

LA COUNTY ARTS REPORT

SALARIES

IN NONPROFIT ARTS ORGANIZATIONS IN LA COUNTY

ANALYSIS OF DATA FROM THE CULTURAL DATA PROJECT

MAY 2014

EXECUTIVE SUMMARY

NONPROFIT ARTS AND CULTURE ORGANIZATIONS ARE IMPORTANT CONTRIBUTORS TO THE LA COUNTY ECONOMY. IN 2011 THEY PAID NEARLY \$267 MILLION IN SALARIES TO THE EQUIVALENT OF 4,650 FULL-TIME EMPLOYEES.

How much does an employee earn working for a nonprofit arts organization in LA County? How much do arts nonprofits in LA County spend on salaries? How do those salaries compare to arts nonprofits statewide? The answer to these questions are rising in importance as emerging research finds the arts make a major contribution to the American economy. Arts nonprofits provide an important share of that contribution.

The US Department of Commerce calculates that arts and cultural production accounts for 3.2 percent of the nation's gross domestic product, making it a larger

producer of economic value than the transportation or agriculture sectors.¹

Within LA County, the role of the creative economy is even greater, generating \$124.2 billion in total output and accounting for one out of every seven jobs in the region.²

Because of the diversity of industries and occupations in this sector, wages and salaries vary widely. Figures from the Department of Commerce study suggest a nationwide average annual salary of \$144,750 for those people doing creative work in arts and cultural occupations. The LA Economic Development Corporation's most recent report on the creative

economy found average annual salaries ranging from a high of \$206,081 for visual and performing artists, to a low of \$39,886 for fashion industry workers.

An estimated 2,800 nonprofit arts organizations contribute to LA County’s arts ecology and creative economy. This study utilizes data from the Cultural Data Project to take a closer look at paid employment in LA County arts nonprofits and finds that:

- About half of all arts nonprofits in LA County had paid staff in 2011. They paid a total of \$266.6 million in salaries to the equivalent of 4,650 full-time employees.
- The average salary for a full-time employee was \$57,345 in 2011, up from \$51,046 in 2007. Annual per capita income in LA County, by comparison, is \$27,900.
- Salaries vary widely by type of worker, budget size of the organization and discipline. For example, the median average salary in multidisciplinary, interdisciplinary and visual arts

nonprofits was above \$45,000, while it was below \$33,000 for theatre and dance nonprofits.

- Arts nonprofit salaries per FTE are higher in LA County than in California as a whole, but a larger share of arts nonprofits statewide have paid staff.

The time period covered in this study includes the years of the Great Recession. With the economy slowly improving, these findings provide an opportunity for arts nonprofits in LA County to review past salary trends and consider where they wish to go in the future.

This report analyzed aggregate salary data, calculating averages per organization and median averages across organizations. Nonprofit arts organizations also hire many temporary, seasonal and contract workers, as well as interns and apprentices. Some also pay for health and retirement benefits as well. Data on these and other topics will be analyzed and presented in future reports.

1 US Department of Commerce, Bureau of Economic Analysis. [2013]. *Arts and Cultural Production Account for 3.2 Percent – or \$504 Billion – of Gross Domestic Product in 2011*. Retrieved from <http://www.bea.gov/newsreleases/general/acpsa/acpsa1213.pdf>

2 Los Angeles County Economic Development Corporation. [2014]. *2013 Otis Report on the Creative Economy*. Retrieved from <http://www.otis.edu/creative-economy-report/download/2013-Otis-Report-on-the-Creative-Economy.pdf>

INTRODUCTION

CREATIVE SECTOR INDUSTRIES ACCOUNT FOR ONE OUT OF EVERY SEVEN JOBS IN LA COUNTY. THIS STUDY LOOKS AT HOW MUCH NONPROFIT ARTS ORGANIZATIONS SPEND ON SALARIES, AND HOW MUCH THEIR EMPLOYEES EARN.

While arts and culture have long been known to be major contributors to quality of life and a source of innovation, newer studies are beginning to quantify with greater accuracy how much they contribute to the American economy. In its groundbreaking 2013 report, the Bureau of Economic Analysis (BEA) at the U.S. Department of Commerce found that in 2011 \$504 billion in arts and cultural production accounted for 3.2 percent of the nation's gross domestic product, a larger share than the transportation or agriculture sectors.¹

In Los Angeles, the creative sector plays an even greater role in the local economy. According to the 2013 Otis Report,² total output³ of creative industries in LA County in 2012 was \$124.2 billion.⁴ Creative sector industries were responsible for 636,300 jobs that year, or one out of every seven in the County.

Nonprofit arts organizations make up a significant share of this creative economy. Museums, theatres, arts education providers, performing arts organizations and others all contribute significantly to creative life and the creative economy through their paid staff, contract workers and volunteers. According to the National Center for Charitable Statistics (NCCS), there were 2,852 Arts, Culture and Humanities nonprofits in LA County in June 2013.⁵

Much financial information about nonprofits is collected and tracked differently from the way for-profit industry data is collected. As a result, broad studies of arts and culture industries may not accurately reflect the contribution or status of arts nonprofits. For example:

▮ BEA's study found 2.0 million workers employed in the arts and cultural sector nationwide in 2011, generating some \$289.5 billion in wages. This includes

only those working in core arts and cultural occupations, technical and supporting occupations and managers. This would work out to a very rough average of \$144,750 per worker.

➤ In their study of the creative economy, the LA Economic Development Corporation found salaries to range from an average of \$206,081 for visual and performing artists, to \$74,787 for the architecture and interior design workforce, to \$39,886 for fashion industry workers.

The highest salary figures above might surprise the average fundraiser working for an arts nonprofit, or the dancer rehearsing for next week's show, the program manager of arts education down the hall or their executive director. By contrast, a study of the LA

County nonprofit sector by the UCLA Center for Civil Society found that in 2009, arts, entertainment and recreation workers earned an annual average wage of \$27,511 in the nonprofit sector, compared to \$66,293 in the for-profit sector.⁶

This study takes a closer look at salaries for employees in LA County nonprofit arts organizations, utilizing data collected by the Cultural Data Project (CDP). Specifically, this study set out to answer the following questions:

- **How much do arts nonprofits in LA County spend each year on staff salaries?**
- **How much do employees in LA County arts nonprofits earn?**
- **How do arts nonprofit salaries in LA County compare to those in California?**

Do these findings represent all arts nonprofits in LA County?

The National Center for Charitable Statistics (NCCS) reports there were 2,852 Arts, Culture and Humanities nonprofits in LA County in June 2013, and 10,631 statewide. The data analyzed here comes from a five year total of 581 arts nonprofits in LA County and 1,768 statewide.

CDP data do not constitute a random sample of all arts organizations. Prior research has found that CDP data overrepresent larger nonprofits and some disciplines while underrepresenting

smaller nonprofits, some other disciplines and certain regions of the state. For these reasons, it should not be assumed that findings from this study would apply to all arts and culture nonprofits in LA County or in California.

Nonetheless, CDP provides some of the richest data available at this level of analysis. This study provides a valuable starting point for conversations about the state of salaries in the nonprofit arts ecology in LA County.

METHODS

THIS STUDY IS BASED ON SALARY DATA FROM THE CULTURAL DATA PROJECT (CDP) FOR THE YEARS 2007-2011.

CDP is a web-based data system utilized by arts and culture grantmakers in thirteen states and the District of Columbia. Today, 37 public and private grantmakers in California require some or all of their arts and culture grantees to submit data to the CDP. Most CDP data is financial, though it includes information about services provided, numbers of participants, staffing and volunteers as well. Unless otherwise noted, all data in this report is from arts nonprofits as they reported it to the CDP.

In 2009, the LA County Arts Commission, in collaboration with other public and private funders in California, began requiring grantees to submit their data to CDP as part of their grant application process. When applicants complete the CDP, they are required to provide at least three years of historical information. CDP has information from California arts nonprofits dating back as early as 2002.

To complete this report, statewide data on all California organizations that had completed

the CDP as of June 2013 were accessed. Data for years prior to 2007 were removed because the number of records were disproportionately small. 2012 data was also removed for the same reason. Government agencies were removed from the dataset, leaving only nonprofit organizations.²

This report does not work from actual salaries paid, but from CDP's aggregate salary and staffing figures. For each organization, the total amount spent on salaries was divided by the total number of full time equivalent (FTE)³ employees at that organization to get the *average per FTE salary*. *Median average per FTE* is the midpoint of those *average per FTE* salaries across all organizations that had any paid employees. Using the median of those average per FTE figures reduced the impact of outliers in the data. In the case of both average per organization and median across all organizations, those nonprofits that had no salary expenses were excluded.

FINDINGS

SALARIES IN LA COUNTY ARTS NONPROFITS VARY DEPENDING ON THE KIND OF WORK EMPLOYEES ARE DOING, AS WELL AS THE ARTS DISCIPLINE AND SIZE OF THE ORGANIZATION WHERE THEY WORK.

Organization spending on salaries has remained fairly constant since 2007, though there are notable differences between types of employees. Salaries in LA County arts nonprofits generally run higher than those paid at all arts nonprofits statewide.

Data from a total of 376 organizations was analyzed for 2011⁹. Size of the organizations as measured by total annual expenses ranged from \$930 to more than \$109.6 million. Median organization size was \$147,261, meaning that half the organizations had total annual expenses greater than that amount and half were smaller. Nearly 70 percent of these organizations were from three arts disciplines: 25.8 percent music, 22.1 percent theatre and 21.0 percent multidisciplinary.¹⁰

Among this group of nonprofit arts organizations, average salary per FTE was \$57,345 in 2011, up from \$51,046 in 2007. However, these two figures obscure a

Average or median salaries?

The **average** of a set of figures is calculated by adding the total of all figures and dividing it by the number of figures.

The **median** is the midpoint of that set of figures, with half the figures being larger and half being smaller.

Averages can be misleading. For example, one very large salary can raise the average so high that it suggests everyone is earning more than they actually are. The fewer figures there are in a group, the more the average will be affected by extremes at either end.

Median, on the other hand, can hide notable highs and lows.

In this report, average was used to analyze salaries within organizations, while median was used to compare across multiple organizations.

significant amount of variance across this diverse group of organizations. The next section explores those differences in detail.

FIG. 2011 MEDIAN AVERAGE SALARY PER FTE, BY STAFF TYPE

1

STAFF TYPE	MEDIAN AVERAGE SALARY PER FTE
GENERAL n=179	\$31,100
ARTIST n=70	\$36,384
FUNDRAISING n=129	\$42,200
PROGRAM n=142	\$49,451

Staffing types: definitions

The Cultural Data Project asks organizations to report salary data according to the following four categories. Some organizations may split individual salaries across these categories when reporting this data.

ARTISTS: Staff directly performing the mission of the organization such as artists, musicians and dancers. This may include conductors, curators, choreographers, etc., depending on the organization’s classification of these positions.

FUNDRAISING: Staff charged with soliciting grants and contributions of money and goods and services from potential donors.

GENERAL: Staff not specifically associated with a particular program or fundraising activity but which are necessary to the organization’s conduct of those activities and its existence.

PROGRAM: Staff indirectly performing program-related activities such as program directors, coordinators, instructors, artistic directors, etc.

CURRENT SALARIES

A little more than half of the 376 nonprofit arts organizations in LA County had paid staff in 2011. Combined, a total of 190 organizations paid more than \$266.6 million on salaries to 4,650 program, fundraising, artist and general staff.

Among those four staffing categories (see box p. 5), program staff were the highest paid, with a median average salary of \$49,451 per FTE in 2011, as shown in **Figure 1**. General staff earned the least, with a median of \$31,100 per FTE.

By comparison, annual per capita income in LA County for 2008-12 was \$27,900.¹¹

Perhaps not surprisingly, larger nonprofit arts organizations had more paid staff compared to smaller ones. Nearly 97 percent of the largest one-quarter of organizations (those with annual

expenses greater than \$523,000) paid someone on staff, while 10.6 percent of organizations with annual expenses below \$55,000 paid salaries.

As **Figure 2** shows, the largest one-quarter of organizations also paid the highest salaries, with a median of \$48,862 per FTE

in 2011, while the smallest organizations paid far less, with a median of \$14,800.

Salaries also vary by discipline, as see in **Figure 3**. Multidisciplinary, interdisciplinary and visual arts organizations pay the highest median salaries per FTE, while dance, theatre and literature have lowest salaries.

FIG. 2 2011 MEDIAN AVERAGE SALARY PER FTE, BY BUDGET EXPENSES

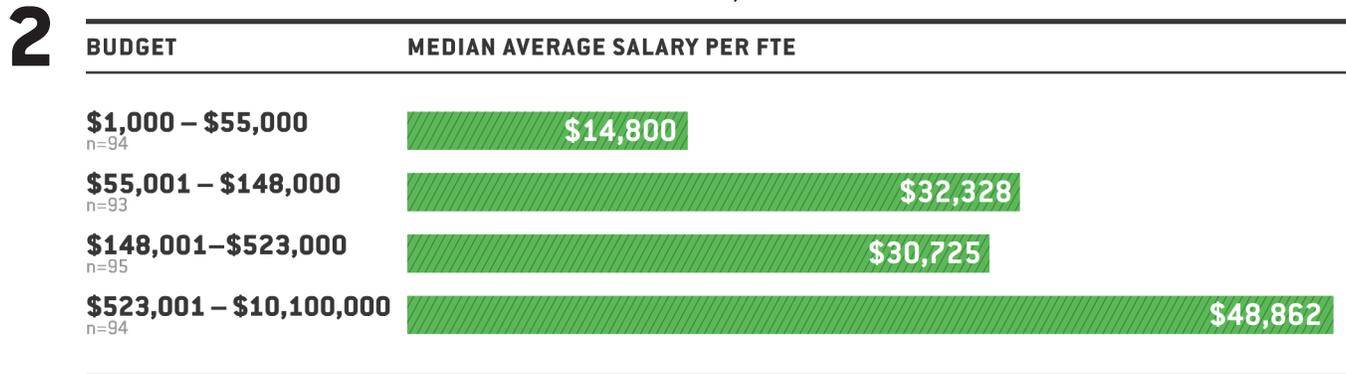
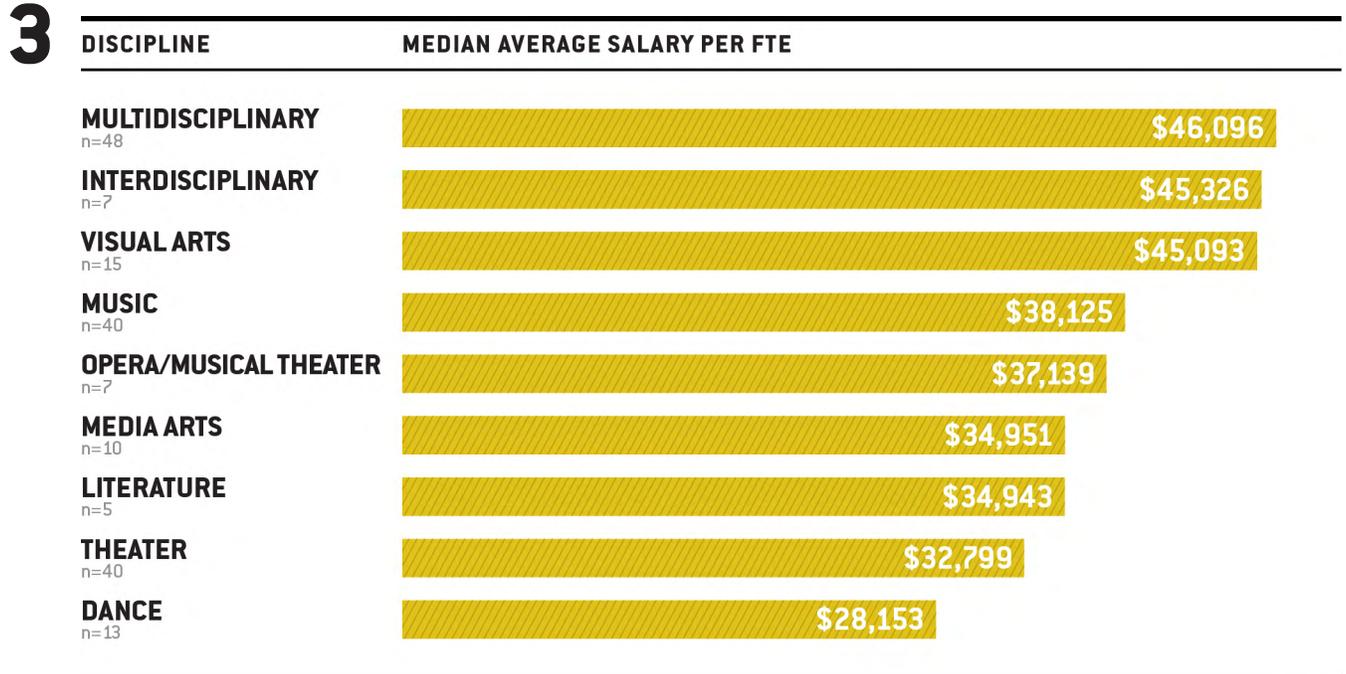


FIG. 3 2011 MEDIAN AVERAGE SALARY PER FTE, BY ARTS DISCIPLINE



HISTORICAL AND STATEWIDE SALARY TRENDS

The full CDP dataset from 2007 to 2011 had 581 arts nonprofits in LA County and 1,768 statewide. Total salaries paid in 2011 represented a five percent increase over total salaries four years earlier, in 2007. There were more total employees (4,957) in 2007 compared to 2011 (4,650), and this is reflected in higher per-FTE salaries. Salaries in LA County constituted 39 percent of the \$678.7 million that 1,106 California arts nonprofits spent on salaries in 2011.

Overall, average salaries per FTE in LA County have been higher and also more variable than in California as a whole, as **Figure 4** shows. In 2007 the average was about ten percent higher in LA County than California. That rose to a 16 percent difference in 2009, dropped to three percent in 2010, and returned to a

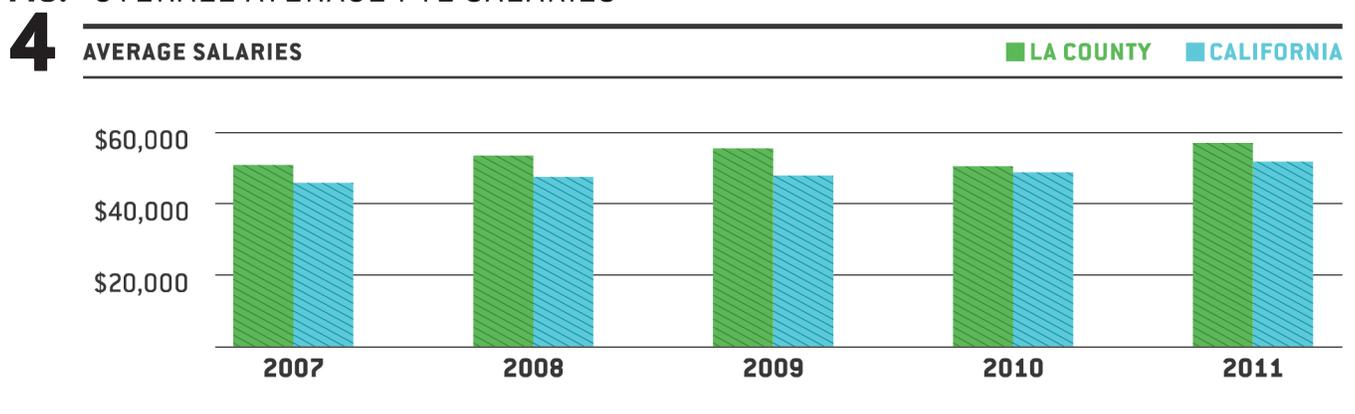
ten percent difference in 2011. Salaries were higher in the county and statewide in 2011 compared to 2007.

In LA County, the share of arts nonprofits with paid staff rose from 2007 to 2008 and has been declining since. Statewide, the share of arts nonprofits with paid staff is higher, running at a five-year average (2007-11) of 62 percent.

Figure 5 shows median amount spent on salaries by individual arts nonprofits since 2007.¹² Spending on fundraising staff has been lowest, while spending on program staff is highest. Spending on artist salaries has been the most variable, and showed a notable rise in 2011 over the previous year.

Since 2007, as shown in **Figure 6**, the total number of paid FTE employees working for

FIG. 4. OVERALL AVERAGE FTE SALARIES



arts nonprofits in LA County has varied from a high of 5,489 in 2010 to a low only a year later of 4,650. Employment of program staff has been the most variable. Fundraising staff have been most constant, though they also constitute the smallest share of employment among all four categories.

What figures 5 and 6 further show is that over a four year period that included

significant financial challenges, arts organizations maintained program spending as their greatest investment in terms of both salaries and number of employees. In that same time period, fundraising remained the lowest investment on both counts. These figures and especially their consistency across years suggests something fundamental about mission and priorities in nonprofit arts organizations in LA County.

FIG. 5. MEDIAN AMOUNT SPENT ON SALARIES, BY CATEGORY, LA COUNTY

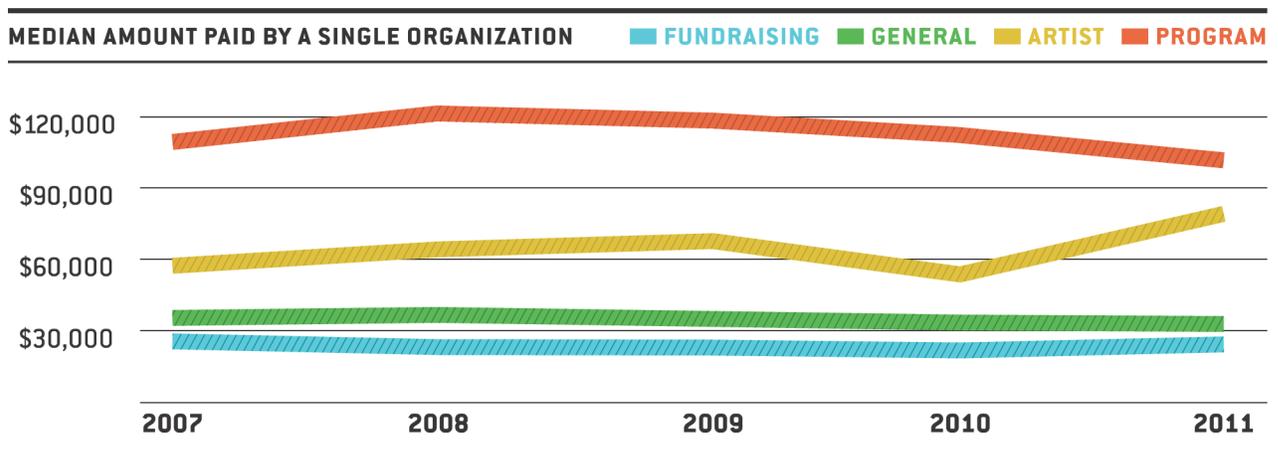
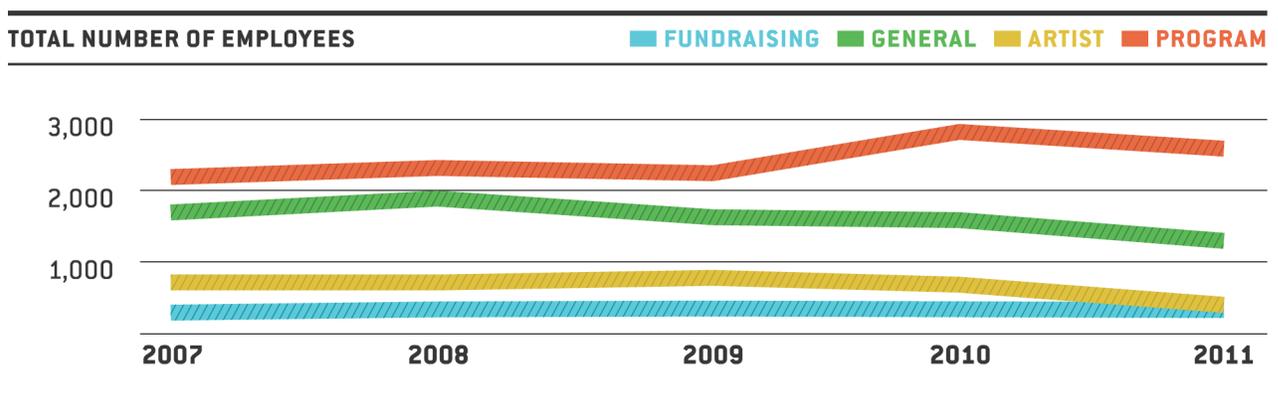


FIG. 6. TOTAL NUMBER OF EMPLOYEES, BY CATEGORY



CONCLUSION

NO MATTER HOW IT IS DEFINED AND CALCULATED, THE ARTS ECOLOGY IS AN INTEGRAL PART OF THE LA COUNTY ECONOMY. SALARIES PAID BY NONPROFIT ARTS ORGANIZATIONS PLAY AN IMPORTANT ROLE IN IT.

Though critical to this sector's strength, the contribution of nonprofit arts organizations to the broader economy is less well understood. The subset of nonprofit arts organizations analyzed in this study spent \$266.6 million on salaries in 2011. Those employees turned around and spent that money on goods and services that contributed to the economy, even as they created, performed, taught and produced artworks that contributed to quality of life in our region.

The findings in this study provide a starting point for arts organizations and their funders to discuss their investment in people, both its quantity and its quality. Notwithstanding the averages and medians calculated here, actual salaries may vary widely, and this should be explored. These findings also suggest opportunities for future research and

better data collection to understand the full contribution of all nonprofit arts organizations in the county, including unincorporated groups.

The time period covered in this study includes the years of the Great Recession, with the most recent data reflecting a time when its impact was just beginning to recede. In this way, it offers one perspective for understanding how the recession impacted arts nonprofits.

Finally, it is important to note that this report analyzed only salary data, and the nonprofit arts sector is known to hire many temporary, seasonal and contract employees, as well as interns and apprentices. These figures also do not include spending on health or retirement benefits. Data on these topics will be analyzed and presented in future reports.

ENDNOTES

- 1 US Department of Commerce, Bureau of Economic Analysis. (2013). *Arts and Cultural Production Account for 3.2 Percent – or \$504 Billion – of Gross Domestic Product in 2011*. Retrieved from <http://www.bea.gov/newsreleases/general/acpsa/acpsa1213.pdf>
- 2 Los Angeles County Economic Development Corporation. (2014). *2013 Otis Report on the Creative Economy*. Retrieved from <http://www.otis.edu/creative-economy-report/download/2013-Otis-Report-on-the-Creative-Economy.pdf>
- 3 Including direct, indirect and induced output.
- 4 Each of these studies both named and defined the industry being analyzed differently. The Bureau of Economic analysis defined *arts and culture* as four “core arts and cultural production” industries and ten “supporting arts and cultural production” industries. In its report, the LA Economic Development Corporation defined the *creative economy* as being made up of 27 six-digit NAICS codes, in eleven areas.
- 5 National Center for Charitable Statistics. (2014). *NCCS All Registered Nonprofits Table Wizard*. Available from <http://nccsweb.urban.org/tablewiz/bmf.php>
- 6 Kil, H.J. & Howard, D.B. (2010). *Hard Times: Impacts, Actions, Prospects. The State of the Nonprofit Sector in Los Angeles*. Retrieved from http://civilsociety.ucla.edu/sites/default/files/publication-pdf/UCLA_civilsociety_2010_report.pdf
- 7 A small number of unincorporated groups, fiscally sponsored organizations or individual artists may be included in the data, but the overwhelming majority are nonprofits.
- 8 “Full-time equivalent” or “FTE” is all full-time employees plus part-time employees converted to a full time basis. For example, two part-time employees working half-time equal one FTE. The total number of individuals working for arts organizations would be higher, since multiple part-time workers are combined into a single FTE count.
- 9 For each organization, this is the fiscal year ending in 2011, which may differ from one nonprofit to the next.
- 10 CDP utilizes National Standard for Arts Information Exchange Project (NISIP) codes. Each organization must select the code that best matches its work.
- 11 US Census Bureau. (2014). *State and County Quick Facts: Los Angeles County, California*. Retrieved from <http://quickfacts.census.gov/qfd/states/06/06037.html>
- 12 Salaries do not include payments to consultants, contractors, apprentices or interns, which are reported elsewhere in the CDP.

FUNDERS THAT PARTICIPATE IN AND FINANCIALLY SUPPORT THE CALIFORNIA CDP

FUNDER	PARTICIPATE	SUPPORT
Alameda County Arts Commission	■	■
Alliance for California Traditional Arts	■	
Arts Council for Long Beach	■	
Arts Council Silicon Valley	■	
Berkeley Civic Arts Commission	■	
Boeing Company		■
CalHumanities	■	■
California Arts Council	■	■
California Community Foundation	■	■
City of Culver City	■	
City of Los Angeles	■	
City of Oakland	■	
City of Pasadena	■	
City of San Diego Commission for Arts and Culture	■	■
City of Santa Clarita	■	
City of Santa Monica	■	
City of Ventura	■	
City of West Hollywood	■	
East Bay Community Foundation	■	
Fleishhacker Foundation	■	■
Fresno Regional Foundation	■	
Jewish Community Foundation of Los Angeles		■
Los Angeles County Arts Commission	■	■
Marin Community Foundation		■
Northern California Community Loan Fund		■
Orange County Community Foundation	■	■
Sacramento Metropolitan Arts Commission	■	■
Sacramento Region Community Foundation	■	■
San Diego Foundation		■
San Francisco Arts Commission	■	
San Francisco Foundation	■	■
San Francisco Grants for the Arts	■	■
San Jose Office of Cultural Affairs	■	■
San Luis Obispo County Community Foundation	■	
San Mateo County Arts Commission	■	
The David and Lucile Packard Foundation		■
The Getty Foundation		■
The James Irvine Foundation	■	■
The Kenneth Rainin Foundation	■	■
The Kresge Foundation	■	
The Wallace Alexander Gerbode Foundation	■	■
The William and Flora Hewlett Foundation	■	■
Trust for Mutual Understanding	■	
Walter and Elise Haas Fund	■	■



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