

# New England's Creative Economy:

*THE STATE OF THE PUBLIC CULTURAL SECTOR - 2005 UPDATE*

New England Foundation for the Arts  
August, 2006

Produced with support from:  
Connecticut Commission on Culture and Tourism  
Maine Arts Commission  
Massachusetts Cultural Council  
New Hampshire State Council on the Arts  
Rhode Island State Council on the Arts  
Vermont Arts Council



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**New England's Creative Economy:  
The State of the Public Cultural Sector - 2005 Update  
A new research methodology**

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August, 2006**

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## Introduction

This edition of our annual report on the region's nonprofit cultural sector marks a major advance in the methodology employed to estimate the sector's financial characteristics. It also presents an exciting new partnership with the National Center for Charitable Statistics (NCCS), a program of the Center on Nonprofits and Philanthropy at the Urban Institute, which provides a new level of analysis examining the condition of New England's nonprofit cultural sector within a larger regional and national context. As a result, the format of this report is significantly different from prior publications in this series.

This report continues to provide an analysis of the full range of non-profit and public cultural activity in the region that is consistent with the series of economic impact reports issued by NEFA since the 1970s. In 2002, these reports evolved from a snapshot of the sector at long intervals to an update on an annual basis, employing both direct survey information and data gleaned from federal Form 990 returns. This annual report series has been able to provide reliable trend data for the first time, but the inclusion of Form 990 data has required a significant adjustment in methodology in order to provide the most accurate information on a year-by-year basis.

### **Rationale for the new Non Profit Report methodology:**

The new methodology employed by this report has been developed to address several factors:

1. Federally registered non-profits that are required to file tax returns may seek extensions that delay the filing of their return. As a result, some large nonprofit organizations may not appear in the data file for a particular calendar year. In addition, organizations near the \$25,000 revenue level may not file in a particular calendar year because they are not required to if they fall below that threshold. For analysis undertaken at long intervals this annual fluctuation is not critical, but it becomes a serious issue if the aim is to provide a reliable time series for trend analysis on an annual basis.
2. In recent years, researchers have made an important distinction between formally organized non-profit cultural organizations; cultural programs that are embedded within larger formal non-profits or public institutions; and informal voluntary groups that do not have legal status as organizations. From the beginning, NEFA's non-profit analysis has encompassed this broad scope of activity, but it has not reported on these as distinct types of activity.

The inclusion of Form 990 data from the group of cultural nonprofits required to file with the IRS dramatically increased the percentage of organizations for which financial information is available. However, because these organizations represent the most formal segment of nonprofit cultural activity, adding this information to the sample introduces a new bias unless the distinct groups outlined above are taken into account.

3. IRS Form 990 data is the most recently available digitized economic data and is sorted by year, providing a much clearer foundation for updating this report annually and establishing solid trend data.
4. IRS Form 990 data is available on the organization level, allowing for fine grained analysis. The data can be aggregated for certain types of organizations, supporting economic analysis of specific areas within the non profit sector.

Recognizing these issues, we have consulted with a number of colleagues on the options available to control for these effects while making a year-by-year analysis. We would like to acknowledge the assistance of Charles S. Colgan, Professor of Public Policy and Management, Edmund S. Muskie School of Public Service, University of Southern Maine; Stephen C. Sheppard, James Phinney Baxter III Professor of Public Affairs at Williams College; and Thomas H. Pollak, Assistant Director of the National Center for Charitable Statistics for their careful review of our analysis of the issues, their suggestions for potential adjustments, and their review of our proposed changes.

Our new methodology approaches the nonprofit cultural sector as a set of inter-related organizational types:

- ***Federally Registered Nonprofit Organizations above the \$25,000 filing threshold (referred to as “registered filers” in this report):***

These represent the largest and most formally organized cultural non-profits in the region. For the purpose of economic impact analysis, the major portion of nonprofit and public cultural economic activity occurs among this group of organizations. For this group, the financial data captured by the IRS Form 990 provides a comprehensive picture of economic activity. This may or may not include an estimate of total employment. Important additional information on volunteer labor, audience size and characteristics, and specialized fundraising data, as well as other descriptive data is collected in our direct survey.

For this group, the primary issue for short-term trend analysis is the effect of year-to-year variations in the inclusion of organizations in annual data files. To address this problem, we have devised a method for determining whether an organization would be normally required to file a Form 990 file in any given year by examining its activity during the two fiscal years immediately before and after the year in question. Information from the IRS processing files has been used to determine whether an organization will be filing a Form 990 in the second year after the most recent year for which digitized Form 990 data is available.

If an organization appears in at least one year prior to the current year and also one subsequent year, we have included it in the cohort of organizations that would be expected to file in that calendar year. For such organizations, the missing financial variables are estimated by interpolating values derived from the sequence of information for that variable before and after the missing year. This method allows us to even out the variations that would otherwise introduce false trends when looking at this group in the aggregate on a year-by-year basis.

For these registered filers, the only information we report on that is not drawn completely from the Form 990 is employment. Information on employment was extracted from our own survey and from the library survey (see below) to supplement the information provided by those filers that reported it. Projections were then made to estimate the universe of registered filers. For all other financial variables taken from the Form 990s and our interpolated values, the aggregate values are directly summed from the individual organization values.

Information on volunteerism and admissions is not reported because though our survey requests information on these variables, the sample response rate was too low to make accurate projections.

- ***Federally Registered Nonprofit Organizations below the \$25,000 filing threshold:*** These organizations are those that appear within the Internal Revenue Service Business Master File - the official list of federally registered non-profits - but would not be expected to file in the given calendar year. Financial data is therefore not available on them from the Internal Revenue Service Form 990 database.

A limited number of organizations classified in this group completed our survey, enabling us to utilize their actual financial information as reported directly. For all other organizations in this group, we estimate a general level of financial activity by assuming mean revenue, spending, and net asset values of \$10,000, values we determined in consultation with the colleagues cited above. In addition, we assume that a non-reporting organization in this category has no paid employees.

Rather than provide a detailed breakdown and trend analysis for this group, we provide an aggregate estimate for a limited number of financial variables. Although the organizations in this cohort have the same legal status as the first group, we cannot provide further financial detail.

- ***Embedded Cultural Departments and Programs:*** These are formally organized activities that do not constitute financially independent organizations. These include semi-autonomous departments and programs located within larger non-profit institutions such as colleges and universities - for example, a university performing arts center. In keeping with our past practice, within this cohort we also include departments and programs embedded within public institutions such as state and local governments. These include agencies such as state and local arts councils and institutions like public libraries. Strictly speaking, these are not legally constituted as non-profit entities, but these have always been included in NEFA's analysis of the non-profit sector because the nature of their activity correlates closely with analogous non-profits, and because these are often important drivers of activity within the sector. In many cases, the distinction is one of legality, and not of kind. For example, some public libraries are organized as independent non-profit organizations, while others are town departments. We observe this distinction for the purposes of analysis here: the former are included among the federally registered non-profits, while the latter are analyzed as embedded organizations.

Our analysis of this cohort is similar to that of the federally registered non-filers. We utilize the financial information as reported by those embedded organizations that complete our survey, based upon the survey sample available. In the case of municipal libraries, however, we have benefited for the first time this year from organization-level data that is taken from the public use data files of the national library surveys conducted by the National Center for Education Statistics within the U.S. Department of Education. These surveys, conducted on an annual basis, provide a number of financial and employment variables that are directly comparable with variables in our own direct survey, and which can be linked to individual institutions and included in our aggregate analysis without introducing bias. For all other organizations in this group, we estimate a general level of financial activity by assuming mean revenue,

spending and net asset values of \$5,000. In addition, we assume that a non-reporting organization in this category has no paid employees.

- ***Unincorporated Organizations and Informal Group Activity:***  
These are organizations and organized activity that either do not meet the legal requirements or fall below the revenue threshold for filing as a federally registered non-profit. Some of the organizations within this cohort may, in fact, have legal status as non-profit organizations. In some cases, a small organization may be registered with the appropriate government public charities agency in its state, but still fall below the \$5,000 revenue filing threshold that would require it to register on the federal level. In the vast majority of cases, however, the organizations within this cohort are purely voluntary activities that have no legal status - for example, a volunteer community chorus that provides free concerts.

For this cohort, our analysis is limited to a listing of the numbers and types of entities that are known to us through our work with the New England Cultural Database. From an economic impact standpoint, the economic activity represented by this cohort is negligible, and we assign no income, spending, net assets or employment values to these organizations. However, a purely economic framework overlooks the very substantial contribution that such activities provide to the quality of life within their communities. For this reason, we consider it an important component of this study to report on the composition of this cohort of activities as it is known to us. Because this is also the most volatile and difficult to capture portion of the non-profit sector, we have also concluded that any attempt to capture the economic value of this cohort, however limited, would introduce too much possibility of variation from year to year.

The presentation of our findings is organized by the cohorts listed above, and for the purposes of providing a reliable year-by-year analysis of the entire sector in the aggregate; we combine our findings for the Form 990 filers, the federally registered non-filers, and for embedded organizations into a summary estimate of the economic impact of the entire sector. This summary figure represents a conservative statistical estimate of the full economic activity within the sector. By reporting separately on each cohort, we also make it possible for the first time for readers to parse distinctions based on the legal status of these organizations.

In order to correctly group each organization within each of the cohorts listed above, it was often necessary to further research the status of that organization from available sources. In preparation for this report, we conducted an exhaustive reanalysis of the organizations within the New England Cultural Database in order to determine their legal status and whether they were active during the year in question.

As part of this analysis, we returned to the Internal Revenue Service Business Master File and reexamined the 80,000+ entries on an organization-by-organization level. As a result, we have identified a number of organizations in the database that were not identified as federally registered non-profits, and we have added 2700 organizations that were not previously listed in our database because they were not categorized within the IRS Business Master File. Because the National Center for Charitable Statistics has made an extensive effort over the past several years to correctly categorize Form 990 filers, the organizations we have added are almost entirely within the non-filer group, and therefore do not materially affect the relationship between the NCCS section of this report and our economic impact analysis of Form 990 filers.

Because the methodology we have developed and will employ going forward is a significant enough departure from that used in the past, we have felt it necessary to include in this report a re-analysis for the prior two years. This will now provide a consistent trend series for the past three years that addresses the issues we have cited above. In future annual updates, we will add new information for the current year to this trend analysis, but we plan to deepen the amount of detail provided. This new methodology allows us to begin offering analyses of particular segments within the non-profit universe in order to increase the field's knowledge of particular economic factors for particular types of cultural organizations.

The first contribution in this regard is the last section of this report, authored by Thomas H. Pollak, Assistant Director of the National Center for Charitable Statistics (NCCS). It provides a broad comparison of the New England cultural sector to other types of nonprofits in the region and also provides a comparison of the region's cultural nonprofits to their national counterparts. In addition, the NCCS report provides a detailed analysis of the sources of revenue, breakdown of expenses, and balance sheet position for cultural nonprofits by type.

The NCCS analysis, limited to those nonprofit cultural organizations that file Form 990 returns with the Internal Revenue Service, provides a new level of detail that has never been previously available. This focused examination of federally registered cultural nonprofits is a path-breaking addition that will become an annual feature of this report series. Through this partnership, NCCS has also provided access to the digitized Form 990 files that it prepares with Philanthropic Research, Incorporated (GuideStar) for our analytic purposes.

We believe that this update marks the beginning of an important new era in NEFA's tradition of cultural economic analysis, and we welcome your input concerning future knowledge that will benefit our field in this regard.



## New England Summary

### Highlights of NEFA's Analysis of the Overall Public Cultural Sector:

During the period of examination, the non-profit arts, cultural, and humanities industry in New England increased in number from 15,701 to 15,769 organizations. These totals include IRS registered filers, IRS registered non-filers, embedded cultural organizations and unincorporated organizations, as described by the new methodology in the introduction of this report.

Including all four groups listed above, the industry as a whole increased its spending from \$2.73 billion to \$2.978 billion, and increased its net assets from \$8.21 billion to \$9.21 billion.

- Spending on salaries increased from \$1 billion to \$1.3 billion and other operating expenses decreased from \$1.73 billion to \$1.68 billion.
- Total income received by the organizations in the industry fell from \$3.415 billion to \$3.383 billion; however, contributed income increased from \$1.699 billion to \$1.782 billion.
- The jobs provided by the industry increased from 38,413 to 41,752.
- Between 2000 and 2002, spending by these organizations rose at a 4.5 percent annual rate, while income fell by an annual rate of 0.5 percent. Net assets rose by a 6.1 percent annual rate.
- The effects of the recession at the beginning of this decade are clearly evident in these financial statistics. There was a decline in income between 2000 and 2001, with a slight rebound in 2002. Earned income fell over this period, while contributed income grew. Both dropped, however, between 2000 and 2001 and rose between 2001 and 2002.
- As noted, spending grew over this period. However, spending on salaries grew rapidly, while other spending fell slightly.
- The majority of these organizations - almost 70 percent - are found in the lower New England states. However, the share of total spending, income net assets and employment accounted for by these lower tier organizations ranges from 84 to 87 percent. The organizations in the lower three states are on average 2.5 times the size of their counterparts in the upper three states.
- Information is also provided on these organizations broken into twelve disciplinary categories. Performing organizations are the most common, tallying almost 4,000 throughout the region, with historical societies second in number. In terms of income, spending, and net assets, libraries and museums generate the most financial activity.
- These organizations are not spread out uniformly among the six states. The upper three states have relatively more historical societies, libraries and museums in their mix. The lower tier states have disproportionately more ethnic, media and visual arts organizations.

## Highlights of the NCCS Analysis of Non Profit Organizations Filing Form 990 Returns:

Based on IRS returns filed by New England nonprofit arts and cultural organizations, reporting organizations spent nearly \$2 billion in 2003 and had assets of nearly \$7 billion.

- The finances of the field are dominated by museums with approximately 25 percent of the revenue and expenses and more than 41 percent of the assets of the field.
- With 45 percent of the population, Massachusetts has a larger nonprofit arts and cultural sector than other New England states with 45 percent of the organizations, and more than 60 percent of the revenue, expenses and assets.
- Although New England has less than five percent of the U.S. population, it has nine percent of the nation's arts and cultural organizations. These account for 7.6 percent of the revenues and expenses and 8.6 percent of the assets for the sector nationwide.
- Government represented less than 4 percent of revenue for New England arts and cultural organizations but 36 percent for libraries.
- Investment income ranged from a high of 10.5 percent for libraries to one percent or less for the visual arts, fairs and festivals, arts education and media organizations.
- The average fair or festival had liquid assets equal to 37 percent of its annual expenses in FY 2002. In contrast, the average museum had liquid assets equal to more than four times its annual expenses.
- These organizations are larger, regardless of discipline, in the lower three states. Among the lower states, by far the largest are found in Massachusetts. By discipline, regardless of where located, the largest on average are media organizations, museums, and schools, when ranked by income. When ranked by net assets, the largest are museums, schools, humanities organizations, and libraries. Performing organizations have the greatest variability in size, ranging from the very smallest to some of the largest.
- Although the registered filers account for just over 21 percent of the cultural organizations in New England, they account for 80 percent of income, 79 percent of spending, 78 percent of net assets and 75 percent of employment.

Further analysis of the IRS Registered Filer group by Thomas H. Pollak from the National Center for Charitable Statistics can be found on page 47.

## Trend Data for New England

REPORTED NUMBER OF CULTURAL ORGANIZATIONS (All Categories)							
Year	Connecticut	Maine	Massachusetts	New Hampshire	Rhode Island	Vermont	New England
2002	2903	1907	7042	1526	1026	1365	15,769
2001	2903	1899	7022	1522	1020	1361	15,728
2000	2895	1888	7032	1519	1008	1358	15,701
% chg. 02-00	0.14%	0.50%	0.07%	0.23%	0.89%	0.22%	.022%

INCOMES OF CULTURAL ORGANIZATIONS (thousands of dollars)							
Year	Connecticut	Maine	Massachusetts	New Hampshire	Rhode Island	Vermont	New England
2002	591,560	176,873	2,030,902	172,682	277,687	132,900	3,382,605
2001	615,400	174,584	1,930,309	127,087	292,240	137,153	3,276,772
2000	627,265	192,081	2,016,040	162,699	280,105	136,902	3,415,092
% chg. 02-00	-2.85%	-3.96%	0.37%	3.07%	-0.43%	-1.46%	-0.95%

SPENDING BY CULTURAL ORGANIZATIONS (thousands of dollars)							
Year	Connecticut	Maine	Massachusetts	New Hampshire	Rhode Island	Vermont	New England
2002	542,863	155,341	1,774,984	120,580	263,071	120,764	2,977,604
2001	533,549	148,236	1,718,441	110,181	254,308	110,327	2,875,042
2000	520,596	137,236	1,639,222	105,926	227,133	100,148	2,730,261
% chg. 02-00	2.14%	6.60%	4.14%	6.92%	7.91%	10.29%	9.06%

ASSETS OF CULTURAL ORGANIZATIONS (thousands of dollars)							
Year	Connecticut	Maine	Massachusetts	New Hampshire	Rhode Island	Vermont	New England
2002	1,457,985	525,244	5,670,090	481,361	762,005	308,864	9,205,550
2001	1,409,170	477,746	5,591,185	404,798	717,980	320,792	8,921,672
2000	1,319,730	439,968	5,197,011	343,580	657,466	252,333	8,210,089
% chg. 02-00	5.24%	9.69%	4.55%	20.05%	7.95%	11.20%	12.12%

EMPLOYMENT IN CULTURAL ORGANIZATIONS							
Year	Connecticut	Maine	Massachusetts	New Hampshire	Rhode Island	Vermont	New England
2002	8,191	2,768	22,030	2,154	4,801	1,807	41,752
2001	7300	2431	22261	2143	4368	1373	39,888
2000	7392	2370	19043	1813	6585	1197	38,413
% chg. 02-00	5.41%	8.38%	7.84%	9.40%	-13.54%	25.48%	8.69%

## Economic Impact

Economic impact refers to the total dollar impact of an industry's spending, including re-spending by firms who supply goods and services to that industry. This re-spending is normally limited to that portion of the industry's initial spending that would not otherwise have occurred in the region. It was calculated by (1) estimating the amount of cultural spending financed by *out-of-state* income sources, (2) applying the appropriate state cultural spending multiplier to that initial spending to calculate induced and indirect spending, and (3) adding indirect and induced spending to total initial spending from all sources. For 2002, summing the indirect and induced spending reported for each of the states yields a total of \$736 million. Adding this to the original total spending of \$2.978 billion yields a total economic impact of \$3.714 billion in New England. Because estimates of the percentage of income from out-of-state sources were unavailable for 2001, the 2002 estimate is compared only to the 2000 estimate in the table below.

ECONOMIC IMPACT OF CULTURAL ORGANIZATIONS, 2000 AND 2002 (thousands of dollars)						
Year	Connecticut	Maine	Massachusetts	New Hampshire	Rhode Island	Vermont
2002	687,131	201,283	2,150,022	163,732	348,586	163,319
2000	658,947	198,896	2,122,161	145,623	298,475	131,679

## Regional Outcomes in 2002: Income, Spending and Net Assets

As a region matures in terms of its standard of living, a greater desire on the part of residents for art and culture is created. Previous studies of the demand for art and culture have shown that spending on these entities is positively correlated with household incomes. These studies show that educational attainment is also an important predictor; persons with more formal education attend more live performances and patronize more museums, libraries, and other cultural organizations. As a region, New England is blessed with residents having above average levels of income and educational attainment. What it lacks in size, in terms of geography and population, it makes up for in terms of per capita enjoyment of art and culture.

Statistically, this can be seen better using state-level data. States in the region in general rank well above average in both standard of living and educational attainment. In 2002, the year for which we present our cultural inventory information, New England had three states among the top five in per capita income (Connecticut, Massachusetts and New Hampshire). The region also had four states in the top ten in percentage of residents aged 25 and over with a college degree (Connecticut, Massachusetts, New Hampshire and Vermont). Not only is New England small relative to other regions, but it is growing more slowly. Only one state (Maine) ranked in the top ten in population growth between 2000 and 2003, and three states ranked below the median.<sup>a</sup>

It is difficult to fully ascribe cause and effect to these phenomena. New England's cultural non-profit organizations benefit from residents (and visitors) who value art and culture, and from a rich cultural heritage going back to pre-Revolutionary War days. On the other hand, the region's cultural heritage, outstanding educational institutions, and industry mix have attracted and retained bright and innovative members of the workforce. Given all these influences, it is no surprise that New England's states are above average in measures of art and culture in a region's economy.<sup>b</sup> However, since art and culture are highly valued by societies as they mature, we can expect that other regions in the country may eventually narrow this gap to some degree.

The information presented in the first part of this chapter is based on estimates for all of the region's 15,769 cultural organizations. Because we do not have detailed information on the components of income, spending and net assets for organizations which do not file Form 990s, the information presented below is necessarily limited to a few broad categories.

The first two tables below summarize the income, spending and net assets of cultural organizations in New England for 2002. In Table 1.1a, information on total income, spending and net assets is shown. Region-wide income of cultural organizations in 2002 totaled \$3.4 billion, and spending totaled \$3.0 billion. In the region and in the six individual states as well, growth in spending between 2000 and 2002 dramatically outpaced growth in income. Over this period total income actually fell slightly. The value of net assets in 2002 totaled \$9.2 billion, a 12.1 percent increase over 2000.

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<sup>a</sup> All these data are from Census Bureau and Department of Labor web pages.

<sup>b</sup> See, for example, Gregory H. Wassall, *New England's Creative Economy: An Update* (New England Foundation for the Arts, 2003).

TABLE 1.1a CHANGE IN BASIC FINANCIAL STATUS OF NEW ENGLAND CULTURAL ORGANIZATIONS, 2000-2002 (dollar figures in thousands)				
YEAR	# OF ORGS.	TOTAL SPENDING	TOTAL INCOME	NET ASSETS
2002	15,769	\$2,977,604	\$3,382,605	\$9,205,550
2001	15,728	2,875,042	3,276,772	8,921,672
2000	15,701	2,730,262	3,415,092	8,210,089
ANNUAL % CHANGE	0.22%	4.53%	-0.48%	6.06%

DATA SOURCES: Information extracted and prepared from IRS Form 990 filings by the National Center for Charitable Statistics, (LIBRARY SURVEY), and an ongoing survey of New England's non-profit cultural organizations.

DEFINITIONS: Using the NCCS IRS Form 990 data extract, total expenditure is the sum of program, fund-raising, management and general expenses, as well as payments to affiliates, plus the following expenses which are deducted from revenues on the Form: expenses incurred while earning rental income, selling assets, staging special events, and selling goods (i.e., cost of goods sold); total revenue is gross receipts from all sources of income with no expense deductions made.

A different look at these three financial categories can be found in Table 1.1b, where amounts per organization are presented. In Table 1.1b, the amounts are in dollars, unlike the financial data in surrounding tables, which are in thousands of dollars. It can be seen in Table 1.1b that, since 2000, the average organization size increased annually by 8.6 percent in terms of spending, but decreased by 1.3 percent in terms of income. In 2002, the average organization had roughly a \$200,000 budget, although many in the database are recorded as having no income or spending, and a few had budgets in excess of \$100 million. As we will see below, there are systematic differences in organization financial size among states as well. Comparable data for organizations in each state are found in the following chapters.

In the region, the effect of the recession at the turn of the millennium is clearly seen in the changes in total incomes of the cultural organizations. This recession struck more strongly in New England than in many other parts of the national economy. For example, in Massachusetts, this recession began in December 2000 and lasted through March 2003.<sup>c</sup> Nationally, the recession was dated from March 2001 to November 2001.<sup>d</sup>

In both gross and per organization terms, annual income has still not climbed back to 2000 levels, although 2002 levels exceeded those of 2001. Total spending continued to climb strongly through the period, suggesting that the typical organization was able to use a strong surplus position going into the recession to maintain programs and services without having to resort to deficits.

<sup>c</sup> Alan Clayton-Matthews, *The State of the Massachusetts Economy*, remarks before the FY 2006 consensus revenue estimate hearing, December 6, 2004.

<sup>d</sup> Robert Hall, et al, *The NBER's Recession Dating Procedure*, National Bureau of Economic Research, October 21, 2003.

TABLE 1.1b CHANGE IN AVERAGE FINANCIAL SIZE OF NEW ENGLAND CULTURAL ORGANIZATIONS, 2000-2002 (all data are on a per organization basis)				
YEAR	# OF ORGS.	SPENDING PER ORG.	INCOME PER ORG.	NET ASSETS PER ORG.
2002	15,769	\$188,910	\$214,605	\$584,034
2001	15,728	182,798	208,340	567,248
2000	15,701	173,891	217,508	522,902
ANNUAL % CHANGE	0.22%	4.32%	-0.67%	5.85%
Source: See Table 1.1a.				

More detail on major categories of revenues and expenses can be found in the following two tables. In Table 1.2, income is broken into earned and contributed sources. In 2002, about 53 percent of all revenues came from contributed sources, rising from 50 percent in 2000. These numbers highlight the effect of the recession on earned income over this period. Contributions have held up well, while income from admissions, performances, assets and other sources has fallen significantly over this period.

TABLE 1.2 INCOME OF NEW ENGLAND CULTURAL ORGANIZATIONS, 2000-2002 (dollar figures in thousands)				
YEAR	# OF ORGS.	CONTRIBUTED	EARNED	TOTAL
2002	15,769	\$1,782,481	\$1,600,124	\$3,382,605
2001	15,728	1,685,497	1,591,275	3,276,772
2000	15,701	1,698,771	1,716,321	3,415,092
ANNUAL % CHANGE	0.22%	2.46%	-3.39%	-0.48%
DATA SOURCES AND DEFINITIONS: See Table 1.1a. The breakdown of total spending into categories of spending is estimated from data provided by Form 990 filers and survey responders.				

In Table 1.3 total spending is broken into salaries and all other expenses. New England cultural organizations spent \$1.3 billion on salaries for employees in 2002. Salary expense has grown dramatically over this period, rising by over 29 percent. Other expenses fell slightly. Put another way, salary expense has risen from 37 percent to 44 percent of total spending over the 2000-2002 period.

TABLE 1.3 SPENDING BY NEW ENGLAND CULTURAL ORGANIZATIONS, 2000-2002 (dollar figures in thousands)				
YEAR	# OF ORGS	SALARIES	OTHER EXPENSES	TOTAL SPENDING
2002	15,769	\$1,298,445	\$1,679,159	\$2,977,604
2001	15,728	1,067,388	1,807,654	2,875,042
2000	15,701	1,000,378	1,729,884	2,730,262
ANNUAL % CHANGE	0.22%	14.90%	-1.47%	4.53%

DATA SOURCES AND DEFINITIONS: See Table 1.1a. The breakdown of total spending into categories of spending is estimated from data provided by Form 990 filers and survey responders.

## Employment

Cultural organizations, like many other non-profit service organizations, depend heavily on labor, and as noted devote a significant percentage of their spending to salaries. However, given their relatively small size as enterprises, they tend not to be major sources of employment individually. Another characteristic of many of these organizations is reliance on part-time workers and volunteers.<sup>e</sup>

Employment figures for New England are found in Table 1.4. Total employment was 41,752. Employment in these organizations grew robustly over this period, though not as rapidly as salaries.

All registered filers in the form 990 database reported financial and balance sheet data. However, not all these organizations reported total employment. The total amount of employment in registered filers is based on projections from the reported data.

TABLE 1.4 EMPLOYMENT OF NEW ENGLAND CULTURAL ORGANIZATIONS, 2002		
YEAR	# OF ORGS.	TOTAL EMPLOYMENT
2002	15,769	41,752
2001	15,728	39,888
2000	15,701	35,913
ANNUAL % CHANGE	0.22%	8.13%

DATA SOURCES AND DEFINITIONS: Employment data are estimated from data provided Form 990s and by the surveys of libraries and cultural organizations.

<sup>e</sup>Although in past reports we have commented on part-time employees and volunteers, we did not have a sufficient sample size in our survey efforts to provide information in these categories.



## Upper vs. Lower Tier States

Although New England is a region that is integrated geographically and economically, there are distinct differences between its three upper tier states and its three lower tier states. Obviously, a main difference is population density. The lower states - Connecticut, Massachusetts, and Rhode Island - are highly urban, ranking 3, 4, and 2 respectively among the 50 states in population density. The upper states - Vermont, New Hampshire, and Maine - are much more rural in nature.

With their rural character and lower population density, the upper tier states lend themselves naturally to smaller sized cultural enterprises, and to organizations that do not need large audiences to prosper, such as historical societies, libraries, fairs, and smaller scale performing groups.

The ways these differences play out in the two tiers can be seen in Tables 1.5 and 1.6. Although the lower tier states account for 70 percent of New England's cultural organizations, those organizations in the lower tier account for 86 percent of revenue and spending, and 86 percent of net assets. They also account for 84 percent of employment. These ratios have remained relatively constant over the three-year period.

Lower tier organizations are clearly much larger financially, averaging about two and a half times the spending, revenue and net assets of the upper tier organizations. This relative difference in size has also remained relatively constant over the period of measurement. The organizations in both tiers were not immune to the pressures of the recession at the turn of the millennium, with a dip in income per organization obvious in both regions after 2000.

REGION	YEAR	# OF ORGS.	INCOME PER ORG.	SPENDING PER ORG.	NET ASSETS PER ORG.
LOWER NEW ENGLAND	2002	10,971	\$264,367	\$235,249	\$719,176
	2001	10,945	259,292	228,990	705,193
	2000	10,935	267,344	218,285	656,078
UPPER NEW ENGLAND	2002	4,798	100,553	82,677	274,170
	2001	4,783	91,747	77,095	251,586
	2000	4,766	103,165	72,033	217,348

SOURCE: See Table 1a.

TABLE 1.6 COMPARISON OF LOWER AND UPPER TIER STATES: FINANCIAL AND EMPLOYMENT PERCENTAGES, LOWER TIER VS. NEW ENGLAND, 2000, 2001, AND 2002					
YEAR	LOWER TIER PERCENTAGE OF TOTAL NEW ENGLAND:				
	# ORGS	TOTAL INCOME	TOTAL SPENDING	NET ASSETS	TOTAL EMPL
2002	69.64%	85.74%	86.68%	85.71%	83.88%
2001	69.59	86.61	87.17	86.51	85.06
2000	69.65	85.60	87.43	87.38	85.96
Source: See Table 1.1a.					

## State and Discipline Comparisons

Additional insight into the diversity in scope and size of the region's cultural organizations can be seen by highlighting similarities and differences among the six states and twelve cultural disciplines.

First, we break down the financial and employment categories we have been tracking region-wide into disciplinary components in Table 1.7. These disciplines differ significantly in both their relative financial importance and number of organizations they represent in the region. For example, in terms of income and spending, libraries, media organizations, and museums are the three largest disciplines. When measured by net assets, historical societies nudge media organizations out of the top three. However, when counting numbers of organizations, historical societies, libraries, and performing arts organizations constitute the top three. The table also highlights how some organizations rely more heavily on contributed income (libraries, museums and service organizations, e.g.) and how some have greater expenses related to employment (libraries, museums and schools, e.g.). One can also note vastly different ratios of net assets to current expenses. There will be an additional discussion about relative size later in this chapter.

In Table 1.8 we only count the number of organizations in the region, but they are broken into the types discussed in the introduction. At that time, we noted that registered filers constituted just over 21 percent of all organizations. The single largest category is registered non-filers, comprising almost 47 percent of all cultural organizations.

In this table we also break down these organizations by discipline. Performing arts organizations, the largest group overall, is also the largest group among registered filers, registered non-filers, and unincorporated organizations. Libraries, often branches of town government, are the most prominent discipline among embedded organizations.

Another take on the distribution of these organizations is their relative prominence in each state. In each state chapter there will be a table essentially reporting on their count, such as Table 1.8 in this chapter. However, in Table 1.9 we present a tabulation of their relative importance in each state. A *location quotient* measures the importance of each discipline in each state relative to that discipline's importance in New England. For example, ethnic organizations have a location quotient of 1.14 for Connecticut. This quotient is the ratio of their share in the state (4.29 percent of Connecticut's cultural organizations) to their ratio in New England (3.80 percent of New England's cultural organizations). A discipline with a ratio of 1.00, such as museums in Vermont, tells us that Vermont's share of museums in its organization mix is the same as New England's.

We see some significant differences among the six states in Table 1.9. Historical societies, fairs and libraries are more prominent in upper New England. Ethnic, humanities, performing, service and visual arts organizations are more prominent in lower New England. Other distributions are more eclectic. For example, although Massachusetts houses some of the region's largest museums, its share of museums in its organization mix is the lowest among the six states.

DISCIPLINE	CONTRIB INCOME	OTHER INCOME	TOTAL INCOME	TOTAL EXPENSE	SALARY EXPENSE	OTHER EXPENSE	NET ASSETS	EMPL.	# ORGS
ETHNIC	\$16,073,626	\$21,007,255	\$37,080,881	\$35,671,752	\$12,829,601	\$22,842,151	\$47,519,954	312	714
FAIR	15,952,801	41,811,657	57,764,458	56,919,485	12,513,896	44,405,589	63,241,318	345	587
HISTORICAL	80,049,544	66,128,284	146,177,828	132,870,722	44,883,136	87,987,586	756,640,226	1,641	2,560
HUMANITIES	33,438,709	47,048,998	80,487,707	86,453,228	33,529,214	52,924,014	274,192,522	1,019	527
LIBRARY	696,614,847	101,422,627	798,037,474	716,359,069	409,588,285	306,770,784	2,496,091,641	13,500	2,226
MEDIA	228,652,976	373,589,494	602,242,470	444,271,680	173,532,211	270,739,469	402,291,265	3,431	769
MULTIDISC.	51,248,654	48,771,486	100,020,140	94,281,413	31,285,832	62,995,581	150,713,399	2,491	914
MUSEUM	364,447,077	314,667,845	679,114,922	560,023,934	253,803,659	306,220,275	3,510,087,434	7,057	995
PERFORMING	169,185,502	288,790,002	457,975,504	447,451,320	142,943,752	304,507,568	727,312,430	6,307	3,908
SCHOOL	55,792,688	234,932,207	290,724,895	277,958,797	142,778,904	135,179,893	606,695,233	3,951	383
SERVICE	44,984,128	19,641,559	64,625,687	63,686,206	16,873,704	46,812,502	100,265,003	419	1,306
VISUAL	26,040,625	42,312,156	68,352,781	61,655,953	23,882,516	37,773,437	70,499,616	1,279	880
TOTAL	1,782,481,177	1,600,123,570	3,382,604,747	2,977,603,559	1,298,444,710	1,679,158,849	9,205,550,041	41,752	15,769

Source: See Table 1.1a.

**TABLE 1.8 COUNT OF NEW ENGLAND CULTURAL ORGANIZATIONS, BY DISCIPLINE AND ORGANIZATION TYPE, 2002**

DISCIPLINE:	REG. FILER	REG. NON-FILER	EMBEDDED	UNINC.	TOTAL	R.F. %	R.N.F. %	EMB. %	UNINC. %
ETHNIC	127	476	12	99	714	17.79%	66.67%	1.68%	13.87%
FAIR	124	216	44	203	587	21.12%	36.80%	7.50%	34.58%
HISTORICAL	449	1,722	100	289	2,560	17.54%	67.27%	3.91%	11.29%
HUMANITIES	115	229	121	62	527	21.82%	43.45%	22.96%	11.76%
LIBRARY	470	623	1,063	70	2,226	21.11%	27.99%	47.75%	3.14%
MEDIA	249	329	145	46	769	32.38%	42.78%	18.86%	5.98%
MULTIDISCIPLINARY	210	297	122	285	914	22.98%	32.49%	13.35%	31.18%
MUSEUM	379	425	101	90	995	38.09%	42.71%	10.15%	9.05%
PERFORMING	841	1,987	262	818	3,908	21.52%	50.84%	6.70%	20.93%
SCHOOL	96	104	194	13	407	23.59%	25.55%	47.67%	3.19%
SERVICE	155	547	384	219	1,305	11.88%	41.92%	29.43%	16.78%
VISUAL	124	417	142	167	850	14.59%	49.06%	16.71%	19.65%
<b>TOTAL</b>	<b>3,339</b>	<b>7,372</b>	<b>2,690</b>	<b>2,361</b>	<b>15,762</b>	<b>21.18%</b>	<b>46.77%</b>	<b>17.07%</b>	<b>14.98%</b>
	<b>DISC. %</b>	<b>DISC. %</b>	<b>DISC. %</b>	<b>DISC. %</b>	<b>DISC. %</b>				
ETHNIC	3.80%	6.46%	0.45%	4.19%	4.53%				
FAIR	3.71%	2.93%	1.64%	8.60%	3.72%				
HISTORICAL	13.45%	23.36%	3.72%	12.24%	16.24%				
HUMANITIES	3.44%	3.11%	4.50%	2.63%	3.34%				
LIBRARY	14.08%	8.45%	39.52%	2.96%	14.12%				
MEDIA	7.46%	4.46%	5.39%	1.95%	4.88%				
MULTIDISCIPLINARY	6.29%	4.03%	4.54%	12.07%	5.80%				
MUSEUM	11.35%	5.77%	3.75%	3.81%	6.31%				
PERFORMING	25.19%	26.95%	9.74%	34.65%	24.79%				
SCHOOL	2.88%	1.41%	7.21%	0.55%	2.58%				
SERVICE	4.64%	7.42%	14.28%	9.28%	8.28%				
VISUAL	3.71%	5.66%	5.28%	7.07%	5.39%				
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>				

Source: See Table 1.1a.

**TABLE 1.9a STATE LOCATION QUOTIENTS FOR THE CULTURAL DISCIPLINES, 2002**

DISCIPLINE	CT	ME	MA	NH	RI	VT
ETHNIC	1.14	0.31	1.35	0.51	1.27	0.21
FAIR	0.87	1.01	0.92	1.14	1.02	1.50
HISTORICAL	0.95	1.46	0.78	1.32	1.01	1.22
HUMANITIES	0.91	0.86	1.13	0.84	1.25	0.70
LIBRARY	0.83	1.54	0.78	1.52	0.84	1.29
MEDIA	1.04	0.91	1.09	0.74	0.80	1.02
MULTIDISCIPLINARY	1.14	0.92	1.01	0.92	0.79	1.02
MUSEUM	1.04	1.54	0.79	1.03	1.31	1.00
PERFORMING	1.12	0.66	1.10	0.84	0.93	0.90
SCHOOL	0.87	0.83	0.98	0.81	1.28	0.94
SERVICE	0.89	0.53	1.33	0.63	0.93	0.65
VISUAL	1.10	0.73	1.10	0.77	1.32	1.09
TOTAL COUNT	2,903	1,907	7,042	1,526	1,026	1,365

Source: See Table 1.1a

**TABLE 1.9b STATE SPENDING BY ORGANIZATION TYPE**

	REG. FILER		REG. NON-FILER		EMBEDDED		UNINC.	
	# of Orgs	Spending (mil. \$)	# of Orgs	Spending (mil. \$)	# of Orgs	Spending (mil. \$)	# of Orgs	Spending (mil. \$)
CONNECTICUT	676	\$409.1	1,588	\$57.2	348	\$76.6	291	0
MAINE	347	123.8	877	10.5	380	21.0	303	0
MASSACHUSETTS	1,550	1,439.5	3,142	140.1	1,202	195.4	1,148	0
NEW HAMPSHIRE	250	73.3	693	11.0	336	36.2	247	0
RHODE ISLAND	256	207.9	478	23.5	171	31.7	121	0
VERMONT	260	101.3	601	8.8	253	10.6	251	0
NEW ENGLAND	3,339	2,354.8	7,379	251.2	2,690	371.6	2,361	0

## Registered Filer Information

As noted earlier, there is additional financial information available on registered filers (organizations with a budget of \$25,000 or over who file with the IRS). Tables 1.10 through 1.14 reveal some of this.

In Table 1.10 more information is provided on the financial importance of registered filers among cultural organizations. In this table, we identify the share of total spending, income, net assets, and employment attributed to these organizations. There is detail by state as well as financial category. Registered filers account for between 68 and 92 percent of the financial categories we have been tracking, and about 75 percent of employment. Differences in these percentages among categories reflect both differences in the size of the organizations which are and are not registered filers, and the extent to which different disciplines are likely to be composed of registered filers.

The share of income, spending, assets and employment attributable to the registered filers does not exhibit a clear pattern when states are compared. Vermont tends to have the highest ratios, while neighboring New Hampshire tends to have the lowest.

Table 1.11 provides a similar financial breakdown, but over the twelve disciplines used in this report. Because there are differences in the average size and nature of organizations when categorized by discipline, there are more distinctions that can be observed. Organizations which cannot scale down to small size easily, such as media organizations, museums, and schools, are more likely to be registered filers, and to have a higher share of their financial outcomes attributed to the registered filers in their disciplines. However, even those disciplines containing lower percentages of registered filers, such as ethnic, fair and service organizations, still have high percentages of their financial outcomes attributed to their registered filers. An exception is libraries for reasons noted earlier - they are often embedded organizations or simply smaller.

In the remaining tables we report on several statistical measures of the relative size of the registered filers, again making comparisons among states and discipline groups. By nature of the Form 990 filing requirement, the smallest of these organizations will have incomes around \$25,000, but there is no upper limit. Thus, one should not expect different types of cultural organizations, or even the same types located in different states, to be identical in size.

Tables 1.12, 1.13 and 1.14 employ several statistical measures to report on the size, size dispersion, and concentration among registered filers, grouped and ranked by state and discipline. In these three tables we first report the average size of an organization in one of these groups, using total income and net assets as the measures of size. Then we note the extent to which organizations in that group vary in size above or below the average, using the coefficient of variation as an indicator.<sup>f</sup> Next, to get some indication of how these organizations vary in size from small to large, and to gauge the financial prominence of the group's largest members, we focus only on the ten largest in each group. We report the average size of the ten largest, and the ratio of the average size of the ten largest to the average size of all group members. Last, we report the concentration ratio. The concentration ratio is the share of the total amount of income (or net assets) in the group attributed to the ten largest organizations.

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<sup>f</sup> The coefficient of variation of a group of numbers is the ratio of the standard deviation to the mean.

In Table 1.12, these statistics are shown for organizations within each state, and within the region. The data in this table highlight the larger financial size of cultural organizations in the lower three states, especially Massachusetts. The results are essentially the same regardless of whether total income or net assets is used as the size metric.

Not only is the average cultural organization larger in Massachusetts (as well as in Connecticut and Rhode Island), but the ten largest in the Bay State dwarf the ten largest in the other five states. The greater size of this state's ten largest organizations leads to it having the largest coefficient of variation. Simply put, there is more variability in organization size from small to large in Massachusetts because of those organizations at the high end which are uniquely larger within the region.

Despite the relatively larger size at the high end of cultural organizations in Massachusetts, this state does not have the highest concentration ratio. The Bay State also has the most registered filers, and has many other large organizations just below the top ten in size. The state with the highest concentration ratio is Rhode Island. It is no coincidence that Rhode Island earns this distinction. Besides having its share of large cultural organizations, it is also the state with the fewest registered filers. Thus the total incomes (or assets) of these largest organizations are more likely to constitute a larger share of the (smaller) total number.

In Tables 1.13 and 1.14 the same size and size distribution statistics are shown for these organizations when grouped by discipline. When grouped by discipline, there are distinctly different outcomes depending on whether the metric used is total income or net assets.

Looking at size as defined by total income shows that media organizations, museums, and schools are the largest. However, performing organizations have the greatest size variability as measured by both coefficient of variation and the average size ratio. The most concentrated, partly because they can become quite large and partly because there are relatively fewer of them, are media organizations and schools.

One should expect a different ranking when net assets are used as the metric. Some organizations, schools being an obvious example, require large buildings and an extensive land area. Others, such as libraries and museums, essentially utilize their unique assets to provide the public with the services it enjoys. When grouped by net assets, museums and schools are by far the largest, with humanities organizations and libraries well behind. Performing organizations still have the far greatest size variability. Schools and humanities organizations, the two smallest by number, are the most concentrated.



**TABLE 1.10 PERCENT OF ECONOMIC ACTIVITY FROM REGISTERED FILERS, BY STATE AND REGION, 2002**

STATE/REGION	CONTRIB. INCOME	OTHER INCOME	TOTAL INCOME	TOTAL EXPENSE	SALARY EXPENSE	OTHER EXPENSE	NET ASSETS	EMPL.	# OF ORGS.
CONNECTICUT	66.92%	88.82%	74.90%	75.35%	69.86%	79.49%	79.60%	71.38%	23.29%
MAINE	78.78%	85.98%	81.70%	79.69%	82.34%	78.04%	84.72%	77.72%	18.20%
MASSACHUSETTS	67.83%	93.68%	81.47%	81.10%	73.37%	87.42%	78.01%	75.49%	22.01%
NEW HAMPSHIRE	68.43%	82.55%	72.37%	60.79%	58.18%	62.48%	57.51%	61.97%	16.38%
RHODE ISLAND	61.77%	95.41%	79.25%	79.03%	77.04%	80.70%	84.25%	79.65%	24.95%
VERMONT	87.52%	80.92%	85.11%	83.88%	86.59%	82.53%	86.77%	83.09%	19.05%
NEW ENGLAND	68.80%	92.12%	79.83%	79.08%	73.35%	83.52%	78.38%	74.94%	21.18%

Source: Author's computations on database of organizations filing the Form 990.

**TABLE 1.11 PERCENT OF ECONOMIC ACTIVITY FROM REGISTERED FILERS, BY DISCIPLINE, 2002**

DISCIPLINE	CONTRIB INCOME	OTHER INCOME	TOTAL INCOME	TOTAL EXPENSE	SALARY EXPENSE	OTHER EXPENSE	NET ASSETS	EMPL.	# OF ORGS.
ETHNIC	82.29%	90.61%	87.00%	86.49%	100.00%	78.90%	89.86%	100.00%	17.79%
FAIR	90.59%	95.37%	94.05%	93.94%	97.80%	92.85%	96.26%	81.44%	21.12%
HISTORICAL	88.66%	86.45%	87.66%	86.44%	99.84%	79.61%	97.56%	100.00%	17.54%
HUMANITIES	95.01%	97.37%	96.39%	96.64%	99.89%	94.58%	98.98%	100.00%	21.82%
LIBRARY	28.07%	57.17%	31.77%	29.22%	20.33%	41.09%	39.89%	29.18%	21.11%
MEDIA	99.03%	94.56%	96.26%	98.06%	99.30%	97.26%	99.08%	100.00%	32.38%
MULTIDISCIPLINARY	86.16%	90.42%	88.24%	87.68%	87.78%	87.63%	95.78%	95.75%	22.98%
MUSEUM	97.77%	92.95%	95.53%	95.75%	95.47%	95.98%	88.18%	95.17%	38.09%
PERFORMING	91.84%	95.61%	94.22%	94.30%	98.95%	92.12%	97.08%	95.58%	21.52%
SCHOOL	98.27%	99.65%	99.39%	99.35%	100.00%	98.67%	99.71%	100.00%	23.59%
SERVICE	90.05%	77.82%	86.34%	86.45%	97.67%	82.41%	92.53%	84.13%	11.88%
VISUAL	87.50%	91.53%	89.99%	89.33%	96.05%	85.08%	91.86%	96.48%	14.59%
NEW ENGLAND	68.80%	92.12%	79.83%	79.08%	73.35%	83.52%	78.38%	74.94%	21.18%

Source: Author's computations on database of organizations filing the Form 990.

**TABLE 1.12 MEASURES OF REGISTERED FILER SIZE AND DISPERSION, BY STATE, 2002**

STATE/REGION:	RANKED ON:	# OF ORGS	ALL ORGANIZATIONS:		TEN LARGEST:		
			AVERAGE SIZE	COEFF. OF VARIATION	AVERAGE SIZE	AVERAGE SIZE RATIO	CONCENTRATION RATIO
CONNECTICUT	TOTAL INCOME	676	\$655,470	3.1646	\$14,402,265	21.9724	0.3250
MAINE	TOTAL INCOME	347	416,466	3.2320	6,303,306	15.1352	0.4362
MASSACHUSETTS	TOTAL INCOME	1,550	1,067,476	8.5278	77,683,778	72.7734	0.4695
NEW HAMPSHIRE	TOTAL INCOME	250	499,850	6.1196	7,226,241	14.4568	0.5783
RHODE ISLAND	TOTAL INCOME	256	859,676	5.8081	14,341,398	16.6823	0.6517
VERMONT	TOTAL INCOME	260	435,058	2.2022	4,568,543	10.5010	0.4039
NEW ENGLAND	TOTAL INCOME	3,339	808,731	8.0380	84,917,717	105.0012	0.3145
CONNECTICUT	NET ASSETS	676	1,716,881	3.8750	46,749,827	27.2295	0.4028
MAINE	NET ASSETS	347	1,282,321	3.5233	20,865,342	16.2715	0.4689
MASSACHUSETTS	NET ASSETS	1,550	2,853,650	7.3943	216,415,084	75.8380	0.4893
NEW HAMPSHIRE	NET ASSETS	250	1,107,316	3.9065	19,095,509	17.2449	0.6898
RHODE ISLAND	NET ASSETS	256	2,507,777	3.7366	49,534,189	19.7522	0.7716
VERMONT	NET ASSETS	260	1,030,758	3.7366	15,051,813	14.6027	0.5616
NEW ENGLAND	NET ASSETS	3,339	2,160,992	7.2326	230,793,418	106.7998	0.3199

Source: Author's computations on database of organizations filing the Form 990.

**TABLE 1.13 MEASURES OF REGISTERED FILER SIZE AND DISPERSION, BASED ON TOTAL INCOME, BY DISCIPLINE, 2002**

DISCIPLINE:	RANKED ON:	# OF ORGS	ALL ORGANIZATIONS:		TEN LARGEST:		
			AVERAGE SIZE	COEFF. OF VARIATION	AVERAGE SIZE	AVERAGE SIZE RATIO	CONCENTRATION RATIO
ETHNIC	TOTAL INCOME	127	\$254,023	2.2719	\$1,785,623	7.0294	0.5535
FAIR	TOTAL INCOME	124	438,139	2.9481	3,359,498	7.6677	0.6184
HISTORICAL	TOTAL INCOME	449	285,381	3.4896	5,169,865	18.1156	0.4035
HUMANITIES	TOTAL INCOME	115	674,602	2.3284	5,222,225	7.7412	0.6731
LIBRARY	TOTAL INCOME	470	539,452	3.0672	8,683,658	16.0972	0.3425
MEDIA	TOTAL INCOME	249	2,328,202	1.3173	48,312,497	20.7510	0.8334
MULTIDISCIPLINARY	TOTAL INCOME	210	420,273	2.1443	3,700,664	8.8054	0.4193
MUSEUM	TOTAL INCOME	379	1,711,815	3.6246	32,667,935	19.0838	0.5035
PERFORMING	TOTAL INCOME	841	513,072	5.0968	17,308,819	33.7357	0.4011
SCHOOL	TOTAL INCOME	96	3,009,870	3.8785	24,294,501	8.0716	0.8408
SERVICE	TOTAL INCOME	155	428,020	2.7319	2,881,069	6.7312	0.4315
VISUAL	TOTAL INCOME	124	496,064	2.5583	3,633,292	7.3242	0.5907
NEW ENGLAND	TOTAL INCOME	3,339	808,731	8.0380	84,917,717	105.0012	0.3145

Source: Author's computations on database of organizations filing the Form 990.

**TABLE 1.14 MEASURES OF REGISTERED FILER SIZE AND DISPERSION BASED ON NET ASSETS, BY DISCIPLINE, 2002**

DISCIPLINE:	RANKED ON:	# OF ORGS	ALL ORGANIZATIONS:		TEN LARGEST:		
			AVERAGE SIZE	COEFF. OF VARIATION	AVERAGE SIZE	AVERAGE SIZE RATIO	CONCENTRATION RATIO
ETHNIC	NET ASSETS	127	\$336,220	2.6957	\$2,771,016	8.2417	0.6490
FAIR	NET ASSETS	124	490,934	3.5951	4,423,706	9.0108	0.7267
HISTORICAL	NET ASSETS	449	1,644,106	4.5498	42,219,850	25.6795	0.5719
HUMANITIES	NET ASSETS	115	2,359,859	5.2682	24,433,798	10.3539	0.9003
LIBRARY	NET ASSETS	470	2,118,678	3.7152	44,071,510	20.8014	0.4426
MEDIA	NET ASSETS	249	1,600,736	7.9216	34,671,418	21.6597	0.8699
MULTIDISCIPLINARY	NET ASSETS	210	687,397	3.7155	9,283,613	13.5055	0.6431
MUSEUM	NET ASSETS	379	8,166,702	4.3916	175,188,790	21.4516	0.5660
PERFORMING	NET ASSETS	841	839,524	13.2813	50,820,457	60.5349	0.7198
SCHOOL	NET ASSETS	96	6,301,305	4.9155	54,973,133	8.7241	0.9088
SERVICE	NET ASSETS	155	598,524	4.0976	6,506,704	10.8713	0.7014
VISUAL	NET ASSETS	124	522,239	3.1009	4,414,508	8.4530	0.6817
NEW ENGLAND	NET ASSETS	3,339	2,160,992	7.2326	230,793,418	106.7998	0.3199

Source: Author's computations on database of organizations filing the Form 990.

## Trend Data on the Public Cultural Sector of each New England State

### CONNECTICUT

TABLE 2.1a CHANGE IN BASIC FINANCIAL STATUS OF CONNECTICUT CULTURAL ORGANIZATIONS, 2000-2002 (dollar figures in thousands)				
YEAR	# OF ORGS	TOTAL SPENDING	TOTAL INCOME	NET ASSETS
2002	2,903	\$542,863	\$591,560	\$1,457,985
2001	2,903	533,549	615,400	1,409,170
2000	2,895	520,596	627,265	1,319,730
ANNUAL % CHANGE	0.14%	2.14%	-2.85%	5.24%

DATA SOURCES: Information extracted and prepared from IRS Form 990 filings by the National Center for Charitable Statistics, and an ongoing survey of Connecticut's libraries and non-profit cultural organizations.

DEFINITIONS: Using the NCCS IRS Form 990 data extract, total expenditure is the sum of program, fund-raising, management and general expenses, as well as payments to affiliates, plus the following expenses which are deducted from revenues on the Form: expenses incurred while earning rental income, selling assets, staging special events, and selling goods (i.e., cost of goods sold); total revenue is gross receipts from all sources of income with no expense deductions made.

Connecticut's cultural sector's size places it second to Massachusetts. Over 2000-2002, Connecticut's cultural organizations had a pattern of growth similar to New England's as a whole: their total income rose, while their total spending fell. Net assets grew at a faster pace than spending.

TABLE 2.1b CHANGE IN AVERAGE FINANCIAL SIZE OF CONNECTICUT CULTURAL ORGANIZATIONS, 2000-2002 (all data are on a per organization basis)				
YEAR	# OF ORGS	SPENDING PER ORG	INCOME PER ORG	NET ASSETS PER ORG
2002	2,903	\$187,001	\$203,776	\$502,234
2001	2,903	183,792	211,988	485,419
2000	2,895	179,826	216,672	455,865
ANNUAL % CHANGE	0.14%	1.99%	-2.98%	5.09%

DATA SOURCES AND DEFINITIONS: See Table 2.1a.

Similar results can be found when looking at changes in the average size of a Connecticut cultural organization over the period. The "average" organization in the Nutmeg State, though larger than the average in upper New England, is slightly smaller than its counterparts in Massachusetts and Rhode Island.

TABLE 2.2 INCOME OF CONNECTICUT CULTURAL ORGANIZATIONS, 2000-2002 (dollar figures in thousands)				
YEAR	#OF ORGS	CONTRIBUTED	EARNED	TOTAL INCOME
2002	2,903	\$375,900	\$215,660	\$591,560
2001	2,903	352,829	262,571	615,400
2000	2,895	367,617	259,648	627,265
ANNUAL % CHANGE	0.14%	1.13%	-8.47%	-2.85%

DATA SOURCES AND DEFINITIONS: See Table 2.1a. The breakdown of total revenues into categories of revenue is estimated from data provided by Form 990 filers and survey responders.

The pattern of growth in contributed and earned income seen in Connecticut is also common throughout the region. Contributed income grew slightly between 2000 and 2002, but a more significant drop in earned income caused an almost 3 percent annual decline in total income.

TABLE 2.3 SPENDING BY CONNECTICUT CULTURAL ORGANIZATIONS, 2000- 2002 (dollar figures in thousands)				
YEAR	# OF ORGS	SALARIES	OTHER EXPENSES	TOTAL SPENDING
2002	2,903	\$233,173	\$309,690	\$542,863
2001	2,903	227,086	306,462	533,549
2000	2,895	217,252	303,345	520,596
ANNUAL % CHANGE	0.14%	3.66%	1.05%	2.14%

DATA SOURCES AND DEFINITIONS: See Table 2.1a. The breakdown of total spending into categories of spending is estimated from data provided by Form 990 filers and survey responders.

The pattern of growth in spending in Connecticut is also mirrored throughout the region. Overall, total spending rose by about 2 percent per year. However, this growth was comprised of a greater growth in salaries and a smaller but positive growth in other spending.

TABLE 2.4 EMPLOYMENT, CONNECTICUT CULTURAL ORGANIZATIONS, 2002		
YEAR	# OF ORGS	TOTAL EMPLOYMENT
2002	2,903	8,191
2001	2,903	7,300
2000	2,895	7,392
ANNUAL % CHANGE	0.14%	5.41%

DATA SOURCES AND DEFINITIONS: Employment and volunteer data are estimated from data provided by the survey of cultural organizations.

The state's cultural organizations showed a strong growth in employment over the period, averaging over 5 percent per year.

DISCIPLINE	CONTRIB INCOME	OTHER INCOME	TOTAL INCOME	TOTAL EXPENSE	SALARY EXPENSE	OTHER EXPENSE	NET ASSETS	EMPL	# ORGS
ETHNIC	4,407,959	6,586,365	10,994,324	10,451,957	4,026,899	6,425,058	15,273,667	54	150
FAIR	5,105,996	3,121,714	8,227,710	7,934,658	1,616,301	6,318,357	3,465,132	60	94
HISTORICAL	15,994,325	9,912,937	25,907,262	24,739,723	7,313,212	17,426,511	164,543,271	188	448
HUMANITIES	1,247,921	1,500,242	2,748,163	2,675,048	827,758	1,847,290	7,591,700	35	88
LIBRARY	170,689,451	27,428,039	198,117,490	176,229,743	100,695,693	75,534,050	533,453,327	3,600	339
MEDIA	40,227,136	22,408,889	62,636,025	54,838,754	17,410,048	37,428,706	53,485,846	951	147
MULTIDISC.	17,333,229	11,306,542	28,639,771	24,039,108	7,738,105	16,301,003	51,519,348	234	192
MUSEUM	56,213,783	51,974,701	108,188,484	98,391,296	42,743,388	55,647,908	443,887,180	832	190
PERFORMING	40,103,417	61,204,497	101,307,914	99,709,866	33,301,149	66,408,717	141,754,295	1,245	805
SCHOOL	4,365,471	10,433,853	14,799,324	13,898,836	7,753,150	6,145,686	20,556,233	600	65
SERVICE	17,398,980	4,714,451	22,113,431	22,665,292	7,177,733	15,487,559	13,015,687	80	213
VISUAL	2,812,166	5,068,410	7,880,576	7,288,906	2,569,684	4,719,222	9,439,347	313	172
TOTAL	375,899,834	215,660,640	591,560,474	542,863,187	233,173,120	309,690,067	1,457,985,033	8,191	2,903

DATA SOURCES AND DEFINITIONS: See Table 2.1a.

## MAINE

TABLE 4.1a CHANGE IN BASIC FINANCIAL STATUS OF MAINE CULTURAL ORGANIZATIONS, 2000-2002 (dollar figures in thousands)				
YEAR	# OF ORGS	TOTAL SPENDING	TOTAL INCOME	NET ASSETS
2002	1,907	\$155,341	\$176,873	\$525,244
2001	1,899	148,236	174,584	477,746
2000	1,888	137,236	192,081	439,968
ANNUAL % CHANGE	0.50%	6.60%	-3.96%	9.69%

DATA SOURCES: Information extracted and prepared from IRS Form 990 filings by the National Center for Charitable Statistics, and an ongoing survey of Maine's libraries and non-profit cultural organizations.

DEFINITIONS: Using the NCCS IRS Form 990 data extract, total expenditure is the sum of program, fund-raising, management and general expenses, as well as payments to affiliates, plus the following expenses which are deducted from revenues on the Form: expenses incurred while earning rental income, selling assets, staging special events, and selling goods (i.e., cost of goods sold); total revenue is gross receipts from all sources of income with no expense deductions made.

Cultural organizations in Maine showed significant growth in spending and net assets. As in other states, total income fell over the period. Despite the very different growth rates in spending and income, Maine's cultural organizations still showed an aggregate surplus in 2002.

TABLE 4.1b CHANGE IN AVERAGE FINANCIAL SIZE OF MAINE CULTURAL ORGANIZATIONS, 2000-2002 (all data are on a per organization basis)				
YEAR	# OF ORGS	SPENDING PER ORG	INCOME PER ORG	NET ASSETS PER ORG
2002	1,907	\$81,459	92,750	\$275,429
2001	1,899	78,060	91,935	251,578
2000	1,888	72,689	101,738	233,034
ANNUAL % CHANGE	0.50%	6.03%	-4.42%	9.10%

DATA SOURCES AND DEFINITIONS: See Table 4.1a.

With only a small growth in the number of organizations, the per organization growth rates closely tracked the overall growth rates. Per organization sizes in Maine were comparable to those in the other upper tier states.



YEAR	# OF ORGS	CONTRIBUTED	EARNED	TOTAL INCOME
2002	1,907	\$104,978	\$71,895	\$176,873
2001	1,899	104,212	70,732	174,584
2000	1,888	115,893	76,188	192,081
ANNUAL % CHANGE	0.50%	-4.71%	-2.82%	-3.96%

DATA SOURCES AND DEFINITIONS: See Table 4.1a. The breakdown of total revenues into categories of revenue is estimated from data provided by Form 990 filers and survey responders.

Breaking income down into contributed and earned components, we see that Maine is the only state which suffered declines in both. Contributed income fell on an annual basis by about 5 percent, and earned income fell by about 3 percent.

YEAR	# OF ORGS	SALARIES	OTHER EXPENSES	TOTAL SPENDING
2002	1,907	\$59,360	\$95,981	\$155,341
2001	1,899	54,129	94,107	148,236
2000	1,888	49,670	87,566	137,236
ANNUAL % CHANGE	0.50%	9.75%	4.80%	6.60%

DATA SOURCES AND DEFINITIONS: See Table 4.1a. The breakdown of total spending into categories of spending is estimated from data provided by Form 990 filers and survey responders.

Maine's cultural organizations' strong spending growth is comprised of significant growth in both salaries and other spending. As in other states, salary growth was greater, averaging almost 10 percent per year.

YEAR	# OF ORGS	TOTAL EMPLOYMENT
2002	1,907	2,768
2001	1,899	2,431
2000	1,888	2,370
ANNUAL % CHANGE	0.50%	8.38%

DATA SOURCES AND DEFINITIONS: Employment and volunteer data are estimated from data provided by the survey of cultural organizations.

Maine's cultural organizations also showed significant employment growth over this period, closely tracking salary growth.

**TABLE 4.5 MAINE CULTURAL ORGANIZATION DATA, BY DISCIPLINE, 2002**

DISCIPLINE	CONTRIB INCOME	OTHER INCOME	TOTAL INCOME	TOTAL EXPENSE	SALARY EXPENSE	OTHER EXPENSE	NET ASSETS	EMPL	# ORGS
ETHNIC	210,657	199,509	410,166	304,740	0	304,740	235,593	0	27
FAIR	1,771,458	6,485,670	8,257,128	7,656,604	1,875,518	5,781,086	9,931,731	58	72
HISTORICAL	17,124,020	5,954,454	23,078,474	13,522,363	3,740,885	9,781,478	102,148,742	126	453
HUMANITIES	2,243,790	2,458,696	4,702,486	4,826,194	2,296,017	2,530,177	3,702,124	60	55
LIBRARY	34,826,350	7,505,692	42,332,042	40,308,480	19,481,645	20,826,835	175,254,732	912	415
MEDIA	16,076,548	2,299,050	18,375,598	15,163,312	6,242,659	8,920,653	22,031,065	309	85
MULTIDISCIPLINARY	3,062,456	2,735,199	5,797,655	5,515,121	1,589,519	3,925,602	7,045,563	201	102
MUSEUM	17,443,367	13,893,221	31,336,588	27,765,423	10,987,553	16,777,870	164,377,365	360	198
PERFORMING	5,410,161	12,392,672	17,802,833	17,639,813	4,933,840	12,705,973	14,604,598	311	314
SCHOOL	911,160	4,188,944	5,100,104	4,761,391	1,671,826	3,089,565	7,103,954	81	41
SERVICE	2,360,953	2,668,603	5,029,556	4,392,883	1,290,823	3,102,060	6,511,000	44	83
VISUAL	3,536,932	11,113,900	14,650,832	13,485,067	5,249,744	8,235,323	12,296,808	307	75
<b>TOTAL</b>	<b>104,977,851</b>	<b>71,895,611</b>	<b>176,873,462</b>	<b>155,341,391</b>	<b>59,360,029</b>	<b>95,981,362</b>	<b>525,244,005</b>	<b>2,768</b>	<b>1,907</b>

DATA SOURCES AND DEFINITIONS: See Table 4.1a.

## MASSACHUSETTS

TABLE 3.1a CHANGE IN BASIC FINANCIAL STATUS OF MASSACHUSETTS CULTURAL ORGANIZATIONS, 2000-2002 (dollar figures in thousands)				
YEAR	# OF ORGS	TOTAL SPENDING	TOTAL INCOME	NET ASSETS
2002	7,042	\$1,774,984	\$2,030,902	\$5,670,090
2001	7,022	1,718,441	1,930,309	5,591,185
2000	7,032	1,639,222	2,016,040	5,197,011
ANNUAL % CHANGE	0.07%	4.14%	0.37%	4.55%

DATA SOURCES: Information extracted and prepared from IRS Form 990 filings by the National Center for Charitable Statistics, and an ongoing survey of Massachusetts libraries and non-profit cultural organizations.

DEFINITIONS: Using the NCCS IRS Form 990 data extract, total expenditure is the sum of program, fund-raising, management and general expenses, as well as payments to affiliates, plus the following expenses which are deducted from revenues on the Form: expenses incurred while earning rental income, selling assets, staging special events, and selling goods (i.e., cost of goods sold); total revenue is gross receipts from all sources of income with no expense deductions made.

The State of Massachusetts accounts for over half of the total economic activity of cultural organizations in New England. Thus changes in financial and employment trends in this state are likely to show up in the region-wide data as well. However, all states show roughly the same growth patterns as Massachusetts. The major differences lie in the size of the growth (or decline). The Bay State's cultural organizations reported a 4 percent growth in spending, virtually no growth in income, and a 4.5 percent growth in net assets between 2000 and 2002.

TABLE 3.1b CHANGE IN AVERAGE FINANCIAL SIZE OF MASSACHUSETTS CULTURAL ORGANIZATIONS, 2000-2002 (all data are on a per organization basis)				
YEAR	# OF ORGS	SPENDING PER ORG	INCOME PER ORG	NET ASSETS PER ORG
2002	7,042	\$252,057	\$288,399	\$805,182
2001	7,022	244,723	274,894	796,238
2000	7,032	233,109	286,695	739,052
ANNUAL % CHANGE	0.07%	4.06%	0.30%	4.47%

DATA SOURCES AND DEFINITIONS: See Table 3.1a.

With almost no change in the number of organizations over this period, the per capita growth data closely track the aggregate numbers in the previous table. Again, there is strong annual growth in spending and net assets, this time on a per organization basis, and almost no growth in income per organization.

TABLE 3.2 INCOME OF MASSACHUSETTS CULTURAL ORGANIZATIONS, 2000-2002 (dollar figures in thousands)				
YEAR	# OF ORGS	CONTRIBUTED	EARNED	TOTAL INCOME
2002	7,042	\$959,291	\$1,071,611	\$2,030,902
2001	7,022	935,656	994,653	1,930,309
2000	7,032	917,611	1,098,429	2,016,040
ANNUAL % CHANGE	0.07%	2.27%	-1.22%	0.37%

DATA SOURCES AND DEFINITIONS: See Table 2.1a. The breakdown of total revenues into categories of revenue is estimated from data provided by Form 990 filers and survey responders.

Although total income growth was minimal, there was stronger growth in contributed income. Earned income, however, fell by over 1 percent per year. This pattern of growth in contributed income and decline in earned income is found in virtually every state in the region.

TABLE 3.3 SPENDING BY MASSACHUSETTS CULTURAL ORGANIZATIONS, 2000-2002 (dollar figures in thousands)				
YEAR	# OF ORGS	SALARIES	OTHER EXPENSES	TOTAL SPENDING
2002	7,042	\$798,653	\$976,331	\$1,774,984
2001	7,022	598,437	1,120,004	1,718,441
2000	7,032	563,205	1,076,017	1,639,222
ANNUAL % CHANGE	0.07%	20.90%	-4.63%	4.14%

DATA SOURCES AND DEFINITIONS: See Table 2.1a. The breakdown of total spending into categories of spending is estimated from data provided by Form 990 filers and survey responders.

Although total spending rose briskly between 2000 and 2002, this table shows that this growth was due to a very rapid escalation in spending on salaries. Other spending fell at an annual rate of almost 5 percent over this period.

TABLE 3.4 EMPLOYMENT, MASSACHUSETTS CULTURAL ORGANIZATIONS, 2000-2002		
YEAR	# OF ORGS	TOTAL EMPLOYMENT
2002	7,042	22,030
2001	7,022	22,261
2000	7,032	19,043
ANNUAL % CHANGE	0.07%	7.84%
DATA SOURCES AND DEFINITIONS: Employment and volunteer data are estimated from data provided by the survey of cultural organizations.		

Coupled with the rapid growth in salaries is a strong growth in total employment, of almost 8 percent per year. The data sources we use do not enable us to determine whether this growth is entirely in new persons, or partly converting part-time persons to full-time.

DISCIPLINE	CONTRIB INCOME	OTHER INCOME	TOTAL INCOME	TOTAL EXPENSE	SALARY EXPENSE	OTHER EXPENSE	NET ASSETS	EMPL	# ORGS
ETHNIC	10,867,952	12,841,365	23,709,317	23,006,869	8,576,950	14,429,919	30,369,248	235	430
FAIR	6,952,930	22,580,301	29,533,231	29,631,906	6,938,158	22,693,748	38,657,857	75	241
HISTORICAL	32,709,739	28,215,831	60,925,570	59,486,448	21,826,970	37,659,478	379,705,878	786	895
HUMANITIES	22,236,884	36,596,973	58,833,857	63,737,701	24,042,032	39,695,669	220,699,155	609	266
LIBRARY	365,595,982	42,345,372	407,941,354	361,580,139	223,355,115	138,225,024	1,249,918,984	6,432	773
MEDIA	147,481,623	338,452,546	485,934,169	341,051,255	136,334,852	204,716,403	267,342,799	1,839	374
MULTIDISC	22,913,316	27,691,748	50,605,064	50,136,469	17,936,788	32,199,681	42,518,975	1,879	411
MUSEUM	198,801,412	220,687,517	419,488,929	374,796,590	173,467,002	201,329,588	2,581,818,081	5,279	350
PERFORMING	93,459,577	163,980,754	257,440,331	252,197,913	84,615,478	167,582,435	494,177,799	2,590	1,929
SCHOOL	31,501,060	151,858,807	183,359,867	169,170,927	87,026,992	82,143,935	270,385,584	1,749	178
SERVICE	17,595,827	7,915,149	25,510,976	24,804,700	4,702,030	20,102,670	61,229,347	140	778
VISUAL	9,174,947	18,444,770	27,619,717	25,383,118	9,831,070	15,552,048	33,266,406	417	417
<b>TOTAL</b>	<b>959,291,250</b>	<b>1,071,611,132</b>	<b>2,030,902,382</b>	<b>1,774,984,035</b>	<b>798,653,437</b>	<b>976,330,598</b>	<b>5,670,090,113</b>	<b>22,030</b>	<b>7,042</b>

DATA SOURCES AND DEFINITIONS: See Table 3.1a.

## NEW HAMPSHIRE

TABLE 5.1a CHANGE IN BASIC FINANCIAL STATUS OF NEW HAMPSHIRE CULTURAL ORGANIZATIONS, 2000-2002 (dollar figures in thousands)				
YEAR	# OF ORGS.	TOTAL SPENDING	TOTAL INCOME	NET ASSETS
2002	1,526	\$120,580	\$172,682	\$481,361
2001	1,522	110,181	127,087	404,798
2000	1,519	105,926	162,699	343,580
ANNUAL % CHANGE	0.23%	6.92%	3.07%	20.05%

DATA SOURCES: Information extracted and prepared from IRS Form 990 filings by the National Center for Charitable Statistics, and an ongoing survey of New Hampshire's libraries and non-profit cultural organizations.

DEFINITIONS: Using the NCCS IRS Form 990 data extract, total expenditure is the sum of program, fund-raising, management and general expenses, as well as payments to affiliates, plus the following expenses which are deducted from revenues on the Form: expenses incurred while earning rental income, selling assets, staging special events, and selling goods (i.e., cost of goods sold); total revenue is gross receipts from all sources of income with no expense deductions made.

New Hampshire's cultural organizations showed robust growth over 2000-2002. The Granite State's cultural organizations were the only ones in the region which avoided a dip in total income in this period. However, this state's figures were strongly influenced by an unusual one-time growth in income by one of its largest cultural organizations.

TABLE 5.1b CHANGE IN AVERAGE FINANCIAL SIZE OF NEW HAMPSHIRE CULTURAL ORGANIZATIONS, 2000-2002 (all data are on a per organization basis)				
YEAR	# OF ORGS.	SPENDING PER ORG.	INCOME PER ORG.	NET ASSETS PER ORG.
2002	1,526	\$79,017	\$113,160	\$315,440
2001	1,522	73,392	83,500	265,964
2000	1,519	69,734	107,110	226,188
ANNUAL % CHANGE	0.23%	6.66%	2.82%	19.73%

DATA SOURCES AND DEFINITIONS: See Table 5.1a.

As in other states, the per capita growth rates closely track the overall growth rates.

YEAR	# OF ORGS	CONTRIBUTED	EARNED	TOTAL INCOME
2002	1,526	\$124,604	\$48,078	\$172,682
2001	1,522	76,973	50,113	127,086
2000	1,519	109,216	53,493	162,699
ANNUAL % CHANGE	0.23%	7.04%	-5.05%	3.07%

DATA SOURCES AND DEFINITIONS: See Table 5.1a. The breakdown of total revenues into categories of revenue is estimated from data provided by Form 990 filers and survey responders.

Although total income change grew between 2000 and 2002, this growth was the net of a 7 percent annual change in contributed income and a 5 percent annual decline in earned income.

YEAR	# OF ORGS	SALARIES	OTHER EXPENSES	TOTAL SPENDING
2002	1,526	\$47,284	\$73,296	\$120,580
2001	1,522	42,628	67,554	110,181
2000	1,519	40,694	65,232	105,926
ANNUAL % CHANGE	0.23%	8.10%	6.18%	6.92%

DATA SOURCES AND DEFINITIONS: See Table 5.1a. The breakdown of total spending into categories of spending is estimated from data provided by Form 990 filers and survey responders.

Salaries and other spending both grew over 2000-2002, and, unlike organizations in most other states, at essentially similar rates.

YEAR	# OF ORGS.	TOTAL EMPLOYMENT
2002	1,526	2,154
2001	1,522	2,143
2000	1,519	1,813
ANNUAL % CHANGE	0.23%	9.40%

DATA SOURCES AND DEFINITIONS: Employment and volunteer data are estimated from data provided by the survey of cultural organizations.

New Hampshire's cultural organizations also showed strong growth in employment over the period, even exceeding their growth in spending on salaries.



**TABLE 5.5 NEW HAMPSHIRE CULTURAL ORGANIZATION DATA, BY DISCIPLINE, 2002**

DISCIPLINE	CONTRIB INCOME	OTHER INCOME	TOTAL INCOME	TOTAL EXPENSE	SALARY EXPENSE	OTHER EXPENSE	NET ASSETS	EMPL	# ORGS
ETHNIC	115,554	353,609	469,163	411,167	68,079	343,088	504,020	1	35
FAIR	450,419	3,006,515	3,456,934	3,425,547	439,400	2,986,147	5,806,400	12	65
HISTORICAL	3,733,115	4,765,055	8,498,170	7,504,800	1,043,106	6,461,694	24,733,185	40	326
HUMANITIES	157,928	419,438	577,366	571,378	0	571,378	1,168,618	0	43
LIBRARY	40,103,078	6,310,739	46,413,817	44,971,005	21,370,635	23,600,370	224,166,402	930	328
MEDIA	5,693,747	2,803,787	8,497,534	8,434,797	3,386,034	5,048,763	44,582,471	119	55
MULTIDISCIPLINARY	4,027,186	3,729,970	7,757,156	6,976,076	2,385,518	4,590,558	30,226,905	130	81
MUSEUM	57,752,270	8,619,385	66,371,655	18,437,703	8,800,149	9,637,554	95,423,504	275	99
PERFORMING	5,416,669	12,088,806	17,505,475	18,045,984	4,479,119	13,566,865	17,605,519	186	319
SCHOOL	4,619,339	3,253,043	7,872,382	6,536,776	3,462,739	3,074,037	31,121,007	390	32
SERVICE	1,467,183	1,578,944	3,046,127	3,408,780	1,218,339	2,190,441	4,030,680	50	80
VISUAL	1,067,859	1,148,242	2,216,101	1,855,566	630,936	1,224,630	1,992,319	20	63
<b>TOTAL</b>	<b>124,604,348</b>	<b>48,077,532</b>	<b>172,681,880</b>	<b>120,579,579</b>	<b>47,284,054</b>	<b>73,295,525</b>	<b>481,361,030</b>	<b>2,154</b>	<b>1,526</b>

DATA SOURCES AND DEFINITIONS: See Table 5.1a.

## RHODE ISLAND

TABLE 6.1a CHANGE IN BASIC FINANCIAL STATUS OF RHODE ISLAND CULTURAL ORGANIZATIONS, 2000-2002 (dollar figures in thousands)				
YEAR	# OF ORGS	TOTAL SPENDING	TOTAL INCOME	NET ASSETS
2002	1,026	\$263,071	\$277,687	\$762,005
2001	1,020	254,308	292,240	717,980
2000	1,008	227,133	280,105	657,466
ANNUAL % CHANGE	0.89%	7.91%	-0.43%	7.95%

DATA SOURCES: Information extracted and prepared from IRS Form 990 filings by the National Center for Charitable Statistics, and an ongoing survey of Rhode Island's libraries and non-profit cultural organizations.

DEFINITIONS: Using the NCCS IRS Form 990 data extract, total expenditure is the sum of program, fund-raising, management and general expenses, as well as payments to affiliates, plus the following expenses which are deducted from revenues on the Form: expenses incurred while earning rental income, selling assets, staging special events, and selling goods (i.e., cost of goods sold); total revenue is gross receipts from all sources of income with no expense deductions made.

While Rhode Island's cultural organizations had a robust growth in both spending and net assets between 2000 and 2002, total income fell slightly. The growth in numbers of organizations tracked by our surveys was the highest in the region.

TABLE 6.1b CHANGE IN AVERAGE FINANCIAL SIZE OF RHODE ISLAND CULTURAL ORGANIZATIONS, 2000-2002 (all data are on a per organization basis)				
YEAR	# OF ORGS	SPENDING PER ORG	INCOME PER ORG	NET ASSETS PER ORG
2002	1,026	\$256,405	\$270,650	\$745,695
2001	1,020	249,322	286,509	703,902
2000	1,008	225,330	277,881	652,458
ANNUAL % CHANGE	0.89%	6.90%	-1.30%	6.93%

DATA SOURCES AND DEFINITIONS: See Table 6.1a.

As with other states, per organization and overall growth rates in spending, income, and net assets were very similar. Like other states in the region, income per organization in 2002 was still greater than spending per organization, although the gap between the two narrowed considerably over the period.

YEAR	# OF ORGS	CONTRIBUTED	EARNED	TOTAL INCOME
2002	1,026	\$133,364	\$144,323	\$277,687
2001	1,020	131,544	160,695	292,239
2000	1,008	106,266	173,828	280,104
ANNUAL % CHANGE	0.89%	12.75%	-8.49%	-0.43%

DATA SOURCES AND DEFINITIONS: See Table 6.1a. The breakdown of total revenues into categories of revenue is estimated from data provided by Form 990 filers and survey responders.

In Rhode Island, there was a very large gap between changes in contributed income and earned income. Contributed income rose at almost a 13 percent annual rate, while earned income fell at over an 8 percent annual rate. Because of the greater importance of earned income to cultural organizations in this state, total income fell as well.

YEAR	# OF ORGS	SALARIES	OTHER EXPENSES	TOTAL SPENDING
2002	1,026	\$119,900	\$143,171	\$263,071
2001	1,020	107,455	146,853	254,308
2000	1,008	95,355	131,778	227,133
ANNUAL % CHANGE	0.89%	12.87%	4.32%	7.91%

DATA SOURCES AND DEFINITIONS: See Table 6.1a. The breakdown of total spending into categories of spending is estimated from data provided by Form 990 filers and survey responders.

As in other New England states, the growth in spending on salaries among Rhode Island's cultural organizations was stronger than growth in other types of spending. Overall, spending growth was robust, averaging almost 8 percent per year.

YEAR	# OF ORGS	TOTAL EMPLOYMENT
2002	1,026	4,801
2001	1,020	4,368
2000	1,008	4,085
ANNUAL % CHANGE	0.89%	8.77%

DATA SOURCES AND DEFINITIONS: Employment and volunteer data are estimated from data provided by the survey of cultural organizations.

Employment in Rhode Island cultural organizations grew strongly over this period, roughly approximating regional cultural employment growth rates.

**TABLE 6.5 RHODE ISLAND CULTURAL ORGANIZATION DATA, BY DISCIPLINE, 2002**

DISCIPLINE	CONTRIB INCOME	OTHER INCOME	TOTAL INCOME	TOTAL EXPENSE	SALARY EXPENSE	OTHER EXPENSE	NET ASSETS	EMPL	# ORGS
ETHNIC	457,416	892,449	1,349,865	1,336,949	152,663	1,184,286	1,007,242	21	59
FAIR	525,699	1,110,660	1,636,359	1,665,637	381,030	1,284,607	456,677	93	39
HISTORICAL	8,005,421	14,579,148	22,584,569	22,733,483	10,195,084	12,538,399	70,450,785	462	168
HUMANITIES	1,153,936	5,054,747	6,208,683	5,788,017	2,369,398	3,418,619	20,542,101	36	43
LIBRARY	67,200,820	12,938,118	80,138,938	71,170,983	38,194,217	32,976,767	238,746,873	1,281	122
MEDIA	4,272,831	3,307,074	7,579,905	8,980,226	4,208,246	4,771,980	1,672,980	132	40
MULTIDISC	1,804,320	700,139	2,504,459	2,051,388	581,968	1,469,420	3,036,069	11	47
MUSEUM	11,664,140	11,570,134	23,234,275	19,457,108	7,243,129	12,213,979	98,840,054	109	91
PERFORMING	14,344,978	26,778,818	41,123,796	36,886,301	9,967,292	26,919,009	33,568,657	1,340	197
SCHOOL	13,973,144	63,945,501	77,918,645	81,987,871	42,302,450	39,685,421	275,895,111	1,121	34
SERVICE	2,582,307	802,191	3,384,498	3,148,776	884,946	2,263,830	11,853,615	39	79
VISUAL	7,378,813	2,643,864	10,022,677	7,864,639	3,419,965	4,444,674	5,935,230	158	73
<b>TOTAL</b>	<b>133,363,826</b>	<b>144,322,843</b>	<b>277,686,669</b>	<b>263,071,378</b>	<b>119,900,388</b>	<b>143,170,991</b>	<b>762,005,393</b>	<b>4,801</b>	<b>1,026</b>

DATA SOURCES AND DEFINITIONS: See Table 6.1a.

## VERMONT

YEAR	# OF ORGS	TOTAL SPENDING	TOTAL INCOME	NET ASSETS
2002	1,365	\$120,764	\$132,900	\$308,864
2001	1,362	110,327	137,153	320,792
2000	1,359	100,148	136,902	252,333
ANNUAL % CHANGE	0.22%	10.29%	-1.46%	11.20%

DATA SOURCES: Information extracted and prepared from IRS Form 990 filings by the National Center for Charitable Statistics, and an ongoing survey of Vermont's libraries and non-profit cultural organizations.

DEFINITIONS: Using the NCCS IRS Form 990 data extract, total expenditure is the sum of program, fund-raising, management and general expenses, as well as payments to affiliates, plus the following expenses which are deducted from revenues on the Form: expenses incurred while earning rental income, selling assets, staging special events, and selling goods (i.e., cost of goods sold); total revenue is gross receipts from all sources of income with no expense deductions made.

Vermont's cultural organizations showed similar growth patterns to those throughout most of the region during this period. There was a small growth in the number of organizations which we could identify and track. Total spending and net assets grew at a strong rate, just entering double digits. However, total income fell slightly, at a roughly 1.5 percent annual rate.

YEAR	# OF ORGS	SPENDING PER ORG	INCOME PER ORG	NET ASSETS PER ORG
2002	1,365	\$88,472	\$97,363	\$226,274
2001	1,362	81,003	100,699	235,530
2000	1,359	73,693	100,737	185,676
ANNUAL % CHANGE	0.22%	10.03%	-1.68%	10.93%

DATA SOURCES AND DEFINITIONS: See Table 7.1a.

Similar outcomes in terms of growth in spending, income, and net assets per organization can be observed. The average "size" of a Vermont cultural organization, measured in these terms, places it in rough equality with cultural organizations in Maine and New Hampshire.

TABLE 7.2 INCOME OF VERMONT CULTURAL ORGANIZATIONS, 2002 (dollar figures in thousands)				
YEAR	# OF ORGS	CONTRIBUTED	EARNED	TOTAL INCOME
2002	1,365	\$84,344	\$48,556	\$132,900
2001	1,362	84,263	52,870	137,153
2000	1,359	82,167	54,735	136,902
ANNUAL % CHANGE	0.22%	1.32%	-5.64%	-1.46%

DATA SOURCES AND DEFINITIONS: See Table 7.1a. The breakdown of total revenues into categories of revenue is estimated from data provided by Form 990 filers and survey responders.

The state's cultural organizations show a pattern of change between 2000 and 2002 similar to those region-wide. As noted, total income fell slightly. However, this slight drop was the sum of a small growth in contributed income and a greater decline in earned income.

TABLE 7.3 SPENDING BY VERMONT CULTURAL ORGANIZATIONS, 2002 (dollar figures in thousands)				
YEAR	# OF ORGS.	SALARIES	OTHER EXPENSES	TOTAL SPENDING
2002	1,365	\$40,074	\$80,690	\$120,764
2001	1,362	37,653	72,674	110,327
2000	1,359	34,203	65,495	100,148
ANNUAL % CHANGE	0.22%	8.58%	11.18%	10.29%

DATA SOURCES AND DEFINITIONS: See Table 7.1a. The breakdown of total spending into categories of spending is estimated from data provided by Form 990 filers and survey responders.

The Vermont experience in spending growth is somewhat different than the pattern which prevailed throughout the region. The state's cultural organizations showed strong spending growth, about 10 percent on an annual basis. Although both salaries and other spending grew at close to that rate, the growth in other spending was stronger.

TABLE 7.4 EMPLOYMENT, VERMONT CULTURAL ORGANIZATIONS, 2000-2002		
YEAR	# OF ORGS.	TOTAL EMPLOYMENT
2002	1,365	1,807
2001	1,362	1,373
2000	1,359	1,197
ANNUAL % CHANGE	0.22%	25.48%

DATA SOURCES AND DEFINITIONS: Employment and volunteer data are estimated from data provided by the survey of cultural organizations.

The employment figures in Vermont show significant growth, with the numbers growing at a 25 percent annual rate. Keep in mind that, unlike the financial data, the employment numbers are based on partial results for registered filer organizations.

**TABLE 7.5 VERMONT CULTURAL ORGANIZATION DATA, BY DISCIPLINE, 2002**

DISCIPLINE	CONTRIB INCOME	OTHER INCOME	TOTAL INCOME	TOTAL EXPENSE	SALARY EXPENSE	OTHER EXPENSE	NET ASSETS	EMPL	# ORGS
ETHNIC	14,088	133,958	148,046	160,070	5,010	155,060	130,184	1	13
FAIR	1,146,300	5,506,796	6,653,096	6,605,133	1,263,489	5,341,644	4,922,791	47	76
HISTORICAL	2,482,923	2,700,860	5,183,783	4,883,905	763,879	4,120,026	15,058,365	40	270
HUMANITIES	6,398,249	1,018,903	7,417,152	8,854,890	3,994,009	4,860,881	20,488,824	279	32
LIBRARY	18,199,166	4,894,667	23,093,833	22,098,720	6,490,982	15,607,738	74,551,324	345	249
MEDIA	14,901,091	4,318,148	19,219,239	15,803,336	5,950,372	9,852,964	13,176,104	81	68
MULTIDISC	2,108,147	2,607,888	4,716,035	5,563,251	1,053,934	4,509,317	16,366,539	36	81
MUSEUM	22,572,105	7,922,886	30,494,991	21,175,814	10,562,438	10,613,376	125,741,250	203	86
PERFORMING	10,450,700	12,344,455	22,795,155	22,971,443	5,646,874	17,324,569	25,601,562	635	303
SCHOOL	422,514	1,252,059	1,674,573	1,602,996	561,747	1,041,249	1,633,344	10	57
SERVICE	3,578,879	1,962,220	5,541,099	5,265,775	1,599,833	3,665,942	3,624,674	67	72
VISUAL	2,069,907	3,892,971	5,962,878	5,778,657	2,181,117	3,597,540	7,569,506	64	50
<b>TOTAL</b>	<b>84,344,068</b>	<b>48,555,812</b>	<b>132,899,880</b>	<b>120,763,990</b>	<b>40,073,684</b>	<b>80,690,306</b>	<b>308,864,467</b>	<b>1,807</b>	<b>1,365</b>

DATA SOURCES AND DEFINITIONS: See Table 7.1a.



## **New England's Creative Economy: Analysis of a Segment of the Public Cultural Sector**

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Based solely on IRS returns filed by New England nonprofit arts and cultural organizations, reporting organizations spent nearly \$2 billion in 2003 and had assets of nearly \$7 billion. The nonprofit arts and culture field covers a wide range of activities and includes organizations ranging from small performing arts groups and historical societies to the region's largest museums. This report focuses on the three thousand organizations that reported at least \$25,000 in gross receipts and were required to complete IRS Form 990 information returns.

**Table 1: Number and Finances of New England Arts and Culture Organizations Filing IRS Form 990s**

	Number of Organizations		Total Revenue		Total Expenses		Total Assets	
	Num.	%	Amount	%	Amount	%	Amount	%
Performing arts	771	25.2%	\$451,900,963	22.0%	\$441,755,431	23.1%	\$945,695,790	13.8%
Visual arts	67	2.2%	16,944,358	0.8%	15,409,927	0.8%	25,648,534	0.4%
Fairs and Festivals	71	2.3%	35,597,873	1.7%	34,517,487	1.8%	55,720,696	0.8%
Museums	262	8.6%	524,763,765	25.6%	476,800,661	24.9%	2,842,570,449	41.4%
Ethnic arts and studies	125	4.1%	25,690,213	1.3%	23,377,207	1.2%	68,736,912	1.0%
Arts education	132	4.3%	57,910,562	2.8%	56,418,246	3.0%	96,128,649	1.4%
Humanities	154	5.0%	45,926,093	2.2%	43,106,836	2.3%	69,988,116	1.0%
Historical societies	493	16.1%	156,609,536	7.6%	136,444,542	7.1%	774,816,349	11.3%
Media	243	8.0%	449,399,263	21.9%	426,166,022	22.3%	787,529,630	11.5%
Libraries	397	13.0%	186,904,926	9.1%	170,482,258	8.9%	937,604,927	13.7%
Services for arts & culture	177	5.8%	66,705,200	3.3%	60,466,979	3.2%	195,075,800	2.8%
Other	164	5.4%	34,085,139	1.7%	26,869,636	1.4%	68,787,137	1.0%
<b>Total</b>	<b>3,056</b>	<b>100.0%</b>	<b>2,052,437,891</b>	<b>100.0%</b>	<b>1,911,815,232</b>	<b>100.0%</b>	<b>6,868,302,989</b>	<b>100.0%</b>

Source: National Center for Charitable Statistics, Public Charity Core File (2003).

In addition to the three thousand organizations that report their finances to the IRS, there are a number of smaller nonprofit arts and culture organizations in New England that are registered with the IRS but which are not required to report to the IRS because they receive less than \$25,000 a year in revenue. These include organizations like many community theater groups or chamber music ensembles that perform on a regular basis but have little income to record. Because they do not meet the IRS filing requirements, we know little about their activities or finances.<sup>7</sup> More broadly still, there are thousands of arts and cultural organizations, some incorporated and some informal groups that function like non profit organizations, but that receive less than \$5,000 in gross receipts. These organizations are not required to register, let alone file, with the IRS. NEFA's **New England Cultural Database** has identified as many of these organizations as possible and includes them in their section of this report above.<sup>8</sup> When taking into account all the arts and culture organizations registered with the IRS, New England

<sup>7</sup> Assuming they average \$20,000 in revenue, they would add \$44 million, or about 2 percent, to \$2 billion in revenue reported in Table 1.

<sup>8</sup> NEFA's **New England Cultural Database (NECD)** – an online data warehouse containing financial, demographic, geographic, and other related information about businesses, cultural organizations and individual artists – is intended to eventually contain comprehensive information on the unregistered organizations. The New England Cultural Database currently includes informal organizations operating in this manner, as well as cultural programs - some of them significant in size - that are embedded in larger non-profits such as universities. The financial activities of such organizations and embedded programs are not included in this report.

(population 14.2 million in 2003) had nearly one arts and culture organization for every 2,000 residents in the 2003-2004 period.

Returning to Table 1, we see that the performing arts organizations comprise 25 percent of the organizations. The finances of the field, however, are dominated by museums with approximately 25 percent of the revenue and expenses and more than 41 percent of the assets of the field. The performing arts and media organizations, including public broadcasting organizations, follow close behind in terms of revenues and expenses. Four categories - the performing arts, historical societies, media, and libraries - each hold between 11 and 13 percent of the total assets of the field.

Table 2 shows the distribution of arts and culture organizations by state in both absolute numbers and per capita. With 45 percent of the population, Massachusetts leads the other states in all categories, with 45 percent of organizations, and more than 60 percent of the revenue, expenses and assets. On a per capita basis, however, Vermont has the greatest density of arts and cultural organizations with more than 400 organizations per million people compared to the New England average of 215.

**Table 2: New England Nonprofit Arts and Culture Organizations by State**

State (population)	Number of Organizations		Total Revenue		Total Expenses		Total Assets	
	Number	%	Amount	%	Amount	%	Amount	%
Connecticut (3.4 mil.)	628	20.5%	\$398,779,551	19.4%	\$382,808,810	20.0%	\$1,272,579,871	18.5%
Massachusetts (6.4 m.)	1,366	44.7%	1,245,455,047	60.7%	1,160,328,593	60.7%	4,349,292,033	63.3%
Maine (1.3 mil.)	332	10.9%	117,491,369	5.7%	100,104,497	5.2%	386,675,253	5.6%
New Hampshire (1.3 m.)	244	8.0%	73,691,245	3.6%	66,390,025	3.5%	255,432,352	3.7%
Rhode Island (1.1 mil.)	235	7.7%	129,259,705	6.3%	120,344,544	6.3%	341,915,198	5.0%
Vermont (619,000)	251	8.2%	87,760,974	4.3%	81,838,763	4.3%	262,408,282	3.8%
New England	3,056	100.0%	2,052,437,891	100.0%	1,911,815,232	100.0%	6,868,302,989	100.0%

State (% of N.E. pop.)	Organizations per Million Residents		Total Revenue per Capita		Total Expenses per Capita		Total Assets per Capita	
	Number	% of N.E. Avg.	Amount	% of N.E. Avg.	Amount	% of N.E. Avg.	Amount	% of N.E. Avg.
Connecticut (25%)	180.3	83.8%	\$114.48	79.2%	\$109.90	81.7%	\$365.33	75.6%
Massachusetts (45%)	212.3	98.7%	193.59	134.0%	180.36	134.0%	676.05	139.8%
Maine (9%)	254.3	118.2%	89.98	62.3%	76.67	57.0%	296.14	61.2%
New Hampshire (9%)	189.5	88.1%	57.23	39.6%	51.56	38.3%	198.37	41.0%
Rhode Island (8%)	218.4	101.5%	120.11	83.1%	111.83	83.1%	317.72	65.7%
Vermont (4%)	405.4	188.5%	141.75	98.1%	132.19	98.2%	423.85	87.7%
New England	215.1	100.0%	144.48	100.0%	134.58	100.0%	483.50	100.0%

Sources: National Center for Charitable Statistics, Public Charity Core File (2003). Population data from U.S. Census Bureau, Annual Estimates of the Population for the United States and States, and for Puerto Rico: April 1, 2000 to July 1, 2003 (NST-EST2003-01)

The dominance of Massachusetts arts and culture organizations in terms of their finances can be explained by the location of most of the major regional arts and culture organizations in the state. Of the top ten organizations ranked by expenses, eight are in Massachusetts; all ten of the top ten organizations ranked by assets are located there.

**Table 3: Top Ten Nonprofit Arts and Culture Organizations in New England**

	Name	Expenses	Name	Total Assets
1	WGBH Educational Foundation (MA)	177,657,877	Museum of Fine Arts (MA)	557,011,000
2	Museum of Fine Arts (MA)	98,943,194	WGBH Educ. Foundation (MA)	523,791,762
3	Harvard Business School Publishing Corp. (MA)	76,608,129	Boston Symphony Orchestra (MA)	337,749,239
4	Boston Symphony Orchestra inc (MA)	71,598,513	Sterling & Francine Clark Art Inst. (MA)	287,778,868
5	Museum of Science (MA)	35,563,726	Peabody Essex Museum (MA)	206,954,223
6	New England Aquarium (MA)	27,423,272	Museum of Science (MA)	138,769,986
7	Connecticut Public Broadcasting (CT)	26,125,218	Boston Athenaeum (MA)	104,042,144
8	Boston Ballet (MA)	21,964,064	Society for the Preservation of New England Antiquities (MA)	103,486,543
9	Peabody Essex Museum (MA)	21,380,472	Isabella Stewart Gardner Museum (MA)	92,809,945
10	Horace Bushnell Memorial Hall (CT)	20,375,064	Worcester Art Museum (MA)	89,022,594

Source: National Center for Charitable Statistics, Public Charity Core File (2003).

Not surprisingly, museums were much more likely to have expenses of more than a million dollars than other types of arts and culture organizations. Twenty-four percent of museums could be found in this largest category compared to less than ten percent for the field as a whole and only 2.4 percent for ethnic arts and studies organizations. On the smaller end of the spectrum, nearly 44 percent of historical societies had expenses less than \$50,000. Overall, more than 60 percent of the field fell into the smallest two categories (less than \$150,000) while less than 17 percent fell into the largest two categories with expenses more than \$500,000.

**Table 4: New England Nonprofit Arts & Culture Organizations by Type and Expense Level**

	Less than \$50,000		\$50,000 - \$150,000		\$150,000 and \$500,000		\$500,000 - \$1 mil.		More than \$1 million		Total	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Performing arts	235	30.5%	248	32.2%	167	21.7%	46	6.0%	75	9.7%	771	100.0%
Visual arts	20	29.9%	21	31.3%	17	25.4%	6	9.0%	3	4.5%	67	100.0%
Fairs and Festivals	28	39.4%	20	28.2%	12	16.9%	2	2.8%	9	12.7%	71	100.0%
Museums	64	24.4%	42	16.0%	68	26.0%	24	9.2%	64	24.4%	262	100.0%
Ethnic arts and studies	47	37.6%	44	35.2%	21	16.8%	10	8.0%	3	2.4%	125	100.0%
Arts education	11	8.3%	41	31.1%	48	36.4%	14	10.6%	18	13.6%	132	100.0%
Humanities	50	32.5%	51	33.1%	32	20.8%	12	7.8%	9	5.8%	154	100.0%
Historical societies	215	43.6%	136	27.6%	88	17.8%	22	4.5%	32	6.5%	493	100.0%
Media	40	16.5%	68	28.0%	87	35.8%	21	8.6%	27	11.1%	243	100.0%
Libraries	122	30.7%	98	24.7%	103	25.9%	37	9.3%	37	9.3%	397	100.0%
Services for arts & culture	42	23.7%	61	34.5%	45	25.4%	16	9.0%	13	7.3%	177	100.0%
Other	77	47.0%	56	34.1%	23	14.0%	3	1.8%	5	3.0%	164	100.0%
<b>Total</b>	<b>951</b>	<b>31.1%</b>	<b>886</b>	<b>29.0%</b>	<b>711</b>	<b>23.3%</b>	<b>213</b>	<b>7.0%</b>	<b>295</b>	<b>9.7%</b>	<b>3,056</b>	<b>100.0%</b>

Source: National Center for Charitable Statistics, Public Charity Core File (2003).

Table 5 shows that New England arts and culture organizations represented 14.4 percent of the more than 21,000 501(c)(3) New England public charities filing with the IRS in 2003. Compared to other types of nonprofit organizations in New England, arts and culture organizations tended to be smaller measured by revenue, expenses, or assets. The average arts or cultural organization had total revenues of less than \$672,000 compared to the average of more than \$4.2 million for the nonprofit sector as a whole, and less than half the average revenues of all other categories except *environment and animals*. Their assets, on the other hand, compared somewhat more favorably to other types of nonprofits exceeding human service organizations but still much less than most categories. (If museums were excluded, the arts and cultural sector's assets would appear much more meager.)

**Table 5: New England Nonprofit Public Charities by Type**

	Number of Organizations		Average Revenue		Average Expenses		Average Assets	
	Number	% of Total	Amount	% of N.E. Avg.	Amount	% of N.E. Avg.	Amount	% of N.E. Avg.
<i>Arts and culture</i>	3,056	14.4%	\$671,605	15.9%	\$625,594	15.6%	\$2,247,481	19.3%
Higher education	231	1.1%	76,666,613	1814.8%	71,156,309	1777.3%	521,913,270	4480.3%
Other education	3,381	15.9%	1,783,724	42.2%	1,437,327	35.9%	6,480,855	55.6%
Environment and animals	977	4.6%	635,061	15.0%	529,989	13.2%	2,451,704	21.0%
Hospitals	394	1.9%	79,549,194	1883.1%	77,775,698	1942.6%	87,718,761	753.0%
Other health	2,639	12.4%	5,745,229	136.0%	5,649,094	141.1%	5,158,181	44.3%
Housing and community improvement	1,998	9.4%	1,450,055	34.3%	1,219,104	30.4%	14,177,972	121.7%
Human services	5,835	27.4%	1,523,066	36.1%	1,478,778	36.9%	1,593,136	13.7%
Other nonprofits	2,765	13.0%	1,872,664	44.3%	1,750,758	43.7%	3,729,193	32.0%
All Organizations	21,276	100.0%	4,224,474	100.0%	4,003,722	100.0%	11,649,076	100.0%

Source: National Center for Charitable Statistics, Public Charity Core File (2003).

New England has disproportionately more nonprofit arts and culture organizations than other parts of the country and they spend more and have more assets than the region's size would lead one to expect. (Table 6) Although New England has less than five percent of the U.S. population, it has nine percent of the nation's arts and culture organizations. These, in turn, account for 7.6 percent of the revenues and expenses and 8.6 percent of the assets for the sector nationwide. This means that on a per capita basis, there are almost twice as many arts and cultural organizations per million residents in New England than there are in other parts of the country. They are likewise receiving and spending one-and-a-half times as much on a per capita basis as arts and culture organizations in other parts of the country.

**Table 6: Nonprofit Arts & Culture Sector in New England and the United States**

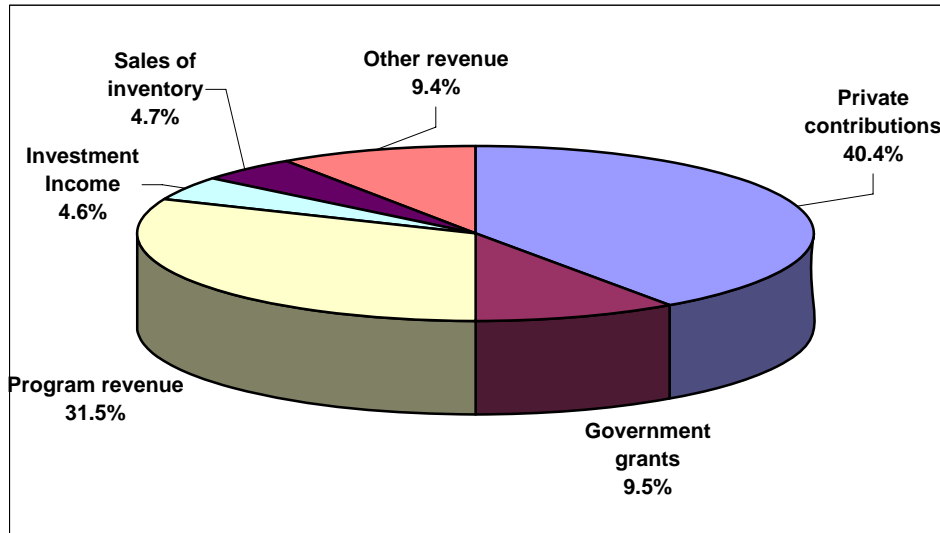
	Number of Orgs.	Total Revenue	Total Expenses	Total Assets
New England (14.2 mil.)	3,056	\$2,052,437,891	\$1,911,815,232	\$6,868,302,989
United States (290.8 mil.)	33,975	26,933,671,308	25,103,242,212	80,312,509,526
New Eng. as % of US	9.0%	7.6%	7.6%	8.6%
	Organizations per Million Residents	Total Revenue per Capita	Total Expenses per Capita	Total Assets per Capita
New England	215.1	144.5	134.6	483.5
United States	116.8	92.6	86.3	276.2
New Eng. as % of US	184.1%	156.0%	155.9%	175.1%

Source: National Center for Charitable Statistics, Public Charity Core File (2003).

## Revenues of New England Nonprofit Arts & Culture Organizations

Of the more than \$2 billion in total revenue received by New England arts and culture organizations in 2003, private contributions were the largest single source, accounting for more than 40 percent of the total. (Figure 1) Program revenue from ticket sales, performance fees, royalties and other earned income accounted for more than 31 percent. Government grants accounted for less than 10 percent of the total while investment income and sales of inventory (concessions, etc.) accounted for less than five percent each.

Figure 1: Distribution of Revenue by Source



Source: National Center for Charitable Statistics, Public Charity Core File (2003) with adjustments from the GuideStar-NCCS National Nonprofit Organizations Database (FY 2002).

Private contributions as a percent of total revenue ranged from a high of more than 50 percent for media organizations to a low of less than 14 percent for fairs and festivals. (Table 7) The range for other types of income was similarly broad. Government represented less than 4 percent of revenue for arts and cultural organizations but 36 percent for libraries. The high and low categories were nearly reversed for program revenue with arts education at more than 59 percent and libraries at less than 9 percent. (With nearly 73 percent of their revenue from programs, fairs and festivals were most dependent on program revenue.) Investment income ranged from a high of 10.5 percent for libraries to one percent or less for the visual arts, fairs and festivals, arts education and media organizations. Museums and historical societies both reported relatively healthy investment income streams in the 7-8 percent range.

**Table 7: Distribution of Revenue by Source and Type of Organization**

	Private contributions	Government grants	Program revenue	Investment Income	Sales of inventory	Other revenue
Performing arts	30.9	4.2	56.8	2.5	0.4	5.1
Visual arts	34.6	11.9	41.8	0.5	1.9	9.3
Fairs and Festivals	13.9	8.7	72.7	0.4	0.2	4.0
Museums	41.1	5.3	25.9	7.7	4.0	16.1
Ethnic arts and studies	41.2	6.6	38.7	2.1	0.9	10.6
Arts education	30.1	3.6	59.1	1.0	0.4	5.6
Humanities	36.5	16.1	33.4	1.8	3.3	9.0
Historical societies	47.6	10.9	19.4	7.5	3.0	11.5
Media	50.2	7.6	19.5	0.8	14.3	7.6
Libraries	37.5	36.0	8.6	10.5	0.1	7.3
Services for arts & culture	37.1	15.2	32.5	6.9	1.2	7.1
Other	51.2	25.3	14.7	1.6	4.1	3.0
<b>Total</b>	<b>40.4</b>	<b>9.5</b>	<b>31.5</b>	<b>4.6</b>	<b>4.7</b>	<b>9.4</b>

Source: National Center for Charitable Statistics, Public Charity Core File (2003) with adjustments from the GuideStar-NCCS National Nonprofit Organizations Database (FY 2002).

### Expenses of New England Nonprofit Arts & Culture Organizations

Total expenses for New England nonprofit arts and culture organizations totaled close to \$2 billion in 2003. For the 76 percent of organizations that filed a full IRS Form 990 rather than the shorter Form 990-EZ, we can look at the distribution of personnel costs for FY 2002. Table 9 shows that, overall, personnel costs accounted for more than 42 percent of expenses for arts and culture organizations. (These numbers do *not* include payments for artists or others who may be paid on a contract or consulting basis.) Retirement and health care benefits averaged nearly 12 percent for the field.

**Table 8: Personnel and Other Costs for New England Nonprofit Arts & Culture Organizations (FY 2002)**

	Wages	Benefits	Payroll Taxes	Benefits as % of Wages	Total Personnel Costs as % of Total Exp.	Other Expenses	Total Expenses
Performing arts	34.5%	3.5%	2.8%	10.0%	40.8%	59.2%	100.0%
Visual arts	42.1%	4.3%	3.3%	10.2%	49.6%	50.4%	100.0%
Fairs and Festivals	21.1%	1.7%	0.9%	8.0%	23.7%	76.3%	100.0%
Museums	38.7%	4.8%	2.9%	12.4%	46.4%	53.6%	100.0%
Ethnic arts and studies	18.6%	3.6%	2.1%	19.3%	24.4%	75.6%	100.0%
Arts education	40.2%	1.8%	3.1%	4.4%	45.1%	54.9%	100.0%
Humanities	33.8%	2.2%	2.5%	6.5%	38.5%	61.5%	100.0%
Historical societies	38.2%	3.3%	3.0%	8.6%	44.5%	55.5%	100.0%
Media	35.2%	5.1%	2.4%	14.6%	42.7%	57.3%	100.0%
Libraries	37.9%	5.3%	2.5%	14.0%	45.7%	54.3%	100.0%
Services for arts & culture	30.3%	2.7%	2.3%	9.0%	35.3%	64.7%	100.0%
Other	30.9%	3.0%	2.4%	9.8%	36.3%	63.7%	100.0%
<b>Total</b>	<b>35.4%</b>	<b>4.2%</b>	<b>2.6%</b>	<b>11.8%</b>	<b>42.2%</b>	<b>57.8%</b>	<b>100.0%</b>

Source: GuideStar-NCCS National Nonprofit Organization Database, FY 2002.

Personnel costs represented nearly 50 percent of the total expenses for the visual arts but less than half that proportion for fairs and festivals and ethnic art and studies. Benefits as a percentage of wages ranged from more than 14 percent for ethnic art and studies, media, and libraries to lows of 4.4 percent for arts education and 6.5 percent for humanities.

## The Balance Sheet

Like the previous analysis, this one is also limited to organizations that completed a full IRS Form 990 and not the 990-EZ in FY 2002. The average arts and culture organization reported that cash (including funds in checking accounts) accounted for only about two percent of total assets. Generally liquid investment assets including securities, short-term savings and “other assets” represented more than 48 percent of their assets. Land, buildings and equipment account for another 31 percent. The level of receivables is a relatively modest 8.7 percent. The last column in the table shows the extent to which arts and culture organizations can quickly tap into liquid assets - cash or investment assets - in the event of a cash flow or other financial problem. The average fair or festival had liquid assets equal to 37 percent of its annual expenses in FY 2002. In contrast, the average museum had liquid assets equal to more than four times its annual expenses.

**Table 9: Asset Ratios by Type of Organization**

	Cash	Investment Assets	Land, Buildings & Equip.	Receivables	Other Assets	Liquid Assets as % of Exp.
Performing arts	3.9%	34.0%	44.9%	9.7%	7.4%	68.3%
Visual arts	3.1%	48.2%	31.0%	14.7%	3.0%	99.3%
Fairs and Festivals	2.4%	27.8%	60.7%	8.4%	0.6%	36.9%
Museums	1.0%	61.7%	26.9%	6.5%	3.9%	406.7%
Ethnic arts and studies	4.3%	14.9%	57.0%	5.4%	18.4%	77.0%
Arts education	2.4%	32.3%	51.3%	9.4%	4.5%	59.0%
Humanities	5.2%	34.2%	36.0%	17.6%	6.9%	45.4%
Historical societies	1.7%	65.3%	26.8%	2.3%	3.9%	380.8%
Media	3.9%	27.3%	18.2%	21.3%	29.4%	66.9%
Libraries	1.3%	48.2%	37.3%	2.8%	10.4%	258.7%
Services for arts & culture	6.1%	56.4%	30.5%	6.3%	0.8%	181.0%
Other	8.8%	36.0%	29.7%	4.0%	21.4%	116.6%
Total	2.2%	48.4%	30.6%	8.7%	10.1%	173.8%

Source: GuideStar-NCCS National Nonprofit Organization Database, FY 2002. (Analysis based on 45% of Form 990 returns.)

Table 10 suggests that the smaller organizations have stronger balance sheets than medium and large organizations. Their cash and investment assets represented a greater portion of their assets than for larger organizations; their ratio of liquid assets to annual expenses was nearly double that of the next larger two categories. Like the smallest organizations, the largest have stronger balance sheets than the medium sized organizations.

**Table 10: Asset Ratios by Level of Expenses**

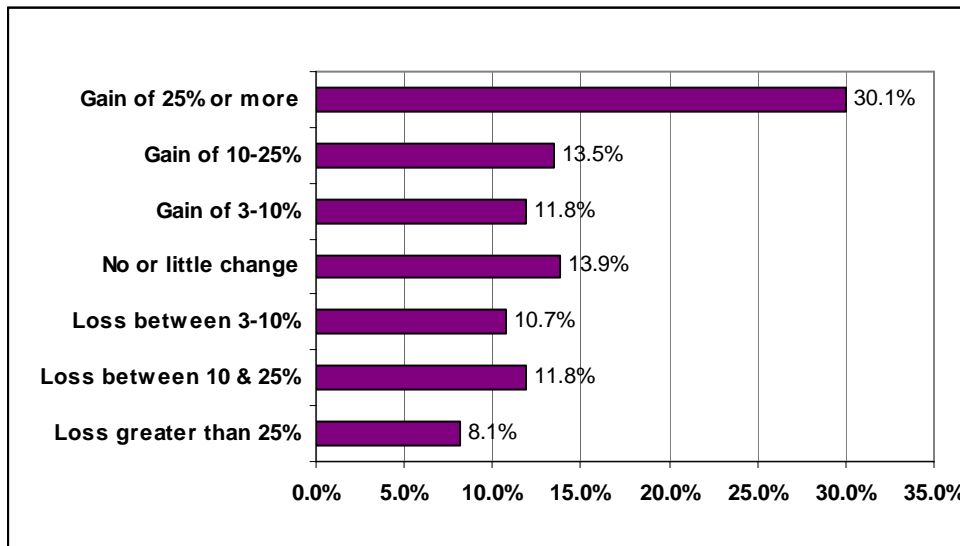
	Cash	Investment Assets	Land, Buildings & Equip.	Receivables	Other Assets	Liquid Assets as % of Exp.
Less than \$150,000	6.2%	54.9%	32.5%	0.7%	5.7%	280.5%
\$150,000 and \$500,000	3.9%	44.2%	41.3%	4.3%	6.3%	142.9%
\$500,000 - \$1 mil.	3.6%	40.4%	45.5%	6.2%	4.3%	123.8%
\$1 - 10 mil.	2.3%	46.9%	34.4%	8.7%	7.7%	161.3%
More than \$10 million	1.3%	51.1%	22.7%	10.6%	14.4%	195.2%
Total	2.2%	48.4%	30.6%	8.7%	10.1%	173.8%

Source: GuideStar-NCCS National Nonprofit Organization Database, FY 2002. (Analysis based on 45% of Form 990 returns.)

## A Measure of Financial Vulnerability

More than 30 percent of arts and culture organizations reported substantial gains of more than 25 percent of expenses. (Figure 2) However, the picture is not one of unalloyed gains. Nearly 31 percent reported losses of at least 3 percent of expenses in 2003. Of these, 8 percent reported losses exceeding a quarter of their annual expenses and another 12 percent reported losses equal to 10-25 percent of their expenses.

Figure 2: Changes in Net Assets: Winners and Losers



Source: National Center for Charitable Statistics, Public Charity Core File (2003)

Net assets may decline as a result of operating losses—simply spending more than one takes in—or, may also result from unrealized losses in an investment portfolio or writing off uncollectible receivables. We cannot determine the specific causes that led to these losses. However, these ratios are cause for concern, at least among the 8 percent that show major losses.

Table 11 details these changes by type of organization. Museums, historical societies and libraries appear the strongest with at least 39 percent of organizations in each category showing gains of 25 percent or more. At the same time, however, historical societies and the visual arts have more than 10 percent of their organizations reporting 25% or greater losses. A more detailed analysis that included additional measures of vulnerability could help us understand what these numbers mean. Unfortunately, it is beyond the scope of this brief.



**Table 11: Change in Net Assets as a Percentage of Expenses**

	Loss greater than 25%	Loss between 10 & 25%	Loss between 3- 10%	No or little change	Gain of 3- 10%	Gain of 10- 25%	Gain of 25% or more	Total
Performing arts	4.0%	13.7%	15.6%	17.5%	16.5%	15.4%	17.3%	100.0%
Visual arts	11.9%	11.9%	7.5%	22.4%	13.4%	13.4%	19.4%	100.0%
Fairs and Festivals	7.0%	9.9%	14.1%	16.9%	8.5%	23.9%	19.7%	100.0%
Museums	10.7%	11.8%	6.5%	9.5%	8.0%	13.0%	40.5%	100.0%
Ethnic arts and studies	8.8%	12.0%	12.8%	24.8%	10.4%	11.2%	20.0%	100.0%
Arts education	3.0%	16.7%	14.4%	28.0%	12.1%	9.8%	15.9%	100.0%
Humanities	5.2%	14.3%	13.6%	17.5%	12.3%	14.9%	22.1%	100.0%
Historical societies	13.4%	9.1%	5.9%	4.5%	6.7%	9.7%	50.7%	100.0%
Media	9.9%	9.9%	11.1%	15.2%	14.8%	13.6%	25.5%	100.0%
Libraries	8.8%	10.8%	8.3%	10.1%	9.6%	13.4%	39.0%	100.0%
Services for arts & culture	6.2%	11.9%	7.9%	12.4%	16.4%	15.3%	29.9%	100.0%
Other	11.0%	11.0%	10.4%	12.8%	9.1%	13.4%	32.3%	100.0%
<b>Total</b>	<b>8.1%</b>	<b>11.8%</b>	<b>10.7%</b>	<b>13.9%</b>	<b>11.8%</b>	<b>13.5%</b>	<b>30.1%</b>	<b>100.0%</b>

Source: National Center for Charitable Statistics, Public Charity Core File (2003)

## Conclusion

New England arts and culture organizations represent nearly 15 percent of all New England nonprofit organizations that file with the IRS. Covering the gamut from small community theaters and music groups to major museums, these three thousand organizations spent nearly \$2 billion in 2003 (and that does not include the value of volunteer labor). Combining these organizations with more than 4,000 smaller organizations registered with the IRS but too small to file, and not counting an unknown number of even smaller organizations that are not required to register with the IRS, we can identify nearly five arts and culture organizations for every 10,000 New England residents.

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