

Research Division Note # 47 - September 30, 1993

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Census Reports 30% Increase in Nonprofit Classical Music Groups: 1982-1987

According to the most recent census, The 1987 Census of Service Industries, the Census bureau counted 606 classical music organizations whose total receipts and revenues totalled \$822,938,000. Of these the number of nonprofit (tax-exempt) organizations (552) was over 10 times the number of taxable organizations (54). The number of nonprofit organizations grew by 30% since 1982, while the number of taxable organizations fell 11%.

TABLE 1: Number of Classical Music Groups and Number of Performing Arts Organizations (1987 and 1982)

Arts in Education

Challenge &
 Advancement

Dance

Design Arts

Expansion Arts

Folk Arts

International

Literature

Locals

Media Arts

Museum

Music

Opera-Musical
 Theater

Presenting &
 Commissioning

State & Regional

Theater

Visual Arts

	<u>1987</u>	<u>1982</u>	<u>Percentage Change</u> <u>1982-1987</u>
Tax-Exempt Classical Music Groups			
Number	552	423	30.5%
Revenues (\$1,000)	\$ 796,464	\$ 477,209	66.9%
All Nonprofit Performing Organizations			
Number	2,038	1,610	26.6%
Revenues (\$1,000)	\$1,780,521	\$1,098,099	62.1%
Taxable Classical Music Groups			
Number	54	61	-11.5%
Receipts (\$1,000)	\$ 26,474	\$ 17,911	47.8%
All Taxable Performing Organizations			
Number	7,233	6,712	7.8%
Receipts (\$1,000)	\$4,904,224	\$3,301,101	48.6%

Classical music organizations are dominated by nonprofit groups which number 27% of the nonprofit performing arts organizations; however, their revenues are about 45% of all performing arts revenues. Taxable classical music groups are about 1.5% of all taxable performing arts groups and their receipts are about 0.5% of all taxable performing arts organization receipts. The next paragraph addresses taxable music organizations; the rest of this note refers to nonprofit organizations.

The Census Bureau divides classical music into three detailed categories: opera companies, symphony orchestras and chamber music groups. The numbers of taxable classical music groups in 1987 in each of the three categories are small as is the average size (as measured by total receipts taken in by an organization) when compared to their nonprofit counter-parts. Table A (at the end of this note) provides the figures for 1977, 1982, and 1987 for both taxable and nonprofit groups. In 1987 the census found five taxable opera companies, twelve taxable symphony orchestras, and six taxable chamber music groups. The average total receipts per organization for each of these categories is small: Opera companies: \$320,800, Symphony Orchestras: \$339,600, and chamber music groups: \$74,200. For taxable groups, those that did not provide a designation (31) are 57% of the total number of taxable classical music groups. This category accounted for 77% of the total receipts of taxable classical groups.

The numbers of nonprofit classical music organizations and their revenues in the three census categories are:

TABLE 2: Nonprofit Classical Music Groups (1987)

	Number	Average Revenues (\$1,000)	Total Revenues (\$1,000)
Opera company	75	\$2,678.7	\$ 200,900
Symphony orchestra	261	1,720.0	448,908
Chamber music organization	69	323.4	22,317
No designation given	147	845.8	124,339
	-----		-----
All nonprofit groups	552	\$1,442.9	\$ 796,464

All organizations sent a questionnaire are asked to designate the appropriate category for the organization. It is important to note that 27% of classical music groups (147) did not provide a designation. These organizations actually belong to one of the three categories. Therefore, the data in this note on these detailed categories is somewhat incomplete and understates the actual numbers. (also see the Caveats... section at the end of this note for more potential undercount of organizations.)

The average size of an organization as measured by total revenues varied by category. The 75 Opera companies were only 14% of the total number of organizations but had the largest average total revenues among classical music organizations (\$2,678,700). Symphony Orchestras had the greatest number (261) which was 47% of the total number of classical music groups; their average total revenues were also large (\$1,720,000). The 69 chamber music groups that were counted in the

census were much smaller in comparison and had average total revenues in 1987 of \$323,400.

Table A provides the same information as Table 2 and compares this to data from 1977 and 1982. The three categories (opera, symphony, and chamber music) show remarkably similar growth in average total revenues during the mid 1980's. The number of opera companies increased from 46 in 1977, to 65 in 1982, to 75 in 1987. The average total revenue of an opera company rose from \$1,983,500 in 1982 to \$2,678,700 in 1987 (a 35% increase; when adjusted for inflation, the increase is 15%). No figures were provided in 1977. Symphony orchestras also grew in number from 167 in 1977, to 212 in 1982, to 261 in 1987. Their average total revenues grew from \$1,305,900 to \$1,720,000 in 1987 (a 32% increase, 12% when adjusted for inflation). Chamber music groups went from 20 in 1977, to 47 in 1982, to 69 in 1987. Their average total revenues grew from \$244,600 in 1982 to \$323,400 in 1987 (a 32% increase, 13% when adjusted for inflation).¹

¹ Another source of statistics about nonprofit classical music groups comes from the service organizations for symphony orchestras, American Symphony Orchestra League, and for opera companies, OPERA America and Central Opera Service. (See Westat, Inc. A Sourcebook of Arts Statistics: 1989. A Report submitted to the National Endowment for the Arts, Washington, DC, April, 1990. pages 318, 333, and 359.) Because service organizations usually gather statistics only on their members, data on numbers of organizations would not be expected to match. However, average revenues (income) and expenses may be similar, if the census and the service organization were measuring the roughly the same organizations. OPERA America's data include 90 opera companies that are professional companies. Central Opera Service provided data for companies whose budgets were over \$100,000. Opera companies with budgets less than \$100,000 are not likely to have a payroll, but may file an IRS Form 990. The Census Bureau found the least number of companies; some opera companies may not have specifically designated themselves, thus falling into the "not self-designated" category. The average figures of income and expense for the Census data fall between these two other sets of data.

	OPERA America Data:1987	Central Opera Service Data:1987	Census Data:1987
Number of Opera Companies	90	174	75
Total revenues/income (\$1,000)	\$287,485.4	not given	\$200,900.0
Average revenue/income (\$1,000)	\$3,194.3	-	\$2,678.6
Total Expenses (\$1,000)	\$290,276.0	\$321,100.0	\$196,247.0
Average Expenses (\$1,000)	\$3,225.3	\$1,845.4	\$2,616.6

For Symphony Orchestras, the American Symphony Orchestra League provided data on 170 orchestras. The data includes all orchestras in their categories of major, regional, and metropolitan. The smaller community orchestras (which tend not to have a payroll) are not in the ASOL data.

	ASOL Data: 1987	Census Data: 1987
Number of Symphony Orchestras	170	261
Total revenues/income (\$1,000)	\$523,600.0	\$448,908.0
Average revenue/income (\$1,000)	\$3,080.0	\$1,720.0
Total Expenses (\$1,000)	\$525,400.0	\$436,812.0
Average Expenses (\$1,000)	\$3,090.6	\$1,673.6

Aggregate Financial Statistics

Due to the fact that the Census Bureau holds the identification of individual organizations in confidence (thus preventing the construction of control groups of specific organizations from two or more censuses), it is impossible to draw conclusions about the "total" statistics from one census to another. However, averages can be calculated to find a "typical" organization. Then these averages can be compared from one census to another. To focus on the change, the figures below provide the percentage changes from 1977 to 1982 and from 1982 to 1987. These tables were prepared by calculating averages, adjusting for inflation, and calculating the percentage change between years.

TABLE 3: Percentage Change in Revenue Items of Nonprofit Classical Music Organizations (inflation adjusted averages)

	<u>1977-1982</u>	<u>1982-1987</u>
Admission receipts	12.4%	4.7%
Contract fees for entertainment	-21.9%	17.1%
Sale of merchandise	4.2%	49.1%
Services to performing arts industry	174.5%	-48.2%
Other patron, contract fees	1.1%	162.7%
Royalties, residual fees, subsidiary rights	-25.2%	-19.2%
Government contributions/grants:		
National Endowment for the Arts	-26.4%	-31.6%
All other government sources	6.1%	3.4%
Private Contributions/grants:		
Individuals	0.5%	30.9%
Foundations	-12.0%	-10.4%
Business and industry	80.4%	28.1%
All other non-government sources	-32.6%	-12.0%
Other revenues	57.3%	-18.8%
TOTAL REVENUES	8.3%	8.9%

These figures show that the average classical music organization had steady growth of 8.3% from 1977 to 1982 and 8.9% from 1982 to 1987. Average admission receipts (mostly ticket sales) were up for classical music groups in both five year periods. Sales of merchandise (concessions and t-shirts, etc.) were also up, especially between 1982 and 1987 (49%). Services to the industry and other patron and contract fees were quite volatile, the first showing large growth between 1977 and 1982 and the latter showing large growth between 1982 and 1987. Support from the National Endowment for the Arts was down substantially in both periods. Other government sources showed some growth. Private giving from individuals was up between 1982 and 1987; foundation giving was down; and business and industry giving was up, especially in the first period (80%).

Figures A and B below present pie charts of the percentages of total revenues from various

income sources for 1982 and 1987. The proportions of income did not change much between 1982 and 1987. Admission receipts fell slightly in 1987 to 37%; earned income as a percent of total income edged down by one percentage point for classical music organizations. Private support went up somewhat in 1987 to 33%, off-setting the fall in government support. During the 1980's the fund raising (development) staffs in arts organizations continued to grow and become more sophisticated. The data from previous tables showed Arts Endowment support to be down. This was replaced in part by state and local giving, but more so by private support.

Distribution of Revenues by Source Nonprofit Classical Music Orgs: 1982

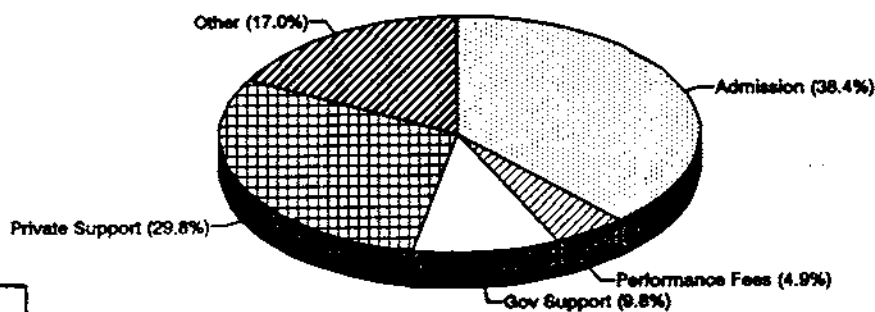


Figure A

Distribution of Revenues by Source Nonprofit Classical Music Orgs: 1987

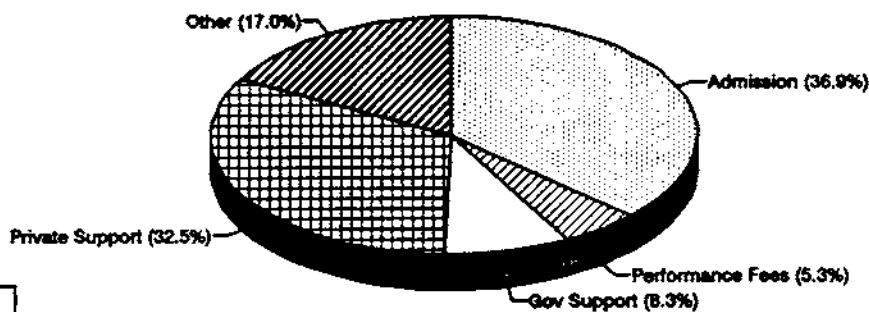


Figure B

Financial statistics similar to those above on nonprofit classical music organizations are available for the more detailed categories of operas, orchestras, and chamber music. However, since a number of organizations did not designate themselves, the data at this level reflects only the organizations that are counted in the designated category. Table B presents these statistics. The top half gives the total amounts of each revenue source and some other statistics: the number of establishments in each category and the percent of total revenues accounted for. Other statistics

include total expenses, percentage of revenues to expenses (a figure over 100% implies a surplus), and a percentage of contributions and grants (both government and private) to total revenues. The bottom half gives averages for the revenue sources.

The table below shows the income sources as a percentage of total revenues.

TABLE 4: Income Sources as Percent of Total Revenues for Nonprofit Music Organizations: 1987

	Opera Company	Symphony Orchestra	Chamber Music Organization
Admission receipts	36.6%	35.0%	27.4%
Contract fees for entertainment	2.7%	5.4%	18.4%
Sale of merchandise	(D)	0.6%	2.1%
Services to performing arts industry	0.4%	0.3%	(D)
Other patron, contract fees	9.0%	5.9%	1.7%
Royalties, residual fees, subsidiary rights	(D)	0.8%	(D)
Government contributions/grants:			
National Endowment for the Arts	2.2%	2.0%	2.2%
All other government	3.7%	7.8%	4.6%
Private contributions/grants:			
Individuals	22.0%	16.3%	17.6%
Foundations	6.1%	4.4%	9.6%
Business and industry	6.9%	9.1%	11.7%
All other non-government sources	3.4%	1.7%	0.4%
Other revenues	6.5%	10.6%	3.9%
TOTAL REVENUES	100.0%	100.0%	100.0%
	(%)		
	(\$ 1000's)	\$200,900	\$ 22,317
Number of organizations	75	261	69

(D) means that data are withheld to avoid disclosure of individual organizational data. The data, however are included in the totals.

The organizational category with the largest average total revenue was opera company (\$2.678 million). Operas had a surplus in 1987; in 1982 they had reported an aggregate deficit. The percentage of income from admission receipts was 37%, up from 28% in 1982. This category of organizations received a high percentage of income from individual contributions (22%). In 1982 the percent had been 12. Other private giving categories were either the same as had been in 1982 or had gone up slightly. Total support from all contributions and grants was 43%, which included 6% from government. The National Endowment for the Arts support dropped from 3% in 1982 to 2% in 1987.

Symphony orchestras also had a surplus in 1987; they had a small deficit in 1982. Like operas, contributions from the Arts Endowment dropped from 3% in 1982 to 2% in 1987, but other

government giving increased by almost two percentage points. Revenue from contributions and grants rose from 33% in 1982 to 41% in 1987. This was due to a rise in individual and business support. Earned income components remained about the same.

An average chamber music organization is much smaller (\$323,400 average total revenues) than an opera or a symphony orchestra (\$2,678,700 and \$1,720,000 respectively). All the chamber music organizations together ran a small deficit in 1987; as a group they almost had a balanced budget in 1982. Contributions and grants were 45% of total revenues (up from 42% in 1982); only 7% came from government (2% from the Arts Endowment). Government giving was up slightly from 1982. Individual, foundation and business support were all up from 1982. Admission receipts (ticket sales) accounted for 27% (up from 24% in 1982); contract performance fees accounted for 18% (up from 7% in 1982).

Caveats and Notes about methodology: An Economic Census is conducted by the U.S. Bureau of the Census every five years. The reference years are the second and seventh year of the decade. The National Endowment for the Arts commissioned the Census Bureau to produce special tables of previously unpublished data collected in these censuses.

The universe of organizations that receive questionnaires is obtained from two sources: (1) filers of FICA reports (payroll tax report sent to the Social Security Administration and (2) filers of IRS business income tax or informational reports (Form 990). The counts of numbers of organizations and their receipts/revenues in the tables and the analysis probably understate somewhat the actual levels of activity that occurred for two reasons. Very small music organizations (especially chamber music) are likely not to be included, because they have no personnel who are "employees" and do not file Form 990's if their gross receipts are under \$25,000. Secondly, some chamber music companies are operated as subsidiaries of organizations that are in a different industry (such as colleges, universities, and art centers). These subsidiary groups would not be part of the Economic Census universe of performing arts organizations, but may be counted as part of the universe of higher education, or entertainment facilities.

Because the Census Bureau releases only aggregated information, thus making it impossible to construct control groups of the same organizations from one census to the next, direct comparisons from one census to the next should be made with caution. It is a common experience of ongoing periodic surveys that the survey process, especially the development of the universe, improves with each survey. This probably results in more organizations being included each time. So an increase may be due in part to better coverage. Also, over time, more organizations may have become FICA report or Form 990 filers. It is not possible to sort out the relative importance of the various factors for increases in numbers; therefore, characterizations of "growth" should be used cautiously.

The difference between "receipts" (used for taxable/for-profit establishments) and "revenues" (used for tax-exempt/not-for-profit establishments) is that revenues include contributed (or unearned) income such as grants and contributions from individuals, corporations, and governments. These monies can be accounted for by the organization over a period of years, making comparisons with data from funders difficult.

For further analysis, to compare real growth in total revenues, receipts, or expenses between the 1977, 1982 and 1987 censuses, the monetary figures of 1977 and 1987 can adjusted using the GNP Implicit

Price Deflator (1982 = 100). Figures for 1987 can be deflated by dividing them by 1.174, and those for 1977 can be inflated by dividing them by .674.

For more details on the economic censuses and discussion about other arts organizations, see **ARTS ORGANIZATIONS AND THE 1987 CENSUS OF SERVICE INDUSTRIES**. A copy of this report is available from:

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TABLE A: NUMBER OF NONPROFIT CLASSICAL MUSIC ORGANIZATIONS AND THEIR REVENUES (\$1,000) BY YEAR

Type of Organization	1977			1982			1987		
	Number of Establishmnts	Total Revenues	Average Revenues	Number of Establishmnts	Total Revenues	Average Revenues	Number of Establishmnts	Total Revenues	Average Revenues
Symphony Orchestras, Opera Companies Chamber Music Organizations	331	**	**	423	\$477,209	\$1,126.2	552	\$798,464	\$1,442.9
Opera Company	46			65	\$126,927	\$1,963.5	75	\$200,900	\$2,678.7
Symphony Orchestra	167			212	\$278,842	\$1,305.9	261	\$448,908	\$1,720.0
Chamber Music Organization	20			47	\$11,487	\$244.6	69	\$22,317	\$323.4
Classical Music Not Self-Designated*	96			99	\$59,943	\$605.5	147	\$124,339	\$845.8

NUMBER OF TAXABLE CLASSICAL MUSIC ORGANIZATIONS AND THEIR RECEIPTS (\$1,000) BY YEAR

Type of Organization	1977			1982			1987		
	Number of Establishmnts	Total Receipts	Average Receipts	Number of Establishmnts	Total Receipts	Average Receipts	Number of Establishmnts	Total Receipts	Average Receipts
Symphony Orchestras, Opera Companies Chamber Music Organizations	67	\$10,302	\$118.4	61	\$17,911	\$293.6	54	\$26,474	\$490.3
Opera Company	6	\$1,356	\$226.0	13	\$2,482	\$190.9	5	\$1,604	\$320.8
Symphony Orchestra	7	\$673	\$96.1	11	\$3,269	\$299.0	12	\$4,075	\$339.6
Chamber Music Organization	10	\$299	\$29.9	9	\$630	\$70.0	6	\$445	\$74.2
Classical Music Not Self-Designated*	64	\$7,974	\$124.6	28	\$11,510	\$411.1	31	\$20,350	\$656.5

* Organizations in this group did not provide the specific classification.

** Revenues in 1977 were unavailable for this level of breakout.

(D) means that data are withheld to avoid disclosure of individual organizational data. The data, however, are included in the totals.

TABLE B: FINANCIAL STATISTICS AND INCOME SOURCES OF NONPROFIT MUSIC CATEGORIES: 1987

← TOTAL AMOUNTS (\$1,000) →			
Type of Receipt/Revenue	Opera Company	Symphony Orchestra	Chamber Music Organization
Admission receipts	\$71,083	\$155,350	\$5,836
Contract fees for entertainment	\$5,253	\$23,807	\$3,979
Sale of Merchandise	(D)	\$2,622	\$455
Services to performing arts industry	\$858	\$1,457	(D)
Other patron, contract fees	\$17,545	\$26,279	\$370
Royalties, residual fees, subsidiary right	(D)	\$3,596	(D)
Government contributions/grants			
National Endowment for the Arts	\$4,207	\$8,702	\$473
All other government sources	\$7,097	\$34,656	\$997
Private contributions/grants			
Individuals	\$42,750	\$72,359	\$3,805
Foundations	\$11,790	\$19,664	\$2,074
Business and industry	\$13,353	\$40,622	\$2,535
All other non-government sources	\$6,506	\$7,355	\$85
Other receipts/revenues	\$12,547	\$46,934	\$844
TOTAL CALCULATED REVENUES	\$192,989	\$443,403	\$21,553
Number of Establishments	75	261	69
Percent of total revenues reported*	96.6%	98.9%	97.0%
TOTAL REVENUES (all Establishments)	\$200,900	\$448,908	\$22,317
TOTAL EXPENSES	\$196,247	\$436,812	\$22,652
Revenues/Expenses (%)	102.4%	102.8%	98.5%
Contributions & Grants/Revenues (%)	42.7%	40.8%	44.7%

← AVERAGE AMOUNTS (\$1,000) →			
Type of Receipt/Revenue	Opera Company	Symphony Orchestra	Chamber Music Organization
Admission receipts	\$981.1	\$601.8	\$88.7
Contract fees for entertainment	\$72.5	\$92.2	\$59.5
Sale of Merchandise	(D)	\$10.2	\$6.8
Services to performing arts industry	\$11.8	\$5.6	(D)
Other patron, contract fees	\$242.2	\$101.8	\$5.5
Royalties, residual fees, subsidiary right	(D)	\$13.9	(D)
Government contributions/grants			
National Endowment for the Arts	\$58.1	\$33.7	\$7.1
All other government sources	\$98.0	\$134.3	\$14.9
Private contributions/grants			
Individuals	\$590.1	\$280.3	\$56.9
Foundations	\$162.7	\$76.2	\$31.0
Business and industry	\$184.3	\$157.4	\$37.9
All other non-government sources	\$89.8	\$28.5	\$1.3
Other receipts/revenues	\$173.2	\$181.8	\$12.6
TOTAL RECEIPTS/REVENUES	\$2,678.7	\$1,720.0	\$323.4

* includes figures that are in (D), "not disclosed amounts"

(D) means that data are withheld to avoid disclosure of individual organizational data.
The data, however, are included in the totals.