

April 9, 1992  
ILR 92-E

Speaker H. Craig Moody  
House of Representatives  
Salt Lake City, UT 84114

Subject: **Ballet West**

Speaker Moody:

As requested by the Audit Subcommittee, we have conducted a review of allegations concerning Ballet West. We were asked to examine the allegations and render an opinion regarding the need for further audit work. Although there is merit to some of the allegations, in our opinion the concerns identified do not justify further audit work by this office. However, we do recommend the Board of Ballet West contract for a follow-up review in one year to be performed by an independent accounting firm or consultant. Evidence indicates that some of the problems have been acknowledged and Ballet West management and board members initiated corrective action prior to this review. However, this report identifies several other areas of significant ongoing concern. Ballet West management has committed to implementing the recommendations of this report.

The time available for our review allowed only a brief examination of the allegations presented to the Audit Subcommittee. Audit staff conducted only 13 days of fieldwork at Ballet West. As a consequence, some additional allegations subsequently presented to the audit team were not examined.

Our review was limited to examining information submitted by Ballet West officials, interviewing interested parties, administering an employee perception questionnaire, and contacting other ballet companies. In our opinion, adequate documentation was not available at Ballet West to prove or disprove some of the allegations. Consequently, contrasting points of view regarding these allegations remain. Because some documentation was lacking, we relied upon an employee perception questionnaire to identify staff concerns. Another difficulty we encountered was that some of the ballet companies contacted were reluctant to provide information regarding their management salaries. Overall, both management and employees of Ballet West were cooperative in providing us with the needed information.

We collected information regarding nine allegations in the following areas:

Communication between management and employees.

Dual husband and wife employment.

Personnel actions.

Turnover rate among dancers.

Artistic reputation and local support.

Production of the "Lord Byron" ballet.

Company credit card use.

Administration of the tax-deferred annuity program.

Management salaries and performance fees.

Our findings about each allegation are summarized below.

1. Allegation: Communication is poor and dancer morale is low.

Allegations from a number of sources have stated that communication within Ballet West is poor and that dancer morale is low. Our examination identified concerns with communication.

We administered an employee perception survey to 37 of the 40 Ballet West dancers. This survey was designed and analyzed by Dr. Arben Clark, an expert in human resource management. Dancers completed the confidential questionnaire indicating their perceptions and expectations regarding Ballet West.

**Communication Concerns Exist.** The questionnaire identified employee perceptions regarding artistic management skills, the work environment, and employee satisfaction. Some of the key dimensions examined in the questionnaire were: communication skills, general supervisory skills, management decisions, employee development, and dancer satisfaction with the work. The following is a summary of the five dimensions (mentioned above) which indicate communication concerns exist.

**Communication Skills.** Good communication is perceived by the dancers to be happening only some of the time. Good communication includes keeping dancers well informed, listening carefully and completely, and clearly identifying the results expected. Dancers want better communication from artistic management in these areas.

**Supervisory Skills.** The survey found supervisory skills are adequate only some of the time. Management is perceived as listening and doing something about the dancers' problems only some of the time. Also, the dancers do not feel management is very accessible or approachable when assistance is needed. Dancers want a better response from management in these areas.

**Management Decisions.** Management decisions that control staff actions (i.e., performance evaluations and disciplinary actions) were also reviewed in the questionnaire. Only some of the time do dancers perceive that reasonable and thoughtful decisions are made, that fair and focused disciplinary procedures are followed, and that fair and achievable performance standards are set. Furthermore, dancers believe that only some of the time are hiring and promotion decisions made using well developed

requirements for each position. Dancers expect more from management in these areas.

**Employee Development.** Development of employee skills is perceived by the dancers as only rarely or sometimes happening. The areas surveyed included: following through on employee progress in a consistent and meaningful way, helping dancers understand their career opportunities and how to achieve them, awarding promotions in a fair and understandable manner, and providing adequate training and teaching that will assist them in career development. Again, dancers expect more of management in these areas.

**Dancer Satisfaction.** Finally, the dancers' satisfaction with their work was surveyed. Dancers are somewhat neutral on expressing feelings in this area. Our survey showed no high levels of satisfaction and no extreme dissatisfaction. The area of job security scored the lowest, while the area of physical working conditions scored the highest.

It should be noted that in all areas significant differences exist between the responses of the principals/soloists and those of the corps de ballet. While the expectations of both groups tend to be similar, the soloists seem to be happier with what they receive than the corps members. While it is reasonable to expect the corps to be somewhat less satisfied than the soloists, Dr. Clark noted, neither the extent nor the depth of the corps' dissatisfaction was anticipated.

In analyzing the general results of the survey, Dr. Clark made the following observations:

Since I am not an expert on the culture of the ballet, it is possible that these scores are not as alarming as they would be in a governmental or private business setting. However, it is difficult to establish from the scores obtained that management practices are following a formula that will sustain the Ballet's fine reputation in the long run. An artistic organization with the reputation of Ballet West, it seems, should show much higher scores on the key dimensions tested, particularly when the dancers themselves are expecting so much more than they are getting from the organizational experience.

**Ballet West Identified Communication and Morale Problems.** Six months before this survey, Ballet West Board and management had identified that communication problems existed within the organization. In conjunction with the University of Utah they issued several reports detailing communication problems within the company. Management also established a human resource committee in September 1991. This committee consists of dancers, management, and board representatives. The committee is chaired by Dr. Pat Seybolt, a board member and professor of organizational behavior at the University of Utah. This committee meets monthly to discuss dancer concerns, with a specific focus on communication problems. In fact, one meeting was devoted to teaching the dancers how to better communicate their issues to management. In our opinion, this is a good beginning to addressing the communication problems, and we strongly encourage Ballet West to continue efforts in this area.

Our survey confirmed Ballet West's findings that communication problems exist. We credit Ballet West for identifying these organizational problems. However, artistic management was not receptive to the results of their own internal survey until the results of our own questionnaire confirmed communication problems.

In addition to the communication issues, Ballet West's management also acknowledges a morale problem. However, they attribute the low morale to the recent allegations made about Ballet West. The questionnaire does not measure the impact recent allegations may have had upon the morale of the dancers. However, in our opinion, the allegations could not significantly

influence the dancers' perception of management. Consequently, we believe most of the morale problems are based upon the management and organizational concerns addressed in both Ballet West's study and our questionnaire.

The human resource committee also acknowledges a morale problem and has tried to encourage dancers to openly discuss issues that are bothering them. However, dancers continue to feel that opening up is risky because it may affect career opportunities.

We recommend that Ballet West continue to develop an employee evaluation process which will document and provide feedback to employees regarding performance. We also recommend that the human resource committee continue to promote an open environment between management and the employees. Finally, we recommend that management develop an open door policy between employees and certain members of the management team to build trust and obtain feedback.

2. Allegation: Dual husband and wife employment by the company has a negative effect upon employees.

In our opinion, proper personnel practices require any organization to avoid favoritism and reduce the negative effects any such appearance can have on employees. The two alleged examples of favoritism are: the hiring of the production manager in 1988 and of a member of the artistic staff in 1986. The persons were the spouse of the company manager and the spouse of the artistic director. The hiring of the production manager was handled appropriately. However, in our opinion, the hiring of the artistic staff member and the placement of this position in the organization was inappropriate and may have had a negative effect upon the company.

Certain personnel practices are important to control the existence of favoritism within any organization. We examined Ballet West records for documentation identifying the minimum requirements for each position, the job description, and whether each applicant had been independently screened or compared to the minimum requirements. Because some of these personnel practices have only recently been instituted, consequently adequate documentation was not always available.

Discussions with ballet officials in other states indicate dual husband and wife employment is quite common, but such employment does not generally involve top management reporting to one another within the organization. The following identifies the survey work completed on both positions and gives recommendations.

**Hiring of the Production Manager.** In examining the hiring of the production manager, we were unable to find, nor could Ballet West supply us with, the minimum requirements for the position. However, a job description did exist. While the applicants were independently screened by board members, in our opinion it is difficult to adequately screen applicants without minimum requirements.

According to the board chairman, a total of five applicants were interviewed. The decision was narrowed down to two candidates, one married to a member of management and the other currently employed in production at Ballet West. Executive board minutes indicate that only after a lengthy and detailed discussion was the individual married to a member of the management team deemed the most qualified for the position. The board recognized that nepotism could be a potential problem and made it clear that the production manager would

report directly to the artistic director.

It appears that filling the production manager position was handled appropriately by the board without any involvement or influence from the spouse. In our opinion, this position was placed correctly within the organizational structure. Also, we received no complaints from current employees concerning the person in this position.

**Hiring of the Artistic Staff Member.** The other position we examined is that of the artistic staff member. Like the production manager position, this position has no documentation indicating the minimum job requirements nor a job description. Unlike the production manager, this position appears to have been created at the request of the artistic director without involvement of the board. We found no other applications taken for the position. The former board chairman also told us that the board was not involved as extensively in the hiring of artistic staff.

The artistic director told us that in 1986 he personally suggested to management that Ballet West hire his wife for her notation skills (transferring of ballets from video tape to written form) and also give her the responsibility of directing the Ballet West for Children program. Management complied with the request by preparing a contract and establishing a salary. Board minutes do not mention a discussion of this position until 1988, when the executive committee reviewed the position and determined it was essential to the company.

Unlike the procedures followed in selecting the production manager, the board never discussed the potential problems that might emerge from hiring a spouse. We believe the fact that an employee is reporting directly to a spouse has had a negative impact upon the company. Dancers express a sense of confusion as to what the duties of this staff member really are. In performing notation, this employee is required to spend time with the dancers teaching moves and formations that have been transcribed from video tape to written language. In teaching these moves, the employee is perceived by dancers to have more authority (because of the spousal relationship) than the position warranted. Consequently, the dancers are less likely to disagree or provide feedback. Dancers have also told us that, on occasion, this employee has been assigned to coach or teach female dancers, a responsibility dancers feel should be restricted to qualified coaches and teachers.

The artistic director has recognized the problems created by the artistic staff position reporting directly to him. An agreement has been made to restructure the duties of this position, specifically the notation responsibilities. In the future, notation assignments could be contracted for outside the ballet or replaced by video tape. Further, this position will report to the executive director.

Ballet West Board and management have made an effort to update job descriptions. In May 1991, a board member arranged for a university student to complete an internship by updating job descriptions for Ballet West. Unfortunately, the student was unable to complete the job. Plans are now underway to find another student to complete the job descriptions.

We recommend that Ballet West continue to update the job descriptions as well as adopt policies to address the future hiring of spouses and relatives. In our opinion, the development of minimum qualifications, job descriptions, and an independent screening process are essential human resource functions.

3. Allegation: Decisions regarding personnel actions appear arbitrary, unfair, and based on

favoritism.

We can neither support nor disprove this allegation because documentation is lacking. In our opinion, the lack of documentation supporting personnel actions is a concern.

In order to address this allegation, we attempted to obtain written documentation (e.g., performance appraisals, logs, or records) that would support various personnel decisions. Most personnel files lacked this type of documentation. Ballet West does not have a written performance appraisal system for its employees (although one is currently being developed). In addition, Ballet West was unable to provide us with written documentation supporting decisions made to terminate some employee contracts prematurely. Finally, the company has not yet completed all job descriptions nor does it have policies covering hiring or termination of all employees. Because of this lack of information, we were unable to prove or disprove this allegation.

**Lack of Personnel Documentation Is a Concern.** While not unusual in other ballet companies, this lack of documentation in the personnel area concerns us for two reasons. First, in the employee survey we administered, dancers clearly wanted feedback on their performance, and a written performance appraisal system is a good way to supply and document feedback. Second, being unable to support and document a decision to make personnel changes could leave Ballet West in a weak position if the employee chose to bring a civil lawsuit against the company.

Ballet West management acknowledges the need for better documentation in the personnel area, particularly in the area of performance appraisals. The executive director has contacted other ballet companies that use written performance appraisal systems in an effort to get ideas for implementing a performance appraisal system within Ballet West. We strongly encourage Ballet West's continued efforts in this area. We also think that Ballet West should take advantage of board member Dr. Seybolt's expertise in the human resource area in designing and implementing personnel policies and a workable performance appraisal system. While the appraisal system is being developed, we would recommend that management maintain records regarding the performance of all employees. Such documentation should justify all personnel actions taken.

#### 4. Allegation: The turnover rate under the current artistic director, John Hart, has been high.

To see if the turnover rate of dancers under the current artistic director, John Hart, has been high, we compared it to that of his predecessor, Bruce Marks, and to that of other ballet companies. We found that the turnover rate under Mr. Hart is comparable to that of Mr. Marks. However, compared to that of other ballet companies we contacted, dancer turnover at Ballet West appears to be on the high end of the scale.

**Turnover Under Hart and Marks Comparable.** We compared the attrition rates for six seasons under both Mr. Hart and Mr. Marks. Compared to the rates of his predecessor, attrition rates under Mr. Hart do not appear unusually high. Average turnover under Mr. Hart for the past six seasons is 22%, while the average turnover for Mr. Marks' last six seasons was 25%.

**Turnover Appears High Compared to Other Companies.** When comparing Ballet West's attrition rate under Mr. Hart to that of other ballet companies, Ballet West is at the high end of the range. We asked the Miami, Boston, and the Pacific Northwest Ballets to provide information on dancer turnover. These companies were reluctant to give us specific information, but gave us a general estimate of turnover per year. The Miami Ballet has about a 5% turnover

rate, the Boston Ballet has about an 11% turnover, and the Pacific Northwest Ballet about a 16% turnover. However, we can not verify the reliability of this data.

In any event, turnover does not appear to be as high under Mr. Hart as it was under his predecessor, Mr. Marks.

5. Allegation: Ballet West's local support and its artistic reputation is declining.

We believe that attendance figures, ballet reviews, and dancer opinions do not indicate a decline in the local support or the artistic reputation of Ballet West. To determine Ballet West's local support, we compared attendance figures under the artistic direction of Mr. Hart to that of his predecessor, Mr. Marks. Average attendance under Mr. Hart is similar to that of Mr. Marks. However, attendance has declined somewhat this year. To gauge the artistic reputation of the company, we surveyed critics' reviews of Ballet West, both locally and nationally, and spoke to a local ballet critic. Generally, we found positive comments about Ballet West. We also polled the Ballet West dancers about their feelings concerning the reputation of the company, and found the dancers feel their reputation is strong statewide, but only moderately strong regionally and nationally.

**Attendance Figures Comparable.** To determine whether Ballet West's popularity has increased or decreased under the artistic direction of Mr. Hart, we compared the average attendance figures for Capitol Theatre performances under Mr. Hart to those of the past artistic director Bruce Marks. Because of the limitations in available information, we compared attendance figures for the last six seasons under Mr. Hart to those of four seasons under Mr. Marks. Figure I shows the results of this comparison.

As Figure I shows, average attendance for Mr. Hart and Mr. Marks is comparable. Under both artistic directors, Ballet West's average attendance is near 80% of theatre capacity. The average attendance for all performances under Mr. Hart is slightly higher than that under Mr. Marks by 45 people per performance. When the "Nutcracker" is excluded, average attendance under Mr. Marks is slightly higher than that of Mr. Hart.

**Attendance Down this Season.** Capitol Theatre attendance for the first four ballets this season ("Age of Anxiety", "Anna Karenina", "Nutcracker", and "Rosalinda") has averaged 1,413 people. This figure represents the lowest average attendance over the past 11 seasons. However,

attendance figures fluctuate over the past 11 seasons, and there does not seem to be an apparent trend present. Figure II shows average Capitol Theatre attendance figures for the last 11 ballet seasons.

Ballet West management believes there are many reasons that account for the drop in attendance this year. For example, average ticket prices this season have increased over 25%. Also, Ballet West's first two ballets were both performed in September, which is early in the ballet season, to facilitate the Kennedy Center performances in mid-October. This type of scheduling is generally not done. Finally, the economy has not been as positive as in other seasons.

**Reviews by Critics Are Positive.** In order to gauge the artistic reputation of Ballet West, we did a cursory study of national and local reviews of Ballet West performances. On a national level, we could find little information other than reviews of the recent Kennedy Center performances, which were generally positive. While most critics of the Kennedy Center performances did not like the choice of the ballet or the choreography of the "Age of Anxiety", they were positive about the ability of the Ballet West dancers.

For example, The Washington Times gave Ballet West three out of a possible four stars, and



said that,

*Under the direction of John Hart, the dancers from Salt Lake City have blossomed into one of our national treasures.*

Similarly, the Washington Post made the following comments on Ballet West's performance,

*The best news about the reappearance of Ballet West at the Kennedy Opera House...was the giant step the company seems to have taken toward major stature as a classical troupe....Ballet West hails from Salt Lake City, and it is now demonstrating how fully deserving it has become of the appellation 'national' ...Under the artistic direction of Royal Ballet veteran John Hart, the 40 dancers...have graduated to a remarkable new level of facility, cohesion, and artistry.*

The most unfavorable review on the Kennedy Center performance came from Dance Magazine, which said, "*Ballet West presented John Neumeier's The 'Age of Anxiety', a disappointment on several fronts.*" However, the review criticized the choice and choreography of the ballet, and was fairly neutral on the performance of the company itself. **Local Critic**

**Positive.** A local critic was positive in analyzing the artistic direction of Ballet West under Mr. Hart. She said that if Mr. Hart has a fault, she has yet to see it. In comparing Mr. Hart to Mr. Marks, she said that both gave to the ballet in their own way. Under the direction of Mr. Hart, the technique has gone up tremendously, while under Mr. Marks the dancers had a lot of enthusiasm and a lot of good ideas.

**Dancers Rank Themselves.** In a questionnaire administered to 37 of the 40 Ballet West dancers, we asked them to indicate their feelings about the current reputation of Ballet West, on a national, regional, and statewide level. The dancers indicated that they feel Ballet West has a moderate national and regional reputation, and a moderate-to-strong statewide reputation. The dancers felt that the ballet should have a strong reputation on all three levels.

In conclusion, we do not believe that Ballet West's local support or artistic reputation is declining. While attendance is down this year, average attendance under Mr. Hart is comparable to that under Mr. Marks. We also find no evidence to indicate the reputation of Ballet West has declined under Mr. Hart. Reviews from both national and local ballet critics are generally positive.

Finally, the dancers themselves believe Ballet West is stronger statewide than regionally or nationally. We believe this is consistent with the goals established by management.

6. Allegation: Ballet West has spent over \$100,000 on John Hart's personal production of "Lord Byron", but the ballet will likely never be performed.

Concerns have been raised over expenditures made by Ballet West related to the production of the ballet "Lord Byron". The idea of a ballet based on the life of Lord Byron came from long-time Ballet West patron Geoffrey Hughes. Before his death, Mr. Hughes donated over \$113,000 specifically for the production of an original ballet based on the life of the English poet. According to John Hart, Mr. Hughes was to arrange for another \$200,000 in financing for the completion of a three-act "Lord Byron".

With the recent death of Mr. Hughes, the Lord Byron project has been scaled back. The

original three-act ballet has now been reduced to a full-length, one-act ballet, which is tentatively scheduled to appear in the 1993-94 season. A one-act version of "Lord Byron" was performed two years ago in Aspen, Colorado, and received mixed reviews. Mr. Hart recognizes that more work needs to be done on the ballet, and estimates another \$50,000 is needed to finish the details.

To date, Ballet West has received \$123,696 specifically for the production of "Lord Byron". This figure includes \$113,696 from Mr. Hughes and \$10,000 from AT&T. According to information provided to us by Ballet West, over \$120,000 has been spent, including \$58,965 for costumes, \$11,000 for sets & props, \$25,308 for music, \$16,213 for designs, \$5,000 for choreography, and \$5,000 to Mr. Hart for the creative design of the ballet. Payments made to Ballet West staff for choreography and design were approved by the executive committee of the board of directors.

Since the money spent on "Lord Byron" was donated specifically for that production, funding for other productions has not been affected. Consequently, we find nothing inappropriate about the use of funds donated specifically for the production.

7. Allegation: Company credit cards are inappropriately used.

An allegation was made concerning the inappropriate use of Ballet West credit cards given to administrative personnel. We examined company credit card use to determine if they are being used for personal expenditures. Based on our review, company credit cards appear to be used for business purposes only. However, our review in this area was limited by the inconsistency and lack of expenditure documentation. While we did not identify concerns with personal use of company credit cards, we did identify concerns regarding expenditure controls within Ballet West.

**Credit Cards Appear to Be Used Only for Business Purposes.** In addressing this allegation, we reviewed the 1991 expenditures on the company credit cards held by the executive director, the president, the production director, and the company manager. We found no instances of inappropriate use of company credit cards. According to the president, an in-town lunch or dinner is a legitimate business expense if it meets one of the following criteria: (1) entertaining a business client, (2), entertaining a board member, (3) working overtime. However, there are no written policies or controls governing the use of credit cards. Consequently, we have concerns regarding general expenditure controls over credit card use.

**Ballet West Should Strengthen Expenditure Controls.** In reviewing credit card expenditures, we identified some concerns involving expenditure controls within Ballet West. These concerns involve cash advances on credit cards; multiple payments for employee business meals; inconsistent documentation of business, entertainment, and travel expenses; and absence of an independent expenditure review.

**Cash Advances on Company Credit Card.** We are concerned about one instance of an employee making a cash advance on a company credit card. A member of the Ballet West management team used the company card for a \$400.00 cash advance. The explanation provided was that the manager was being reimbursed for business and travel expenses that had been incurred. For documentation of the expenses covered, the manager referred us to their expense account. While expenses due totaled approximately \$900.00, it was not clear which expenses were being covered by the cash advance. In our

opinion the practice of allowing a cash advance on the company credit card is risky and can circumvent good expenditure controls. Ballet West should develop a policy prohibiting this type of credit card use.

**Double Reimbursement of Meals.** We are concerned about Ballet West's ability to monitor and enforce its per-diem policy which results in Ballet West paying for some travel meals twice. We noted that on a trip to Aspen, Colorado, a member of management was paid per diem for meals. However, while in Aspen, this manager also placed three meals, which were business or entertainment expenses, on the company credit card. As a result, Ballet West paid twice for three of the manager's meals, once through per diem and once through the credit card. When we discussed this with Ballet West's accountant, he acknowledged a weakness in their system that allowed for double payment of meals. We believe more detailed documentation of meal expenses should be required of employees traveling with company credit cards. In addition, Ballet West should have expenditure controls to prevent meals from being paid for twice.

**Inconsistent Documentation of Expenses.** We are concerned about inconsistent documentation of business, entertainment, and travel expenses. In a significant number of the credit card charges reviewed, the documentation was either missing or incomplete. It is difficult to make an assessment of the appropriateness of an expense when receipts, credit card billings, or names of clients being treated are missing. We saw similar documentation inconsistencies within the petty cash accounts and local charge accounts. As a result, it was not possible for us to ensure that all expenses incurred as business, entertainment, or travel were appropriate. More importantly, it does not appear that Ballet West can do that either. We believe Ballet West should maintain the documentation necessary to support business, travel, and entertainment expenses.

**Lack of Independent Expense Review.** Our final concern involves the lack of an independent expense review. We observed that the executive director and the president approve their own expenses to be paid. This practice is a weak expenditure control. We suggest that someone other than the person who incurred the expenses be responsible for reviewing and approving the expenses for payment.

In summary, the credit cards tested appear to be appropriate business expenses. However, we do have concerns with expenditure controls and have made recommendations.

8. Allegation: Employee tax deferred annuities were unpaid by Ballet West.

Some Ballet West employees voiced concern that payments to their Tax Deferred Annuity (TDA) accounts had gone unmade. Our review confirmed the fact that over \$17,000 in payments to employee TDA accounts had been unpaid from October 1991 to February 1992. Employees that participate in the TDA plans have a portion of their pay withheld each pay period. Ballet West then forwards the withheld portion to an insurance company chosen by the employee as payment on annuity contracts.

**Employee Tax Deferred Annuities Went Unpaid.** Although money was withheld from employee checks, the funds for over 25 employees were not forwarded to the insurance companies for over four months. Ballet West management stated that the failure to make the TDA deposits was an oversight. Because of the amount of work involved with the end of the calendar year, such as preparing tax statements and W-2 forms, these deposits were put off. In February 1992, over \$17,000 was paid by Ballet West to bring the TDA account balances

current. This payment included accrued interest on the unpaid portion at a rate of 8%.

**TDA Deposits Should Be Made in a Timely Manner.** Because the money deposited in the TDA accounts is compensation earned by the employees, Ballet West should be very careful in the future to make deposits in a timely manner. While restoring these accounts at an 8% accrued interest seems just, there is no way to judge the actual market performance on each separate annuity account. By not making timely deposits, Ballet West delays employees' compensation and fosters mistrust between employees and management.

9. Allegation: Management salaries are high and the combined salaries of two managers and their spouses represent 30% of the company's operating budget. In addition, inappropriate performance fees are paid to the artistic director and his wife.

In our opinion, management salaries are close to the median salaries of other ballet companies. Also, the combined salaries of the two husband and wife pairs represent approximately 5% of the company's operating budget. Finally, some performance fees are paid to the artistic director and his wife for services rendered. However, we do not believe the fees paid are inappropriate.

**Salaries Are Not High.** Only three of six companies contacted provided salary information for management positions. The small number of respondents makes a valid comparison difficult. However, salaries for Ballet West management are near the middle of the range when compared to the three respondents.

Also according to a 1991 «4»Dance/USA«1» salary survey, management and artistic salaries seem to be in line with salaries paid by 10 other companies participating in the survey. The current salary paid to the artistic director of Ballet West falls just above the estimated median, and the salary paid to the executive director and president are below the median.

**Salaries as a Percentage of Operating Expenses Are Not High.** Our review of the current salaries as a percentage of company expenses found this allegation to be incorrect. An examination of the four salaries in question shows they amount to approximately 4.7% of the total company expense for FY 1990-91. Additional examination shows the total compensation (salary plus performance fees) for these positions to be 5.2% of total company expenses.

**Performance Fees Paid Are Appropriate.** Our review confirmed that additional fees were paid to both the artistic director and his wife (an artistic staff member). Records indicate that the artistic director was paid \$6,000 (15 performances at \$400.00 each) for the 1991-92 season, and \$6,800 (17 performances at \$400.00 each) for the 1989-90 season as a narrator for the piece "Gilded Bat." His wife was paid \$1,900 (19 performances at \$100.00 each) in FY 1991 for character roles (no dancing) throughout the year. She has also been paid character role fees in past years.

The artistic director mentioned that he normally does not do narration parts. But in this particular situation Ballet West had paid for the rights to perform "Gilded Bat", and the choreographer of the ballet (independent of Ballet West) asked him to be the narrator. The compensation paid was part of the total production cost of renting the ballet. The artistic director indicated that if the choreographer were to have hired another individual for the narration it would have cost much more. The executive director believes the fee paid for the narration was reasonable.

In response to the fees paid for character roles performed by the director's wife, she told us

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they are roles such as "queens" and "mimes" that are part of a number of ballet productions, and are played by the artistic staff in order to free a regular dancer for a dancing role. The director's wife was paid \$100 per performance, for a total of 19 performances in FY 1991.

Ballet West, before the tenure of the current artistic director, used other artistic staff members to fill these roles. Seldom has a dancer been used for these parts. According to the executive director, Ballet West in the past has used coaches, teachers, and even members of the University of Utah Dance Theater to fill these roles. We were also told, but unable to verify, that it is common for other ballet companies to use artistic staff to fill these roles. The board was not aware of the performance fees paid. According to the chairman, the fees paid are part of the overall production and the board is not involved.

We hope this letter has provided the information you need on this issue. A letter of response from Ballet West is attached. If you have any questions or need additional information, please contact us.

Sincerely,

Wayne L. Welsh, CPA  
Auditor General

WLW:JMS/lm