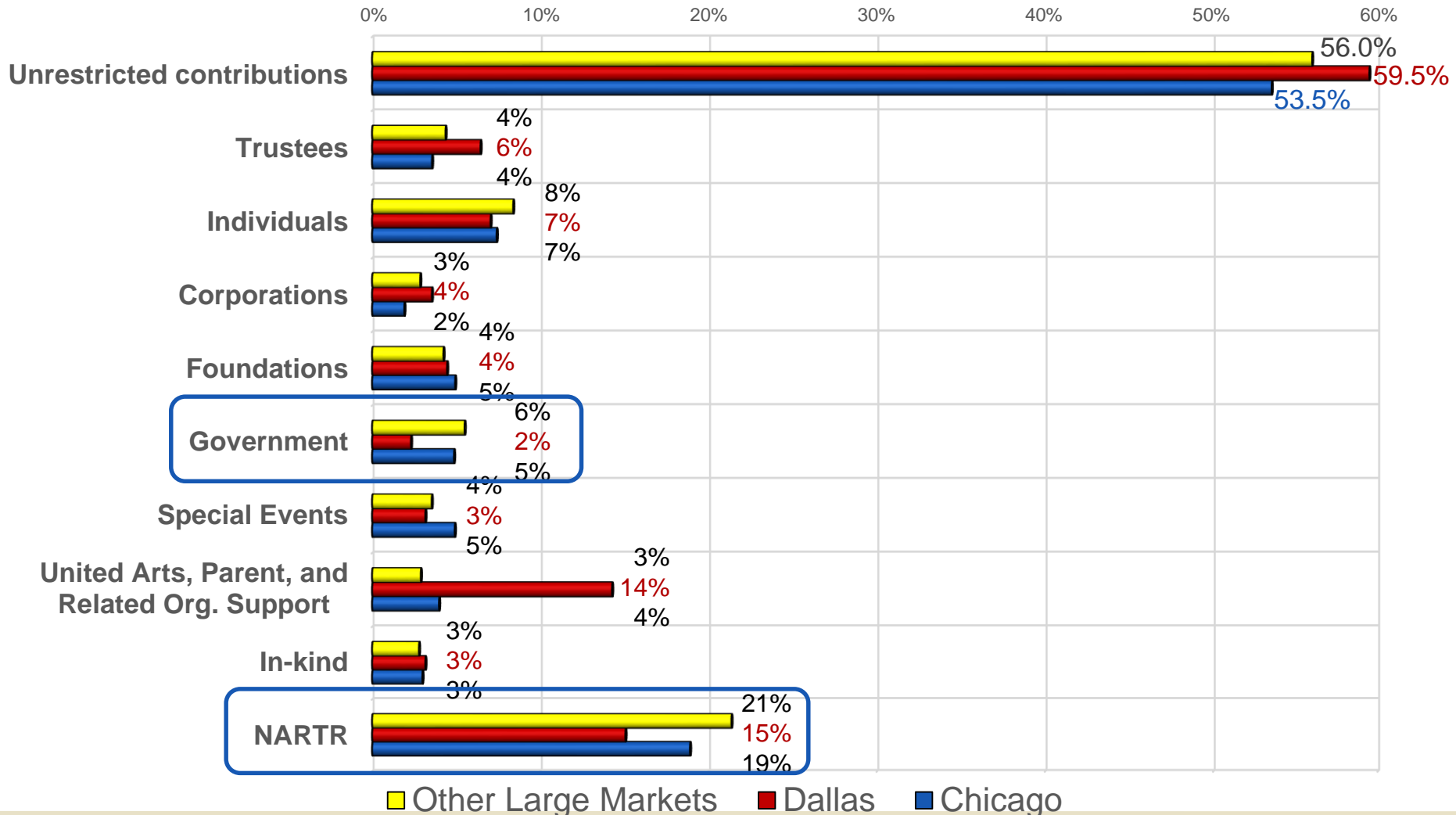
\*CDP Markets, only

# To what extent does unrestricted support from each of these sources cover expenses?



Dallas organizations tend to cover more of their expenses with trustee giving, united fund and related organization support than Other Large Markets or Chicago, ...

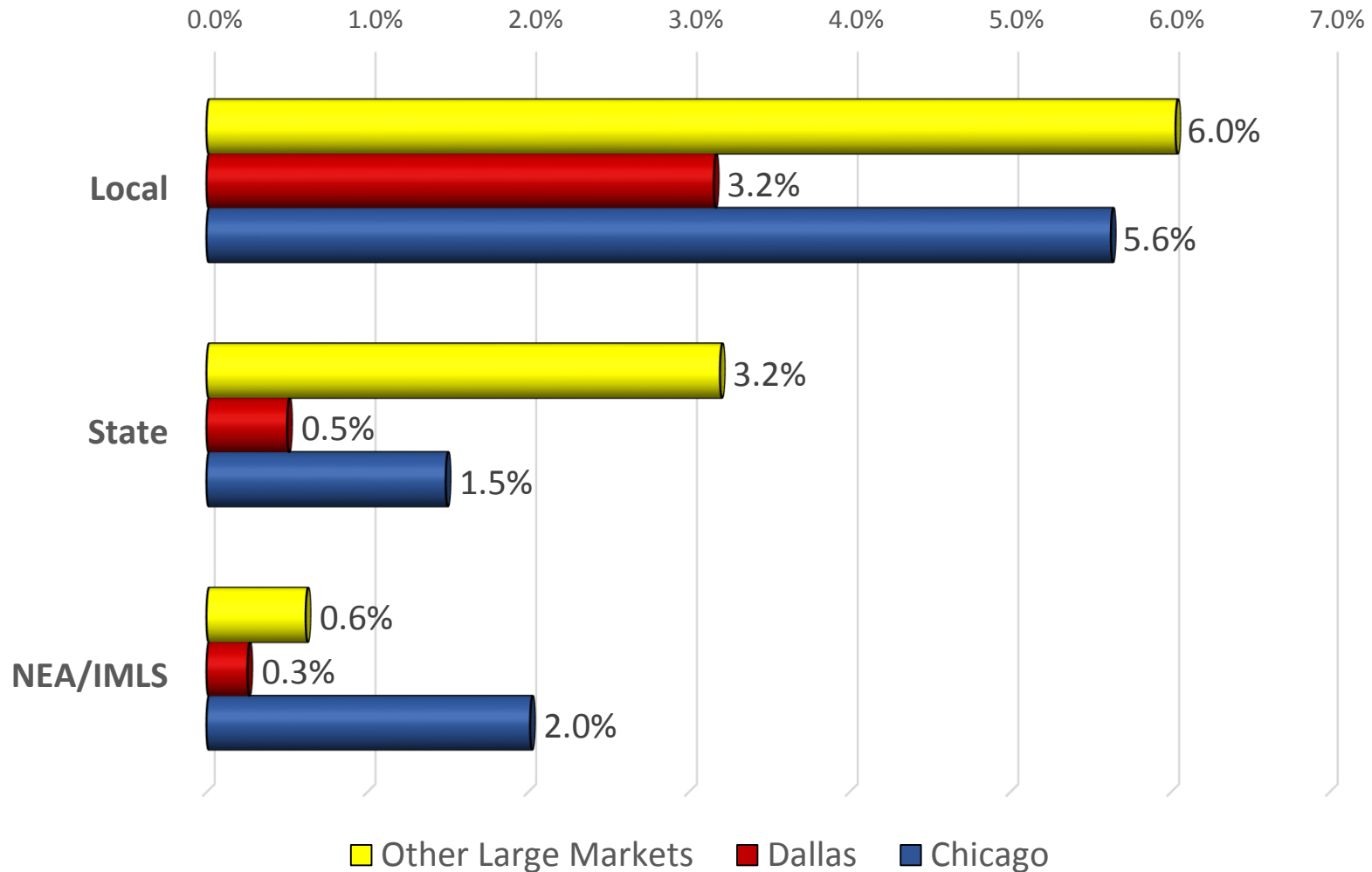
# To what extent does unrestricted support from each of these sources cover expenses?



...whereas Other Large Markets and Chicago cover more government support and NARTR than Dallas. There was 1% or less difference in individual, corporate, foundation, special event, and in-kind support.

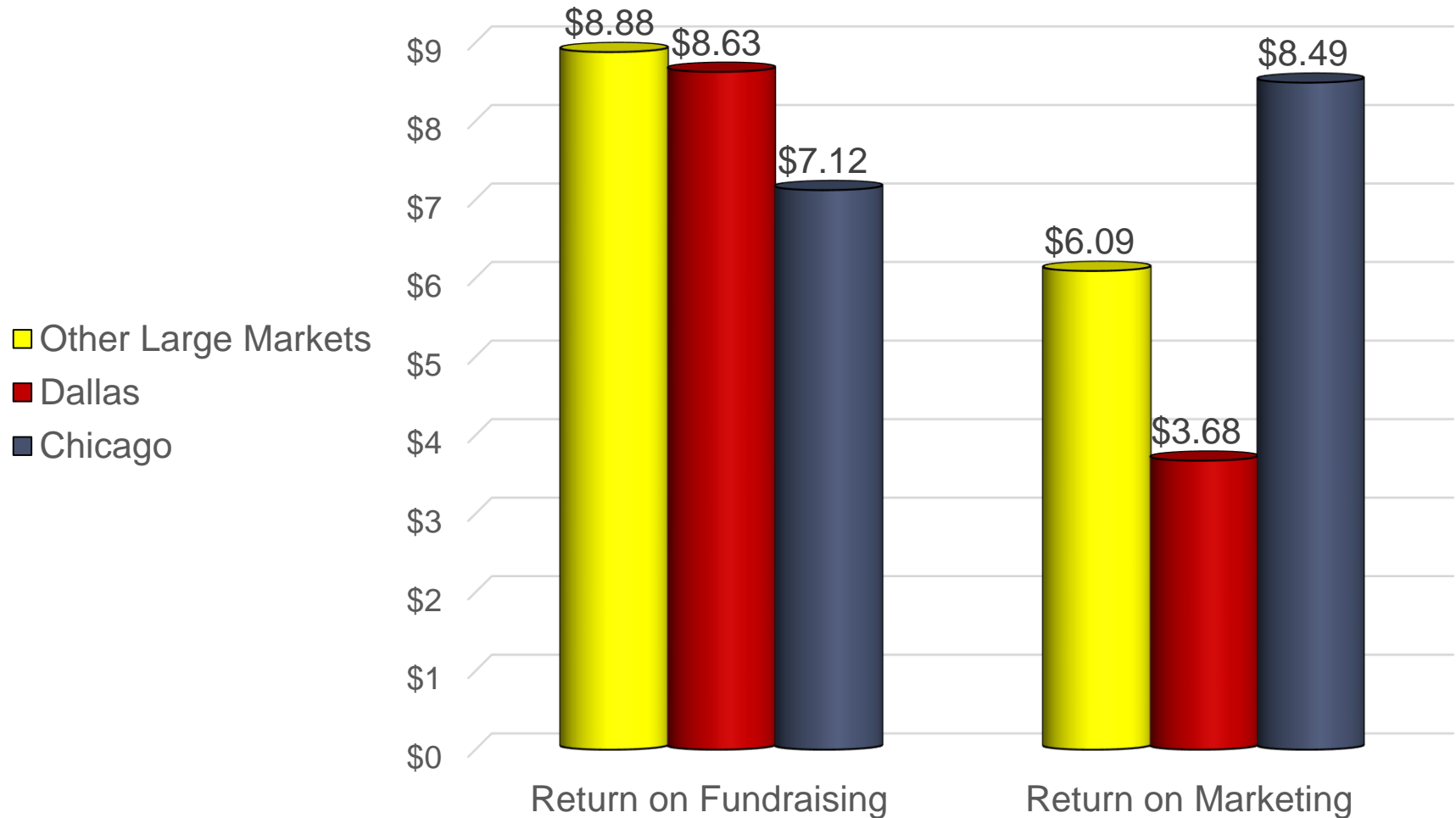


# What percentage of Unrestricted Contributed Revenue comes from each Government source?



Dallas arts organizations have comparatively less support from all levels of government, particularly local and state.

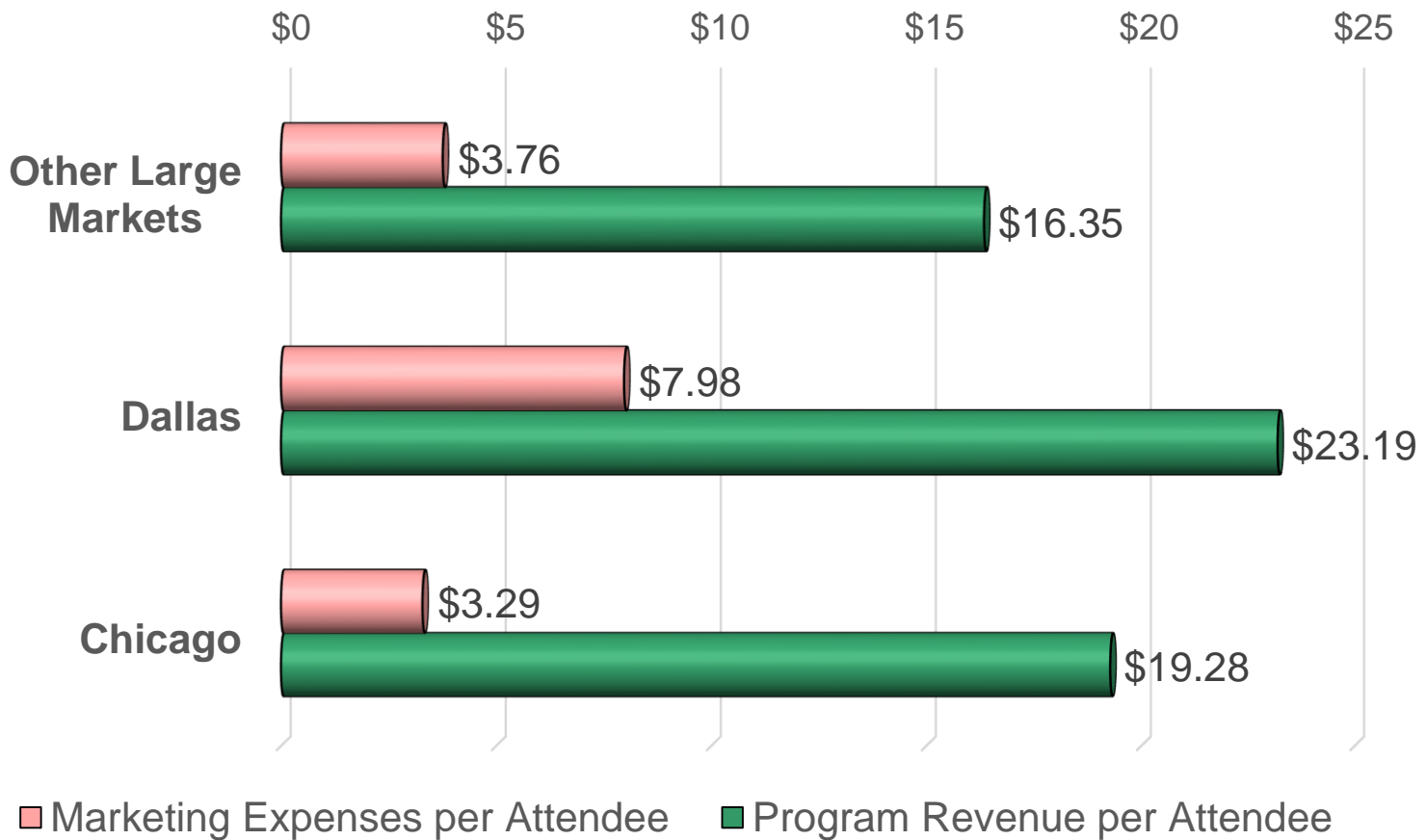
# What is the Fundraising Return on Investment and Marketing Return on Investment\*



\*Return on marketing includes all revenue earned due to people participating in program activity.

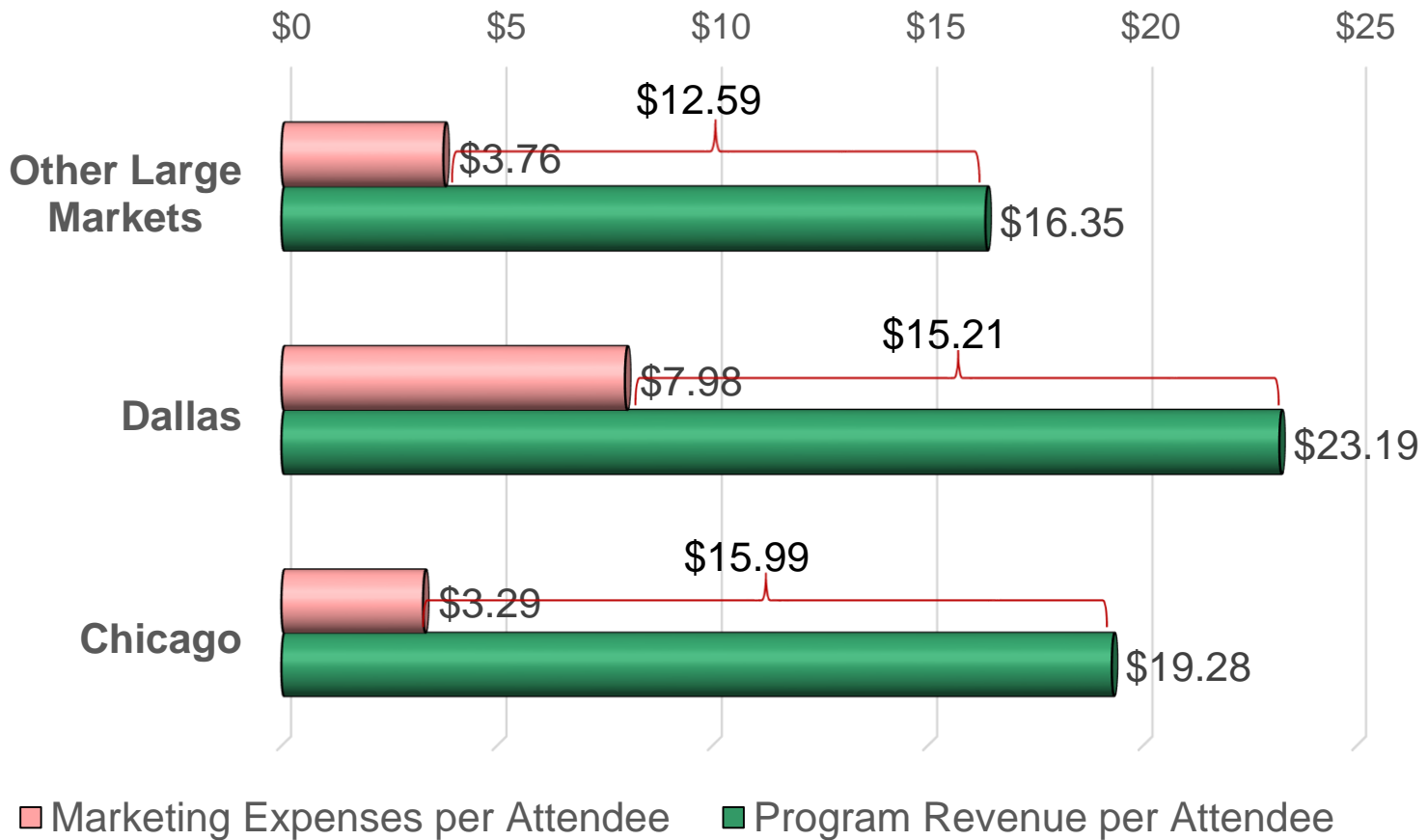
Return on Fundraising is very similar for organizations in Dallas and Other Large Markets and higher in these markets than in Chicago. However, Return on Marketing is lowest in Dallas.

# How much Marketing Investment does it take to bring in one person, and how much Program Revenue is earned per attendee?



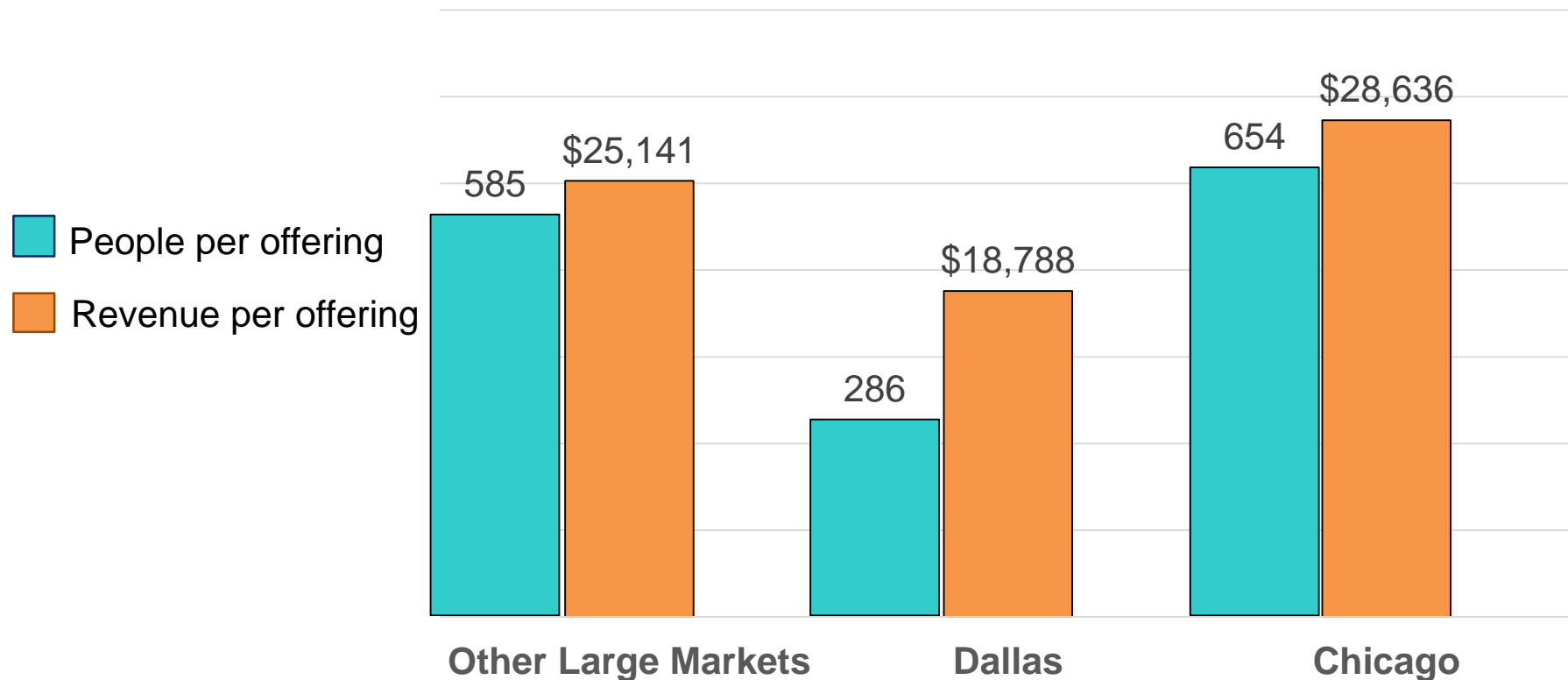
Dallas organizations spend twice as much to bring in each attendee than organizations in Other Large Markets or Chicago but they then earn more per attendee once someone attends.

# How much Marketing Investment does it take to bring in one person, and how much Program Revenue is earned per attendee?



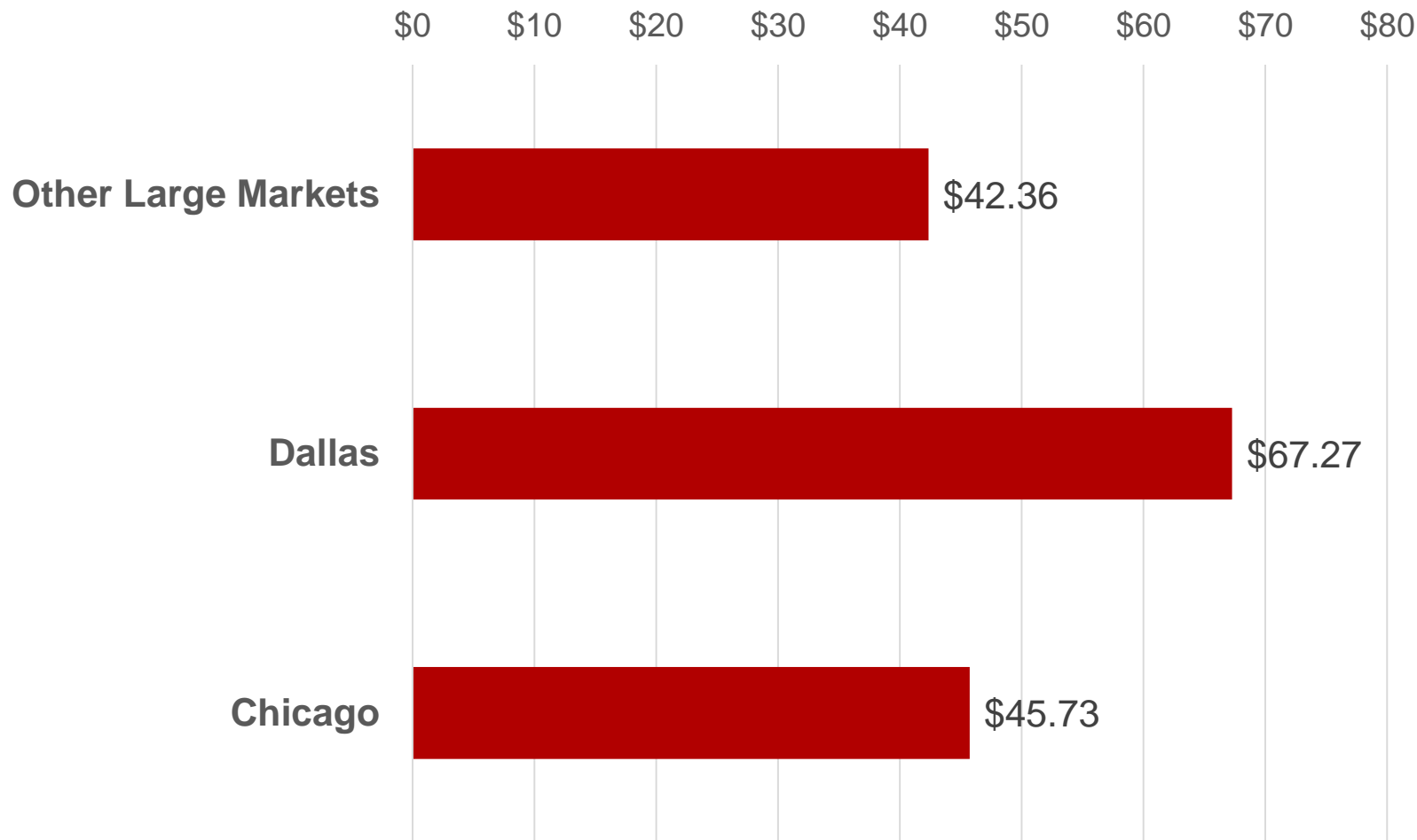
The result is that Chicago organizations earn more net program revenue per attendee than those in Dallas, which earn more than organizations in Other Large Markets.

# How many people are engaged per offering and what is the amount of total unrestricted operating revenue generated per program offering?



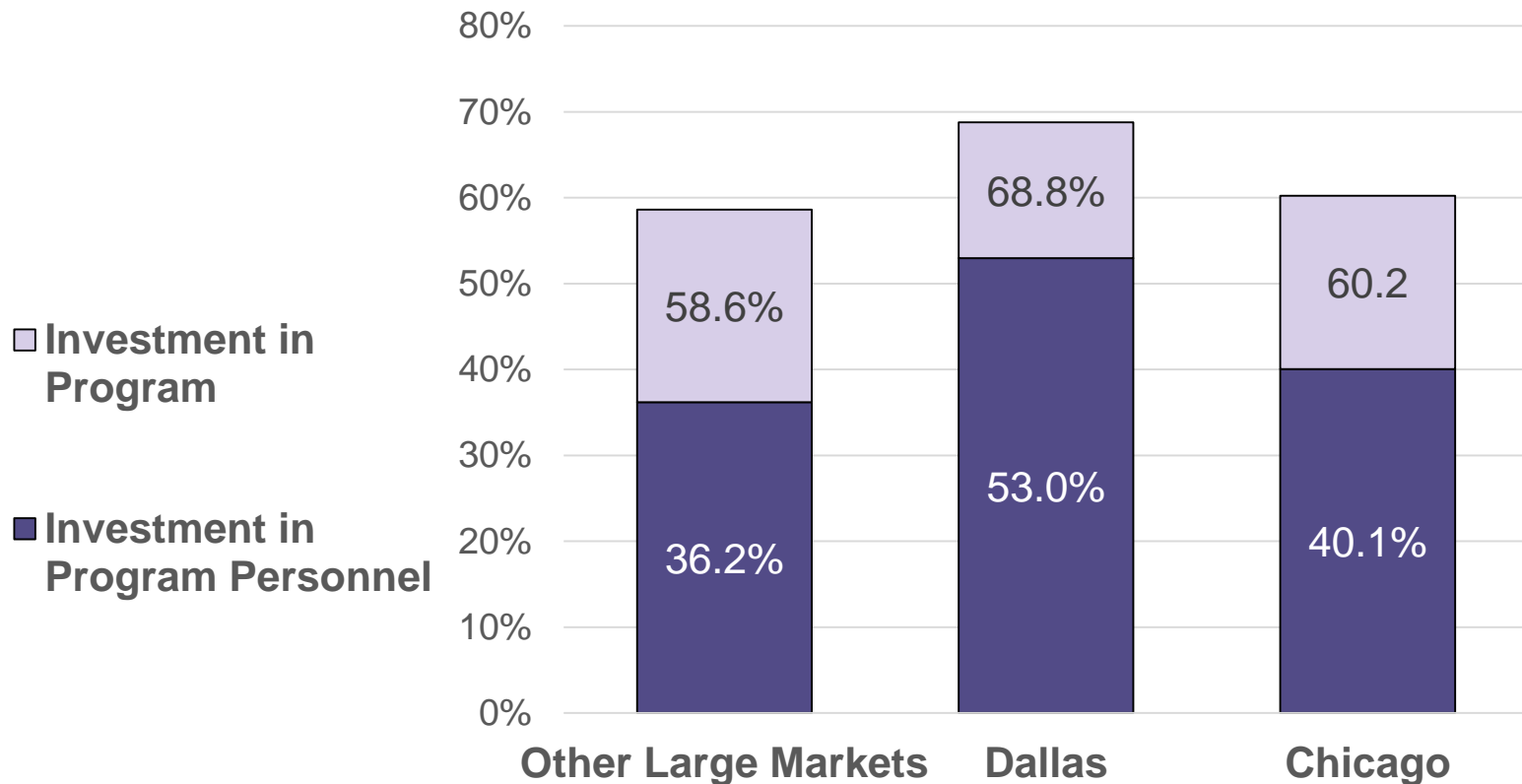
Organizations in Other Large Markets and Chicago engage twice as many people per programmatic offering than do organizations in Dallas. They also generate higher revenue per offering.

# How much is the total cost of serving each person (not including virtual attendance)?



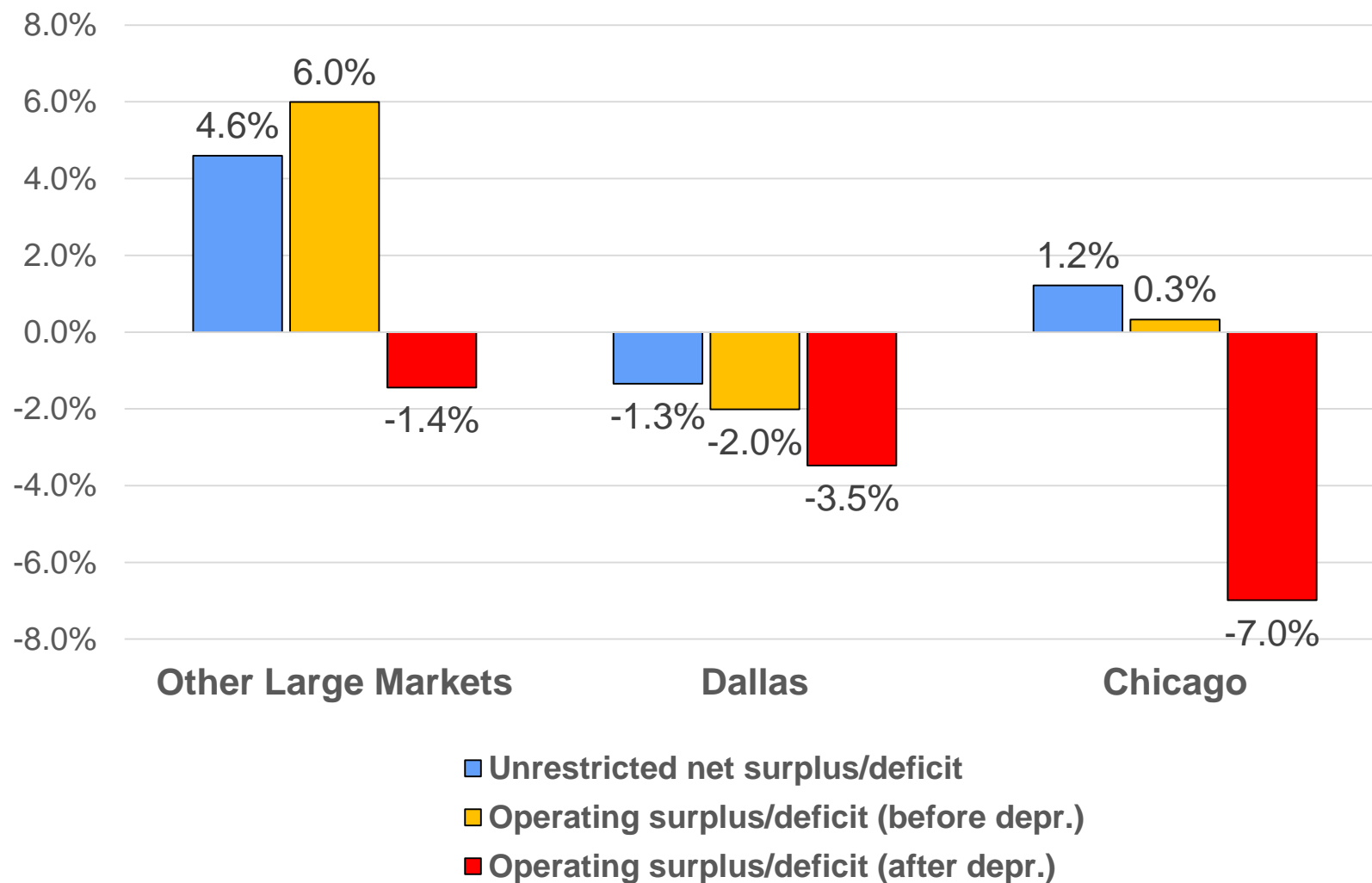
Dallas organizations spend 1/3<sup>rd</sup> more in total on programming, fundraising, and general administrative expenses for every attendee than organizations in Other Large Markets and Chicago.

# How much revenue is directly invested in programs, considering all direct costs related to programs and then only the costs of paying artists and program personnel?



Dallas organizations spend more resources on program than those in Other Large Markets and Chicago. They invest much more in artists and program personnel.

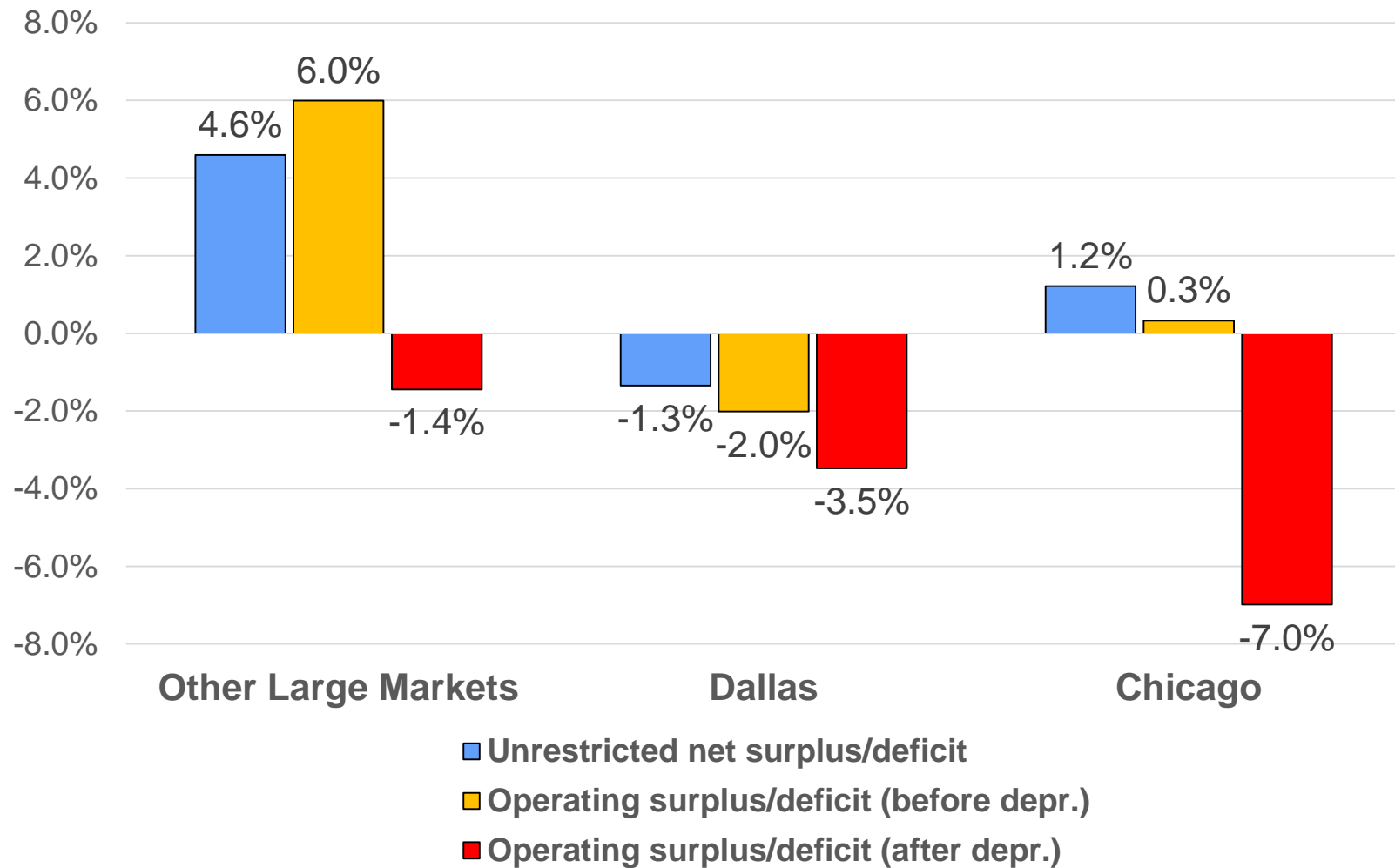
# What is the Bottom Line relative to Expenses?



Dallas organizations average a negative bottom line regardless of how it is calculated. The effect of depreciation expenses heavily impacts organizations in Other Large Markets and Chicago.

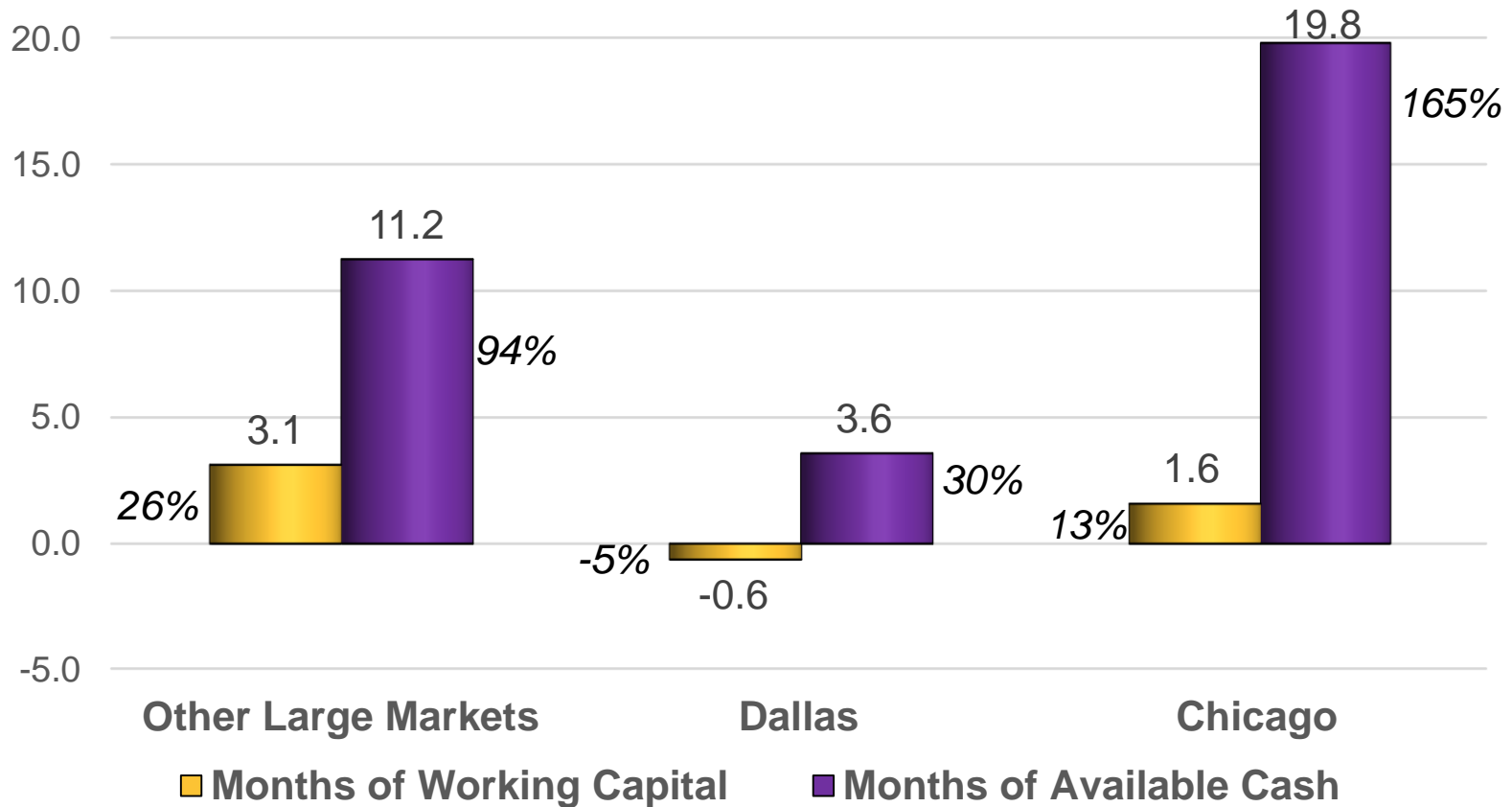


# What is the Bottom Line relative to Expenses?



However, Small and Medium organizations in Dallas average a positive bottom line across all measures. Across all markets: 1) Small organizations ran a positive average bottom line, and 2) the larger the organization, the more likely it is to run a deficit.

# How many months of working capital does the organization have? What is the relationship between its access to readily available cash and its annual budget?



Dallas organizations have fewer months of working capital and access to available cash than organizations in Other Large Markets and Chicago.

# SUMMARY OF KEY TAKE-AWAYS

## Dallas arts organizations in the CDP:

- Benefit from higher trustee giving and related organization (i.e., TACA) funding.
- Have lower public funding at every level and lower NARTR, so less funding given in a prior year for future activity. Generate higher return on fundraising than Chicago but lower return on marketing than either Chicago or Other Large Markets.
- Spend twice as much to bring in each attendee than organizations in Chicago or Other Large Markets and earn more per person once someone attends. Chicago organizations net more program revenue per person than other markets.
- Attract fewer people per offering and revenue per offering, and serve fewer people relative their budget size.
- Invest more of their budgets in program and program personnel.
- Struggle to break even, keep up with cash flow needs and maintain access to cash, especially large organizations.

# FOOD FOR THOUGHT

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- What could we imagine for the arts in the city if we had current support AND strong public arts funding?
- The marketing nut is critical to crack.
- What are the opportunities for programming that is compelling to Hispanics/Latinos, African-Americans and Asian-Americans in our community? They are the majority.

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**These areas presents big opportunities for growth.**

Thank you!



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