

**A Study of Compensation for Managerial and
Administrative Staff in the Nonprofit Theatre Industry**

Master's Project

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Brooke Horejsi

University of Oregon

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Approved

Dr. Patricia Dewey

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Abstract

Within the American theatre arts community there are very few people earning a living wage as defined by John A. Ryan as compensation that is relative to experience, education, and the area's acceptable standard of living. Designers, technicians, marketers, and administrators all suffer, as do actors, from being under paid. Even high level leadership positions, such as General Management or Artistic Direction, often come with a limited compensation package. The purpose of this project is to consider the related literature about human resources within the not-for-profit sector and explore how these ideas relate to the wages and benefits for managerial/administrative staff in two local, not-for-profit theatre groups in Eugene, Oregon and/or similar sized communities. The study includes a literature review and four interviews of staff in the Lord Leebrick Theatre Company and the Willamette Repertory Theatre, as well as a final paper to be published in the University of Oregon Arts Administration Program Occasional Paper Series.

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Introduction

Purpose of the Study

The purpose of this study is to explore existing ideas about compensation in the not-for-profit sector and how these ideas might relate to the structure of wages and benefits for managerial/administrative staff in two local, not-for-profit theatre groups in Eugene, Oregon and/or similar sized communities. In his book, *The Inequality of Pay*, Henry Phelps Brown says, “It seems part of the natural order of societies we know that occupations requiring greater skill, experience, and effort should be paid more highly” (Brown, 1977, p. 28). Using two local, not-for-profit theatre groups in Eugene, Oregon as a sample, I explored existing issues of the not-for-profit sector as related to the pay scale and benefit packages of their managerial/administrative staff. After completing these studies, I wrote an occasional paper that combined the knowledge I gained from a literature review with the knowledge I gained from interviews in the field.

Statement of the Problem

Within the American theatre arts community there are very few people earning a just wage, or compensation which is reflective of their education and experience. This problem is not specific to the performance professions. Designers, technicians, marketers and administrators all suffer, as do actors, from being under paid. Most theatre communities consist of creative, passionate people who must work another job, often completely unrelated to theatre, in order to make ends meet. Even high level positions, such as General Management or Artistic Direction, often come with a limited salary range. The skilled people who hold these positions are required to sacrifice their standard

of living in order to stay employed in the field of theatre. The lack of a standard of just wages within the industry of not-for-profit, regional and community theatre contributes to other challenges inherent to the industry, such as burn out. Talented, valuable people often leave the field because they tire of never earning enough for their work and of having to hold down multiple jobs or make substantial standard of living sacrifices. The industry is constantly turning over its workers. As someone reaches a level of knowledge and experience they are also reaching a point in their life at which they are considering things like buying a home, raising a family or starting a retirement fund. Due to the fact that most jobs in the industry pay such a low salary, it is at this point that the employees must move on to more profitable professions, regardless of whether or not they are passionate about them.

This study served as an inquiry into the ideas set forth in the literature and theory surrounding not-for-profit management, in conjunction with an exploration of two local theatre groups' actual paid administrative or management positions. By approaching the problem of wage/benefits and non-profit theatre groups in such an exploratory, yet minutely focused way, I was able to begin documenting the critical thinking needed as a first step for further research. This study may serve as an introduction for a future researcher to take the topic further, perhaps by developing something as concrete as a strategic plan for establishing a plausible wage structure at a small to medium sized not-for-profit theatre group.

Background

The problem of earning an appropriate wage is not new, nor is it specific to one industry. Of the theatre industry specifically, Ben Cameron says in an article in *American Theatre*, “Clearly, no one gives a life to the theatre because of the money or benefits” (Cameron, March 1999, p. 4). In many areas, including large budget performance venues, the process of unionization has worked to alleviate the pay scale hardships of hourly theatre workers, such as technicians, actors, and ushers. Within these large organizations the administrative and management employees are paid a comparable salary and often have benefit packages. Outside of larger metropolitan areas, where most of the big budget theatre organizations exist, the situation is less balanced. In regional and community theatre the key managerial and administrative positions are often underpaid for the difficulty of the work that they are expected to accomplish. These positions often call for someone with extensive experience in not only the craft of theatre, but also in finance, marketing, office management, and computers. Yet, the salary ranges and benefit packages do not reflect the high level of skills that these individuals possess.

Even our top managers and artists not only earn less on balance sheet than their corporate counterparts, but fail to accrue pension benefits, extended vacations, renewal opportunities. It is increasingly difficult to look a young artist or manager or technician in the eye and say with conviction, ‘You can make a life here in the theatre—a life with a home of your own and a spouse or partner and a child, should you choose.’ While no one asks for a life of opulence for our field, a simple life of dignity seems to be slipping farther and farther outside our grasp (Cameron, March 1999, p. 1).

In the past, the strength and growth of the not-for-profit sector may have been a false indicator of similar growth in the salaries of personnel, but now that the trend in growth for non-profit groups has changed, especially ones connected to the arts, it is

painfully apparent that in the small to medium size theatre the key personnel are still being underpaid.

Significance

This exploration is important because it is a first step in documenting critical thinking in relation to mid-sized, not-for-profit theatre group's salary and benefit structures. The study may lay the foundation for a future researcher or even a current or future administrator to develop a concrete plan for organizations of comparable size to support their managerial and administrative staff in a more equitable manner. In order to move toward that end, we need to start thinking critically about the concepts and actualities. As for anyone, the people who hold positions within these groups find it extremely important to maintain a standard of living, but perhaps do not have the time or money to investigate the problem further. As a person who hopes to continue to work in the management area of the theatre industry, I am personally and professionally concerned about this topic. My previous involvement with not-for-profit theatre groups has introduced me to structures and common situations, as well as underlined the continued difficulty of making a living working in small to medium sized regional or community theatre.

Delimitations

In this study, I did not investigate any other not-for-profit theatre groups outside of two in the Eugene, Oregon area. My study is therefore limited in scope to standards in Oregon and in a medium sized community. Although I attempted to develop a large

cache of resources, I recognized that much of the literature I found was directed toward the nonprofit sector as a whole, and was not necessarily specific to the theatre sector.

This study did not strive to solve the low salary and benefit problems of the groups studied, as that task would have been too large of a problem for one person to take on in the time frame of six months, but it did attempt, as mentioned above, to document the critical thinking necessary for further work on the problem.

Definition of Terms

Not for Profit: Organizations which are nongovernmental entities incorporated under state law and tax exempt according to the IRS (Wolf, 1999, p. 20).

Just wage: Compensation for work which allows an employee to maintain a standard of living reflective of education, experience and social status.

Family Wage: Compensation for work which allows an employee to maintain a standard of living that includes providing for family members such as children.

Standard of Living: A qualitative category, which is divided into three sub-categories by the Bureau of Labor Statistics: lower, moderate, and higher, that serves to identify the value of lifestyle.

Cost of Living: The average amount in funds spent in a given region to provide oneself and one's family with the basic necessities of life (i.e. housing, food, healthcare).

Benefits: Compensation that is received in an alternative format to wages (i.e. health insurance, retirement funds, vacation and sick leave pay).

Assumptions

During this process of exploration I assumed that the participating theatre groups would be not only willing to answer my questions, but also that they would reply in an honest and forthright manner. I presumed that each organization would allow me to record details regarding their salary and benefit packages.

Review of Literature

Neuman defines the four goals of a literature review as follows: to demonstrate a familiarity with a body of knowledge and establish credibility, to show the path of prior research and how a current project is linked to it, to integrate and summarize what is known in an area, and to learn from others and stimulate new ideas (Neuman, 2003, p. 96). By doing a literature review as part of the exploration process of this project, all of the four goals identified by Neuman were pursued. The literature search was conducted considering the problem of low wages/benefits for managerial/administrative staff in non-profit theatre groups. In our current system, staffs in mid-sized, not-for-profit theatre companies are very rarely compensated in a way that is commensurate with their experience, or with the responsibilities which are connected to their positions. In order to strengthen the literature review, other nonprofit cultures were included in the literature search (i.e. healthcare, social services, and other arts organizations). Literature was collected and reviewed into nine topic areas. These topic areas are current climate of the theatre community, founding goals of the resident theatre movement in the United States, professionalization of the not-for-profit sector, labor pools and leadership succession within the not-for-profit sector, general wage theory, healthcare, leave, schedules and work arrangements, and retirement.

Current Climate

The climate within the not-for-profit sector should be of concern to any society that relies upon nonprofit organizations to provide their communities with services. The sector needs support, not only to achieve their missions, but also to maintain acceptable working conditions.

“...cultural organizations across the country have had weak human resource practices, with an inadequate focus on human resource needs, policies, best practices, and requirements” (Mercadex International, 2002, p. 6). This statement by Canadian researchers is international in its message. Here in the US, and all across the globe, nonprofit organizations are suffering from the same weak human resource policies. These organizations, including ones involved in the arts and more specifically the nonprofit theatre sector, need to be knowledgeable about the benefits trends in the sector so that managers can help bring them to the forefront of the developments and practices. “Incentive plans, cash and noncash recognition, and other innovative compensation and human resource practices are becoming critical elements in the organizational strategy of many nonprofit organizations” (Barbeito & Bowman, 1998, p. 80).

Founding goals

Two of the founding goals of the resident theatre movement were to create companies and to provide those companies (including artistic and administrative staff) with ‘the white picket fence’ – a reasonable standard of living that would allow people to have a home and a family (Cameron, Coen, & Forman, 2000, p. 6).

The image of the “white picket fence” is not unusual to our society. The idea that with hard work and perseverance anyone can achieve a standard of living that involves a home, food on the table, and enough to raise a family is part of the fabric of America. But is this idea of security a reality for employees in the nonprofit theatre world? Is it possible to start with a nonprofit theatre group at an entry level position in hopes of some day moving up in pay? Is it possible to rely on your salary not only increasing as the cost

of living rises, but also to rely on an entry level wage that allows one to pay off higher education debt while still putting away a little for the future?

When it comes to the performing arts, many people not involved in the profession point to our star system as the main reason why the white picket fence is not commonly available within the field. The system in which people become famous is a combination of talent, hard work, and often times luck. There is only room for a few stars at any given time, so people choosing a profession in the performing arts should recognize that the competition will always be numerous and stiff. This reasoning is shortsighted in multiple ways. Not only does it perpetuate the idea that only a select few artists should be compensated accordingly, if at all, but also it ignores the multitudes of people who choose to work offstage, as well devaluing the work (and indirectly the art) in which they are involved.

The phrase “we’re not in it for the money” is used far too often for employees in the nonprofit theatre world. As Ben Cameron, executive director of the Theatre Communications Group states, “Clearly, no one gives a life to the theatre because of the money...” (Cameron, 1999, p. 4). Although no one should expect to get rich in this field, they should expect a compensation package that is appropriate to the skills they bring to their position. In terms of the management positions this is particularly true. The skills involved with successfully running financial, marketing, personnel, and all of the other various departments that fall within the scope of management are ones that must be learned, developed and perfected. Relatively recently, this line of thinking has only become more supported by the amount of education and experience that is often needed to not only be successful in the positions, but also to get the positions in the first place.

Professionalization

In the past, the management of theatres was often left to the actor, director, or designer, who showed a capacity of sorts for the work and was willing to make the crossover. Many of these people found that working in management afforded them certain controls and experiences that enhanced their artistically focused careers. It was an added bonus that they were not required to pursue a master's degree or even a certificate of any kind in order to make this transition. With the advent of a decrease in government funding for the nonprofit sector in general, the move towards professionalization of the field began. "Beginning during the 1980s and continuing to date, nonprofit organizations came under increasing pressure not only to 'do good', but to do it effectively and efficiently" (Barbeito, & Bowman, 1998, p. 2). This process of change included an evolution in the sought after skills of leaders for the nonprofit organizations. Now, theatre groups are not just looking for someone to take on the responsibility of running an organization, but they are also looking for a person who will bring proven experience, a track record of increasing professional development and quite often, a graduate degree. The growth of arts administration programs in universities all across the country exemplifies this shift in needs for nonprofit arts groups. Studies of professional development needs of arts managers in Canada have revealed that the environment that arts managers work in is becoming increasingly complex and is requiring more sophisticated knowledge and capabilities (Mercadex International, 2002, p. 11). Although this evolution hopefully serves to strengthen organizations, contribute to their longevity, and enhance their ability to carry out their mission, it can only be a long term benefit if the ways in which these skilled employees are compensated develops in

conjunction with it. “On average, workers in the live performing arts are highly educated relative to the total population, but having post-secondary education or a university degree makes little or no difference to their income levels” (Mercadex International, 2002, p. 11).

Labor Pools and Leadership Succession

The nonprofit theatre field is undercapitalized in financial and human resources. This struggle with the field’s day-to-day fragility is having a long-term detrimental effect on both individuals and theatres... In addition, low salaries, long hours and chronic organizational understaffing are causing burnout on every level, from support staff to management and artistic leadership (Cameron, Coen, & Forman, 2000, pg 6).

If a leader is the one who burns out and needs to be replaced, a crisis situation is often the result due to the frequently found situation in many nonprofit organizations where the leader is one of very few paid employees, or supplies the motivating vision for the organization. Also,

The cost of turnover is significant. This expense is often measured in terms of not only the financial resources consumed in the recruitment and training process but also in the disruption the company experiences as a result of needing to re-establish fractured working relationships...it is better business to be an attractive place to work. (Berger & Berger, 2000, p. 552)

The problem of burnout is about more than just this result of short term crisis with the departure of experienced personnel. As Cameron, Coen, and Forman (2000, p. 3) go on to explain, it is becoming difficult for theatres to attract the younger generation into administrative and leadership positions. So then, in broader terms, it is about not only the size and quality of the current labor pool to replace those departed workers, but also the propagation of future workers/leaders. The issues of a decreasing labor pool and

leadership succession planning is not specific to the art sector of the nonprofit community. We can see the connection that not-for-profit theatre has with the rest of the sector through the comments of Sophia Ross-Loyd, Senior Vice President for quality at Lakefront SRO, when she says, "...younger workers are less inclined than my generation was to accept very low salaries even when they believe in a charity's mission" (Joslyn, 2002 October, p. 2).

Wage Compensation

Wage Theory

Traditionally, compensation programs have had three primary design criteria: They must be internally equitable (i.e. they must pay people in proportion to the relative value of their job), externally competitive (i.e. they must pay people in proportion to the market price for their job), and personally motivating to employees (Berger & Berger, 2000, p. 41).

Theories in wage practices are like any other trends. They evolve and change and have audiences who both agree and disagree. The theories discussed here are ones that may not be agreed to by certain economists when considered within the bigger picture of economic theory, but they are important as key ideas and terms that most employed people are not only familiar with, but also agree with on a basic human level. "As we enter the 2000's, compensation practices are being shaped by...enlightened employee pool whose issues include work environment as well as salary and benefits" (Berger & Berger, 2000, p. 17).

Just wage, fair wage, living wage, and standard of living are some terms that are often used when discussing wage and benefit structures. Many employees will think of these terms, and their relative definitions when determining whether or not a job is worth

their time and effort. David Belcher defines a fair wage as "...the wages paid by other employers for the same type of work" (Belcher, 1974, p. 481). He goes on to define a living wage as one that is concerned with paying a person wages that are appropriate to the standard of living that corresponds with their job responsibilities and educational training (p. 486). According to John Ryan, a living wage is one which is sufficient to maintain an average sized family in a manner that is consistent with the local standards (Ryan, 1912, p. 129).

For the year of 2000 the U.S. Census Bureau defines the median household income for the state of Oregon as \$40,916 and the median family income for the state of Oregon as \$48,680 (U.S. Census Bureau, 2000, p. 2). Specifically for Eugene, the 1999 statistics from the U.S. Census Bureau define the median household income as \$35,850 and the median family income as \$48,527 (U.S. Census Bureau, 2000, p. 3). On a national level, the U.S. Department of Labor conducted a compensation survey, from which they generated numerous reports. One report is specific to the Pacific census division. This report communicated various standards for the region; wages in the Pacific region averaged \$19.08 per hour for July 2002, usually higher pay was found at higher levels of responsibility and workers in smaller companies (of 1 to 99 employees) averaged \$16.14 an hour (U.S. Department of Labor, 2003, p. 1). The report goes on to classify wage averages by selected occupations for the region. White collar administrators and managers averaged \$36.97 an hour and entertainment directors, which fell under the sub-heading of professional specialty and technical, earned an average of \$32.04 an hour (U.S. Department of Labor, 2003, p. 6). It is insightful for this study of medium sized theatres to consider that these numbers include the wages from large

metropolitan areas, such as Portland and Seattle and also that the wages from one of the largest Shakespeare festivals (The Oregon Shakespeare Festival in Ashland) are also included.

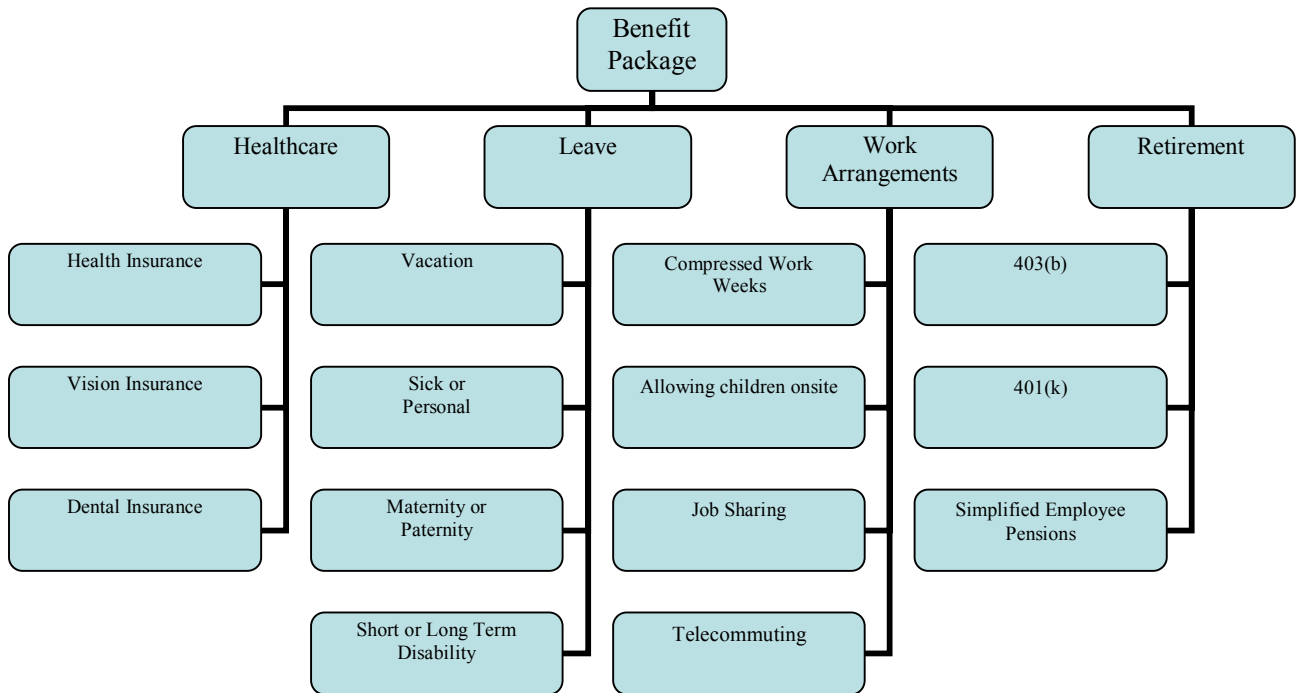
The psychology of pay is just as important as the quantitative numbers. “Compensation represents a psychological contract between man and organization...” (Belcher, 1974, p. 6). When writing and theorizing about pay structures and practices, many authors are also writing and theorizing about the way in which our society thinks about pay and what it means in the bigger picture of values and beliefs. Stripped down to its simplest motivations, wages are a reward system. By working hard, employees are rewarded with wages. Going further than others by working longer hours, taking more responsibility, receiving more training, all serve to move a person up the reward ladder. Another layer of pay relates to its motivating factor. “The primary focus of any pay scheme’s incentive structure is to *focus* behavior” (Berger & Berger, 2000, p. 22). Pay is often a large part of the reason why employees will work hard in a job setting to complete tasks successfully. If the pay is perceived as inappropriate, employees will be less motivated to perform well for the company. For this study, the whole compensation package is being considered but, as Berger and Berger assert, “Within the human resource strategy, pay is the foundation upon which everything else is built. Poorly conceived and executed, all other strategies are negated and undermined” (Berger & Berger, 2000, p. 587).

Pay also serves as a communicator to the larger society. “The compensation the individual receives from his employment serves as a symbol of status both within the organization and in society” (Belcher, 1974, p. 7). As a culture, we have certain values

attached to a career. If the pay is not adequate, then the employer, employee, and the profession itself can suffer. In addition, compensation strategies should correspond with the mission of the organization. A link between the two should be evident, even in the not-for-profit sector. The financial challenges of the sector very often serve as a crutch for lower pay, but in the long run "...taking company shortcomings out on the workforce does not result in organizational success" (Berger & Berger, 2000, p. 552).

Benefit Compensation

Benefit compensation comes in various different formats. A total package is made of many parts that fit together to provide comprehensive coverage for an employee. The chart following displays the different areas of benefits, along with the different types of benefits within each area, discussed in this section. In most situations, nonprofits have very weak benefit packages because of the cost involved with coverage. Researching, arranging, and administering benefits is considered a full time job, one which most organizations can not afford to hire and maintain. The challenges of offering benefits are often too much for small to mid-sized organizations and in light of other more pressing financial woes are often the first budget items to be cut when funds are tight. The following section discusses standard benefits in healthcare, leave, schedules and work arrangements, and retirement and the issues that surround providing these benefits within the not-for-profit sector.



Healthcare

Without a national healthcare plan most citizens rely on their employers to provide them with health insurance coverage. In many jobs, basic health insurance coverage is a cornerstone of the employment package, but for the nonprofit sector “...the pressure to offer benefits has put huge strains on charities, especially during the current economic downturn” (Joslyn, 2002 February, p. 2).

The cost of health insurance has several sub-issues embedded in it. One of these issues is the obvious start-up cost. For a small or medium sized theatre group, it is often

very difficult to find any money in the budget to put towards insurance, and if it is found it may mean a cutback in other line items, such as ones that relate to artistic quality like materials or equipment. In most cases, boards and organizations rely on a labor pool that is willing to work without coverage or has a partner through which they receive coverage. Although this practice may get groups through an initial hiring process, it does not feed into good long term employment. “Look at the indirect costs of not having benefits, not just the direct costs...If people don’t feel supported in their work environment, where they spend a good deal of their lives, it’s going to affect the work” (Joslyn, 2002 February, p. 1). Also, it diminishes the amount of qualified applicants who will stay interested in the positions. Another issue is the conflict of interest that lack of coverage may cause. For organizations with social service orientations the lack of coverage may be in conflict with their mission. For arts organizations, such as theatres, the direct conflict may not be obvious, but it is an easy link to make, considering most missions have an element of equal access and opportunity. If they can’t provide access to basic health insurance for their employees can they really successfully provide access to their work for their constituents? “There can’t be such a contradiction between what you say and what you do...said of those who manage nonprofit groups. Charity begins at home” (Joslyn, 2002 February, p. 1).

For organizations that do manage to offer their employees health insurance, another very pressing issue is the rising cost of the coverage. “Last year, the average health-insurance premium for all employers rose by 13.9 percent, according to a national study released in September...” (Panepento, 2004, p. 1). There are various reasons for the increases, including the rising costs of medical malpractice insurance premiums for

doctors and hospitals, the increase in the number of people who take prescription pills, and the evolution of our society to include a much older population, creating an enlarging population which requires proportionately more extended care than in the past. There are some options for dealing with these rising costs. Cutting secondary benefits, such as dental, vision, disability, and life insurance is an option that many groups have chosen. Another solution consists of requiring employees to contribute to the plan's costs. Each employee has a monthly deduction from their salary to help cover the expense. This option is often times a difficult one for employees to swallow because of their already limited wage structures. Yet, for employees of organizations who could not afford health insurance otherwise, this may be the right solution. Another option is something that

...a small but growing number of charities are also taking a look at (called) 'first-dollar' coverage, which can save some organizations as much as 25 percent on their premiums...Under the first dollar plan, the insurance company pays for all of an employee's costs under a certain threshold, usually \$500 or \$750. If the employee spends more than that amount, he or she is responsible for the next \$2,000 to \$3,000, depending on the plan. The insurance company then picks up any cost above that second level. First-dollar plans are especially popular among employees who are healthy and are unlikely to generate substantial health-care costs...The plans also allow workers to roll over money that isn't used from year to year...(Panepento, 2004, p. 2)

Some organizations are choosing to solve the high cost of health insurance challenge in a more radical way by self-insuring. In this instance, the group assumes the responsibility for the health care costs of its employees and in most cases the money for these claims comes from a pool that it is contributed to from a deduction from the individual employees' monthly or yearly salary. For some small organizations, the potentially higher cost risk of having an above average amount of medical problems in their employee base is still less than the guaranteed cost involved in investing in a

traditional plan. An added benefit to the self-insured plan is that the organization gets to control the terms of the coverage. In this way, coverage that is tailored to fit their employees specific needs can be arrived at without further cost. A good example of this additional benefit can be found in organizations that employ predominantly younger people. The coverage that these younger employees will want may differ slightly from the coverage that an older group of employees may see as meeting basic needs. By self-insuring, the organization could design the coverage to fit their young employees' needs.

For small organizations, not only is the cost of health insurance prohibitive, but also often times it is impossible to find providers who are willing to work with such a small number of employees. The Iowa Soccer Association, in Des Moines, IA, is an example of an organization that suffers from its size. Their fifteen employees are offered access to flexible spending accounts where they can deposit a portion of their pay tax-free to cover medical expenses. In addition, the soccer association contributes a yearly sum of \$600 to each employee's account (Joslyn, 2002, February, p. 3). The flexible spending account, both employer contributed and non-employer contributed, is a good option for organizations on extremely limited budgets. This type of plan, especially if not contributed to by the organization, is a way for employees to feel that their employers are doing their best to look out for them, even in times of financial hardship.

In certain communities there is an additional opportunity for small organizations to partner with other groups to have access to health insurance plans. Thomas W. Mesaros, vice chairman of the Alford Group, a national management and fund-raising consulting company that specializes in nonprofit organizations, recommends contacting local chambers of commerce, United Ways or looking for consultants who do pro bono

work for small clients to help in the search for affordable health care (Joslyn, 2002 February, p. 2).

Leave

In both the for-profit and nonprofit sectors the benefit of paid or unpaid leave for employees varies from company to company. Sick days, vacation time, maternity leave, paternity leave, short, and long term disability are all parts of an organization's leave policy.

Increasing or being flexible with vacation and sick leave is one way for a nonprofit to boost an otherwise weak benefit package. Employees may feel slightly more valued if they don't have a strict sick leave policy that gives them a limited numbers of days or doesn't let them use the days to care for sick family members. Vacation leave can be approached in a similar flexible manner, within reason. In many cases, management in nonprofit organizations recognize that a more relaxed attitude in leave policies (i.e. comp time) is the best way to reward employees who often work 12 to 14 hour days or on weekends. "I don't keep tabs on sick days," says Harold Kahler, executive director of the Iowa Soccer Association, in Des Moines, whose five employees promote the sport throughout the state. "People here work 10-, 12-, 15-hour days for five or six days in a row sometimes. If they need to take time off, they just take it" (Joslyn, 2002 February, p. 2).

Extended leaves, such as major injuries, pregnancy, or the illness of a family member, are a more difficult type of leave for nonprofits to accommodate on a paid status. Since long and short term disability is usually part of a health insurance package,

they are often cut as a way to save money, or in smaller organizations are not offered at all. Maternity leave is most often offered in either an abbreviated format, or on an unpaid status. Paternity leave is still fairly unusual in the sector. Without a good maternity/paternity policy, many employees say goodbye to their nonprofit jobs as they reach an age where they start families. If the salary is low, and there is no paid maternity leave, many women actually come out with the same amount of income from a single income (their partner's) once the costs of day care and the unpaid maternity time is subtracted from their yearly wage.

The Family and Medical Leave Act of 1993 (FMLA) is an important piece of legislation about employee leave for all employers to be familiar with. Under FMLA any public agencies, local education agencies and companies that employ more than 50 people must grant eligible employees up to a total of 12 workweeks of unpaid leave during any 12-month period for one or more of the defined "covered" reasons. These reasons include: the birth of a newborn child, the placement with the employee of a son or daughter for adoption or foster care, to care for an immediate family member with a serious health condition, and to take medical leave when the employee is unable to work because of a serious health description. Employers are required to continue medical benefits and restore job status, either to the original position or one of equivalent pay, benefits and term of employment (Family and Medical Leave Act, 1993, p. 1).

Considered a major accomplishment in the work to protect American workers, FMLA "...has been of little use to many charities. The act....does not cover employers with fewer than 50 employees. And even charities that are covered by the act may find that it falls short of employees' needs. Some workers cannot afford to take an unpaid

leave” (Joslyn, 2002 February, p. 4). Despite its shortcomings, managers of nonprofits should stay current with the act and any subsequent legislation. In the future, it may be expanded to include smaller organizations or more protection for workers.

Schedules and Work Arrangements

Being flexible with work schedules and arrangements is another way for a nonprofit to boost an otherwise weak benefit package. Compressed work weeks, allowing children to come to work with employees in emergencies, job sharing, and the option to work from home, are the most common ways an employer can be flexible.

Although it is easy to make these sorts of promises at the time of hiring, it can often put a strain on other employees or the whole organization. “The problem with being flexible is that someone still needs to do the work...The being flexible is only as strong as there are bodies” (Joslyn, 2002 February, p. 3). In order to decide if these types of benefits are feasible an organization needs to spend time evaluating the requirements for a job to be performed successfully. For nonprofit theatres flexibility is probably one of their strongest assets. The culture of the industry is that much of the work occurs in the evening and on weekends, allowing employees to take time off on weekdays, or take long weekends during the off season or once a show is up and running is a benefit that can be offered easily without much risk to the organization.

Retirement

...retirement plans are equally important whether an organization is small or large. In part, they say, it’s a matter of social justice: No worker can rely solely on Social Security, and those who have dedicated their lives to the nonprofit world deserve some financial stability in their old age. But

also, say advocates of retirement plans, offering these benefits help keep employee morale high and turnover low. (Webber, 2003, p. 1)

As with the other parts of benefit plans, retirement options are something that can be difficult to offer because of the cost involved, but very important to the spirits and longevity of the workers in an organization. Like health insurance coverage, retirement plans come in many shapes and sizes, each of which has its own rules and regulations. Because of the different types of plans, many small nonprofits do not provide a plan. They simply do not have the human resources available to research the different choices and then get the group set up to offer one. Despite this obstacle, there are ways to seek assistance. Small groups could look for specialized lawyers, insurance carriers, or financial-service companies that would be willing to offer consultations pro bono. Once again, like health insurance coverage, it is important to weigh the indirect costs of not providing employees with benefits with the direct costs of providing them with a retirement plan.

Within the realm of choices there are a few plans that are easily accessible, and due to federal legislation in recent years these plans have become less restricted. The most well known to charities and nonprofits is the 403(b) plan, which is named after a section of the tax code that describes it. These plans are exclusively available to employees of public schools, universities, and charities. The terms of the plan dictate that employees can contribute up to 12,000 a year or 100 percent of their yearly salaries, whichever is less. The amounts that are contributed are pre-tax through payroll deductions. Workers are not taxed on the monies until they are withdrawn. The yearly amount that can be contributed will increase 1,000 per year until 2006 when increases will be indexed to inflation. (Webber, 2003, p. 1) The 403(b) exists in two formats,

without employer contributions and with employer contributions. The option that includes employer contributions is subject to more regulation. For small nonprofit groups, the 403(b) without employer contribution is a good choice, because it basically just costs them the administration fees. It also allows them a certain amount of flexibility in that the option to start contributing would be open to them if budgets permitted.

“These plans are popular with small nonprofit groups because they do not require employer contributions and are relatively simple to administer” (Webber, 2003, p. 1).

The 401(k) plan is probably the most well known of all the retirement plans. Like the 403(b) plans, it can receive contributions from just the employee, or both the employee and the employer. Once again, employees do not pay taxes on their monies until they withdraw them. 401(k) plans have more regulatory requirements for employers, including the tenet that the employer must set up and administer the plan, and are not available to federal, state, and local governments. Another plan option is the simplified employee pension. In this instance, an employer contributes directly into an employee’s individual retirement account. “Simplified employee pensions are available to employers with 100 or fewer employees who do not provide another retirement plan and who do not hire employees under lease agreements” (Webber, 2003, p. 2). This plan may be a good fit for a small organization that does not want to incur the cost of a retirement plan, but the group should keep in mind the characteristics of its employees. If it tends to have young, entry level employees, it is highly unlikely that they will have individual retirement accounts. If it is an older organization with a core group of long time employees, the simplified employee pension plan might be just the right solution.

As with health care, there are opportunities for small nonprofit organizations to participate in group organized plans. It is beneficial for nonprofits to spend some time collecting information from their local arts agencies, United Ways and in some cases nonprofit alliances to find out what, if any, options exist. With the labor pool shrinking, it is important for nonprofits to start pursuing retirement plans, "...advocates are hopeful that the plans will become a given at even the smallest charities" (Webber, 2003, p. 4).

Summary

There are many different areas to consider when exploring literature about compensation and human resources. This literature review treated a limited set of topics including current climate of the theatre community, founding goals of the resident theatre movement in the United States, professionalization of the not-for-profit sector, labor pools and leadership succession within the not-for-profit sector, general wage theory, healthcare, leave, schedules and work arrangements, and retirement. Gathering and reviewing the relevant literature in these topic areas was done in order to achieve the four goals defined by Neuman: to demonstrate a familiarity with a body of knowledge and establish credibility, to show the path of prior research and how a current project is linked to it, to integrate and summarize what is known in an area, and to learn from others and stimulate new ideas (Neuman, 2003, p. 96).

Design of Study

Theoretical Framework

The theoretical framework of this study follows the interpretive social science methodology, with some of it being additionally influenced by the critical social science approach. The interpretive method "...is concerned with how ordinary people manage their practical affairs in everyday life, or how they get things done" (Neuman, 2003, p. 76). This way of researching influences the data collection process that I engaged in as part of my project. I conducted interviews with staff at two local not-for-profit theatre companies in order to identify how the different groups provide for their salaries and benefit packages. I also examined the concepts already in existence in current literature related to management and personnel issues of not-for-profit organizations.

The critical social science approach influenced my initial decision to explore the topic of pay scale within not-for-profit theatre groups. Not only working in the not-for-profit theatre industry, but also having numerous colleagues employed by not-for-profit groups, has brought the reality of disproportionate pay to the forefront of my perceptions. By conducting this study, I hope to raise awareness and begin the process of taking actions towards a just wage for theatre workers. It is a study that is oriented in the applied research field. It is intended to apply directly to the specific issue of pay in the not-for-profit theatre sector.

Method

The qualitative method, which is "...typically used to answer questions about the complex nature of phenomena, often with the purpose of describing and understanding..." (Leedy & Ormrod, 1985, p. 101) will guide my process of exploration. In order to prevent data loss, I employed a triangulation of measures. W. Laurence Neuman defines this as taking "...multiple measures of the same phenomena" (Neuman, 2003, p. 138). The methods I used included a literature review, interviews of two general managers, and interviews of two artistic directors.

"Qualitative interviewing is a way of uncovering and exploring the meanings that underpin people's lives, routines, behaviours, feelings..." (Arskey & Knight, 1999, p. 32). The interviews conducted for this study were meant to be exploratory. They were not focused on numbers or specific quantitative data, but were designed to try to understand the situations of particular individuals in the Eugene theatre community as a way of considering the bigger situation in the world of the nonprofit theatre industry. The interviews occurred with staff members of two local not-for-profit theatre companies. This process gave me insight into the actual operating practices in two separate, mid sized, not-for-profit theatre companies in a mid sized communities. Interviews were conducted using both closed and open-ended questions. The questions were structured in a responsive way in order to avoid any difficulties related to the sensitivity of the topic. The intent was to gather basic facts about their personal and professional histories as well as current positions and any insights the interviewees may have into the issues of wages/benefits in the industry. The format was guided by pre-prepared questions, but was also flexible depending on their responses. "The interview

guide serves as a framework for the main body of a semi-structured interview, and is based on key questions that the study is addressing” (Askey & Knight, p. 97). I interviewed both the Artistic Director and General Manager of each theatre because these are the key managerial/administrative positions within these groups. The sessions occurred in person and I took notes and audio recorded each of the four interviews conducted. This documentation will remain with me in both hardcopy and digital versions. Each organization will be offered a completed version of my study.

The literature review contributed to my interview questions, and to my final occasional paper. The literature review served as an underlying support for my thoughts and exploration. By reviewing the literature already in existence around the topics, I increased my knowledge in order to elevate the quality of my conclusions. The collection of sources occurred throughout winter term 2004 and into the beginning of spring term 2004, and a synthesis of this review can be found in the literature review portion of this study.

Interview Results

In order to better understand the issues of compensation in mid-sized, not-for-profits theatre organizations, this study included four interviews. The interviews involved staff members of two not-for-profit theatre companies in Eugene, Oregon. At the Willamette Repertory Theatre (WRT) both the artistic director and the general manager were interviewed. At the Lord Leebrick Theatre Company (LLTC) both the managing artistic director and the general manager were interviewed. The Willamette Repertory Theatre is approximately four years old. The group is a resident theatre of The Hult Center for the Performing Arts in downtown Eugene. Their residency status means that they present all of their performances within this government run space and participate in all of the limitations and benefits that such a relationship dictates. The Lord Leebrick Theatre Company is approximately twelve years old. The group rents a performance space in downtown Eugene. The organization is subject to all of the limitations and benefits that exist within a property rental agreement. Each organization is governed by a Board of Directors and has received their tax exempt status from the Internal Revenue Service.

Each interview was formatted using the same semi-structured interview protocol. The questions were both closed and open-ended in nature, allowing for flexibility depending on the interviewee's responses. Information about compensation packages for each position, educational and professional backgrounds, job duties and responsibilities, opinions on specific compensation level, and thoughts about the issues within the industry were gleaned from each interview.

Compensation/Job Responsibilities

Compensation and job responsibilities are generally accepted as relative to one another, the more responsibility and skills that a position requires the higher the compensation. Positions of leadership within an organization usually receive the highest compensation.

The compensation levels of the interviewees differed depending on the organization and the position itself. The following charts display the wages and benefits for each position within the two organizations.

<i>Benefits</i>	General Health Insurance	Vision Insurance	Dental Insurance	Retirement	Flexible Work Schedule	Vacation Policy	Sick/Personal Leave Policy	Short/Long Term Disability
WRT Artistic Director					X			
WRT General Manager					X			
LLTC Managing Artistic Director					X			
LLTC General Manager					X			

<i>Wage</i>	\$0 - \$20,000 year	\$21,000 - \$30,000 year	\$30,000 - \$40,000 year	\$40,000 - \$45,000 year	Full Time Year Round Employment
WRT Artistic Director				X	X
WRT General Manager			X		X
LLTC Managing Artistic Director		X			X
LLTC General Manager	X				

All four of the interviewees felt that their compensation was not relative to their job expectations. As you can see in the above chart, none of these leadership positions

includes any official benefits other than flexibility. The wages each person earned varied, with WRT paying slightly higher than LLTC.

Three of the four participants placed themselves on the low end of their perception of the standard of living scale for Eugene, and the fourth considered himself to be on the border between the low and middle part of the scale. Each interviewee determined that their positions required a variety of both hard and soft skill sets. Some of the skills common to all were identified as the following:

- General financial knowledge
- Theatrical programming
- General accounting
- Marketing
- Direct Mail
- Grant writing
- Public/community relations
- Database maintenance
- Computer knowledge
- Computer programs: Microsoft Access, Excel, and Word, internet programs and use, Adobe Reader, Photoshop, Illustrator, and Pagemaker
- Board Development
- Volunteer coordination
- General office operations
- Verbal and written communication
- Time management

- Currency in theatrical trends/technology
- Personnel and human resource
- Payroll

Three of the four interviewees also identified that their jobs included a workload that was actually equal to two positions' duties. Both of the artistic personnel recognized that their work requirements included both administrative and artistic leadership duties instead of just focusing on the aesthetic responsibilities, and the general manager at WRT officially functions as both the general manager and the production manager. The general manager at LLTC identified that the workload for that position dictates full-time hours, but the position is part-time because of financial constraints.

Education Background

Higher education is often sought as a way to move up the compensation ladder. In most situations the cost of an advanced degree is considered an investment in your future. Student loans are available while pursuing coursework, but go into repayment status once the advanced degree is completed. In the United States there is no deferment for service within an arts nonprofit organization.

Each interviewee brought an educational background which included coursework beyond a high school diploma. The following chart categorizes each interviewee and their education background.

<i>Education Background</i>	Community College	Bachelor's Degree	Master's Degree	Doctoral Degree	Professional Development	On the Job Training
WRT Artistic Director		X			X	X
WRT General Manager	X				X	X
LLTC Managing Artistic Director		X	X	X	X	X
LLTC General Manager		X	X		X	X

The general manager at LLTC has earned an advanced degree specific to the arts administration field. Although this educational background greatly contributed to her skill set for the position, it did not increase her earning capacity within the organization. It is also interesting to note that the managing artistic director of LLTC has the most comprehensive educational background, with a M.A. and a Ph.D., yet his compensation is the second lowest of all four positions. Overall, the educational background of the four participants did not appear relative to their position's total compensation packages.

Professional Background

Similar to advanced education, a varied and successful professional background is often sought in order to move up the compensation ladder. As a person moves from one position to another, their compensation generally increases incrementally.

All four of the interviewees had a professional background that included a variety of different jobs. Many of the previous jobs were in the theatre industry and some of them were located within other professions in the private sector. In general, all four interviewee's professional backgrounds were indicative of upward movement in their careers. The two positions at LLTC were a financial step down in terms of job

compensation history, and the positions at WRT appeared to be more of a lateral move financially. All four positions include a higher level of job requirements and responsibilities.

Opinions on Compensation Issues

As the literature review portion of this study suggested, there are many correlations between compensation of workers and broader issues such as burnout, labor pools, and succession planning. General perceptions about compensation levels also play a large part in shaping the thoughts and opinions of both employees within the sector and the general population.

All four interviewees made direct connections between low compensation packages and the high rate of burnout within the not-for-profit theatre industry. Two of the four participants had experienced burnout on a first hand basis. All four also identified the long term issues of succession planning as directly affected by compensation levels. In general, it was believed that continued low compensation would decrease the current labor pools, as well as make it more and more difficult to attract the younger generations into leadership positions within the field. Specifically, LLTC has suffered from the financial hardships of employee turnover. WRT has yet to turnover either of the two leadership positions, in part because it is a young organization and the two individuals in the positions are the founding members of the theatre.

All interviewees conceptualized paths to better compensation levels for not-for-profit theatre managers that included more government and community support. Community investment in the arts was identified as an integral part of the solution to the

problem of low compensation. One participant identified a general need for our larger society to place more value on shared community and family as necessary in order to help alleviate not only current compensation problems, but also the current lack of support for one another within our whole society.

Overall, the participants had a difficult time brainstorming specific ways to solve compensation issues. This is indicative of a need for the topic to continue to be discussed, not just by those who suffer from the inequities, but also by the larger community. Private citizens, public officials, and cultural employees should all be part of this discussion. To ignore the issue will only serve to drive people away from working within the cultural not-for-profit sector, reducing the quality of our society's cultural life.

Discussion of Findings

This study focused very minutely on two mid-sized, not-for-profit theatre companies in Eugene, Oregon in order to begin a dialogue about whether or not the managerial/administrative employees of the organizations were receiving a compensation package that could be considered appropriate to their job responsibilities, education, and professional background. In the following sections I will address the different topic areas introduced in the literature review in regard to how those topics relate to the actual situations within the Lord Leebrick Theatre Company and the Willamette Repertory Theatre based upon the interviews conducted within these organizations. The topic areas are current climate of the theatre community, founding goals of the resident theatre movement in the United States, professionalization of the not-for-profit sector, labor pools and leadership succession within the not-for-profit sector, general wage theory, and benefits.

Current Climate

Both theatre companies seem to be lagging behind other organizations within the nonprofit sector when considering current practices. Authors Barbeito and Bowman (1998) stated that, “Incentive plans, cash and noncash recognition, and other innovative compensation and human resource practices are becoming critical elements in the organizational strategy of many nonprofit organizations” (p. 80). That statement was made six years ago, and neither LLTC or WRT are currently using any incentive plans or innovative compensation practices.

Based on the impression given in the interviews, these organizations are facing the same challenges that are common to most arts nonprofits. Earned income only constitutes about sixty percent of the total budget. With forty percent remaining to be raised through charitable giving, the compensation packages of the employees are located very low on the priority list. At this point, it is imperative for these organizations to integrate the current compensation practices into their employment structures in order to stay up to date within the not-for-profit sector.

Founding Goals

Keeping up with current practices within the nonprofit sector is one consideration of acceptable compensation within the theatre industry, another is meeting the goals originally identified when the resident theatre movement began.

Two of the founding goals of the resident theatre movement were to create companies and to provide those companies (including artistic and administrative staff) with the ‘white picket fence’ – a reasonable standard of living that would allow people to have a home and a family (Cameron, Coen, & Foreman, 2000, p. 6).

This goal has not been met with the managerial/administrative positions at LLTC and WRT.

WRT does have a better wage structure. The two positions within this organization earn a wage that is not completely relative to the experience of the personnel or the responsibilities of the positions, but at least the wages are closer to the median income for Eugene. Yet, this organization lacks any sort of benefits other than flexibility. Neither interviewee has the security of health insurance of any kind, short or long term disability, or a retirement fund that is contributed to or administered by their employer. This lack of benefits is not supportive of a lifestyle that includes access to a home or support of a family.

The employees at LLTC fare even worse. The positions within this organization not only do not have any benefits, but also the wages are barely enough to keep the employees above the poverty level. Each interviewee at LLTC stated that without their partner's wages and benefits, they would not be able to make ends meet working for this theatre company. Considering that this organization's has had a long lifespan (twelve years) to get on its feet and develop a better human resource policy, it is definitely clear that the goal of the 'white picket fence' has not been achieved and this failure is possibly indicative of how unrealistic it is for small or mid-sized groups.

Professionalization

If the founding goals are not enough of a support system for appropriate compensation for not-for-profit theatre employees, than the trend towards professionalization within the nonprofit sector is bound to create even more of a disconnect between work and compensation.

This disconnect is most evident in the participants from LLTC. Both interviewees have earned multiple advanced degrees, and neither of them is compensated in a way that is relative to their education. What message does this send? If earning a graduate degree does not help a person move up the pay ladder in their chosen field, then why pursue the degree at all? Even when only professional development is considered, how can organizations encourage participation if they don't eventually reward employees for the time, money, and effort that development requires?

This issue is not just a problem for nonprofit organizations. It is also an issue for all of the arts administration and other training programs that have grown out of this trend

towards professionalization. In order to remain relevant, these programs need to contribute to solving the compensation crisis (easily defined as a leadership succession crisis if one considers the larger picture including the future). Future enrollment and satisfaction could easily suffer if alumni are consistently not receiving appropriate compensation packages once they enter the field.

Labor Pools and Leadership Succession

Current and future workforces are not only at risk because of the disconnection between professionalization and compensation levels, but also because of the unattractive image that low compensation combined with long hours and high expectations creates. As Cameron, Coen, and Forman (2000, p. 3) stated, it is becoming difficult for theatres to attract the younger generation into administrative and leadership positions. The up and coming generations are less inclined to sacrifice their quality of life for an organization's mission. Even if they are willing to do it when they first enter the workforce, they are less likely to continue working for organizations long term. Once they work for a few years, they are ready to move on to the next stage in their lives (whether that be a family, or home ownership, or increased leisure time) and without support from their employers to make these transitions they are less likely to remain within the sector.

In its twelve year history LLTC has already suffered from the difficulties of attracting new leaders. In their most recent search for a new managing artistic director (the fourth person to hold this position), one of the issues identified during the search was how to attract a good pool of applicants for a position that entailed so much responsibility but paid so little. They were fortunate in finding a good fit, but that good fit was supported by the final

candidate's personal support system that they brought to the situation. In a sense, they were lucky. Relying on luck in future searches would not be the best course of action.

Both organizations have the added challenge of a labor/leadership pool that is extremely limited in size. In current times, people are willing to relocate for the right position, but neither organization offers a compensation package that is highly competitive, nor do they have the means to help contribute to a potential employee's relocation costs. Although these issues may not be immediate for either organization, planning for the time when they are is important. Life changes are often unexpected, and any of these four interviewees may choose to leave their positions at any time. The organizations should be looking ahead and planning for how to successfully deal with employee turnover and leadership succession in the future.

Wage Theory

As with future labor pools and leadership succession, perception of employment is an important factor in the overall process. Throughout this project, terms such as just wage, fair wage, living wage, and standard of living have been used to help frame the discussion of compensation packages within the not-for-profit theatre industry. As mentioned in the literature review portion of this study, although theories in wage practices are constantly evolving and changing, in general, the average employee has an idea of what all of these terms mean and agrees with them, despite their big picture flaws, on a basic human level.

That being said, LLTC and WRT are definitely challenged to draw from not only a labor pool of future employees, but also to also draw from a resource pool of funders, which may view their compensation packages as unacceptable. The general knowledge of and

agreement with these concepts of wages is likely to color the opinions and decisions of these various support populations.

Benefits

As part of the overall compensation package, benefits play a large part in all of the previously discussed issues. They are a key pieces in the achievement of the founding goals, in the health of the entire not-for-profit theatre industry, in the effort to retain skilled workers for the long term, and in the general image that an organization presents to the communities it serves. Both LLTC and WRT lack any benefits other than flexibility. The employees are left to live without employer contributed coverage of any kind, or to rely on a partner's access to and ability to share benefits. None of the wage levels in either organization are high enough to allow for an employee to comfortably sustain their own coverage, especially in light of the current rise in costs.

This issue is much larger than these two organizations, and even larger than the entire nonprofit sector. The cost of healthcare alone is so high, that many private sector companies are being forced into employee contributed plans. Small business owners are often facing the same challenges as not-for-profits organizations, providing any coverage at all is beyond their capabilities. For LLTC and WRT their lack of benefits needs to be public knowledge within not only the Eugene community, but the state and federal community as well. The direness of the situation needs to play a key part in advocacy efforts. Change of this magnitude is something that will require a collective change of attitudes and values and organizations of this size must continue to contribute to the larger effort. Publicizing their

lack of benefits may also help them to identify partners or supporters within the community that have previously gone untapped.

Conclusion

This study has helped to identify and clarify some of the issues surrounding compensation packages in mid-sized, not-for-profit theatre companies. Although the interviews were limited in scope, it is easy to envision that the findings from these interviews are not limited to these particular organizations, or to these particular people. Terry Cheney, from T.J. Cheney Research Inc., identifies “An increasingly important need in managing the arts is managing the human resources of the arts, be they artists, technicians, or administrators” (Cheney, 1998, p. 24). This need for improved human resources is part of larger issues within not only the not-for-profit sector, but also within our society as a whole. The lack of basic human resource capability within these organizations points to the continuing decline of the current system’s sustainability. Sustainability should not refer to just an organization’s ability to stay out of debt, but also to its ability to employ people in an equitable manner which allows them to maintain an acceptable standard of living.

Constituents, both public and private, need to be part of the ongoing dialogue about this crisis because of more than the current compensation problem. They should be participating because of the way it is intertwined with the future of leadership within these organizations as well. If no one will be willing to make the sacrifice to work in or lead these organizations in ten, fifteen, or twenty years, then why fund them in the present? Questions such as this are hard to answer, especially for organizations that do not have hard, quantifiable results, such as those that are art oriented. Yet, it is important to recognize that

if very few people can survive by working in the sector, then it is time for these nonprofit organizations (and the system they exist within) to close down. How would a large decrease in nonprofit organizations affect our society? Could we function without them? How would the government deal with the increase in needs of the public? Do we value the services currently provided by these organizations enough to work towards a solution that does not involve closure?

It is time for those of us who work in the cultural sector, those of us who support the cultural sector, and those of us who simply recognize that this sector exists to work towards better human resource practices for these nonprofit organizations and their employees as part of answering many of these “big picture” questions. Ideas that lead to change may be found in various forms, even in actions as obvious as government lobby or raising awareness amongst the general public. It is time for people from all sectors to begin the work of repairing and evolving the cultural sector by helping to think creatively about solutions to problems such as compensation so that the goal of a healthy future is realistically attainable.

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Recruitment Script

Introduction: My name is Brooke Horejsi and I am a graduate student in the Arts Administration program at the University of Oregon. For my Master's degree research I am exploring compensation levels for managerial and administrative personnel in mid-range not-for-profit theatre companies. I hope to combine actual qualitative data and theory in order to begin critically thinking about appropriate wages in the industry.

Process: Would you be willing to participate in a one on one interview with me? The interview would focus on your current position, past experience, and insights into this problem area. As well, it will include salary and benefit information.

Format: The interview will take approximately 1 hour. I will be taking notes as well as audio recording. Audio taping will be optional.

Outcomes: The final product of my research will consist of an occasional paper. If you choose, your name, title, and organization will be kept confidential. You will have access to this paper before completion to make any edits to your contributions. You will also be supplied with the final version for your own records.

Benefits: By participating you will help me to begin the process of critical review necessary to move forward in solving the problem of wage structure in not-for-profit theatre organizations.

Follow up: If you have any questions regarding my research, or myself please feel free to contact my research advisor. Her name is Dr. Patricia Dewey, Assoc. Professor Arts Administration Program, University of Oregon 541/346-2050.

CONSENT FORM

You are invited to participate in a research study conducted by Brooke Horejsi, from the University of Oregon Arts Administration Program. I hope to learn information regarding your current professional position, your educational and experiential background within the professional theatre arts community and any other information relevant to your skills and standard of living within the theatre community. This information will contribute to my Master's Degree Project. You were selected as a possible participant in this study because of your employment within the not for profit theatre industry in Eugene, OR.

If you decide to participate, you will take part in a one on one interview, during which you will be audio recorded. If you do not wish to be audio recorded, this part of the interview will be eliminated. I will take notes throughout the interview and supply you with a copy of the synthesis paper resulting from my research for your review. However, I cannot guarantee that you personally will receive any benefits from this research.

Any information that is obtained in connection with this study will be disclosed only with your permission. If, throughout the course of the interview, you feel that something is too sensitive to be used in the final product of this study, it will be omitted per your request. Your name, title, and organization will only be used in the final paper with your permission. Data will be kept confidential through very limited access. Only I will contain the tools to access the data (i.e. passwords, keys).

Your participation is voluntary. If you decide to participate, you are free to withdraw your consent and discontinue participation at any time without penalty.

If you have any questions, please feel free to contact me at the Arts Administration Program at the University of Oregon at 251E Lawrence Hall, University of Oregon, Eugene, OR 97403 phone: 541/346-2078 or Dr. Patricia Dewey, the faculty advisor for this project at 251C Lawrence Hall, University of Oregon, Eugene, OR 97403, 541/346-2050. If you have questions regarding your rights as a research subject, contact the Office of Human Subjects Compliance, University of Oregon, Eugene, OR 97403, 541/346-2510. You have been given a copy of this form to keep.

Your signature indicates that you have read and understand the information provided above, that you willingly agree to participate, that you may withdraw your consent at any time and discontinue participation without penalty, that you have received a copy of this form, and that you are not waiving any legal claims, rights or remedies.

If you do not wish to be audio taped, or to have your name, title or organization identified, please check the corresponding boxes below.

I DO NOT wish to be audio taped.

I DO NOT wish my name, title or organization to be identified.

Print Name _____

Signature _____

Date _____

Semi-structured Interview Protocol

What follows is a guide: alternate themes may emerge spontaneously during the interview. The order of the questions may vary depending on how the interview develops. Elaborations and examples will be asked for as time permits.

Consent form signed	
Purpose of interview explained	
Confidentiality discussed	
Outcomes discussed	

Name of subject:	
Organization:	
Position:	
Salary:	
Health Insurance:	
Dental Insurance:	
Vision Insurance:	
Vacation:	
Sick/Personal Leave:	
Retirement:	
Other:	

1. Tell me about your educational background? *Ask for specific degrees earned.*
2. How about your professional background? *Probe for detailed job descriptions (i.e. responsibilities, pay range etc).*
3. What are some of the main responsibilities that your position entails?
4. What types of skills do you think your current position calls for in order to be successful?
5. Do you feel that your current rate of pay and benefit package is relative to your experience? Why or why not?
6. Do you feel that this rate is relative to the job expectations?
7. Where would you place yourself on a standard of living scale of low, mid, and high?
8. Do you have a partner that contributes to your household income or benefits? *Probe for how much support comes from a partner*
9. Are there any periods in your career where you have chosen to work outside of the theatre profession? Could you describe those circumstances?
10. Have you worked in the theatre industry in other communities similar to Eugene? How did the rate of pay compare to Eugene in that community?
11. Based on your understanding of the nonprofit sector, do you have any ideas of ways in which nonprofit theatre companies could support its managerial and administrative staff with improved salaries/benefit packages? *Encourage them to begin with wishful thinking type answers, then probe for more reality based examples.*
12. Do you have any other thoughts/opinions on your current compensation level?
13. What are your thoughts about compensation in relation to burnout? Succession planning & future leaders in the field?

**Critical Issues Surrounding
Compensation in Not-for-Profit
Theatre**

DRAFT JUNE 2004

Abstract

Within the American theatre arts community there are very few people earning a living wage as defined by John A. Ryan as compensation that is relative to experience, education, and the area's acceptable standard of living. Designers, technicians, marketers, and administrators all suffer, as do actors, from being under paid. Even high level leadership positions, such as General Management or Artistic Direction, often come with a limited compensation package. The purpose of this project is to explore the related literature about human resources within the not-for-profit sector and explore how these ideas relate to the wages and benefits for managerial/administrative staff in two local, not-for-profit theatre groups in Eugene, Oregon and/or similar sized communities. The study includes a literature review and four interviews of staff in the Lord Leebrick Theatre Company and the Willamette Repertory Theatre, as well as a final paper to be published in the University of Oregon Arts Administration Program Occasional Paper Series.

Keywords: compensation, benefits, theatre, not-for-profit, salary, human resources

Description of the Author

Brooke Horejsi is an alumnus of the University of Oregon Arts Administration Program. Prior to earning her Master's Degree, Brooke was a Company Manager for a theatrical touring company. During her time in Eugene she worked as the General Manager for the Lord Leebrick Theatre Company. Currently, Brooke resides in Minneapolis and is the Booking Director for VEE Corporation.

Within the American theatre arts community there are very few people earning a just wage, or compensation which is reflective of their education and experience. This problem is not specific to the performance professions. Designers, technicians, marketers and administrators all suffer, as do actors, from being under paid. Most theatre communities consist of creative, passionate people who must work another job, often completely unrelated to theatre, in order to make ends meet. Even high level positions, such as General Management or Artistic Direction, often come with a limited salary range. The skilled people who hold these positions are required to sacrifice their standard of living in order to stay employed in the field of theatre. The lack of a standard of just wages within the industry of not-for-profit, regional and community theatre contributes to other challenges inherent to the industry, such as burn out. Talented, valuable people often leave the field because they tire of never earning enough for their work and of having to hold down multiple jobs or make substantial standard of living sacrifices. The industry is constantly turning over its workers. As someone reaches a level of knowledge and experience they are also reaching a point in their life at which they are considering things like buying a home, raising a family or starting a retirement fund. Due to the fact that most jobs in the industry pay such a low salary, it is at this point that the employees must move on to more profitable professions, regardless of whether or not they are passionate about them.

This study served as an inquiry into the ideas set forth in the literature and theory surrounding not-for-profit management, in conjunction with an exploration of two theatre groups' actual paid administrative or management positions. By approaching the problem of wage/benefits and non-profit theatre groups in such an exploratory, yet minutely focused way, I was able to begin documenting the critical thinking needed as a first step for further research. This study may serve as an introduction for a future researcher to take the topic further, perhaps by developing something as concrete as a strategic plan for establishing a plausible wage structure at a small to medium sized not-for-profit theatre group.

Current Climate

The problem of earning an appropriate wage is not new, nor is it specific to one industry. Of the theatre industry specifically, Ben Cameron says in an article in *American Theatre*, "Clearly, no one gives a life to the theatre because of the money or benefits" (Cameron, March 1999, p. 4). Within large organizations the administrative and management employees are often paid a comparable salary and frequently have benefit packages. Outside of larger metropolitan areas, where most of the larger budget theatre organizations exist, the situation is more dysfunctional. In regional and community theatre the key managerial and administrative positions are often underpaid for the difficulty of the work that they are expected to accomplish. These positions often call for someone with extensive experience in not only the craft of theatre, but also in finance, marketing, office management, and computers. Yet, the salary ranges and benefit packages do no reflect the high level of skills that these individuals possess.

Even our top managers and artists not only earn less on balance sheet than their corporate counterparts, but fail to accrue pension benefits,

extended vacations, renewal opportunities. It is increasingly difficult to look a young artist or manager or technician in the eye and say with conviction, ‘You can make a life here in the theatre—a life with a home of your own and a spouse or partner and a child, should you choose.’ While no one asks for a life of opulence for our field, a simple life of dignity seems to be slipping farther and farther outside our grasp (Cameron, March 1999, p. 1).

In the past, the strength and growth of the not-for-profit sector may have been a false indicator of similar growth in the salaries of personnel, but now that the trend in growth for non-profit groups has changed, especially ones connected to the arts, it is painfully apparent that in the small to medium size theatre the key personnel are still being underpaid.

“...cultural organizations across the country have had weak human resource practices, with an inadequate focus on human resource needs, policies, best practices, and requirements” (Mercadex International, 2002, p. 6). This statement by Canadian researchers is international in its message. Here in the US, and all across the globe, nonprofit organizations are suffering from the same weak human resource policies. These organizations, including ones involved in the arts and more specifically the nonprofit theatre sector, need to be knowledgeable about the benefits trends in the sector so that managers can help bring them to the forefront of the developments and practices. “Incentive plans, cash and noncash recognition, and other innovative compensation and human resource practices are becoming critical elements in the organizational strategy of many nonprofit organizations” (Barbeito & Bowman, 1998, p. 80).

Founding goals

Two of the founding goals of the resident theatre movement were to create companies and to provide those companies (including artistic and administrative staff) with ‘the white picket fence’ – a reasonable standard of living that would allow people to have a home and a family (Cameron, Coen, & Forman, 2000, pg 6).

The image of the “white picket fence” is not unusual to our society. The idea that with hard work and perseverance anyone can achieve a standard of living that involves a home, food on the table, and enough to raise a family is part of the fabric of America. But is this idea of security a reality for employees in the nonprofit theatre world? Is it possible to start with a nonprofit theatre group at an entry level position in hopes of some day moving up in pay? Is it possible to rely on your salary not only increasing as the cost of living increases, but also to rely on an entry level wage that allows one to pay off higher education debt while still putting away a little for the future?

The phrase “we’re not in it for the money” is used far too often for employees in the nonprofit theatre world. As Ben Cameron, executive director of the Theatre Communications Group states, “Clearly, no one gives a life to the theatre because of the money...” (Cameron, 1999, p. 4). Although no one should expect to get rich in this field, they should expect a compensation package that is appropriate to the skills they bring to

their position. In terms of the management positions this is particularly true. The skills involved with successfully running financial, marketing, personnel, and all of the other various departments that fall within the scope of management are ones that must be learned, developed and perfected. Relatively recently, this line of thinking has only become more supported by the amount of education and experience that is often needed to not only be successful in the positions, but also to get the positions in the first place.

Professionalization

In the past, the management of theatres was often left to the actor, director, or designer, who showed a capacity of sorts for the work and was willing to make the crossover. Many of these people found that working in management afforded them certain controls and experiences that enhanced their artistically focused careers. It was an added bonus that they were not required to pursue a master's degree or even a certificate of any kind in order to make this transition. With the advent of a decrease in government funding for the nonprofit sector in general, the move towards professionalization of the field began. "Beginning during the 1980s and continuing to date, nonprofit organizations came under increasing pressure not only to 'do good', but to do it effectively and efficiently" (Barbeito, & Bowman, 1998, p. 2). This process of change included an evolution in the sought after skills of leaders for the nonprofit organizations. Now, theatre groups are not just looking for someone to take on the responsibility of running an organization, but they are also looking for a person who will bring proven experience, a track record of increasing professional development and quite often, a graduate degree. The growth of arts administration programs in universities all across the country exemplifies this shift in needs for nonprofit arts groups. Studies of professional development needs of arts managers in Canada have revealed that the environment that arts managers work in is becoming increasingly complex and is requiring more sophisticated knowledge and capabilities (Mercadex International, 2002, p. 11). Although this evolution hopefully serves to strengthen organizations, contribute to their longevity, and enhance their ability to carry out their mission, it can only be a long term benefit if the ways in which these skilled employees are compensated develops in conjunction with it. "On average, workers in the live performing arts are highly educated relative to the total population, but having post-secondary education or a university degree makes little or no difference to their income levels" (Mercadex International, 2002, p. 11).

Labor Pools and Leadership Succession

The nonprofit theatre field is undercapitalized in financial and human resources. This struggle with the field's day-to-day fragility is having a long-term detrimental effect on both individuals and theatres... In addition, low salaries, long hours and chronic organizational understaffing are causing burnout on every level, from support staff to management and artistic leadership (Cameron, Coen, & Forman, 2000, pg 6).

If a leader is the one who burns out and needs to be replaced, a crisis situation is often the result due to the frequently found situation in many nonprofit organizations where the leader is one of very few paid employees, or supplies the motivating vision for the organization. Also,

The cost of turnover is significant. This expense is often measured in terms of not only the financial resources consumed in the recruitment and training process but also in the disruption the company experiences as a result of needing to re-establish fractured working relationships...it is better business to be an attractive place to work. (Berger & Berger, 2000, p. 552)

The problem of burnout is about more than just this result of short term crisis with the departure of experienced personnel. As Cameron, Coen, and Forman (2000, p. 3) go on to explain, it is becoming difficult for theatres to attract the younger generation into administrative and leadership positions. So then, in broader terms, it is about not only the size and quality of the current labor pool to replace those departed workers, but also the propagation of future workers/leaders. The issues of a decreasing labor pool and leadership succession planning is not specific to the art sector of the nonprofit community. We can see the connection that not-for-profit theatre has with the rest of the sector through the comments of Sophia Ross-Loyd, Senior Vice President for quality at Lakefront SRO, when she says, "...younger workers are less inclined than my generation was to accept very low salaries even when they believe in a charity's mission" (Joslyn, 2002 October, p. 2).

Wage Compensation

Wage Theory

Traditionally, compensation programs have had three primary design criteria: They must be internally equitable (i.e. they must pay people in proportion to the relative value of their job), externally competitive (i.e. they must pay people in proportion to the market price for their job), and personally motivating to employees (Berger & Berger, 2000, p. 41).

Theories in wage practices are like any other trends. They evolve and change and have audiences who both agree and disagree. The theories discussed here are ones that may not be agreed to by certain economists when considered within the bigger picture of economic theory, but they are important as key ideas and terms that most employed people are not only familiar with, but also agree with on a basic human level.

Just wage, fair wage, living wage, and standard of living are some terms that are often used when discussing wage and benefit structures. Many employees will think of these terms, and their relative definitions when determining whether or not a job is worth their time and effort. David Belcher defines a fair wage as "...the wages paid by other employers for the same type of work" (Belcher, 1974, p. 481). He goes on to define a living wage as one that is concerned with paying a person wages that are appropriate to

the standard of living that corresponds with their job responsibilities and educational training (p. 486). According to John Ryan, a living wage is one which is sufficient to maintain an average sized family in a manner that is consistent with the local standards (Ryan, 1912, p. 129). For the year of 2000 the U.S. Census Bureau defines the median household income for the state of Oregon as \$40,916 and the median family income for the state of Oregon as \$48,680 (U.S. Census Bureau, 2000, p. 2). On a national level, the U.S. Department of Labor conducted a compensation survey, from which they generated numerous reports. One report is specific to the Pacific census division. This report communicated various standards for the region; wages in the Pacific region averaged \$19.08 per hour for July 2002, usually higher pay was found at higher levels of responsibility and workers in smaller companies (of 1 to 99 employees) averaged \$16.14 an hour (U.S. Department of Labor, 2003, p. 1).

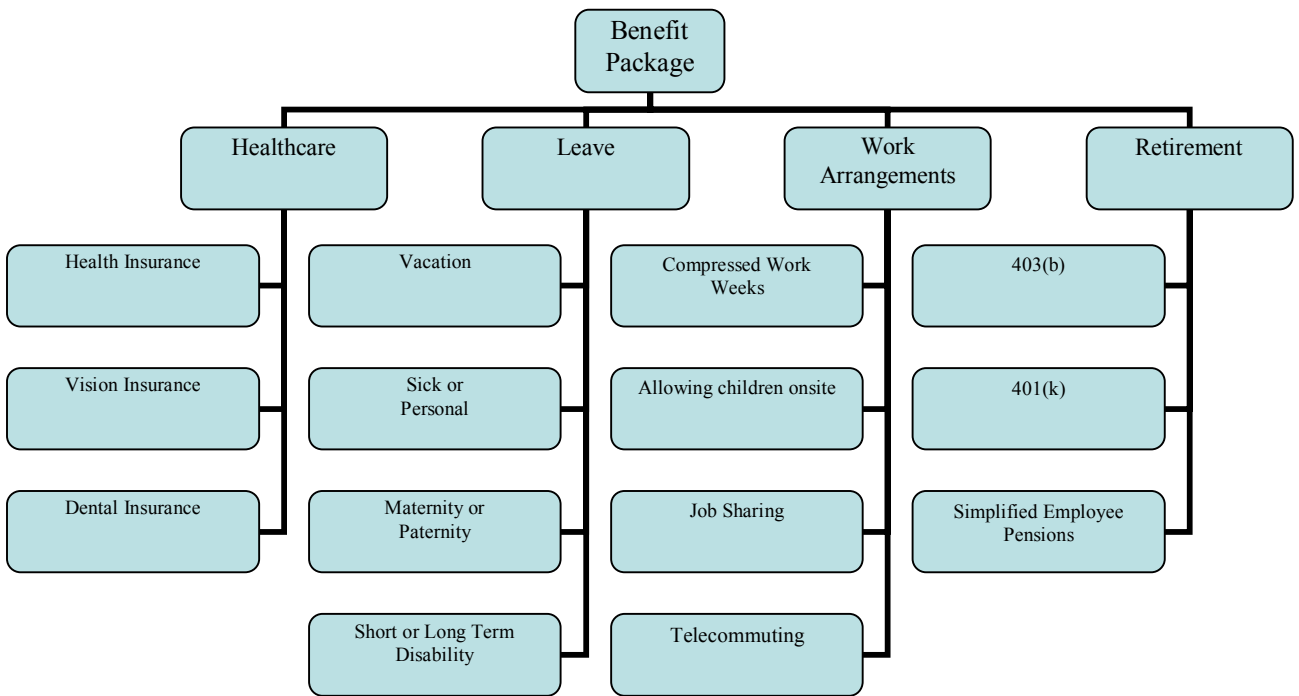
The psychology of pay is just as important as the quantitative numbers. “Compensation represents a psychological contract between man and organization...” (Belcher, 1974, p. 6). When writing and theorizing about pay structures and practices, many authors are also writing and theorizing about the way in which our society thinks about pay and what it means in the bigger picture of values and beliefs. Stripped down to its simplest motivations, wages are a reward system. By working hard, employees are rewarded with wages. Going further than others by working longer hours, taking more responsibility, receiving more training, all serve to move a person up the reward ladder. Another layer of pay relates to its motivating factor. “The primary focus of any pay scheme’s incentive structure is to *focus* behavior” (Berger & Berger, 2000, p. 22). Pay is often a large part of the reason why employees will work hard in a job setting to complete tasks successfully. If the pay is perceived as inappropriate, employees will be less motivated to perform well for the company. For this study, the whole compensation package is being considered but, as Berger and Berger assert, “Within the human resource strategy, pay is the foundation upon which everything else is built. Poorly conceived and executed, all other strategies are negated and undermined” (Berger & Berger, 2000, pg 587).

Pay also serves as a communicator to the larger society. “The compensation the individual receives from his employment serves as a symbol of status both within the organization and in society” (Belcher, 1974, p. 7). As a culture, we have certain values attached to a career. If the pay is not adequate, then the employer, employee, and the profession itself can suffer. In addition, in the nonprofit sector compensation strategies should correspond with the mission of the organization. A link between the two should be evident. The financial challenges of the sector very often serve as a crutch for lower pay, but in the long run “...taking company shortcomings out on the workforce does not result in organizational success” (Berger & Berger, 2000, pg 552).

Benefit Compensation

Benefit compensation comes in various different formats. A total package is made of many parts that fit together to provide comprehensive coverage for an employee. The chart following displays the different areas of benefits, along with the different types of benefits within each area, discussed in this section. In most situations, nonprofits have

very weak benefit packages because of the cost involved with coverage. Researching, arranging, and administering benefits is considered a full time job, one which most organizations can not afford to hire and maintain. The challenges of offering benefits are often too much for small to mid-sized organizations and in light of other more pressing financial woes are often the first budget items to be cut when funds are tight. The following section briefly discusses standard benefits in healthcare, leave, schedules and work arrangements, and retirement and the issues that surround providing these benefits within the not-for-profit sector.



Healthcare

Without a national healthcare plan most citizens rely on their employers to provide them with health insurance coverage. In many jobs, basic health insurance coverage is a cornerstone of the employment package, but for the nonprofit sector "...the pressure to offer benefits has put huge strains on charities, especially during the current economic downturn" (Joslyn, 2002 February, p. 2).

The cost of health insurance has several sub-issues embedded in it. One of these issues is the obvious start-up cost. For a small or medium sized theatre group, it is often

very difficult to find any money in the budget to put towards insurance, and if it is found it may mean a cutback in other line items, such as ones that relate to artistic quality like materials or equipment. In most cases, boards and organizations rely on a labor pool that is willing to work without coverage or has a partner through which they receive coverage. Although this practice may get groups through an initial hiring process, it does not feed into good long term employment. “Look at the indirect costs of not having benefits, not just the direct costs...If people don’t feel supported in their work environment, where they spend a good deal of their lives, it’s going to affect the work” (Joslyn, 2002 February, p. 1). Also, it diminishes the amount of qualified applicants who will stay interested in the positions. Another issue is the conflict of interest that lack of coverage may cause. For organizations with social service orientations the lack of coverage may be in conflict with their mission. For arts organizations, such as theatres, the direct conflict may not be obvious, but it is an easy link to make, considering most missions have an element of equal access and opportunity. If they can’t provide access to basic health insurance for their employees can they really successfully provide access to their work for their constituents? “There can’t be such a contradiction between what you say and what you do...Charity begins at home” (Joslyn, 2002 February, p. 1).

For organizations that do manage to offer their employees health insurance, another very pressing issue is the rising cost of the coverage. “Last year, the average health-insurance premium for all employers rose by 13.9 percent, according to a national study released in September...” (Panepento, 2004, p. 1). There are various reasons for the increases, including the rising costs of medical malpractice insurance premiums for doctors and hospitals, the increase in the number of people who take prescription pills, and the evolution of our society to include a much older population, creating an enlarging population which requires proportionately more extended care than in the past. There are some options for dealing with these rising costs. Cutting secondary benefits, such as dental, vision, disability, and life insurance is an option that many groups have chosen. Another solution consists of requiring employees to contribute to the plan’s costs. Each employee has a monthly deduction from their salary to help cover the expense. This option is often times a difficult one for employees to swallow because of their already limited wage structures. Yet, for employees of organizations who could not afford health insurance otherwise, this may be the right solution. Another option is something that

...a small but growing number of charities are also taking a look at (called) ‘first-dollar’ coverage, which can save some organizations as much as 25 percent on their premiums...Under the first dollar plan, the insurance company pays for all of an employee’s costs under a certain threshold, usually \$500 or \$750. If the employee spends more than that amount, he or she is responsible for the next \$2,000 to \$3,000, depending on the plan. The insurance company then picks up any cost above that second level. First-dollar plans are especially popular among employees who are healthy and are unlikely to generate substantial health-care costs...The plans also allow workers to roll over money that isn’t used from year to year...(Panepento, 2004, p. 2)

Some organizations are choosing to solve the high cost of health insurance challenge in a more radical way by self-insuring. In this instance, the group assumes the responsibility for the health care costs of its employees and in most cases the money for these claims comes from a pool that it is contributed to from a deduction from the individual employees' monthly or yearly salary. For some small organizations, the potentially higher cost risk of having an above average amount of medical problems in their employee base is still less than the guaranteed cost involved in investing in a traditional plan. An added benefit to the self-insured plan is that the organization gets to control the terms of the coverage. In this way, coverage that is tailored to fit their employees specific needs can be arrived at without further cost.

For small organizations, not only is the cost of health insurance prohibitive, but also often times it is impossible to find providers who are willing to work with such a small number of employees. The Iowa Soccer Association, in Des Moines, IA, is an example of an organization that suffers from its size. Their fifteen employees are offered access to flexible spending accounts where they can deposit a portion of their pay tax-free to cover medical expenses. In addition, the soccer association contributes a yearly sum of \$600 to each employee's account (Joslyn, 2002, February, p. 3). The flexible spending account, both employer contributed and non-employer contributed, is a good option for organizations on extremely limited budgets. This type of plan, especially if not contributed to by the organization, is a way for employees to feel that their employers are doing their best to look out for them, even in times of financial hardship.

In certain communities there is an additional opportunity for small organizations to partner with other groups to have access to health insurance plans. Thomas W. Mesaros, vice chairman of the Alford Group, a national management and fund-raising consulting company that specializes in nonprofit organizations, recommends contacting local chambers of commerce, United Ways or looking for consultants who do pro bono work for small clients to help in the search for affordable health care (Joslyn, 2002 February, p. 2).

Leave

In both the for-profit and nonprofit sectors the benefit of paid or unpaid leave for employees varies from company to company. Sick days, vacation time, maternity leave, paternity leave, short, and long term disability are all parts of an organization's leave policy.

Increasing or being flexible with vacation and sick leave is one way for a nonprofit to boost an otherwise weak benefit package. Employees may feel slightly more valued if they don't have a strict sick leave policy that gives them a limited numbers of days or doesn't let them use the days to care for sick family members. Vacation leave can be approached in a similarly flexible manner, within reason. In many cases, management in nonprofit organizations recognize that a more relaxed attitude in leave policies (i.e. comp time) is the best way to reward employees who often work 12 to 14 hour days or on weekends. "I don't keep tabs on sick days," says Harold Kahler, executive director of the Iowa Soccer Association, in Des Moines, whose five employees promote the sport throughout the state. "People here work 10-, 12-, 15-hour days for five or six days in a row sometimes. If they need to take time off, they just take it" (Joslyn, 2002 February, p. 2).

Extended leaves, such as major injuries, pregnancy, or the illness of a family member, are a more difficult type of leave for nonprofits to accommodate on a paid status. Since long and short term disability is usually part of a health insurance package, they are often cut as a way to save money, or in smaller organizations are not offered at all. Maternity leave is most often offered in either an abbreviated format, or on an unpaid status. Paternity leave is still fairly unusual in the sector. Without a good maternity/paternity policy, many employees say goodbye to their nonprofit jobs as they reach an age where they start families. If the salary is low, and there is no paid maternity leave, many women actually come out with the same amount of income from a single income (their partner's) once the costs of day care and the unpaid maternity time is subtracted from their yearly wage.

Schedules and Work Arrangements

Being flexible with work schedules and arrangements is another way for a nonprofit to boost an otherwise weak benefit package. Compressed work weeks, allowing children to come to work with employees in emergencies, job sharing, and the option to work from home, are the most common ways an employer can be flexible.

Although it is easy to make these sorts of promises at the time of hiring, it can often put a strain on other employees or the whole organization. "The problem with being flexible is that someone still needs to do the work...The being flexible is only as strong as there are bodies" (Joslyn, 2002 February, p. 3). In order to decide if these types of benefits are feasible an organization needs to spend time evaluating the requirements for a job to be performed successfully. For nonprofit theatres flexibility is probably one of their strongest assets. The culture of the industry is that much of the work occurs in the evening and on weekends, allowing employees to take time off on weekdays, or take long weekends during the off season or once a show is up and running is a benefit that can be offered easily without much risk to the organization.

Retirement

...retirement plans are equally important whether an organization is small or large. In part, they say, it's a matter of social justice: No worker can rely solely on Social Security, and those who have dedicated their lives to the nonprofit world deserve some financial stability in their old age. But also, say advocates of retirement plans, offering these benefits help keep employee morale high and turnover low. (Webber, 2003, p. 1)

As with the other parts of benefit plans, retirement options are something that can be difficult to offer because of the cost involved, but very important to the spirits and longevity of the workers in an organization. Like health insurance coverage, retirement plans come in many shapes and sizes, each of which has its own rules and regulations. Because of the different types of plans, many small nonprofits do not provide a plan. They simply do not have the human resources available to research the different choices and then get the group set up to offer one. Despite this obstacle, there are ways to seek assistance. Small groups could look for specialized lawyers, insurance carriers, or

financial-service companies that would be willing to offer consultations pro bono. Once again, like health insurance coverage, it is important to weigh the indirect costs of not providing employees with benefits with the direct costs of providing them with a retirement plan.

As with health care, there are opportunities for small nonprofit organizations to participate in group organized plans. It is beneficial for nonprofits to spend some time collecting information from their local arts agencies, United Ways and in some cases nonprofit alliances to find out what, if any, options exist. With the labor pool shrinking, it is important for nonprofits to start pursuing retirement plans, "...advocates are hopeful that the plans will become a given at even the smallest charities" (Webber, 2003, p. 4).

Interviews

In order to better understand the issues of compensation in mid-sized, not-for-profits theatre organizations, this study included four interviews. The interviews involved staff members of two not-for-profit theatre companies in Eugene, Oregon. At the Willamette Repertory Theatre (WRT) both the artistic director and the general manager were interviewed. At the Lord Leebrick Theatre Company (LLTC) both the managing artistic director and the general manager were interviewed. The Willamette Repertory Theatre is approximately four years old. The group is a resident theatre of The Hult Center for the Performing Arts in downtown Eugene. Their residency status means that they present all of their performances within this government run space and participate in all of the limitations and benefits that such a relationship dictates. The Lord Leebrick Theatre Company is approximately twelve years old. The group rents a performance space in downtown Eugene. The organization is subject to all of the limitations and benefits that exist within a property rental agreement. Each organization is governed by a Board of Directors and has received their tax exempt status from the Internal Revenue Service.

Compensation/Job Responsibilities

Compensation and job responsibilities are generally accepted as relative to one another, the more responsibility and skills that a position requires the higher the compensation. Positions of leadership within an organization usually receive the highest compensation.

The compensation levels of the interviewees differed depending on the organization and the position itself. The following charts display the wages and benefits for each position within the two organizations.

<i>Benefits</i>	General Health Insurance	Vision Insurance	Dental Insurance	Retirement	Flexible Work Schedule	Vacation Policy	Sick/Personal Leave Policy	Short/Long Term Disability
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WRT Artistic Director					X			
WRT General Manager					X			
LLTC Managing Artistic Director					X			
LLTC General Manager					X			

<i>Wage</i>	\$0 - \$20,000 year	\$21,000 - \$30,000 year	\$30,000 - \$40,000 year	\$40,000 - \$45,000 year	Full Time Year Round Employment
WRT Artistic Director				X	X
WRT General Manager			X		X
LLTC Managing Artistic Director		X			X
LLTC General Manager	X				

All four of the interviewees felt that their compensation was not relative to their job expectations. As you can see in the above chart, none of these leadership positions includes any official benefits other than flexibility. The wages each person earned varied, with WRT paying slightly higher than LLTC.

Three of the four participants placed themselves on the low end of their perception of the standard of living scale for Eugene, and the fourth considered himself to be on the border between the low and middle part of the scale. Each interviewee determined that their positions required a variety of both hard and soft skill sets. Some of the skills common to all were identified as the following:

- General financial knowledge
- Theatrical programming
- General accounting
- Marketing
- Direct Mail
- Grant writing
- Public/community relations
- Database maintenance
- Computer knowledge
- Computer programs: Microsoft Access, Excel, and Word, internet programs and use, Adobe Reader, Photoshop, Illustrator, and Pagemaker
- Board Development
- Volunteer coordination
- General office operations
- Verbal and written communication
- Time management
- Currency in theatrical trends/technology
- Personnel and human resource

- Payroll

Three of the four interviewees also identified that their jobs included a workload that was actually equal to two positions' duties. Both of the artistic personnel recognized that their work requirements included both administrative and artistic leadership duties instead of just focusing on the aesthetic responsibilities, and the general manager at WRT officially functions as both the general manager and the production manager. The general manager at LLTC identified that the workload for that position dictates full-time hours, but the position is part-time because of financial constraints.

Education Background

Higher education is often sought as a way to move up the compensation ladder. In most situations the cost of an advanced degree is considered an investment in your future. Student loans are available while pursuing coursework, but go into repayment status once the advanced degree is completed. In the United States there is no deferment for service within an arts nonprofit organization.

Each interviewee brought an educational background which included coursework beyond a high school diploma. The following chart categorizes each interviewee and their education background.

<i>Education Background</i>	Community College	Bachelor's Degree	Master's Degree	Doctoral Degree	Professional Development	On the Job Training
WRT Artistic Director		X			X	X
WRT General Manager	X				X	X
LLTC Managing Artistic Director		X	X	X	X	X
LLTC General Manager		X	X		X	X

The general manager at LLTC has earned an advanced degree specific to the arts administration field. Although this educational background greatly contributed to her skill set for the position, it did not increase her earning capacity within the organization. It is also interesting to note that the managing artistic director of LLTC has the most comprehensive educational background, with a M.A. and a Ph.D., yet his compensation is the second lowest of all four positions. Overall, the educational background of the four participants did not appear relative to their position's total compensation packages.

Professional Background

Similar to advanced education, a varied and successful professional background is often sought in order to move up the compensation ladder. As a person moves from one position to another, their compensation generally increases incrementally.

All four of the interviewees had a professional background that included a variety of different jobs. Many of the previous jobs were in the theatre industry and some of them were located within other professions in the private sector. In general, all four interviewee's professional backgrounds were indicative of upward movement in their careers. The two positions at LLTC were a financial step down in terms of job compensation history, and the positions at WRT appeared to be more of a lateral move financially. All four positions include a higher level of job requirements and responsibilities.

Opinions on Compensation Issues

As the literature review portion of this study suggested, there are many correlations between compensation of workers and broader issues such as burnout, labor pools, and succession planning. General perceptions about compensation levels also play a large part in shaping the thoughts and opinions of both employees within the sector and the general population.

All four interviewees made direct connections between low compensation packages and the high rate of burnout within the not-for-profit theatre industry. Two of the four participants had experienced burnout on a first hand basis. All four also identified the long term issues of succession planning as directly affected by compensation levels. In general, it was believed that continued low compensation would decrease the current labor pools, as well as make it more and more difficult to attract the younger generations into leadership positions within the field. Specifically, LLTC has suffered from the financial hardships of employee turnover. WRT has yet to turnover either of the two leadership positions, in part because it is a young organization and the two individuals in the positions are the founding members of the theatre.

All interviewees conceptualized paths to better compensation levels for not-for-profit theatre managers that included more government and community support. Community investment in the arts was identified as an integral part of the solution to the problem of low compensation. One participant identified a general need for our larger society to place more value on shared community and family as necessary in order to help alleviate not only current compensation problems, but also the current lack of support for one another within our whole society.

Overall, the participants had a difficult time brainstorming specific ways to solve compensation issues. This is indicative of a need for the topic to continue to be discussed, not just by those who suffer from the inequities, but also by the larger community. Private citizens, public officials, and cultural employees should all be part of this discussion. To ignore the issue will only serve to drive people away from working within the cultural not-for-profit sector, reducing the quality of our society's cultural life.

As part of the effort to begin a dialogue about the compensation crisis in the nonprofit theatre sector in the United States, it is important to review the interview results in connection to the current literature about the topic of compensation packages in the not-for-profit sector.

Current Climate

Both theatre companies seem to be lagging behind other organizations within the nonprofit sector when considering current practices. Authors Barbeito and Bowman (1998) stated that, "Incentive plans, cash and noncash recognition, and other innovative compensation and human resource practices are becoming critical elements in the organizational strategy of many nonprofit organizations" (p. 80). That statement was made six years ago, and neither LLTC or WRT are currently using any incentive plans or innovative compensation practices.

Based on the impression given in the interviews, these organizations are facing the same challenges that are common to most arts nonprofits. Earned income only constitutes about sixty percent of the total budget. With forty percent remaining to be raised through charitable giving, the compensation packages of the employees are located very low on the priority list. At this point, it is imperative for these organizations to integrate the current compensation practices into their employment structures in order to stay up to date within the not-for-profit sector.

Founding Goals

Keeping up with current practices within the nonprofit sector is one consideration of acceptable compensation within the theatre industry, another is meeting the goals originally identified when the resident theatre movement began. Two of the founding goals of the resident theatre movement were to create companies and to provide those companies (including artistic and administrative staff) with the 'white picket fence' – a reasonable standard of living that would allow people to have a home and a family (Cameron, Coen, & Foreman, 2000, p. 6).

This goal has not been met with the managerial/administrative positions at LLTC and WRT. WRT does have a better wage structure. The two positions within this organization earn a wage that is not completely relative to the experience of the personnel or the responsibilities of the positions, but at least the wages are closer to the median income for Eugene. Yet, this organization lacks any sort of benefits other than flexibility. Neither interviewee has the security of health insurance of any kind, short or long term disability, or a retirement fund that is contributed to or administered by their employer. This lack of benefits is not supportive of a lifestyle that includes access to a home or support of a family.

The employees at LLTC fare even worse. The positions within this organization not only do not have any benefits, but also the wages are barely enough to keep the employees above the poverty level. Each interviewee at LLTC stated that without their partner's wages and benefits, they would not be able to make ends meet working for this theatre company. Considering that this organization's has had a long lifespan (twelve years) to get on its feet and develop a better human resource policy, it is definitely clear that the goal of the 'white picket fence' has not been achieved and this failure is possibly indicative of how unrealistic it is for small or mid-sized groups.

Professionalization

If the founding goals are not enough of a support system for appropriate compensation for not-for-profit theatre employees, than the trend towards professionalization within the nonprofit sector is bound to create even more of a disconnect between work and compensation.

This disconnect is most evident in the participants from LLTC. Both interviewees have earned multiple advanced degrees, and neither of them is compensated in a way that is relative to their education. What message does this send? If earning a graduate degree does not help a person move up the pay ladder in their chosen field, then why pursue the degree at all? Even when only professional development is considered, how can organizations encourage participation if they don't eventually reward employees for the time, money, and effort that development requires?

This issue is not just a problem for nonprofit organizations. It is also an issue for all of the arts administration and other training programs that have grown out of this trend towards professionalization. In order to remain relevant, these programs need to contribute to solving the compensation crisis (easily defined as a leadership succession crisis if one considers the larger picture including the future). Future enrollment and satisfaction could easily suffer if alumni are consistently not receiving appropriate compensation packages once they enter the field.

Labor Pools and Leadership Succession

Current and future workforces are not only at risk because of the disconnection between professionalization and compensation levels, but also because of the unattractive image that low compensation combined with long hours and high expectations creates. As Cameron, Coen, and Forman (2000, p. 3) stated, it is becoming difficult for theatres to attract the younger generation into administrative and leadership positions. The up and coming generations are less inclined to sacrifice their quality of life for an organization's mission. Even if they are willing to do it when they first enter the workforce, they are less likely to continue working for organizations long term. Once they work for a few years, they are ready to move on to the next stage in their lives (whether that be a family, or home ownership, or increased leisure time) and without support from their employees to make these transitions they are less likely to remain within the sector.

In its twelve year history LLTC has already suffered from the difficulties of attracting new leaders. In their most recent search for a new managing artistic director (the fourth person to hold this position), one of the issues identified during the search was how to attract a good pool of applicants for a position that entailed so much responsibility but paid so little. They were fortunate in finding a good fit, but that good fit was supported by the final candidate's personal support system that they brought to the situation. In a sense, they were lucky. Relying on luck in future searches would not be the best course of action.

Both organizations have the added challenge of a labor/leadership pool that is extremely limited in size. In current times, people are willing to relocate for the right position, but neither organization offers a compensation package that is highly competitive, nor do they have the means to help contribute to a potential employee's relocation costs. Although these issues may not be immediate for either organization, planning for the time when they are is important. Life changes are often unexpected, and any of these four interviewees may choose to leave their positions at any time. The organizations should be

looking ahead and planning for how to successfully deal with employee turnover and leadership succession in the future.

Wage Theory

As with future labor pools and leadership succession, perception of employment is an important factor in the overall process. Throughout this project, terms such as just wage, fair wage, living wage, and standard of living have been used to help frame the discussion of compensation packages within the not-for-profit theatre industry. As mentioned in the literature review portion of this study, although theories in wage practices are constantly evolving and changing, in general, the average employee has an idea of what all of these terms mean and agrees with them, despite their big picture flaws, on a basic human level.

That being said, LLTC and WRT are definitely challenged to draw from not only a labor pool of future employees, but also to also draw from a resource pool of funders, which may view their compensation packages as unacceptable. The general knowledge of and agreement with these concepts of wages is likely to color the opinions and decisions of these various support populations.

Benefits

As part of the overall compensation package, benefits play a large part in all of the previously discussed issues. They are a key pieces in the achievement of the founding goals, in the health of the entire not-for-profit theatre industry, in the effort to retain skilled workers for the long term, and in the general image that an organization presents to the communities it serves. Both LLTC and WRT lack any benefits other than flexibility. The employees are left to live without employer contributed coverage of any kind, or to rely on a partner's access to and ability to share benefits. None of the wage levels in either organization are high enough to allow for an employee to comfortably sustain their own coverage, especially in light of the current rise in costs.

This issue is much larger than these two organizations, and even larger than the entire nonprofit sector. The cost of healthcare alone is so high, that many private sector companies are being forced into employee contributed plans. Small business owners are often facing the same challenges as not-for-profits organizations, providing any coverage at all is beyond their capabilities. For LLTC and WRT their lack of benefits needs to be public knowledge within not only the Eugene community, but the state and federal community as well. The direness of the situation needs to play a key part in advocacy efforts. Change of this magnitude is something that will require a collective change of attitudes and values and organizations of this size must continue to contribute to the larger effort. Publicizing their lack of benefits may also help them to identify partners or supporters within the community that have previously gone untapped.

Conclusion

This study has helped to identify and clarify some of the issues surrounding compensation packages in mid-sized, not-for-profit theatre companies. Although the interviews were limited in scope, it is easy to envision that the findings from these interviews

are not limited to these particular organizations, or to these particular people. Terry Cheney, from T.J. Cheney Research Inc., identifies “An increasingly important need in managing the arts is managing the human resources of the arts, be they artists, technicians, or administrators” (Cheney, 1998, p. 24).

This need for improved human resources is part of larger issues within not only the not-for-profit sector, but within our society as a whole. The lack of basic human resource capability within these organizations points to the current system’s continuing decline of sustainability. Constituents, both public and private, need to be part of the ongoing dialogue about this crisis because of more than the current compensation problem. They should be participating because of the way it is intertwined with the future of leadership within these organizations as well. If no one will be willing to make the sacrifice to work in or lead these organizations in ten, fifteen, or twenty years, then why fund them in the present? Questions such as this are hard to answer, especially for organizations that do not have hard, quantifiable results, such as those that are art oriented. Yet, it is important to recognize that if few people can survive by working in the sector, then it is time for these nonprofit organizations (and the system they exist within) to close down.

It is time for those of us who work in the cultural sector, those of us who support the cultural sector, and those of us who simply recognize that this sector exists to work towards better human resource practices for these nonprofit organizations and their employees. Be it by government lobby, raising awareness amongst the general public, or helping to think creatively about solutions. It is time for people from all sectors to begin the work of repairing and evolving the cultural sector so that the goal of a healthy future is realistic.