THE FOUNDATIONS OF AMERICAN REGIONAL THEATRE

by

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ABSTRACT

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Since the early 1960s, regional theatre has grown into one of the major sectors of contemporary American theatre culture. Why have so many regional theatres existed for years? Why have they attracted such a large audience? Partially through a survey of the regional theatre sector as a whole, and mainly through case studies of the four individual theatres, this study aims to answer these questions.

American regional theatres are unique in that they offer more than the artistic merit and entertainment value of their productions. This study proposes the hypothesis that, the very foundations of American regional theatres lie not in their productions' artistic or entertainment values, but in their contributions to their communities.

Chapter 1 provides an overview of the development of the regional theatre sector as well as the basic terminology and the scope of the field. Chapter 2 examines the regional theatres' evolving relationship with Broadway from the early 1960s through the 1980s. Chapters 3 and 4 examine four regional theatres, Arena Stage, the Guthrie Theater, the Seattle Repertory Theatre, and the Milwaukee Repertory Theater, to look into regional theatres' relationship with the communities in which they are located. The case studies

demonstrates that, once expected to pay their own way through the box office revenues alone, these theatres switched to local, non-governmental sources to supplement their box office revenues and/or to make up for the loss of the foundation grants by the early 1970s. Since then, they have been successfully obtaining annual contributions from local donors by nurturing a shared sense of ownership of the theatres within the communities. Chapter 5 summarizes the research findings and revisits the hypothesis proposed in Chapter 1.

The study concludes that regional theatres have been able to secure their long-term continuation within their communities and continue to attract large audiences only because they have assumed the position of public theatres responsive to communities at large for the first time on a large scale in the history of American theatre.

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It was the summer of 2002 when I managed to set up a research interview at the Theatre Communications Group to make a preliminary study for my dissertation project. That was the beginning of my inquiry into American regional theatre and a nationwide research trip to numerous regional theatres and archives. Throughout the project, I have been generously assisted by a great number of people and theatres, and I offer my deep gratitude to all who helped, especially the following: the staff members of Arena Stage, the Guthrie Theater, Seattle Repertory Theatre, and the Milwaukee Repertory Theater who responded so generously to my questions and ideas and provided me with rare opportunities to learn firsthand from their operations; staff members at the Ford Foundation Archives, George Mason University Libraries, Minnesota Historical Society, University of Minnesota Libraries, University of Washington Libraries, University of Wisconsin-Milwaukee Libraries, and Wisconsin Historical Society Archives who granted me access to their collections and offered me valuable opportunities to peruse them; Professor Judith Milhous who continued to provide me with generous support and valuable guidance as my advisor and the chair of my dissertation committee; and Professors David Savran and Pamela Sheingorn who, as members of my dissertation committee, gave me their valuable criticisms and helpful suggestions. I also would like to thank my family for their continuing support and encouragement.

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CHAPTER 1

INTRODUCTION AND SURVEY OF THE FIELD

1-1. Introduction

Since its humble beginnings in the late 1940s, regional theatre has grown into one of the major sectors of contemporary American theatre culture. Today, across the United States regional theatres provide training and regular employment for actors, directors, designers, and craftspeople, and function as incubators of new plays. Many of the plays that recently won the Tony Award for Best Play and the Pulitzer Prize for Drama originated from regional theatres and other nonprofit theatres. According to the latest survey estimate, 363 nonprofit theatres, including regional theatres, attract an annual audience of 21.1 million all over the country.[1] Considering that the annual attendance at Broadway and Road companies[2] combined totaled approximately 22.0 million, one can easily imagine the sheer size and scope of regional theatre activities.[3]

1-1-1. Research Questions

There is a strange discrepancy between the scale of the regional theatre operations

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[1] Zannie Giraud Voss and Glenn B. Voss, with Christopher Shuff and Hillary Jackson, *Theatre Facts 2001* (New York: Theatre Communications Inc., 2002), 2. After the 2001 survey, the Theatre Communications Group (TCG) ceased to report the aggregate figures of its members.

[2] The Road, road companies, or road productions are the touring productions of Broadway plays and musicals presented at theatre facilities outside New York City by national or local performing art presenters.

[3] *Variety,* 2-8 June 2003.

and the kind of plays regional theatres offer. It seems difficult to reconcile regional theatres' popularity, indicated by the sheer size of their facilities and audiences, with the not-so-popular kind of plays produced and embraced there. In terms of entertainment quality, measured by the size of the audience drawn to a production, no regional theatre production can match that of a successful Broadway production: in terms of artistic merit, measured by the extent to which a given theatrical production challenges the status quo and expands the possibility of theatrical expressions, none could equal that of a cutting-edge Off-Off Broadway production by a smaller nonprofit theatre organization. Productions staged at regional theatres are awkwardly in-between, being neither as entertaining as Broadway productions nor as artistically excellent as some of the Off-Off Broadway productions.

Nevertheless, the regional theatre sector attracts as sizable an audience as Broadway theatres and produces many plays, season after season, in the communities it serves. Although some regional theatres did not survive beyond the initial leadership of their founders, as a whole, no one can deny that the regional theatre sector has shown remarkable tenacity despite financial adversity and criticism, and that it will remain a staple of American theatre culture for decades to come.

To summarize, this seemingly strange combination of the in-between quality of the productions and their considerable popularity among local audiences is what makes regional theatres in the United States an intriguing and unique subject to examine their operations. Why have so many regional theatres existed for years? Why have they attracted such large audiences? There must be something besides artistry and

entertainment that have drawn sizable audiences to regional theatres for many years in the United States. Partially through a survey of the regional theatre sector as a whole, and mainly through case studies of individual theatres, this study aims to answer these questions.

1-1-2. Review of Existing Scholarship

Although regional theatres have taken root deeply in American society, little attention has been paid to their historical development and the foundations that support them. Both observers of and participants in the regional theatre movement have contributed to the existing literature, but except for a few pioneering works by Poggi and Zeigler,[4] most of the discourses on regional theatres have been prescriptive, focusing on short-term trends and problems.[5] Accordingly, little is known about why so many regional theatres have existed for years and why they have attracted such large audiences. The 1980s and the 1990s saw the emergence of arts management studies and an increasing interest in nonprofit sectors, and several researchers took up the subject. However, most of the literature produced was again prescriptive or anecdotal in nature and lacked historical perspective.

By employing a quantitative analysis, sociologists DiMaggio and Sternberg looked

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[4] Jack Poggi, *Theater in America: The Impact of Economic Forces, 1870-1967* (Ithaca: Cornell University Press, 1968), 206-241; Joseph W. Zeigler, *Regional Theatre: The Revolutionary Stage* (Minneapolis: University of Minnesota Press, 1973).

[5] See, for instance, Martin Gottfried, *A Theater Divided: The Postwar American Stage* (Boston: Little Brown, 1967); Julius Novick, *Beyond Broadway: The Quest for Permanent Theaters* (New York: Hill & Wang, 1969); Gerald M. Berkowitz, *New Broadways, Theatre Across America: Approaching a New Millennium, Revised Edition* (New York: Applause, 1997).

into regional theatres' repertoires of the 1970s to see if the theatres were becoming sterile as they grew old.[6] Although some of their hypotheses are flawed by their lack of general knowledge of theatre, their attempts are worth citing here in that they tried to prove that regional theatres were losing their innovative spirit, the commonly held view of the time, with actual data.

Several unpublished dissertations have been written on individual regional theatres, providing descriptive accounts that follow the theatre's basic timelines and documenting the critical responses to their productions, but little has been written on the common generic character of regional theatres.[7] In addition to the scholarly work, some financial and statistical data have been gathered and published since the late 1960s.[8] Although this study owes much to them, most data are fragmented and do not permit the tracing of long-term trends in a coherent manner because they were mostly compiled with a view to influencing short-term policy decisions on arts funding. In sum, there has been no research that shares with this study the basic question of regional theatre's viability or the aim of analyzing the development of the regional theatre sector in its entirety.

1-1-3. Research Hypothesis

Why have so many regional theatres existed for years? Why have they attracted such a large audience? As indicated above, regional theatre operations are unique in that

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[6] Paul DiMaggio and Kristen Sternberg, "Conformity and Diversity in American Resident Theaters," in *Art, Ideology, and Politics*, eds. Judith H. Balfe and Margaret J. Wyszomirski (New York: Praeger, 1985), 116-139.

[7] See, for example, the Unpublished Documents section of the Selected Bibliography.

[8] See, for example, the Data and Statistics section of the Selected Bibliography.

they rely neither on the artistic nor the entertainment qualities of their productions alone. There must be something else that has led sizable audiences to America's regional theatres for many years. This study proposes the hypothesis that the very foundations of regional theatres lie not in their productions' artistic or entertainment values, but in their contribution to their communities. In other words, regional theatres have been able to secure their long-term continuation within their communities and continue to attract large audiences only because they have assumed the position of public theatres, rather than artistic or entertainment theatres, for the first time on a large scale in the history of American theatre.

As seen above, plays produced in regional theatres have these strange in-between qualities, aspiring to be neither of the highest artistic merit nor the highest entertainment quality. In fact, there are a plenty more reasons to go to theatre than feeling inclined to see an artistically excellent or entertaining production; some go there to meet people, some go there to celebrate an occasion, and some go there just because that is the way it is. In any country, theatregoing is driven more or less by those multiple social demands, which enrich and sustain theatre culture of the respective countries. The United States is no exception, and today's American regional theatres aim to fulfill various social demands of the communities, ranging from the desire to actively participate as volunteers in theatre operations to the simple appreciation that the theatre's existence heightens the cultural profile of the community. Instead of relying mostly on the artistic or entertainment qualities of their productions to draw audiences, regional theatres survive by serving their communities and meeting their demands.

In the process, regional theatres in the United States have assumed the position of public theatres responsive to the communities at large. It has to be noted that what is meant by public theatres in this study is not the theatres founded or heavily subsidized by government or public agencies as seen in some European countries, but theatres opened to or shared by the people in the communities in general. The study proposes that regional theatres in the United States sustain their operation by becoming public theatres open to and shared by the communities. This hypothesis will be revisited in Chapter 5.

1-1-4. Significance of the Study

The significance of this study is threefold. First, it is the first comprehensive study of the inner workings of regional theatre written in English, incorporating a large quantity of important data that has never been utilized before on this scale. Thanks to the cooperation of many theatres and archives, I have organized and perused a considerable amount of internal documents of regional theatres. Since the late 1960s, the economic study of performing arts has grown steadily, along with studies on arts administration, philanthropy, and the nonprofit sector. Until recently, however, the historical records of regional theatres tended to be unorganized and sometimes were scattered and lost. Chronically understaffed and pressed by day-to-day management duties, most regional theatres cannot afford the luxury of learning from their own experiences even in the immediate past. This study will be a breakthrough in the current state of regional theatre studies; it is hoped that many works utilizing historical documents of other regional theatres will follow. It not only provides researchers valuable insights into American

society and culture, but it will also prove beneficial to the practitioners of the performing arts, particularly in regional theatres.

The second significant aspect of this study is that it employs an institutionalist approach to capture the dynamics of the regional theatre sector as an ongoing entity. Existing theatre scholarship is limited in its scope to examine the development of regional theatres. Researchers of American drama customarily have shown a fragmented interest in the regional theatre sector, dealing only with particular playwrights or plays. The emergence of Performance Studies expanded the field of Theatre Studies considerably, but it essentially shifted the focus from individual plays or playwrights to individual performances or real-life events and seems to remain focused on the singularity of individual "texts." In sum, both the literary and the Performance Studies approaches can only capture regional theatre as a fragmented series of plays, performances, or personalities, which is unsuitable for considering regional theatres as continuing organizations.

In fact, the discourses of the regional theatre movement tend to focus on individuals, especially artistic leaders who founded theatres in their communities. As a result, they have reduced the history of the regional theatre to a series of biographical accounts of prominent individuals. Although the personal charisma, talents, and efforts of the individuals who have kept theatres open should not be underappreciated, regional theatres' sustainability cannot be attributed simply to the involvement of particular individuals. If history is a mere chain of chance operations, scholarly work exists only to celebrate those serendipities.

An institution, as defined in a sociological sense, is a relatively stable and enduring pattern or set of patterns of behavior shaped by law, custom, and other social factors. A typical institutionalist approach analyzes the shifts in institutions as those patterns emerge, evolve, endure, or dissolve themselves. This study considers regional theatre as an entity shaped by a set of institutions, and through identifying and analyzing their shifts, it also aims to uncover cultural and social values that caused the shifts. In other words, instead of employing an approach that analyzes the singularity of the "inner contents" of its plays, performances, talents, or events, this study approaches regional theatre from an investigation of its "outer frames," which have shaped it and enabled it to exist and thrive. Throughout, it employs this institutionalist approach to identify reasons behind the tenacity of the regional theatre sector that cannot be reduced to particular personalities, plays, or events.

However, it is also important to note that the approach itself is not an end but a means to explore the subject. For instance, although the nonprofit status and the subscription system are among the many institutions necessary for the continuity of regional theatres, they are not sufficient for maintaining the theatres' operations. Through an institutionalist approach, the goal of this study will be to reach a deeper understanding of American society and culture, which is in turn composed of individuals, plays, and events.

The last significant aspect of this study is that, although it will not be discussed explicitly, intercultural comparative perspectives run through the study. In fact, the entire project grew out of the unfamiliar feeling I had as an outsider of American theatre culture,

which I first experienced when I entered the 800-seat main theatre of Arena Stage, and which grew while I traveled to many regional theatres across the country. To put it in a more objective way, there seems to be a discrepancy between the scale of the operations and the kind of plays the theatres offers. In my twenty-year experience in domestic and international theatre-going, a theatre with the size and popularity of a typical American regional theatre usually offers a more entertaining type of play; at such a large scale, not-so-popular kinds of plays are mostly staged at government-subsidized theatres in the countries whose theatre cultures I know. On the other hand, a typical regional theatre in the United States does not offer sheer entertainment, nor does the American government fully subsidize regional theatres. This revelation is not merely suggesting differences in cultural policy toward the theatre or differences in financial structures that support the theatre. There must be something in American society and culture, underneath policy decisions and economic infrastructures, that has been driving many Americans to regional theatres and causing the disproportion between size and repertory in regional theatres. The audience at American regional theatres may be motivated differently from the theatre audience in Japan, my home country, and in Europe, where I do most of my international theatre-going. The fact that Arena Stage has had to stress its social significance in the Washington, D.C. community seems to attest that people are coming to regional theatres not just to appreciate artistry or be entertained.

Through a deeper investigation of regional theatre's inner workings, the study aims to join the rank of scholarly works of intercultural views that uncover and redefine a heretofore neglected example of the nature of American society and culture. The study

not only benefits American researchers by viewing a subject so familiar and taken-for-granted as regional theatres in a new light, but it will also open up a new avenue of intercultural comparison for the future with other theatre activities outside the United States.

1-1-5. Outline of the Chapters

This study is divided into five chapters. After the introductory section, this chapter, Chapter 1, moves on to the survey section, which provides an overview of the development of the regional theatre sector as well as the basic terminology and the scope of the field. Chapter 2 examines the regional theatres' evolving relationship with Broadway from the early 1960s through the 1980s for the purpose of measuring what contributions Broadway has made to the longevity of regional theatres. Chapters 3 and 4 examine four regional theatres, Arena Stage, the Guthrie Theater, the Seattle Repertory Theatre, and the Milwaukee Repertory Theater. The chapters look into regional theatres' relationship with the communities in which they are located, a major factor of their longevity. They cover the period prior to the mid-1960s and the period from the mid-1960s through the early 1970s, respectively. Chapter 5 summarizes the research findings and revisits the hypothesis about what has made regional theatres viable, which was proposed in Chapter 1.

1-2. Survey of the Field

This section will start with the very term "regional theatre," examining its

definition and scope, and next trace the overall development of the regional theatre sector, with particular emphasis on the historical background against which the regional theatre movement emerged.

1-2-1. Terminology and Scope of the Field

Since there are several generic terms other than the "regional theatre" to signify the group of theatres that came out of the movement to decentralize the American theatre in the 1960s and 1970s, it is necessary to examine alternative terms first to define the scope of the study.

The term "repertory theatre" seems inappropriate because most theatres no longer follow repertory systems, even though some of their names include the words "Repertory Theatre." The term "nonprofit" or "not-for-profit theatre" is also misleading because they include all the theatres that have nonprofit status. They are also deceptive in that the theatres examined here cannot remain unconcerned about profits and the profit-making economy.

On the other hand, "resident theatres" implies that each theatre has some kind of permanency in a certain region, operating for the regular theatrical season as opposed to those having seasonal operations like summer stock companies. However, this group of theatres now rarely own resident companies. In fact, during the 2001-02 season, only 6% of 172 regional theatres had resident companies in the strict sense of the word, which means hiring actors on a seasonal basis or longer than one season.[9] Moreover, the

[9] Data compiled from Jill Charles ed., *Regional Theatre Directory 2001-2002* (Dorset: Theatre Directories, a project of American Theatre Works, Inc., 2001). 36% of the theatres used jobbed-in

categories of "resident theatres," "nonprofit theatres," and "not-for-profit theatres" include some Off and Off-Off Broadway theatres and other institutions such as Lincoln Center Theatre, Circle in the Square, and the Roundabout Theatre, which are now regarded as Broadway theatres.[10]

Since the main foci of this study are the theatres' relations with their local communities in which they are located as well as the dynamics between Broadway theatres and the theatres located in the rest of the country, "regional theatre," implying that the theatres operate in many "regions," is the appropriate term to signify this group of theatres.

Interestingly, the term "regional theatre" has been eschewed by many theatre practitioners since it sounds to them like a tributary, second-rate theatre operating in the countryside.[11] To use seemingly neutral but misleading terms such as "resident theatre," "nonprofit theatre" and "not-for-profit theatre," however, would only conceal the existing differences between theatres operating in and outside New York City,[12] as well as the dynamics between regional theatres and Broadway theatres. In this respect, it seems more

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performers, and 47% had a combination of resident and jobbed-in performers. The other 11% did not specify the way they hired performers.

[10] As for the definition and scope of Broadway theatres, see Chapter 2.

[11] According to Maslon, Zelda Fichandler, then Producer of Arena Stage, issued "the institutional ban on the use of the word 'regional' to describe what she prefers to call the resident theater movement, believing that the theater doesn't represent the life or culture of a region, but is international in its scope." Laurence Maslon, *The Arena Adventure: The First Forty Years* (Washington D.C.: Arena Stage, 1991), 49. See also Robert Brustein, "Siren Song of Broadway Is a Warning," *New York Times,* 22 May 1988, 5.

[12] DiMaggio and Sternberg also came to the same conclusion through their analysis of nonprofit theatres in and outside New York City. Paul DiMaggio and Kristen Sternberg, "Why Do Some Theatres Innovate More Than Others? An Empirical Analysis," *Poetics* 14 (1985): 107-122.

proper to use the term "regional theatre" instead of the others in this study.

Then, what kind of theatres come under the rubric of regional theatre? Since there seems to be no standard definition of regional theatre, this study adopts an historical definition. Regional theatres this study deals with are loosely defined as the group of theatres developed through so-called the regional theatre movement in the 1960s and the 1970s to decentralize theatrical activities. It is difficult to clearly define what regional theatres are since regional theatres themselves have changed their characteristics over time. However, it is also true that this group of theatres now shares the same plays, personnel, and management styles. Together, they form a more or less coherent theatrical sector as a whole and differentiate themselves from other theatre sectors such as Broadway theatres, community theatres, university theatres, dinner theatres, and so on. Therefore, instead of giving a strict definition of regional theatre, it is important to list the shared characteristics of today's regional theatres here to roughly define the scope of this study.

First, regional theatres are professional theatres whose major activity is to produce plays with professional actors and staff for adult audiences in general.[13] Second, regional theatres aspire to be an alternative theatrical force to Broadway. That is, their operations are distinct and relatively independent from the Broadway style and philosophy of theatre-making. Third, their major activities and main theatre facilities are based in their respective communities outside New York City, and their primary audiences mostly come

[13] Theatres targeting children or young audiences and theatres specialized in particular theatrical genres, such as puppet theatre, are beyond the scope of this study.

from the communities in which they are located.[14] Fourth, regional theatres hire their primary administrative and technical staff on a season-round, full-time basis, and most of the theatres own their facilities or use the same facilities exclusively or regularly.[15] Fifth, regional theatres are designed to be permanent institutions that outlast individual's leadership. Sixth, regional theatres are incorporated as nonprofit organizations designated in the tax code of the Internal Revenue Service as 501 (c) (3) organizations.

In short, regional theatres are professional, nonprofit, alternatives to Broadway, operating on a season-round basis with their own full-time administrative and technical personnel, located in communities outside New York City, presenting plays for adult audiences, and meant to be permanent organizations. There are currently approximately 300 theatres that fit this profile in the United States. Out of them, about sixty to seventy are the *crème de la crème*, with longer histories and seasons and larger budgets, staffs, and theatre facilities.

1-2-2. Historical Backgrounds

What kind of theatrical activities had existed outside New York City before the regional theatre movement started? By the beginning of the twentieth century, New York City virtually became the single center of theatrical activities in the United States. The play-producing and distributing systems were monopolized by this time, and almost all of

[14] This study does not include the festival type of theatre operations whose main audiences come from outside of the communities where the theatres are located.

[15] For this reason, theatres mostly used for booked-in productions and theatre organizations whose primary activities are touring are omitted from the study. As for artistic staff, most regional theatres hire their artistic directors full-time, but now hire actors, directors, and designers on a show by show basis and rarely maintain their resident acting companies season-round.

the indigenous regional stock companies outside New York City disappeared or were replaced with companies under the combination system with star actors from New York City supported by local actors. As a result, theatres outside New York City fell into the minor status of "booking houses" that had no play-producing capacity but mounting the ready-made star productions coming from the center.[16] The rise of the motion picture industry also accelerated the decline of theatre activities outside New York City, and many theatres were converted to movie houses.[17]

Before the regional theatre movement, a few attempts had been made to fill this theatrical void outside New York City and decentralize theatre activities. For instance, the Little Theatre movement, known for the Provincetown Players and its playwright Eugene O'Neill, gave birth to many amateur community theatres around the country during and after the World War I.[18] O'Neill and the Players, however, soon moved to New York City, and the movement had lost its momentum by the Great Depression.

Around the 1920s, a theatrical production system called summer stock emerged in rural areas of the northeastern part of the country, serving vacationers during the

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[16] As for theatre producing and operating practices up to the 1930s, see Alfred L. Bernheim, *The Business of the Theatre* (New York: Actors' Equity Association, 1932), 31-84. See also Weldon B. Durham, "The Revival and Decline of the Stock Company Mode of Organization 1886-1930," *Theatre History Studies* VI (1986):165-188; Monroe Lippman, "The Effect of the Theatrical Syndicate on the Theatrical Art in America," *Quarterly Journal of Speech* (April 1941): 275-82; Larry T. Menefee, "A New Hypothesis for Dating the Decline of the 'Road,'" *Educational Theatre Journal* 30, no.3 (October 1978): 343-356.

[17] Thomas G. Moore, *The Economics of the American Theatre* (North Carolina: Duke University Press, 1968), 96; Poggi, 39-43.

[18] Dorothy Chansky, *Composing Ourselves: The Little Theatre Movement and the American Audience* (Carbondale: Southern Illinois University Press, 2004).

summer.[19] However, their productions, with a few notable exceptions, were mostly regarded as second-rate remakes of popular Broadway plays and musicals.

In the 1930s, the Federal Theatre Project (FTP) was launched by the federal government as part of work relief programs. The FTP and its local offices not only provided job opportunities to local theatre artists but also helped make theatre accessible to audiences around the country. In this sense, the FTP helped correct the imbalance between the theatrical activities in and outside New York City. However, it was in nature a work relief project, and very few of its theatre activities survived beyond the duration of the project.

To summarize, by the late 1940s, besides a handful of touring companies coming from New York City, theatrical activities outside New York City were mostly limited to those on semi-professional or amateur levels. It was this theatrical void outside New York City that the practitioners of the regional theatre movement attempted to fill, and it was against this highly monopolized play-producing and distributing system centered on New York City that they started the movement.

1-2-3. Survey of the Regional Theatre Sector

The regional theatre movement, pioneered by Margo Jones' Theatre ' 47 in 1947, intended to decentralize New York and Broadway theatres. It was different, however, from other theatrical movements that had faded into the history of American theatre. Most regional theatres have not only survived beyond the original movement but also

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[19] Martha S. LoMonaco, *Summer Stock! An American Theatrical Phenomenon* (New York: Palgrave Macmillan, 2004).

grown and developed since the late 1940s. After more than a half-century, regional theatres were and still are one of the vital forces of contemporary American theatre. Table 1.1 compares the basic data of three major theatre sectors, Broadway, Road, and regional, during the 1995-96 season.[20] According to the table, ninety-three major regional theatres in aggregate mostly match the Broadway and the Road sectors in terms of productivity, attendance, and the number of actors and stage managers hired.

How remarkable has the growth of the regional theatre sector been? Chart 1.1 shows the number of regional theatres operating during each year from 1960 to 1992. It is generally said that regional theatre as a new theatrical genre came into a national spotlight around the mid-1960s,[21] but according to the chart, the 1970s shows the rapid increase in the number of regional theatres. The 1970s was a prime decade of regional theatre development in terms of the number of theatres established.

One of many ways to measure the growth of the regional theatre sector is to look into the changes in the size of the budgets of individual regional theatres. Chart 1.2 shows the average expenditures of nonprofit theatres, including regional theatres, from 1965-66 to 1993-94. Although the data is fragmented, it is clear that, until the late 1980s, the budgets of nonprofit theatres have grown constantly except during the late 1960s and the

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[20] The 1995-96 season is the latest season for which the data on each individual regional theatre are available. It is very likely, however, that the same trend persists today because the TCG's annual *Theatrefacts* survey on major nonprofit theatres has recorded no drastic changes since then.

[21] According to McNerney, the term "resident theatre" had gained currency by 1964, when it appeared in the *New York Times* index as a sub-heading. Sheila Rebecca McNerney, "Institutionalizing the American Theatre: the Ford Foundation and the Resident Professional Theatre, 1957-65" (Ph.D. diss., University of Washington, 1999), 23.

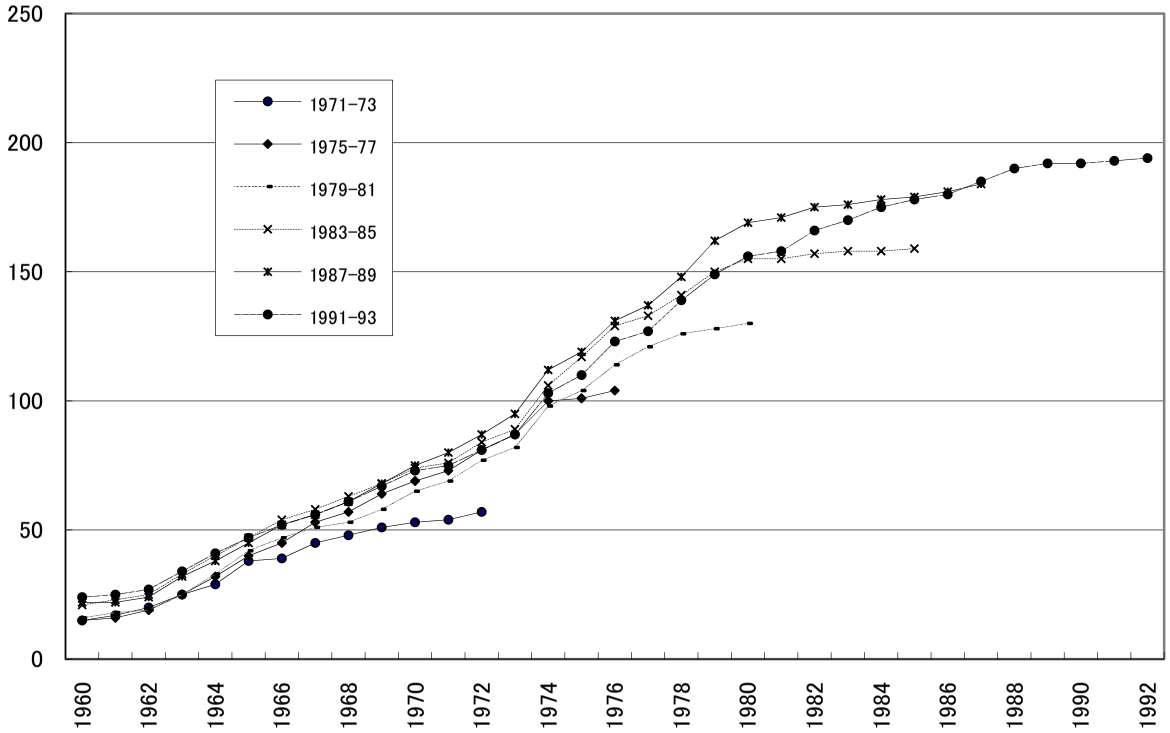
TABLE 1.1: Comparisons of the Three Theatre Sectors: 1995-96

	Broadway	Road	93 Regional Theatres
Performance Weeks	1,146	1,367	3,103
Income (millions of dollars)	436.1 (1)	762.3(1)	299.2(2)
Attendance (millions)	9.5	no data available	7.2
Ticket Price (dollars)	46.06(3)	no data available	14.62–29.54(4)
Sources	(A)	(A)	(B)
Workweeks of Actors and Stage Managers	34,806	36,582	49,448
Sources	(C)	(C)	(B)

Notes: (1) The figures are the box office gross and do not include the additional income from copyrights, merchandise, or recordings. (2) The figure is the total of earned and contributed income. (3)The figure is calculated roughly from the box office gross by the League of American Theatres and Producers, so the actual price would be 10% higher than this due to a handling fee. (4) The figures are the lowest and highest single ticket prices among the 93 theatres. If purchased through the subscription, the ticket price for each play will be 15 to 20% lower than these.

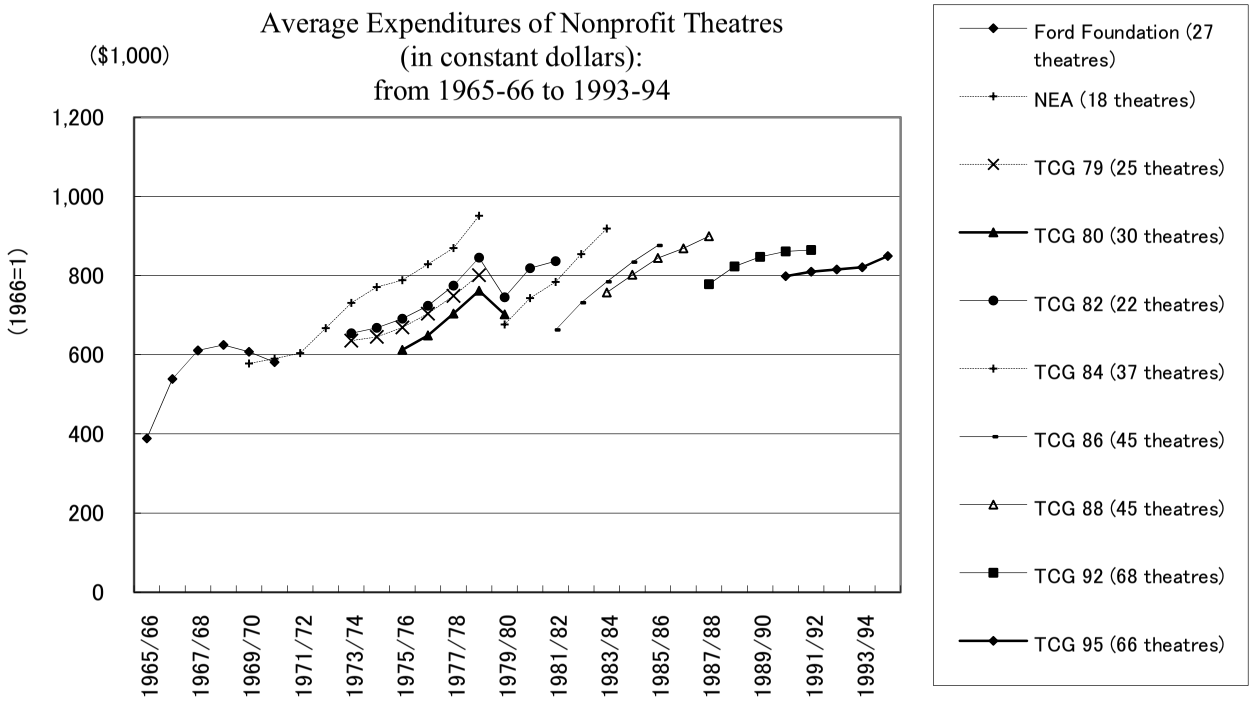
Sources: (A): *Variety* 2-8 June 2003, (B): *TCG Fiscal Survey 96*, (C): Actors' Equity Association, *2003 Annual Report*. Compiled by the author.

CHART 1.1:
Number of Regional Theatres:
from 1960 to 1992



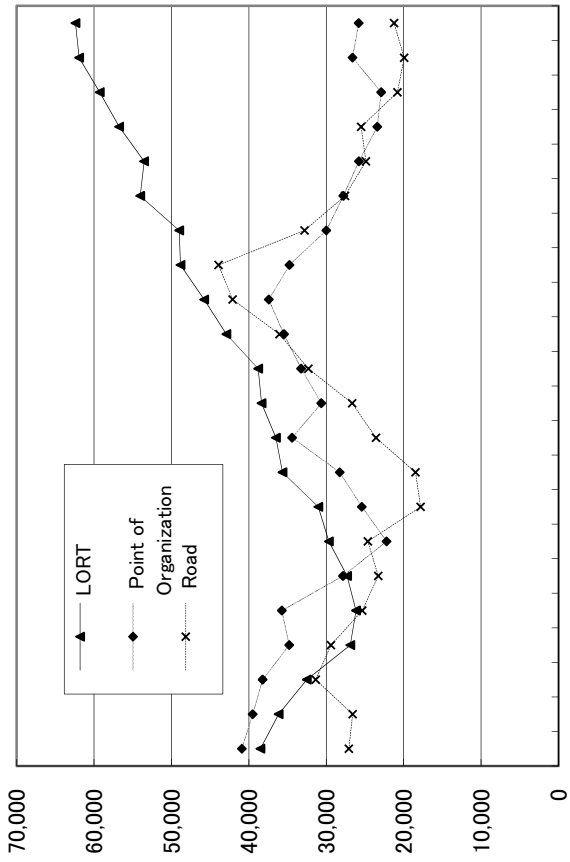
Sources: *Theatre Profiles 1. 3, 5. 7, 9,* and *11.* Compiled by the author.
There exists a time lag between the year in which one regional theatre was established and the year in which that theatre's existence was recorded. Also, some theatres closed between 1971 and 1993, during which the data was collected. Therefore, the chart shows six different data from each two-year period: 1971-73, 1975-77, 1979-81, 1983-85, 1987-89, and 1991-93. The data of 1971-73 in this chart means the data during the 1971-72 and 1972-73 seasons. No consistent data for the seasons after 1992-93 has been found.

CHART 1.2:
Average Expenditures of Nonprofit Theatres
(in constant dollars):
from 1965-66 to 1993-94



Sources: Ford Foundation (27 theatres): Ford Foundation, *The Finances of the Performing Arts*; NEA (18 theatres): Samuel Schwarz and Mary G. Peters,*Growth of Arts and Cultural Organizations in the Decade of the 1970's*; TCG 79 (25 theatres): Theatre Communications Group, *TCG Survey 1979*; TCG 80 (30 theatres): Theatre Communications Group, *Theatre Facts 80*; TCG 82 (22 theatres): *Theatre Facts 1982*; TCG 84 (37 theatres): *Theatre Facts 84*; TCG 86 (45 theatres): *Theatre Facts 86*; TCG 88 (45 theatres): *Theatre Facts 88*; TCG 92 (68 theatres): *Theatre Facts 1992*; TCG 95 (66 theatres): *Theatre Facts 1995*. Compiled by the author. It should be noted that data include those of several nonprofit theatres operating in New York City.

CHART 1.3:
Workweeks of Actors and Stage Managers:
from 1967-68 to 1988-89



Source: "Workweek Totals All Regions," 11 April 2002, Actors' Equity Association. Compiled by the author.
The data include not only the productions staged in the United States but also several productions staged in Canada. The theatrical season in these data start on 1 June and end on 31 May. For example, 1967-68 covers the period between 1 June 1967 and 31 May 1968.

period of inflation in 1979-80.[22]

Another indicator of the growth of the regional theatre sector is the number of actors employed in it. According to the trade paper *Variety*, the actors working in regional theatres outnumbered those on Broadway and on the Road in mid-January 1966. In April 1966, twenty-six regional theatres formed the League of Resident Theatres (LORT) to establish a standard contract so that regional theatre operation could comply with the Actors' Equity Association (AEA), the labor union for stage actors and managers.[23] These facts mean that, by 1966, the number of actors working in regional theatres had increased to such a considerable extent that the AEA could not ignore the demands of regional theatre management. Chart 1.3 shows the changes in workweeks of actors and stage managers under the Point of Organizations (POO),[24] the Road, and the LORT contracts from 1967-68 to 1988-89. During the period covered in the chart, the number of workweeks of actors and stage managers under the LORT contract mostly outnumbered those under the Road contract and surpassed those under the POO contract after the mid-1970s. For example, in the 1967-68 season, the workweeks of actors and stage managers under the LORT contract totaled 38,511 weeks, almost equaling those under the POO contract (40,900 weeks), and outnumbering those under the Road contract (27,076 weeks).[25]

Meanwhile, the audience of regional theatres also kept on growing. For instance,

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[22] The same trend can be observed from the data compiled from *Theatre Profiles.*

[23] Before the LORT contract, regional theatres used preexisting contract formats such as those used by Off-Broadway theatres and stock companies. Instead of the LORT contract, some small-sized regional theatres still use the contracts with favorable terms for smaller theatres.

[24] The Point of Organizations (POO) is a standard contract used for most Broadway productions.

[25] "Workweek Totals All Regions," 11 April 2002, Actors' Equity Association.

during the 1973-74 season, 3,554,795 people attended thirty-five regional theatres, the oldest record that can be confirmed. During the 1983-84 season, ten years after the first comprehensive data was taken, the attendance figure rose to 13,670,027 people at 189 theatres.[26] It is another testimony to the remarkable growth of the regional theatre sector.

As the above figures demonstrate, regional theatres *en masse* have shown enormous sustainability and growth in terms of the number of theatres operating, budget size, the number of actors hired, and audience attendance. Their sustainability and growth outstrips all other theatrical movements meant to be alternative to Broadway in the history of American theatre. No theatres other than regional theatres have outlasted the initial movement and taken a firm root in American theatre culture.

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[26] Theatre Communications Group, *TCG Annual Fiscal Survey (1973-74)* (New York: Theatre Communications Group, n.d.), 3; *Theatre Facts 83* (New York: Theatre Communications Group, 1984), 2. It should be noted these data include those of several nonprofit theatres operating in New York City. Also, the 1973-74 data show a larger average attendance per theatre than the 1983-84 data because the latter data set includes small theatres that had recently been established.

CHAPTER 2
REGIONAL THEATRES' RELATIONSHIP WITH BROADWAY THEATRES

2-1. Introduction

As explained in Chapter 1, regional theatre has grown into one of the major sectors of contemporary American theatre culture since the early 1960s. The regional theatre movement has indisputably changed the shape of American theatre, creating a new tradition of theatre-making and theatre-going across the country. However, the very basic questions on regional theatres remain unanswered: Why have so many regional theatres existed for years? Why have they attracted such a large audience? To answer these questions, this chapter examines their growing relationship with Broadway theatres. In order to measure Broadway theatres' contribution to the growth and sustainability of the regional theatre sector, it analyzes regional theatres' changes in their repertories, focusing on the period from the early 1960s through the 1980s.

Concerns about regional theatre's close ties to Broadway commercial theatres surfaced as early as in the 1970s. As regional theatres grew large and established, the regional theatre movement, whose aim was to create an alternative theatre culture outside of New York City, was said to have lost its initial spark and become safe and conservative. One of the accusations was directed at regional theatres' expanding relationship with commercial Broadway theatres. Theatre critics observed that, once independent from Broadway commercialism, regional theatres started to program their seasons with an eye on the possible Broadway transfer, and as a result, their artistic goals and alternative

status were severely compromised.[1] On the other hand, regional theatre practitioners expressed mixed attitudes towards Broadway, ranging from active involvement to indifference.[2] Both views seem to faithfully reflect the complex situation regional theatres have been in with regard to Broadway, but most of the existing literature on the relationship between the regional theatre and the Broadway theatre sectors has been based either on idealistic views projected on the regional theatre movement or on personal and practical experiences in the movement. This chapter attempts to remedy this situation by systematically reviewing the historical development of regional theatres' relationship with Broadway.

2-2. Plays Flowing into Broadway Theatres from Regional Theatres

To what extent has the commercial Broadway theatre sector changed the practice of regional theatres, and as a result, contributed to the growth and longevity of regional theatres? To answer the question, changes in regional theatre repertories will be examined.

2-2-1. Classic Plays in the Early Years

In the beginning of the regional theatre movement, the theatres were presenting

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[1] See, for instance, Martin Gottfried, "What Shall It Profit a Theater If…?" *New York Times*, 23 August 1970, D3; Robert Brustein, "Art Versus Arts Advocacy in the Non-Commercial Theater," *New York Times*, 4 July 1976, D5; Rustom Bharucha, "Anatomy of the Regional Theater," *Theater* 10, vol.3 (Summer 1979): 10-20; Robert Brustein, "Reimagining the Process," in *Reimagining American Theatre* (New York: Hill and Wang, 1991), 209-16.

[2] See the various interviews in the following articles: Don Shewey, "Has the Regional Theater Fulfilled Its Promise?" *New York Times,* 7 August 1983, sec. 2, p.1, 4; Samuel G. Freedman, "Financial Problems Are Compromising Nonprofit Theaters: Money vs Nonprofit Theater," *New York Times,* 14 March 1984, A1, C19; Hilary De Vries, "New Paths for Regional Theaters: The Plots Thicken on Regional Stages," *New York Times,* 3 September 1989, sec 2, p.1, 27.

well-known classics. According to Joseph Zeigler, a chronicler of the movement, "between 1965 and 1970, *Twelfth Night* and *The Importance of Being Ernest* were the two most popular plays in the regional theatre."[3] In fact, some regional theatres, such as the Seattle Repertory Theatre (est. 1963), the Minnesota Theatre Company (est. 1963 in Minneapolis, later the Guthrie Theater), and the American Conservatory Theatre (est. 1965 in Pittsburgh and moved to San Francisco in 1967) were primarily founded to stage classic plays in a rotating repertory format.

Which plays were presented, and by how many regional theatres, in the early years of the 1960s? No comprehensive data on the plays staged in regional theatres before 1971 have been gathered. However, it would be possible to estimate by using several fragmentary records. There are two basic data sets that contain partial lists of plays performed by early regional theatres. One is the show-by-show performance data edited by Ella A. Malign and published in the "A Directory of Professional Regional Theatre" section of Burns Mantle's annual series *The Best Plays* between the 1964-65 and the 1982-83 seasons.[4] The other data set is the lists of theatres' seasonal or annual repertories printed in *American Theatre Companies, 1931-1986* edited by Weldon B. Durham.[5]

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[3] Joseph W. Zeigler, *Regional Theatre: The Revolutionary Stage* (New York: Da Capo Press, 1977), 191.

[4] The data set covers eight to forty-nine professional theatres and festivals in the United States and Canada, varying in each season, and contains the performance dates, the number of performances, and the names of directors, designers, authors, and occasionally, those of main actors. It does not always cover the entire season of regional theatre activities; since the information was provided by theatres at the editor's request, some theatres sent only partial lists of plays to meet the publication deadline.

[5] The data set covers seventy-eight professional and non-professional theatre companies existing between 1931 and 1986 in the United States. Among them, forty-seven fall into the category of regional theatre. It documents only play titles by year or season, but it is the most comprehensive and aspired to be the most coherent data set. The data for some theatres were directly taken from

TABLE 2.1:

The Five Most Frequently Staged Plays in Regional Theatres:

from 1963-65 to 1967-69

1963–65 (26 theatres)
Long Day's Journey into Night
The Glass Menagerie
Oh Dad, Poor Dad, Mama's Hung You in the Closet and I'm Feelin' So Sad
The Hostage
The Taming of the Shrew
1965–67 (44 theatres)
The Miser
Oh What a Lovely War
The Birthday Party
Tartuffe
Twelfth Night
1967–69 (46 theatres)
Charley's Aunt
The Threepenny Opera
A Delicate Balance
Homecoming
The Miser

Sources: See the text.

*The Best Play*s, but data for most were compiled from local newspapers, theatres' commemorative publications, and theatres' internal records. It also covers each season entirely, unlike *The Best Play*s.

Table 2.1 shows the list of the five most frequently produced plays in early major regional theatres between 1963-65 and 1967-69, compiled from these data sets. The list shows regional theatres' inclination toward well-known "classical" plays (*The Miser, Charley's Aunt, Long Day's Journey into Night, The Glass Menagerie*), recent Broadway plays (*Oh Dad, Poor Dad…, The Hostage, A Delicate Balance*), and recent British plays (*Oh What a Lovely War, The Birthday Party, Homecoming*). The famous statement about regional theatres' repertories, "*Uncle Vanya* and *Charley's Aunt* in rotating repertory,"[6] is rather exaggerated. However, while the repertories look modern, regional theatres mostly relied on the plays already produced elsewhere in these years.

Why did so many regional theatres rely on plays that had already been produced and avoid producing new plays at this time? Although some theatres were set to perform classics according to their artistic policies, it seems that one of the major reasons that many regional theatres presented already tried and tested plays, including classics, was financial. Regional theatres were more dependent on subscription audiences than they are now, and their subscribers tended to prefer seeing recognizable classics and shy away from anything not well known.

In the early 1960s, many episodes demonstrated the conservatism of regional theatre subscribers. For example, in 1964, Zelda Fichandler, Producer of Arena Stage (est. 1950 in Washington, D.C.), finally decided that "the theatre had an audience and could begin to close in on the kind of repertory that really interested it," and "it seemed time for something beyond eclecticism." After the two seasons, according to her, the theatre lost

[6] Zeigler, 192.

half of its subscribers.[7] According to Andre Gregory, Artistic Director of the Theatre of Living Arts (est. 1964 in Philadelphia), sixty percent of the subscription audience walked out each night when he directed Samuel Beckett's *Endgame* in 1965,[8] and the theatre lost thirty percent of its subscription audience the following season.[9] To be financially secure, early regional theatre leaders had to plan a season that did not alienate their subscribers. The seasons had to be predictable to satisfy them, so recognizable classics were staged more often and new plays rarely.

The primary reason that so many known plays were in regional theatres' repertory was that, in the early years of the regional theatre movement, most regional theatres could not afford to lose subscribers by producing new plays. Staging recognized classics enabled theatres to secure their financial footing. Besides that, theatres had no extra financial resources to commission and mount new plays from scratch, and most of the classics written in English were copyright free and therefore cost less to produce. Although there were innovative productions of classical plays far from "safe,"[10] and some regional theatres were artistically oriented to produce classic plays from their inceptions, most regional theatres were more likely to present plays that had been staged

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[7] Zelda Fichandler, "The Future of the Resident Professional Theatre in America," typed script of the speech delivered at a convention of the American Educational Theatre Association, New York, 22 August, 1967, 5-6, Billy Rose Theatre Collection, New York Public Library for the Performing Arts.

[8] Andre Gregory, "The Theatre of the Living Arts," *The Tulane Drama Review* 11, no.4 (Summer, 1967): 20.

[9] Andre Gregory, "'The New Establishment'? Fragments of the TDR Theatre Conference" *The Tulane Drama Review* 10, no.4 (Summer, 1966): 115.

[10] According to Zeigler, even classic plays were new for the emerging directors of regional theatres since there had been a very few opportunities for staging classic plays professionally in the United States. Zeigler, 191.

somewhere else before, whether on Broadway, Off-Broadway, or in Europe, because they were unable to take financial risks in their primary stages of stabilization. While Margo Jones, the pioneer of the regional theatre movement, stressed that theatres in the regions should do new plays,[11] producing a new play from scratch remained the exception rather than the rule for most regional theatres.

2-1-2. Emergence of New Plays in the Late 1960s: Flow of Grants

How many new plays, then, were actually presented in regional theatres at this time? Chart 2.1 shows the number of new play productions and the total number of productions staged in regional theatres between 1964-65 and 1977-78.[12] Chart 2.2 shows the number of new play productions as a percentage of the total number of productions mounted at regional theatres. Both the number and the percentage of new play productions increased constantly through the end of the 1970s. Although the data is far

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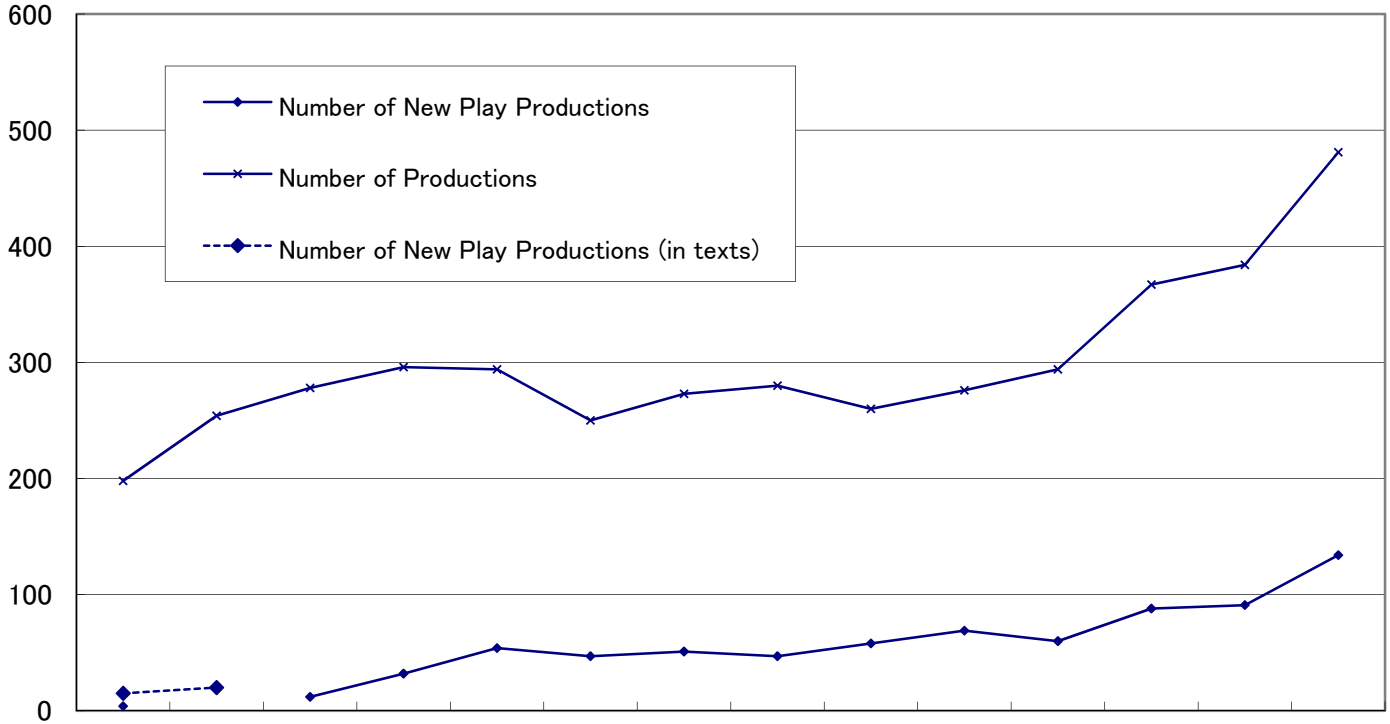
[11] Margo Jones, *Theatre-in-the-Round* (New York: Rinehart & Company, Inc., 1951), 25.

[12] But here again, obtaining a consistent set of data is difficult. As for the number of new play productions, there is no reliable data prior to 1966. That is because the data on new plays became available only after producing new plays started to become a new trend in regional theatres. For example, *The Best Plays* uses labels such as "world premiere," "American premiere," "North American premiere," and "professional premiere" to indicate new plays on their records, but it seems that these labels started to appear regularly only after the 1966-67 season. Therefore, although the labels that indicate new plays do not appear in the data prior to 1966, it may not mean that new plays did not actually exist prior to 1966. It was possible to track only the partial trend taken from the data that appears annually in the descriptive summary section of *The Best Plays*. From the 1964-65 season, that section in each volume of *The Best Plays* gives the number of new plays, but the number includes not only the new plays produced at regional theatres in the United States but also at the theatres in Canada, New York, and theatre festivals held in various regions, which are not defined as regional theatres in this study. This imperfect data, however, would be sufficient to review the overall trend in producing new plays. This figure is also shown in Chart 2.1 in a broken line.

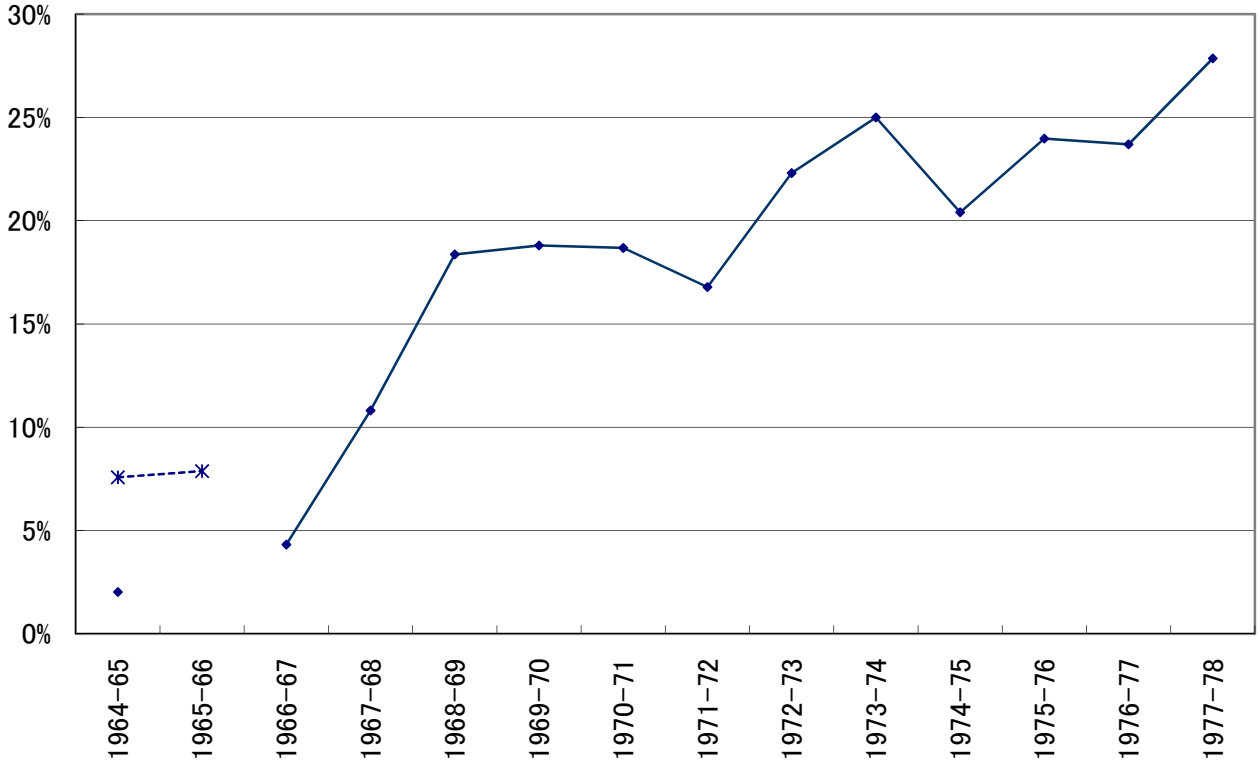
CHART 2.1:
New Play Productions in Regional Theatres:
from 1964-65 to 1977-78



	1964–65	1965–66	1966–67	1967–68	1968–69	1969–70	1970–71	1971–72	1972–73	1973–74	1974–75	1975–76	1976–77	1977–78
Number of Theatres	26	31	39	37	36	33	34	35	36	38	39	43	45	55

Sources: *The Best Plays* from 1964-65 to1977-78. Compiled by the author.

CHART 2.2:
New Play Productions in Regional Theatres
as a Percentage of Total Productions:
from 1964-65 to 1977-78



Sources: *The Best Plays* from 1964-65 to1977-78. Compiled by the author.

from perfect,[13] it is certain that the tables indicate a surge in the number of new plays in regional theatres in the late 1960s. Table 2.2 also shows the numbers of new plays and new play performances in these theatres from 1965-66 to 1980-81. All in all, these sets of data show that, by the 1970s, each regional theatre staged at least one new play per season. Also, the very fact that *The Best Plays* started to indicate new plays in its data in the late 1960s also seems to suggest that the national readership of *The Best Plays* became interested in new plays staged in regional theatres after the late 1960s.

What brought about this shift from classics to new plays in regional theatres in the late 1960s? Some evidence seems to suggest that one of the factors that prompted the theatres to produce new plays was the increase in grants they received from foundations and governments. In the early years of the regional theatre movement, theatres were expected to pay their way through box office revenues without outside support.[14] Many of their members worked for little or no pay, converting a non-theatre space to a theatre, surviving from one play to another.[15] The major income source of regional theatres was box office receipts, and some could not even pay adequate salaries to actors. To start new play programs and produce new plays, theatres must have had a resource other than audiences' support.

Around the early 1960s, the shoestring budget of regional theatres started to

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[13] In most theatres, these new plays were produced outside the main season as a workshop or at a smaller, second theatre. Therefore, the number of performances of new plays as a percent of all performances would be weighted less than the number of new play productions as a percent of all productions shown in Chart 2.2.

[14] For the details, see Chapter 3.

[15] See, for instance, Julius Novick, "The Theater," in *The Performing Arts and American Society,* ed. W. McNeil Lowry (Englewood Cliffs: Prentice-Hall, Inc., 1978), 104-105; William Beeson, *Thresholds: The Story of Nina Vance's Alley Theatre* (Houston: Alley Theatre, 1969), 22.

TABLE 2.2:

Number of New Play Productions and Performances in Regional Theatres:

from 1965-66 to 1980-81

	1965/66	1970/71	1975/76	1980/81
Number of Theatres	31	34	48	56
Number of Productions	254	267	402	471
Number of Performances	6031	6777	9532	13112
Number of New Play Productions	11	38	94	116
Number of New Play Performances	218	971	1911	2329
Number of Theatres that Presented New Plays	10	18	33	38
Number of Plays in One Season	8.2	7.9	8.4	8.4
Number of New Plays in One Season	0.4	1.1	2.0	2.1

Sources: The Best Plays 1965-66, 1970-71, 1975-76, and 1980-81. Compiled by the author.

The productions only performed once are omitted from the data.

change. The Ford Foundation, after a pilot program for four regional theatres in 1960, announced a grant program to "strengthen resident professional theater" in 1962.[16] Eight regional theatres and one nonprofit theatre group in New York City were given grants totaling $6,100,000.[17] In 1965, the National Endowment for the Arts (NEA) was established on the initiative of the federal government to support arts organizations and individual artists. Especially in the late 1960s, regional theatres were major grantees of the NEA. At the same time, the Rockefeller Foundation was making grants specifically targeted at new play programs in regional theatres.

A flow of grants in the early 1960s seemed to stabilize regional theatres financially. Some theatres, such as the Alley Theatre (est. 1947 in Houston) and the Mummers Theatre (est. 1949 in Oklahoma City) planned to build new theatre facilities, some, such as the Actor's Workshop (est. 1952 in San Francisco) paid more to the actors, but others started to produce new plays. In fact, around that time, several regional theatres started to launch the new programs to nurture new plays in workshop settings or present plays in smaller, second theatres: the "Theatre for Tomorrow" program at the Milwaukee Repertory Theater (started in the 1967-68 season), the "Off-Center" program at the Seattle Repertory Theatre (1967-68), and "The Other Place" program at the Guthrie Theater (1968-69) are some examples. Other regional theatres such as the Mark Taper Forum (est.1967 in Los Angeles) and the Washington Theatre Club (est. 1966 in

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[16] "News from the Ford Foundation," press release, 10 October 1962, Billy Rose Theatre Collection, New York Public Library for the Performing Arts.

[17] Ibid. For an overview of the Ford Foundation's support on regional theatres, see John Lahoud, *Theatre Reawakening: A Report on Ford Foundation Assistance to American Drama* (New York: Ford Foundation, 1977); Sheila Rebecca McNerney, "Institutionalizing the American Theatre: The Ford Foundation and the Resident Professional Theatre, 1958-65" (Ph.D.diss., University of Washington, 1999).

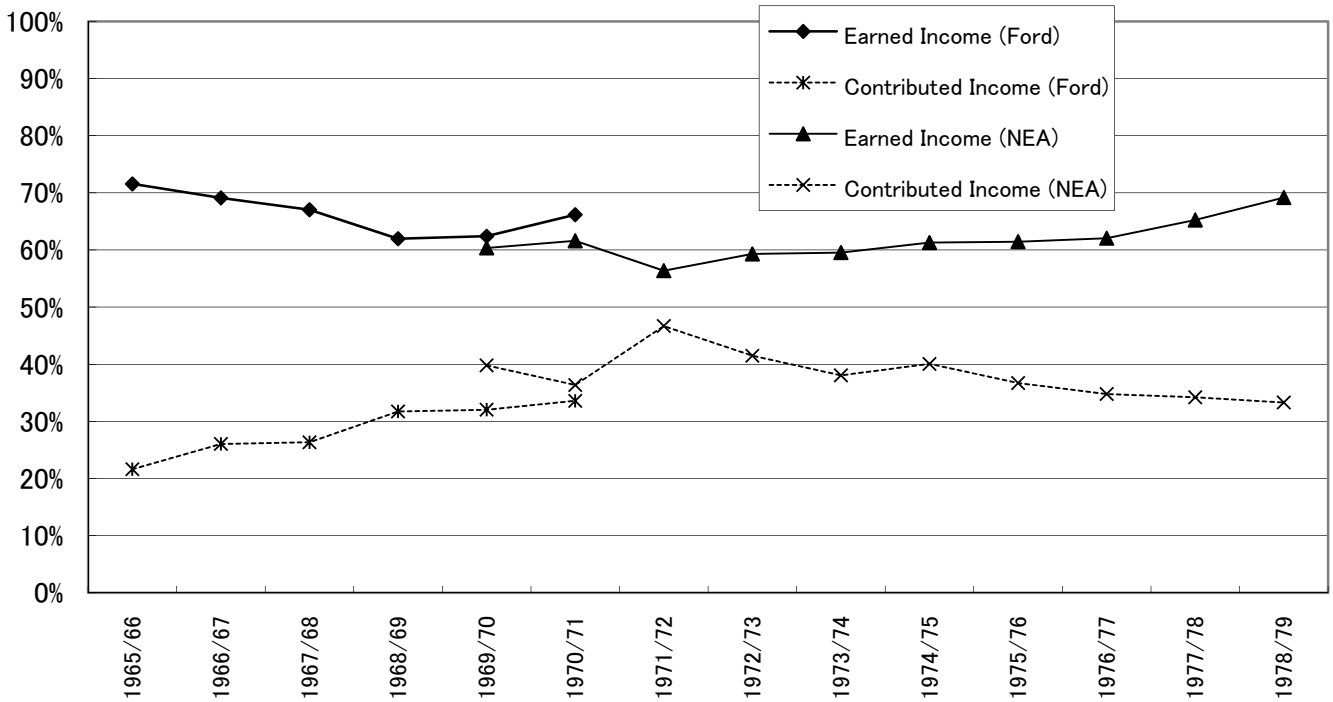
Washington, D.C.) stressed the production of new plays in main stage seasons, and the Eugene O'Neill Theatre Center (est.1964 in Waterford, CT) was founded to workshop new plays.

How did this flow of grants make an impact on the finance of each regional theatre? It is difficult to track an overall trend of income sources of regional theatres in their early stages, but two studies are helpful to illuminate the trend: *The Finance of Performing Arts* by the Ford Foundation and *Growth of Arts Organizations in the Decade of the 1970s* commissioned by the NEA.[18] Chart 2.3 shows earned and contributed income of nonprofit theatres as a percent of total expenses from 1965-66 to 1978-79,[19] compiled from these two studies. The income sources of nonprofit performing arts organizations, including regional theatres, are usually divided into two categories: earned

[18] Ford Foundation, *The Finances of the Performing Arts* (New York: Ford Foundation, 1974); Samuel Schwarz and Mary G. Peters, *Growth of Arts Organizations in the Decade of the 1970s: Final Report* (Rockville: Infomatics General Corporation, 1983). Published in 1974, the Ford Foundation's study was the first comprehensive study on the finance of nonprofit performing arts organizations. It utilized its resources to the full as a major grant making organization in the 1960s to get necessary data. It covers the 1965-66 to the 1970-71 season data of performing arts organizations, including twenty-six regional theatres. The NEA's study is an attempt to extend the Ford study into the 1978-79 season by using the Theatre Communications Group data and other data available at that time. It includes sixteen regional theatres.

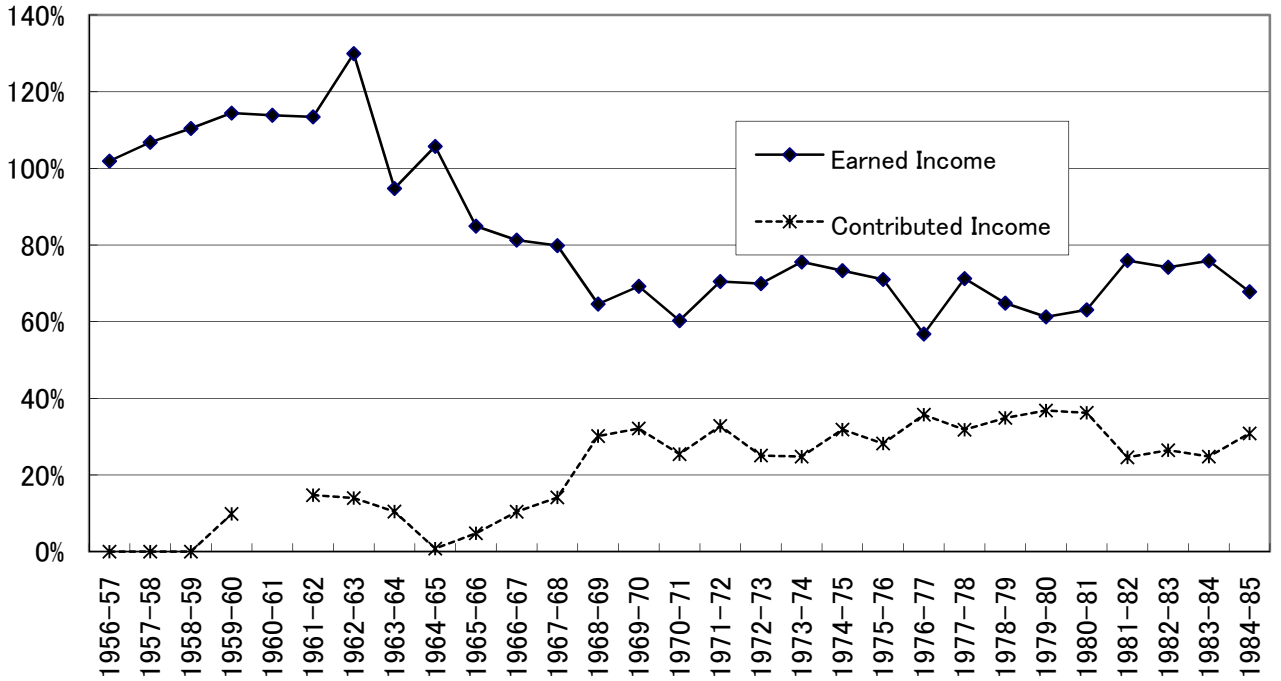
[19] To measure the extent to which both the earned and contributed income cover the expenses of regional theatre operation, the percentage figures of each type of income to the total expenses, not to the total income, were calculated, as in most surveys of nonprofit theatres. It should be also noted that the percentage figures in Chart 2.3 are not the average of each theatre's percentage but the percentage of the aggregate earned and contributed income to the aggregate total expenses of twenty-seven and eighteen theatres.

CHART 2.3:
Earned and Contributed Income as a Percentage of
Expenditures in Nonproifit Theatres:
from 1965-66 to 1978-79



Sources: Ford (27 theatres): Ford Foundation, *The Finances of the Performing Arts*; NEA (18 theatres): Samuel Schwarz and Mary G. Peters, *Growth of Arts Organizations in the Decade of the 1970s.* Compiled by the author. It should be noted that both data include several nonprofit theatres operating in New York City.

CHART 2.4:
Earned and Contributed Income as a Percentage of Expenditures
in Arena Stage:
from 1956-57 to 1984-85



Sources: Annual reports, audited financial reports, and grant applications, grantee narrative reports, and other financial records. Complied by the author.
The fiscal year of Arena Stage before 1959-60 covers the period between 1 September and 31 August, and after 1960-61, 1 July and 30 June. The data do not include the income related to building construction and renovation, the Ford Foundation's Cash Reserve Program grants, or endowment funds. Grants and contributions for the Living Stage, an outreach arm of Arena Stage since 1966-67, are not included in contributed income. For the 1960-61season's contributed income, consistent data is not available due to the operational change. The sharp drop in earned income in the 1976-77 season is due to the change in accounting practice and does not signify the actual decrease. See also Chart 3.A.1.

and contributed income.[20] The earned income consists of all the income gained from usual theatre operations: subscription ticket income, single and student ticket income, interest and endowment income, income from subsidiary rights, concessions, rentals, and other income from fee-based tours and special programs. The contributed income includes funds and grants from governments, foundations, corporations, individuals, and proceeds from fundraising events, membership organizations, and affiliated organizations. The chart demonstrates that the period between the late 1960s and the early 1970s was an exceptional period when the percentage of contributed income increased steadily. Therefore, it is very likely that regional theatres became less dependent on earned income in the late 1960s. This independence opened up the new possibility of producing new plays, which had previously not been financially viable.

It might be necessary to look into the details of each regional theatre's finance further to demonstrate what part foundations and governments played in enabling regional theatres to produce new plays. For this chapter, however, it will be sufficient to refer briefly to the case of Arena Stage as an example. Chart 2.4 shows earned and contributed income as a percentage of the total expenses for Arena Stage from the 1956-57 to 1984-85. Arena Stage was initially operated as a profit-making organization, selling bonds to supporters before incorporating as nonprofit in 1959.[21] The table shows that, as foundation grants started to flow into Arena Stage in the late 1960s, the finances

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[20] It should be noted that these two categories did not exist until around 1965-67, which will be discussed in Chapter 4. Before then, there was neither the concept nor the possibility of a theatre having what is now called contributed income. What is now called earned income was the only income category at that time. However, to review the long-term development of regional theatre's financial conditions, these categories are applied retroactively to the data during the period prior to 1965-67 in the charts in Chapters 2, 3, and 4.

[21] See Chapter 3 for the details.

of the theatre solidified into a structure that depended on contributed income for about thirty percent of its expenses. Therefore, it is very likely that Arena Stage was more ready to produce new plays in the late 1960s than at the beginning of the 1960s. It was under this condition that a new play, *The Great White Hope,* was premiered at Arena Stage.

2-2-3. Turning Point of the Late 1960s: *The Great White Hope*

The Great White Hope was staged during Arena Stage's 1967-68 season after a long collaboration between Howard Sackler, the author of the play, and Zelda Fichandler, one of the founders of Arena Stage.[22] It began in the 1965-66 season, when Arena Stage presented a short play by Sackler, *Mr. Welk and Jersey Jim,* as a part of the main stage program with two other short plays. The play was written and staged as part of the Ford Foundation's grant program to support novelists and designers to collaborate with regional theatre directors.[23] During that season, Fichandler was first shown a draft of *The Great White Hope* by Sackler, and for several years afterwards, she worked with the author on a considerable revision. When the theatre secured the grant from the NEA, they planned to produce the play during the 1967-68 season.[24] The play depicts the life of a young African-American boxer in blank verse and its production incorporated many

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[22] Laurence Maslon, *The Arena Adventure: The First Forty Years* (Washington D.C.: Arena Stage, 1991), 38-39.

[23] "News from the Ford Foundation," press release, 2 October 1964, Ford Foundation Archives; Letter from Norman MacLeod, Assistant to Treasurer, Ford Foundation, to Mrs. Zelda Fichandler, 4 May 1965; Letter from Thomas Fichandler to Mr. Joseph M. McDaniel, Jr., Secretary, Ford Foundation, 4 August 1967, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

[24] "Minutes of the Meeting of the Board of Trustees, Washington Drama Society, Inc.," 12 December 1966; 4 April 1967, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

African-American actors. Considering that the majority of regional theatre audience was, and has been, the white middle class people, staging such a play was challenging for Arena Stage. Moreover, when staged, the play required a huge cast of 63, more than 20 scene changes, and more than 250 costumes.[25] Therefore, it was very likely that mounting a play of such content and form was not only challenging artistically and technically, but also financially. Especially because Arena Stage lost $50,000 on the production when it closed,[26] the production of *The Great White Hope* would not have been possible without the grants from the Ford Foundation and the NEA.

This availability of outside funds seemed to enable many regional theatres to stage new plays more frequently than before, but it also produced a somehow unexpected result. Arena Stage's production of *The Great White Hope* was transferred to Broadway by a commercial theatre producer who secured its rights. The production opened with the same cast under the same director at the Alvin Theatre on 3 October 1968 and became a huge success, running for 556 performances and later winning the Tony Award and the Pulitzer Prize for Drama.

The success of *The Great White Hope* on Broadway might not have been a total surprise to Arena Stage considering the amount of effort, energy, and resources Arena Stage and Zelda Fichandler put into the production. Arena Stage auditioned the actors in New York City just for this play and invited New York critics to review the play. In this sense, there might have been some ambition on Arena Stage's part to show mainstream theatre proper that a regional theatre was capable of producing a new and interesting play. However, considering Zeigler's statement that "a bitter and mutually incriminating

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[25] Maslon, 38.

[26] Zelda Fichandler, "Theatres of Institutions?" *Theatre 3* (1970): 106.

controversy raged for several weeks"[27] between Arena Stage and the author about Arena Stage's financial take from the Broadway run, the practicalities of its move to Broadway seems to have been unexpected by the Arena Stage management. The transfer did not bring money to Arena Stage but inflicted damage by taking the original cast and director to Broadway and disbanding the loosely knit company that had formed around Arena Stage's productions over the years.[28]

Even before *The Great White Hope*, some plays staged by regional theatres had been transferred successfully to Broadway via regional theatres. For example, in the 1957-58 season, Arena Stage transferred *Summer of the Seventeenth Doll* to Broadway.[29] The successes of these plays, however, never matched the success of *The Great White Hope*. With the sheer amount of money involved, and the influence it exerted on the entire regional theatre sector, the success of *The Great White Hope* on Broadway surpassed other Broadway transfers previously done by regional theatres. Both critics and practitioners of regional theatres agree that the transfer of *The Great White Hope* was a major turning point in the history of the regional theatre movement.[30] It was the turning point in the sense that it changed the relationship between regional theatres and Broadway. After *The Great White Hope,* the relationship between the two sectors had completely changed to the extent that the trend could no longer be reversed.

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[27] Zeigler, 195.

[28] Zelda Fichandler, "Theatres of Institutions?": 107.

[29] The profit was recorded in its financial statement. See Arena Enterprises, Inc., "Statement of Operation, Fiscal Year 1957 and 1958," Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

[30] Zeigler, 193; Gerald M. Berkowitz, *New Broadways, Theatre Across America: Approaching a New Millennium* (New York: Applause, 1997), 202.

2-2-4. *The Great White Hope*'s Impact on the Regional Theatre Sector

What did this event mean to regional theatres and Broadway theatres, and how did it establish an irreversible trend? First, the success of *The Great White Hope* meant for regional theatres that even they could receive national recognition by producing new plays and even, in the future, garner a financial reward.[31] As stated above, the number of new plays staged in regional theatres mounted in the late 1960s (see Charts 2.1 and 2.2). Although it might be premature to conclude that the increase was directly triggered by the success of *The Great White Hope* on Broadway in the 1968-69 season, its advent on Broadway certainly made an impact on the regional theatre sector for years to come. Considering that not all regional theatres obtained grants for producing new plays as Arena Stage did, the success of *The Great White Hope* on Broadway, together with the available outside fund for producing new plays, must have promoted the surge in the number of new plays in regional theatres in the late 1960s.

It was around this time that critics started to voice an objection against the trend, stating that regional theatres were losing their artistic integrity and selling out to commercialism. In 1970, Martin Gottfried wrote, "These theaters are now starting to think in terms of Broadway potential. Once proud that professional theater could exist outside of New York, they now look for a piece of the action. Once scornful of 'the

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[31] In the case of *The Great White Hope*, Arena Stage received neither any financial profit from the run nor any program credits. This reminded many regional theatres of the necessity of prearranging with playwrights for possible future profits when they produce new plays. In the 1990s, some regional theatres even started to mount productions by themselves on Broadway. For the details of regional theatres' various arrangements with Broadway producers, see Joni Maya Cherbo, "Creative Synergy: Commercial and Not-for-profit Live Theater in America," *The Journal of Arts Management, Law, and Society* 28, vol.2 (Summer 1988): 129-143.

Broadway marketplace,' they now see the advantages of selling there."[32] On similar lines, the journal *Theater* featured the "new 'conservatism' in regional theatres" in 1979. In an article in this issue, Rustom Bharucha pointed out regional theatres' changing attitude toward commercial Broadway theatres. He concluded that the very term "alternative," once associated with the regional theatre movement, was no longer as clear as had been:

> One of the most problematic words in the lexicon of the American regional theater is "alternative." Until a few years ago, it related to something very specific: the regional theater was an "alternative" to the values and pressures of the commercial theater. … The problem with the regional theater is that it is no longer sure what it is an "alternative" to. The distinctions between "commercial theater" and "non-profit theater" have blurred….[33]

By this year, it seems that the practice of transferring plays from regional theatres to Broadway theatres had become not uncommon among regional theatres. When the second national conference for nonprofit theatres was held by the Theatre Communications Group in 1978 in Princeton, one of the topics discussed was whether nonprofit theatres, including regional theatres, should create a special unified fund to move productions to Broadway to protect them from losing their artistic control. It was recorded as one of thirteen recommendations that emerged from the debate: "The investigation of the viability of a non-commercial fund to permit nonprofit theatres to maintain control of and

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[32] Martin Gottfried, "What Shall It Profit a Theater If…?" *New York Times*, 23 August 1970, D3.

[33] Rustom Bharucha, "Anatomy of the Regional Theater," *Theater* 10, vol.3 (Summer 1979): 10.

TABLE 2.3:
Number of Broadway Productions with Regional Theatre Credits:
from 1971-72 to 2000-01

Season	Number of productions	Number of productions that lasted for less than one month	"Total flop" rate	Season	Number of productions	Number of productions that lasted for less than one month	"Total flop" rate	Season	Number of productions	Number of productions that lasted for less than one month	"Total flop" rate
1971-72	2	1	50%	1981-82	11	4	36%	1991-92	6	0	0%
1972-73	2	1	50%	1982-83	11	3	27%	1992-93	7	2	29%
1973-74	0	0	−	1983-84	7	4	57%	1993-94	6	3	50%
1974-75	3	1	33%	1984-85	11	7	64%	1994-95	6	3	50%
1975-76	9	4	44%	1985-86	6	1	17%	1995-96	8	3	38%
1976-77	8	2	25%	1986-87	7	3	43%	1996-97	8	0	0%
1977-78	5	4	80%	1987-88	10	2	20%	1997-98	6	0	0%
1978-79	10	5	50%	1988-89	12	3	25%	1998-99	10	3	30%
1979-80	12	2	17%	1989-90	9	2	22%	1999-00	9	1	11%
1980-81	6	2	33%	1990-91	7	1	14%	2000-01	6	0	0%

Sources: *Theatre Profiles 1-12* and the Internet Broadway Database (URL: http://www.IBDB.com.). Complied by the author.

participate in work that is transferred."[34] Although such a unified attempt never materialized, the discussion indicates that the question became more "how" than "whether" to deal with Broadway commercial theatres and producers. Therefore, by the end of the 1970s, the question of how to cooperate with Broadway became recognized as one of the shared topics among regional theatres rather than being isolated cases for a small number of regional theatres.

It is wrong, however, to assume, as some critics did, that regional theatres' growing ties with Broadway were motivated solely by the prospect of possible financial gain on Broadway. For example, according to the survey of the fiscal year 1980, total expenses of thirteen nonprofit theatres were about $54 million, but their royalty income totaled only $138,464.[35] Some regional theatres such as the Yale Repertory Theatre (est. 1966 in New Haven) and the Mark Taper Forum have steady track records of sending their plays to Broadway. But the chances to break even on Broadway are generally so low that it would be unreasonable for most regional theatres to produce new plays and transfer them to Broadway for the sole purpose of increasing their revenue. Table 2.3 roughly calculates the odds of transferred plays on Broadway from 1971-72 to 2000-01. The second, sixth and tenth columns of the table show the number of Broadway productions that listed the name of regional theatres as either an originator ("Originally produced by," "World premier by," "Developed at") or one of the producers ("Produced by," "Produced in

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[34] Arthur Ballet "Wrap-Up," in *Report: Second National Working Conference, Theatre Communications Group, Princeton, New Jersey, June 9-13, 1978*, eds. Arthur Ballet and Lindy Zeisch (New York: Theatre Communications Group 1978), 112.

[35] Theatre Communications Group, *Theatre Facts 80* (New York: Theatre Communications Group, 1981): 23, 37.

association with") in their program credits.[36] The third, seventh, and eleventh columns in the table show the number of "total flops," which is the number of the productions among the preceding columns that were performed for less than one month. It shows that the "total flop" rate of regional theatre originated plays is generally high, although it has improved in recent seasons. This problem will be revisited below, but suffice it to say that most of the productions originated in regional theatres did not make an actual profit on Broadway.

2-2-5. *The Great White Hope*'s Impact on the Broadway Theatre Sector

On the other hand, what did the critical and commercial success of *The Great White Hope* on Broadway mean to the Broadway theatre proper? Its success seems to have directed many Broadway producers' attention to the formerly unknown territory called the regional theatre sector. Already around the early 1960s, national newspapers and magazines started to feature regional theatres spawning around the country as a new, booming cultural trend,[37] but the number of theatre writers and critics who actually saw regional theatre productions remained very few.[38] The Guthrie Theater became the first regional theatre to tour to New York City when it opened *The House of Atreus* and *The*

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[36] The practice of transferring plays from regional theatres to Broadway theatres started in the late 1960s, but it seems that the practice of crediting regional theatres that have some financial take in Broadway productions did not become commonplace until the mid-1970s. The table thus omits the seasons before 1971-72. Broadway productions having more than one regional theatre credit are counted only once.

[37] See, for instance, "The Rise of Rep," *Time*, 14 February 1964, 54, 61; Sandra Schmidt, "Spotlight on U.S. Stages," *Christian Science Monitor*, 9 July 1964.

[38] In 1966, Julius Novick travelled around the country to review plays done by regional theatres and his articles appeared in *The Nation*. Until then, except for a few special openings, national press rarely covered regional theatre productions. See Julius Novick, "Touring the Hinterland," *The Nation*, 23 May 1966.

Resistible Rise of Arturo Ui at the Billy Rose Theatre in December 1968.[39] It was later in the 1969-70 season when the American National Theatre and Academy (ANTA) invited regional theatres to its Broadway theatre for a limited run.[40] After the success of *The Great White Hope* on Broadway, many Broadway producers discovered that regional theatres were capable of producing plays that could not only meet Broadway standards, but also appeal to mainstream audiences on Broadway.

Chart 2.5, compiled from *Variety*, shows the number of Broadway productions by their origins from 1963-64 to 1982-83. It illustrates that the number of "Broadway Self-generated plays," the plays staged from scratch on Broadway, declined, while the number of "Nonprofit Transfers," the Broadway productions initially staged on nonprofit theatres and transferred to Broadway, increased after the success of *The Great White Hope* on Broadway in the 1968-69 season. Chart 2.6 shows the percentage breakdown of Chart 2.5's data and demonstrates the same trend. The percentage share of the Broadway productions that originated in nonprofit theatres, including many regional theatres, rose, and, by the end of the 1970s, about one third of the productions mounted on Broadway originated in nonprofit theatres. Broadway, once itself a dominant generator of its own shows, began to be eclipsed by productions from other sources, especially nonprofit theatres.

Although the number of the nonprofit transfers seems to have stagnated in the late 1970s, the nonprofit transfers as a percentage of the entire Broadway shows continued to rise, as the total number of productions opening on Broadway declined. Since the number

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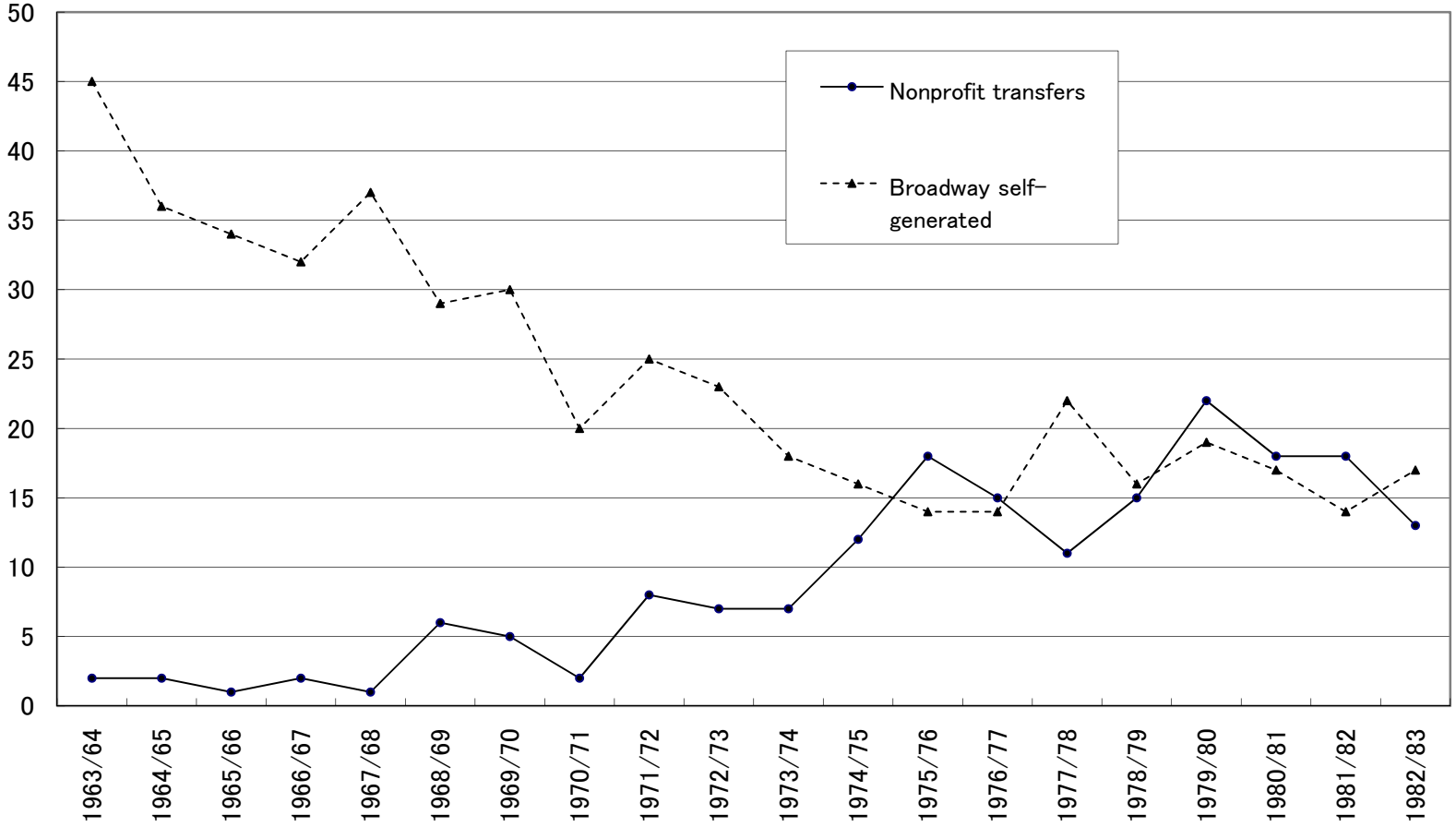
[39] Zeigler, 219.

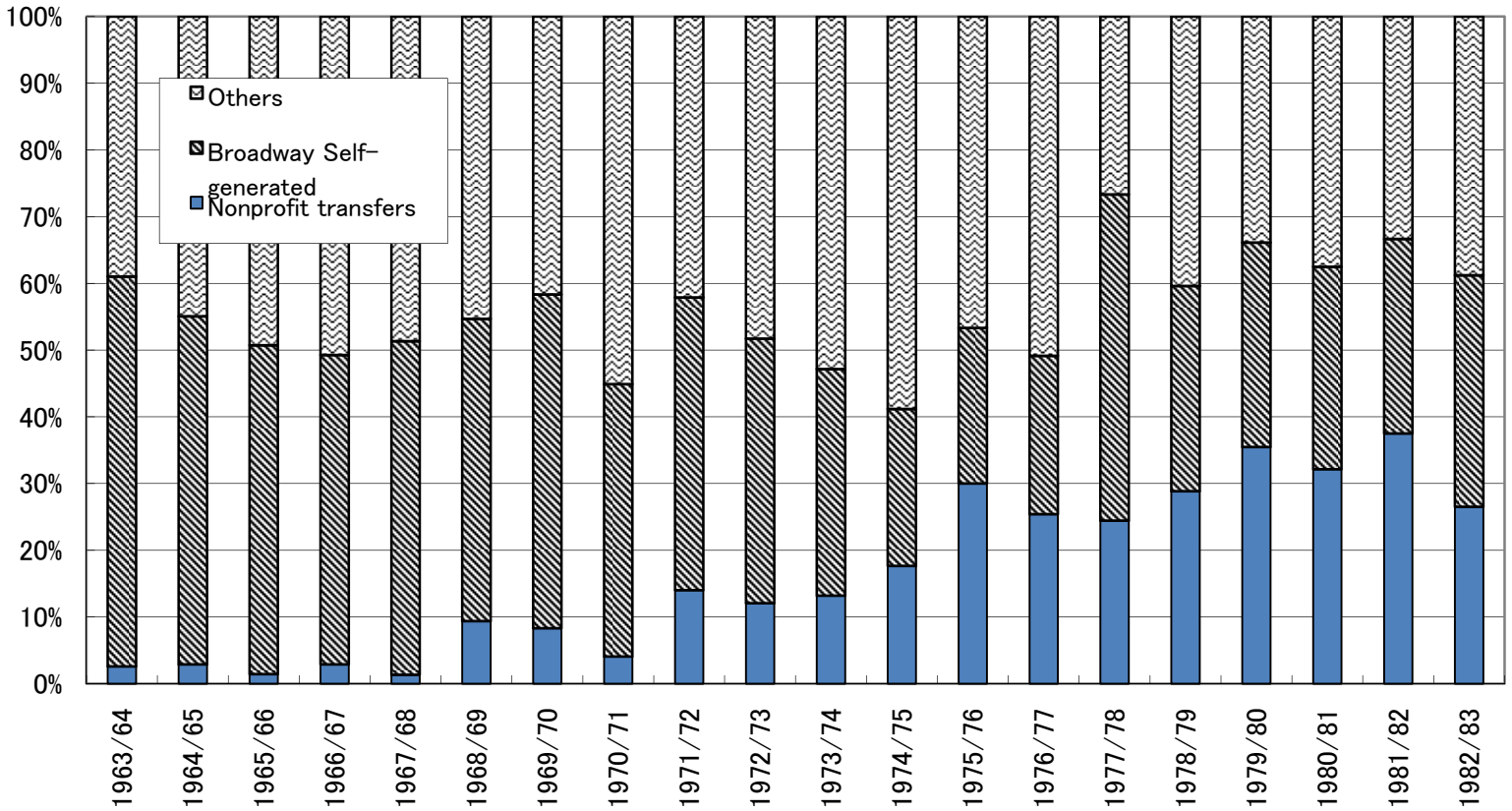
[40] *Annual Report 1969, National Endowment for the Arts and National Council on the Arts* (Washington, D.C.: U.S. Government Printing Office, 1970), 35.

CHART 2.5:
Number of Broadway Productions by Origin:
from 1963-64 to 1982-83



Source: *Variety* 11 January 1984. Compiled by the author.

Chart 2.6:
Percentage Breakdown of Broadway Productions by Origin:
from 1963-64 to 1982-83



Source: *Variety* 11 January 1984. Compiled by the author.

of theatre facilities available on Broadway was very limited compared to the number of nonprofit theatre organizations across the country, one third of all Broadway productions totaled less than twenty-two productions (See Charts 2.5 and 2.6). Despite the low figures, it is certain from the tables that, after the production of *The Great White Hope* on Broadway, plays first staged by nonprofit theatres, including regional theatres, had become a valuable source for Broadway productions.

When regional theatres were staging well known classics and restaging Broadway and Off-Broadway plays, they might mean nothing to Broadway producers. However, once they started producing new plays, they were regarded as hunting grounds by Broadway producers searching for future Broadway hits or for tryout venues to mount and test bound-for-Broadway productions. It was observed in a comment accompanying the above *Variety* data:

> The crunching effect of inflation on production and operating costs, steady attrition within the ranks of fulltime Broadway producers[,] and the alarming decline in new plays and musicals capable of satisfying mass audiences made the nonprofit terrain attractive both as a shopping center and a seedbed.[41]

Although written in the mid-1980s in reference to nonprofit theatres in general, when the practice of nonprofit transfers became more the norm, the statement suggests the extent to which Broadway producers considered new plays staged by regional theatres as valuable "properties."

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[41] Richard Hummler, "Nonprofit Product Outpaces B'way's Own," *Variety*, 11 January 1984, 262.

2-2-6. Summary

The increase in contributed income and the success of *The Great White Hope* played a significant part in the sharp increase in the number of new plays in regional theatres in the late 1960s. By the end of the 1970s, the steady flow of new plays from regional theatres to Broadway was established, although the actual number of plays transferred was very limited. In this way, regional theatres, initially indifferent to or disgusted by Broadway commercialism, began to associate with Broadway theatre producers, who saw commercial potential in them.

2-3. Plays Flowing into Regional Theatres from Broadway Theatres

Concurrently, a reverse flow of plays from Broadway to regional theatre sectors was beginning. This section examines the trend of plays flowing into regional theatres from Broadway theatres.

2-3-1. Popular Repertories since the Late 1970s: Original Plays by Regional Theatres

Table 2.4 lists the ten most frequently staged plays in regional theatres every two seasons from the 1973-75 to the 1993-95 seasons.[42] The plays are color-coded by the

[42] In Tables 2.4 and 2.5, each column stands for each two seasons. For example, the 1973-75 seasons span the 1973-74 and the 1974-75 seasons.

TABLE 2.4: The Ten Most Frequently Staged Plays in Regional Theatres: from 1973-75 to 1993-95 (by Origin)
Pulitzer Prize and Tony Award-winning plays are in italics.

1973–75	1975–77	1977–79	1979–81	1981–83	1983–85	1985–87	1987–89	1989–91	1991–93	1993–95	
The Hot I Baltimore	Vanities	A Christmas Carol	A Christmas Carol	A Christmas Carol	A Christmas Carol	A Christmas Carol	A Christmas Carol	A Christmas Carol	A Christmas Carol	A Christmas Carol	
A Midsummer Night's Dream	The Last Meeting of the Knights of the White Magnolia	*The Shadow Box*	On Golden Pond	*Talley's Folly*	The Dining Room	The Foreigner	*I'm Not Rappaport*	*Fences*	Lend Me a Tenor	*Dancing at Lughnasa*	
Twelfth Night	A Midsummer Night's Dream	Vanities	Twelfth Night	*The Gin Game*	True West	*The Real Thing*	Steel Magnolias	*Driving Miss Daisy*	Shirley Valentine	Oleanna	
The Seagull	A Christmas Carol	The Runner Stumbles	Talley's Folly	Tintypes	*Crimes of the Heart*	Orphans	Noises Off	The Boys Next Door	Other People's Money	Keely and Du	
The Taming of the Shrew	Of Mice and Men	As You Like It	A Midsummer Night's Dream	Mass Appeal	Master Harold …and the Boys	Painting Churches	On the Verge or The Geography of Yearning	Speed-the-Plow	Love Letters	Someone Who'll Watch Over Me	
That Championship Season	Private Lives	Tartuffe	*Buried Child*	A Lesson from Aloes	A Midsummer Night's Dream	Brighton Beach Memoirs	*Biloxi Blues*	Twelfth Night	A Midsummer Night's Dream	*Lost in Yonkers*	Broadway
Inherit the Wind	A Streetcar Named Desire	A Midsummer Night's Dream	The Glass Menagerie	The Dining Room	*Amadeus*	Greater Tuna	The Colored Museum	A Midsummer Night's Dream	Lips Together, Teeth Apart	Macbeth	Off-Broadway
Our Town	Hamlet	Hamlet	Romeo and Juliet	Tartuffe	Mass Appeal	*Glengarry Glen Ross*	The Road to Mecca	The Mystery of Irma Vep	Prelude to a Kiss	Romeo and Juliet	Regional Theatres
Born Yesterday	The Glass Menagerie	Twelfth Night	Side by Side by Sondheim	Home	Cloud 9	Little Shop of Horrors	The Mystery of Irma Vep	Other People's Money	Twelfth Night	Death and the Maiden	The U.K.
Hamlet	Much Ado About Nothing	Private Lives	Getting Out	The Glass Menagerie	*'night Mother*	Master Harold …and the boys	The Nerd	A Walk in the Woods	The Cocktail Hour	Hamlet	Classics
The Tempest	Scapino	The Taming of the Shrew	Macbeth			Quilters	Pump Boys and Dinettes		I Hate Hamlet	Marvin's Room	Others

Sources: *Theatre Profiles 1-12, The Best Plays*, and the Internet Broadway Database (URL: http://www.IBDB.com.). Compiled by the author. See also footnote 42.

TABLE 2.5: The Ten Most Frequently Staged Plays in Regional Theatres: from 1973-75 to 1993-95

(by Broadway or Off-Broadway Performance Record) Pulitzer Prize and Tony Award-winning plays are in italics. Broadway hit plays in *Variety*'s annual estimate are in bold.

1973–75	1975–77	1977–79	1979–81	1981–83	1983–85	1985–87	1987–89	1989–91	1991–93	1993–95
The Hot I Baltimore	Vanities	A Christmas Carol	A Christmas Carol	A Christmas Carol	A Christmas Carol	A Christmas Carol	A Christmas Carol	A Christmas Carol	A Christmas Carol	A Christmas Carol
A Midsummer Night's Dream	The Last Meeting of the Knights of the White Magnolia	*The Shadow Box*	On Golden Pond	*Talley's Folly*	The Dining Room	The Foreigner	***I'm Not Rappaport***	*Fences*	Lend Me a Tenor	***Dancing at Lughnasa***
Twelfth Night	A Midsummer Night's Dream	Vanities	Twelfth Night	***The Gin Game***	True West	***The Real Thing***	Steel Magnolias	*Driving Miss Daisy*	Shirley Valentine	Oleanna
The Seagull	A Christmas Carol	The Runner Stumbles	Talley's Folly	Tintypes	***Crimes of the Heart***	Orphans	**Noises Off**	The Boys Next Door	Other People's Money	Keely and Du
The Taming of the Shrew	Of Mice and Men	As You Like It	A Midsummer Night's Dream	Mass Appeal	Master Harold···and the Boys	Painting Churches	On the Verge or The Geography of Yearning	**Speed-the-Plow**	**Love Letters**	Someone Who'll Watch Over Me
That Championship Season	Private Lives	Tartuffe	*Buried Child*	**A Lesson from Aloes**	A Midsummer Night's Dream	**Brighton Beach Memoirs**	***Biloxi Blues***	Twelfth Night	A Midsummer Night's Dream	***Lost in Yonkers***
Inherit the Wind	A Streetcar Named Desire	A Midsummer Night's Dream	The Glass Menagerie	The Dining Room	***Amadeus***	Greater Tuna	The Colored Museum	A Midsummer Night's Dream	Lips Together, Teeth Apart	Macbeth
Our Town	Hamlet	Hamlet	Romeo and Juliet	Tartuffe	Mass Appeal	*Glengarry Glen Ross*	The Road to Mecca	The Mystery of Irma Vep	Prelude to a Kiss	Romeo and Juliet
Born Yesterday	The Glass Menagerie	Twelfth Night	**Side by Side by Sondheim**	Home	Cloud 9	Little Shop of Horrors	The Mystery of Irma Vep	Other People's Money	Twelfth Night	**Death and the Maiden**
Hamlet	Much Ado About Nothing	Private Lives	Getting Out	The Glass Menagerie	*'night Mother*	Master Harold···and the boys	The Nerd	A Walk in the Woods	The Cocktail Hour	Hamlet
The Tempest	Scapino	The Taming of the Shrew	Macbeth			Quilters	Pump Boys and Dinettes		I Hate Hamlet	Marvin's Room

Broadway
Off-Broadway
Others

Sources: *Theatre Profiles 1-12, The Best Plays*, and the Internet Broadway Database (URL: http://www.IBDB.com.). Compiled by the author. See also footnote 42.

place where they were originated: Broadway,[43] Off-Broadway,[44] Regional Theatre, the U.K., and Others. If the plays were written or first performed more than fifty years before the production, they are classified as "Classics" regardless of their origins.

It is immediately noted that *A Christmas Carol* has kept the first place since 1977-79 because the play secured a regular slot in the holiday season in the majority of regional theatre repertories. It was based on the novel by Charles Dickens more than a century ago, but it is categorized with "Others" because many regional theatres adapted it differently. Besides its prominence, it should be noted that, in the 1970s, the ten most frequently staged plays mostly consisted of "Classics," as examined in Section 2-2-1 of this chapter. *Twelfth Night, A Midsummer Night's Dream,* and *Hamlet* were popular in repertories.

After the late 1970s, however, plays first produced at least fifty years previously began to be outnumbered by plays premiered in regional theatres. They become ranked in the top ten about two to six seasons after they were premiered in regional theatres. For example, the play ranked second during 1975-77 in Table 2.4, *The Last Meeting of the Knights of the White Magnolia* by Preston Jones, was staged by ten regional theatres[45]

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[43] The definition and the scope of Broadway theatres in this study follow the definition of *Variety.* It includes both commercial and nonprofit theatre operations eligible for the annual Tony Awards unless otherwise specified. Touring productions (limited engagements) of regional theatres in Tony-eligible Broadway theatres are omitted. Note that the definition of Broadway is different from that of the Actors' Equity Association (using the Production Contract) and the legal definition of commercial theatres (non-tax exempt theatres in opposition to tax-exempt nonprofit theatres by federal and state regulations). However, any plays performed in the main stage of the Lincoln Center Theatre before Joseph Papp resigned in 1977 are not regarded as Broadway shows due to their historical context.

[44] The definition of Off-Broadway theatres and productions in this study is taken from the annual list of "Season Off Broadway" in *The Best Plays*.

[45] They are the Actor's Theatre of Louisville (est. 1964 in Louisville, KY), the Alley Theatre, the

after it first premiered in one of the major regional theatres, the Dallas Theatre Center (est. 1959) during the 1973-74 season. Similarly, the play *True West* by Sam Shepard, which is in the third place during 1983-85 in Table 2.4, was chosen by eighteen regional theatres for their seasons[46] after it first premiered at the Magic Theatre (est. 1967 in San Francisco) during the 1979-80 season. The play ranked second in 1989-91 in Table 2.4, *Fences* by August Wilson, was first premiered in the Yale Repertory Theatre during the 1983-84 season and was later produced in twenty-eight regional theatres across the country, ranging from Arizona Theatre Company (est. 1967) to the Milwaukee Repertory Theater, during 1989-91.[47] Although these theatres chose the same plays in their repertories within the same two-season period, they produced them independently, hiring different directors, designers, and actors for their productions. In most cases, the only thing regional theatres shared was a play script itself. Co-producing a play by sharing the creative staff and costs with each other did not become common until well into the 1980s, and only a small number of regional theatres usually participated in it.

Alliance Theatre Company (est. 1969 in Atlanta), the Cleveland Playhouse (est.1915), the Cricket Theatre (est. 1970 in Minneapolis), the Goodman Theatre (est. 1925 in Chicago), the Indiana Repertory Theatre (est. 1972), the Missouri Repertory Theatre (est. 1964), the Old Globe Theatre (est. 1937 in San Diego), and the Seattle Repertory Theatre. Theatre Communications Group, *Theatre Profiles 3* (New York: Theatre Communications Group, 1977).

[46] They are A Contemporary Theatre (est. 1965 in Seattle), the Actor's Theatre of Louisville, the Alley Theatre, the Alliance Theatre Company, the Attic Theatre (est. 1975 in Detroit), Cincinnati Playhouse in the Park, the Florida Studio Theatre (est. 1973), the George Street Playhouse (est. 1974 in New Brunswick, NJ), the Hippodrome State Theatre (est. 1973 in Gainesville, FL), L.A. Stage Company (est. 1980), Missouri Repertory Theatre, New Stage Theatre (est. 1966 in Jackson, MS), Pennsylvania Stage Company (est. 1977), Perseverance Theatre (est. 1979 in Douglas, AK), the Philadelphia Company (est. 1974), the Repertory Theatre of St. Louis (est. 1966), StageWest (est. 1967 in Springfield, MA), and Virginia Stage Company (est. 1979 in Norfolk, VA). Theatre Communications Group, *Theatre Profiles 7* (New York: Theatre Communications Group, 1986).

[47] Theatre Communications Group, *Theatre Profiles 10* (New York: Theatre Communications Group, 1989).

This means that many regional theatres, initially dependent on well-known classics, started to stage plays that other regional theatres had originated more frequently in the late 1970s. It appears from the table that they became the popular fare in many regional theatres' repertories by the 1980s, as the regional theatre sector as a whole matured and established itself as a cohesive artistic force. Some regional theatres were both artistically and financially capable of discovering and producing new plays of their own, and other regional theatres followed suit, sharing both those plays in their repertories and artistic taste to some extent. The regional theatre sector, initially dependent on classic plays, seems to have become a self-perpetuating artistic force by producing new plays of their own and sharing them with each other. Once a stolid preserver of the history, regional theatres across the country appear to have become vital forces for the creativity of American theatre culture, fleshing out new plays and even contributing to the artistic health of the Broadway theatre sector.

2-3-2. Popular Repertories since the Late 1970s: Broadway and Off-Broadway Hits in Regional Theatres

However, if we look further into details, the overall picture is not that of just celebrating regional theatre sector's uniqueness. Although many regional theatres started producing new plays and sharing them with other regional theatres from the late 1970s, these plays were not moving between regional theatres directly but *via* Broadway or Off-Broadway.

Table 2.5 repeats the data in Table 2.4, but with different color-coding. This time, the plays are colored according to recent Broadway or Off-Broadway performance records. If the play was performed on Broadway within the previous five seasons, it is

coded as a "Broadway" play. If the play was staged at an Off-Broadway theatre or by an Off-Broadway company within the previous five seasons, it is an "Off-Broadway" play. If the play was on or off Broadway more than six seasons before the regional theatre production, never reached New York City at all, or went on or off Broadway in a later season, it falls into the category of "Others." For example, *The Last Meeting of the Knights of the White Magnolia* in the 1975-77 column was staged neither in a Broadway nor an Off-Broadway theatre or by an Off-Broadway company during the previous five seasons, which are 1970-75. Therefore, it is classified as an "Other" play. On the other hand, *True West* in the 1983-85 column had a recent Off-Broadway performance record. Before the play was produced by eighteen regional theatres during 1983-85, it was staged at the Public Theatre during the 1980-81 season, which was three or four seasons earlier. Therefore, it is an "Off-Broadway" play. As for *Fences* in the 1989-91 column, it is categorized as a "Broadway" play. After premiered in the Yale Repertory Theatre during the 1984-85 season, it was performed on Broadway from the 1986-87 season and won the Pulitzer Prize and the Tony Award. It was during 1989-91, right after the play was closed on Broadway in the season 1988-89, that the play was produced at twenty-eight regional theatres.

Comparing Tables 2.4 and 2.5, it is possible to observe what happened to the flow of new plays from the regional theatre sector into the Broadway theatre sector. Special attention should be given to the fact that most of the "Regional Theatre" plays in Table 2.4 are classified as "Broadway" or "Off-Broadway" plays in Table 2.5. The three plays *Inherit the Wind* in 1973-75*, The Last Meeting of the Knights of the White Magnolia* in

1975-77, and *Keely and Du* in 1993-95 are the exceptions and categorized as "Others."[48] Except for them, the thirty-two plays that originated in regional theatres and are listed in the tables had been produced either at a Broadway or Off-Broadway theatre or by an Off-Broadway company right before they became the most popular repertories of the season among regional theatres. For example, *The Shadow Box* by Michael Cristofer in the 1977-79 column (originated at the Mark Taper Forum during the 1975-76 season) had a Broadway run during the 1976-78 seasons and won the Pulitzer Prize and the Tony Award. *The Gin Game* by D. L. Coburn in the 1981-83 column (had a professional premiere at the Actors Theatre of Louisville during the 1976-77 season) was performed on Broadway for the 1977-79 seasons and won the Pulitzer Prize. *The Foreigner* by Larry Shue in the 1985-87 column (premiered at the Milwaukee Repertory Theater in 1983) opened at the Astor Theatre off Broadway in the 1984-85 season and won the Outer Critics' Circle Award for the best play and production Off-Broadway. The plays listed in italics in Tables 2.4 and 2.5 won the Pulitzer Prize or the Tony Award within the previous five seasons. While these plays were originally nurtured and produced in regional theatres, it was only after they were transferred to or restaged in New York City that many regional theatres began to include them in their repertories. The popularity of these plays does not seem linked to their origins in regional theatres (only three of thirty-five went straight from one regional theatre to other regional theatres), but to their prestige as prize-winning hits from New York.

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[48] The three plays did not experience a Broadway or Off-Broadway run within the previous five seasons. *Inherit the Wind* had an early Broadway production in the 1954-55 season, *The Last Meeting of the Knights of the White Magnolia* was later staged on Broadway during the 1976-77 season, and *Keely and Du* has never been produced on or off Broadway so far.

2-3-3. Summary

Plays classified as “Regional Theatre” in Table 2.4 but as “Broadway” and “Off-Broadway” plays in Table 2.5 started to appear in the late 1970s and accounted for the majority of the list in the 1980s. These tables demonstrate that the flow of plays from Broadway or Off-Broadway to regional theatres began to take shape around the late 1970s and was established in the 1980s. Regional theatres, which initially preferred to stage classic plays, started to select plays for their repertories that had had a recent run on Broadway or in New York City. In this way, many other regional theatres, not just the few that transferred their plays to Broadway, began to keep a close eye on what was running at their fellow regional theatres and on and off Broadway theatres when choosing their repertories. As much as the Broadway theatre sector became dependent on the regional theatre sector for new materials, regional theatres started to rely on recent Broadway or New York plays for their season planning. It seems that by the early 1980s, both sectors were closely knitted together by the steady flow of plays between them.

This chain of events could also reflect a shift in audiences’ taste. In early years, regional theatres had to stage well-known plays to avoid alienating subscribers, but after the late 1970s, the theatres had to choose recent Broadway or New York plays to attract them. Then, why did the audience start to prefer recent Broadway or New York plays instead of tried and tested classics? One thing is clear: it cannot be explained by the surge in regional theatres’ contributing income in the late 1960s. As seen before, Chart 2.3 shows the temporary increase in contributed income as a percentage of expenses between the late 1960s and the early 1970s, but it leveled off and even decreased after the mid-1970s. This means that the flow of grants that initially helped to create some breathing space to mount new plays regardless of subscriber popularity in the late 1960s

was not forthcoming in the 1970s.[49] Therefore, it was not the grants that changed the repertories of regional theatres to Broadway-oriented, so the audiences must have. One possible explanation might be that the size of the audience had expanded considerably in the 1970s, and this changed the audience's taste to a more popular one. In fact, the 1970s was the period of physical and financial expansion for many regional theatres such as Arena Stage and the Alley Theatre, and, along this line, many built larger subscription audiences. Even regional theatres such as the Guthrie Theater and the Seattle Repertory Theatre, which had had large operational budgets from the beginning, had to attract subscribers with different and more popular repertories in the 1970s, as opposed to the original ideal of presenting classic plays.

To prove this point, the close examination of the individual cases as well as the overall trend in regional theatre subscribers might be necessary. In any case, the data show that many regional theatres were more inclined toward recent award-winning Broadway or New York plays when choosing their seasons in the late 1970s than they had been in the past, and that tendency might have fed into regional theatre audience's tastes and made their tastes more popular than before.

2-4. Conclusions and Further Questions

Thus far, regional theatres' growing relationship with Broadway theatres has been examined, with a focus on the changes in their repertories. The data shows that the two-way traffic of plays between the Broadway and the regional theatre sectors started to flow in the late 1960s and was consolidated by the early 1980s. As a result, regional theatres, together with Broadway theatres, established a nationwide network of producing

[49] See Chapter 4 for the details.

and distributing plays and placed themselves firmly within it.

Why did regional theatres begin to associate with Broadway in the first place? For regional theatres sending plays to Broadway, the reason does not seem to have been a purely financial one because financial gain from the transfer was minimal, if not nil, for most regional theatres (see Section 2-2-4). On the other hand, regional theatres that choose recent Broadway or Off-Broadway plays for their repertories might have assumed that the plays would attract larger audiences and help the box office financially. However, their decision also was not entirely based on financial reasoning. In Table 2.5, the plays classified as "hits" in *Variety*'s annual estimate, meaning productions that recoup the initial production and operating costs and to yield profits by the closing of the performance, are listed in bold. According to its estimate, twenty-four out of thirty-eight "Broadway" plays listed here were not financial "hits" when they were on Broadway. The plays like *Quilters* and *The Nerd* had only twenty and twenty-two day runs on Broadway, respectively, because of their unpopularity. It seems that the fact that a play was once seen in New York City or on Broadway rather than its financial success on Broadway mattered most to regional theatres.

Zeigler points out that regional theatres' desire to make their name on Broadway was "not so much as a financial hunger as a psychological one."[50] He claims that, by producing new plays, regional theatre practitioners had a desire to create something of historical importance in a national context to make their theatre and their work historically significant. His statement might reflect the feeling of the people working in regional theatres at that time, but the truth seemed to be less philosophical than that. Zeigler mostly analyzed the desire of theatre practitioners, but considering that so many

[50] Zeigler, 197.

regional theatres started to produce new plays, turned to the plays returned from New York City, and established a firm mechanism of circulating plays, the facts seem to testify that the notion of Broadway as a theatrical center was and still is held by regional theatre audiences and practitioners. After all, Broadway has been functioning as the ultimate authority to judge the theatrical taste in the United States since its inception. In fact, for regional theatres, actual financial merits gained from their close tie with Broadway were surprisingly small. What the regional theatre sector gained from its relationship with the Broadway theatre sector is a cachet of authority that the theatre activities on Broadway represent, and, in return, the Broadway theatre sector received artistic resources from regional theatres.

Once independent from Broadway, were regional theatres then completely assimilated into Broadway theatres' system of producing and distributing plays? The relationship between the two sectors was reciprocal; one was not subsumed into another. Also, this two-way traffic of plays between the sectors was very limited in terms of quantity. Not all the repertories or audiences of regional theatres were under the influence of Broadway values. In fact, among the most frequently produced plays in Tables 2.4 and 2.5, fewer than two plays showed up in the repertory of a typical regional theatre each season, and the majority of regional theatres had only a slim chance of transferring their plays to Broadway or New York City. Therefore, the common accusation that regional theatres became dependent on Broadway theatres and lost their artistic integrity is rather one-sided and does not reflect the true circumstances of their relationship.

It must be stressed that analysis of the data suggest that regional theatres, together with Broadway theatres, established a nationwide network of play-producing and distributing by circulating and sharing plays. Before the mid-1960s, each regional theatre

was isolated and had to produce its own plays all by itself. By the establishment of the national network, a regional theatre shared a pool of plays with Broadway and other fellow regional theatres. The pool of plays could not only help save the research and development costs of producing new plays, but also give the prestige of Broadway to their productions. It can be concluded that the nationwide network helped regional theatres to maintain their operations by making them part of the network and establishing them firmly in America's mainstream theatre culture together with Broadway.

Several questions are still unanswered, and two of them would need some further investigations. First, the flow of plays between two theatre sectors was examined, but there might have been a division of labor among regional theatres: one group of regional theatres that provided new plays to Broadway, and another that chose recent Broadway plays in their repertories. Some regional theatres may have belonged to both groups, but it is likely that most of them belonged to either group, or changed groups as they grew, which would need further investigation of individual cases.

Second, the establishment of a national network between the two sectors happened not just in the choosing of plays. Behind the change in repertories, there must be parallel organizational changes occurring at regional theatres in such matters as hiring policies of actors and staff members, managerial practices, and financial structures. To answer these questions, it would be necessary to further investigate these changes through case studies, which is beyond the purview of this study.

It would be suffice to conclude in this chapter that both the actual relationship and the possibility of forming a relationship between the regional theatre and the Broadway sectors started to form in the late 1960s and were consolidated by the 1980s. It is very likely that the flow of plays between two sectors and other flows of people (actors,

directors, and designers as well as executive staff) and information (management style and financial know-how) also helped to establish a nationwide network of producing and distributing plays, which enabled regional theatres to survive, as much as Broadway theatres.

At any rate, by using Broadway's authority rather than rejecting it, regional theatres incorporated themselves in a nationwide network of producing and distributing plays and established themselves firmly in America's mainstream theatre culture. In the following chapters, another major factor that has enabled regional theatres to sustain themselves for years will be examined: the relationship with the community within which each regional theatre is located.

CHAPTER 3
REGIONAL THEATRES' RELATIONSHIP WITH THEIR COMMUNITIES UNTIL THE MID-1960S:
REGIONAL THEATRES AS SELF-SUSTAINING THEATRES

3-1. Introduction

As shown in the previous chapter, the regional theatre sector forged a stable relationship with the Broadway theatre sector as it grew. Regional theatres, however, were not totally assimilated into the nationwide system of producing and distributing plays. They were different from the road houses presenting ready-made Broadway touring productions. Many regional theatres sent more new plays to Broadway and added more recent Broadway "hits" to their repertories than before, but most of their seasons consisted of other types of plays, such as *A Christmas Carol.* Today, it is true that regional theatres are not artistically and financially isolated in their respective regions any more, but instead closely connected to theatrical activities on Broadway and in New York City. They are, however, also closely connected with other fellow regional theatres, operating under a different set of principles from Broadway theatres and forming the separate sector called regional theatre.

Besides their Broadway connections, what factors has made regional theatres into sustainable ongoing organizations, as they stand now? The next two chapters look into what has made regional theatres "regional," that is, their relationship with the local communities. To pursue the above question further, individual cases of regional theatre operations will be examined. The following two chapters examine four regional theatres,

Arena Stage, the Guthrie Theater, the Seattle Repertory Theatre, and the Milwaukee Repertory Theater. This chapter covers the period until around the mid-1960s. The period between the mid-1960s and the early 1970s will be covered in Chapter 4.

3-2. Financial Structure of Regional Theatres

On what kind of financial structure do regional theatres rest today? Chart 3.1 shows the average percentage breakdown of twenty regional theatres' income in the 1995-96 season.[1] It shows that the largest income category is earned income (63.4%). The majority of it consists of the income from box office receipts. The second largest category is contributions from individuals (11.1%), coming from local citizens who usually are also the audience members. The third and fourth largest are contributions from corporations (8.6%) and foundations (5.9%). The majority of those corporations and foundations are local, based in the same communities as the theatres. As for government subsidies, their total only consists 5.3% of the entire income in aggregate.

Therefore, it is without question that today's regional theatre operations are sustained by sources that are both local and non-governmental, rather than national and governmental. Their incomes are mostly coming from local audience members, either in the form of ticket purchase or donation, and locally-based corporations and foundations.

This financial structure did not exist at all when regional theatres first began to be established around the country in the 1950s and the early 1960s. For example, Thomas Fichandler, then Executive Director of Arena Stage, described its early years:

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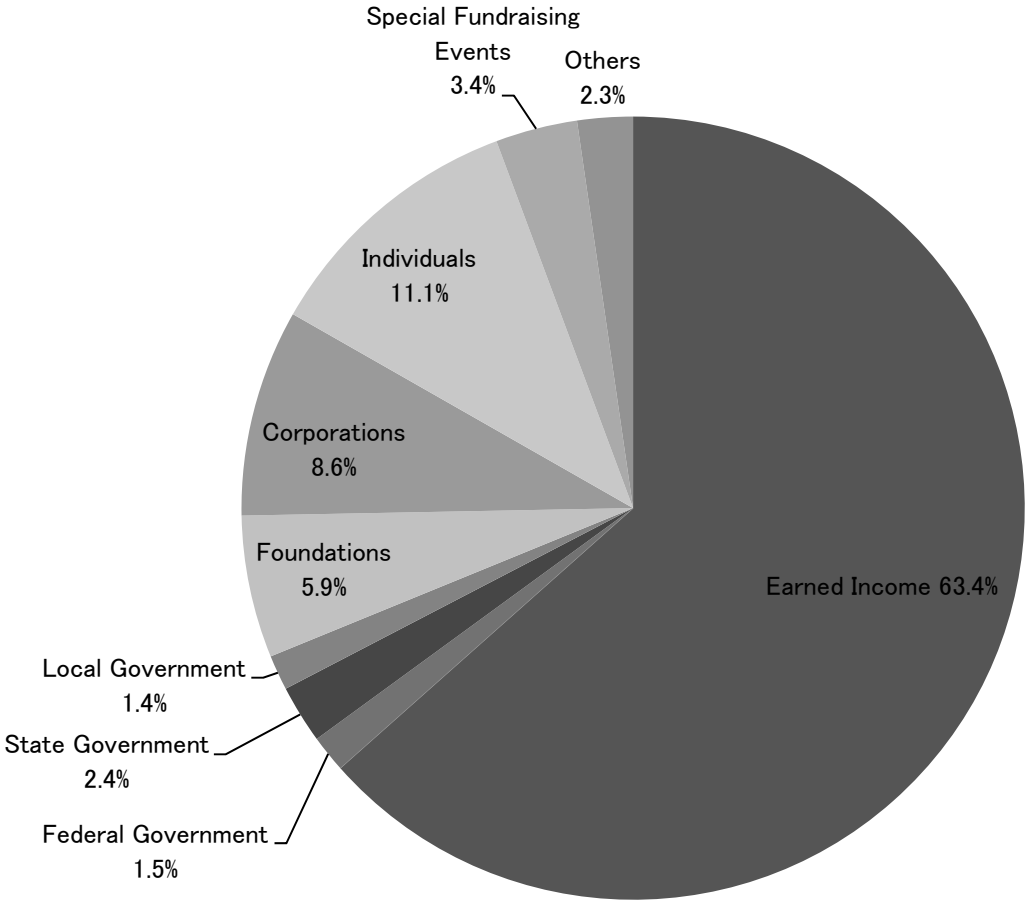
[1] A typical regional theatre season starts around August-October and ends around April-June. Therefore, in this study, one season approximately covers the period between the fall of the first year and the summer of the second year. For example, the season 1995-96 roughly covers the period between the fall of 1995 and the summer of 1996.

CHART 3.1: Income Breakdown of Twenty Regional Theatres: 1995-96



Source: *The 1996 TCG Fiscal Survey*. Compiled by the author.

> We started out not as a nonprofit but as a profit organization because no one would give us money back in 1949. So we sold stock; we even paid dividends. Of course, even then, in those days we were subsidized. We were subsidized indirectly by people working for very low salaries or none at all.[2]

It was not a common practice for individuals to make a donation to a theatre in the late 1940s, or even in the early 1960s. In most cases, the people who worked at the theatre were themselves financially supporting regional theatre operations. To them, their audiences were not supporters, but rather paying customers who had to be entertained by them. Ticket sales were the largest and almost the only income source the theatre could have. If a theatre did not have enough audience to cover its expenses, it could do nothing but fold.

Comparing Fichandler's statement with the figures in Chart 3.1, one will be surprised to learn how drastically the financial conditions of regional theatre in the United States have changed. A regional theatre then was "subsidized" by the people who owned and ran it; a regional theatre now is mostly supported by local and non-governmental sources and owned by the community. This change, however, did not happen overnight. Between then and now, regional theatres in the United States have experienced considerable changes in terms of theatre operation. Moreover, they have undergone the step-by-step process of discovering local support in their communities. Gradually they

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[2] Ben Cameron and James Lee, "Arena Stage: Interviews with Zelda Fichandler, David Chambers, and Thomas Fichandler," *Theater* 10, 3 (1979): 21.

established a financial structure based mostly on local non-governmental sources, which continues in most regional theatres today (see Chart 3.1).

How did that process happen, the process that enabled regional theatres to be fully established in local communities and to sustain their operations for so many years? The following two chapters introduce four regional theatres, different in their origins, sizes, and organizational structures, to examine that process. They are Arena Stage, the Guthrie Theater, the Seattle Repertory Theatre, and Milwaukee Repertory Theater. This chapter examines their operational history from their inception to the early 1960s, when the regional theatres' relationship with their communities was still in a preliminary stage. Chapter 4 examines the period after the mid-1960s to the early 1970s, when the above financial structures took shape, as their relationship with the communities started to change.

3-3. Regional Theatres as Self-sustaining Theatres: Three Backgrounds

Before moving to individual case studies, this section will focus on the general backgrounds that the four theatres shared between 1950 and the mid-1960s.

It was around the mid-1960s that the theatrical activities of several theatres scattered across the country began to be regarded as one movement and came into the national spotlight. Accordingly, there are very few data of a national scope on the financial condition of regional theatres prior to then. One set of rare data was gathered by Sandra Schmidt, who conducted research on theatres outside New York City in the 1960s. In *TDR*, she recorded some basic data covering the 1964-65 season. Under each theatre's name, her article arranges essential information including the length of the season, number of plays, theatre capacity, budget size, ticket price, and so on. Among such a data

set for each theatre, one single sentence following the budget size stood out. The following are some excerpts of that part:

> Actors Theatre
>
> ...*Budget*: $116,000; 60% of house breaks even…
>
> Actor's Workshop
>
> …*Budget*: $364,000; 50-55% of house breaks even…
>
> Alley Theatre
>
> …*Budget*: $219,713; 85% of house breaks even…
>
> Arena Stage
>
> …*Budget*: $450,000; 80% of house breaks even …[3]

It is shocking to see how meager the budgets the theatres operated with at that time were, but more than that, it seems strange in retrospect to see the phrase "break even" appearing among a set of basic data on regional theatre operations. Nowadays, unlike most theatres operating on Broadway, no one expects regional theatres to break even. As reviewed above, a typical regional theatre earns only about two thirds of its income from its operation, and the rest of its income comes from contributions and grants (see Chart 3.1). Why is such data on a break-even point included in Schmidt's survey?

In the following, we will examine the cases of the four regional theatres to demonstrate that, at least until the mid-1960s, there existed a generally accepted norm that most regional theatres could and should break even or sustain their operations almost

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[3] Excerpts from Sandra Schmidt, "The Regional Theatre: Some Statistics," *The Tulane Drama Review* 10, 1 (Autumn 1965): 50-61.

only through ticket sales. Some theatres succeeded in actually operating on a self-sustaining basis, without any funds other than those in the form of ticket sales. Some theatres could not make their ends meet with ticket sales and showed deficits. However, they also were expected to become self-sustaining in the long run. The founders and managers of regional theatres as well as the general public acted on the premise that regional theatres could and should be self-sustaining.

3-3-1. American Theatres as Profit-making Theatres

Why was such a premise shared at that time? There seem to be three different backgrounds that enabled it to prevail. The first is a historical one. Regional theatres in their early years of operations were expected to pay for themselves through their operations because that was the way a theatre had had to be for a long time in the United States. A majority of professional theatres until then had operated on a profit-making basis and expected to survive in the marketplace; if a theatre folded, it was seen as being not worth preserving.

In the history of the American theatre, there have been a few attempts to run a theatre outside marketplace restraints. The Little Theatre movement during the interwar period and the Federal Theatre Project during the New Deal era are cases in point. But these attempts remained the exception rather than the rule until the mid-1960s. Ever since theatre activities were centralized into New York City in the late nineteenth century and later on Broadway, the American theatre established a highly sophisticated and viable business model based on a high-risk, high-return basis. For the majority of people, a theatre was an investment venture in which producers and their backers were making a fortune, and occasionally losing it, entirely at their own personal discretion. Along this

line of thought there was little room for a theatre that could not pay its own way to exist. The notion that there could be other types of theatre that could not and were not expected to survive in the marketplace, let alone be supported by grants and contributions, was unfamiliar to most Americans, including the early founders of regional theatres.

Therefore, when regional theatres began to be established in the 1950s and the early 1960s, both their founders and the general public naturally assumed that regional theatres should follow this American tradition of surviving in the marketplace. It was true that the founders of regional theatres were largely opposed to the type of theatre on Broadway and to the notion of running a theatre on a profit-making basis. However, as the case studies below demonstrate, they still shared the same basic premise with Broadway theatre producers and managers that a theatre could and should pay for itself through its operations, if not make a large profit, in order to survive.

As explored later in this chapter, even being incorporated as nonprofit did not necessarily mean that a theatre was exempt from the expectation of paying its own way. Until the mid-1960s, grants and contributions did not become readily available just because a theatre had a nonprofit status. During this period, the notion that theatres, including those of nonprofit status, could and should pay their way through their operation continued to be the rule. For example, Margo Jones, whose work was regarded as a "bible" by many founders of regional theatres, wrote in 1951, "Unlike many nonprofit organizations, a theatre should and can make enough money to pay for itself, provided an initial sum is raised to start it."[4] Therefore, in the early years of regional theatre operation, it was not uncommon that those who established and managed the theatres as well as the audiences and general public assumed that regional theatres could

[4] Margo Jones, *Theatre-in-the-round* (New York: Rinehart & Company, 1951), 68.

and should be run entirely through what they earned from their operation, the majority of which was ticket sales. In the United States, the idea that a regional theatre should survive, or at least should try to survive, in the marketplace before seeking any financial support other than ticket revenue still continues to be a prevalent thought even today.

3-3-2. Increase in Regional Theatre Attendance

Second, the notion that a regional theatre could and should be self-sustaining persisted partly because, in the early 1960s, the theatres were enjoying a boom in audience attendance. There was a prevalent belief then that a so-called "cultural explosion" was sweeping the United States, and many regional theatres were actually getting larger audiences year by year. It is very likely that breaking even appeared to be a reachable goal in the very near future even for regional theatre managers who still could not get ends to meet at their theatres.

The "cultural explosion" was largely attributed to the post-war thriving economy and the expansion of the highly educated population in the United States. Suddenly "culture" caught the people's attention, and many cultural and art centers were built in major cities as a source of civic pride. In retrospect, the demand side of the "cultural explosion" itself was said to be mostly promotional rather than actual.[5] The early 1960s, however, was also the time when the supply side of the "cultural explosion," as indicated

[5] Baumol and Bowen demonstrated that the actual number of attendees at performing arts events seemed to be increasing as the nation's entire population increased, but the percentage of the population's spending on performing arts remained almost the same. Even today, the audience of the performing arts still consists of a very small segment of society. William J. Baumol and William G. Bowen, *Performing Arts: The Economic Dilemma* (New York: Twentieth Century Fund, 1966), 42-50.

by the number of cultural organizations and facilities, increased, and regional theatres in the early 1960s also benefited from this boom.[6]

Audience members increased at most regional theatres, especially in the 1960s, until they reached a plateau in the 1980s. When looking back at the increase in arts attendance in general in the 1960s and 1970s, Bradley G. Morison and Julie Gordon Dalgleish wrote:

> When a community has no cultural events, there is no attendance. When art becomes available, a certain segment of the population will attend almost automatically. During the 1960s and 1970s new arts organizations –professional and amateur –were springing up at a breathtaking rate. A wide breadth of arts activity became available in parts of the country where little or nothing had existed before, and towns and cities that already had a few cultural institutions found themselves with a new variety of choices. Total attendance in the nation grew accordingly.[7]

It seems that this process also held true with regional theatre audiences. The 1960s and 1970s were the periods when the segments of the population who were predisposed to the idea of attending a theatre started to fill the seats of regional theatres. By the 1980s, the demand was met. When there was no regional theatre, there was no audience or attendance. Since most regional theatres started with zero attendance, it is very likely that this filling process in the early 1960s looked like a tremendous growth in attendance.

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[6] Ibid., 60; James Heilburn and Charles M. Gray, *The Economics of Arts and Culture* (Cambridge: Cambridge University Press, 2001), 11-39.

[7] Bradley G. Morison and Julie Gordon Dalgleish, *Waiting in the Wings: A Larger Audience for the Arts and How to Develop It* (New York: ACA Books, 1987), 45-47.

Moreover, the subscription system was first introduced extensively to regional theatres by Danny Newman, a press agent of the Chicago Lyric Opera and consultant to the Ford Foundation in the early 1960s. Subscribers are those who purchase series of season tickets in advance, as opposed to purchasing single tickets on a show-by-show basis. Newman strongly advocated that a theatre should sell subscriptions to as many as possible to ensure its financial and organizational stability. He was invited to many regional theatres to consult on their subscription campaigns. Through his intensive and systematic methods, the subscription system, which had been long associated with exclusive "high society," was popularized and adopted by many regional theatres. His methods of selling subscriptions included massive mailings, volunteer follow-ups, and easy-to-read subscription brochures with eye-catching copy like "Eight Plays for the Price of Six!"[8] For most regional theatres, whose budgets for promotion and publicity had been very small, the introduction of Newman's method brought an instant boom in audience attendance.

Therefore, in the early 1960s, regional theatres were enjoying audience growth due to the euphoric feeling of a "cultural explosion" and the introduction of the subscription system. It is very likely that this seemingly ever-expanding audience size made sustaining operations mostly through ticket sales a reachable goal for most regional theatres.

3-3-3. Model Theatres Actually Making Profits

[8] Newman's method was called Dynamic Subscriptions Promotion Principles. It was detailed in Danny Newman, *Subscribe Now!* (New York: Theatre Communications Group, 1977).

Finally, the idea that regional theatres could and should break even was shared by regional theatre management because there were actually some theatres operating on a break-even basis during the late 1950s and the early 1960s. The Margo Jones Theatre, considered as one of the "prototypes" of the American regional theatre by theatre historians,[9] was operating on a self-sustaining basis for a long time, with no grants, contributions, or sources of income other than ticket sales. As examined below, Arena Stage in Washington, D.C., also was showing operational surplus until the mid-1960s, and the Milwaukee Repertory Theater until 1961. It is likely that other theatres that could not make their ends meet regarded these theatres as "ideal" models and made efforts to emulate them. As discussed below, the Ford Foundation also seemed to encourage this trend toward financial solvency through the box office.

In sum, in the early years of the regional theatre movement, most regional theatre founders and managers, as well as audiences and the general public, believed that regional theatres could and should make ends meet without grants or contributions because 1) most theatres in the United States had been doing so historically, 2) they were actually getting larger audiences year by year, which increased the possibility of breaking even, and 3) some theatres were actually sustaining themselves mostly by box office income. It was against this background that the four regional theatres explored in the remainder of this study started their operations.

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[9] Joseph W. Zeigler, *Regional Theatre: Revolutionary Stage* (Minneapolis: University of Minnesota Press, 1973), 17; Don B. Wilmeth, "Margo Jones Theatre," in *American Theatre Companies, 1931-1986,* ed. Weldon B. Durham (New York: Greenwood Press, 1989), 363.

3-4. Regional Theatres as Self-sustaining Theatres: Four Cases

In the following section, the four regional theatres' operations will be examined from their inceptions until around the mid-1960s to demonstrate that they were expected to sustain their operations only through the income from their operations, meaning box office receipts. In some cases, the theatres were actually operating in the black through box office receipts alone. Even if they were not, the notion that they should do so was still there. Table 3.1 and Chart 3.2 show the basic profiles and changes in operational expenditures of the four regional theatres.

A. Arena Stage

Arena Stage was founded in 1950 by Edward Mangum, a George Washington University drama professor, and one of his graduate students, Zelda Fichandler, in a converted movie house, the Hippodrome, in downtown Washington, D.C. It gathered audiences and moved to its second home, the converted Hospitality Hall of the Old Heurich Brewery in the Foggy Bottom area in 1956. In 1961, it built a new theatre on a site in the former southeast redevelopment area along the Potomac River. It now maintains three theatre spaces under one roof: an 818-seat arena stage, a 514-seat proscenium stage with a fan-shaped auditorium, and a 180-seat black box theatre. Its attendance amounts to 250,000 a year and it has an annual operating budget of more than $11 million (Table 3.1). In 2003, under the leadership of its third artistic director, Molly Smith, Arena Stage announced a $100 million plan to construct a new theatre facility on the present site, with the original structures of the existing theatres incorporated into new

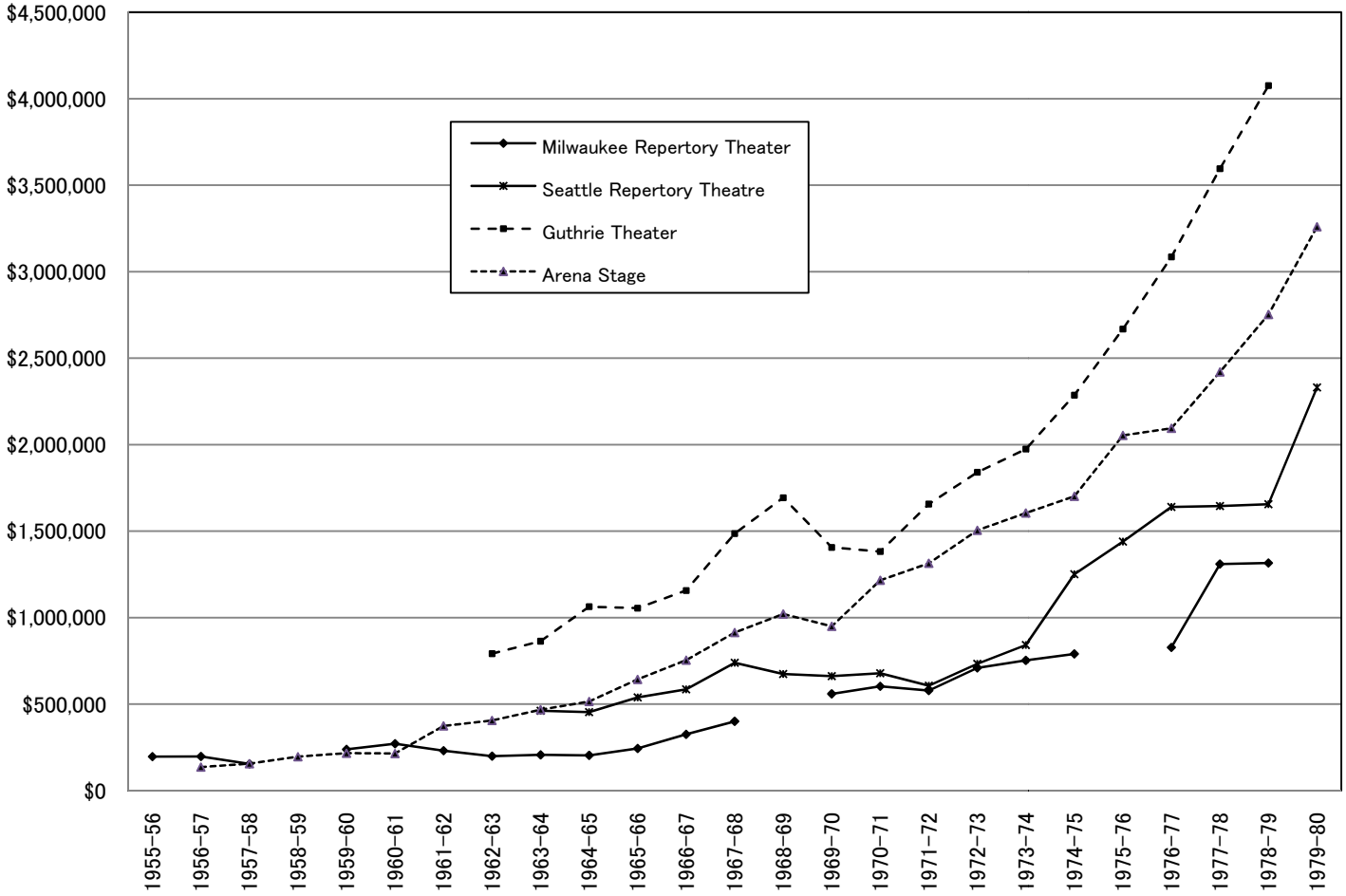
TABLE 3.1: Profiles of the Four Regional Theatres

Name	**Arena Stage**	**The Guthrie Theater**	**Seattle Repertory Theatre**	**Milwaukee Repertory Theater**
Location	Washington, D.C.	Minneapolis, Minnesota	Seattle, Washington	Milwaukee, Wisconsin
Founded in	1950	1963	1963	1954
Founded by	Edward Mangum and Zelda Fichandler	Sir Tyrone Guthrie, Oliver Rea, Peter Zeisler, and a group of local business leaders	A group of local business leaders and city officials	Mary Widrig John and her friends and local business leaders
Organizational status then	profit-making stock corporation	nonprofit organization	nonprofit organization	nonprofit stock corporation
Facilities then	234-seat arena stage	1,441-seat thrust stage	795-seat proscenium stage	346-seat arena stage
1964-65 season budget*	about $515,000	about $1,060,000	about $453,000	about $206,000
Artistic Director now	Molly Smith	Joe Dowling	-	Joseph Hanreddy
Organizational status now	nonprofit organization	nonprofit organization	nonprofit organization	nonprofit organization
Moved to the present site in	1961	2006	1983	1987
Facilities now	818-seat arena stage, 514-seat thrust stage, and 180-seat black box	1,100-seat thrust stage, 700-seat proscenium stage, and 199-seat black box	856-seat proscenium stage, 286-seat proscenium stage, and 99-seat black box	720-seat thrust stage, 220-seat black box, and 118-seat cabaret style
Latest annual operating budget (season)	about $11million (2001-02)	about $24million (2006-07)	about $9million (2006-07)	about $9.1million (2006-07)
Latest attendance (season)	about 250,000 (2001-02)	about 344,000 (2006-07)	about 130,000 (2006-07)	n/a

* For the Guthrie Theater, the data was from the 1964 season.

Sources: Audited financial reports and websites of the four regional theatres, *Theatre Profiles 1-12*, and interviews to the theatre offices by the author. Compiled by the author.

CHART 3.2:
Operational Expenditures of Four Regional Theatres: from1955-56 to 1979-80



Sources : Annual reports, audited financial reports, fundraising related documents, grant applications, and grantee narrative reports. Compiled by the author. The data do not include the expenses related to building construction and renovation, or endowment funds. As for the Guthrie Theatre, its fiscal year is from 1 January to 31 December until 1977. So its 1963 season data is shown under the 1962-63 season category.

ones.[10] The construction is currently underway and expected to be completed in the 2010-11season.

In the 1950s, Arena Stage appeared to be a theatre faithfully realizing the above ideal of a regional theatre paying its own way through its operation. Since its inception, Arena Stage had survived through box office income alone for a long time. As Thomas Fichandler stated, Arena Stage was operated as a profit-making stock corporation, selling stock and paying dividends, during the 1950s.[11] It initially had forty stockholders and $15,000 was invested in total.[12] Most of the stockholders were those who had been acquainted with Mangum through his amateur theatre activities and through his teaching job.[13] Although the number of bonds increased from 315 in 1956 to 800 in 1959,[14] the stockholders were unlikely to participate in the venture for purely financial

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[10] Benjamin Forgey, "Standing Ovation; Arena Stage Expansion Would Add Drama to Historic Theater," *Washington Post*, 27 September 2003; "Bigger Theater for Washington," *New York Times,* 29 September 2003.

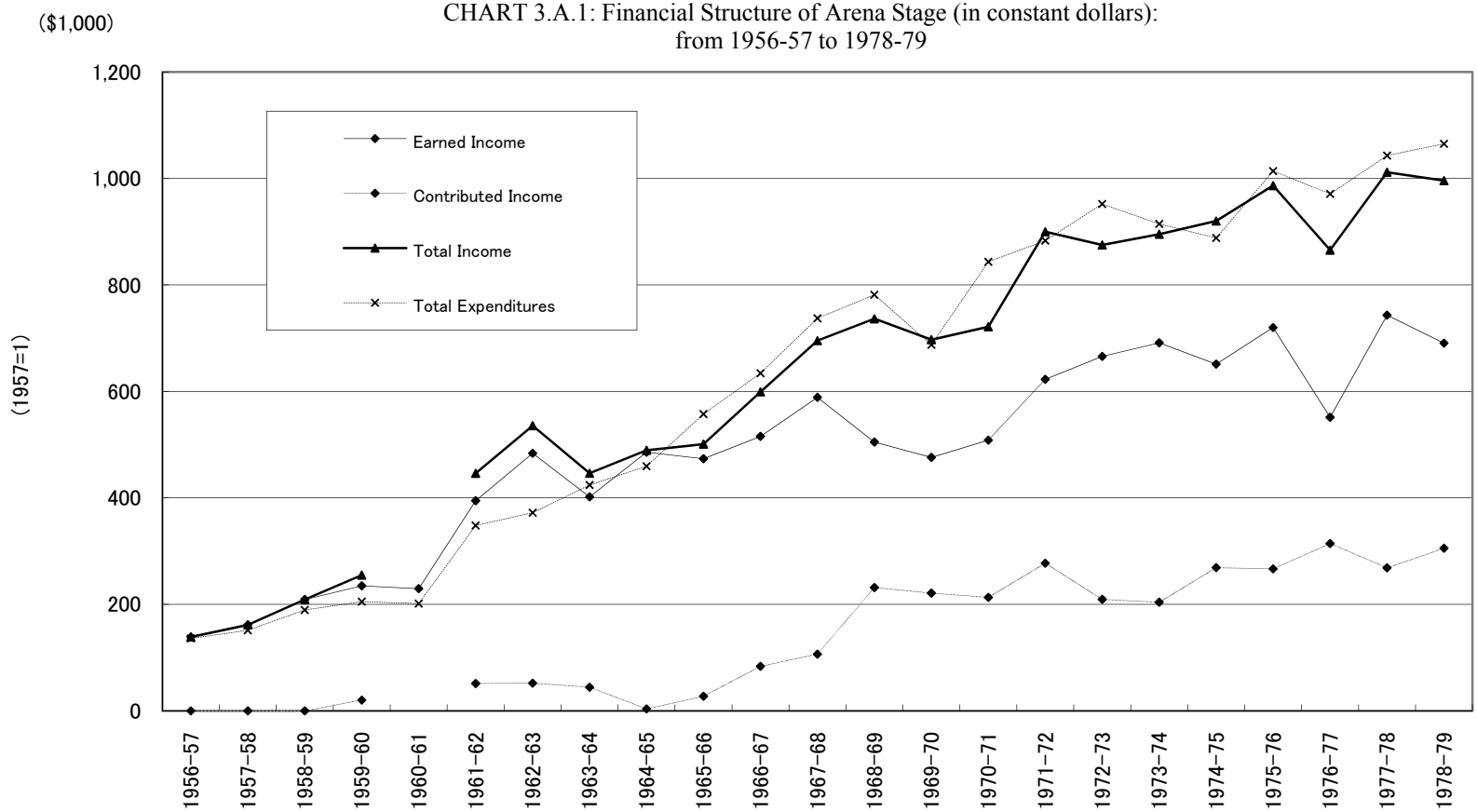
[11] It was run by Arena Stage, Inc. (1950-58) and Arena Enterprises, Inc. (1956-1959). Both corporations coexisted on paper during the period between 1956 and 1958 because of Arena Stage Inc's legal disputes with the former landlord. Technically, they shared the same shareholders and officers, and the theatre operated as one entity. See "Minutes of the Meeting of the Board of Directors, Arena Enterprises, Inc.," 28 October 1958, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

[12] "Arena Stage: The Critical Overview," press material, March 1977, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

[13] Bernard A. Coyne, "A History of Arena Stage, Washington D.C." (Ph.D. diss., Tulane University, 1964), 17.

[14] Letter from Albert Berkowitz, Treasurer, Arena Stage, Inc. to Treasurer, Arena Enterprises, Inc., 27 August 1956; "Stockholders of Record –Arena Enterprises, Inc.," 5 October 1959, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

CHART 3.A.1: Financial Structure of Arena Stage (in constant dollars): from 1956-57 to 1978-79



Sources: Annual reports, audited financial reports, grant applications, grantee narrative reports, and other financial records. Complied by the author. The fiscal year of Arena Stage before 1959-60 covers the period between 1 September and 31 August, and after 1960-61, 1 July and 30 June. The data do not include the income and expenses related to building construction and renovation, the Ford Foundation's Cash Reserve Program grants, or endowment funds. Grants and contributions for the Living Stage, an outreach arm of Arena Stage since 1966-67, are not included in contributed income. Instead, the Living Stage's net losses were calculated and added to the total expenditures. For the 1960-61season's contributed income, consistent data is not available due to the organizational change. The sharp drop in earned income in the 1976-77 season is due to the change in accounting practice and does not signify the actual decrease.

motives.[15] At that time, there was neither the concept nor the possibility of a theatre receiving grants or contributions. Some income from program advertisement, concessions, and interest gains was collected from the Arena Stage operation, but its amount was not substantial. There was no chance for Arena Stage to count on any financial support other than the income from ticket sales.

Chart 3.A.1 shows the income and expenditures of Arena Stage from 1956-57 to 1978-79. It demonstrates that, until the mid-1960s, Arena Stage's earned income was mostly greater than its total expenses. Until the late 1960s, the majority of Arena Stage's income was earned income, and this income mostly equaled the income coming from ticket sales. Therefore, it is clear from the chart that Arena Stage sustained its operation mostly through ticket sales until the early 1960s and showed surpluses steadily.[16]

In 1959, in order to become eligible for renting the parcel of land from the South West Redevelopment Agency[17] and to receive necessary grants and contributions to build

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[15] Unlike an ordinary profit-making corporation, Arena Stage's stockholders had no control over the theatre's actual daily operation. A legal document called the "Voting Trust Agreement" was signed by all the stockholders to delegate their authority to Mangum and Zelda Fichandler. Therefore, although Arena Stage was incorporated as a profit-making stock company, the management had free reins in terms of managing the theatre. See Coyne, 18-19, 244-253.

[16] Arena Stage managed to accumulate a substantial reserve through the mid-1960s. Later questioned on its existence by the Ford Foundation, Zelda Fichandler explained, "…a cornerstone of our success has been the accumulation of an operating reserve at whatever cost – low salaries, long hours, and even the forgoing of artistic advances for a while…/ The future of Arena Stage contains disaster and the threat of death and if it did not [,] it would not be a future worth having. The only way I know how to provide for this future and to anticipate it without crippling anxiety is to provide a substantial reserve capital fund against those contingencies I know to be inevitable in the real world. / It is because of this philosophy that the maintenance of an operating reserve is held sacrosanct in the design of Arena Stage, even above raising salaries, or adding staff people, or changing administrative organization under which we produce plays." Since receiving grants or contributions for its operation was inconceivable at that time, this was the only way to operate a theatre. Letter from Zelda Fichandler to W. McNeil Lowry, 30 March 1962, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries

a new theatre on it, Arena Stage changed from a profit-making stock corporation to a nonprofit organization.[18] However, even after getting a nonprofit status, Arena Stage seemed to operate on the same premise that they could and should be self-supporting as before. In fact, as stated above, Arena Stage operated through mostly earned income alone from 1959 through the early 1960s, even after contributed income started to flow in (Chart 3.A.1). This fact indicates that having nonprofit status did not mean that a regional theatre's management could abandon the notion that it could and should be self-sustaining.

Accordingly, in 1960, when the Arena Stage board decided to raise funds for a new theatre building, those who were involved in the fundraising campaign acted on the premise that Arena Stage would be self-supporting once the new theatre was in operation, as it had been before. The fundraising brochure stated clearly:

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[17] Arena Stage was told by the redevelopment agency officials that the land was available only to a nonprofit organization. "Minutes of a Meeting of the Board of Directors, Arena Enterprises, Inc.," 27 January 1959; Letter from Zelda Fichandler, President, Arena Enterprises, Inc., to the Stockholders, 21 September 1959, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

[18] At the stockholders meeting in February 1959, it was decided that a nonprofit entity would be separately established alongside the present profit making organization, Arena Enterprises, Inc. On April 3, the Washington Drama Society, a new nonprofit entity was established. The tentative ruling on its tax exempt status as a 501(c) (3) organization was received on 25 September 1959. When it became almost definite that a site in the southwest redevelopment area would be available for Arena Stage, the nonprofit Washington Drama Society made a proposal to take over Arena Enterprises, Inc., and the proposal was approved at the 5 October 1959 stockholders meeting. "Minutes of a Meeting of the Board of Directors, Arena Enterprises, Inc.," 16 February 1959; "Certificate of Incorporation of Washington Drama Society, Inc.," 2 April 1959; Letter from Thomas Fichandler, Vice-President, the Washington Drama Society, Inc. to Arena Enterprises, Inc., 14 September 1959; Letter from J. F. Worley, Chief, Exempt Organizations Branch, U.S. Treasury Department, Internal Revenue Service, to the Washington Drama Society, Inc., 25 September 1959; "Minutes of a Special Meeting of Stockholders of Arena Enterprises, Inc.," 5 October 1959, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

> This is a *one-time need* and a *one-time appeal.* Once our need is met, Arena Stage will be fully capable of paying its own way as it has in the past.… Arena Stage is and has always been a self-supporting undertaking – meeting all operating expenses without help. However, in order to be able to construct its permanent, new home, it does need *one-time* financial assistance.[19]

Arena Stage asked foundations, local businesses and individuals for necessary grants and contributions for its new building. It is clear from this statement, however, that the Arena Stage management, as well as the board and potential contributors, assumed that the theatre could be operated without outside financial support once the theatre was built. Asking its community money for a theatre building was acceptable and mildly successful in Arena Stage's case at this time.[20] However, it seems that it never occurred to those

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[19] "The New Permanent Theatre Home of Washington's Own Arena Stage (A Project of Washington Drama Society, Inc.)," fundraising brochure, ca. 1960, PA60-19, Ford Foundation Archives. The italics are original. The letters sent to potential individual donors and foundations also stated: "I wish to make clear that our request for aid is a onetime appeal. Once the new building is completed we are certain—as our past record demonstrates—that we shall be able to continue to operated without further financial aid" (sample of a fundraising letter to potential individual donors and foundations from J. Burke Knapp, President, Washington Drama Society, ca. 1961, PA60-19, Ford Foundation Archives).

[20] Zelda Fichandler wrote later about the fundraising, "we got money for our building because we could show a ten-year record of economic self-support, solvency and even surplus and we could demonstrate by projection of the past into the future our ability to pay all our bills, carry a quarter-of-a-million-dollar mortgage, service a bond debt almost as large and at the same time charge popular prices" (Letter from Zelda Fichandler to W. McNeil Lowry, 30 March 1962, Arena Stage Collection). Arena Stage's sound management record helped them to get necessary foundation grants for the construction of a new theatre building, but it is very likely that the same solvency could be a discouraging factor when seeking contributions from individuals and corporations. In fact, more than half of the building costs were covered by bank loans and selling bonds; only 4% of the costs was from individual and business donations. Letter from Thomas C. Fichandler, Executive Director, Arena Stage, to W. McNeil Lowry, Director, Program in Humanities and the Arts, Ford Foundation, 21 December 1961, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

who were involved in the campaign that the theatre's operating budget might need financial assistance other than that in the form of ticket sales. This brochure's statement alone does not prove that the Arena Stage management actually believed that it had to be self-sustaining in a new theatre building. They might have been just desperate and written what was necessary to get contributions for the new theatre building. However, it is very unlikely that the management did not believe that Arena Stage could be self-sustaining in a new theatre as it had been, given the circumstances that it had been showing a profit so far and moving into a larger facility would mean larger ticket sales than before. Also, at this point, the chance of receiving grants for its operation was very bleak. In any case, the brochure's statement is sufficient for this study to prove that the Arena Stage management was also bound to the same norm as the general public that a theatre could and should be self-sustaining.

In 1962, after a few pilot grants, the Ford Foundation launched a full-fledged grant program for nonprofit theatres for "strengthening repertory theatre in the United States."[21] Arena Stage became one of the nine theatres participating in this program and received a grant from the Ford Foundation that enabled it to retire all the construction debt it had for a new theatre built in 1961.[22] Interestingly, in this 1962 grant program,

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[21] "News from the Ford Foundation," press release, 10 October 1962, Billy Rose Theatre Collection, New York Public Library for the Performing Arts. Since one participating organization was located in New York City, the term "resident" instead of "regional" was used here. Different internal documents and published reports by the Ford Foundation call this program slightly differently, such as "Strengthening Resident Professional Theater in the United States," "Strengthening of Resident Theater in the United States," "Resident Theater Program," and so on. Hereafter in this study, we will call it "the 1962 grant program."

[22] Letter from Joseph McDaniel, the Secretary, Ford Foundation, to J. Burke Knapp, President, Washington Drama Society, Inc., 4 October 1962, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

Arena Stage's self-sustaining operation was regarded by the Ford Foundation as something that other participating theatres were expected to follow. In the Foundation's internal document about this program, it was observed:

> Most theater people prefer to see the institution supported by what the people will pay at the box office; the program recommended in this docket could not be a sound one if the established theaters involved in it had not already proved themselves capable of the miracle of survival. The policy that has been followed in staff work has stressed the same point of view. Developmental funds, such as are included in this proposed grants to the Alley Theatre and the Mummers Theatre, have been recommended only when it could be demonstrated that the theater could reach the break-even point between expenditures and box-office receipts with the period covered by the Foundation's grant.[23]

At this time, among nine participating theatres,[24] Arena Stage was the only professional theatre that had been operating for a substantial length of time on a self-sustaining basis.

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[23] "Docket Excerpts –Bd. of Trustees Meeting, Sept. 27-28, 1962," PA62-492, Ford Foundation Archives. Given the circumstance, it is very likely that the document was written by W. McNeil Lowry, program director of the Ford Foundation's Humanities and Arts division. Identical and similar phrases were used in his speeches and writings around the early 1960s.

[24] Other theatres that initially participated in the 1962 grant program were Actor's Studio (est. 1947 in New York), Actor's Workshop, the Alley Theatre, American Shakespeare Festival Theatre and Academy (est. 1951 in Stratford, CT), the Fred Miller Theatre (est. 1954 in Milwaukee, later the Milwaukee Repertory Theater), the Mummers Theatre, the Theatre Group, University of California Extension (est. 1959 in Los Angeles, later the Theatre Group/ the Mark Taper Forum), and the Minnesota Theatre Company. "News from the Foundation," press release, 10 October 1962.

It appears that the Ford Foundation was inferring that, without the model case of Arena Stage, living proof of regional theatre's self-solvency, its grant program would have not been effective. In the same document, it was also stated that if Arena Stage was nominated for this grant, "it would within another year be in a position which many of the other theaters described in this presentation cannot expect to reach before five or ten years have passed."[25] It seems clear that the Ford Foundation regarded Arena Stage as a model for other developing theatres, such as the Alley Theatre and the Mummers Theatre, to follow.

The notion that a regional theatre could and should be self-sustaining was shared not only by the Arena Stage management but also by the Ford Foundation that supported it. Since the late 1950s, the Ford Foundation had sought the expertise of many theatre people, including Zelda Fichandler, to learn both formally and informally what kind of grant program could be effective and make a meaningful impact on the field. The 1962 grant program was built upon the Ford Foundation's close consultation with and observation of regional theatre management around the country. Moreover, the foundation in general was very sensitive about how the general public regarded its grant activities. Accordingly, the Ford Foundation's 1962 grant program was likely to be designed in accordance with the general public's view toward theatres, especially since this was its first full-fledged grant program targeted at theatres in the United States. Therefore, it is very likely that the Ford Foundation's grant program shared the assumption about theatres with the general public as well as with regional theatre management. Its observations such as "[m]ost theatre people prefer to see the institution

[25] "Docket Excerpts –Bd. of Trustees Meeting, Sept. 27-28, 1962."

supported by what the people will pay at the box office"[26] seem to reflect the common view regional theatre management and the general public shared at that time.

In sum, Arena Stage prior to the mid-1960s was a self-sustaining theatre and obtained its operating income mostly through box office, regardless of its legal organizational status. Aside from the costs to build a new theatre, it was expected to sustain itself mostly by ticket sales. The notion that a regional theatre could and should be self-sustaining was shared by those who involved in Arena Stage, its founders, management, board, and audience as well as the grant-making foundation and the general public.

B. The Guthrie Theater[27]

In May 1963, the Guthrie Theater was opened in Minneapolis, Minnesota, to present classical plays with a professional resident acting company in a repertory format. The initial planning of the establishment of theatre far away from Broadway started as an idea of three men who were weary of Broadway theatres: Sir Tyrone Guthrie, a famous director on the English-speaking stage, and his associates, Oliver Rea and Peter Zeisler. They drafted a proposal, and, from among the seven cities that responded, Minneapolis was selected. Minneapolis business leaders formed the board of directors to raise funds for the theatre building. Local fundraising and subscription campaigns lasted for three years, and a 1,441-seat thrust stage theatre was built on land adjacent to the Walker Art

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[26] Ibid.

[27] The theatre was initially incorporated as two separate entities, the Tyrone Guthrie Theatre Foundation, which managed the theatre building, and the Minnesota Theatre Company Foundation, which operated the company. The two merged in 1967 and became the Guthrie Theatre Foundation. The theatre was also called the Guthrie, the Guthrie Theater, or the Guthrie Theater Company. Throughout this study, "the Guthrie Theater" will be used.

Center on the edge of a residential Minneapolis neighborhood. In 2006, under the leadership of its seventh artistic director, Joe Dowling, the Guthrie Theater moved to a new building on the banks of the Mississippi River in the Historic Mills District of downtown Minneapolis. Besides the 1,100-seat thrust stage that maintained the design of the original thrust stage, two new theatres, a 700-seat proscenium and a 199-seat black box constitute the new quarters. The theatre currently has an attendance of more than 340,000 a year, and its annual operating budget exceeds $24 million (see Table 3.1).

As with Arena Stage, the notion that a regional theatre could and should be self-sustaining without contributions or grants was also shared by the Guthrie Theater management from the outset. The fundraising brochure published in 1961 to solicit funds for the construction of its theatre building states, "It is a one time capital fund drive. Once the theatre is built, it and the playing company are expected to support themselves without further public solicitation."[28] It was expected that the contributors to the Guthrie Theater building would not be asked for operating support. The theatre needed contributions and grants for the construction, but once it was completed, it was thought that operating the theatre would pay for itself.[29]

In another informational brochure, one of the headings in bold laid out one of the goals the Guthrie Theater expected to pursue: "The Non-Profit, Self-Sustaining Theatre Foundation" (Figure 3.1). In the description that followed, the project was described:

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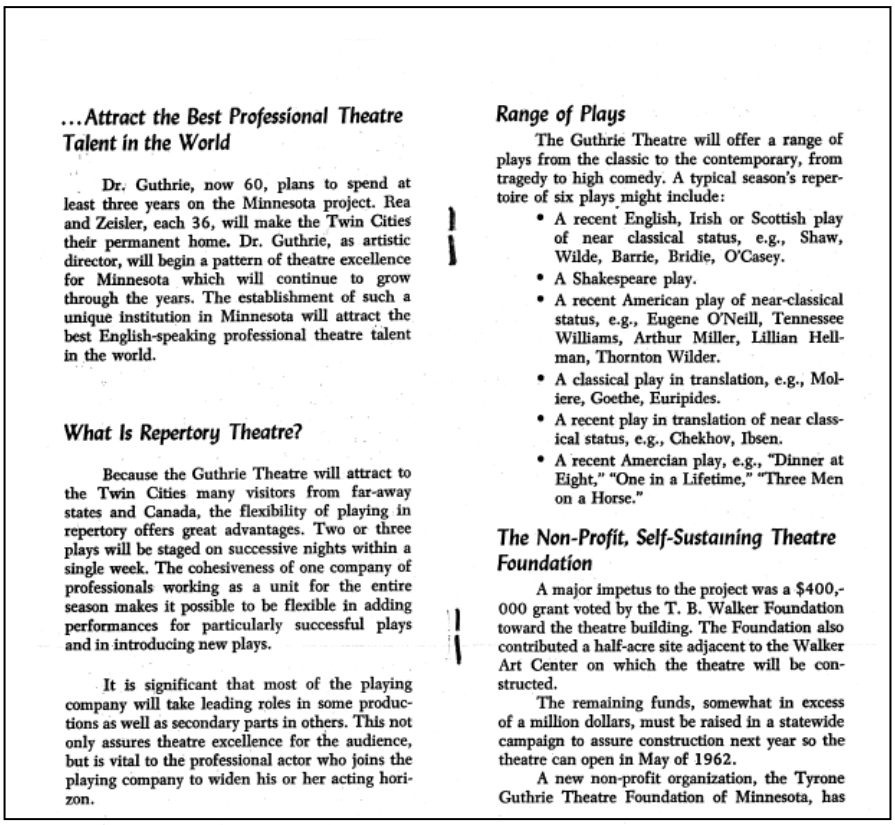
[28] "Facts about the Tyrone Guthrie Theatre Project," fundraising press sheet, ca. 1961, Guthrie Theater Archives (PA 3), Performing Arts Archives, University of Minnesota Libraries, Minneapolis.

[29] In the letters to potential large contributors and to the general public during 1960-61, similar phrases were repeated.

Fig. 3.1: An Excerpt from the Fundraising Brochure, ca. 1961, The Guthrie Theater



...Attract the Best Professional Theatre Talent in the World

Dr. Guthrie, now 60, plans to spend at least three years on the Minnesota project. Rea and Zeisler, each 36, will make the Twin Cities their permanent home. Dr. Guthrie, as artistic director, will begin a pattern of theatre excellence for Minnesota which will continue to grow through the years. The establishment of such a unique institution in Minnesota will attract the best English-speaking professional theatre talent in the world.

What Is Repertory Theatre?

Because the Guthrie Theatre will attract to the Twin Cities many visitors from far-away states and Canada, the flexibility of playing in repertory offers great advantages. Two or three plays will be staged on successive nights within a single week. The cohesiveness of one company of professionals working as a unit for the entire season makes it possible to be flexible in adding performances for particularly successful plays and in introducing new plays.

It is significant that most of the playing company will take leading roles in some productions as well as secondary parts in others. This not only assures theatre excellence for the audience, but is vital to the professional actor who joins the playing company to widen his or her acting horizon.

Range of Plays

The Guthrie Theatre will offer a range of plays from the classic to the contemporary, from tragedy to high comedy. A typical season's repertoire of six plays might include:

- A recent English, Irish or Scottish play of near classical status, e.g., Shaw, Wilde, Barrie, Bridie, O'Casey.
- A Shakespeare play.
- A recent American play of near-classical status, e.g., Eugene O'Neill, Tennessee Williams, Arthur Miller, Lillian Hellman, Thornton Wilder.
- A classical play in translation, e.g., Moliere, Goethe, Euripides.
- A recent play in translation of near classical status, e.g., Chekhov, Ibsen.
- A recent Amercian play, e.g., "Dinner at Eight," "One in a Lifetime," "Three Men on a Horse."

The Non-Profit, Self-Sustaining Theatre Foundation

A major impetus to the project was a $400,000 grant voted by the T. B. Walker Foundation toward the theatre building. The Foundation also contributed a half-acre site adjacent to the Walker Art Center on which the theatre will be constructed.

The remaining funds, somewhat in excess of a million dollars, must be raised in a statewide campaign to assure construction next year so the theatre can open in May of 1962.

A new non-profit organization, the Tyrone Guthrie Theatre Foundation of Minnesota, has

Source: "Tyrone Guthrie Theatre Project," fundraising brochure, ca. 1961, Guthrie Theater Archives (PA 3), Performing Arts Archives, University of Minnesota Libraries, Minneapolis.

> A new non-profit organization, the Tyrone Guthrie Theatre Foundation of Minnesota, has been incorporated to manage the theatre under a long-term lease from the T. B. Walker Foundation. A second non-profit corporation will be formed to operate the theatre playing company. Both expect to operate on a non-profit, self-sustaining basis."[30]

Unlike Arena Stage, the Guthrie Theater was designed to be nonprofit from the beginning. But again, being nonprofit did not mean that it needed outside funding for its operations, or that it was entitled to ask for them. From the outset, the Guthrie Theater was planned to be self-sustaining, not expected to get any money other than it earned from its operation. In the brochure, the words "nonprofit" and "self-sustaining" were placed side by side, as if both characteristics could be achieved without causing any disharmony (Figure 3.1).

At the Guthrie Theater, the first year budget was formed on the premise that the theatre could and should be self-supporting. The budgets of the Stratford Shakespeare Festival in Canada[31] and Arena Stage,[32] which were both operating on a self-sustaining

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[30] "Tyrone Guthrie Theatre Project," fundraising brochure, ca. 1961, Guthrie Theater Archives (PA 3), Performing Arts Archives, University of Minnesota Libraries, Minneapolis.

[31] "Stratford Theatre Data," typed manuscript, 16 December 1960; "The Tyrone Guthrie Theatre of Minnesota," fundraising brochure, ca. 1961, Guthrie Theater Archives (PA 3), Performing Arts Archives, University of Minnesota Libraries, Minneapolis. When compared to the other regional theatres' facilities, the Guthrie Theater's capacity (1,441 seats) was exceptionally large. This was because the Guthrie Theater was initially designed as a festival theatre, operating mainly in summer as the Stratford Shakespeare Festival did (2,258 seats, 87% capacity broke even). Besides the local audiences, it was initially expected to attract tourists coming from neighboring states and even from New York City.

[32] It was W. McNeil Lowry of the Ford Foundation that suggested that Oliver Rea visit Arena Stage. In the same letter thanking Lowry, Rea wrote that he would visit the Alley Theatre in

basis at that time, were examined. Based on their budgets, it was calculated that, at 75% capacity audience, the Guthrie Theater could break even.[33]

In 1962, the Guthrie Theater was also selected as a participant in the Ford Foundation's 1962 grant program, although it had not opened yet. As stated above, the Ford Foundation acted on the belief that regional theatres could and should become self-sustaining without any grants or contributions and intended its grant program to provide temporary assistance until a theatre became financially stable. According to the grant notification letter to the Guthrie Theater, the purpose of the grant was "to enable the theater to move in successive stages from an anticipated 60 per cent of box-office capacity to the 75 per cent of capacity which is expected to make the company and its operation self-supporting."[34] More specifically, the Guthrie Theater was expected to achieve 60% of capacity in the first year, 65% in the second year, and 70% in the third year. The grant would cover the operating deficits, the difference between 75% and 60%, 65%, or 70% capacities for each year.[35] In the fourth year, it was assumed that the Guthrie Theater would be ready to attract 75% of capacity audience and, without help

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Houston, Texas. Letter from Oliver Rea, Administrative Director, Minnesota Theatre Company Foundation to W. McNeil Lowry, Ford Foundation, 11 April 1962, PA62-494, Ford Foundation Archives.

[33] Letter from Oliver Rea to President, Tyrone Guthrie Theatre Foundation, 20 February 1962, Guthrie Theater Archives (PA 3), Performing Arts Archives, University of Minnesota Libraries, Minneapolis.

[34] Letter from Joseph M. McDaniel, Jr., Secretary, Ford Foundation, to Chairman, Board of Directors, Minnesota Theatre Company Foundation, 4 October 1962, PA62-494, Ford Foundation Archives. Besides this underwriting grant, the Guthrie Theater received from the Ford Foundation a start-up grant that covered the expenditure prior to the opening.

[35] Letter from Chairman, Board of Directors, Minnesota Theatre Company Foundation, to W. McNeil Lowry, Director, Humanity and Arts, Ford Foundation, 11 July 1962, PA62-494, Ford Foundation Archives.

from the Ford Foundation, become self-sustaining. It was not the Ford Foundation's intention at this time to make participating theatres dependent on its grants.

The Guthrie Theater management and board also seemed to hope that the grant would become unnecessary once it opened.[36] A leaflet explaining the theatre project stated that the operating expense would be covered by "Ticket sales, both season and single performance, plus concession sales." It was followed by a statement in parentheses: "(A Ford Foundation grant of $219,000 has been made available to help pay possible operating losses during the first three years of operation, but it is assumed that this grant will not be needed for this purpose.)"[37]

When opened, the Guthrie Theater faithfully followed the notion of a regional theatre as a self-sustaining theatre. Its first three seasons were successful, artistically as well as financially. Chart 3.B.1 shows the income and expenditures of the Guthrie Theater from 1963 to1979.[38] It shows that, for the first three seasons, the Guthrie Theater showed just small amounts of deficits even without the Ford Foundation grant. The audience

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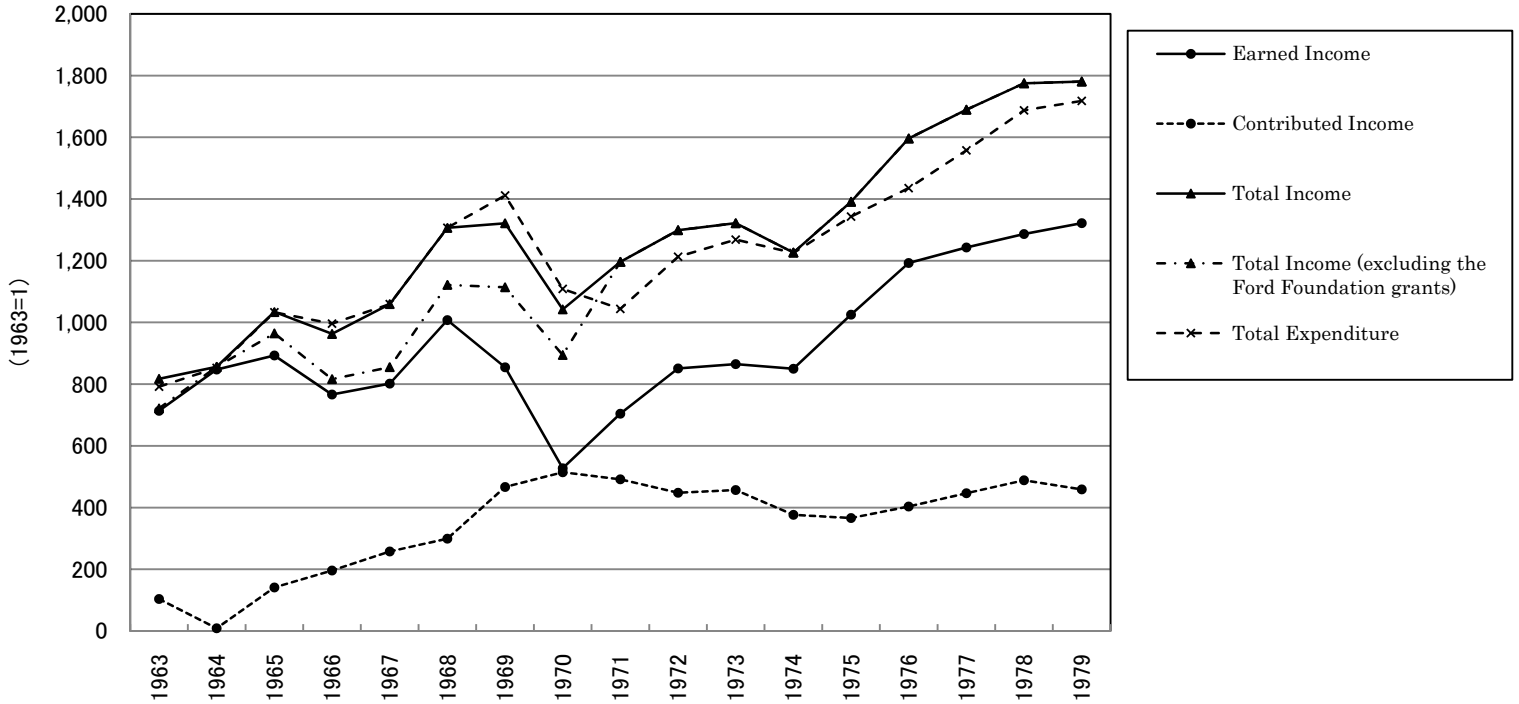
[36] Concerns about threats to the theatre's financial independence from receiving a grant was also raised by the Guthrie Theater board when the theatre was informally selected for the Ford Foundation's 1962 grant. One board member wrote that if the theatre relied heavily on grants, it would break the promise to the supporters that it would be self-sustaining and also lose its financial independence. He concluded, "What I do hope in general for the playing company is that it can achieve financial independence; that it can, if necessary, pay its own way and not have to rely on any outside supporters or foundations or friends other than the general public it attracts to its box office because of the plays it presents. And the only way to achieve this independence, it seems to me, is to plan – right from the start – that normal operations will break even or perhaps show a little margin. …. In short, I hope it never becomes necessary to rely on subsidies to cover planned or budgeted deficits." Letter from Chairman, Minnesota Theatre Company Foundation, to Oliver Rea, 8 December 1961, Guthrie Theater Archives (PA 3), Performing Arts Archives, University of Minnesota Libraries, Minneapolis.

[37] "An Outline of the Tyrone Guthrie Theatre Project," leaflet, ca. 1963, Guthrie Theater Archives (PA 3), Performing Arts Archives, University of Minnesota Libraries, Minneapolis.

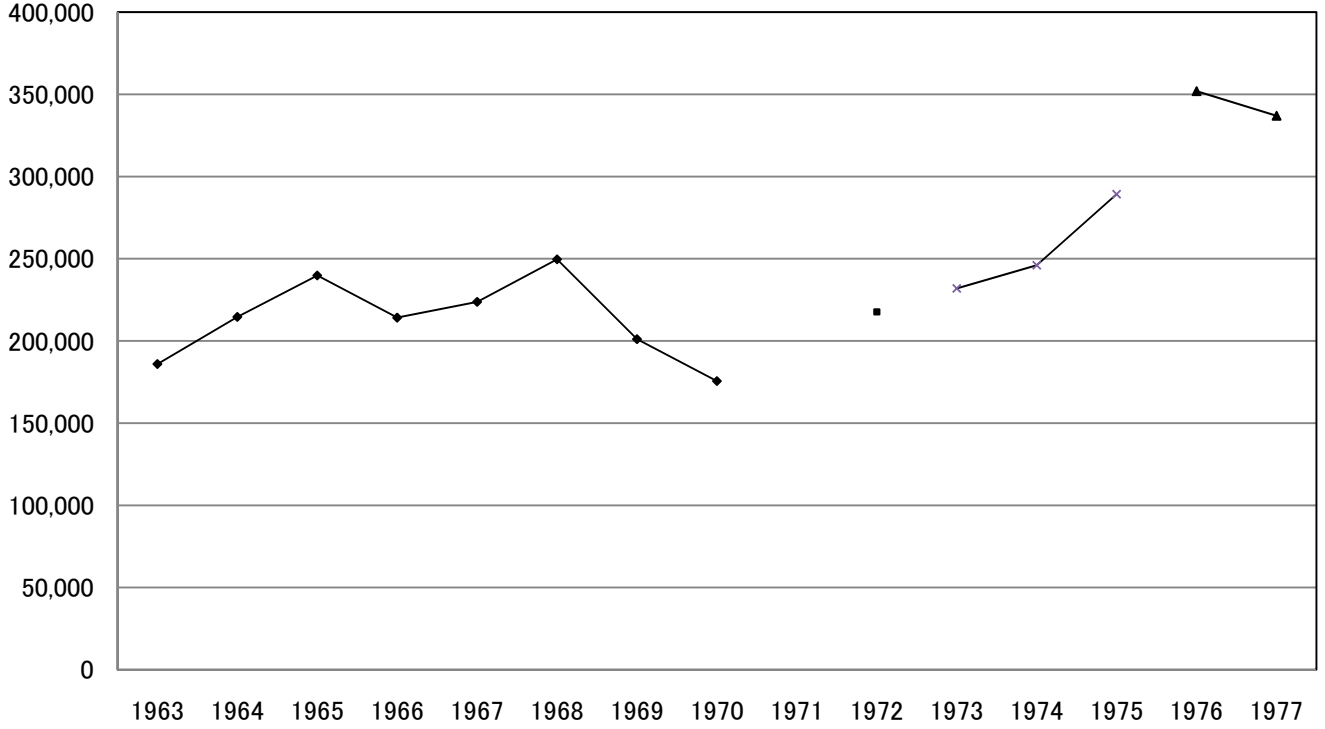
[38] Unlike other regional theatres, the season of the Guthrie Theatre started in May and ended in December until 1972, and later changed to the similar two-year format as other regional theatres.

CHART 3.B.1:
Financial Structure of the Guthrie Theater (in constant dollars): from 1963 to 1979



Sources: Annual reports, audited financial reports, fundraising related documents, grant applications, and grantee narrative reports. Compiled by the author.
Until 1977, the fiscal year of the Guthrie Theater covers the period between 1 January and 31 December; after 1977, it runs from 1 April of the previous year to 31 March of the current year. Therefore, the 1977 data have an overlap of about eight months with the 1976 data. The data do not include the income and expenses related to building construction and renovation, the Ford Foundation's Cash Reserve program grant, or endowment funds.

CHART 3.B.2:
The Guthrie Theater: Attendance: from 1963 to 1977



Sources: Annual reports, unpublished charts, fundrasing related document, board minutes, and *Theatre Profiles 4-7.* Compiled by the author.
The figures do not include the St. Paul seasons and touring performances. The figures should be considered as approximate and may change depending on whether they include the second experimental theatre productions, performances for students, preview performances, or special performances outside the subscription series.

capacities proved to be 78.2% in 1963, 74.4% in 1964, and 69.0% in 1965.[39] Although the capacity figures were declining due to program expansion, the total attendance figures continued to rise during the first three years (Chart 3.B.2). The initial plan had been that it would take four years to reach a break-even point. With the instant success, the Guthrie Theater did not have to rely heavily on the Ford Foundation grant until the mid-1960s. In terms of audience capacity, it had already seemed to achieve a break-even point without substantial outside help.

To summarize, modeled after the operations of Arena Stage and the Stratford Shakespeare Festival, the Guthrie Theater began its operation on the assumption that it would become self-sustaining without grants and contributions in the near, if not the immediate, future. The management budgeted a break-even point at 75% capacity and set it as a goal to be achieved in four years. The Ford Foundation grant to the Guthrie Theater was also designed to help the theatre to attain that goal. When opened, the Guthrie Theater in the early 1960s operated almost on a self-sustaining basis. The theatre was an immediate success, and the Ford Foundation grant for underwriting its operation seemed unnecessary.

C. Seattle Repertory Theatre

In November 1963, about six months after the Guthrie Theater was opened, the Seattle Repertory Theatre was opened in Seattle, Washington, on the site of Seattle's 1962

[39] Financial summary charts submitted to the Ford Foundation, 1963, 1964, 1965 seasons, PA62-494, Ford Foundation Archives. It is important to note that those figures are the percentage of audience capacity (the number of audience members divided by the number of seats available) and not the percentage of dollar capacity (gross ticket income divided by potential gross income). In regional theatres, the latter is usually lower than the former due to ticket discounts. When the Guthrie Theater management set the 75% figure, it appears that it did not take this difference into consideration.

World Fair. When the fair was over, a 795-seat proscenium theatre was left dark. The idea of forming a professional resident acting company to perform in the theatre was raised among city officials and local business leaders. They established Century 21 Center, Inc., an organization to maintain the Seattle Center fairground and run its facilities, and a search for an artistic director began. Stuart Vaughn, a New York director, was hired, and a resident acting company was assembled to present classic plays in a repertory format. In 1983, under the leadership of the fifth artistic director, Daniel Sullivan, and the longtime Producing Director, Peter Donnelly, the Seattle Repertory Theatre moved to a new building within the Seattle Center. Currently, it has three theatres under one roof, 856-seat and 286-seat proscenium stages and a 99-seat black box. It has a yearly attendance of about 130,000 and an annual operating budget of about $9 million (see Table 3.1). A national search for the eighth artistic director is now underway.[40]

The idea that a regional theatre could and should be self-supporting was also shared by the Seattle Repertory Theatre board of directors from the beginning. Money to cover the deficit anticipated for the first season, however, was to be provided by Century 21 Center Inc., its parent organization, as a start-up fund. According to the record, "the Center has committed itself to underwriting the first year's operation of the theatre, although the theatre operation is set up to be self-sustaining."[41] After a few years, the

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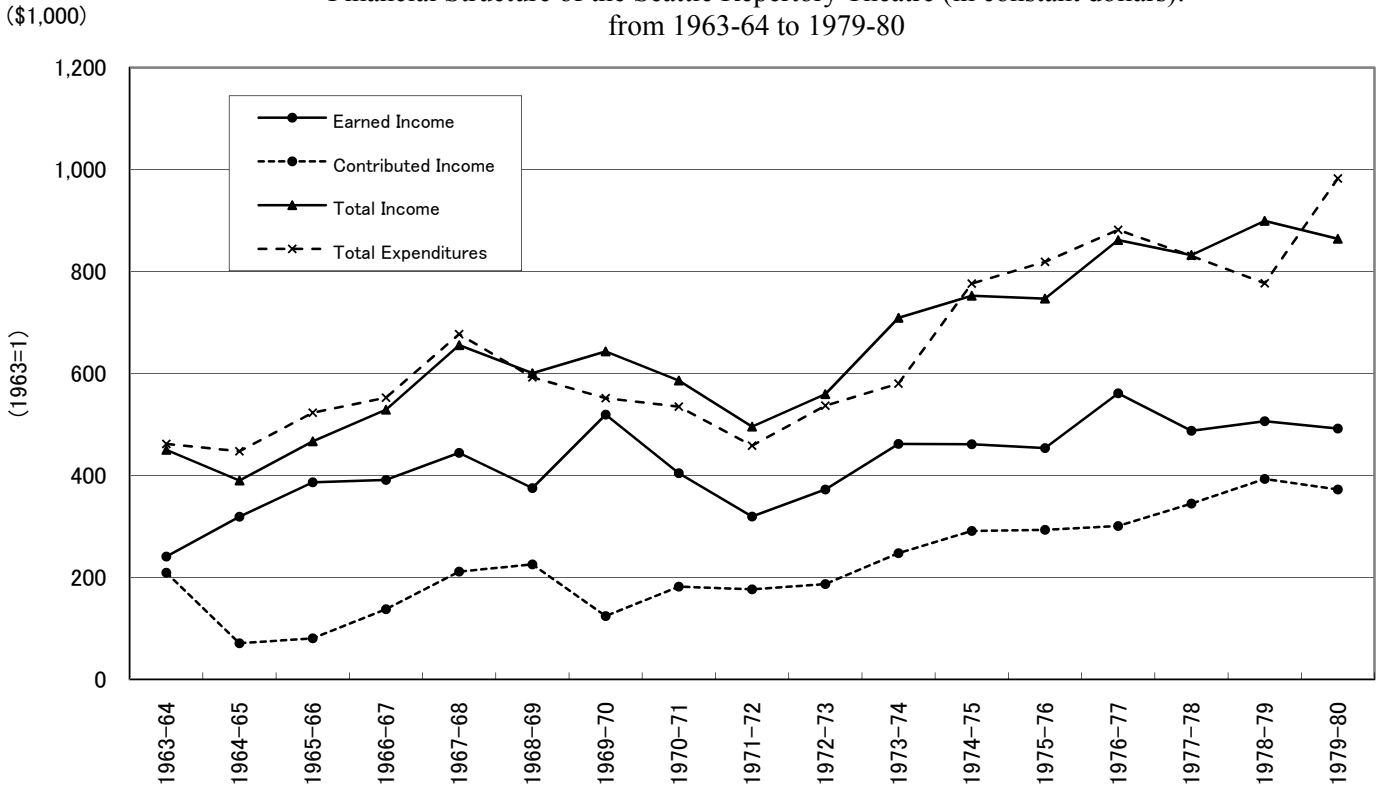
[40] "Artistic Director David Esbjornson Decides Not to Renew Contract," press release, 17 April 2008; "Jerry Manning Signs Contract at Seattle Rep and Announces New Play Program," press release, 23 September 2009, Seattle Repertory Theatre.

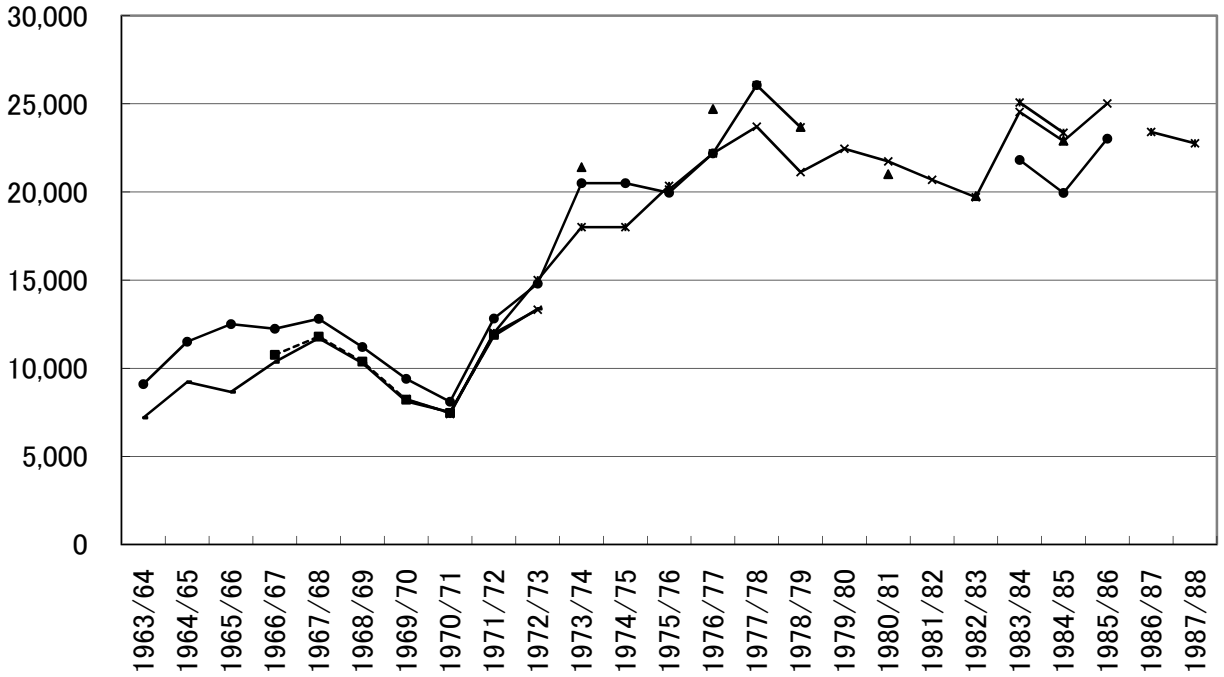
[41] "Seattle Repertory Theatre Advisory Committee Meeting," 28 May 1963, Ralph Bushnell Potts Papers (Accession #932-003), Special Collections, University of Washington Libraries. At the July 18, 1963 meeting, it was also reported "the Repertory Theatre corporation was set up with long term aims in mind, and plans are that the Theatre will become self-supporting" ("Seattle Repertory Theatre Advisory Committee Meeting," 18 July 1963, Ralph Bushnell Potts Papers (Accession #932-003), Special Collections, University of Washington Libraries).

CHART 3.C.1:
Financial Structure of the Seattle Repertory Theatre (in constant dollars):
from 1963-64 to 1979-80



Sources: Annual reports, audited financial reports, fundraising related documents, and other financial records. Compiled by the author. The fiscal year of Seattle Repertory Theatre covers the period between 1 July and 30 June. The data do not include the income and expenses related to the First Decade Fund, the Ford Foundaion's Cash Reserve Program grant, or endowment funds.

CHART 3.C.2: Seattle Repertory Theatre: Number of Subscribers:
from 1963-64 to 1987-88



Sources: Annual reports, fundraising brochures, attendance and revenue charts, box office comparison reports, fundrasing related data, board minutes, and *Theatre Profiles 2-7*. Compiled by the author.
The figures have several versions. Some figures include the subscribers to the second experimental theatre, student subscription series, or preview subscription series as well as mainstage subscription series. They should be considered as approximate.

Seattle Repertory Theatre was expected to become self-sustaining, paying its way through its operation without any contribution or grant.

However, the Seattle Repertory Theatre failed to be self-sustaining when opened. Chart 3.C.1 shows the income and expenditures of the Seattle Repertory Theatre from 1963-64 to 1979-80. According to it, the theatre continued to show a deficit through the fifth season (1967-68). In the first year, the Seattle Repertory Theatre incurred a sizable operational deficit that equaled 44% of the expenses, but as promised, it was mostly underwritten by Century 21 Center, Inc. The deficit was partly due to the over-ambitious goal set by the management that the theatre should get 25,000 subscribers.[42] However, at the end of the first season, Stuart Vaughn, artistic director of the Seattle Repertory Theatre, told *The New York Times*, "It's normal and not surprising that the first season or two of an arts project should operate at a deficit."[43] It could be assumed that, at this point, the artistic director also thought that the Seattle Repertory Theatre would operate without a deficit after a season or two.

Century 21 Center, Inc. did not underwrite the second season (1964-65). In fact, it was dissolved in 1965.[44] It seemed, however, that those who were involved in the Seattle Repertory Theatre did not have much doubt about its future solvency. In March 1964, after some effort to cut costs, the board decided to launch the first fundraising drive

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[42] "Seattle Repertory Theatre Advisory Committee Meeting," 28 May 1963 Ralph Bushnell Potts Papers (Accession #932-003), Special Collections, University of Washington Libraries. Its goal exceeded the Guthrie Theater's initial goal of 20,000 subscribers. In the first season, the Seattle Repertory Theatre sold about 7,200 subscribers, excluding student subscriptions. The number of subscribers had not exceeded 20,000 until the mid-1970s.

[43] "Seattle Theater Termed Success," *New York Times,* 14 April 1964, 34.

[44] The reason of its dissolution was not clear. Some sources cite its near bankruptcy. See Andrew E. Longoria, "The Role of the Artistic Director in the History and Development of the Seattle Repertory Theatre" (Ph.D. diss., University of Oregon, 1992), 30.

among the board members to cover the anticipated deficit of the second season.[45] Again, in January 1965, a second fundraising drive was planned for the third season (1965-66). However, it was reported at the board meeting that "In the future [,] if it is possible to reach 75% capacity and get into a surplus position, we wouldn't need an annual fund raising campaign."[46] It is very likely that, although the board started to raise additional funds to cover the deficits from the second season, its effort was regarded as temporary and soon to become unnecessary when the theatre operation began to show a surplus. In fact, the number of subscribers at the Seattle Repertory Theatre continued to rise for the first five seasons (Chart 3.C.2).

In sum, the Seattle Repertory Theatre seems to have been established on the assumption that it could sustain itself mostly through ticket sales after operating for several years. As it turned out, when opened, the theatre continued to show a deficit throughout the 1960s. Those deficits, however, appeared to have been regarded by the board as a temporary problem, soon to be resolved after a year or two when the theatre found an audience large enough to cover the cost. It seems that at least until the mid-1960s, the board believed that the theatre would eventually pay for itself without any contributions or grants. At the Seattle Repertory Theatre in the early 1960s, the notion that a regional theatre could and should be self-sustaining was shared by both the management and the board.

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[45] "Board of Trustees, Seattle Repertory Theatre Minutes," 13 March 1964; 18 March 1964, Ralph Bushnell Potts Papers (Accession #932-003), Special Collections, University of Washington Libraries.

[46] "Board of Trustees, Seattle Repertory Theatre Minutes," 20 January 1965, Seattle Repertory Theatre Papers (Accession #1481-3, 4), Special Collections, University of Washington Libraries.

D. Milwaukee Repertory Theater (The Fred Miller Theatre)

In 1955, the Fred Miller Theatre, the predecessor of the present Milwaukee Repertory Theater, opened a 346-seat arena theatre in Milwaukee, Wisconsin. It was founded by Mary Widrig John, who had had some experience at Broadway theatres and was active at amateur community theatres in Milwaukee. She and her friends reached out to the community with a plan to build a professional theatre, and a prominent local businessman, Frederick C. Miller of the Miller Brewing Company, agreed to head the fundraising campaign. They started the campaign to get necessary funds to convert a movie house and set up a theatre operation. As in Minneapolis and Seattle, it was intended to be a civic project, "a chance to build a greater Milwaukee, culturally."[47] Initially its name was planned to be City Circle Theatre, but it was named after Miller when he died in a plane accident before the campaign was completed. In 1969, the theatre made a 504-seat thrust stage in the Performing Arts Center complex in downtown Milwaukee its second home. In 1987, the Milwaukee Repertory Theater moved into its third home, its present location, containing a 720-seat thrust stage, a 220-seat black box, and a 118-seat cabaret style theatre in a converted historic power plant right across the City Hall in downtown Milwaukee.[48] Currently under the leadership of its fifth artistic director Joseph Hanreddy,[49] the Milwaukee Repertory Theater has a 9.1 million dollar

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[47] "City Circle Theatre, Help Milwaukee Take ANOTHER Step Forward," fundraising brochure, ca. 1954, Milwaukee Repertory Theater Records, Wisconsin Historical Society Archives / Milwaukee Area Research Center.

[48] The following book describes its eight-year process of converting a power plant. Sara O'Connor and Sherrill Myers, *Working Space: The Milwaukee Repertory Theatre Builds a Home* (New York: Theatre Communications Group, 1992).

[49] In October 2009, The Milwaukee Repertory Theater announced that Mark Clements would be its sixth artistic director from the 2010-2011 season. "Award-Winning International Director

annual operating budget (see Table 3.1).

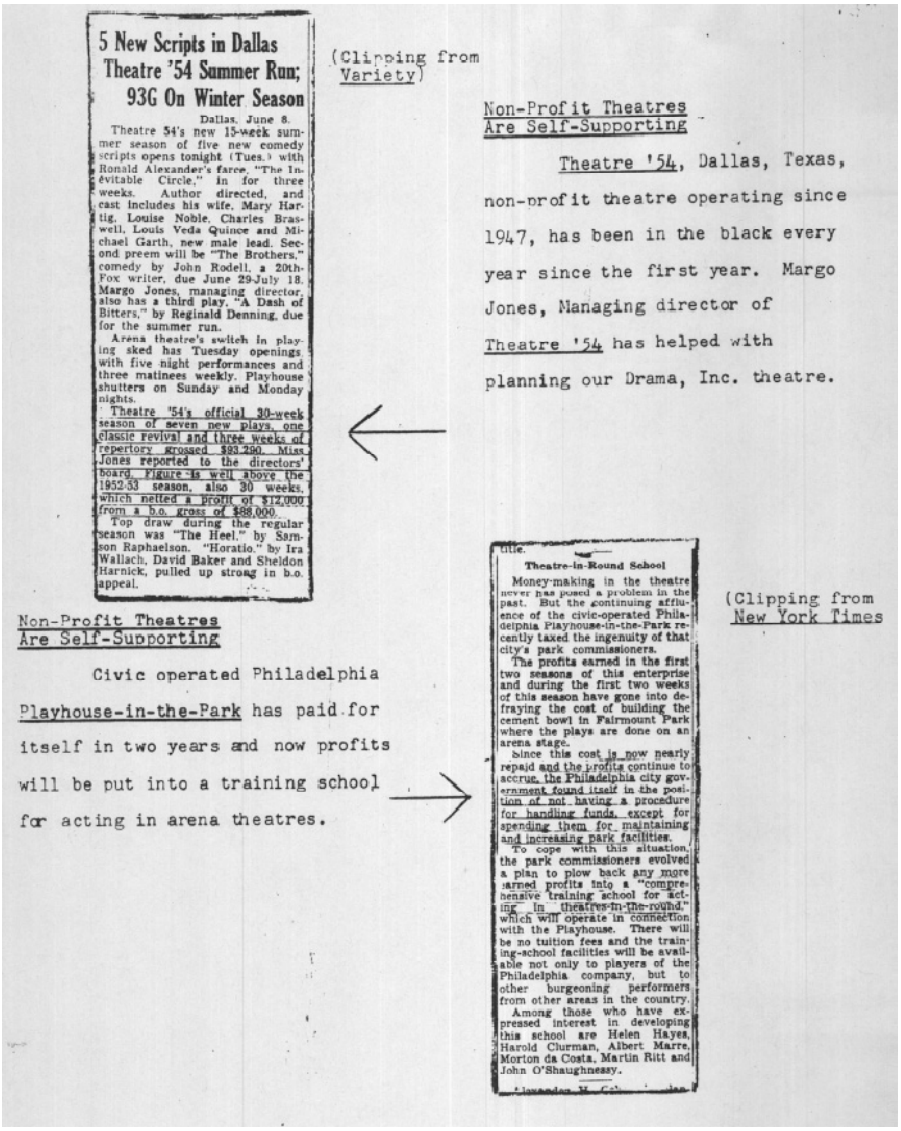
As in Minneapolis and Seattle, it seems that the Fred Miller Theatre, a forerunner of the Milwaukee Repertory Theater, was also designed to be self-sustaining from the outset. Setting up a theatre operation, Mary John examined the budgets of several theatres.[50] Among them, the Margo Jones Theatre in Dallas, Texas, had a great influence on the selection of arena stage seating. What is more important, however, was the fact that the financial solvency of the Margo Jones Theatre seemed to have been regarded as a goal that the Fred Miller Theatre should seek. In promotional literature delineating a plan to build a theatre in Milwaukee, an undated clipping from *Variety* on the Margo Jones Theatre '54 was attached under the heading of "Non-Profit Theatres are Self-Supporting" (Figure 3.2). Philadelphia's Theatre-in-the-Park was also featured under the same heading. The statement below the heading explains that "Theatre '54, Dallas, Texas, non-profit theatre operating since 1947, has been in the black every year since the first year. Margo Jones, Managing Director of Theatre '54 has helped with planning Drama, Inc. theatre."[51] Like the Margo Jones Theatre, the Fred Miller Theatre was planned to be nonprofit and self-sustaining. Being nonprofit and self-sustaining were not considered to be mutually exclusive terms in mid-1950s Milwaukee, or at the Guthrie Theater in the early 1960s.

Mark Clements Named Artistic Director at Milwaukee Repertory Theater," press release, 7 October 2009, Milwaukee Repertory Theater.

[50] Besides the Margo Jones Theatre, the operations of two theatres were examined: the Showcase Theatre (Evanston, IL) and the Matunuck Theatre by the Sea (Matunuck, RI). "Budget for Theatre '50, Dallas, Texas," " Budget for Showcase Theatre, Evanston, ILL," and "Drama Incorporated, Project Blueprint," typed manuscripts, ca. 1954-55, Milwaukee Repertory Theater Records, Wisconsin Historical Society Archives / Milwaukee Area Research Center.

[51] "Non-Profit Theatres are Self-Supporting," promotional literature, ca. 1954, Milwaukee Repertory Theater Records, Wisconsin Historical Society Archives / Milwaukee Area Research Center.

Fig. 3.2: An Excerpt from the Promotional Literature, ca. 1954, The Fred Miller Theatre



5 New Scripts in Dallas Theatre '54 Summer Run; 93G On Winter Season

Dallas, June 8.

Theatre 54's new 15-week summer season of five new comedy scripts opens tonight (Tues.) with Ronald Alexander's farce, "The Inevitable Circle," in for three weeks. Author directed, and cast includes his wife, Mary Hartig, Louise Noble, Charles Braswell, Louis Veda Quince and Michael Garth, new male lead. Second preem will be "The Brothers," comedy by John Rodell, a 20th-Fox writer, due June 29-July 18. Margo Jones, managing director, also has a third play, "A Dash of Bitters," by Reginald Denning, due for the summer run.

Arena theatre's switch in playing sked has Tuesday openings with five night performances and three matinees weekly. Playhouse shutters on Sunday and Monday nights.

Theatre '54's official 30-week season of seven new plays, one classic revival and three weeks of repertory grossed $93,290. Miss Jones reported to the directors' board. Figure is well above the 1952-53 season, also 30 weeks, which netted a profit of $12,000 from a b.o. gross of $88,000.

Top draw during the regular season was "The Heel," by Samson Raphaelson. "Horatio," by Ira Wallach, David Baker and Sheldon Harnick, pulled up strong in b.o. appeal.

(Clipping from Variety)

Non-Profit Theatres Are Self-Supporting

Theatre '54, Dallas, Texas, non-profit theatre operating since 1947, has been in the black every year since the first year. Margo Jones, Managing director of Theatre '54 has helped with planning our Drama, Inc. theatre.

Non-Profit Theatres Are Self-Supporting

Civic operated Philadelphia Playhouse-in-the-Park has paid for itself in two years and now profits will be put into a training school for acting in arena theatres.

title.

Theatre-in-Round School

Money-making in the theatre never has posed a problem in the past. But the continuing affluence of the civic-operated Philadelphia Playhouse-in-the-Park recently taxed the ingenuity of that city's park commissioners.

The profits earned in the first two seasons of this enterprise and during the first two weeks of this season have gone into defraying the cost of building the cement bowl in Fairmount Park where the plays are done on an arena stage.

Since this cost is now nearly repaid and the profits continue to accrue, the Philadelphia city government found itself in the position of not having a procedure for handling funds, except for spending them for maintaining and increasing park facilities.

To cope with this situation, the park commissioners evolved a plan to plow back any more earned profits into a "comprehensive training school for acting in theatres-in-the-round," which will operate in connection with the Playhouse. There will be no tuition fees and the training-school facilities will be available not only to players of the Philadelphia company, but to other burgeoning performers from other areas in the country.

Among those who have expressed interest in developing this school are Helen Hayes, Harold Clurman, Albert Marre, Morton da Costa, Martin Ritt and John O'Shaughnessy.

(Clipping from New York Times

Source: "Non-Profit Theatres are Self-Supporting," promotional literature, ca. 1954, Milwaukee Repertory Theater Records, Wisconsin Historical Society Archives / Milwaukee Area Research Center.

Unlike Arena Stage, the Fred Miller Theatre was operated as a nonprofit organization from the outset.[52] Prior to 1961, it presented productions using a professional resident company with guest stars jobbing in from Broadway and Hollywood. Therefore, its repertories mostly consisted of star vehicles and were heavily inclined toward light entertainment. Since the theatre had resident actors, directors, and technical staffs, it was more than a Broadway road house which presented pre-packaged shows from Broadway, but its repertories were similar to those presented at a road house.[53]

The Fred Miller Theatre operated on a self-sustaining basis in its early years. Chart 3.D.1 shows the income and expenditures of the Fred Miller Theatre, and its successor, the Milwaukee Repertory Theater, from 1955-56 to 1978-79, illustrating that the theatre operated in the black prior to the 1961-62 season. Before 1961-62, the operating expenses of the Fred Miller Theatre were covered by its earned income, which mostly came from ticket sales. It regularly made some profit from selling concessions, charging for a coat-check, and interest, but the total comprised a negligible amount. According to its promotional brochure for the 1960-61 season, the financial status of the Fred Miller Theatre was described as follows:

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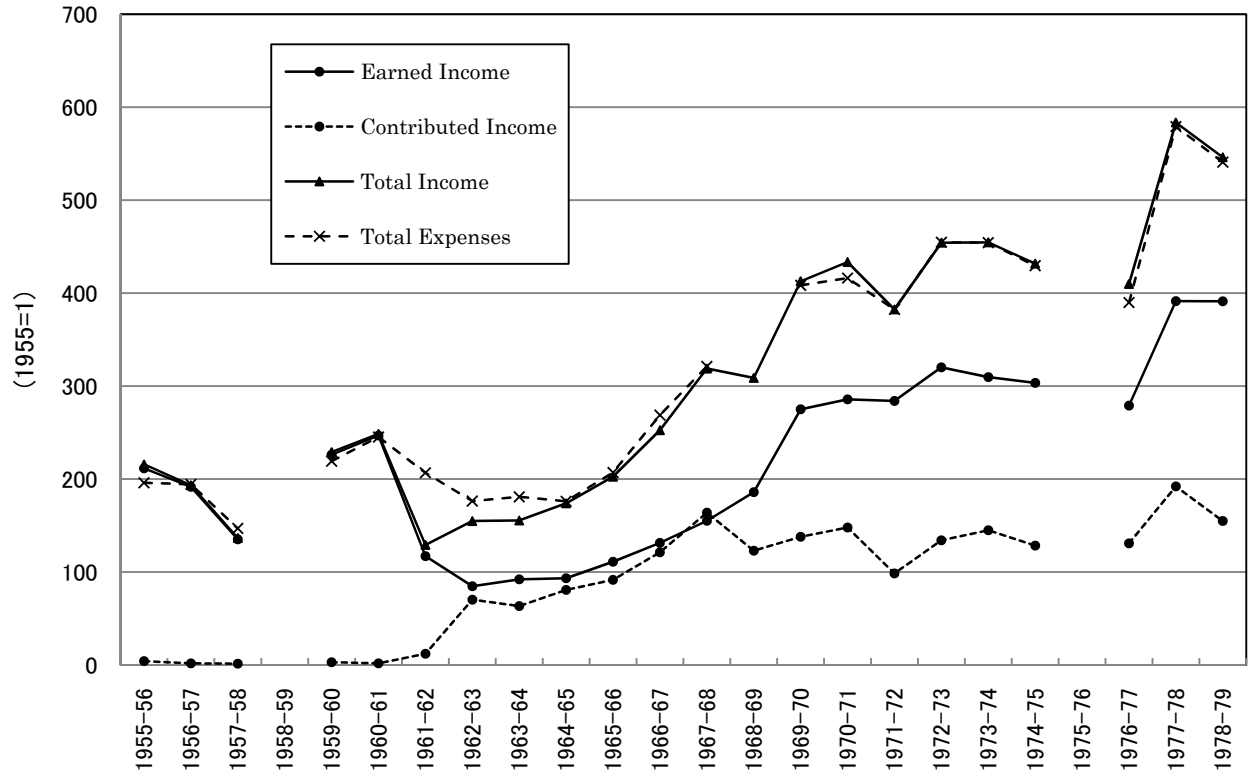
[52] To be precise, Drama, Incorporated, the legal entity of the Fred Miller Theatre, was initially incorporated as a nonprofit, stock corporation on 28 December 1953. It was a stock corporation with stockholders, but stockholders could not benefit from the corporation because it was nonprofit. However, during 1956-58, an internal dispute among the major stockholder and founder Mary John, the staff, and the board of directors led to a legal battle, which ended up ousting Mary John. The theatre reorganized as a nonprofit organization on 29 September 1958. "Articles of Incorporation of Drama, Incorporated," 28 December 1953; "Articles of Incorporation of Drama, Incorporated," 29 September 1958, Milwaukee Repertory Theater Records, Wisconsin Historical Society Archives / Milwaukee Area Research Center.

[53] Alex Pinkston, "Milwaukee Repertory Theatre," in Durham, 376.

CHART 3.D.1:
Financial Structure of the Milwaukee Repertory Theater (in constant dollars):
from 1955-56 to 1978-79



Sources: Annual reports, audited financial reports, and fundraising related documents. Compiled by the author.
The fiscal year of the Fred Miller Theatre and the Milwaukee Repertory Theater covers the period between 1 July and 30 June. For the 1958-59 season, consistent data is not available due to the organizational change.

> In 6 years, the theatre has taken in $1,000,000 and spent $1,000,000. The break-even point is 85% of capacity, and any profits on a given production are used to make up the deficit of other productions, or for capital improvement of the theatre. The reserve fund is approximately the same as when the theatre opened, leaving it in a solvent position.[54]

On the whole, the Fred Miller Theatre prior to 1961 was in a sound financial condition, paying its way mostly by ticket sales. As stated above, it also had some net assets from the initial fundraising campaign.[55] Although the types of repertories presented were different from each other, the Fred Miller Theatre and Arena Stage in the 1950s had almost the same size budget, maintaining a sound financial position by spending as much as they gained.

By 1961, the Fred Miller Theatre board started to give a thought to the idea that, like other regional theatres, it should present more serious types of plays than star attractions. At that time, the Association of Producing Artists (APA), just organized in New York City by Ellis Rabb, had been touring the East Coast. The APA was dedicated to establishing a repertory theatre in the United States, successfully presenting a variety of

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[54] "Let's Play 20 Questions…," promotional brochure, ca. 1960-61, Milwaukee Repertory Theater Records, Wisconsin Historical Society Archives / Milwaukee Area Research Center.

[55] From the community, the Fred Miller Theatre initially raised funds for the building renovation and pre-production costs and three-year operating costs for contingencies. The fundraising goal was about $104,000, and $116,626 was raised. It is unclear how much the theatre expended during the 1950s, but when it was incorporated as nonprofit in 1958, the net asset carried over from the former nonprofit stock corporation was $134,261. This amount was large enough to cover the deficit until the 1963-64 season. "Proposed Budget," fundraising literature, ca. 1954; "Final Report," fundraising report, 14 January 1955; "Auditor's Report for the Fiscal Year Ended June 30, 1960," audited financial report, ca. 1960-61, Milwaukee Repertory Theater Records, Wisconsin Historical Society Archives / Milwaukee Area Research Center.

classical plays in a repertory format.[56] The Fred Miller Theatre board believed that the APA "best exemplified the type and stature of theatre we wish to develop. The type and quality of theatre we want to see on this stage."[57] In the fall of 1961, the APA was invited to the Fred Miller Theatre to present its repertory, and later, a resident theatre company was formed under the guest directors during the spring season. However, the theatre's sudden change of operating policy in the 1961-62 season led to a sharp drop in attendance. Its income almost halved compared to the season just before (Chart 3.D.1), but, thanks to the reserve fund, the theatre continued to stay above water for several seasons. The Fred Miller Theatre's new direction took several years for both the board and the audience to get used to. Meanwhile, a trial and error period ensued for the Fred Miller Theatre. The sudden termination of support from the Ford Foundation's 1962 grant program also happened during this turbulent period.[58] The Fred Miller Theatre board, however, held on to its new policy of maintaining a resident company and presenting classics and contemporary plays of quality with guest directors.

Under these circumstances, it is not clear whether the management of the Fred Miller Theatre after the 1961-62 season believed that the theatre still could and should be self-sustaining at it had been before, paying its way mostly by box office and requiring no grant or contribution. At least, a local consensus appeared to be that the Fred Miller

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[56] Robert F. Falk, "[The] APA (Association of Producing Artists)" in Durham, 91.

[57] "Speech Delivered to the Board of Directors of Drama, Incorporated by Mr. William J. Feldstein- August 26, 1961," Milwaukee Repertory Theater Records, Wisconsin Historical Society Archives / Milwaukee Area Research Center. Mr. Feldstein was the President of Drama, Inc. at that time.

[58] In 1962, the Fred Miller Theatre was selected as one of the grantees of the Ford Foundation's 1962 grant program to strengthen resident theatres, together with Arena Stage and the Guthrie Theater. The two-year grant program, however, was discontinued after one year mainly because the theatre did not have a strong artistic director, as the Ford Foundation initially suggested.

Theatre should be self-sustaining even after its policy change. A local drama critic wrote: "The Miller must be self-supporting from the start. True, Drama Inc., non-profit corporation [*sic*.] which operates the theatre has a hefty bankroll but not a philanthropic outfit. It must pay its way."[59]

In sum, the Fred Miller Theatre, a forerunner of the Milwaukee Repertory Theater, was expected to pay its own way without grants or contributions, and actually did so prior to the 1961-62 season. Even after the 1961-62 season, when it switched its operating model from star-centered seasons to a repertory theatre, it seemed that the local public naturally continued to assume that the Fred Miller Theatre should be self-sustaining and need no grant or contribution for its operation.

3-5. Summary and Conclusions

As demonstrated by the case studies of the four regional theatres, the notion that a regional theatre could and should be self-sustaining without grants or contributions was shared by those who were involved in regional theatre activities, such as its founders, managers, board members, and audience members, as well as the grant-making foundation and the general public from 1950 through the mid-1960s.

The theatres were planned on a self-sustaining basis from the outset in Minneapolis, Seattle, and Milwaukee. After the theatres were established, three of the four, Arena Stage, the Guthrie Theater, and the Fred Miller Theatre (the forerunner of the Milwaukee Repertory Theater) proved to be in a sound financial condition, paying their way mostly through their operations, without any substantial income other than ticket sales. Arena Stage even showed surplus by the mid-1960s, as did the Fred Miller Theatre

[59] Cyrus F. Rice "Let's Support Repertory," *Milwaukee Sentinel*, 3 September 1961.

prior to 1961. Although the Fred Miller Theatre began to show a deficit after 1961, it had enough reserve funds to continue to support itself for a while. As for the Guthrie Theater, its deficit was kept to a relatively small amount and the Ford Foundation grant seemed unnecessary. Therefore, the Fred Miller Theatre and the Guthrie Theater seemed to have no urgent need to seek further grants or contributions for their operations. It is safe to say that Arena Stage embodied the notion generally accepted at that time that a regional theatre could and should be a self-sustaining theatre, and the Fred Miller Theatre and the Guthrie Theater seemed to pursue the direction in which Arena Stage was heading.

On the other hand, the Seattle Repertory Theatre could not actually make its ends meet only by box office income and asked for individual donations mainly from its board members. The board started fundraising from the second season, but it was also regarded as a temporary effort, soon to become unnecessary when the theatre was settled in the community. It can be said that the Seattle Repertory Theatre shared the notion that a regional theatre could and should be self-sustaining with the other three theatres, and operated on the assumption that it also could eventually become so.

In some cases, when the theatre needed to build or remodel a facility, contributions and grants became available to it. They were regarded, however, as one-time capital needs, and it was expected that no additional contributions or grants would be required for its operating expenses once the building became ready for productions.

The Ford Foundation started a full-fledged grant program for theatres in 1962. It seemed to be particularly alert to the feeling shared by regional theatre managements and the general public and accordingly designed grants on the assumption that a regional theatre could and should be self-sustaining. Its grant program was designed around the

expectation that recipient theatres would become self-sustaining without further grants by the end of the program.

To summarize, in the mid-1960s, one theatre was showing an operating surplus (Arena Stage), two were operating without a need of substantial amount of outside funds (the Guthrie Theater and the Fred Miller Theatre), and one was covering its deficit by the donation from local individuals (the Seattle Repertory Theatre). All of the four theatres, however, were operating on the assumption that they could and should operate on a self-sustaining basis without grants or contributions. It is safe to say that a regional theatre in general was regarded as self-sustaining by those who were involved in its operation as well as by the general public during this period.

What can be said about the relationship of regional theatres with their communities during the period covered by this chapter? As the case studies demonstrate, a regional theatre was regarded as an operation that could and should be self-sustaining without any help from the community, other than in the form of ticket purchases. Although each regional theatre was located in the given community, it could be concluded that its relation with the community was very limited during this period.

It is true that, without the acceptance of their communities, these regional theatres could not have survived. Some regional theatres were established by the initiative of or with the assistance of the city officials and/or local business leaders (the Guthrie Theater, the Seattle Repertory Theatre, and the Fred Miller Theatre). Local fundraising campaigns to build a new theatre or to renovate an existing theatre were successful in most regional theatres (Arena Stage, the Guthrie Theater, and the Fred Miller Theatre), which indicates that the communities the theatres were located in supported them through individual and corporate donations.

However, once the theatre buildings were completed, regional theatres were expected to pay their way through their operations alone. There were few roles left for the community to play for each theatre. Regional theatres hired some local actors and staff members and paid their bills to local businesses, but the only large-scale opportunity for community involvement was for members of the community to watch productions in the audience, that is, to become paying customers. In some regional theatres, volunteer organizations were formed, but their major activities were limited to either selling subscriptions (the Guthrie Theater and the Seattle Repertory Theatre) or socializing with each other (the Fred Miller Theatre). Therefore, during this period, it can be concluded that the role of communities in their regional theatres was mostly limited to becoming their good customers (as audience and volunteer members), or attracting customers (as volunteer members of subscription campaigns).

Before the mid-1960s, when the notion that a regional theatre could and should be self-sustaining held currency, regional theatres' relationship with their respective communities was mostly limited to that between a service provider and a paying customer. That is, regional theatres provided products and services (individual shows or series of shows) to their communities, and members of those communities paid for receiving their products and services. The theatres did not expect any community support other than ticket sales. The accepted principle of a regional theatre as a self-sustaining theatre began to eclipse in the mid-1960s, as regional theatres' relationship with their communities began to change. This change and its effects between the mid-1960s and the early 1970s will be investigated in the next chapter.

CHAPTER 4
REGIONAL THEATRES' RELATIONSHIP WITH THEIR COMMUNITIES AFTER THE MID-1960S:
REGIONAL THEATRES AS NOT SELF-SUSTAINING THEATRES

4-1. Introduction

As shown in the previous chapter, regional theatres were expected to pay for themselves mostly through box office income until the mid-1960s. Grants and contributions were not available for the operating expenses of a regional theatre, except when they were regarded as a temporary solution to be replaced by box office income when a theatre found enough audience to support it. Around the late 1960s, however, the notion that regional theatres could and should be self-sustaining began to be taken over by a new idea that the theatres could not and should not be self-sustaining.

In this chapter, the period between the mid-1960s and the early 1970s, when the above shift from regional theatres as self-sustaining theatres to not self-sustaining theatres came about, will be examined. Regional theatres changed their relationship with their local communities, and eventually, the present financial structure of regional theatres based on local and non-governmental sources was consolidated. Before moving to individual case studies, the study will deal with the two series of important events related to the shift, which started between the mid-1960s and the early 1970s.

Around 1966-67, about a year after Sandra Schmidt published data on theatres outside New York City in *TDR*, the next nationwide financial data on regional theatres was published by the Theatre Communications Group (TCG). The TCG was established

in 1961 on the initiative of the Ford Foundation to facilitate communication among regional theatres and to cross-fertilize the field through various programs. One of the TCG's functions was to gather information and distribute it among member theatres. As far as is known, the 1966-67 data was the earliest financial data on regional theatres distributed among the member theatres by the TCG.[1] Its financial survey continues as an annual publication of *Theatrefacts*, and the number of member theatres participating in the survey has grown from 18 in 1966-67 to 175 in 2007-08.[2]

Each theatre's financial data was formatted in a rather strange way in TCG's first survey (Figure 4.1). The following is an excerpt of it:

Milwaukee Repertory Theatre

GROSS EXPENDITURES	$325,600
TOTAL EARNED INCOME	$178,200
INCOME GAP	$147,400

CLOSING THE INCOME GAP

[1] When established, the TCG appears to have inherited some pertinent data on regional theatres such as number of subscribers and budget size from the Ford Foundation. The TCG continued to keep data on each regional theatre participating in the TCG's programs, but in the beginning, information about each individual theatre was gathered on the strictly confidential basis and only available for TCG office use. In fact, when asked by the Fred Miller Theatre management in 1964 whether the TCG could supply other regional theatres' budget data, the TCG director declined the request for the above reason. It was not until the 1973-74 season that the TCG officially launched an annual financial survey of member theatres and systematically distributed the individual data among the theatres. See Letter from Michael Mabry, Director, Theatre Communications Group, to Jack McQuiggan, Producer, Fred Miller Theatre, 20 February 1964, Milwaukee Repertory Theater Records, Wisconsin Historical Society Archives / Milwaukee Area Research Center.

[2] Zannie Giraud Voss and Glenn B. Voss, with Christopher Shuff and Ilana B. Rose, *Theatrefacts 2008* (New York: Theatre Communications Group, 2009), 1.

Income from grants or payments for which no theatre service is required	
	$136,700
BALANCE	($10,700) [3]

The income of a typical regional theatre is now customarily divided into two categories: earned and contributed income. Since the definition of "Closing the Income Gap" on the fourth line above is the same as that of contributed income, it is certain that the two income categories of earned and contributed income began to appear around this time.

What seems strange, however, is on the third line: "Income Gap," a newly introduced category that did not exist in Schmidt's data a year ago. It sits between "Total Earned Income" and contributed income and equals "Gross Expenditures" on the first line minus "Total Earned Income." Although the term "Closing the Income Gap" has changed to the term "Contributed Income," the same format is still being used in the TCG's financial survey.

The final balance in Milwaukee Repertory Theater's case is shown on the final line as a deficit – the figure equals the contributed income minus "Income Gap." The final balance is usually shown as total income minus total expenditure, total income coming on the first line. In this case, however, the figure for total expenditures is stated first and followed by "Earned Income" on the second line. If the expenditures exceed earned income, the gap is indicated by the figure labeled "Income Gap" on the third line. The surprising thing is that this "Income Gap" in the case of the Milwaukee Repertory Theater is actually a minus figure, but does not look like one in this chart.

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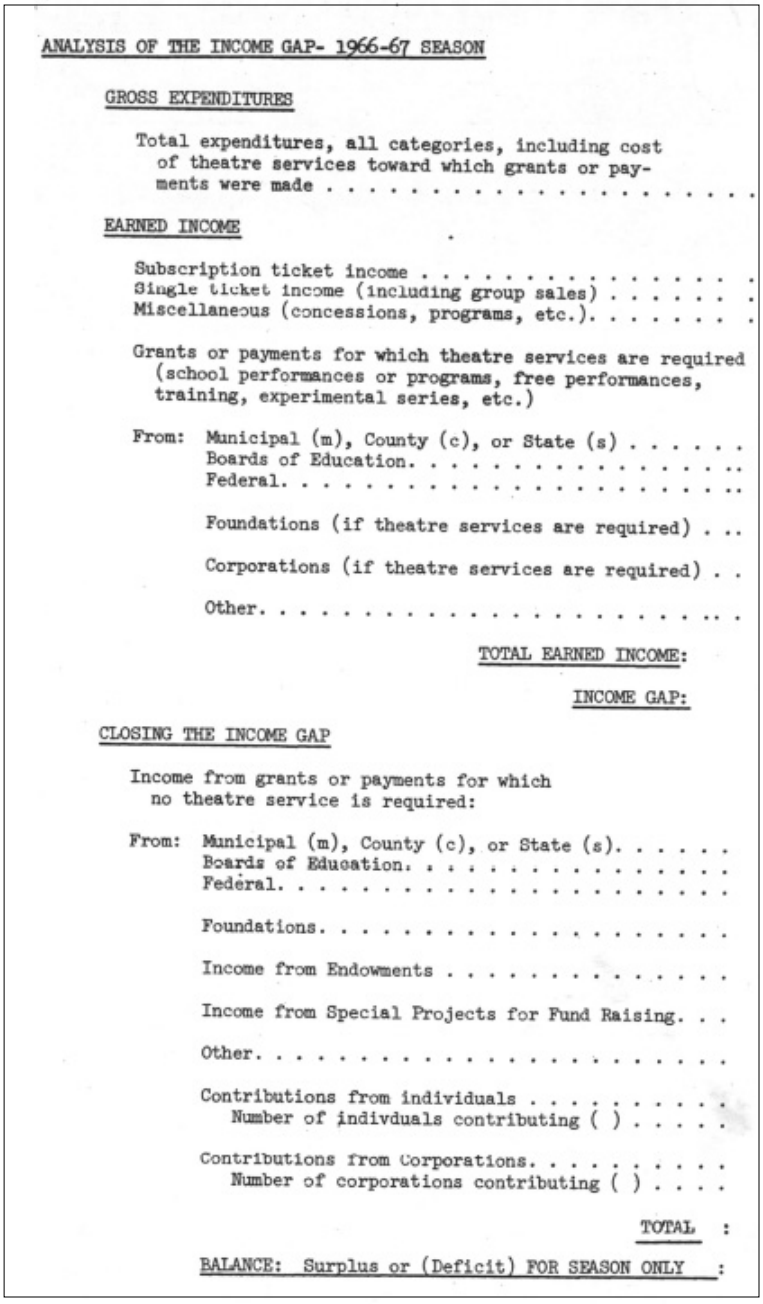
[3] Theatre Communications Group, "Analysis of the Income Gap- 1966-67 Season," Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

Fig. 4.1: An Excerpt from the Financial Data, 1966-67, Theatre Communications Group



ANALYSIS OF THE INCOME GAP- 1966-67 SEASON

GROSS EXPENDITURES

Total expenditures, all categories, including cost of theatre services toward which grants or payments were made . . . . . .

EARNED INCOME

Subscription ticket income . . . . . .
Single ticket income (including group sales) . . . . . .
Miscellaneous (concessions, programs, etc.). . . . . .

Grants or payments for which theatre services are required (school performances or programs, free performances, training, experimental series, etc.)

From: Municipal (m), County (c), or State (s) . . . . . .
Boards of Education. . . . . ..
Federal. . . . . ..

Foundations (if theatre services are required) . ..

Corporations (if theatre services are required) . .

Other. . . . . .

TOTAL EARNED INCOME:

INCOME GAP:

CLOSING THE INCOME GAP

Income from grants or payments for which no theatre service is required:

From: Municipal (m), County (c), or State (s). . . . . .
Boards of Education. . . . . .
Federal. . . . . .

Foundations. . . . . .

Income from Endowments . . . . . .

Income from Special Projects for Fund Raising. . .

Other. . . . . .

Contributions from individuals . . . . . .
Number of indivduals contributing ( ) . . . . .

Contributions from Corporations. . . . . .
Number of corporations contributing ( ) . . . .

TOTAL :

BALANCE: Surplus or (Deficit) FOR SEASON ONLY :

Source: Theatre Communications Group, "Analysis of the Income Gap- 1966-67 Season," Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

Why has TCG's data been formatted like this? The format seems to indicate a change in the way income and expenditure charts of regional theatres were interpreted. Schmidt's regional theatre data of 1964-65 was based on the assumption that a regional theatre could and should break even. In TCG's 1966-67 data, however, its new way of formatting the data and the appearance of the term "Income Gap" gives the impression that a deficit is inevitable and must be covered, not that expenses must be cut to break even.

It should be noted that the above shift in the way of formatting regional theatres' financial data was connected to a shift in the operating principle of regional theatres from self-sustaining to not self-sustaining. In the following, the four case studies will be further examined to demonstrate that the notion that a regional theatre could not make ends meet and should be supported by the sources other than box office income emerged around the late 1960s.

4-2. Regional Theatres as Not Self-sustaining Theatres: Two Series of Important Events

Why did the shift from a self-sustaining theatre to a not self-sustaining theatre happen at that time? The shift itself was indeed an epoch-making event in the history of American theatre. Besides the Broadway type of theatre operations, which were regarded as commercial self-supporting ventures in nature, now there could be a different type of theatre that did not meet its own costs through box office revenue and needed other forms of financial support.

It is unclear why the shift happened and was accepted around the late 1960s. It might be attributed to the combination of many factors, such as the emergence of regional

theatres as alternatives to existing Broadway theatres, the rise of the general interest in cultural activities as attested in the appearance of the term "cultural explosion," and other factors such as changes in the federal government's cultural policies. Since it is beyond the scope of this study to answer this question, the causes behind the shift will not be dealt with.

What is certain, however, is the fact that there were two connected series of important events happening in relation to the shift around this time. Together, they formed the larger trend that led to the establishment of the present financial structure of regional theatres. It cannot be determined whether those events happened as a result of the shift or the other way around, but, by reviewing them, it is possible to situate the shift itself within proper broader perspectives.

4-2-1. Emergence and Establishment of the Term "Income Gap"

First, as seen in the TCG's data of 1966-67, the emergence of the term "income gap" and its widespread distribution among regional theatre management can be witnessed around the late 1960s. Coined by William Baumol and William Bowen in their 1966 work *Performing Arts: Economic Dilemma*, the term was used in relation to their proposal, which is widely known as the "income gap" thesis.

The theory holds that the expenditures of performing arts organizations rise progressively because a piece of performing arts is a handmade product whose costs are driven up due to relatively low and constant productivity, but the income of performing arts organizations cannot grow because the rate of increase in ticket prices is restricted. Therefore, they conclude, the disparity between expenditure and income is destined to

increase year after year for performing arts organizations.[4]

Their "income gap" thesis had a strong appeal for regional theatres among many performing arts organizations. For the first time, Baumol and Bowen not only stated that it was normal and even inevitable for regional theatres to fail to sustain their operations through box office, but also explicated the perceived failure from the economists' standpoints.[5] Their work was regarded by regional theatres as proof of their inability to make their ends meet from box office revenue and also their need to have financial support from outside sources. Its impact can be attested by the fact that, just a year and a few months after their work was published, the term "income gap" was incorporated firmly in the TCG data as a standard term to chart the financial condition of regional theatres. Baumol and Bowen's work was widely read by regional theatre management, and in some cases, the board members of regional theatres. One example they used in their work to illustrate the "income gap" thesis appeared repeatedly in the literature of regional theatres.

Whereas the amount of labor necessary to produce a typical manufactured product

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[4] William J. Baumol and William G. Bowen, *Performing Arts: The Economic Dilemma* (New York: Twentieth Century Fund, 1966), 162-172.

[5] In fact, it was not Baumol and Bowen who stated for the first time that regional theatres could not pay for themselves through box office sales. In 1965, exploring the possibility of providing financial support for the arts, the Rockefeller Brothers Fund panel on performing arts organizations reported, "For performing arts organizations…there is no prospect that supplemental earned income can be increased to a point where, combined with box office income, it will make them self-sustaining. … If these arts organizations are to perform their cultural role adequately and compensate their artists and managerial staffs properly, they must have financial support beyond what they can earn by their services." They concluded, "Like other nonprofit performing arts organizations, those of the theatre need financial support beyond what they can obtain at the box office." However, their reason for the support is a quite general one: "to fulfill properly their artistic mission." Rockefeller Brothers Fund, *The Performing Arts: Problems and Prospects* (New York: McGraw-Hill, 1965), 62, 64.

> has constantly declined since the beginning of the industrial revolution, it requires about as many minutes for Richard II to tell his "sad stories of the death of kings" as it did on the stage of the Globe Theatre.[6]

For example, in 1967, the Milwaukee Repertory Theater, with the consultation of the TCG,[7] published an informative brochure describing the theatre's activities and some of its financial and attendance data during the 1966-67 season. As written in the first page, "Why You Received This Report (even if you aren't a theater fan),"[8] the brochure was intended to address to the community at large. There is an article with the board president's signature titled "Why can't theater make a profit like any other business?" on the back cover of the brochure, and even the reader who did not bother to open the brochure might have had their attention drawn to what was written there. According to the article, "[f]or a long while, some American theater people clung to the hope that kinds of theater other than that profitable on Broadway could be presented on a break even basis," but recent experience and "a monumental study of the economics of the performing arts by two Princeton professors" has proved these hopes "unrealistic:"[9]

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[6] Baumol and Bowen, 164.

[7] According to the board minutes, "The Theatre Communications Group project on which the Milwaukee Repertory Theater is receiving consultation from Bradley Morison is progressing. The 'Report to the Wisconsin Community' has received a good deal of praise" ("Milwaukee Repertory Theater, Inc. Minutes of Board Meeting," 5 September 1967, Milwaukee Repertory Theater Records, Wisconsin Historical Society Archives / Milwaukee Area Research Center).

[8] "A Report to the Wisconsin Community: Milwaukee Repertory Theater 1966-67 Season," brochure, ca. 1967, Milwaukee Repertory Theater Records, Wisconsin Historical Society Archives / Milwaukee Area Research Center.

[9] Ibid.

> The basic reason is relatively simple. In the production of tangible goods, new technology and automation reduce the amount of manpower necessary to produce any one item….There is no way, however, to automate the arts and reduce the number of people necessary to perform a Beethoven symphony or a Shakespearean play…[10]

Although *Richard II* was changed to a more generally acceptable "Shakespearean play," Baumol and Bowen's example was used here to inform non-theatregoers why theatres such as the Milwaukee Repertory Theater were not only unable to make a profit but also in deficit and thus in need of their support.

At the same time, the American Conservatory Theatre devoted half a page of its 1968-69 annual report to explaining graphically Baumol and Bowen's thesis. Under the title "The Quandary of the Performing Arts/ the performing don't pay for themselves…and are unlikely ever to do so,"[11] it places two sets of contrasting figures (Figure 4.2). While a workingman-like figure produces more houses, wheat, and cars in 1966 than in 1929 due to advanced technology, an actor-like figure produces the same performance in 1966 as in 1929. It explains:

> The arts are "handicrafts" in an age of technology, and that is the root of their problems. Labor-saving methods have enabled the United States economy to experience ever higher productivity (output per man per hour), accompanied by

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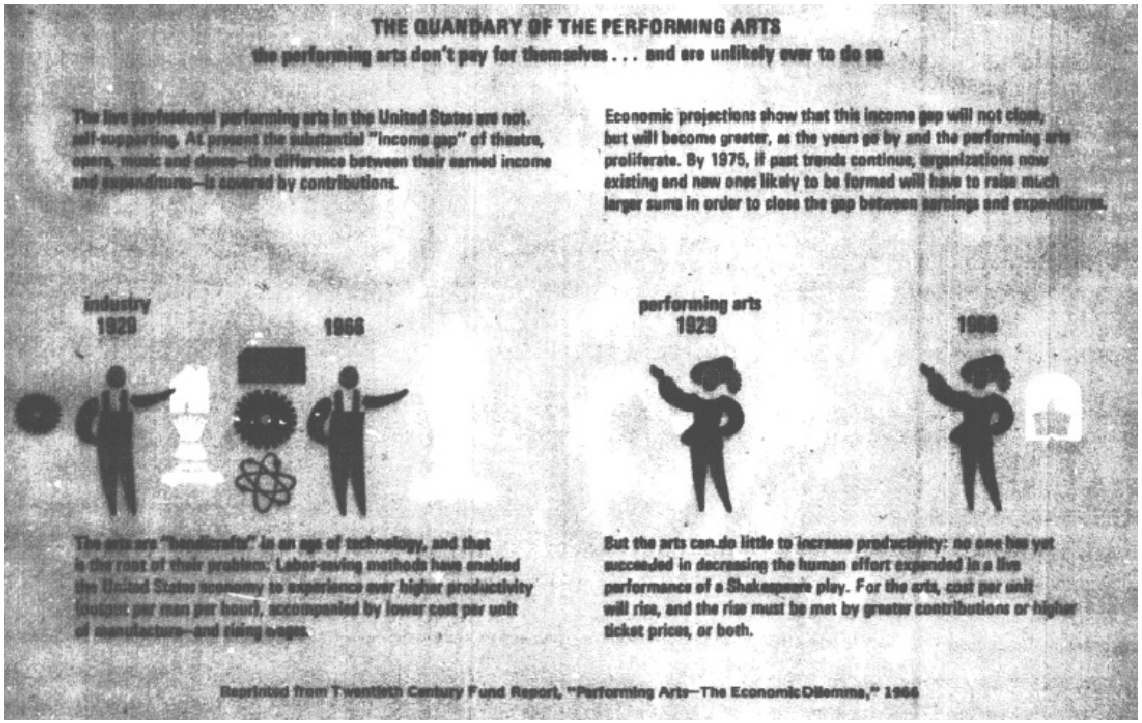
[10] Ibid.

[11] "American Conservatory Theatre 1968-1969 Report," annual report, PA67-94, Ford Foundation Archives.

Fig. 4.2: An Excerpt from the Annual Report, 1968-69, American Conservatory Theatre



Source: "American Conservatory Theatre 1968-1969 Report," PA67-94, Ford Foundation Archives.

> lower cost per unit of manufacture-and rising wages. / But the arts can do little to increase productivity: no one has yet succeeded to decreasing the human effort expended in a live performance of a Shakespeare play. For the arts, cost per unit will rise, and the rise must be met by greater contributions or higher ticket prices, or both.[12]

As these examples illustrate, Baumol and Bowen's theory of an ever-expanding income gap provided regional theatre management with a plausible explanation of why regional theatres were not self-sustaining and needed financial support. Accompanied with economic terms such as "manpower" "cost per unit" and "productivity," their theory was cited repeatedly in brochures and reports as if it had been an objective observation of the financial situation regional theatres were facing.

Among many terms Baumol and Bowen introduced, "income gap" had an especially long-lasting impact on the operating principle of regional theatres after the late 1960s. By replacing the term "deficit," which had been long associated with financial failure, with "income gap,"[13] Baumol and Bowen created the impression that the deficits incurred by regional theatres and other performing arts organizations were not due to their bad management or poor audience attendance, but were natural and even inevitable from the economic standpoint. By using the term, regional theatre management successfully gave out the impression that no fault was found on theatre's side for its deficit operation, and that the deficit was actually a "gap" that should be filled from sources other than box office income. The TCG data shown in the beginning of this

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[12] Ibid.

[13] Baumol and Bowen, 147-150.

chapter was also formatted under this premise.

As reviewed below in this chapter, Baumol and Bowen's "income gap" thesis is plausible in theory, but it is highly doubtful that it was the right explanation for the actual financial conditions of regional theatres in the late 1960s. Still, the fact remains certain that their theory was widely used by regional theatre management right after it was published. It can be concluded that their theory was mainly used to justify regional theatres' inability to maintain themselves through box office income and make a persuasive case for their need to have other sources of income.

4-2-2. Rise and Fall of the National Funding System: the Ford Foundation and the NEA

Secondly, along with the introduction of the term "income gap" into regional theatre management and its wider distribution, another relevant series of events started around the late 1960s. Around this time, grants of a national scope were channeled into regional theatres. Along with the grants came national recognition. For those who were involved with the operation of regional theatres across the country, it was the time when their long-time efforts and struggles began to be recognized nationally. Joseph Zeigler, who was an intern at Arena Stage in the early 1960s and later became a staff member of the TCG, recalls the mood of the times:

> The new fraternal spirit, combined with the assumption of a cultural explosion and the interest of the Ford Foundation (which was increased after 1960, when [W. McNeil] Lowry's [Arts and Humanities] program became a major division of the foundation with more money at its disposal), made regional theatre look like the

> wave of the future. I was just finishing college at that point (1960) and believed with many others that to work in professional theatre outside New York was not only a noble but also a natural thing to do.[14]

The flow of funds seemed to assure regional theatres' existence, and even the dream of nationally subsidized theatres as in Europe seemed to be obtainable in the near future. It did also help many regional theatres produce new plays, as discussed in Chapter 2. This optimism, however, quickly began to run out as those funds turned out to be insufficient.

In the late 1960s, regional theatres suddenly became promising candidates for receiving financial support designated for the arts when a national financial support system for the arts appeared to take shape. The federal government's support for the arts started when the National Endowment for the Arts (NEA) was established in 1965 and started to give out grants to arts organizations and individuals from 1966. As Baumol and Bowen's thesis made a strong case for supporting the arts and the Ford Foundation and the Rockefeller Foundation started full-fledged grant programs to assist regional theatres in the early 1960s, regional theatres experienced a sudden surge in funds. As discussed in the previous chapter, "cultural explosion" also seemed to assist this trend.

Among various types of performing arts organizations, the financial prospects of regional theatres seemed especially bright. The Ford Foundation chose to launch their grant program by focusing on theatre before initiating ballet, symphony, and opera programs, and made a great impact on regional theatres in their formative years. The NEA quickly followed suit and started to make grants to regional theatres from the fiscal

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[14] Joseph W. Zeigler, *Regional Theatre: Revolutionary Stage* (Minneapolis: University of Minnesota Press, 1973), 65.

year 1967. Among many grant programs made in the NEA's early years, the program to regional theatres was virtually the only type of comprehensive grant program for a single genre of performing arts. Other NEA grants then were primarily made to service organizations, individuals, and universities, besides a handful of symphony orchestras, ballet and opera companies. It was not until 1971 that the NEA started to expand its scope of support to major symphony orchestras and museums. Until then, the representation of regional theatres among many NEA grant programs was disproportionally large. Even after the fiscal year 1971, a flow of fund from the NEA to regional theatres continued. Once given a grant from the NEA, most of the major regional theatres were granted others, year after year.

Why did theatre become the main field supported by the Ford Foundation's and the early NEA's grant programs? It might be partly because the individuals who played significant roles in designing these initial grant programs showed a great personal interest in theatre.[15] It is very likely, however, that they considered regional theatre as a strong candidate for their pilot programs because a handful of existing regional theatres at that time were still in a developing stage without any particular support structure, while a large number of symphony orchestras and opera companies across the country were already fully established with the help of traditional art patronage. It might be possible that regional theatres were ideal for the grant programs because the funding could make a maximum impact with a relatively small amount of dollars. For the newly established

[15] McNerney suggests that W. McNeil Lowry, then the director of Humanity and Arts Division of the Ford Foundation, who decided to target theatre as Ford Foundation's first test program in arts, had nostalgia for the theatre of his childhood. NEA's first Chairman, Roger Stevens was a real estate businessman and Democratic fundraiser, but also a Broadway producer and the chairman of the Kennedy Center under construction. Sheila Rebecca McNerney, "Institutionalizing the American Theatre: the Ford Foundation and the Resident Professional Theatre, 1958-65" (Ph.D. diss., University of Washington, 1999), 77-79, 208.

grant programs for the arts, an uninhabited small pond was better than a busy large pond for making a big splash with a pebble. In this way, it appears that the heretofore nonexistent national financial support system for regional theatres seemed to take shape quickly in the late 1960s.

However, neither the Ford Foundation nor the NEA turned out to be a major supporter of regional theatres in the long run. The Ford Foundation's programs for regional theatres were initially designed on the premise that regional theatres could and should be self-sustaining. It was not the Ford Foundation's intention to make grantee theatres dependent on its grants for a long period of time.[16] Its approach had to change when Baumol and Bowen's thesis began to gain currency around 1966-67, but it still remained reluctant to commit itself for a long period of time to grantee theatres. Around this time, the Ford Foundation began to admit that, like symphony orchestras and opera companies, regional theatres could not support themselves through box office income. It decided that the everlasting deficits should be made up through local community support, not through its grants.[17] Around 1970, it ceased to make grants for the operating

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[16] In fact, in the press release of the 1962 grant program, president of the Ford Foundation states, "As in the past, the Foundation will not become a general patron of artistic institutions and will not provide routine financing of operating and capital costs" ("News from the Ford Foundation," press release, 10 October 1962, Billy Rose Theatre Collection, New York Public Library for the Performing Arts).

[17] The Ford Foundation internal document prepared for the 1967 grant programs for the Guthrie Theater and others summarizes the changes in the financial climate of regional theatres as follows: "Five years ago [in 1962] there was a hope that theater groups, unlike others in the performing arts, could reach a break-even capacity at the box office if given a few years to try. / The inflation of all costs of producing, and the increasing difficulty of theater artists to continue to subsidize their own efforts through low wages, have shown that professional nonprofit theater is also a deficit art form…/… The breathing space afforded by foundation grants will be best used to prepare local maintenance funds in the manner of the symphony orchestra…" ("Minnesota Theatre Company, Underwriting of Performance Seasons," docket excerpts, 31 March 1967, PA62-494, Ford Foundation Archives).

expenses of regional theatres and began to introduce the Cash Reserve Program, which was specifically aimed at stabilizing their operations without further Ford Foundation grants. This shift in the Ford Foundation's grant policy was driven not only by the revelation that regional theatres were not self-sustaining theatres, but also by its own financial situations. With its portfolio shrinking and a new president at the helm, the Ford Foundation needed to reformat its funding priorities.[18]

At the same time, the NEA, which once seemed to be generous to regional theatres, also failed to be a major supporter of regional theatres. In fact, from the very beginning, the congressional declaration of purpose announced the subsidiary role the federal government played in supporting the arts: "The encouragement and support of national progress and scholarship in the humanities and the arts, while primarily a matter for private and local initiative, is also an appropriate matter of concern to the Federal government."[19] Even in the honeymoon years of the late 1960s, Roger Stevens, the first chairman of the NEA, cautioned in the annual report as early as in 1968 that "the Federal Government cannot, and should not, be expected to carry the total burden. This must be a cooperative effort, to include private enterprise, foundations, State and municipal support, regional organizations, and individual contributions."[20] The NEA gave regional theatres national recognition, but, considering the fact that NEA grants covered less than ten

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[18] McGeorge Bundy, "The President's Review," in *The Ford Foundation Annual Report October 1, 1970 to September 30, 1971* (New York: The Ford Foundation, 1972), 7-13.

[19] *Congressional Declaration of Purpose Establishing the National Endowment for the Humanities and the National Endowment for the Arts; National Foundation on the Arts and Humanities Act of 1965,* Public Law 89-209 (Washington, D.C.: U.S. Government Printing Office, 1975), 1.

[20] *National Endowment For The Arts, National Council On The Arts, Annual Report Fiscal 1967* (Washington, D.C.: U.S. Government Printing Office, 1968), 1.

percent of a typical regional theatre's income, it is safe to assume that its support played very little role in reducing regional theatres' operating deficits.

It is often said that the financial impact from NEA grants far exceeds the dollar amounts. NEA grants are, the theory goes, "seed" money that attracts other non-governmental funds through their matching grant policies. However, for regional theatres, NEA's matching policy seems to have had little effect on inducing local and non-governmental sources to contribute. Thus far, no evidence that local communities decided on giving donations to regional theatres because the NEA was giving to the theatres has been found. It is very likely that the regional theatres that received the NEA grants were already capable of raising matching funds in the first place. Although regional theatres continued to be major recipients of NEA's theatre program grants, the NEA has never assumed the position of a major long-term supporter of regional theatres and its grants remained a minor source of income for most of them, except for a few special grant programs such as Challenge Grants or the Ongoing Ensemble Grants in the 1970s and the 1980s.

To summarize, neither the Ford Foundation nor the NEA acted as a major, long-term supporter of regional theatres at the moment when regional theatres realized that they could not be self-sustaining. Although they once looked promising, the grant programs did not become a once-and-for-all solution for the financial difficulty regional theatres were facing. In retrospect, a sudden flow of funds from national grant-making organizations into regional theatres from the early 1960s and its failing to meet expectations afterwards was predictable, since playing a major and continuous role in supporting performing arts had never been the Ford Foundation's or the NEA's policy. Similarly, no wide national consensus on supporting regional theatres or performing arts

in general had been established.

However, among those who worked in regional theatres, the first theatre sector recognized as worthy of receiving national grants, there were widespread expectations around the mid-1960s that a European-style national funding system that assured the continuance of theatres would be introduced in the United States. The following statement, made by Ruth Mayleas, who had been the director of the Theatre Program of the NEA until 1978, succinctly summarizes the disappointment many regional theatre practitioners felt at that time:

> When the resident theater movement began, and through subsequent years of its development, its principal leaders believed that developing along with it would be a support system, public and private resources combined in some miraculous way to make possible the utilization of our country's best artistic resources. Implicit here was a concept of continuity, the development of real theater companies, companies with a full complement of artists and support staff, companies capable of producing the most challenging work in the repertoire. If this concept was not always articulated with precision, it was there nonetheless. As we know only too well, it didn't turn out that way.[21]

4-3. Regional Theatres as Not Self-sustaining Theatres: Framework

There were two series of important events starting during the late 1960s and the early 1970s: the emergence and diffusion of the "income gap" thesis and the rise and fall of the national funding system for regional theatres. In the process, the operating

[21] Ruth Mayleas, "Resident Theaters as National Theaters," *Theater* 10, 3 (1979): 7.

principle of regional theatres, that they could and should be self-sustaining, began to eclipse, and the notion that regional theatres could not pay for themselves and should be supported by the sources other than the box office income began to emerge.

What kinds of funds were available to regional theatres during the late 1960s and the early 1970s? Before moving to the individual case studies, a general framework will be presented to put each specific case in order. Theoretically, the contributed income of regional theatres can be divided to four types according to their sources (Table 4.1):

1. Grants from the federal government[22]
2. Grants from state and local governments
3. Grants from the national foundations and grants and contributions from national corporations
4. Contributions from local individuals, corporations, and foundations

As established in the previous section, there was no possibility that funds from Categories 1 and 3 would be forthcoming in a large amount. National corporations such as Exxon and AT&T sponsored some productions of regional theatres in the early 1980s (Category 3 in Table 4.1), but their programs were mostly short-lived. Chart 4.1 presents the changes in the contributed income as a percentage of total expenses of major nonprofit theatres from 1965-66 to 2000-01. The data are fragmented and some caveats and

[22] Some regional theatres have received grants from federal agencies other than the NEA such as the Office of Education and the National Park Service, but most of the grants are short-term or designated for specific projects.

TABLE 4.1: Possible Funds Available to Regional Theatres

	National	Local
Governmental	1	2
Non-Governmental	3	4

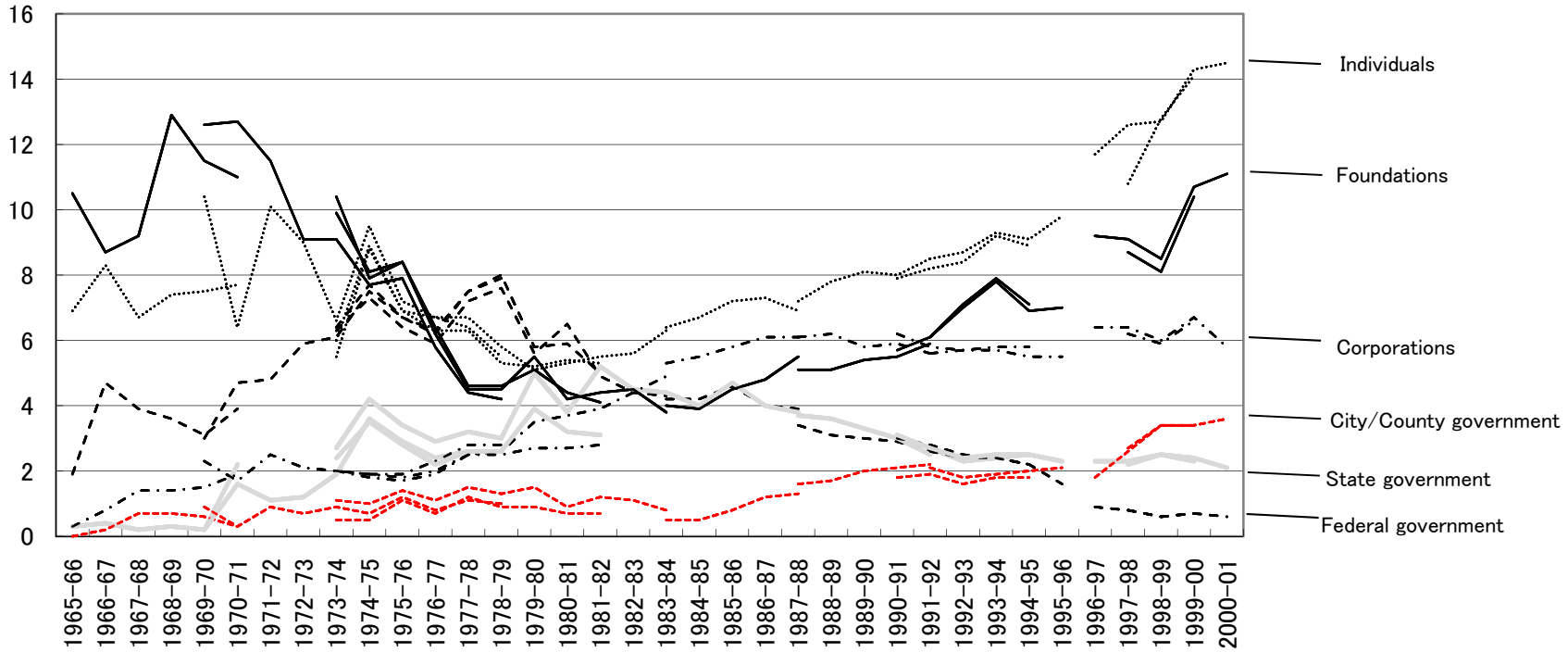
Category 1: Grants from the federal government

Category 2: Grants from state and local governments

Category 3: Grants from the national foundations and grants and contributions from national corporations

Category 4: Contributions from local individuals, corporations, and foundations

CHART 4.1:
Contributed Income as a Percentage of Total Expenditures in Major Nonprofit Theatres:
from 1965-66 to 2000-01



Sources: From 1965-66 to 1970-71 (27 theatres): Ford Foundation, *The Finances of the Performing Arts*; From 1969-70 to 1978-79 (18 theatres): Samuel Schwarz and Mary G. Peters,*Growth of Arts and Cultural Organizations in the Decade of the 1970's;* From 1973-74 to 1978-79 (25 theatres): Theatre Communications Group, *TCG Survey 1979*; From 1973-74 to 1981-82 (22 theates):Theatre Communications Group,*Theatre Facts 1982*; From 1979-80 to 1983-84 (37 theatres): *Theatre Facts 84*; From 1983-84 to 1987-88 (45 theatres): *Theatre Facts 88*; From 1987-88 to 1991-92 (68 theatres): *Theatre Facts 1992*; From 1990-91 to 1994-95 (66 theatres): *Theatre Facts 1995*; From1991-92 to 1995-96 (68 theatres): *Theatre Facts 1996*; From1997-98 to 1999-00 (74 theatres): *Theatre Facts 2000*; From 1996-97 to 2000-01 (77 theatres): *Theatre Facts 2001.* Compiled by the author.
It should be noted that the data of the NEA and the TCG include several nonprofit theatres operating in New York City. Due to the change in data processing policy, there is no series of data that stretch between the 1995-96 and the 1996-97 seasons.

limitations must be noted,[23] but the information indicates the general trend. According to the chart, grants from state and local governments (Category 2 in Table 4.1) failed to cover the decline of the NEA grants in the 1980s. Foundation grants declined in the 1970s, bounced back in the 1990s, and are on the rise, but it is very likely that this increase was due to the shift in national foundations (Category 3 in Table 4.1) being replaced by local foundations (Category 4). On the whole, non-governmental sources were on the rise while governmental sources were either decreasing or their increase was insignificant.

In sum, after the mid-1960s, regional theatres focused on obtaining funding from Category 4 in Table 4.1, as the possibility of obtaining funds from Categories 1, 2, and 3 in Table 4.1 became slimmer. In the process, regional theatres changed themselves to the current financial structure, depending on local and non-governmental sources (see also Chart 3.1). At this point in the mid-1960s, the major funds available to regional theatres were contributions from local individuals, corporations, and foundations (Category 4 in Table 4.1), and for some regional theatres, grants from the Ford Foundation (Category 3). As a result, the regional theatres receiving major grants from the Ford Foundation in the late 1960s and those not receiving them took different paths initially, but in the end, both groups of theatres turned to the Category 4 funds. As the following case studies demonstrate, the shifts toward local and non-governmental sources occurred between the late 1960s and the early 1970s.

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[23] It should be noted that unlike in Chart 3.1, the percentages are calculated from the aggregate contributed income of the theatres that participated in the survey, not the average figures of each participating theatre's contributed income breakdown. The data also includes those of theatres operating in New York City, which may lower the percentage of the contributed income overall. Moreover, in some seasons, contributions by individuals may be partially categorized as "others" due to changes in data processing policy.

4-4. Regional Theatres as Not Self-sustaining Theatres: Four Cases

In this section, changes in the operating principles and actual operations of the four regional theatres from the mid-1960s to the early 1970s will be examined. Around the mid-1960s, as the notion that regional theatres could and should be self-sustaining began to fade, regional theatres began to search for alternative sources of income. After some twists and turns, they introduced annual fundraising campaigns and other activities to raise contributions regularly from local communities, and, in the end, all of the four regional theatres settled into their present financial structure consisting of local and non-governmental sources.

The regional theatres receiving major Ford Foundation grants (Arena Stage and the Guthrie Theater) first underwent a period in which they depended on the grants from the Ford Foundation in the late 1960s and shifted their major contributed income to local and non-governmental sources in the early 1970s. Other regional theatres (the Seattle Repertory Theatre and the Milwaukee Repertory Theater), unable to obtain major grants from the national foundations, began to rely regularly on local and non-governmental sources around the mid- to the late 1960s.

A. Arena Stage

As clarified in the previous chapter, Arena Stage appeared to be the model regional theatre, embodying the very notion that a regional theatre could and should be self-sustaining, until the early 1960s. In fact, even after it started receiving grants from the Ford Foundation and the Rockefeller Foundation, it maintained a higher level of earned income than its total expenditure (see Chart 3.A.1).

How did Arena Stage shift to the notion that even it could not make ends meet

through earned income alone? First, it is necessary to examine the change in Arena Stage's operating principle through a series of narrative reports submitted to the Ford Foundation in relation to the 1962 grant program.

"Income Gap" Club

The Ford Foundation's 1962 grant program to Arena Stage, as stated in the last chapter, relieved Arena from its construction debt for the new theatre building. However, according to the grant notification letter, the purpose of the grant was to help Arena Stage "to develop and expand the artistic and professional operations of the Arena Stage over a ten-year period by relieving its operational budget of mortgage and bond debts and other financial obligations and improving its physical facilities."[24] Although the grant made to Arena Stage was in actuality a one-time grant applied retroactively to the building cost,[25] Arena Stage was still obligated to send a narrative report each year to the Ford Foundation until the ten-year term of the grant expired.[26] Written by Thomas Fichandler,

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[24] Letter from Joseph McDaniel, Secretary, Ford Foundation, to J. Burke Knapp, President, Washington Drama Society, Inc., 4 October 1962 (carbon copy), Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

[25] To differentiate its program from others, the Ford Foundation's policy at that time was not to make a grant for the sole purpose of building a theatre facility. When asked for the contributions for the new Guthrie Theater building in 1961, the Ford Foundation turned down the request on the ground that it did not make any capital grant. It seems that the Ford Foundation wanted to avoid giving out the impression to the public that its new grant program to theatres was in fact for the brick and mortar expenses. Letter from W. McNeil Lowry, Director, to President, Tyrone Guthrie Theatre Foundation of Minnesota, 26 September 1961 (carbon copy), PA 62-494, Ford Foundation Archives.

[26] In the generic document sent to a Ford Foundation grantee, it was specified as follows: "A written report will be furnished to the Secretary of the Foundation upon completion of the project or program for which the grant has been made. Where the period of the grant exceeds one year, interim reports will be furnished annually, in addition to the final report. These reports should contain a financial accounting by categories of expenditure, a narrative account of what was

Executive Director of Arena Stage, the series of reports sent to the Ford Foundation are ideal sources for tracing the changes in Arena Stage's operating principle.

The first report on the 1962-63 season was submitted to the Ford Foundation in November 1963. It was the second season of Arena Stage in the new 752-seat theatre building. As far as the report is concerned, it is clear that, at this point, the Arena Stage management was still under the premise that the theatre could and should pay for itself. In the report, the Executive Director concludes, "It seems clear from last year's experience and from the size of our subscription rolls this year—up to 10,500 from 10,100 last season—that we shall be able to continue our acting budget next season at the level permitted during this season and the two prior seasons by the Ford Foundation repertory actors' program."[27] In this season, Arena Stage's earned income was actually well above the total expenses. Starting from the 1961-62 season, Arena Stage was also participating in the three-year repertory actors' grant program made by the Ford Foundation.[28] On balance, it showed a surplus (see Chart 3.A.1). At this point, the Executive Director seemed to be confident that the theatre could continue paying its own way through earned income alone, considering the number of subscriptions they had.

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accomplished by the expenditure of the funds, and reference to any publications resulting from the grant which have appeared or are in preparation" ("Terms of Grant," 4 October 1962, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries).

[27] "Interim Report of Washington Drama Society," 1 November 1963, PA62-492, Ford Foundation Archives.

[28] The grant was made to four theatres by the Ford Foundation in 1960 as a pilot grant. It was to hire ten actors for three years under the annual contracts for $200 a week. At that time, the new theatre building construction was on its way at Arena Stage, so the Ford Foundation allowed Arena Stage to wait and start the grant program from the 1961-62 season in the new building. "Professional Actors and the Residential Theater," Executive Committee docket excerpts, 6 November 1959; Letter from W. McNeil Lowry, Director, Ford Foundation, to Zelda Fichandler, Producing Director, Arena Stage, 5 May 1962 (carbon copy), PA60-19, Ford Foundation Archives. As for the effect of the repertory actors' grant on each recipient theatre, see McNerney, 134-146.

In the 1963-64 season, Arena Stage's earned income slipped slightly below the total expenses (see Chart 3.A.1), but the report still maintains the optimistic tone: "without the Ford Foundation's Repertory Actors Grant ($44,800) and other one-time gifts and without the income earned by our temporary accumulated surplus, we would have operated with a $48,546 deficit last year." [29] But the deficit, according to the report, was mainly due to the one-time expense of its fifteenth anniversary subscription campaign, and "unlikely to be duplicated in the near future." The Executive Director admitted that the deficit occurred "despite the fact that box office receipts were 83 percent of potential income and the number of tickets sold reached 86 percent of capacity!"[30] However, by putting more seats at the highest price and fewer at the middle and lowest price, the potential income would be increased about ten percent this season. He concludes, "It is too early to tell what this season's financial picture will be. But if we again have 83 percent of potential income at the box office, we are likely to just meet our operating expenses out of normal income; interest earned on our invested accumulated surplus will provide an estimated $25,000 safety factor."[31] The report was written in December 1964. It was then still expected that Arena Stage would continue its operation through the box office income and earned interest would function as a cushion toward contingencies, although some unexpected expenditure might happen from time to time.

The tone changes in the report on the 1964-65 and 1965-66 seasons submitted in January 1967. As seen in Chart 3.1.A, the 1965-66 season was virtually the first one

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[29] "Interim Report of Washington Drama Society," 1 December 1964, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

[30] Ibid.

[31] Ibid.

Arena Stage finished in the red, and its total expenditure considerably exceeded its earned income. The contributed income mainly from the Ford Foundation made up for the loss, but insufficiently. After the 1965-66 season, Arena Stage kept on failing to pay its way through the earned income, with the gap between what it earned at the box office and what it spent for the operation ever widening. After reviewing the financial data, the report concludes, "Although we are attempting to increase income potential in as many ways as possible—by raising box office prices somewhat, by adding performance and by attempting to develop related programs such as children's theatre and work with the school system—we must conclude that Arena Stage has definitely entered the 'income-gap club.'"[32]

At this point in January 1967, Arena Stage, which had long been one of the rare regional theatres to embody the ideal that they could and should pay their own way, altered its operating principle. The report stated clearly that, with all the efforts to maximize the earned income, Arena Stage could not avoid a deficit. The deficit, according to the Executive Director, was mainly attributed to the rapid increase in actors' and technicians' salaries caused by greater competition for talent among a growing number of regional theatres.[33] Significantly, according to the draft version of this report, the term "the 'income-gap club'" replaced the original term "the deficit financing club."[34]

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[32] "Interim Report of Washington Drama Society," 27 January 1967, PA62-492, Ford Foundation Archives.

[33] It was reported that "the rapid increase in actors' and technicians' salaries is a-to-be-expected result of the rapid growth in the number of regional theatres and the limited number of qualified people to staff them." Ibid.

[34] Ibid.;"Interim Report of Washington Drama Society," typed draft with handwritten notes, 27 January 1967, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries. In the draft version of the report, there exist the additional closing sentences: "The

This change of wording clearly points to the publication of Baumol and Bowen's work *Performing Arts: Economic Dilemma* and their term "income gap." It seems that the Executive Director thought that the term would add some objectivity in explaining the theatre's deficit. Around this time, *Performing Arts: Economic Dilemma* was also introduced to the board of trustees of Arena Stage, and its copies of excerpts were distributed at the meeting, probably by the Executive Director.[35]

The next report was written in December 1968 on the seasons 1966-67 and 1967-68. According to it, the financial situation of Arena Stage had changed for the worse: "Deficits up through last season [1966-67 season] have been manageable. Inexorable increases in expenses, caused primarily by rising costs of staff and materials, cannot be met by increasing box office income. For the future, subsidy of some kind or another appears essential."[36] Almost two years after the last report, the Executive Director concluded that Arena Stage not only was unable to avoid a deficit, but also needed some form of subsidy to maintain its operations. Meanwhile, Arena Stage's earned income continued to stay below the level of its total expenses (see Chart 3.A.1).

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income gap for the current season is likely to be much smaller than for last season, if the second half of the current season follows the pattern of the first half. It is clear, however, that for the long run, box office and related income will not be enough to finance a first class theatre." However, from the final version of the report submitted to the Ford Foundation, these sentences were deleted.

[35] "Minutes of a Meeting of the Board of Trustees, Washington Drama Society, Inc.," 18 December 1966; 2 February 1967, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries. Before start working full-time at Arena Stage in 1961, Thomas Fichandler, Executive Director of Arena Stage, worked at the Twentieth Century Fund, the publisher of Baumol and Bowen's *Performing Arts: Economic Dilemma*. Probably for this reason, of many regional theatres existing at that time, only Arena Stage was quoted in the main body of their work. Baumol and Bowen, 148-150.

[36] Letter from Thomas C. Fichandler, Arena Stage, to Howard R. Dressner, Secretary, Ford Foundation, 14 December 1968, PA62-492, Ford Foundation Archives.

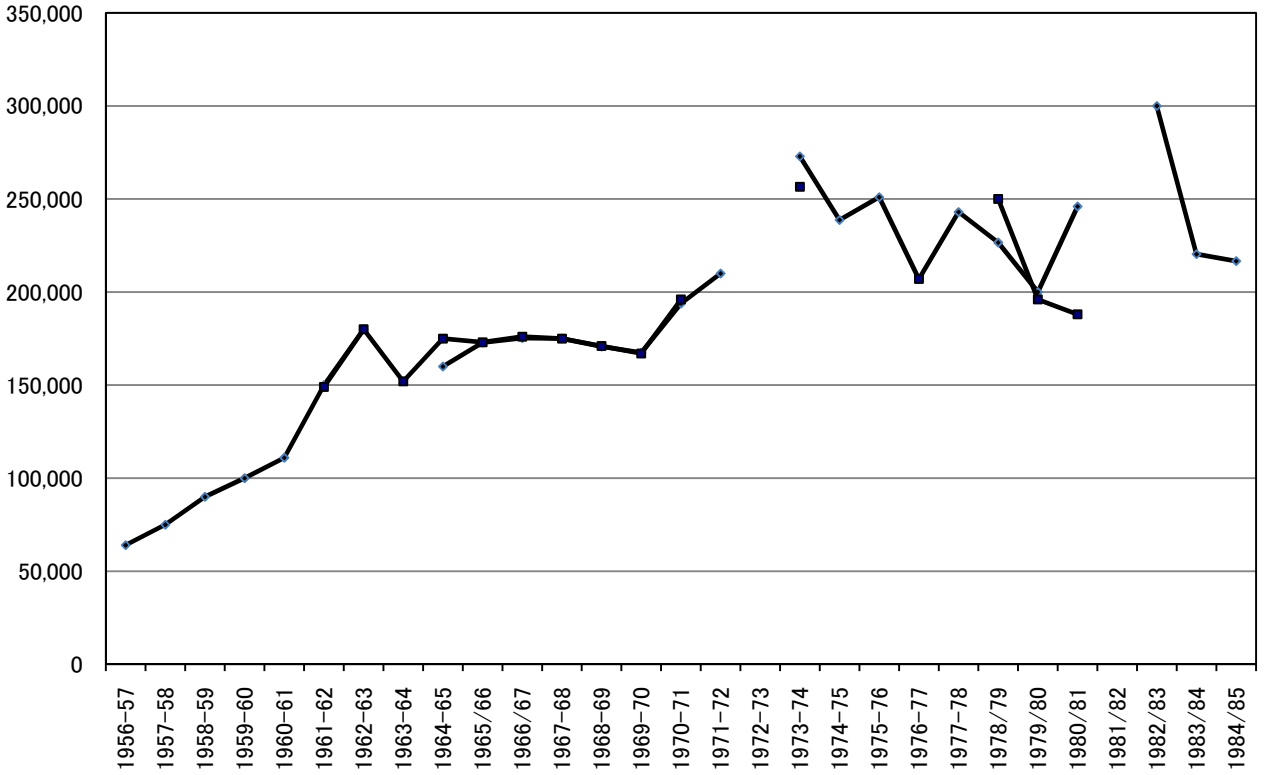
To summarize, Arena Stage appears to have changed its operating principle around 1967. The drastic revisions of its narratives are traceable in a series of reports to the Ford Foundation, which changed from showing the Foundation how the theatre sufficiently paid its way through the box office to asking the Foundation for more financial support. According to the reports, Arena Stage, having considered being a theatre that embodied the ideal that a regional theatre could and should make ends meet, could not avoid a deficit and needed some source of income other than the box office. The term "income gap," coined by Baumol and Bowen, was introduced to justify the operating deficits. As its approaches to funding changed, so did its actual financial balance; it showed deficits continuously since the 1965-66 season.

Cause of "Income Gap"

Why did Arena Stage actually turn itself to a deficit operation around that time? As seen in the Chart 3.A.1, Arena Stage's earned income, which mainly consisted of box office income, had been almost constant during the 1960s in constant dollars since it moved to the new theatre building in the 1961-62 season. This is probably because its number of audience members at Arena Stage had reached a plateau in the 1960s. Although Arena Stage had been enjoying a high audience capacity in the 1960s, about 84 to 92%,[37] the theatre might have reached the point at which it could neither increase the number of performances nor the size of theatre capacity without considerable increase in expenditure. In fact, despite its efforts to increase box office potential by rearranging the ticket prices (as seen in the1963-64 season report above) and increasing the number of

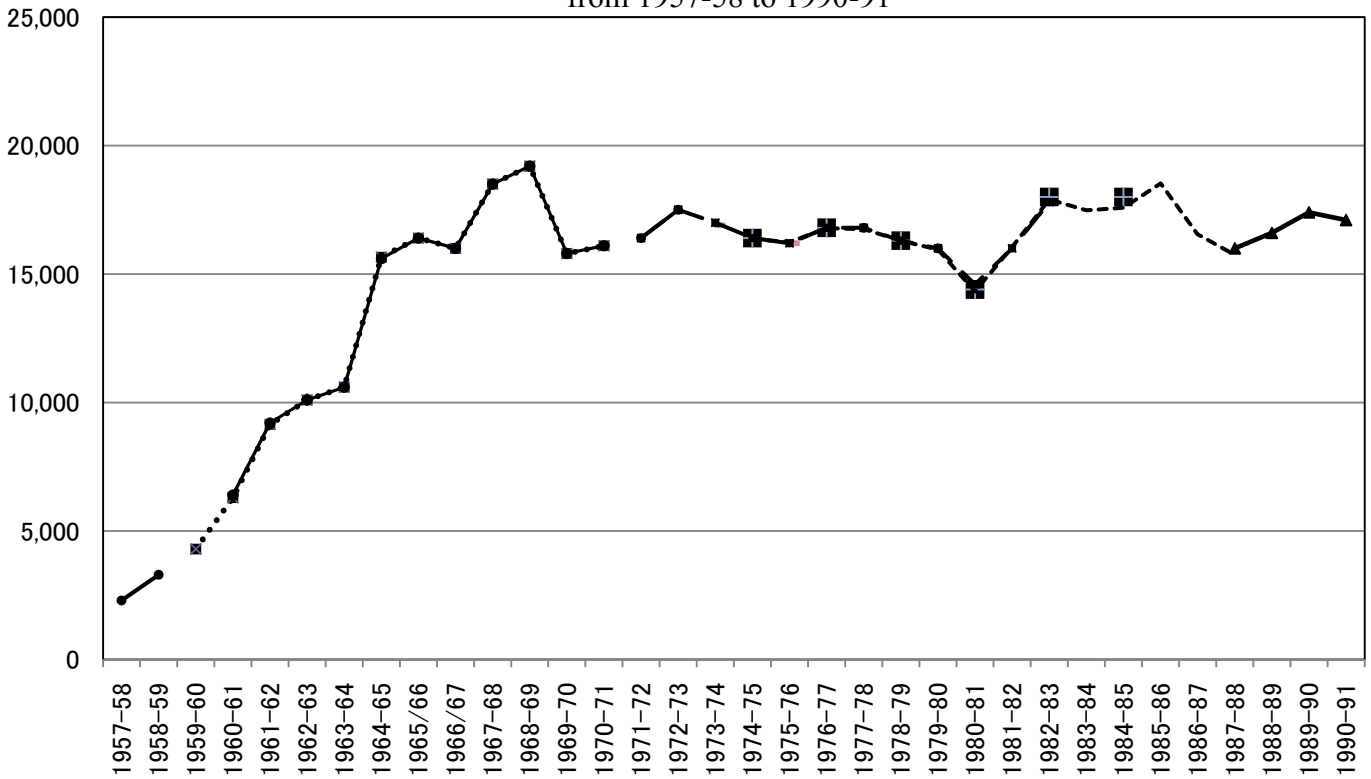
[37] The data were taken from the following source: "Case History of the Economic Workings of ARENA STAGE," printed report, ca. 1970, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

CHART 4.A.1:
Arena Stage: Attendance: from 1956-57 to 1984-85



Sources: Annual reports, unpublished charts, fundrasing related documents, grantee narrative reports, board minutes, and *Theatre Profiles 4-7.* Compiled by the author. The figures have several versions. Some figures include the attendance at performances for students, preview performances, or booked-in performances outside the main subscription series. They should be considered as approximate.

CHART 4.A.2:
Arena Stage: Number of Subscribers:
from 1957-58 to 1990-91



Sources: Annual reports, fundraising brochures, unpublished charts, fundrasing related data, grant application forms, grantee narrative reports, board minutes, and *Theatre Profiles 2-7*. Compiled by the author.
The data have several versions. Some figures include the subscribers to student subscription series or preview subscription series as well as mainstage subscription series. They should be considered as approximate.

seats from 752 to 773 in the 1963-64 season, and again, to 811 in the 1967-68 season,[38] Arena Stage's total attendance seems to have been fairly constant during the 1960s after the 1961-62 season (Chart 4.A.1), and the number of its subscribers reached a plateau in mid-1960s (Chart 4.A.2).

While the earned income's growth remained small, Arena Stage's total expenses continued to rise during the 1960s except for the 1969-70 season. Why did the total expenses increase faster than the earned income? In most regional theatres, the majority of the budget is usually spent on artistic personnel, and Arena Stage was no exception. In fact, it was stated in the above January 1967 report that Arena Stage's deficit was caused by the rapid increase in artistic personnel's salaries due to greater competition among regional theatres. On the surface, these facts seem to support Baumol and Bowen's "income gap" theory that expenses rise faster than income due to the constant and low productivity of artistic personnel and that the gap between them continues to widen.

However, as seen in the Chart 3.A.1, the gap between Arena Stage's total expenses and earned income was mostly covered by contributed income. The total income consisting of the earned and contributed income remained slightly below the total expenses throughout the late 1960s, but Arena Stage's actual deficits in the late 1960s were in fact minimal if depreciation and amortization expenses are not taken into account. Most of the contributed income of Arena Stage came from the Ford Foundation since the early 1960s and the Rockefeller Foundation and the NEA in the late 1960s. Therefore, it is natural to assume that Arena Stage increased its expenses and widened the gap because it was able to obtain grants that allowed it to afford the increasing expenses, not because of the productivity lag as Baumol and Bowen proposed.

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[38] Ibid.

In particular, the increase of expenses in Arena Stage's 1967-68 and 1968-69 seasons was mainly caused by the introduction of a repertory system. Producer Zelda Fichandler had wanted to introduce it to Arena Stage for a long time,[39] but staging a group of plays in a repertory format is usually costly since it requires a theatre to hire actors for a longer period of time than staging several plays for short periods of time, and stagehands have to work longer hours in order to change sets more frequently. As stated in the report, the pressure to raise the salaries of its artistic personnel might have been real and imminent,[40] but it seems to explain only partially why Arena Stage expanded its expenditure in the late 1960s. When the idea that regional theatres could and should be self-sustaining was prevalent, Arena Stage faithfully followed it. But around 1967, when Arena Stage found itself with an acceptable "income gap" and grants to make up the gap were forthcoming, it increased its expenditure in order to fulfill its artistic ambitions.[41] This means that Arena Stage's "income gap" was not caused by inevitable competition or

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[39] In 1958, Zelda Fichandler wrote to the Ford Foundation that "an acting company, based on the work of Arena Stage, cannot reach its fullest stage of development until we change our method of production from the short-term repertory (or "stock") system to the system of rotating or alternating repertory," and that Arena Stage's goal was to perform in a repertory format with the permanent acting company. Letter from Zelda Fichandler, Producing Director, Arena Stage, to W. McNeil Lowry, Ford Foundation Program for Directors, 4 November 1958, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

[40] As early as in 1962, when Arena Stage was included in the Ford 1962 grant program, Zelda Fichandler suggested some wording changes in the grant announcement to avoid the pressure of the labor unions: "We are concerned in particular about its possible effect on the future demands of the labor unions and even of our unaffiliated employees. If possible, therefore, we would prefer the announcement to underscore the fact that the grant is designed specifically to enable Arena Stage to improve and expand its program and not to infer that it is one designed in any way to subsidize or provide additional operating income." Letter from Zelda Fichandler to W. McNeil Lowry, Director, Program in Humanities and the Arts, the Ford Foundation, 3 July 1962 (carbon copy), Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

[41] Zeigler wrote that "It is characteristic, I think, that after moving into its new building, Arena Stage did not have income gaps until they became acceptable" (Zeigler, 34).

the productivity lag that Baumol and Bowen's thesis proposed, but was mostly created when the new sources of income started to flow into Arena Stage.

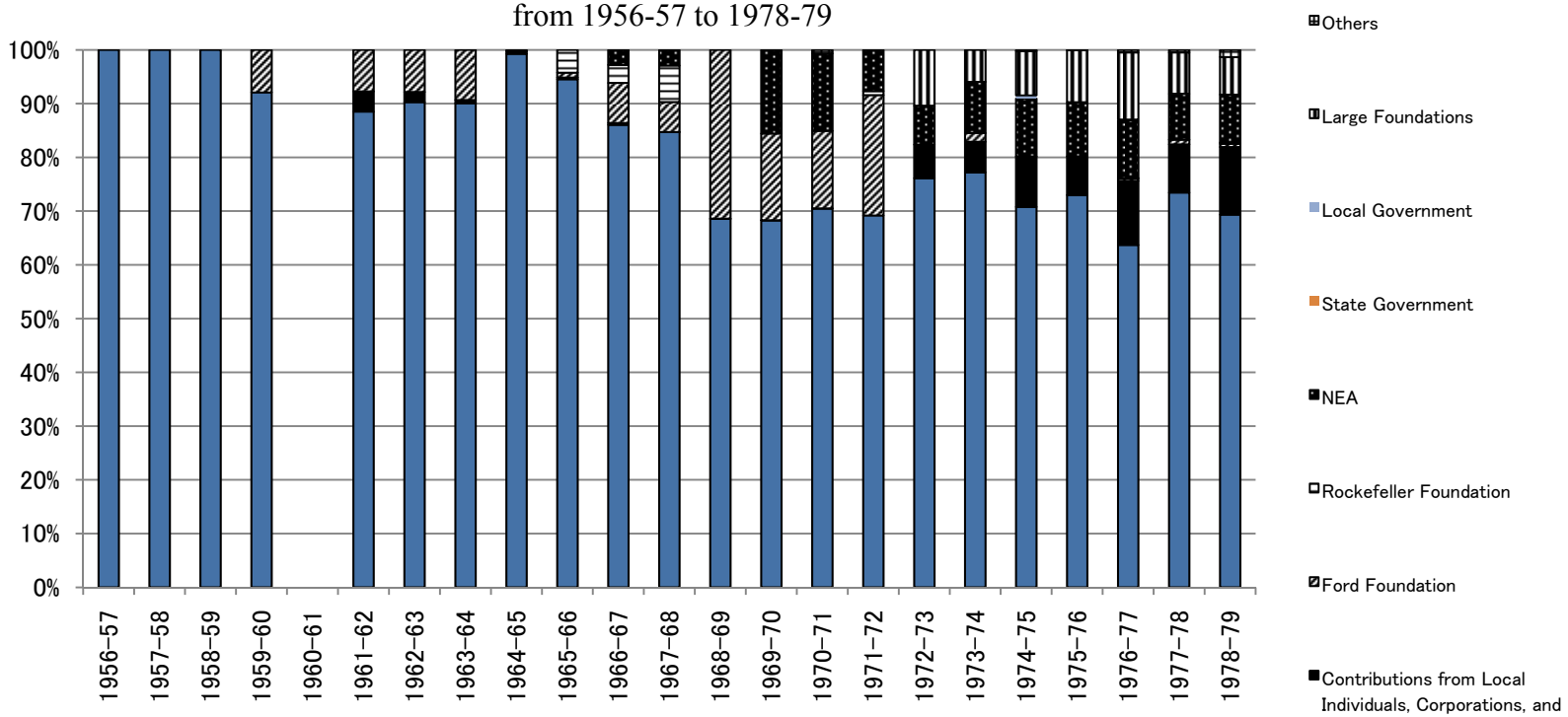
In Chart 4.A.3, a breakdown of Arena Stage's income from 1956-57 to 1978-79 is presented. About one third of Arena Stage's income in the late 1960s depended on the grants from the Ford Foundation and the NEA (Categories 1 and 3 in Table 4.1). Since the late 1950s, Arena Stage had been one of the major recipients of the Ford Foundation grants made for regional theatres, and by the end of the 1971-72 season, had received about $ 2.8 million from the Foundation.[42] It is sufficient to conclude that, in the late 1960s, Arena Stage counted on national grants and began to design its operating budgets in the anticipation that it would receive the grants.

Searching for Community Support

From the late 1960s to the early 1970s, Arena Stage was expanding its operations and thus its expenditures. With an additional theatre building opening in the 1971-72 season, the theatre was enjoying the large audience size possible to maximize earned income (see Charts 3.A.1, 4.A.1, and 4.A.2). Geared up with the new thesis of "income gap," Arena Stage successfully acquired a three-year grant from the Ford Foundation with

[42] Letter from W. McNeil Lowry, Vice President, Division of Humanities and the Arts, Ford Foundation to Mr. and Mrs. Thomas C. Fichandler, Arena Stage, 3 January 1973, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries. That included an $863,000 grant in 1962 to relieve the construction debt for the new theatre building, and an additional $800,000 grant in 1966 to complete the second theatre building. Those grants for the buildings were not reflected in Charts 3.A.1 and 4.A.3. Letter from Secretary, [Ford Foundation,] to Thomas C. Fichandler, Vice-President, Washington Drama Society, Inc., (carbon copy), 15 February 1966, PA62-492, Ford Foundation Archives.

CHART 4.A.3:
Arena Stage Income Breakdown:
from 1956-57 to 1978-79



Sources: Annual reports, audited financial reports, grant applications, and grantee narrative reports. Complied by the author.
The fiscal year of Arena Stage before 1959-60 covers the period between 1 September and 31 August, and after 1960-61, 1 July and 30 June.
The data do not include the income related to building construction and renovation, the Ford Foundation's Cash Reserve Program grants, or endowment funds. Grants and contributions designated for the Living Stage, an outreach arm of Arena Stage since 1966-67, are not included. "Large Foundations" consist of foundation grants and contributions of more than $2,500. For the 1960-61season, consistent data is not available due to the operational change.

a matching grant from the NEA[43] for the seasons 1969-70, 1970-71, and 1971-72 to cover its operating deficits[44] (see Chart 4.A.3).

However, as shown above, especially after 1966-67, when regional theatres turned out to have no hope of becoming self-sustaining, the Ford Foundation began to show its reluctance to help regional theatres' operating deficits. Around 1969, the Foundation finally started to warn Arena Stage that it would not make further grants without any prospect of replacing the grants with local community support.[45] As a result, the three-year grant to Arena Stage to cover its operating deficits had the stipulation that the theatre would not ask the Ford Foundation for the operating expenses in the 1972-73 season when the grant expired. It was expected that Arena Stage would raise funds from other sources than the Ford Foundation grant to cover the deficit of the 1972-73 season during the three seasons. Therefore, in the beginning of the 1970s, Arena Stage found itself in a position that it would lose the major grants in the near future, but, at the same time, could not scale down its operation because the theatre was enjoying a larger

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[43] Although Arena Stage had been negotiating with the Ford Foundation and the NEA simultaneously for possible grants, it was after the Ford Foundation grant was approved in August 1969 that the NEA made a decision to give Arena Stage a matching grant in September 1969. Therefore in this case, it was not the NEA grant that induced the Ford Foundation grant, but the other way around. See footnote 44 and the following letters: Letter from Howard R. Dressner, Secretary, [Ford Foundation,] to J. Burke Knapp, President, Washington Drama Society, Inc., 26 August 1969 (carbon copy); Letter from Douglas MacAgy, Acting Chairman, National Council of the Arts, National Endowment for the Arts, to W. McNeil Lowry, Vice President, Ford Foundation, 26 September 1969, PA62-492, Ford Foundation Archives.

[44] Letter from Secretary, Ford Foundation, to Norman Bernstein, President, Washington Drama Society, Inc., 5 March 1970, PA62-492, Ford Foundation Archives.

[45] Letter from W. McNeil Lowry, Vice President, Division of Humanities and the Arts, Ford Foundation, to Zelda Fichandler, Producing Director, Arena Stage, 16 September 1971, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries. The Ford Foundation's concern about supporting Arena Stage for a longer period of time was raised as early as in 1969. See "Grants out of Appropriation," 17 June 1969; "Grants out of Appropriation," 5 January 1970 PA62-492, Ford Foundation Archives.

audience and maximizing its earned income. Finally, in January 1973, the Ford Foundation made it clear to Arena Stage that it would not give any further operating grant and Arena Stage should raise funds from the community.[46]

How did Arena Stage overcome the loss of the Ford Foundation grants as the prospects of the national grant systems for regional theatres grew dimmer? It turned to the contributions from local individuals, corporations, and foundations (Category 4 in Table 4.1) and succeeded in getting them. As shown above, the NEA failed to be a major supporter of regional theatres (Category 1 in Table 4.1). The local art agency to provide grants to art organizations, the District of Columbia Commission on the Arts and Humanities, was established in 1968, but had little budget. Around the country, state and local art agencies were also established at the initiative of the NEA, but most of them made grants to special educational or outreach programs and seldom gave to general operating expenses of regional theatres (Category 2 in Table 4.1). So the type of funding Arena Stage turned to was local and non-governmental (Category 4 in Table 4.1), namely, contributions from local individuals, corporations, and foundations.[47]

What kind of actions did Arena Stage take to raise contributions from local individuals, corporations, and foundations? In terms of local fundraising activities, what the four regional theatres did was more or less the same, so Arena Stage's fundraising

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[46] Letter from W. McNeil Lowry, Vice President, Division of Humanities and the Arts, Ford Foundation to Mr. and Mrs. Thomas C. Fichandler, Arena Stage, 3 January 1973, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

[47] Moreover, Washington, D.C. had only a small number of corporations, and as for two fundraising campaigns for the new theatre buildings, Arena Stage had not been successful in getting enough contributions from the local businesses so far. Therefore, Arena Stage decided to turn mostly to local individuals and foundations. See, for example, "Minutes of a Meeting of the Board of Trustees, Washington Drama Society, Inc.," 24 June 1968, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

activities will be examined in detail here from two viewpoints and the fundraising activities of the other theatres will be referred to briefly as necessary in each section.

1) Restructuring of the Board

Incorporated as nonprofit, a regional theatre has a board of trustees or directors, a top decision-making body. Traditionally selected from the leading figures in a community, nonprofit board members are nonprofessionals and unpaid for their duties in principle but assume ultimate legal and financial responsibility for operating a nonprofit organization. For example, the board has final authority over hiring top key personnel, approving annual budgets, and other important decisions. As in many other nonprofit organizations in the United States, a regional theatre board consisting of non-theatre professionals institutionally guarantees the public role the regional theatre assumes in the community.

Generally speaking, becoming a board member of a leading nonprofit organization, especially of a hospital, a university, or a cultural institution, is joining the power structure and social circle of the community.[48] However, the most realistic and important function a nonprofit board performs is fundraising. Board members are expected to give large contributions to the organization or secure them from others using their own social status and networks.

Until the 1970s, Arena Stage's board was not expected to assume the above role of local fundraising except for during the brief periods of the construction campaigns. One reason was that Zelda Fichandler, one of the founders and then Producer of Arena Stage, was reluctant to seek contributions from local individuals for fear that large contributors

[48] For example, see Francie Ostrower, *Why the Wealthy Give* (Princeton: Princeton University Press, 1995).

might interfere in the theatre's operation.[49] However, the primary reason that Arena Stage deferred from local fundraising was that it had had no need to seek contributions from local individuals at all. Until the mid-1960s, Arena Stage earned enough box office income to cover its operating costs. In the late 1960s, the grants from the Ford Foundation and the NEA filled the gap between earned income and expenditure, and it was the role of the Producer and the Executive Director to apply for the grants and get them for the theatre.[50] Therefore, the fact that the board did not take initiative in local fundraising had not threatened Arena Stage's operations.[51]

However, prompted by the Ford Foundation's decision not to renew the operating grants, the relatively small role the Arena Stage board was playing for its operation had to grow. Around March 1970, when the Ford Foundation made it clear that Arena Stage needed to raise funds for the 1972-73 season, Arena Stage for the first time began to strengthen the board's role as a fundraising body.[52]

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[49] Zelda Fichandler, "Theatres or Institutions?" *Theatre 3* (1970): 104-17. On her reluctance in local fundraising, the above source is often cited, but the following sources are helpful too. Letter from Zel[da Fichandler] to Mac [McNeil Lowry], March 14, 1967; Letter from Tom [Thomas Fichandler] to Peter [Zeisler], 24 August 1971, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

[50] See also the interviews to the former board members of Arena Stage by Lange. Katherine Pantzer Lange, "A Study of the Administrative Structure of Arena Stage: Uneven Growth, Uneven Future" (M.A. thesis, The American University, 1981), 27.

[51] The Ford Foundation grant programs to regional theatres usually had a matching stipulation that required the theatres to raise the same amount of money to match the grants. However, since Arena Stage was a self-sustaining theatre until the mid-1960s, the Ford Foundation grants to Arena Stage often lacked this stipulation, or, when it was included, the requirement was nominal or later withdrawn by the Ford Foundation. See, for example, Letter from W. McNeil Lowry, Director, [Ford Foundation,] to Zelda Fichandler, Producing Director, Arena Stage, 25 May 1962 (carbon copy), PA60-19, Ford Foundation Archives, and the subsequent correspondence.

[52] "Minutes of the Meeting of the Board of Trustees, Washington Drama Society, Inc.," 9 March 1970; "Staff Meeting," meeting minutes, 13 March 1970, Arena Stage Collection, Special

Arena Stage increased the number of board members on the initiative of the Executive Director. Chart 4.A.4 shows the number of the Arena Stage board members elected from 1962 to 1980. In the late 1960s, the number of the Arena Stage board members was about twenty, but it increased sharply after 1970, and by 1974, it was thirty-five. By enlarging the board, Arena Stage aimed at activating it as a fundraising body. In fact, until 1970, the agenda of the board meetings mostly consisted of the financial reports by the Executive Director and the approval of the budget; after 1970, the actual business of fundraising was discussed at length, as were ways of raising money from the community. It was reported that when discussion was intensified, a board member went so far as to state that "those members who are not contributing to the needs of the Theatre should be dropped."[53] In 1975, the board decided that any new members would be required to either donate or raise $2,500 annually.[54] In this way, the function of the board to raise large contributions from the community had become intensified

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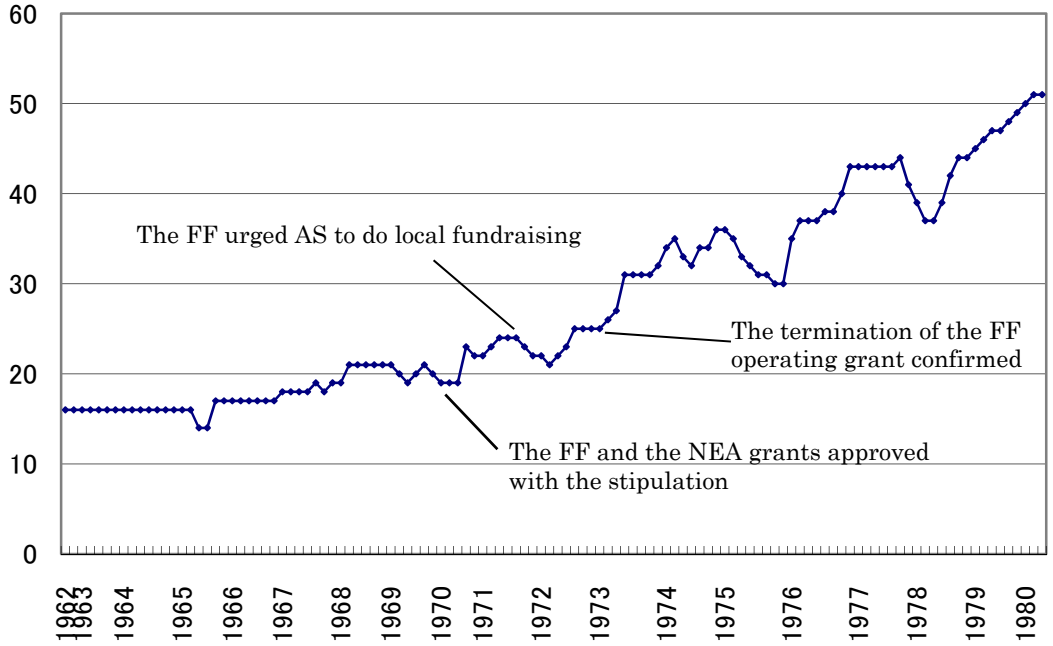
Collections & Archives, George Mason University Libraries.

[53] "Minutes of the Meeting of the Board of Trustees, Washington Drama Society, Inc.," 13 January 1973, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

[54] "Minutes of the Meeting of the Board of Trustees, Washington Drama Society, Inc.," 6 November 1975, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries. However, it was indeed hard to meet the requirement. For instance, in the 1976-77 season campaign, of the thirty-eight board members, the only three who had joined the board before 1975 contributed more than $2,500 in their personal names. On the other hand, the nineteen board members contributed $100-2,499 in their personal names. See the ASA list as of 14 April 1977 in *Arena Stage Program Book: A History of American Film* (Washington, D.C.: Arena Stage, 1977), 2 and the board list in *Arena Stage Program Book: Saint Joan* (Washington, D.C.: Arena Stage, 1976), 27, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries. It should be noted that the actual number would be higher if the number of the members who worked hard to get large contributions over $2,500 were counted since some members might have contributed through their corporations or foundations or helped others to contribute.

CHART 4.A.4:
Arena Stage: Number of the Board Members:
from 1962 to 1980



Sources: "Minutes of the Meeting of the Board of Trustees, Washington Drama Society, Inc.," from 3 October 1962 to 6 May 1980. Compiled by the author.

after 1970.[55]

2) Establishing a Membership Program

While the board members were struggling to raise money to make up the possible loss of the Ford Foundation grants, another fundraising device was introduced to Arena Stage. Arena Stage Associates (ASA), a membership program, was started from the 1971-72 season under the leadership of a newly hired consultant, John A. McQuiggan.[56] To join ASA, one had to give an annual membership fee, which was actually a donation to Arena Stage. According to the dollar amount, an ASA member could participate in various exclusive events such as sitting in a dress rehearsal and a changeover of stage sets, or attending opening parties and lectures. Also, members were given titles such as "Patron" ($50-99), "Sustainer" ($100-249), "Donor" ($250-499), and "Sponsor" ($500-999). Those who donated larger amounts were listed in playbills and annual reports under the prestigious titles such as "Honorary Arena Director" ($2,500-4,999) and "Honorary Arena Producer" ($5,000 and more) (Figure 4.3).

Who was the target of this ASA campaign? Since foundations and corporations

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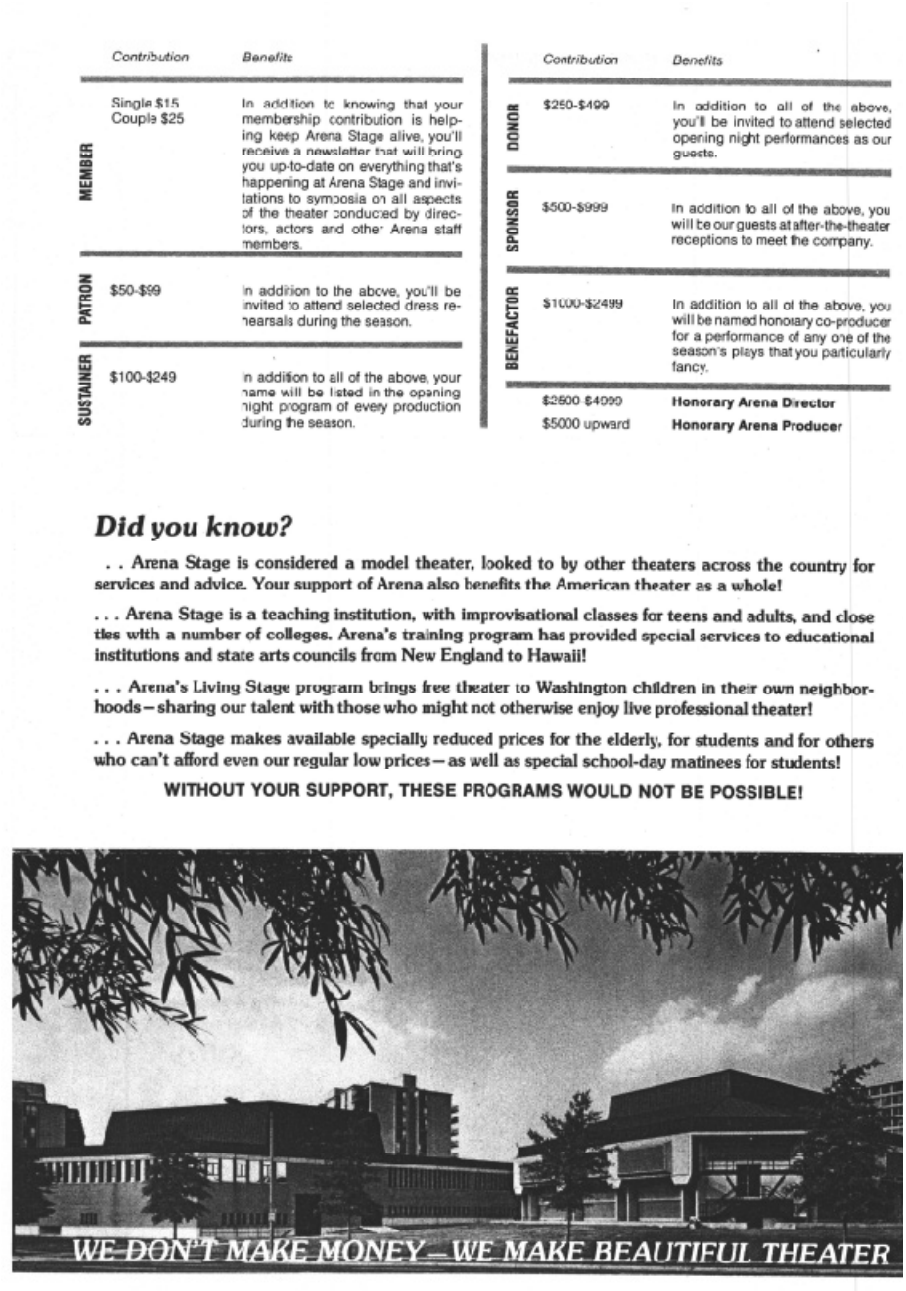
[55] In the meeting minutes, remarks about members not doing well in terms of raising money were recorded repeatedly. See "Minutes of the Meeting of the Board of Trustees, Washington Drama Society, Inc.," 15 January 1973; 30 May 1973; 9 November 1973; 7 May 1974; 8 January 1975; 10 June 1975; 5 November 1975, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

[56] The following descriptions of ASA are based on ASA brochures, ASA letters to the members, Arena Stage's board minutes, all between 1971 and 1979, and the following sources. "News from Arena Stage: Arena Stage Associates –For Funds and Fun," press release, ca. September 1972; "Arena Stage Subscribers Newsletter," November, 1971; *Arena Stage Program Book: Tricks* (Washington, D.C.: Arena Stage, 1972), Arena Stage Collection, Special Collections & Archives, George Mason University Libraries; "Annual Report: Arena Stage Associates," memorandum from John A. McQuiggan to Tom [Thomas] Fichandler, 5 January1972, PA62-492, Ford Foundation Archives.

Fig. 4.3: An Excerpt from the Arena Stage Associates Brochure, ca. 1974-75



	Contribution	Benefits
MEMBER	Single $15 Couple $25	In addition to knowing that your membership contribution is helping keep Arena Stage alive, you'll receive a newsletter that will bring you up-to-date on everything that's happening at Arena Stage and invitations to symposia on all aspects of the theater conducted by directors, actors and other Arena staff members.
PATRON	$50-$99	In addition to the above, you'll be invited to attend selected dress rehearsals during the season.
SUSTAINER	$100-$249	In addition to all of the above, your name will be listed in the opening night program of every production during the season.
DONOR	$250-$499	In addition to all of the above, you'll be invited to attend selected opening night performances as our guests.
SPONSOR	$500-$999	In addition to all of the above, you will be our guests at after-the-theater receptions to meet the company.
BENEFACTOR	$1000-$2499	In addition to all of the above, you will be named honorary co-producer for a performance of any one of the season's plays that you particularly fancy.
	$2500-$4999	**Honorary Arena Director**
	$5000 upward	**Honorary Arena Producer**

Did you know?

. . . Arena Stage is considered a model theater, looked to by other theaters across the country for services and advice. Your support of Arena also benefits the American theater as a whole!

. . . Arena Stage is a teaching institution, with improvisational classes for teens and adults, and close ties with a number of colleges. Arena's training program has provided special services to educational institutions and state arts councils from New England to Hawaii!

. . . Arena's Living Stage program brings free theater to Washington children in their own neighborhoods—sharing our talent with those who might not otherwise enjoy live professional theater!

. . . Arena Stage makes available specially reduced prices for the elderly, for students and for others who can't afford even our regular low prices—as well as special school-day matinees for students!

WITHOUT YOUR SUPPORT, THESE PROGRAMS WOULD NOT BE POSSIBLE!

Source: "We Don't Make Money –We Make Beautiful Theater," ASA brochure, ca. 1974-75, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

could neither attend lectures and rehearsals nor benefit from them, ASA was a fundraising device designed to encourage individuals to donate to Arena Stage. In introducing the ASA program, a message by the Producer and the Executive Director was published in playbills of the 1971-72 season. Titled "A Personal Message," it concludes as follows:

> Washington—and Arena Stage—are unique in that there is no major private industry to ask for help, and there is no independent state or city government to ask for help, and there are relatively few private fortunes to ask for help. There are only people of moderate means like yourself to ask—fortunately you are the people whom Arena Stage has always sought to serve and from whom we believe we can expect the help that is essential for survival. / Therefore, we have created a new organization, Arena Stage Associates to enable you to help guarantee Arena's future…. [57]

The message shows that ASA did not target at wealthy individuals but "people of moderate means" who had been Arena Stage's audience members and were reading this message in the playbills in their theatre seats. The same message was published in an ASA brochure and sent to subscribers. Moreover, a nightly appeal for donations was made during the intermission and after the show by staff members and actors.[58] These

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[57] *Arena Stage Program Book: Pantagleize* (Washington, D.C.: Arena Stage, 1971), 5, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

[58] According to Maslon, the actors appealed to the audience by saying "Ladies and gentlemen, $1,000 has been lost in the theater tonight." This type of nightly appeal continued around 1975-76. See Laurence Maslon, *The Arena Adventure: The First Forty Years* (Washington D.C.: Arena Stage, 1991): 49; "3:30 Friday 11 AM Meeting- 3PM Thursday Meeting," staff meeting minutes, 20 November 1975, Arena Stage Collection, Special Collections & Archives, George Mason

facts also testify that ASA membership was targeted at local audience members of moderate means, while the board solicitation was targeted at large contributions from local individuals, corporations, and foundations.

ASA membership drives successfully encouraged local audience members to donate. According to the lists published in the program books in the 1970s, most of Arena Stage's donors were individuals who gave small amounts. For example, during the 1971-72 season, about 4,000 ASA members donated $102,500 to Arena Stage. Among them, approximately 3,860 members donated less than one hundred dollars.[59] During the 1974-75 season, $163,000 was raised through ASA, but those who donated more than five hundred dollars were ten corporations, three foundations, and thirty-five individuals.[60]

Besides ASA, a volunteer organization, Arena Stage Angels, was also established around the 1971-72 season.[61] It aimed at facilitating the donation of volunteer labor, such as helping office work, finding props, and making costumes. Arena Stage Angels also

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University Libraries.

[59] "Minutes of the Meeting of the Board of Trustees, Washington Drama Society, Inc.," 15 June 1972, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries. Since the money raised through annual fundraising activities was allocated to the next season, this amount was for the 1972-73 season.

[60] Compiled by the author from the ASA membership data as of 6 March 1975. *Arena Stage Program Book: The Last Meeting of the Knights of the White Magnolia* (Washington, D.C.: Arena Stage, 1975), 17, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

[61] The following descriptions of Arena Stage Angels are based on ASA newsletter *Callboard,* literature on Arena Stage Angels, Arena Stage's board minutes, and the following sources. "Arena Stage Associates Newsletter," ca. 1972; "Angel Tidings," newsletter, 13 December 1972; 26 February 1973; "The Angels' Herald," newsletter, May 1976; "Angels Manual,", hand bound document file, ca. 1972-78, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

worked as a fundraising body and raised a number of small amounts of donations through various methods such as hosting a charity auction of props and costumes. In this way, Arena Stage succeeded in obtaining enough contributions from local community to make up for the loss of the grants from the Ford Foundation.

To summarize, Arena Stage, long considered as an "ideal" theatre successfully making its own way only through box office income, switched its operating principle around the late 1960s and became a deficit operation. It depended on the Ford Foundation and the NEA to make up its deficits in the late 1960s when a long-term national funding system appeared about to be established. In the early 1970s, however, the Ford Foundation grants were terminated and Arena Stage started to turn to the contributions from local individuals, corporations, and foundations. The theatre successfully made up for the loss of the Ford Foundation grants by raising donations mostly from local individuals. Starting from 1970, it strengthened the board as a fundraising body, and from the 1971-72 season, established a membership structure and a volunteer organization. Arena Stage's fundraising activities were targeted mainly at local audience members and for getting relatively small amounts of donations from as many people as possible. As a result, Arena Stage switched to an income structure which depended on the contributions from local individuals, corporations, and foundations besides earned income.

According to Chart 4.A.3, which shows a breakdown of Arena Stage's income, the ten percent of the income previously provided by the Ford Foundation grants was sourced from a new category: "contributions from individuals, corporations, and foundations" from the 1972-73 season. Although it is technically impossible to differentiate the individuals' contributions from those of foundations and corporations as well as large contributions from small contributions made by individuals in this chart, it is very

probable that this category consists mostly of small contributions from local individuals. While maintaining its income structure as established in the late 1960s, with about two thirds of the total income earned and one third contributed, Arena Stage weathered the loss of the Ford Foundation grants and morphed into an income structure that depended on local and non-governmental sources.

B. The Guthrie Theater

As stated in the previous chapter, the Guthrie Theater received grants from the Ford Foundation in the early 1960s, but the grants were regarded as temporary. The Guthrie Theater began its operation on the assumption that it would become self-sustaining without grants and contributions in the near future, and so its budget was formed on the same assumption. Its first three seasons were successful, and even without the Ford Foundation grants, its deficits were minimal. From the fourth season (1966), however, the Guthrie Theater turned itself into a deficit operation. The gap between its total expenditure and earned income started to widen after the 1966 season (see Chart 3.B.1).

After the Boom Years

Why did the Guthrie Theater begin to accumulate a large operating deficit from the 1966 season? One reason may be the increase in its expenditure. In the late 1960s, the Guthrie Theater continued adding to the number of performances and extending its season. For example, it increased from 152 performances in 1963 to 223 performances in

1966.[62] After finding that the increase had diminished the scarcity of the tickets and therefore the number of subscribers,[63] the Guthrie Theater shortened the season in the 1967 season and held an additional season in St. Paul during the 1967 and 1968 seasons and toured New York and Los Angeles in the 1968 season. The theatre also started The Other Place series from the 1967 season, producing experimental and small-scale plays at a small rented theatre downtown.

The Guthrie Theater's practice of extending the season and adding more performances on top of its main stage series was mainly motivated by its desire to keep its resident acting company busy. At that time, the Guthrie Theater was hiring the entire acting company for the full season to produce plays in a repertory format. Since Minneapolis was geographically far from New York and Los Angeles where most actors and theatre workers were located, it was also less expensive to hire and transport them for the entire season than for each play. In a narrative report to the Ford Foundation, the Managing Director wrote,

> The need of providing fulltime employment for members of the Minnesota Theatre Company has been a primary concern … However, because geographically we are far from the centers of theatrical activity (New York and Los Angeles) and because other employment is not available locally to our personnel when the theatre is closed, we have encountered increased difficulty and expense in moving

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[62] The figures exclude school performances. "Minnesota Theater Company Operating Income & Expense From 1963," typed manuscript, 24 October 1966, PA62-494, Ford Foundation Archives.

[63] Letter from Peter Zeisler, Managing Director, Minnesota Theatre Company, to W. McNeil Lowry, Vice President, Ford Foundation, 19 April 1968, PA62-494, Ford Foundation Archives.

individuals or families for periods of less than a year.[64]

Another reason was the decline of audience attendance (see Chart 3.B. 2). Sir Tyrone Guthrie, one of the founders of the Guthrie Theater, retired after three years as Artistic Director in accordance with the original agreement. As the initial novelty of the theatre within the community faded away, audience attendance began to fall. At the same time, the Guthrie Theater raised the ticket prices in 1966 and 1969 seasons[65] to keep up with inflation, which might have accelerated the decline in attendance. Attendance recovered slightly in 1967, but the theatre's earned income remained below its total expenditure. Once the boom period had passed in the late 1960s, the Guthrie Theater found itself unable to operate without obtaining some source of income other than the box office.

As it expanded its operation and failed to become self-sustaining, how did the Guthrie Theater bridge the gap between expenditure and earned income? Besides the grants earmarked for touring and a new production, it relied mostly on grants from the Ford Foundation. Chart 4.B.1 shows the income breakdown of the Guthrie Theater from 1963 to 1975. It must be noted that, from 1966 to 1970, the Ford Foundation grants steadily made up for the loss, sharing about fifteen to twenty percent of its income. Designed to be self-sustaining and once appearing to be, the Guthrie Theater began to rely heavily on the grants from the Ford Foundation around the 1966-67 seasons. As shown in Chart 3.B.1, the Guthrie Theater's total income, including the Ford Foundation

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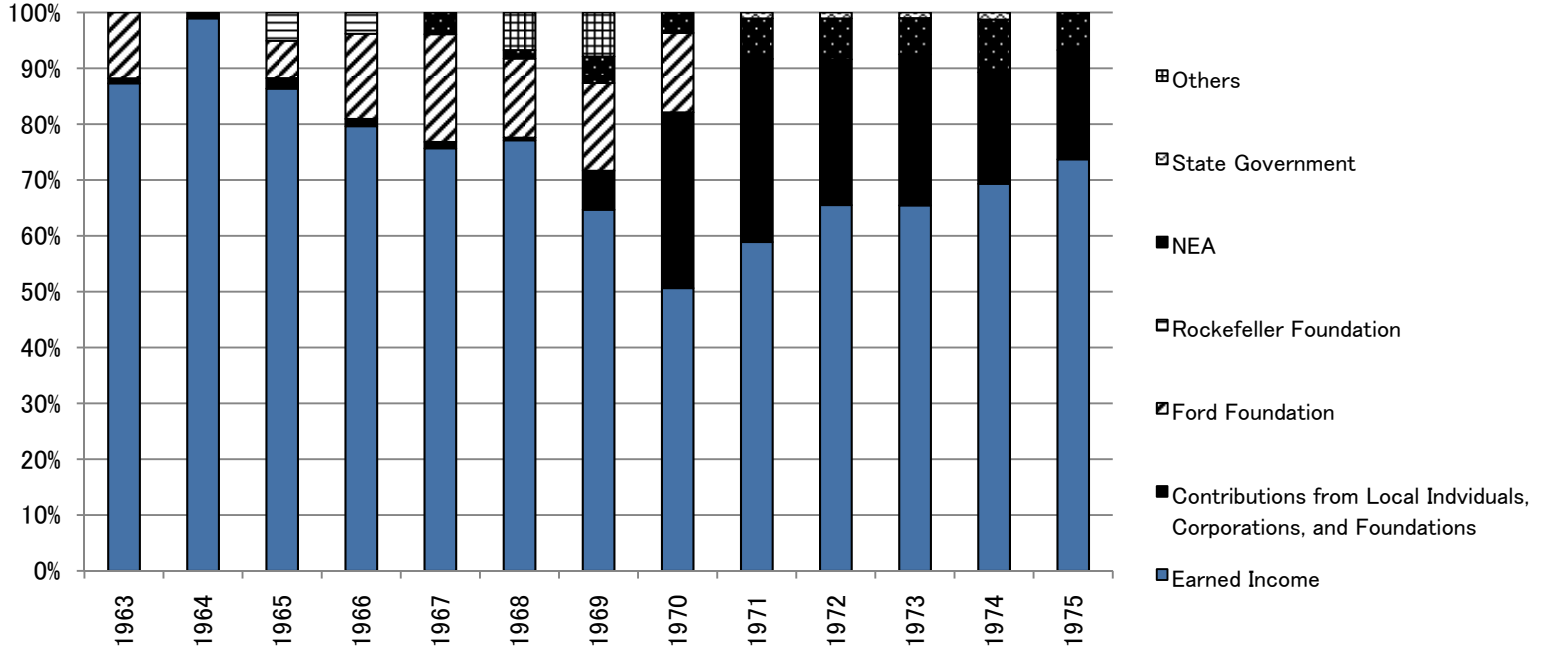
[64] Ibid.

[65] Ibid.; Letter from Donald Schoenbaum, Managing Director, Minnesota Theatre Company, to W. McNeil Lowry, Vice President, Ford Foundation, 10 February 1970, PA62-494, Ford Foundation Archives.

CHART 4.B.1:
Guthrie Theater Income Breakdown:
from 1963 to 1975



Sources: Annual reports, audited financial reports, fundraising related documents, grant applications, and grantee narrative reports. Compiled by the author.
The data do not include the income related to building construction and renovation, the Ford Foundation's Cash Reserve Program grant, or endowment funds. Until 1977, the fiscal year of the Guthrie Theater covers the period between 1 January and 31 December; after 1977, it runs from 1 April of the previous year to 31 March of the current year. Therefore, the 1977 data have an overlap of about eight months with the 1976 data.
The Ford Foundation grant in 1963 was given for the opening expenses and not for the theatre operation."Others" in 1968 and 1969 are the one-time grants for the NY-LA tour and the St. Paul seasons.

grants, was nearly equal to its total expenditure in the 1960s. It is very likely that, like Arena Stage, the Guthrie Theater also spent what it received from the box office and grant making organizations to fulfill its artistic ambitions at this time. That is, the theatre was able to expand its operation because grants, especially those from the Ford Foundation, were forthcoming.

Around the late 1960s, the Guthrie Theater also began to change its way of forming the budget. For example, the budget for the 1966 season projected a small deficit,[66] but it could be easily absorbed by the operating reserve. The 1967 season budget, however, was designed so that the earned income and the prospective NEA grant only covered about 74% of the total expenses.[67] It was reported that the main reason for the expanded budget was that the theatre's necessity to increase actors' salaries due to higher competition among regional theatres in hiring qualified actors.[68] However, it is very likely that the1967 budget projecting the substantial amount of expected deficit would not have been accepted as rational without the prospects of receiving additional grants from the Ford Foundation.

In fact, the theatre made an application to renew the Ford Foundation's 1962 grant in January 1967, and the grant was expected to be forthcoming for the 1967 season.[69] By

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[66] "Minutes of Board of Directors of Minnesota Theatre Company Foundation," 11 February 1966, Guthrie Theater Archives (PA 3), Performing Arts Archives, University of Minnesota Libraries, Minneapolis.

[67] "Minutes of Board of Directors of Minnesota Theatre Company Foundation," 9 December 1966, Guthrie Theater Archives (PA 3), Performing Arts Archives, University of Minnesota Libraries, Minneapolis.

[68] Ibid.

[69] According to the Ford Foundation's inter-office memo, "The Foundation did not want to be associated with any decision by Zeisler's board on the budget required for the 1967 season at the

the late 1960s, many of the founders and the original board members of the Guthrie Theater had been replaced, and it appears that the fact that the original Ford Foundation grant was made for assisting the theatre to become self-sustaining was totally forgotten. It is not clear whether the Guthrie Theater management intentionally abandoned the original principle of becoming a self-sustaining theatre with the aim of obtaining the further Ford Foundation grants as Arena Stage did. It is very likely that the management just went with the general trend that regional theatres could not pay for themselves.[70] At any rate, by 1966-67, the Guthrie Theater management seems to have begun acting on the assumption that the theatre could not be self-sustaining and needed foundation grants to underwrite its operation.

Although evidence is not as explicit as for Arena Stage, the Guthrie Theater's change in its operating principle can be traced in the grant applications it made to the Ford Foundation. As explained in Section 3-4-B, the 1962 grant program for the Guthrie Theater was to help underwrite the theatre's operation until it reached 75% capacity to break even in the fourth year. In May 1967, the Guthrie Theater was accepted for

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Guthrie Theatre and the St. Paul Arts Center" ("Telephone conversations with Peter Zeisler, Managing Director, Minnesota Theatre Company," inter-office memorandum from W. McNeil Lowry to Records Center, 4 November 1966, PA62-494, Ford Foundation Archives). Although the Ford Foundation did not want to give any assurance to the Guthrie Theater prior to March 1967 as to the grant would be renewed, but it seems that the Guthrie Theater management was optimistic about getting a grant according to the board minutes. "Minutes of Board of Directors of Minnesota Theatre Company Foundation," 9 December 1966, Guthrie Theater Archives (PA 3), Performing Arts Archives, University of Minnesota Libraries, Minneapolis).

[70] Around 1966, a clipping from the local newspaper introducing Baumol and Bowen's thesis was distributed among the Guthrie Theater board members. It is very likely that the thesis that regional theatres are not self-sustaining also became known to the Guthrie Theater management around this time. "Study: Dollar Aid Needed for Arts Survival," a news clipping from *Minneapolis Tribune*, n.d., ca. 1966, Guthrie Theater Archives (PA 3), Performing Arts Archives, University of Minnesota Libraries, Minneapolis.

renewing the 1962 grant program.[71] In its new application, the operational goal of the Guthrie Theater was stated as follows: "At the end of the five year period [when the term of the grant would expire] we expect the Minnesota Theatre Company Foundation to be independent of support from outside Minnesota except for possible federal support of the educational program."[72] While the original 1962 grant to the Guthrie Theater was to enable the theatre to become self-sustaining through box office income alone, the renewed 1967 grant was to enable the theatre to fund itself through local sources alone.

The application explained why the Guthrie Theatre sought an additional grant that time from the Ford Foundation, which was a national foundation, rather than from local sources. Several fundraising activities were underway at that time in the community including the expansion of the Walker Art Center, where the theatre was housed. The application states that "[t]his community is just not large enough yet for the Minnesota Theatre Company to feel that it can at this time ask them to accept this additional financial burden. We need more time. We need to make our potential audience more aware of what we want to do for them – to become indispensable to a large segment of the community."[73] From this application, it can be observed that the hope of a self-sustaining theatre had been already abandoned in 1967, and the Guthrie Theater management assumed the position that the theatre should raise contributions from the

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[71] Letter from Secretary, [Ford Foundation,] to President, Minnesota Theatre Company Foundation, Tyrone Guthrie Theatre (carbon copy), 11 May 1967, PA62-494, Ford Foundation Archives.

[72] Letter from President, Minnesota Theatre Company Foundation, to W. McNeil Lowry, Vice President, Ford Foundation, 30 January 1967, PA62-494, Ford Foundation Archives. The theatre applied for a five-year grant program, but the one actually approved by the Ford Foundation was a three-year grant program. See also the above footnote.

[73] Ibid.

local community to supplement the earned income. At the same time, the Ford Foundation also changed its grant making policy around 1967 and took the position that regional theatres' everlasting deficits should be met by local communities, not by the Ford Foundation.

To summarize, around 1966-67, the Guthrie Theater appears to have made a shift both in terms of operating principle and actual operation. The theatre abandoned the principle that a regional theatre could and should be self-sustaining and accepted that it needed new sources of income other than earned income to make up its deficit. The Guthrie Theater also shared the assumption with the Ford Foundation that the theatre's deficit should be met by the contributions from the local community, but, in actuality, depended on grants to cover its deficits by renewing the Ford Foundation's 1962 grant program. The main income sources of the Guthrie Theater in the late 1960s, therefore, were earned income and grants from a national foundation (Category 3 in Table 4.1).

Searching for Community Support

However, around 1970, the Ford Foundation also began to consider not renewing the grant to the Guthrie Theater unless the theatre showed signs of shifting its income sources to local ones. In the late 1960s, the Guthrie Theater management was notified that, without further effort to raise contributions from the local community, the Ford Foundation was not in a position to accept an additional grant application. In the grant renewal letter sent from the Ford Foundation to the theatre in 1968, it was clearly stated,

> …the Ford Foundation is not in any sense committed to further assistance of these operating deficits after the expiration of its current grant. As you know when we

> made this grant we saw it as simply a bridge for your Board to the time when operating deficits could be entirely absorbed by annual maintenance campaigns for local funds, at least so far as the Ford Foundation was concerned. The pressures on the Ford Foundation's activities in the performing arts are increasingly great, and we are forced to give special attention to the fact that no national foundation for any very long period of time can be of regular support to the operational budget of any one institution….[74]

After being prompted by the possible termination of the Ford Foundation grants, the Guthrie Theater finally started local fundraising at the end of the 1960s. From 1968, the board of the Guthrie Theater took the initiative and started fundraising within the board.[75] From 1971, when it became finally clear that the Ford Foundation would make no grant for the theatre's operation any more,[76] a wider fundraising campaign was implemented to target the subscribers. For example, the Guthrie Theater introduced a

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[74] Letter from W. McNeil Lowry, [Ford Foundation,] to a member of board of directors, Guthrie Theatre Foundation (carbon copy), 3 June 1968, PA62-494, Ford Foundation Archives.

[75] Unlike at Arena Stage, the Guthrie Theater board had been playing a large role in obtaining the grants from the Ford Foundation since its foundation. Especially because the Guthrie Theater was established on the initiative of the local community (see Table 3.1) and the community leaders invited theatre artists to direct the theatre, the role of the board had always been to contact the Ford Foundation and other national foundations and to apply for the grants. According to the grant-related records in the Ford Foundation Archives, most of the correspondence between the Ford Foundation and the Guthrie Theater during the 1960s was made by the board president or the board members and the Ford Foundation officers, while the correspondence between the Ford Foundation and Arena Stage during the same period was made by either the Producer or the Executive Director of Arena Stage and the Ford Foundation officers.

[76] Until then, the Guthrie Theater management was still hopeful that the Ford Foundation would make another grant once the theatre proved that it was capable of raising contributions from the community. Letter from W. McNeil Lowry, to President, Guthrie Theatre Foundation, 14 April 1971, PA62-494, Ford Foundation Archives.

membership program appended to the subscription campaign. It was known as the five-for-the-price-of-six policy, with the theatre giving up discounts to the subscribers and requesting additional contributions from them. Among 5,500 subscribers, 2,665 contributed through this membership program.[77]

By appealing to wider audience members, the Guthrie Theater also successfully shifted its income base from the Ford Foundation to local contributions. According to Chart 4.B.1, grants from the Ford Foundation (Category 3 in Table 4.1) were replaced by contributions from local individuals, corporations and foundations (Category 4 in Table 4.1) in the early 1970s. This new income source shared twenty to thirty percent of Guthrie Theater's total income in the 1970s.

To summarize, by the end of the 1960s, the Guthrie Theater abandoned the self-sustaining principle but still relied heavily on the Ford Foundation grant. However, when the theatre management found out that the grants from the Ford Foundation would not be forthcoming, the board started local fundraising. It can be concluded that the early 1970s, when the theatre began to rely mostly on local and non-governmental sources and changed its income structure to the current one, was the second turning point for the Guthrie Theater. Besides the Guthrie Theater's financial rebirth, the year of 1971 was also marked by the arrival of Michael Langham, a new artistic director who filled the role that had been open since the second artistic director, Douglas Campbell, left in 1967.

C. Seattle Repertory Theatre

As shown in the previous chapter, the Seattle Repertory Theatre was also

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[77] "President's Report – 1971," Guthrie Theater press release, PA62-494, Ford Foundation Archives.

established on the assumption that it could sustain itself mostly through ticket sales. Although the theatre showed a deficit from the first season (see Chart 3.C.1) and the board decided to launch a fundraising drive to solicit funds from the board members starting from the second season, it seems to have been believed that the Seattle Repertory Theatre would pay for itself after a season or two.

Besides tickets sales, the Seattle Repertory Theatre received grants from the city and the county governments (Category 2 in Table 4.1), and the NEA (Category 1). Those governmental grants, however, were earmarked for its special programs such as free summer touring programs in the county area and free performances for high school students and could not be used for the general operation. The Seattle Repertory Theatre had also been contacting the Ford Foundation for a possible grant from the beginning, but to no avail in the 1960s,[78] and there was no other possibility of having large operational grants from national foundations.[79] This is why the board of the Seattle Repertory Theatre had already begun soliciting funds from local individuals and corporations from the second season (1964-65).[80] However, since its scope was limited to the immediate board members and their acquaintances, they could not raise enough to make up the

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[78] The first artistic director Stuart Vaughan paid a visit to the Ford Foundation office in New York and saw W. McNeil Lowry, but except for the administrative intern grant to Peter Donnelly who later became Producing Director, the Seattle Repertory Theatre did not receive a grant from the Ford Foundation until the Cash Reserve Program grant in 1971. "Ford Foundation Visit," memorandum from Stuart Vaughan to Bagley Wright, 28 January 1964, Seattle Repertory Theatre Papers (Accession #1481), Special Collections, University of Washington Libraries.

[79] The Seattle Repertory Theatre received a grant from the Rockefeller Foundation for actors' training during the summer of 1964. "A Brief History," press material, Seattle Repertory Theatre, ca. 1966-67, Solomon Katz Papers (Accession #2325), Special Collections, University of Washington Libraries.

[80] "Board of Trustees, Seattle Repertory Theatre Minutes," 9 June 1964, Seattle Repertory Theatre Papers (Accession #1481), Special Collections, University of Washington Libraries.

deficits. Therefore, it was often reported at the Seattle Repertory Theatre's board meetings that the theatre faced cash-flow problems,[81] and, until around the beginning of 1966, the board president arranged for a bank to lend money by pledging collateral.[82]

The Seattle Repertory Theatre started local fundraising before the two theatres discussed above. Its actual operation shifted earlier to a financial structure which depended on local and non-governmental sources, but, as established in the previous chapter, its management seems to have believed that the deficit was temporary until around 1965. Therefore, it is not clear exactly when the Seattle Repertory Theatre abandoned the operating principle that regional theatres could and should be self-sustaining for the new belief that a deficit was unavoidable and should be met by contributions from local individuals, corporations, and foundations.

At the Seattle Repertory Theatre, the number of subscribers continued to fall in the late1960s after peaking in the 1967-68 season (see Chart 3.C.2). The cause of the decline in subscription and attendance[83] at the Seattle Repertory Theatre seems to be the same as at the Guthrie Theater. Like the Guthrie Theater, it was established on the initiative of local leaders (see Table 3.1), and its first artistic director was invited from New York City.

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[81] "Board of Trustees, Seattle Repertory Theatre Minutes," 12 January 1966; 17 August 1966; 12 April 1967; 16 January 1969; 12 June 1969; 16 October 1969; 8 January 1970, Seattle Repertory Theatre Papers (Accession #1481), Special Collections, University of Washington Libraries.

[82] "Board of Trustees, Seattle Repertory Theatre Minutes," 2 March 1966, Seattle Repertory Theatre Papers (Accession #1481); "A Brief History," press material, Seattle Repertory Theatre, ca. 1966-67, Solomon Katz Papers (Accession #2325), Special Collections, University of Washington Libraries. The debt was recorded in its annual audits as "note payable to bank, guaranteed by an individual" until the fiscal year 1970.

[83] The attendance data of the Seattle Repertory Theatre is fragmentary, but, as far as the data in the 1960s is concerned, the data on main stage attendance shows the same trend as the number of subscribers. See "Seattle Repertory Theatre/ UAC," typed manuscript, ca. 1972, Seattle Repertory Theatre Papers (Accession #1481), Special Collections, University of Washington Libraries.

Because it did not have time to gradually build its audience, its attendance stagnated as the initial novelty faded. At the same time, the theatre also increased the number of performances and extended the season to keep its acting company busy.[84] Therefore, in the late 1960s, the financial picture of the Seattle Repertory Theatre was not in a good shape. It seems that the board's activities to raise contributions from local sources, which were originally thought to be a temporary solution, became an annual fixture of the theatre operation as the theatre struggled to weather one crisis after another.

Around the season 1966-67, it seems that the Seattle Repertory Theatre management began to regard its fundraising activities as something that had to be done every season. A fundraising party by the board and a fundraising luncheon by the SRO, the volunteer organization, were held every fall and winter from 1966 and 1967, respectively.[85] The fundraising brochure for the 1967-68 season campaign, the first widely distributed one, included a chart showing the data of the Seattle Repertory Theatre's fundraising activities for the past four years (Figure 4.4). The narrative of the brochure also echoed Baumol and Bowen's theory: "While attendance and corresponding revenues are up over previous seasons, at the same time so are the Theatre's operational expenses. … The Theatre remains a handicraft industry in an automated age, and typical

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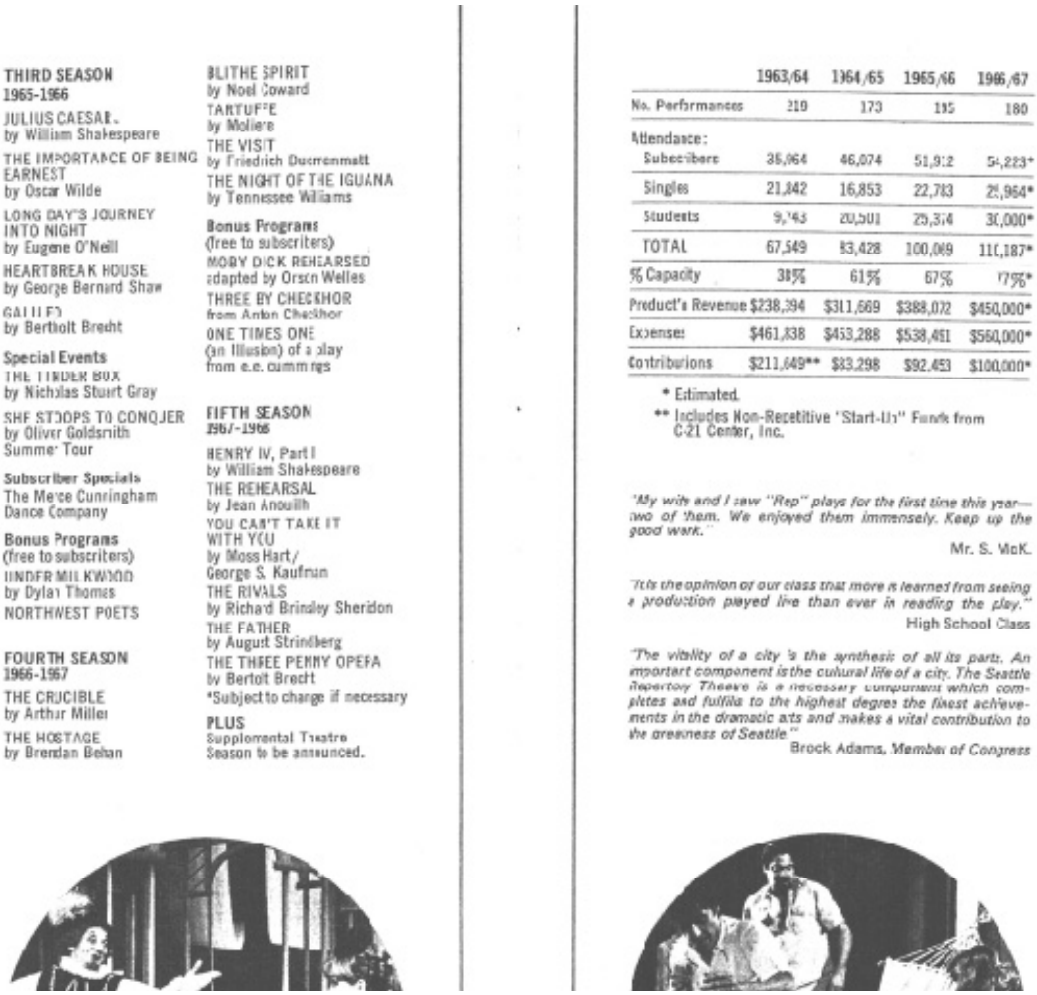
[84] Until the 1969-70 season, when the board finally decided to switch to the straight run policy to cut the costs, the Seattle Repertory Theatre was also performing in a rotating repertory format as did the Guthrie Theater. From the 1967-68 season, the second stage program, Off-Center Theatre, was introduced to produce experimental and small-scale plays at the smaller theatre downtown.

[85] "Board of Trustees, Seattle Repertory Theatre Minutes," 17 August 1966; 14 September 1966; 14 December 1966, Seattle Repertory Theatre Papers (Accession #1481), Special Collections, University of Washington Libraries. The Woman's Association of the Repertory Theatre (WRAT), the predecessor of the SRO, was founded in 1963 to sell subscriptions, and later changed its name to the SRO in 1965 to expand its activities. The SRO stands for the Seattle Repertory Organization, but rarely spelled out in the literature of the Seattle Repertory Theatre.

Fig. 4.4: An Excerpt from the Fundraising Brochure, ca. 1966-67, Seattle Repertory Theatre



THIRD SEASON
1965-1966

JULIUS CAESAR
by William Shakespeare

THE IMPORTANCE OF BEING EARNEST
by Oscar Wilde

LONG DAY'S JOURNEY INTO NIGHT
by Eugene O'Neill

HEARTBREAK HOUSE
by George Bernard Shaw

GALILEO
by Bertolt Brecht

Special Events
THE TINDER BOX
by Nicholas Stuart Gray

SHE STOOPS TO CONQUER
by Oliver Goldsmith
Summer Tour

Subscriber Specials
The Merce Cunningham Dance Company

Bonus Programs
(free to subscribers)
UNDER MILKWOOD
by Dylan Thomas
NORTHWEST POETS

FOURTH SEASON
1966-1967

THE CRUCIBLE
by Arthur Miller

THE HOSTAGE
by Brendan Behan

BLITHE SPIRIT
by Noel Coward

TARTUFFE
by Moliere

THE VISIT
by Friedrich Durrenmatt

THE NIGHT OF THE IGUANA
by Tennessee Williams

Bonus Programs
(free to subscribers)
MOBY DICK REHEARSED
adapted by Orson Welles

THREE BY CHECKHOR
from Anton Checkhor

ONE TIMES ONE
(an illusion) of a play
from e.e. cummings

FIFTH SEASON
1967-1968

HENRY IV, Part I
by William Shakespeare

THE REHEARSAL
by Jean Anouilh

YOU CAN'T TAKE IT WITH YOU
by Moss Hart/
George S. Kaufman

THE RIVALS
by Richard Brinsley Sheridon

THE FATHER
by August Strindberg

THE THREE PENNY OPERA
by Bertolt Brecht

*Subject to change if necessary

PLUS
Supplemental Theatre
Season to be announced.

	1963/64	1964/65	1965/66	1966/67
No. Performances	219	173	195	180
Attendance:				
Subscribers	38,964	46,074	51,912	54,223*
Singles	21,842	16,853	22,783	25,964*
Students	9,743	20,501	25,374	30,000*
TOTAL	67,549	83,428	100,069	110,187*
% Capacity	38%	61%	67%	77%*
Product's Revenue	$238,394	$311,669	$388,072	$450,000*
Expenses	$461,838	$453,288	$538,461	$560,000*
Contributions	$211,649**	$83,298	$92,453	$100,000*

* Estimated.

** Includes Non-Recetitive 'Start-Up' Funds from C-21 Center, Inc.

"My wife and I saw "Rep" plays for the first time this year—two of them. We enjoyed them immensely. Keep up the good work."

Mr. S. McK.

"It is the opinion of our class that more is learned from seeing a production played live than ever in reading the play."

High School Class

"The vitality of a city is the synthesis of all its parts. An important component is the cultural life of a city. The Seattle Repertory Theatre is a necessary component which completes and fulfills to the highest degree the finest achievements in the dramatic arts and makes a vital contribution to the greatness of Seattle."

Brock Adams, Member of Congress

Source: "The Seattle Repertory Presents," fundraising brochure, ca. 1966-67, Seattle Repertory Theatre Papers (Accession #1481), Special Collections, University of Washington Libraries.

cost-cutting device are not practicable."[86]

At the same time, the belief that regional theatres could and should be self-sustaining was expressed as later as in September 1966 by the second artistic director, Allen Fletcher, who stated to the local press,

> Certainly a repertory theater—a non-profit organization created in civic pride by a group of high-minded citizens and bearing the community's name—has a cultural obligation to the community, just as the community's public library, art gallery or symphony orchestra have. But one of the chief differences between the Repertory Theater and those institutions is that the Repertory Theater gets no direct financial support from the community. What this means, of course, is that to a great extent the theater must support itself.[87]

By the 1967-68 season, the membership structure was formally established at the Seattle Repertory Theatre, and annual fundraising activities were called the Sustaining Fund campaigns from then on. In the final report to the contributors of the 1968 Sustaining Fund campaign, the board president announced,

> A Regional Theatre, to become firmly established, must show first that it can build an enthusiastic audience, and second that it can muster financial backing from its own community….Until this year, however, it has not been successful in raising

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[86] "The Seattle Repertory Presents," fundraising brochure, ca. 1966-67, Seattle Repertory Theatre Papers (Accession #1481), Special Collections, University of Washington Libraries.

[87] Allen Fletcher, "A Positive Approach to Good Theater," *Seattle Post-Intelligencer*, 11 September 1966, 6.

> money. / We are glad to report now that the second obstacle in achieving permanency for the Theatre is being surmounted.[88]

It is safe to conclude that, by the 1967-68 season, the notion that the Seattle Repertory Theatre had to raise money annually from the local community to make up the everlasting deficit was fully embraced by the board.

Around the 1969-70 season, the Seattle Repertory Theatre board launched the First Decade Fund campaign in addition to the regular annual fundraising campaign to pay off the accumulated debt.[89] In the 1970s, under the leadership of Duncan Ross, the third artistic director, its repertory shifted to more contemporary and popular plays.[90] In the 1970-71 season, the theatre shortened the run of each play to cut the costs and created a shortage of tickets.[91] As a result, the audience attendance and subscriber figures bounced back in the 1970s, peaking in the 1977-78 season at about 26,000 subscribers (see Chart 3.C.2). In May 1971, it was reported that the theatre eliminated all the debt it had carried for eight years and was operating on a current cash basis for the first time.[92] It again

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[88] "The Seattle Repertory Theatre Mid-Season Report to Contributing Members," printed leaflet, January 1968, Seattle Repertory Theatre Papers (Accession #1481), Special Collections, University of Washington Libraries.

[89] "Repertory Sets Two Financial Goals," 3 March 1970, press release, Seattle Repertory Theatre, University of Washington Libraries.

[90] On the artistic policy of each artistic director and his relationship with the board at the Seattle Repertory Theatre, see Tomoko Aono, "Establishing a Regional Theatre within the Community: The Development of the Seattle Repertory Theatre, 1963-1984," *Theatre Research Centre Bulletin VI* (March 2006): 209-223 (in Japanese).

[91] "Seattle Repertory Theatre Annual Meeting Minutes," 2 June 1971, Seattle Repertory Theatre Papers (Accession #1481), Special Collections, University of Washington Libraries.

[92] "Seattle Repertory Theatre Board of Trustees Meeting Minutes," 20 May 1971, Seattle

extended the run of each play for a week in the 1973-74 season, added more seats in the 1976-77 season, and increased its earned income (see Chart 3.C.1).

Chart 4.C.1 shows the income breakdown of the Seattle Repertory Theatre from 1963-64 to 1974-75. It can be observed that the percentage of contributions from local individuals, corporations, and foundations began to increase from the 1965-66 season and stayed as a main source of income besides earned income. A new category, the UAF, the United Arts Fund, appears from the 1970-71 season, but it essentially consists of the contributions from local individuals, corporations, and foundations as well. It will be examined in the case study of the Milwaukee Repertory Theater.

To summarize, although not so clear-cut as the former two theatres, the Seattle Repertory Theatre made a shift in terms of operating principle around 1966-67 and abandoned the principle that a regional theatre could and should pay for itself. Since it did not have a chance to receive large grants from national foundations for its operation, the theatre had begun local fundraising from the 1964-65 season. It was not until around1966-67, however, that the Seattle Repertory Theatre regarded it as a regular, annual activity to maintain the operation.

D. Milwaukee Repertory Theater

The Fred Miller Theatre, the predecessor of the present Milwaukee Repertory Theater, continued to show deficits after the 1961-62 season when it switched its production policy from a star system to a repertory theatre format (see Chart 3.D.1). The theatre, however, had enough reserve funds accumulated from the prior seasons to absorb

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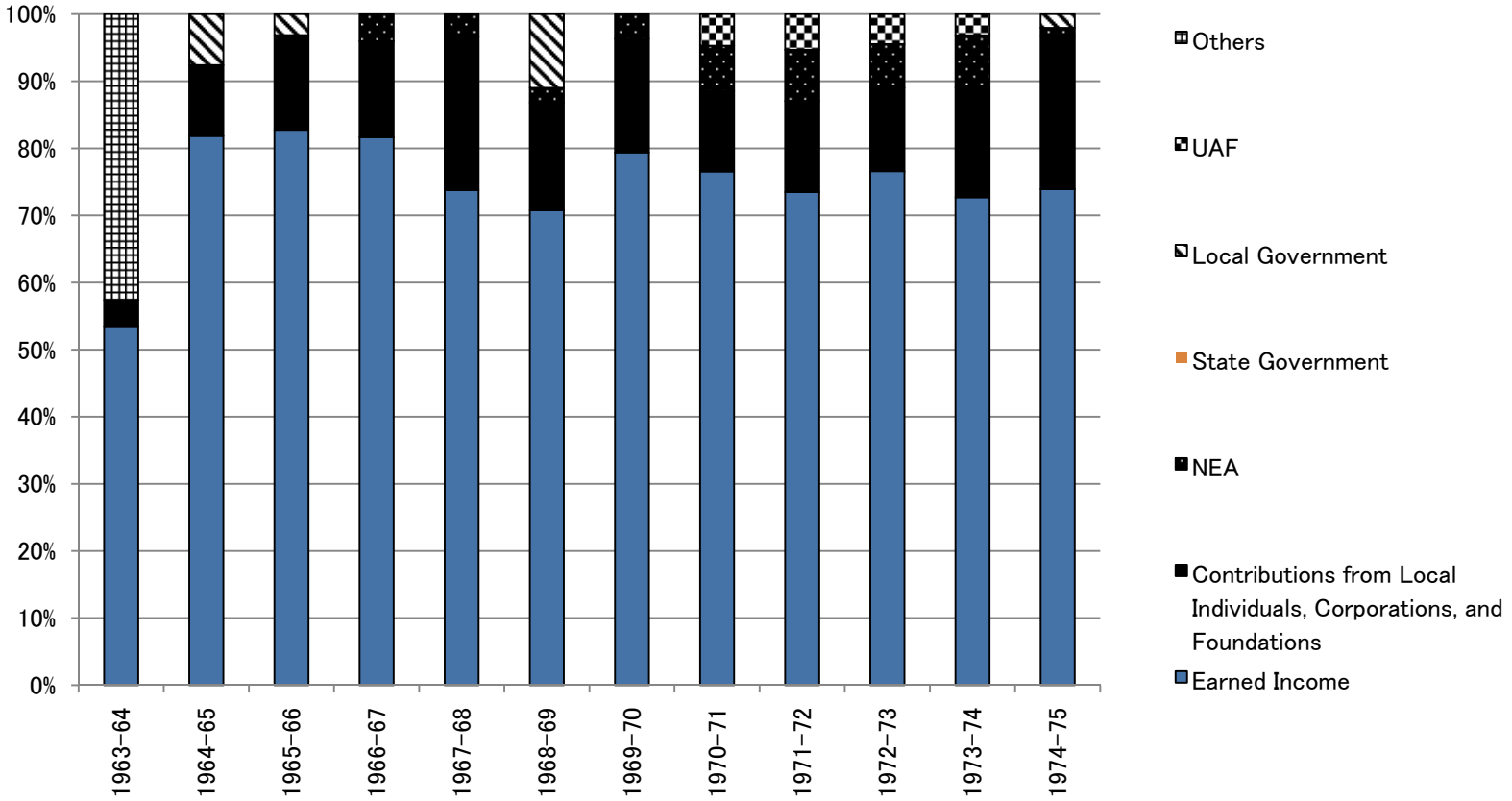
Repertory Theatre Papers (Accession #1481), Special Collections, University of Washington Libraries.

CHART 4.C.1:
Seattle Repertory Theatre Income Breakdown:
from 1963-64 to 1974-75



Sources: Annual reports, audited financial reports, fundraising related documents, and other financial records. Compiled by the author.
The fiscal year of the Seattle Repertory Theatre covers the period between 1 July and 30 June. The data do not include the income related to the First Decade Fund, the Ford Foundaion's Cash Reserve Program grant, or endowment funds.
"Others" in 1963-64 is the underwriting fund by Century 21 Center, Inc.

the loss caused by the switch, so it is likely that it did not feel the immediate need to seek sources of income besides box office revenues for a while. The local consensus also appeared to be that the Fred Miller Theatre should be self-sustaining even after its policy change.

The sources of income available to the Fred Miller Theatre in the early 1960s were the box office income and a grant from the Ford Foundation (Category 3 in Table 4.1). The Ford Foundation grant was dropped after one year, but the board had been negotiating since then with the Ford Foundation to get reinstated in the program. Finally in April 1964, the Fred Miller Theatre management found that there was no further possibility of obtaining a grant from the Foundation.[93] The correspondence between the theatre and the Ford Foundation, especially the news of being dropped from the 1962 grant program, was extensively covered by the local newspaper. According to Jack McQuiggan, then the Producer of the Fred Miller Theatre, the news helped to bring about local sentiment to support the theatre.[94] Therefore, it is after 1964 that the Fred Miller Theatre management began to seriously consider launching a fundraising campaign to make up the deficit.[95]

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[93] Letter from W. McNeil Lowry, Director, Program in the Humanities and the Arts, Ford Foundation, to Charles R. McCallum, President, Drama, Incorporated, Fred Miller Theatre, 21 April 1964, PA62-493, Ford Foundation Archives.

[94] Joyce E. Henry, "The Milwaukee Repertory Theatre and the Company It Keeps. Chronicle: 1954-1971" (Ph.D. diss., the U of Wisconsin-Milwaukee, 1972), 403.

[95] Suggested by the Ford Foundation, the Fred Miller Theatre board already initiated the first fundraising campaign in the 1962-63 season. However, it was on a small-scale (the goal was to raise $25,000), and the board found it difficult to raise contributions "except from those few persons who were most deeply interested in seeing it succeed as one of the few regional theatres in the country" because fundraising "for cultural institutions had not been popular in Milwaukee" ("Fred Miller Theatre Narrative Report 1962/63," ca. 1963, Milwaukee Repertory Theater Records, Wisconsin Historical Society Archives / Milwaukee Area Research Center).

On 28 April 1964, the Fred Miller Theatre board decided that the theatre would not open the next season unless it raised $50,000 by the end of June, the exact amount of money the theatre would have had if the theatre had been in the Ford Foundation's 1962 grant program.[96] On 30 June 1964, it announced its decisions to move to the new performing arts center planned and promoted by the city of Milwaukee in the downtown area and, at the same time, to extend the local fundraising campaign for another month.[97] Around that time, the Fred Miller Theatre also changed its name to the Milwaukee Repertory Theater.[98] The origin of the theatre's name had been long forgotten, and the theatre had been giving out the wrong impression to the community that it was owned by the Miller Brewing Company.[99] Before asking for extensive support, it was practical for the theatre to choose a new name more suitable for identifying with the community, and the fundraising campaign ended successfully after one month.[100] In November 1964, the Milwaukee Repertory Theater board formed the financing committee to organize the

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[96] "Annual Meeting, Drama, Incorporated, 30 June 1964," meeting agenda and the draft of the statement with handwritten notes, Milwaukee Repertory Theater Records, Wisconsin Historical Society Archives / Milwaukee Area Research Center.

[97] Ibid.; Henry, 417-418.

[98] According to Pinkston, the name change was done in July 1964, but in the notes on the meeting on 25 June 1964, the new name was used. On the other hand, for the letter addressed to the board on 28 May 1964, the Fred Miller Theatre stationary was used. Therefore, it is likely that the name change occurred between these dates. Letter from Lenore S. Woolf, Corresponding Secretary, Drama, Incorporated, to the Board of Directors of Drama, Incorporated, 28 May 1964; "Notes on a Meeting of Representative of the University of Wisconsin-Milwaukee and the Milwaukee Repertory Theatre," 25 June 1964, Milwaukee Repertory Theater Records, Wisconsin Historical Society Archives / Milwaukee Area Research Center; Alex Pinkston, in Durham, 377.

[99] Henry, 421.

[100] "Drama, Incorporated, Board of Directors, Adjourned Annual Meeting Minutes," 30 July 1964, Milwaukee Repertory Theater Records, Wisconsin Historical Society Archives / Milwaukee Area Research Center.

fundraising campaign and systematically raise contributions from the community for the next season.[101]

After the 1964-65 season, the fundraising campaign was held annually on the initiative of the board, and its progress was reported frequently at the board meetings. In the 1965-66 fundraising campaign brochure, there is a phrase "Professional Resident Theatre Must Be Endowed" (Figure 4.5).[102] Replacing the idea that "Non-Profit Theatres Are Self-Supporting" (see Figure 3.2), the Milwaukee Repertory Theater found that it could not be self-sustaining and needed support from the community. At the annual membership meeting in May 1966, the board president mentioned that "$110,000 was raised in the first organized fund drive, or $4,000 more than its goal, and warned that fund-raising would have to be a part of our future,"[103] suggesting that the fundraising campaign began to be recognized around 1964-66 not as a one-time effort, but as a regular event to be held annually to make up the operating deficit.

In 1966, the United Performing Arts Fund (UPAF) was founded by the seven performing arts organizations moving into the new performing arts center in downtown Milwaukee. By the establishment of the UPAF, their individual fundraising activities were unified into a single fundraising campaign format to solicit contributions from local

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[101] "Drama, Incorporated, Meeting of Finance Committee, Minutes of November 20, 1964," Milwaukee Repertory Theater Records, Wisconsin Historical Society Archives / Milwaukee Area Research Center. The committee was disbanded in a year, but the entire board held responsibility in fundraising thereafter.

[102] "Theatre Now," fundraising brochure, ca. 1965-66, Milwaukee Repertory Theater Records, Wisconsin Historical Society Archives / Milwaukee Area Research Center.

[103] "Drama, Incorporated, Annual membership Meeting Minutes of May 16, 1966," Milwaukee Repertory Theater Records, Wisconsin Historical Society Archives / Milwaukee Area Research Center.

Fig. 4.5: An Excerpt from the Fundraising Brochure, 1965-66, Milwaukee Repertory Theater

Our New Home in the Center for the Performing Arts

In recognition of the accomplishments of the Repertory Theatre, Mayor Maier proclaimed the week of September 20 as Milwaukee Repertory Theatre week. The Mayor described it as a fitting tribute to one of the best theatrical groups in the nation and one which has done much to enhance the city's reputation as a cultural center. He said that in a few years it will be one of the brightest jewels to sparkle in the new theatre planned for the Center for the Performing Arts soon to take shape on the banks of the Milwaukee River. Mayor Maier further stated that support for the Repertory Theatre will be repaid many times over in the enrichment and glory it will bring to our city.

Professional Resident Theatre Must Be Endowed

"To be fully alive to ideas and beauty, every large city needs its own theatre as it needs its own library, musical center, forums and art museums." — Brooks Atkinson, New York Times.

"What's happening . . . makes its necessary for a progressive city to have local professional repertory to keep apace with American intercity competition." — E. B. Radcliffe, Cincinnati Enquirer.

"A city must have more than good streets and sidewalks, and adequate garbage collections, important as these are. Big companies which transfer executives to various cities want to know, first of all, what a city can offer in the way of schools, art museums and theatre . . . I know of no other cultural institution in the city that is any more deserving of public support than the Milwaukee Repertory Theatre." — Cy Rice, Milwaukee Sentinel.

"The Milwaukee Repertory Theatre has set a standard that any company in the nation would find difficult to maintain." — Gerald Kloss, Milwaukee Journal.

Source: "Theatre Now," fundraising brochure, ca. 1965-66, Milwaukee Repertory Theater Records, Wisconsin Historical Society Archives / Milwaukee Area Research Center.

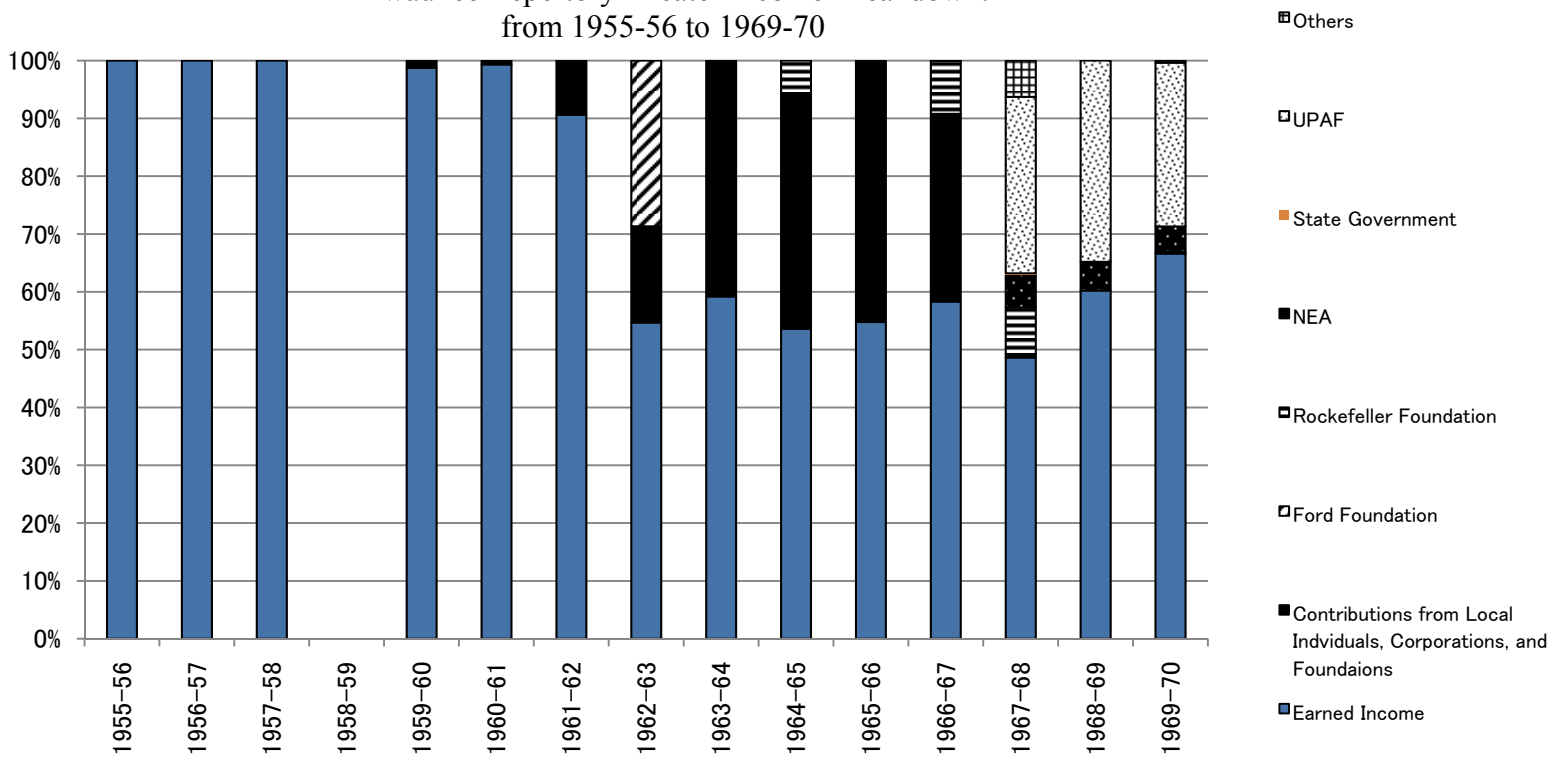
individuals, corporations, and foundations.[104] This approach was later used in many other communities, such as Seattle, but Milwaukee's UPAF is a good example of a unified fundraising organization for performing arts organizations that was established relatively earlier and also successful despite the organizational and financial differences among the member organizations.

Not unlike the Seattle Repertory Theatre, the Milwaukee Repertory Theater continued to show deficits in the early 1960s (see Chart 3.D.1), but it is not clear when the management of the theatre abandoned the operating principle that the theatre could and should be self-sustaining. As shown above, at the Milwaukee Repertory Theater's annual fundraising campaign to raise contributions from local individuals, corporations, and foundations became a regular event around 1964-66, and was later replaced by the UPAF's annual fundraising campaign. By that time, it can be concluded that the notion that what the theatre could not pay through the earned income would have to be raised through local fundraising had taken hold. The establishment of the UPAF and the theatre's joining the UPAF also suggests that it began to be recognized that not only symphony orchestras and opera companies but also regional theatres could not pay for themselves and needed contributions each season to maintain their operations.

Chart 4.D.1 shows the income breakdown of the Milwaukee Repertory Theater from 1955-56 to 1969-70. Coherent data is lacking for the 1958-59 season, but contributions from individuals, corporations, and foundations (Category 4 in Table 4.1) increased from the 1963-64 season, replacing the grant from the Ford Foundation (Category 3). From the 1967-68 season, the UPAF fund (Category 4) became the second

[104] "Milwaukee Repertory Theater, Inc., Minutes of Executive Committee Meeting," 11 October 1966, Milwaukee Repertory Theater Records, Wisconsin Historical Society Archives / Milwaukee Area Research Center.

CHART 4.D.1:
Milwaukee Repertory Theater Income Breakdown:
from 1955-56 to 1969-70



Sources: Annual reports, audited financial reports, and fundraising related documents. Compiled by the author.
The fiscal year of the Fred Miller Theatre and the Milwaukee Repertory Theatre covers the period between 1 July and 30 June. For the 1958-59 season, consistent data is not available due to the organizational change.

largest source of income next to the earned income.

4-5. Summary

This chapter has examined how the four regional theatres changed their operating principles and actual operations from the mid-1960s to the early 1970. In the mid-1960s, one theatre was showing an operating surplus (Arena Stage), two were operating without a need for substantial amount of outside funds (the Guthrie Theater and the Milwaukee Repertory Theater), and one was covering its deficit by donations from local individuals (the Seattle Repertory Theatre). Regardless of their actual operations, all four theatres were operating on the assumption that they could and should operate on a self-sustaining basis without grants and contributions.

In the late 1960s, however, all four theatres abandoned that assumption and switched to the notion that they needed other sources of income besides the box office to cover the deficits. Of the four theatres, three expanded their operations and therefore their expenditures in the late 1960s (Arena Stage, the Guthrie Theater, and the Seattle Repertory Theatre), and one in the early 1960s (the Milwaukee Repertory Theater). By the late 1960s, they all moved to such financial structures that they could not sustain themselves solely by the earned income.

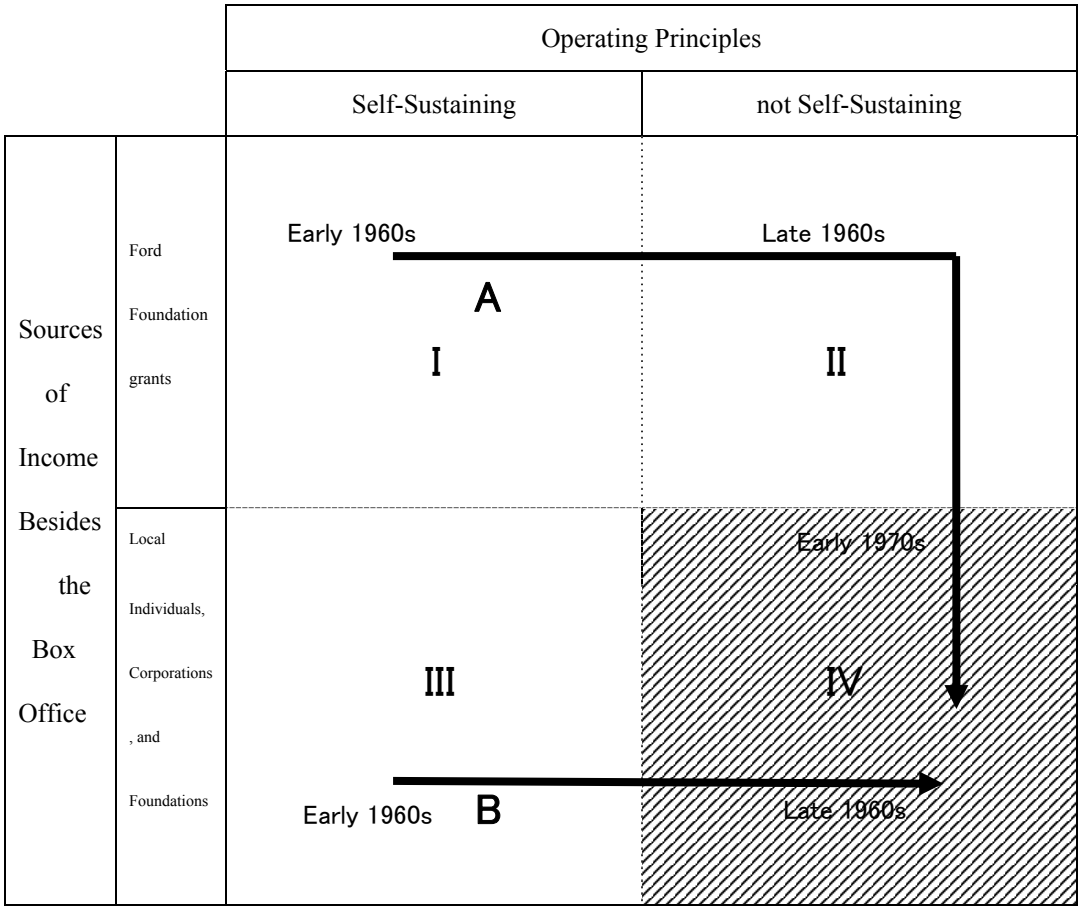
By the early 1970s, all four theatres began to seek contributions from local individuals, corporations, and foundations. By this time, fundraising activities were regarded as a fixture of regional theatre operations, something that had to be done every season *ad infinitum*. The practice of soliciting local contributions and launching an annual fund drive is now so common among today's regional theatres that its need is rarely questioned, and it is assumed that regional theatres have been functioning in the same

way since their inceptions. However, a financial structure that depended on local and non-governmental sources emerged and was consolidated around the late 1960s and the early 1970s.

The four regional theatres changed their operating principles and actual operations to finally discover contributions from local individuals, corporations, and foundations, namely, local community support, could be a main source of income. Table 4.2 shows the changes in a diagram, with the vertical axis showing the sources of income available besides the box office and the horizontal axis the operating principles. The four theatres are divided into two groups according to the source of income available in the 1960s besides the box office: Arena Stage and the Guthrie Theater belong to Group A (the Ford Foundation grants were available to them), and the Seattle Repertory Theatre and the Milwaukee Repertory Theater are in Group B (contributions from local individuals, corporations, and foundations were available to them). To summarize the four regional theatres' changes, two points must be highlighted.

First, the change in the operating principle of the four regional theatres around the mid-1960s coincided with the change in the way the theatres received the available sources (see the both groups moving from the left side to the right side of Table 4.2). In the early 1960s, one group of theatres (Group A in Table 4.2) originally received temporary grants from the Ford Foundation on the assumption that they could and should make ends meet without grants to maintain or achieve their self-supporting status (Area I in Table 4.2). However, after the late 1960s, as their actual operation proved unsustainable, they began to use the grants from the Ford Foundation to make up operating deficits (Area II in Table 4.2). The other group (Group B in Table 4.2) started local fundraising campaigns from the early 1960s and received contributions from local

TABLE 4.2: Regional Theatres' Changes in Operating Principles and Sources of Income



Group A: Arena Stage and the Guthrie Theater

Group B: the Seattle Repertory Theatre and the Milwaukee Repertory Theater

individuals, corporations, and foundations as a temporary help to maintain or achieve their self-supporting status on the assumption that they could and should pay themselves without contributions (Area III in Table 4.2). Their fundraising activities were limited in terms of their scope and the amount of money being raised. In the late 1960s, however, they realized that they could not become self-sustaining and their local fundraising campaign had to be done annually. They changed to receiving contributions annually to make up the operating deficits (Area IV in Table 4.2). These shifts in operating principles could not have been detected by reviewing only the financial data of each theatre. By examining narrative reports to the grant-making organization, board minutes, and other internal documents, together with the financial data, it has been demonstrated that the change in the regional theatres' operating principle occurred sometime between 1964 and 1968, depending on each theatre. That is, during this time, regional theatres abandoned the notion of self-sustaining theatres expected to survive in the marketplace without grants or contributions. They detached themselves from this long-standing model of theatre operation in the United States and established a new model on the idea that deficit financing was an operating necessity and that local contributions from individuals, corporations, and foundations would supplement their box office income every season.

Secondly, it has been demonstrated that the four regional theatres, different in sizes, shapes, and origins, succeeded in finding local community support and established a financial structure that based on local and non-governmental sources by the early 1970s (see the convergence into Area IV in Table 4.2). Their financial structures all morphed into one that is not self-sustaining and needs local and non-governmental sources to supplement the earned income. To reach the same goal, however, the two groups somehow took different paths as seen in the table. One group (Group A theatres) made a

detour (Area II in Table 4.2) before arriving at the model in the early 1970s and the other (Group B theatres) transitioned smoothly in the late 1960s. In any case, it was the contributions from local individuals, corporations, and foundations that the regional theatres turned to when they found themselves unable to make their own way solely through the box office. It can be concluded that the financial structure of today's regional theatres was established sometime between the mid-1960s and the early 1970s.

4-6. Conclusions

What can be said about the relationship of regional theatres with their communities during the period covered in this chapter? Prior to the mid-1960s when a regional theatre was regarded as a self-supporting operation, its relationship with the community was very limited. However, when it turned out to be not self-sustaining and needed grants and contributions, its relationship with the community began to change. The true turning point came sometime between the mid-1960s and the early 1970s, when regional theatres found themselves in a position that they needed to ask local communities for contributions every year to maintain their operations.

For regional theatres, the local communities prior to the mid-1960s were just the places where their audience members, that is, their paying customers, were living. After the late 1960s, however, they had to turn to the communities not only for purchasing tickets but also for contributions. Treating their audience members as paying customers was enough to make them purchase the individual tickets or subscriptions, but did not engage them enough to encourage them to donate to the theatres. The various fundraising activities implemented by the four regional theatres between the late 1960s and the early 1970s suggest that they started to take a new strategy toward the local communities at this

point. By relating to the communities in various ways, regional theatres began to try to make themselves essential to the life of the communities, and thus worthy of regular donations.

This new strategy appeared as early as in 1968 in one of the first arts management studies by past Guthrie Theater staff members: "When you give something of importance to every part of your community, the community will not let you fail….You cannot expect anyone to pay attention to you unless you first pay attention to them."[105] In those passages, Morrison and Flehr are talking about how to sell subscriptions, but their strategy goes far beyond making the products (plays) attractive to the customers (audiences). According to them, to make the communities support regional theatres, the theatres need to do more than producing good quality plays; they need to make themselves important to the communities by reaching out to meet their various demands.

The spirit of this argument still holds true. As long as regional theatres are essential to the communities and make them feel that they are "their" theatres, they will support regional theatres in the form of donations as well as ticket purchases. A recent textbook on fundraising for arts and cultural organizations succinctly summarizes this strategy as "building a sense of ownership:"

> Successful fundraising requires that the organization's leaders build a sense of shared ownership among the staff, board of trustees, audience, donors, and community at large. By instilling a sense of ownership in actual and prospective donors, the organization enhances the likelihood of receiving contributions and

[105] Bradley G. Morison and Kay Flehr, *In Search of an Audience: How an Audience was Found for the Tyrone Guthrie Theatre* (New York: Pitman, 1968), 121.

> grants and of having them renewed in subsequent years…./ Keeping donors informed is one of the most important, though often neglected, activities in a fundraising campaign. …/ Organizations should attempt to communicate with donors in ways other than requesting funds….[106]

Here the authors diverge to practical tips, such as donor newsletters, complimentary tickets, and annual reports. However, the term "a sense of ownership" and the importance of nurturing it for the continuity seems to capture the very spirit of the strategy that regional theatres discovered during the critical time of the late 1960s and the early 1970s; they encouraged the communities to support not only their individual plays or seasons, but also regional theatres in their entirety. To pull in donations, the theatres had to build and nurture a sense of ownership by fulfilling various demands of the communities. By involving audience members in membership and volunteer organizations, lecture and workshop series, special events, and governing boards, regional theatres nurtured a sense of ownership among their communities at large. This emphasis on involving the community coincided with the new dependence on funds from the community.

Nowadays, regional theatres are firmly established within their respective local communities, and no one assumes that the theatres could pay for themselves through box office sales alone. Although regional theatres had experienced many ups and downs even after the early 1970s, it was their efforts to nurture the sense of ownership during the late 1960s and the early 1970s that firmly established them as ongoing organizations, as they stand now.

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[106] Karen Brooks Hopkins and Carolyn Stolper Friedman, *Successful Fundraising for Arts and Cultural Organizations*, second edition (Westport, CT: Oryx Press, 1997), 50.

CHAPTER 5

REGIONAL THEATRES AS PUBLIC THEATRES

5-1. Findings

Thus far, this study has demonstrated *how* regional theatres underwent the several changes that in the end enabled them to be fully established within local communities as well as within the nationwide theatre culture. The way regional theatres established themselves within the nationwide system of play-producing and distributing by sharing plays with Broadway theatres was discussed in Chapter 2. In Chapters 3 and 4, the way the four regional theatres succeeded in switching to local, non-governmental sources after the late 1960s and its implications on their relationship with the local communities were examined.

Since the goal of this study is to demonstrate *how* regional theatres established themselves within local communities and the nationwide theatre culture, it is beyond its scope to identify *why* they were able to do so in each case. Four important insights on regional theatres, however, were gained in the process of investigation.

First and foremost, this study reappraises regional theatres' position within the history of American theatre. Many theatre critics have argued that regional theatres lost their initial inventiveness or uniqueness due to their dependence on Broadway commercialism or their own desire to survive.[1] In their view, today's regional theatres

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[1] See note 1 in Chapter 2 and Martin Gottfried, *A Theater Divided: The Postwar American Stage* (Boston: Little Brown, 1967); Julius Novick, *Beyond Broadway: The Quest for Permanent Theaters* (New York: Hill & Wang, 1969); Jack Poggi, *Theater in America: The Impact of Economic Forces, 1870-1967* (Ithaca: Cornell University Press, 1968); Vincent Landro, "The

are too established and mainstream, and thus deserve no further scholarly attention. This negative view is based on one aspect of many regional theatres' activities, plays, and does not go beyond what is on stage to consider their activities in their entirety. However, as shown in Chapter 2, their accusation of a bias toward Broadway proved to be rather one-sided. Moreover, as shown in Chapter 1, regional theatre *is* an interesting subject because the sector's sustainability and growth is matched by no other theatre movement or sector in American history, except for Broadway. As stated in Chapter1, there are many reasons other than a good play to go to theatre and that the multiple social demands of the people driven to theatregoing enrich and sustain each country's theatre culture. A half century ago, no such theatre culture existed in the United States except in the small area called Broadway. Since then, regional theatres have brought theatre culture to major cities across the United States, creating a new tradition of theatre-making and theatre-going across the country and irreversibly changing American theatre culture. Regional theatres' impact on and contributions to the history of American theatre cannot be stressed enough.

Secondly, this study questions the role the Ford Foundation played in the history of regional theatres. Starting in the late 1950s and expanding in the early 1960s, its grant programs have long been regarded as the most important catalyst for the regional theatre movement. W. McNeil Lowry, the program director of Humanities and the Arts Division and later Vice President of the foundation, has been considered a central figure championing the movement.[2] It was true that the Ford Foundation and Lowry played a

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Mythologizing of American Regional Theatre," *The Journal of American Drama and Theatre* 10, no. 1 (Winter 1998): 76-101.

[2] Stephen Langley's *Theatre Management*, a standard textbook of theatre management, stated, "W. McNeil Lowry can be said to have influenced twentieth century theatre in this country more than any individual." David M. Conte and Stephen Langley, *Theatre Management: Producing*

crucial role in the initial stage of the regional theatre movement, giving out not only financial support but also national recognition to grantees. It was also true, however, that, as evidenced in Chapter 4, the grantee theatres survived the termination of the Ford Foundation's operating grants (Arena Stage, the Guthrie Theater, and the Milwaukee Repertory Theater) and that other regional theatres that have never received grants from the Ford Foundation for their operating expenses nonetheless continued their operations (the Seattle Repertory Theatre as well as numerous other theatres not examined here, such as the Berkley Repertory Theatre, Long Wharf Theatre, and Missouri Repertory Theatre). The level of artistic achievement these grantee theatres made with the support of the Ford Foundation grants cannot be denied, but, in terms of financial stability, the grants had also their downsides. Although the Ford Foundation made it clear from the beginning that it was not in a position to support the theatres forever, the steady flow of the Ford Foundation grants in the 1960s to the regional theatre sector created a situation that allowed the grantee theatres to assume that the grants would be forthcoming every year. In retrospect, the Ford Foundation grants made the grantee theatres defer the decision to find other source of income, that is, contributions from local individuals, corporations, and foundations, and delay establishing themselves firmly within the community. After all, it was not the grants from the Ford Foundation that has allowed regional theatres to sustain their operations for so many years. The most crucial factor in making regional theatres what they are now was their own initiation of local fundraising drives and the communities' positive response to them.

Thirdly, this study also questions the applicability of Baumol and Bowen's "income

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and Managing the Performing Arts (California: EntertainmentPro, 2007), 117. See also: Peter Zeisler, "They Broke the Mold," *American Theatre* 10 (1993): 5; McNerney, 219.

gap" thesis, which holds that the expenditure of a performing arts organization rises more quickly than its income due to relatively low and constant productivity, to actual regional theatre operations in the late 1960s. As the case studies demonstrate, their thesis is plausible in theory, but it is highly doubtful that if it could be applied to the actual financial conditions of regional theatres in the 1960s. The rapid increase in regional theatres' expenditures in the 1960s was mostly attributed to the expansion of their activities. The increase was fuelled by the grants readily available at that time in some cases (Arena Stage and the Guthrie Theater) as well as the artistic ambitions of the regional theatres. Rather than inevitable economic forces, the increase in expenditures came from presenting main stage plays in a repertory format, experimental and small-scale plays in second theatres, and touring productions. Those who were involved in regional theatre management also seem to have believed that Baumol and Bowen's thesis provided a strong case for their need of having grants and contributions, as evidenced by the fact that their thesis repeatedly appeared in the literature of many regional theatres as a useful fundraising tool. Needless to say, Baumol and Bowen's "income gap" thesis can be applied to any service industry such as gourmet restaurants and barber shops, so the existence of regional theatres' ever-widening income gap itself did not justify the theatres' needs for grants and contributions. In this sense, Baumol and Bowen's "income gap" thesis seems influenced by the normative belief that the performing arts should be supported at any cost, which suggests that their work was under the influence of the "cultural explosion" they tried to critique.

Finally, this study reappraises widely held knowledge on nonprofit performing arts organizations in the United States. Today, almost all regional theatres in the United States are incorporated as nonprofit charitable organizations recognized and registered under the

501 (c) (3) section of the tax code, exempting them from most federal, state, and local taxes, and making their donors eligible for a deduction from their federal income taxes. Being a regional theatre is so synonymous with being a nonprofit theatre today that it is hard to imagine they are historically different categories. As examined throughout Chapters 3 and 4, being incorporated as nonprofit was not crucial to regional theatres' developmental process. In fact, some acquired nonprofit status in the 1950s (Arena Stage in 1959, the Milwaukee Repertory Theater in1953) but did not receive grants until the early 1960s. Until the mid-1960s, while regional theatres were expected to operate on a self-sustaining basis, they obtained nonprofit status mostly for the purpose of raising funds for their theatre buildings. Although acquiring nonprofit status became necessary for receiving grants and contributions for operations after the 1960s, just incorporating as nonprofit did not mean that grants and contributions became readily available. The structure of nonprofit organizations, together with the tax incentives given to their donors, is often regarded as one of the major institutional formats that shapes and characterizes the cultural policy in the United States. However, when it comes to regional theatre operations, it explains the development of regional theatres only partially and has played only a minor part in shaping regional theatres as seen today.

5-2. Conclusions: Regional Theatres as Public Theatres

Why have so many regional theatres existed for years? Why have they attracted such a large audience? Thus far, this study has tried to answer the questions by demonstrating *how* regional theatres established themselves within the national system of play-producing and distributing and within local communities. It, however, just briefly touched on the reason *why* they succeeded in doing so. Although a full analysis to

identify why the changes were possible is beyond the scope of this study, the hypothesis proposed in Chapter 1 can be used to provide a framework for answers.

In Chapter 1, the hypothesis that the foundations of regional theatres in the United States lie not in their artistic or entertainment values, but their public values, that is, their contributions to the communities was presented. Because regional theatres have assumed the position of public theatres rather than artistic or entertainment theatres for the first time on a large scale in the history of American theatre, they can secure their continuance within the communities, have existed for years, and continue to attract large audiences.

What can be said about the above hypothesis when it applies to the period covered in Chapters 3 and 4? In terms of assuming a public position, regional theatres prior to the mid-1960s seem to have had little inclination to encourage public involvement. Blinded by the glow of the "cultural explosion," they operated under the assumption that they could and should be self-sustaining.

In the mid-1960s, there seemed to be an optimistic feeling in general that the arts were good for everybody. In the Rockefeller Brothers Fund panel report on performing arts published in 1965, there is a sentence frequently quoted thereafter by many arts organizations including regional theatres: "The panel is motivated by the conviction that the arts are not for a privileged few but for the many, that their place is not on the periphery of society but at its center, that they are not just a form of recreation but are of central importance to our well-being and happiness."[3] It encapsulated the belief that arts were good thing for the many, and it was believed that once people made contact with the arts, they would instantly appreciate them and become art supporters. In fact, many

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[3] Rockefeller Brothers Fund, *The Performing Arts: Problems and Prospects* (New York: McGraw-Hill, 1965), 11.

regional theatres were getting larger audience season by season, and there was a sense of optimism that if only the theatres kept on offering plays of high artistic quality, they could gain the popularity and achieve self-sustaining status if not in the immediate, then in the near future. Without this optimism prevalent in the early 1960s, it is difficult to explain why the general public as well as regional theatre management believed that regional theatres could and should be self-sustaining. It can be concluded that the period prior to the mid-1960s was the time when regional theatres tried to combine artistic excellence and entertainment popularity and to play the dual roles of art theatres and entertainment theatres at once.

However, during the late 1960s and the early 1970s, regional theatre operations had to be changed drastically. Some theatres (Arena Stage and the Guthrie Theater) reached this turning point in the early 1970s, while others (the Seattle Repertory Theatre and the Milwaukee Repertory Theater) did so in the late 1960s (see Table 4.2). At that point, the theatres either could not rely any longer on generous grants made by the Ford Foundation (Arena Stage, the Guthrie Theater, and the Milwaukee Repertory Theater) or realized that they could not make their way through the box office alone as the boom faded (the Guthrie Theater and the Seattle Repertory Theatre). Instead of closing, they choose to continue operations and took a path never taken on such a large scale by any other theatre organization in the United States: they turned to local individuals, corporations, and foundations, and asked for contributions to cover their regular operating expenses. It can be said that this dependency led regional theatres to become ingrained within the communities. By building a sense of ownership among the communities in various ways and programs, regional theatres began to make themselves essential to the life of the communities. In the process, regional theatres assumed a new position of

public theatres in the communities.

As the case study of Arena Stage details, regional theatres started annual fundraising campaigns, strengthened the role of the boards, introduced membership systems, and formed or renewed volunteer organizations in order to raise necessary funds for their operations from the communities. In fact, these fundraising activities implemented by regional theatres were not entirely new to local communities in the United States. The practice of raising money from wealthy individuals or their foundations in a campaign format for the worthy cause had been a long-standing American tradition adopted by arts organizations such as symphony orchestras and museums and other nonprofit organizations such as universities and hospitals. Therefore, it was natural for the regional theatre boards to start fundraising campaigns when they found out that there was no other way to make up the operating deficits but to ask contributions from local individuals, corporations, and foundations.[4]

However, regional theatres in the United States did not simply imitate the methods of fundraising then practiced by symphony orchestras and museums. The examination of the four regional theatres suggests that, during the late 1960s and the early 1970s, regional theatres discovered a new position within the communities: that of public theatres. Although other nonprofit arts organizations soon followed suit, this was a position never taken before by symphony orchestras and museums, nor by Broadway

[4] In fact, to launch its own annual fundraising campaign, the Milwaukee Repertory Theater board considered using the list of contributors who donated to the new performing arts center building. The Seattle Repertory Theatre board decided to analyze the fundraising efforts of the symphony orchestra and the opera company in Seattle and later launched the annual fundraising dinner and luncheon modeled after them. "Drama, Incorporated, Meeting of Finance Committee, Minutes of November 20, 1964," Milwaukee Repertory Theater Records, Wisconsin Historical Society Archives / Milwaukee Area Research Center; "Board of Trustees, Seattle Repertory Theatre Minutes," 12 January 1966, Seattle Repertory Theatre Papers (Accession #1481), Special Collections, University of Washington Libraries.

theatres or road productions. In concluding, what their position was and is will be discussed briefly.

Prior to the mid-1960s, it was uncommon for local individuals, corporations, and foundations to make a donation to a professional theatre. When regional theatres had to raise money from the communities, a new, compelling rhetoric that justified the need of the donations to regional theatres was required. Besides Baumol and Bowen's "income gap" thesis on the productivity lag, the following rhetoric on ticket prices was used extensively at many regional theatres:

> Q. Why does the Theatre depend on donations?
>
> A. As has been shown in the solicitation brochure, the Theatre can't break even on ticket sales alone. Ticket prices must be held at reasonable levels to ensure the widest audience possible. Seats must be set aside for students at reduced rates. Donations actually make up only a small percentage of the total budget, but we must rely upon them to fill the gap between box-office revenues and actual costs.[5]

This excerpt from the list of possible questions and answers was prepared for the Seattle Repertory Theatre's 1968 Sustaining Fund campaign. According to it, to maintain low ticket prices and "ensure the widest audience possible," the Seattle Repertory Theatre needed donations from the community. More generally, it indicates that a regional theatre, whether it likes it or not, structurally requires donations from the community in order to

[5] "Questions and Answers about the SRT," fundraising material, 12 March 1968, Seattle Repertory Theatre Papers (Accession #1481), Special Collections, University of Washington Libraries.

remain open to the community at large.

In some cases, this same rhetoric took on a slightly threatening tone (Figure 5.1):

> It Can Happen Here / You Are The Difference / Don't laugh. / Arena Stage creates for Washingtonians some of the finest theater in the nation, at reasonable prices accessible to most. / That's how it should be. / But those prices alone can't pay for Arena Stage excellence. / If the box office had to pay the way alone, one of two things would happen. Arena's uncompromising quality would diminish, maybe vanish. Or you might actually be paying $17, $20, $30 per ticket. / Either way, Washington Suffers. And that's no joke. / Your support, as an Arena Stage Associate, is the difference.[6]

Following this line of reasoning, two models of theatre operations are theoretically possible, supposing the artistic quality of the productions is maintained on the same level. One theatre maintains a low ticket price and is open to the community at large, whereas the other offers a very high ticket price and caters exclusively to the few who can afford it. This rhetoric of putting two theatre models *vis-à-vis* and asking the community to choose the former model was considered persuasive and widely accepted by both regional theatre managers and communities. It is attested by the fact that the same kind of rhetoric has been used repeatedly in the fundraising literature of many regional theatres. It can be observed that the same rhetoric resonating in Baumol and Bowen's work:

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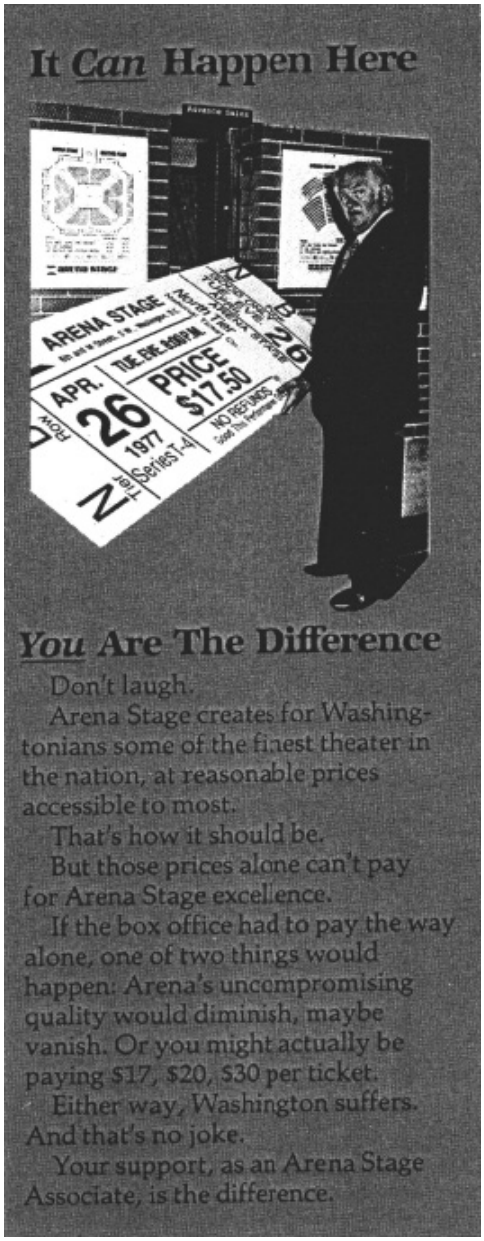
[6] *Arena Stage Program Book: Gemini* (Washington, D.C.: Arena Stage, 1977), 22, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

Fig. 5.1: An Excerpt from the Program Book, 1977-78, Arena Stage



Source: Arena Stage Program Book: Gemini (Washington, D.C.: Arena Stage, 1977), 22, Arena Stage Collection, Special Collections & Archives, George Mason University Libraries.

> It is easy to visualize what might happen to the performing arts if their prime objective were profit maximization. One can envision the nation's performing arts reduced to a vestigial state, with a very small number of theatres and orchestras catering to an exclusive group of persons who could afford to pay the very high and ever-rising prices necessary to keep them going…. It is presumably not morally acceptable to turn the Metropolitan Opera House into an institution analogous to an exclusive restaurant in terms of the magnitude of prices and the economic class of its clientele…[7]

While there seem to be no direct relations between Baumol and Bowen's rhetoric and the phrasing which regional theatres used in their fundraising literature, they were based on the same normative belief; performing arts organizations, including regional theatres, should be open to as large segments of the communities as possible. The belief persists today, and the rhetoric continues to be used.

This rhetoric was widely used to make a persuasive case for fundraising in many regional theatres, but had rarely been used by arts organizations before the mid-1960s. In short, the management of high-art organizations such as symphony orchestras and museums under the traditional art patronage of the elite class did not feel compelled to appeal to members of other classes, or build a sense of ownership among the communities at large.[8] It seems that the rhetoric was invented and utilized heavily by

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[7] William J. Baumol and William G. Bowen, *Performing Arts: The Economic Dilemma* (New York: Twentieth Century Fund, 1966), 173.

[8] According to DiMaggio and Useem, under this form of traditional art patronage, elite boards were committed to preserve the exclusivity of the high arts to maintain their class solidarity, and thus were very guarded against opening their organizations to the general public. They wrote:

regional theatre proper as a compelling one. Although regional theatres adopted some methods of fundraising from those high-art organizations to acquire large contributions from the communities, in order to get small contributions from the communities at large, they also needed to make full use of this new rhetoric they had invented.

Then, why did the people in the communities give to regional theatres during the crucial time of the late 1960s and the early 1970s? What made them think that regional theatres were worthy of donation, and what has made them donate since then? It is common knowledge that, even today, the audiences of regional theatres still mostly consist of the wealthy and the highly educated, and do not represent the entire community regional theatres have been trying to embrace.[9] In this sense, the idea of American regional theatres as public theatres accessible to large segments of the communities is still in the developing stage. However, by building the sense of ownership, regional theatres are committed to opening themselves to the public. This operating policy had been taken by neither Broadway theatres nor high-arts organizations before. The rhetoric of ticket pricing might have been initially created by regional theatre management out of sheer necessity to acquire donations from the communities. The fact that the rhetoric was widely accepted by the communities seems to testify that the people accepted the pubic

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"Elite boards are …committed, after the ensuing of the survival of the organization itself, to preserve the exclusivity of artistic presentations, maintain the community's monopolization of cultural capital, and ensure that the organization remains a fitting site for rituals of class solidarity. Such boards are likely to resist any extension of decision making control, or extension of services any further into the upper middle class than necessary to maintain financial solvency. … There is some evidence that many boards have, in fact, operated in this way." Paul DiMaggio and Michael Useem, "The Arts in Class Reproduction," in *Cultural and Economic Reproduction in Education,* ed. Micheal W. Apple (London: Routledge & Kegan Paul 1982), 190.

[9] As for the audience demography in regional theatres, see Baumol and Bowen, 71-97; Ford Foundation, *The Finances of the Performing Arts, Part 2* (New York: Ford Foundation, 1974); National Endowment for the Arts, *1997 Survey of Public Participation in the Arts*, NEA Research Division Report 39 (Washington, D.C.: National Endowment for the Arts, 1998).

position taken by regional theatres within the communities and thought the theatres were worthy of donations. Regional theatres acquired the position of public theatres open to the communities by receiving donations from the communities.

Rather than searching for a place between the binary standards of art versus entertainment and struggling to survive from one production to another, regional theatres in the United States have succeeded in creating a new, third option within communities in order to survive beyond a single production or the leadership of an individual. It can be concluded that regional theatres have assumed the position of public theatres responsive to communities at large for the first time on a large scale in the history of American theatre and thus have become able to maintain their operations within their communities and attract large audiences.

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