

# Our wills and fates do so contrary run

*(Hamlet, 3.2.208), Player King*

## *A Case Study on the closing of Shakespeare Santa Cruz by the University of California at Santa Cruz, and its rebirth as a private theatre*

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### BACKGROUND

In August 2013, the University of California at Santa Cruz Division of the Arts issued a press release announcing that the university's nationally known classical theatre company, Shakespeare Santa Cruz (SSC), would cease most operations, continuing only a modest education program. The releases said the company's main season productions would end permanently after the 2013 series. SSC had produced more than 30 years of professional Shakespeare and other classical productions. While insiders knew there were problems, patrons and the community were shocked.

What caused a company that had managed to survive for 32 years to shut down? Was there a macro-environmental trend that led to this outcome or was there something in the DNA of this company that sealed its fate long ago? To answer those and other questions, an in-depth analysis of SSC was required seeking to identify any unusual administrative structures or operating circumstances.

### METHODOLOGY

Most of the information gathered for this case study was derived both from public sources and from interviews conducted on site and by phone in the spring of 2014. Supporting documentation was provided by SSC, and additional documentation was gathered from news articles. I acknowledge the support and generosity of the School of Fine Arts Creative Activity and Research Committee and Dr. Jeff Seaman, Vice Provost and Vice President for Research, for helping to make this project possible.

### SSC INITIAL ORGANIZATIONAL OVERVIEW

SSC was a program of the Division of the Arts at the University of California at Santa Cruz (UCSC). It did not have 501(c)(3) status but operated for 32 years as part of this "RU/VH" (Research Universities/Very High Activity) university.<sup>i</sup>

All staff members and guest artists at SSC were employed by UCSC, and financial activity, from all sources of income and all expenses, were transacted through UCSC's accounting systems. UCSC provided cash and in-kind support. The university charged SSC for the use of most facilities (including shops and artist housing), but not the Sinsheimer-Stanley Festival Glen, the outdoor space where the company performed on a modest stage deck amid a beautiful redwood forest. Seating consisted of plastic Adirondack chairs. Tickets were sold through the UCSC box office, with the university charging SSC patrons directly for ticketing fees and for parking. Ticket revenue, minus the service fees, was then allocated to the program through university accounts. Similarly, donations were made to the university's development department, which kept a six percent administrative fee and allocated the remainder to SSC university accounts for use by SSC.



The exact conduct of these interagency transactions and the general understanding of the funding structure for SSC was controversial among different stakeholders and will be explored further, but the initial takeaway is that SSC was not in any technical sense an independent organization. Although SSC had what it referred to as a "board," that group was a "friends" group, which is a university term for community members supporting a university program. SSC was wholly a program within the Division of the Arts.

David Yager, Dean of the Arts Division in 2013, announced in a press release dated August 26, 2013<sup>ii</sup> that SSC was to cease productions after its 2013 holiday show. He cited "continuing cost overruns at the acclaimed theatre company, dating back many years." He said that he hoped to maintain the education program called "Shakespeare to Go."

"The financial picture, for so many years, is something we have tried to get in order," said Yager. "But the numbers in this last fiscal year were just too large." The university said that SSC's "cumulative debt rose from \$1.48 million to \$1.98 million at the end of fiscal year 2012 – 2013." This study will further explore the university's use of the term "debt," as well as its effort to describe the complex financial arrangements and conflicting perceptions of the program's ownership, independence, academic purpose, and integration into the academic life of the institution.

After the press release announcing that the program would cease, the board, in collaboration with the artistic and managerial leadership of SSC, formed a new, separate 501(c)(3) organization called Shakespeare Play On because UCSC threatened to sue them if they continued to use the name Shakespeare Santa Cruz. However, the group soon adopted the slightly different name Santa Cruz Shakespeare (SCS). The intention to form this new producing entity was announced in a press release issued by the SSC board September 2, 2013<sup>iii</sup>. The new organization was formed with the goal of raising \$855,000 by January 15, 2014. It was meant to comprise the full operating budget for the 2014 summer series of two Shakespeare plays with casts of 16 or 17 each. The group was extremely successful, raising \$1.1 million in two months. It then announced the two-show 2014 season which began producing in May, its first season under its new name and operating model.

There is little evidence to support that a macro-environmental trend, such as a damaged national economy, caused the closure of SSC. While other non-profit arts organizations ceased operations in the years after 2008, including San Jose Repertory Theatre, the North Carolina Shakespeare Festival, and others, the general national trend in this industry is toward slight economic improvement. Despite some companies closing their

doors in recent years, there has been no large-scale trend and most nonprofit theatres survived the recession of 2007 – 2009.

If the cause was not external industry-wide circumstances beyond its control, then what was it? To answer that, what follows is a detailed account of the events and decisions that led to its closure and rebirth.

## ORGANIZATIONAL STRUCTURE



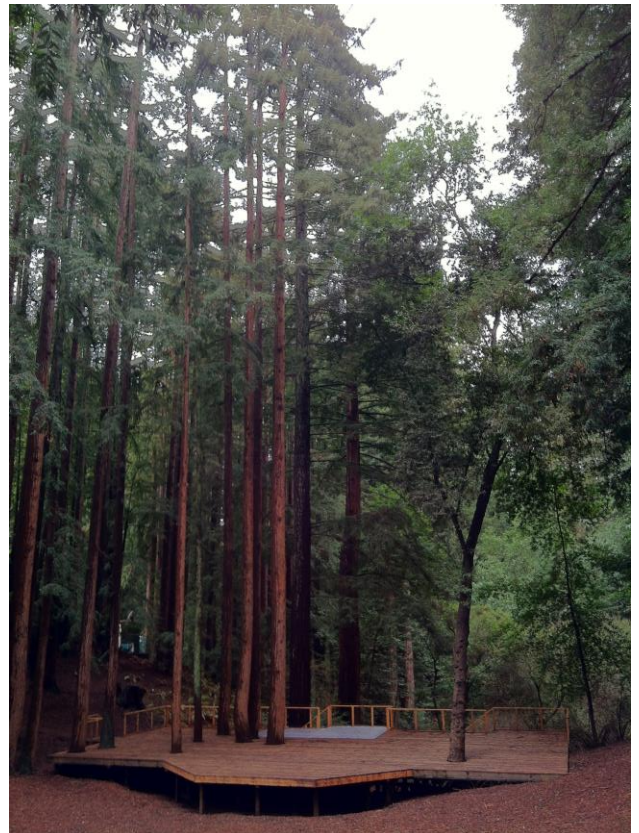
The administrative structure of SSC was complex and because it was a university program, public documents, such as an IRS Form 990 or Audited Financial Statements, don't exist. However, former members of the organization provided enough information voluntarily to describe its structure and contemporaneous news accounts also help tell the story.

Santa Cruz is a beautiful, affluent coastal resort town about 90 minutes south of San Francisco. It is nestled between the Pacific Coast to the west and a range of hills to the east. UCSC opened in 1965 atop one of those hills. This physical relationship informs the "town/gown" relationship – a university literally on a hill and not easily accessible to community members. In one part of the campus there is a grove of redwood trees with some open space where a stage deck and control booth were constructed to perform Shakespearean and other classical works during the summertime. Theatrical lights were attached to trees and redwoods spring through the stage deck. SSC was one of the few opportunities, or reasons, for community members to visit the campus and participate in the work of the institution. SSC was by far the most popular access point to the university for town residents with annual attendance ranging from 15,000 to 25,000 tickets, and in previous years, when SSC did popular winter "Pantomimes," that figure was even greater. According to data supplied to the Santa Cruz Sentinel (see Figure 2), SSC generated fiscal year revenue ranging from \$1,099,535 to \$1,704,881 from ticket sales, donations, concessions, advertising, etc., between 2003 – 2013. When a summer theatre company that is a program of a university is generating more than \$1 million in annual revenues, it is a major operation and its importance to the community self-evident.

### *Brief Background*

In 1980 a UCSC student touring production of *A Midsummer Night's Dream* was extremely successful and inspired the formation of what became an "Advisory Board" consisting of university and community artists, scholars, and administrators<sup>iv</sup> led by Audrey Stanley, the founding artistic

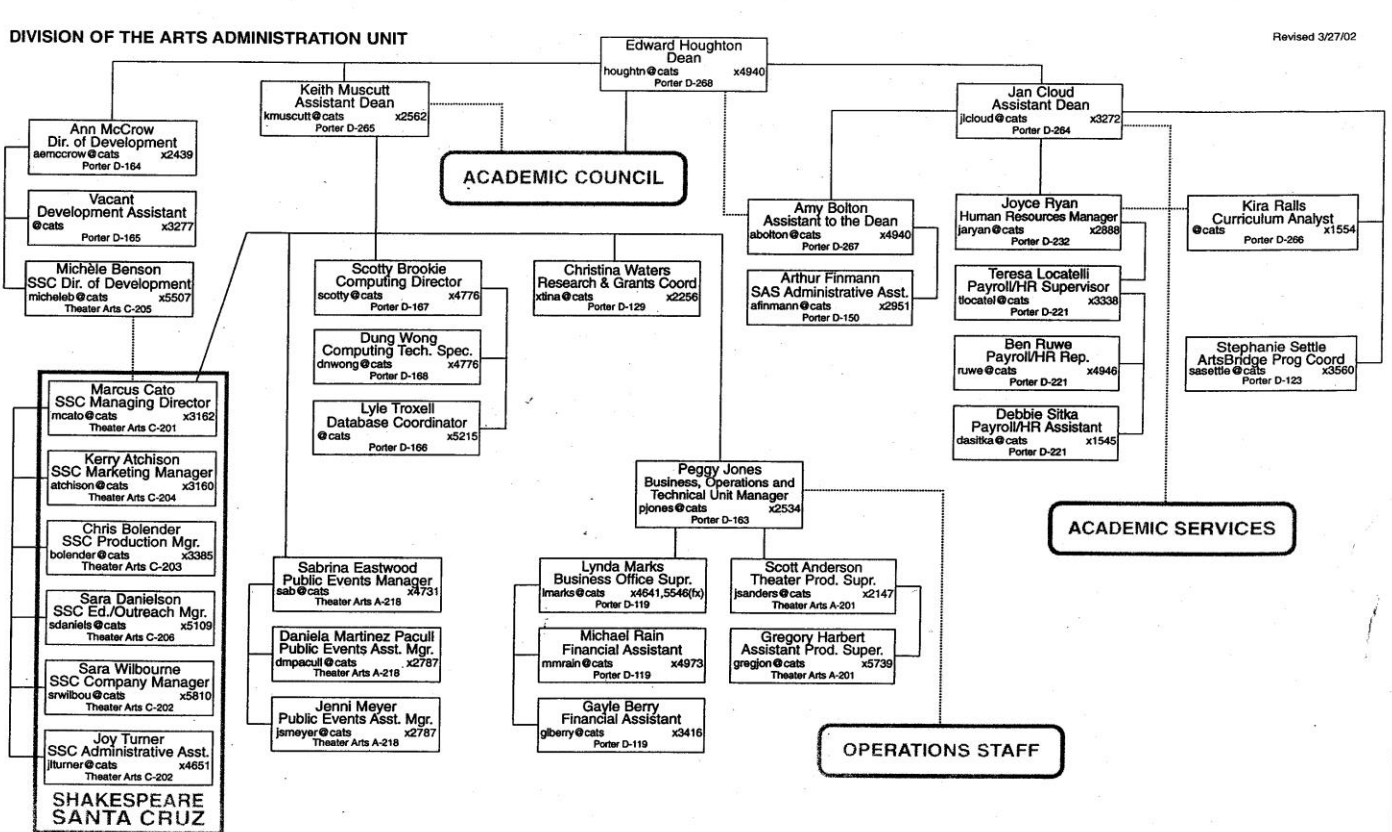
director, with direct support from then-Chancellor Robert Sinsheimer, whose wife, Karen Sinsheimer, would become the Founding President of the Advisory Board. Among the justifications for the creation of SSC was the



The Sinsheimer –Stanley Glen stage at UCSC. Photo by Frank Mack

opportunity to provide “a medium where often-strained town-gown relations could be improved.”<sup>v</sup> The initial proposal in 1981 envisioned a summer festival with the stated goal of establishing “a theater festival of excellent standard, distinctive artistic intention, educational impact, administrative strength and high visibility; to provide a local source of exposure to Shakespearean theater that will enhance the quality of university/community cultural experience, inspire creative achievement and promote a healthier local economy.”

Figure 1, Organizational Chart



Organizational Chart of the Division of the Arts, 2002, provided by SSC

The proposal defined a hybrid company. SSC would have an artistic director (Audrey Stanley, a UCSC professor), an advisory board (a “Friends” board, with no fiduciary responsibility), a small staff and volunteers. Funding would be derived from two main sources: ticket sales and donations, coupled with a university subsidy (cash and in-kind). The proposal projected a total operating budget for FY 1981-82 of \$126,833. “Of this budget, we request \$67,617 subsidy from UCSC.” In addition to approximately half the budget, the proposal also requested housing in otherwise unused dormitories at no cost. It said, “Within five years, Shakespeare/Santa Cruz hopes to be in a position comparable to the Colorado Shakespeare Festival such that 75 percent of our budget will be covered by box office income.”

From the very outset, SSC was neither fish nor fowl. The earliest proposal, which was accepted and funded by the chancellor, defined a separate group (“our budget”) that was a university program not directly linked to an academic department. According to Paul Whitworth, who worked as Associate Artistic Director beginning in 1984 and served as Artistic Director from 1996 – 2007, SSC was initially driven by faculty in the Humanities and English Departments and the Theater Department looked upon SSC with suspicion that it might consume limited resources. Whitworth described this as a “tricky” relationship that, over time, played an important role in the termination of SSC.

### *Who’s In Charge?*

In a February 9, 1981 memo, Festival Coordinator Kristin Balder Froid<sup>iv</sup> commented, “We emphasize that this is a proposal, not yet a marriage” – this illustrated the potential for conflict in the long term. Universities routinely contract with outside groups of all kinds. But this was a proposal to create an organization that would not technically exist outside of the university. A university cannot “marry” a portion of itself.

### SIGNIFICANT CHANGES, 2005 - 2008

Nonetheless, for many years SSC enjoyed artistic success, rapidly becoming a respected professional classical theatre company and sustaining a level of excellence for decades. The imperfections in its administrative origin were never far below the surface, but as long as the artistic director was a faculty member, SSC endured. By 2007 it had a nearly \$2 million budget and had adopted, and was fulfilling, the following mission: “With Shakespeare as our inspiration, Shakespeare Santa Cruz draws on the intellectual resources of the University of California and a nationwide network of professional artists to produce outstanding theater in a setting of unrivaled natural beauty.”

In 2007 Paul Whitworth elected to step down as artistic director. In 2006-07, SSC had retained AMS Planning & Research to develop a strategic plan<sup>vi</sup>. Up to this point, SSC had managed to excel despite confusion with university administrators and SSC staff and board over finances, including “deficit” spending and “cumulative debt” the university sometimes claimed SSC owed and conflict with the Theater Department. SSC functioned in every respect, except legally, as a separate entity with a relationship to the university – a relationship that was about to undergo dramatic change.

The first question in the AMS plan was, “Is it in SSC’s best interest to continue its association with UCSC in the present arrangement? If so, how do we develop a sustainable plan, given the unstable funding source from the university? How can SSC work cooperatively with the university and the Theater Arts Department and still exert control over its vital fundraising activities?”

The plan addressed this question first by assessing the current situation: “SSC operates under the auspices of the UCSC within the Division of the Arts. A Board of Directors, drawn from the local community, provides guidance and fundraising support. The Board is advisory only, in accordance with University of California regulations. Six core staff (all salaries and benefits paid by SSC) oversee day-to-day operations and are University employees, the Artistic Director (30% salary paid by SSC) has been a tenure-track faculty appointee but this will change with the employment of the new Artistic Director as a limited term staff member.”

The decision that the next artistic director would not be a member of the faculty appears to be mutual, at least by the new Dean, David Yager, the SSC board, the Theater Department faculty, and even the artist who was eventually hired in 2008, Marco Barricelli (although with some reluctance). Although other factors may

have had greater importance, such as the interpersonal relationships among Dean Yager, Theater Department Chair David Cuthbert, and Marco Barricelli, the fact that the artistic director did not possess the institutional standing of a tenured faculty member rendered the artistic director less powerful and able to effectively advocate for SSC. It exacerbated the fundamental administrative structural defect that SSC was a university program unconnected to an academic unit and shifted the balance of power toward the dean, department chair, and other administrators.

The AMS plan continued, "In 2005 SSC raised about \$800,000 (46% of total revenue) in contributed income including \$200,000 of bridge funding from UCSC. SSC has experienced operating deficits for the past three years, a total of \$438,000, or about 20% of the annual operating budget. The accumulated deficit, according to the University accounting system, is close to \$1.6 million of which the Arts Division has assumed responsibility for \$760,000." By this method of analysis, the plan concluded that SSC generated an accumulated deficit of \$840,000 – \$1.6 million minus \$760,000 paid by the Arts Division.

There is no way to reconcile the figures cited in the AMS plan and the 10-year accounting provided by UCSC at the time of termination (see Figure 2). AMS wrote that the university was claiming in 2006 that SSC's activities through its 2005 season resulted in an accumulated deficit of "nearly \$1.6 million" after three consecutive years of operating losses. FY 2004-05 on Figure 2 shows a loss and includes an entry of \$200,000 as "campus support" (the "bridge funding," described in the plan). However, the "cumulative loss" in Figure 2 for 2004-05 is \$1,199,370 – nowhere near the "nearly \$1.6 million" figure cited in the AMS plan. The income from "gifts" in Figure 2 that year is \$349,333, again nowhere near the \$600,000 money "raised" figure in the plan (\$800,000 minus the \$200,000 "bridge funding"). Also, Figure 2 shows that there were not three previous years of operating losses prior to 2004-05. If \$760,000 was "forgiven" by the Division of the Arts in 2005, that should be visible, noted, or appear in some way in Figure 2 and it does not. Even if that is factored (by either adding it to revenue or deducting it from cumulative loss), it is still impossible to tie-out the \$1.6 million cumulative loss cited in the AMS report with numbers in Figure 2, in 2004-05 or 2005-06, or even come close.

Also in 2006, University Relations retained Laurie MacDougall to conduct a development audit of SSC. She wrote, "Being sheltered within UCSC is SSC's greatest strength and its greatest weakness. UCSC is, far and away, SSC's most generous donor." MacDougall cites that SSC is not a separate 501(c)(3) but a part of UCSC. Therefore, a similar question arises: how can a university be a donor to itself?

The MacDougall report uses the term "debt" in several cases, and "deficit" in others. The intermingling of these terms reflects the ambiguity over financial transactions and expectations.

She found, "Many interview subjects tried various different metaphors to communicate their understanding of the complex relationship between SSC and the University. The most useful one for understanding the emotional undertones of the relationship, I have come to think, was of a cuckoo's egg that had been deposited in the nest of a very different (and somewhat bewildered – and increasingly reluctant) bird species."

A strength she cited was, "A loyal and growing core of donors. People on and off campus that have enjoyed the SSC experience appreciate its quality and want it to succeed." She described UCSC as, "A very patient and forgiving" sheltering institution for providing low – or no-cost administrative services and financing annual operating shortfalls. "This has historically not been considered by UCSC as an operating subsidy, but has been carried as a debt on the books of the Division of the Arts, an accumulated debt that was calculated at the end of 2005 at \$1,453,229. This figure includes actual operating subsidies between \$200,000 and \$250,000 that have been awarded by the Chancellor's Office over the past three years and each has carried a condition that

SSC use the opportunity afforded by the “bridge funding” to develop a plan for bringing its operating income in line with its expenses.”

Again, the cumulative deficit figure she cites for 2005 of \$1,453,229 does not match Figure 2 for FY 2004-05, which lists a cumulative deficit of \$1,119,370 for that year and \$1,390,422 for 2005-06. That’s a variation of \$333,859 for FY 2004-05 and a huge variation from the \$1.6 million figure given in the AMS planning document, which was written the same year.

The terminology is ambiguous. She wrote that UCSC’s allocations to SSC were historically not considered a subsidy (money not meant to be repaid), but “debt carried on the books,” – money that is owed. She uses the term “bridge funding” (also used in the AMS report) and describes that as an opportunity for SSC to bring its expenses in line with its income – an implication that the money is not meant to be repaid but may not be allocated in the future. The interchangeable use of the terms “deficit” and “debt” in the MacDougall report, including multiple references to “deficit / debt,” illustrate the failure to establish clear expectations. The AMS report contains a reference to a “settlement” of the cumulative deficit that reflects some expectation that at least part of the money was expected to be repaid by SSC.

The conflicting and ambiguous terminology points to a conclusion that there was no clear definition for funding that totals \$2,130,000 in “campus support” in the ten years detailed in Figure 2. MacDougall writes in a footnote, “SSC is a “co-curricular program” in the euphemistic language of UCSC, but the clueless outsider will seize on the unambiguous word “program” and assume that it is, in fact, an actual program of the university, and, hence, enjoys full support.”

Despite her footnote, *SSC was an actual program of UCSC*, although it may not have enjoyed full support. “Co-curricular” or otherwise, it had no legal identity outside the university and it should come as no surprise that the careless use of terms such as “award,” “deficit,” “debt,” “bridge funding,” “deficit / debt,” and others became a kind of menu that groups and individuals could pick from to pursue various agendas. It was incumbent on UCSC to explicitly define, in writing and with signatures, detailed terms for funding allocations. After closing SSC, UCSC has made no effort to recover any of this money.

The MacDougall report says, “The chief issue from the UCSC perspective appears to be that SSC has not historically balanced its budget, and continues not to do so.” Her report states that university administrators were extremely frustrated that SSC failed to balance its budget for many years and had reached their point of tolerance for providing additional “bridge funding.” Further, she states that SSC board and staff do not take this concern seriously and believe that UCSC will always provide financial assistance. “The fact that UCSC does not willingly act as banker for SSC’s annual operating shortfalls is not communicated within SSC, let alone even hinted at in its external communications with donors and prospects.”

This is evidence of the widely held belief that all of SSC’s financial operations and reporting were completely unreliable – at worst manipulated and at best misunderstood. Even when outside consultants include information derived from both sources, the figures do not even come close to matching.

The AMS plan says, “Many causes have contributed to the deficit. The primary causes are: the inability of the university accounting systems to produce timely and accurate cost reports; inefficiencies in the SSC production process; inadequate SSC and Arts Division staff resources for financial management; and a management / reporting structure that limits the SSC Managing Director’s authority to control production and artistic costs.”

It was clearly documented in 2006 that there were known, profound financial management failures dating back many years.

As part of the AMS plan, SSC and the university resolved to correct this. “Within Year 1, we and our university partners (ranging from the Office of the Chancellor to the Theater Arts Department) will have defined a mutually more beneficial framework for a sustainable operation that continues to produce nationally acclaimed theater building upon the Shakespeare legacy. Specifically, we expect that framework to include a commitment on terms and conditions to be negotiated, for a minimum rolling 3-year support program to enable the implementation of the Strategic Plan, and stabilization of operations under the new Artistic Director, a new Dean of the Arts Division and a new Chancellor. We expect this framework will include an equitable and achievable settlement of the accumulated \$840,000 that SSC generated.”

It is unknown if this particular negotiation ever happened and there was not an “equitable or achievable settlement of the accumulated \$840,000 that SSC generated.” However, it was the growth of the “cumulative loss,” which had grown to \$1,984,812 by UCSC’s reckoning in 2012-13, that the university cited first as the reason for terminating SSC.



Figure 2, SSC 10 Year Accounting by the Division of the Arts, UCSC

Shakespeare Santa Cruz  
July 1, 2003 to June 30, 2013

Gifts, Other Revenue, and Expenses by Fiscal Year

	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
Gifts	\$371,978	\$349,333	\$434,306	\$494,004	\$458,596	\$775,328	\$510,425	\$372,132	\$479,590	\$423,505
Other Revenue <sup>(1)</sup>	\$1,303,163	\$945,107	\$969,077	\$1,078,648	\$1,081,086	\$929,553	\$698,220	\$727,403	\$928,395	\$1,039,879
Subtotal	\$1,675,141	\$1,294,440	\$1,403,383	\$1,572,652	\$1,539,682	\$1,704,881	\$1,208,645	\$1,099,535	\$1,407,985	\$1,463,184
Expenses	\$1,510,012	\$1,703,412	\$1,844,435	\$1,849,371	\$1,780,347	\$1,886,337	\$1,299,162	\$1,339,847	\$1,703,930	\$2,210,654
Income/(Loss)	\$165,129	(\$408,972)	(\$441,052)	(\$276,719)	(\$240,665)	(\$181,456)	(\$90,517)	(\$240,312)	(\$295,945)	(\$747,470)
Campus Support	\$200,000	\$200,000	\$250,000			\$950,000			\$280,000	\$250,000
Income/(Loss) after Campus Support	\$365,129	(\$208,972)	(\$191,052)	(\$276,719)	(\$240,665)	\$768,544	(\$90,517)	(\$240,312)	(\$15,945)	(\$497,470)
Cumulative Loss (reflects campus support):	(990,398)	(1,199,370)	(1,390,422)	(1,688,240)	(1,908,904)	(1,140,360)	(1,230,876)	(1,471,188)	(1,487,133)	(1,984,512)

<sup>(1)</sup> Includes ticket sales, sales of food, sales of merchandise, advertising revenue, etc.

Provided by the Santa Cruz Sentinel

The financial picture is further complicated by conflicting views over repayment of fund allocations to SSC because UCSC charged SSC for the use of shops, rehearsal space, housing and more (approximately \$60,000 - \$80,000 in 2006 according to the AMS report). Some within SSC reasoned that if the university allocated money to SSC, and then SSC returned that money to the university in the form of rent and other usage fees, does SSC really owe the full original allocation because the university already received some money back? Would that constitute repaying some of the money twice? Their position was that it would be simpler, and more honest and efficient, for the university to not charge them rent, rather than to give them the money only to have SSC repay it. Because the university allocated “campus support” as lump sums, if SSC got \$200,000 and paid \$80,000 in rent, the university still considered the full \$200,000 as part of the “cumulative deficit.” The university’s position was that it was required to charge such fees in this case and that usage fees paid to the university were simply part of SSC’s overall expenses and any fund allocations were unconnected.

Figure 2 does not include direct revenues from box office fees and parking earned by the university as a result of SSC activities. The AMS report estimated that UCSC would receive \$84,371 in ticketing fees and \$32,800 in parking income in 2007. Such income, in this case \$117,171 estimated for one year, should be reflected in Figure 2 in some way. Whether it is a net number, or both the revenue and expense are included, it must be included because it is substantial and leaving it out distorts the financial picture.

If this were not enough, there was also the intermingling of production assets between SSC and the Theater Department. Some sets and costumes, and other equipment, were shared. While there is no formal accounting or back-up, the AMS report referred to scenic and costume stock, and other equipment, that was purchased by SSC and then added to the Theater Department stock valued at \$50,000 per season.

The financial operations of SSC and UCSC were hopelessly entangled. Arguments over finances were frequent, intense, and seemingly intractable. By the end of 2007, university administrators were seriously threatening to cut off support. The accumulated deficit was a problem. But there were more.

### *New Leadership*

The AMS plan referenced a new artistic director, new dean and new chancellor. These hiring choices had a profound impact on SSC’s future. Before looking at who was hired, it’s important to try to see the circumstances of SSC’s role within the university at that time. The best place to look is at the UCSC Academic Plan.

When SSC was terminated in August 2013, UCSC had on its website its *Strategic Academic Plan* dated February 2008.<sup>vii</sup> The plan was more than five years old then and, as of this writing, has not changed. This may be part of the leadership culture of UCSC because it mentions in its 2008 plan that the last previous comprehensive academic plan was in 1988. The plan does not make any specific reference to SSC or to serving the people of Santa Cruz. This is important because universities that make commitments to improve their local communities will often include that objective in their planning documents and SSC could be an important program in the fulfillment of such an objective. However, there is no such objective other than a single, somewhat related bullet point, “UCSC will serve the people of the region, the state and the world by the engagement, development, and application of knowledge.” While the town of Santa Cruz is in the region (and the state and the world), it is not specifically identified.

The complete absence of SSC from UCSC’s Strategic Academic Plan cannot be overstated. In most cases, every unit within a university must serve some aspect of its mission. If any academic unit, cultural center, support

service, etc., is unable to demonstrate how it serves the university's teaching, research or service mission, then there is no justification for the university to commit resources to it.

SSC was undergoing dramatic change in 2007. The long-time artistic director was stepping down. The university had reached a frustration breaking point and compelled SSC to raise more money or get terminated. The artistic director, dean and chancellor were being replaced and things were clearly going to be different from then on. Despite all that, it's remarkable how much things stayed the same.

In 2008 the university informed SSC it had one week to raise \$300,000 or it was curtains. SSC initiated a campaign and raised \$409,000 in one week in December. Coupled with its usual level of donations from the previous summer, SSC managed to increase contributed revenue from \$458,596 in 2007 to \$775,328 in 2008, an increase of \$316,732. According to Figure 2, UCSC also allocated a record \$950,000. This rendered an operating surplus in 2008 of \$768,544 and cut the cumulative deficit nearly in half. The new people hired into those positions, and the SSC board and staff, seemed to have turned a corner. But their timing was unlucky. Even though SSC raised \$409,000 in December 2008, the great recession was going to make 2009 and 2010 very difficult years for most arts organizations and universities, including SSC and UCSC.

David Yager was hired as the new Dean of the Division of the Arts and George Blumenthal as Chancellor. Dean Yager hired Marco Barricelli as SSC's new artistic director. Despite its turbulent history and a modest decline in ticket sales, 2008 was a spectacularly successful year in terms of contributions and the \$950,000 in "campus support" signaled that the new Dean and Chancellor supported SSC, even if SSC didn't merit a mention in the academic plan. But there was one huge change: Barricelli was not hired as a member of the faculty.

The previous artistic director, from 1996 – 2007, Paul Whitworth, was a tenured member of the faculty, and a respected Shakespearean artist and scholar, having trained with numerous luminaries at the Royal Academy of Dramatic Arts in London. After Professor Whitworth stepped down, newly hired Dean Yager was charged with the responsibility of filling these impressive shoes. Dean Yager delivered in dramatic fashion by hiring an internationally respected Bay Area stage celebrity, Marco Barricelli, as artistic director. Barricelli is one of the best-known Bay Area actors, performing principal roles at American Conservatory Theatre and elsewhere. He also performs globally and is a respected and charismatic artist.

According to Mr. Barricelli, not being hired as faculty was not his choice. However, he was not completely opposed to the idea given his home in San Francisco, a 90-minute drive away, and the numerous opportunities he had as a performer in San Francisco and elsewhere. He said that he recognized the problems of the artistic director not being on the faculty, and he would have preferred that. However, he also recognized the opportunities he could continue to accept without the commitment of working full time on the faculty.

That Dean Yager did not offer him a faculty position should not have come as a surprise to anyone because there is evidence dating as far back as a planning document developed in 2000<sup>viii</sup> that after Professor Whitworth chose to step down, it was unlikely that the university would appoint a different faculty member.

Mr. Barricelli's tenure as artistic director was critically and popularly successful. Declines in attendance in 2009 and 2010 were common industry-wide as a result of the great recession. However, historic fissures among the Division, the Theater Department and SSC soon began to get worse. As artistic director, Barricelli had full authority to select which artists would work at SSC. When Barricelli resisted requests for faculty artistic opportunities at SSC when he felt he was able to attract more qualified artists, resentment among the faculty grew. These conflicts contributed to an even less collegial atmosphere, and the interpersonal relationships

among Barricelli, Theater Department Head David Cuthbert and Dean Yager disintegrated into a toxic stew. Paul Whitworth described their interactions as “disastrous” and said that “you couldn’t design a worse trio to deal with a tricky situation.”

A footnote from the 2006 MacDougall report helps explain the disconnect between SSC and the Theater Department. “In order to fully understand the situation that pertains at present, it’s essential to grasp the history of SSC as a program that was not created by the Theater Arts Department, or by the Division of the Arts, but was assigned to them as an existing program, a *fait accompli*. The very success of SSC is in no small part of the problem it has become from the point of view of the bird into whose nest this cuckoo’s egg was laid. SSC has grown to be a very large bird, indeed, consuming a hefty portion of the feed available for the department and the division. However beloved SSC is within the University, the cost in other opportunities foregone cannot be underestimated.”

The vast history of dysfunction, mistrust and a flawed administrative structure played in the background as the hostility among the key leaders grew. As a global financial crisis unfolded and resources became more scarce, the competition for those resources escalated. As the seasons unfolded in 2011, 2012 and 2013, ticket sales began to recover, donations remained fairly constant and, most importantly, expenses increased significantly, leading to substantial operating losses – and all-too-familiar refrain.

UCSC continued to do what it had previously done when SSC spent more money than it earned: it allocated “campus support,” \$280,000 in 2012 and \$250,000 in 2013. But these allocations weren’t going to close the gap as the expense budget increased from \$1.3 million in 2011 to \$1.7 million in 2012 to \$2.2 million in 2013. How far could SSC bend before breaking? Could these historic problems, now reaching historic proportions, be somehow resolved among key leaders with such contentious relationships?

In August 2013 we got the answer in the form of a press release from Dean Yager that SSC was cancelled forever. It was a decision made without consultation with the artistic director, the SSC board, or even the Theater Department chair. It was an announcement that infuriated everyone at SSC, and pretty much everyone in the town of Santa Cruz. The response in the press and social media was swift, severe and quick to condemn Dean Yager and the university. It inspired Barricelli, and his close artistic associate, Mike Ryan, along with the SSC board, to immediately resolve to form a new private theatre.

In the spring of 2014 I met with Dean Yager. The first thing he said was that the biggest misconception about the cancellation of SSC was that he did it. He said that it was a decision made by the Executive Vice Chancellor (EVC). He described the extraordinary effort he had gone through since 2008 to keep SSC afloat, and to try to remedy its history of financial problems. He also said there was “blame on both sides.”

I asked the dean why, if it was the EVC’s decision, he sent the press release and said in it, “Making this call was one of the most difficult things I’ve done.” He responded that it was his job to handle this, and that the EVC also made public comments. Indeed, EVC Allison Galloway commented that the “campus’s overall budget challenges – caused by years of reduced state support – have made it harder each year to support SSC. We have had to make very tough decisions about the budget including making cuts to academic programs. We care deeply about SSC and very much appreciate the program and its value.” Despite these comments, Dean Yager was widely viewed as having made the decision.

Dean Yager cited the dysfunction between SSC and the Theater Department. “An actor on the faculty asked me why she does her best work at Cal Shakes rather than here. Design faculty were not even asked to design.

That tells you what's going on. It's broken." He said that the SSC board was enchanted by Barricelli and his notoriety in the industry. He said they didn't even look at the budgets, which were growing out of control, but talked about supporting his artistic vision, attracting famous actors and taking shows to Broadway. "They were not raising money," he said, and not giving much personally either.

Dean Yager said it was the SSC board who opposed having the new artistic director on the faculty. He said the board worried the artistic director would become part of the Theater Department culture, which they didn't trust. He did not trust the board. He said they were always finding ways "to manipulate and fool the university." He also described a fractured relationship with Barricelli. He referred to arguments over the numbers of Actors' Equity Association (AEA) contracts and lamented having an actor as the artistic director. With the support of the board and community, "He (Barricelli) had become a saint in the newspaper." Barricelli was able to spend money over his objections. However, he was not on the faculty and that made him vulnerable. Dean Yager also cited the fact that SSC was not part of the academic mission, "I am an academic. My first mission is to educate students and anything that draws away from that, I have to deal with it. **How is this related to an academic program?**"

That last question is critical. If Barricelli, Ryan or the SSC board could point to the entry in the academic plan that articulated SSC's academic role within the university, things may have been different – at least terminating the program may have been harder. But SSC's absence from the academic plan gave the dean, and/or EVC, all the authority necessary to terminate it unilaterally and instantly, even after 32 consecutive years. Despite this, Dean Yager ended our conversation by saying, "There is so much that went wrong."

That is not, however, how Marco Barricelli saw things, and he said so when we talked in the spring of 2014. He felt Dean Yager wasn't really interested in theatre. "He has more interest in technology and trying to build his own museum. He felt this was getting in his way." Barricelli said that he took over SSC in 2008 at the height of the financial crisis, a time when finances were at the forefront of running the theatre, and acknowledged that there was a deficit every year. He said that there was a long history of a university accounting system that did not talk with SSC, and that SSC staff didn't interact with them. However, "The theatre had been built to a certain level of production and to drop it down would kill it."

Barricelli described a tortured budgeting process. "Every year we had to keep coming back with budgets." He said the dean sought to reduce the number of AEA contracts, something he vehemently opposed. He said at one point there were "five iterations of the budget. I had a huge difference of opinion with the dean all along. It was my mandate to make the artistic decisions, to increase the integrity of the work and I would rather spend money on professional actors on stage." He said the dean was absolutely opposed to that. He said the dean didn't understand why he wanted to spend money on unionized people. "We had a toe to toe. When we had to go from 14 to nine AEA contracts I was very, very unhappy about that."

With the Theater Department, Barricelli said it wasn't personal, but that he was being asked to hire faculty members to direct plays with resumes that were not comparable to professional directors he was able to attract. He said he knew it would not be popular, but that his role was to put the best possible theatre on stage. "At the end, I was frustrated," he said.

Mike Ryan had a long history with SSC as a lead actor and passionate voice in the community. He said in our meeting in spring 2014 that his biggest frustration was with SSC finances which were "all so byzantine and shrouded in mystery." Ryan had keen insights into the SSC financials having worked with the company for a long time, worked with SSC board and staff, and was now leading the effort to start, alongside Barricelli, the

new SCS. He said there were “serious bookkeeping problems on the university’s end, and that was apparent going back to the 1990s – as was the deficit.”

“Two years ago Dean Yager came to the board and said he had earmarked \$250,000 for three years. Of that, \$100,000 goes toward deficit reduction.” It’s a puzzling construction – why not just forgive \$100,000 rather than allocate it and then use it to “pay” part of the cumulative deficit. Ryan said the university had its own accounting systems, which included, for example, that SSC was required to pay interest on its cumulative deficit to the university, which just made it larger. “We paid interest on the deficit to the university.” He added that the deficit the university cited in the press of \$1.9 million did not include any of the tangible assets SSC provided to the university (such as a \$25,000 recent stage deck improvement, costumes, sets, props, etc.) and all the other internal charges paid, including interest.

I asked Ryan about SSC’s relationship to the academic plan. “When the Dean closed the festival he said it was not in line with the academic plan. If you ask any student, they will say yes. They earned prestige milestones in their careers working at SSC.” He said, “Up until two years ago, SSC offered college credit and we paid summer fees and tuition. The university charged us to give students college credit.”

Despite all this, Ryan said the main reason for SSC’s demise was the “mounting tensions between SSC and the Theater Department.” He said SSC was much better aligned with humanities, not theatre. “It became a competition for facilities and personnel. Faculty members felt they should be able to use SSC as a research/creative practice tool even if they weren’t Shakespearean. It was a major source of tension.” The fact that the artistic director was not a faculty member “opened a chink in the armor.”

He said the university just cut off an access point for 16,000 members of the community to visit the campus each year. When that was brought up at a faculty retreat, the dean dismissed the outcry from the community as “white noise.” Ryan, however, saw it as an opportunity to remake the company.

Remaking the company alongside Barricelli and Ryan would be SSC board president Bill Richter, a Santa Cruz attorney and longtime SSC board member. He was Co-President of the SSC board in 2008 when, he said, the university told the board it needed to “raise \$300,000 in one week or die and a week later they raised \$420,000 from 2,000 donors.”

Richter said that he “understood that the campus didn’t want to be the banker of last resort” for SSC and that, in the end, “They were the ones holding the bag.” There were serious, ongoing problems in the way SSC operated. “The dean would approve budget funded expenses. Then if a program did not raise enough money there was a loss for the season.” He explained that the university recognized it would have to absorb losses, so it would start making cuts. He observed that SSC couldn’t borrow money. Therefore, they could never take any calculated risks because they were already “bleeding out of every pore as a result of this activity.” SSC’s only source for capital, beyond operations, was whatever it could get from the university. Anything that required even modest additional capital would be impossible because they couldn’t borrow it and the university was constantly cutting. When SSC went out of business, despite claims of massive debt, SSC owed nothing to anyone.

Richter said, “The university has no idea what they are getting rid of.” He said the board was a “friends” group and it didn’t approve the budgets. They couldn’t, he said, because they didn’t get the budget until after it was done. He said the board was not permitted to articulate a mission because the university wanted it tied to the

Theater Department, which had a different mission. He said the board couldn't raise money when they couldn't answer basic questions (such as the mission).

Richter said the Arts Division paid all the expenses but was unable to get all the revenue, which contributed to a deficit in the Arts Division. All donations went to the university and they retained a six percent administration fee (approximately \$24,000 for just the 2008 special campaign alone). But the Arts Division did not get that money. Income from parking and ticketing went elsewhere. Actor housing went to the Theater Department. The dean never found a way to get the revenue into the Arts Division to offset its expenses. He said that the Division of Arts is charged interest on its debt by the central campus.

He anticipated that canceling SSC would affect UCSC's U.S. News & World Report ranking. He cited a number of community issues with the university from water usage to traffic, and said that cancelling a popular program would aggravate community anger over other issues. He said that the dean said during a faculty retreat that concerns in the community about cancelling SSC were "noise."

When he, Ryan and Barricelli announced that they planned to form a new, separate theatre, the university informed them they could not use the name Shakespeare Santa Cruz because the university owned it. The university would permit them to perform in the Glen for a limited time, but would charge them for it. He considered the university's actions "inept to hostile, in light of all the facts." They soon adopted the slightly different name "Santa Cruz Shakespeare" in response to the university's instruction not to use the previous name.

Paul Whitworth said, "It was very much different when I was artistic director and on the faculty." He said he understood the idea of hiring an artistic director not on the faculty to attract a world-class artist unconnected to teaching. "It has been distressing to watch how that has not worked." He said that the three personalities responsible for the festival, Dean Yager, Marco Barricelli and Theater Department Chair David Cuthbert, are "three men who can't be in the same room and have a civil conversation. I don't know why they are so hostile to each other but I know that they are."

"To get a clear sight of what went wrong it's easy to get the vision muddied. The first question was that we had no idea how the finances work, and I didn't think the managing director understood either." He said those were easier times, though, and they were able to "beef up" their finances with popular wintertime "pantomimes" that brought in a lot of money.

He said the announcement "pissed off donors. I can't tell you the number of people who have said that they will not donate to UCSC. It caused trauma." He said that he wrote a letter to the chancellor about SSC and never even got a reply. I also reached out to Chancellor Blumenthal for this case study and received no reply.

He said it is a "real tragedy" for the undergraduate students and that the department is now trying to build new graduate programs and it will be much harder to recruit for them without SSC. He said the chancellor only "paid lip service to it, referred to it as a jewel in the crown, but never had a vision for it, was not interested in it and took advantage of the personality clashes to terminate it."

David Cuthbert is the Chair of the Theater Department. He said that keeping things straight with SSC has always been hard. When Dean Yager arrived, and SSC had just raised about \$400,000, the dean and chancellor talked and decided the dean would be in charge and they would keep it afloat. He said that as Chair he served as an *ex-officio* member of the SSC board to represent the department, which was not much of a problem until

about six years ago when the decision was made to hire an artistic director outside of the department, and the board was distancing itself from the department.

When Barricelli was hired, the meetings initially were frustrating, so much that Barricelli eventually stopped coming. When projects showed a deficit, “Marco would just say go ahead and build it.” He said there was a long history of SSC going over budget and that the university never enforced budget discipline. “We have all these other departments not allowed to go \$1,000 over budget. I can’t have \$5,000 for a lecturer but they are allowed.”

To explain this difference, Cuthbert said, “There is no way in hell he (Yager) would reduce his control of the Division. He was not operating in good faith with us.” There was a double standard because the dean had direct authority over the department with established procedures. He tried to manage SSC, but it was unmanageable and got away with things the departments couldn’t. Cuthbert said he had spent hundreds of hours trying to sort things out with SSC and then suddenly heard they pulled the plug. “I should have been at the table,” he said.

Cuthbert said every year the university would reluctantly cover losses and provide additional funding for SSC and tell them you can’t do this again. But SSC didn’t take it seriously and never addressed their budget issues. He said the EVC and chancellor were tired of being ignored. SSC was egging them on to act on their threats, or start playing by SSC’s rules. “I was not surprised at all,” he said, “Upset yes, surprised, no.”

Asked about the student impact, he said it was a “morale thing.” There was an initial outcry on social media, but “a few students saw it coming and we’ve already addressed initial concerns and are getting them connected to other theatres.”

Regarding the reaction in the town, Cuthbert said, “We already have a big town-gown issue. We’re called a city on a hill, physically removed on a big hill and viewed as above the town.” He said department productions are sparsely attended outside of people within the university and that cutbacks mean sets consisting of platforms and painted flats. “Not a lot of quality, unfortunately, in what we’re putting on stage.”

## PUBLIC REACTION

Following is a brief sample of reactions that appeared following the announcement of the termination.

### **UCSC arts dean defends closing of Shakespeare Santa Cruz – SantaCruzSentinal.com by Wallace Baine, Aug. 2013**

“One of Shakespeare Santa Cruz’s most prominent names is charging UCSC Arts Division and Dean David Yager with inflating SSC’s operating deficit as a rationale for permanently closing down the popular theater company. . . . Mike Ryan . . . said that in July, Yager presented him with budgetary numbers that contradict the “dishonest financial picture” the university presented in its announcement Monday that SSC would close after the 2013 holiday production.”

In response, the university released SSC fiscal-year budget figures to support Yager’s original projections (Figure 2).



According to a salary database provided by UCSC and published by the Sentinel, Barricelli was paid \$78,200 in 2012; Yager's salary was \$246,000.

Ryan was sharply critical of what he saw as the university's attempts to portray SSC as something outside the academic mission of the university. The Arts Division's announcement, states Ryan, "in no way acknowledges that, deficit or no, SSC has been a working lab for hundreds of students over the years."

### **Second act in store for Santa Cruz Shakespeare?, SFGate, by Robert Hurwitt, Nov. 20, 2013**

"I was gob-smacked," says Marco Barricelli, Shakespeare Santa Cruz's soon-to-be former artistic director.

Barricelli thought he knew what to expect the morning of Aug. 26 when he was told the UCSC dean of arts, David Yager, "wants a call with you at 10 a.m." In January, the dean had told the popular actor . . . that he was "redefining" the artistic director job. And that, after six years in the post, Barricelli "was welcome to apply."

"So basically I said 'No thanks,' and I assumed this phone call was going to be about crafting a press release to tell the public I was leaving," Barricelli says. "Instead, he said, 'I'm closing down Shakespeare Santa Cruz. I'm putting out a press release at 1:30.' That was the first I had heard of any of this. I had no idea it was coming."

### **Santa Cruz Good Times, by Joel Hersch, Therein Lies the Rub, UCSC students, locals speak out on the closure of Shakespeare Santa Cruz, Sept. 10, 2013**

Giles Henderson, a UCSC junior and intern with SSC, says that the campus' affiliation with the nationally renowned theater company was the core reason he chose the university.

"Having SSC being a part of UCSC was a major draw for me as a theater arts student. In fact," he says, "it was the deciding factor."

There is a contradiction in the university's decision, according to Carey Perloff, Artistic Director of the American Conservatory Theater, San Francisco.

In an open letter to UCSC Chancellor George Blumenthal, she wrote, "You yourself, Chancellor Blumenthal, have written eloquently on the need to protect funding for medical research in an era of financial cutbacks. Do you not see that professional theater is a critical component not only of humanistic research but of the maintenance of an ancient and crucial tradition? . . . you are justly proud of your engineering and genetics departments, which engage in an active way with the latest developments in their respective fields. Yet you question the value of a paltry investment in superb classical theater that not only binds UCSC to its broader community but keeps a rich level of humanistic dialogue alive over generations."

### **What we lose when we lose Shakespeare Santa Cruz, by Wallace Baine, Santa Cruz Sentinel, Aug. 28, 2013**

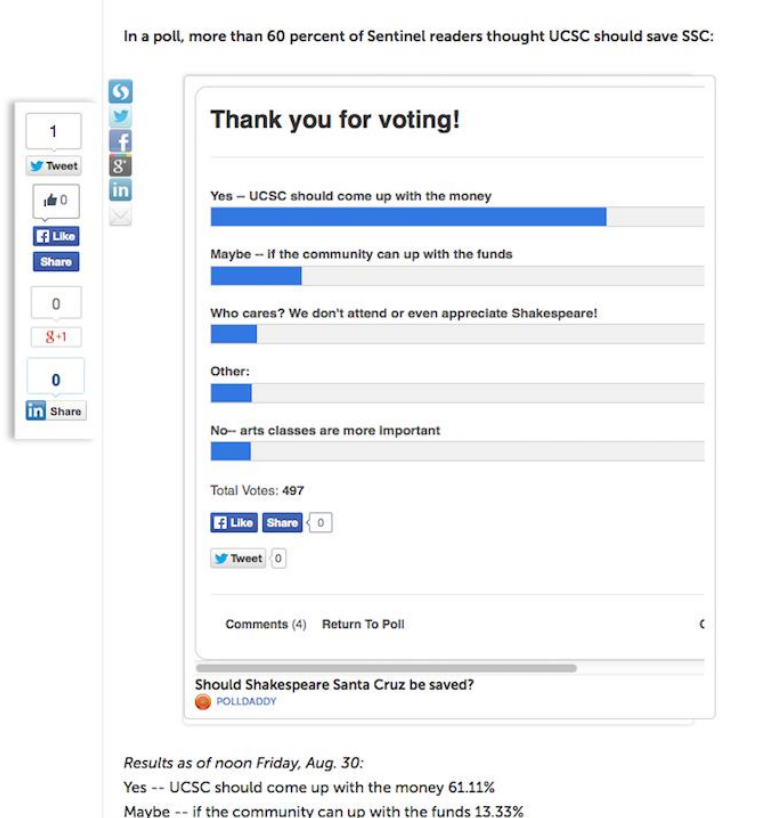
". . . we cannot really focus on the entirety of what we're losing when this company goes dark in 2013. But it's more than merely a few plays in the woods. SSC has straddled the chasm between town and gown in Santa Cruz better than any other organization ever has. It has allowed Santa Cruzans who never otherwise go up on the UCSC campus to take some pride of ownership of the most beautiful campus in the UC system."

"We are losing the most visible benefit for cohabitating with a world-class university."

## Editorial: Readers react to UCSC ending Shakespeare Santa Cruz, By Sentinel Editorial Board

“In this space yesterday we wrote about the impending demise of SSC after 32 years of productions at UCSC.

We posted an online, unscientific poll surveying readers about the future of SSC, and not surprisingly, the results were overwhelmingly in support of the university continuing to fund the theater company.”



## Awful Goodness: I'll Have Some Proof, Michaelbarakiva.blogspot.com/2013/08/ill-have-some-proof, Aug. 29, 2013

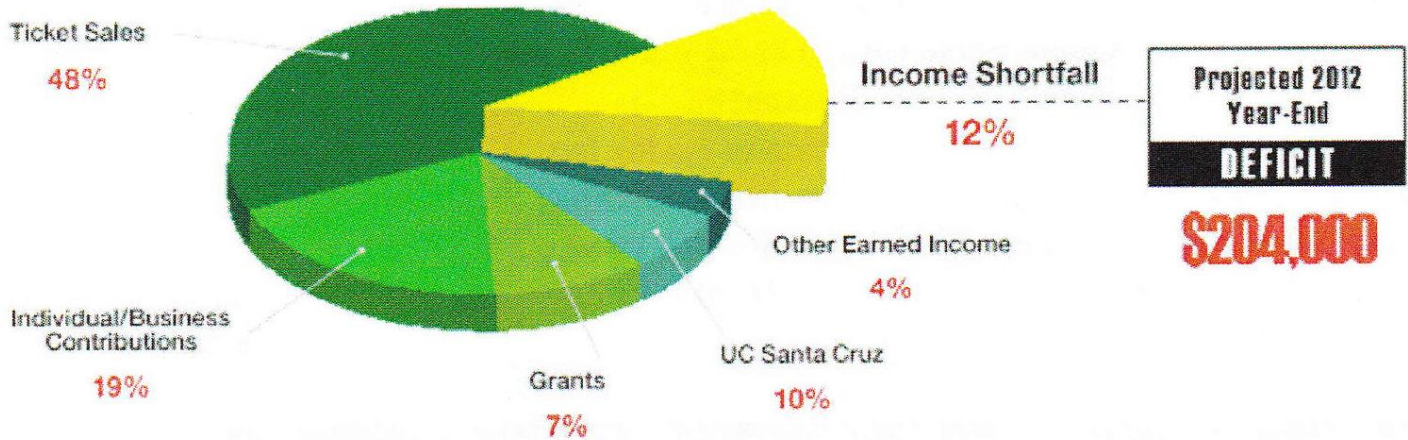
“Dear Dean Yager,

I am many things. But I am not stupid. And neither are any of the thousands of other artists who have worked at SSC in its 32 years, or the hundreds of thousands of audience members who have attended its productions. It's certainly within your prerogative to close “one of the top ten influential Shakespeare Festivals in the country,” (I'm quoting your website). And girl, I understand that times are tough. But I do wish you wouldn't insult our intelligence in the press release you released explaining your decision to terminate SSC.

The numbers you offer simply don't add up. In the press release, you claim that “Even with an initial campus contribution of \$250,000 during the most recent full fiscal year, revenues will fall short of planned expenditures by nearly \$500,000 – effectively making the total shortfall \$750,000 for 2012-13.” But adding your contribution to the shortfall is total bogus. You committed to give that money, and you gave that money, ostensibly, because of the value added that the Festival contributes to UCSC.

SSC offers this graphic to illustrate its finances:

# Projected 2012 Year-End INCOME



Note: SSC receives an additional \$150,000 in in-kind support from UCSC, including staff time from the Arts Division, business office, human resources, purchasing, accounting, and IT; as well as office space, and gift administration.

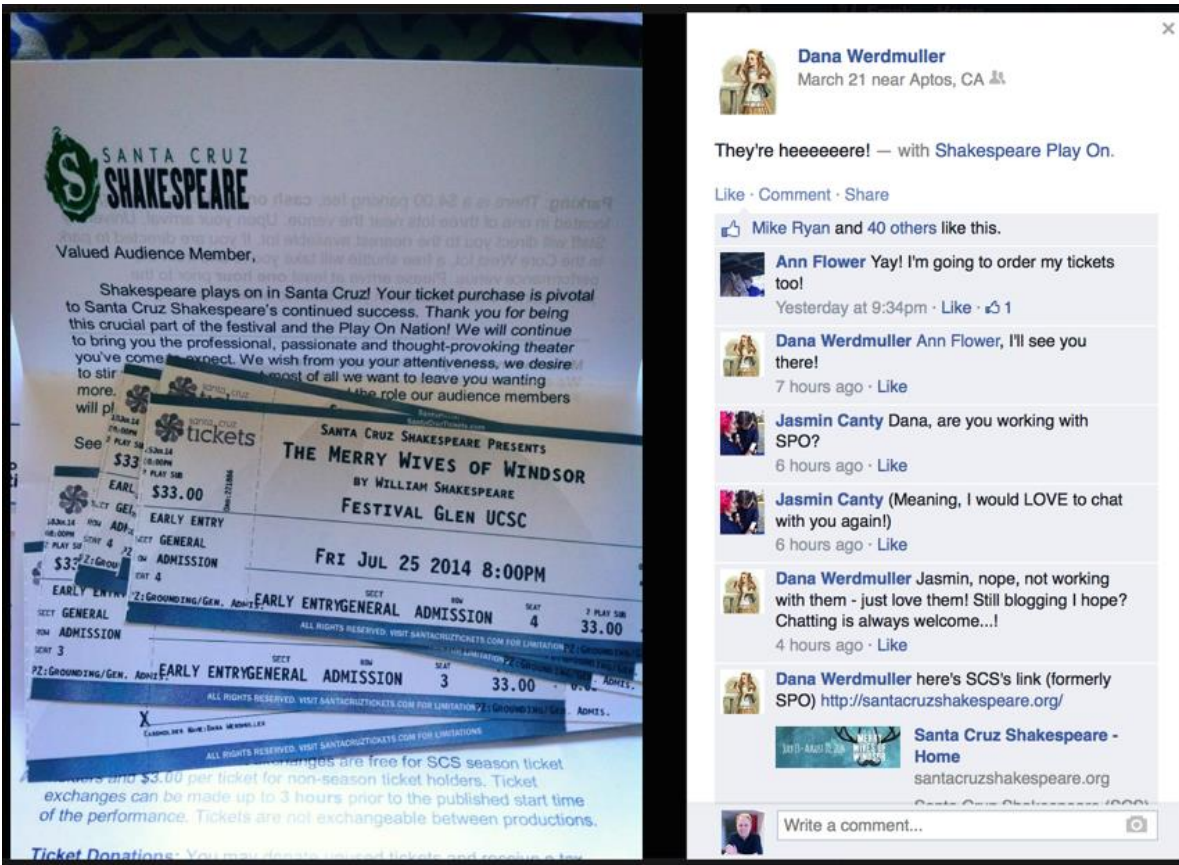
Even with the in-kind donation SSC receives from UCSC, which does not actually cost the University capital and, I would argue, is more than repaid by the presence of an actual professional theater company in residence, the projected shortfall for 2012 was \$350K. Do you really expect us to believe that this year, the total shortfall was over double that? The accusation is ludicrous.

## REBIRTH

Dean Yager agreed to allow SCS to perform in the Sinsheimer-Stanley Glen for two more summers, 2014 and 2015, at a charge of \$440 per day, in addition to all the previous fees and charges they previously paid.

SCS resolved to raise \$885,000 by January 2014 in order to fully fund its first independent season with donations in advance. It exceeded this target and raised \$1.1 million. Mike Ryan had resolved that all money needed to pay for the season would be raised in advance. SCS would be financially conservative and open by comparison to SSC.

The results from their first year, financially, were just what Ryan had planned. They raised \$1,365,772 in contributions, and earned \$397,770 in ticket sales and other revenue. They spent \$935,467 and had a surplus at the end of 2014 of \$828,075. That surplus is similar to the original \$885,000 goal Ryan had set in 2014. SCS has a board of directors and a website, <https://www.santacruzshakespeare.org/>.



SCS announced Feb. 01, 2016 that it had received approval from the town for a new site in Upper DeLaveaga Park.

Mike Ryan is the artistic director. Marco Barricelli accepted an offer to join the acting faculty at UC San Diego. Ryan collaborates with Managing Director Amy Zygmonsky. The board president is Bill Richter.

David Yager is no longer the Dean of the Division of the Arts. He was named President of the University of Arts in Philadelphia in September 2015.

## CONCLUSION

Many professional theatres have some sort of affiliation with a college or university. Many colleges and universities have professional theatre companies contained within them. These relationships and embedded companies come in every size, shape and style imaginable. Despite this diversity, SSC may have been unique. What set it apart from other embedded theatres was not necessarily the informality of the university/community partnership, but its lack of connection to an academic department or degree program. It wasn't fully integrated into the Theater Department because the artistic director (after 2007) was not on the faculty. When the artistic director was, SSC managed to get along. But from its earliest days, it was a program that did not develop as part of the curriculum of a degree-granting unit within the university, but as an enhancement, more for the community than the Theater Department (or other academic unit).

Within the industry, epic battles between theatre department faculty and professional theatre staff are known. Despite those conflicts, those theatres are still there and SSC is gone. One reason can be found (or, in this case, not found) in the UCSC Strategic Academic Plan. What was missing was SSC's role within the university, and any mention of the university's commitment to the town of Santa Cruz. When the dean defended the termination of SSC, he first cited financial concerns but contextualized those losses by citing that SSC was not an academic program. "I am an academic first," Dean Yager said. Presumably, so are all deans. But because SSC was absent from the academic plan, he was able to say that money spent on SSC was damaging the academic purpose, because SSC was not part of it. **"How is this related to an academic program?"** he

asked rhetorically. SSC served to facilitate “town/gown” relations. However, that, also, is absent from the academic plan. No one in the town had any basis upon which to claim the university was reneging on a promise because UCSC never made such a promise, at least not in a formal, explicit manner in its main planning document.

The accounting that UCSC provided is dubious. It did not match contemporaneous external consultant reports commissioned by both SSC and the university. Despite claiming nearly \$2 million in losses, and attributing the cause to mismanagement by SSC, the university did not seek to recover any of it. It can't. It was money it “gave” to itself and if it wants it back it can only get it back from itself. UCSC never “contributed” a cent to SSC. It spent money on it – how much will always be debated and probably is impossible to determine. And that is the key observation. SSC was always wholly a program of UCSC that acted like, and was treated as if, it was a separate entity. The cause for UCSC's termination of the program was in the DNA of the program from the beginning. That flaw could have been corrected. And, in a way, it now has been corrected – and the wills and fates of SSC and UCSC now less contrary run.

Form **990**  
 Department of the Treasury  
 Internal Revenue Service

**Return of Organization Exempt From Income Tax**

OMB No 1545-0047  
**2014**  
**Open to Public Inspection**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)  
 Do not enter social security numbers on this form as it may be made public  
 Information about Form 990 and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990)

**A For the 2014 calendar year, or tax year beginning 01-01-2014, and ending 12-31-2014**

<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization SHAKESPEARE PLAY ON		<b>D</b> Employer identification number 46-4635444
	Doing business as		<b>E</b> Telephone number (831) 460-6396
	Number and street (or P.O. box if mail is not delivered to street address) Room/suite 500 CHESTNUT ST	<b>G</b> Gross receipts \$ 1,763,542	
	City or town, state or province, country, and ZIP or foreign postal code SANTA CRUZ, CA 95060		<b>F</b> Name and address of principal officer
<b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) ◀(insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "No," attach a list (see instructions)	
<b>J</b> Website: ▶ N/A		<b>H(c)</b> Group exemption number ▶	
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		<b>L</b> Year of formation 2013	<b>M</b> State of legal domicile CA

**Part I Summary**

<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities Inspired by Shakespeare, we create and strengthen community by bringing audiences and theatre artists together to celebrate stories about our collective humanity.	
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets	
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a)	5
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)	5
	<b>5</b> Total number of individuals employed in calendar year 2014 (Part V, line 2a)	46
	<b>6</b> Total number of volunteers (estimate if necessary)	200
	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12	0
<b>7b</b> Net unrelated business taxable income from Form 990-T, line 34	0	
<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h)	1,365,772
	<b>9</b> Program service revenue (Part VIII, line 2g)	397,770
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)	0
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0
	<b>12</b> Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,763,542
<b>Expenses</b>	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)	0
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	424,368
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)	0
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶ 69,193	69,193
	<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	511,099
<b>18</b> Total expenses—Add lines 13-17 (must equal Part IX, column (A), line 25)	935,467	
<b>19</b> Revenue less expenses—Subtract line 18 from line 12	828,075	
<b>Not Assets or Fund Balances</b>	<b>20</b> Total assets (Part X, line 16)	833,368
	<b>21</b> Total liabilities (Part X, line 26)	5,293
	<b>22</b> Net assets or fund balances—Subtract line 21 from line 20	828,075

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- <sup>i</sup> Research Universities/Very High Research Activity, [Methodology - Basic Classification](#). Carnegie Classification of Institutions of Higher Education.
- <sup>ii</sup> Rappaport, Scott; *Shakespeare Santa Cruz to End 32-year run due to budget problems*, UCSC, August 26, 2013
- <sup>iii</sup> Shimoguchi, Jean; *Statement by the Board of Directors of Shakespeare Santa Cruz*, Press Release, Sept. 22, 2013
- <sup>iv</sup> Ballder Froid, Kristin, *SHAKESPEARE/SANTA CRUZ, A Festival Proposal 1982 – 1984*, (2/4/81 K.H.B.F.)
- <sup>v</sup> Hildreth, Rick, *A History of the Festival*, Shakespeare Santa Cruz Playbill, 1991
- <sup>vi</sup> *Shakespeare Santa Cruz, Strategic Plan, 2007 – 2012*, AMS Planning & Research, Southport, CT, 2006
- <sup>vii</sup> *Strategic Academic Plan*, February, 2008, University of California, Santa Cruz, <http://planning.ucsc.edu/acadplan/docs/AcadPlan.Feb08.pdf>
- <sup>viii</sup> *Shakespeare Santa Cruz 2000 Strategic Plan*, section 6, paragraph 3; section 12, bullet 4