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A COMPARATIVE ANALYSIS OF PUBLIC FUNDING MODELS FOR OPERA HOUSES AND THEATRES IN BULGARIA, GERMANY AND THE CZECH REPUBLIC

Asya Ivanova[1*]

[1]'Prof. Asen Diamandiev' Academy of Music, Theatre and Fine Arts – Plovdiv, Bulgaria, e-mail: asiaiv71@gmail.com

Abstract: The aim of this study is to compare the public funding models applied to opera houses and theatres in Bulgaria, Germany and the Czech Republic, and to identify practices that could contribute to the development of a more sustainable funding framework for Bulgarian performing arts institutions. The study is based on a comparative analysis of academic publications, legislation, funding methodologies and sectoral studies relating to the organisation and funding of publicly supported performing arts institutions in the three countries. The comparison examines the level of centralisation, the role of national, regional and local authorities, the relationship between public subsidies and income from ticket sales, the coverage of fixed and production costs, the use of project-based funding, and the inclusion of quantitative and qualitative performance criteria. The analysis shows that the Bulgarian model links a significant proportion of public support to institutional activity, ticket revenue and standardised expenditure criteria, which may stimulate audience development and revenue generation, but may also increase financial unpredictability and pressure to adopt a commercial repertoire. In Germany, public funding is predominantly decentralised and is provided mainly by the federal states and local authorities, with institutional subsidies covering structural costs and ticket revenue playing a supplementary rather than a determining role. In the Czech Republic, most professional theatres receive their core funding from their founding municipalities or regions, supplemented by national and local grants, own revenue, donations and sponsorship. The comparative findings show that the German and Czech approaches provide greater stability for fixed institutional costs, although these remain dependent on the financial capacity and political priorities of regional and local authorities. The study concludes that none of the systems examined is free from financial and managerial risks, but the comparison supports the development of a differentiated hybrid model for Bulgaria. Such a model should combine guaranteed core funding, a component linked to actual activity and audience development, and a separate quality component reflecting artistic merit, public mission, regional accessibility and institutional specificity. It is recommended that ticket revenue remain an indicator of organisational performance, without becoming the dominant determining factor for public subsidy. Further research should include institutional financial data and expert interviews with theatre and opera managers from the three countries.

Keywords: *public funding, opera houses, theatres, performing arts, comparative cultural policy.*
Field: Social Sciences

1. INTRODUCTION

This article examines the funding models in Bulgaria, Germany and the Czech Republic with the aim of analysing and drawing conclusions regarding reform in the sector in Bulgaria. The funding of culture and the arts is a topic of particular importance for the country. For a very long time, Bulgaria has been discussing the Strategy for the Development of Bulgarian Culture 2019–2029, but it has not yet been approved or implemented (Kazashka, 2021). Research into local theatres shows that the benefits of their activities include education, prestige, local identity, innovation and aesthetic experience, and are appreciated by both regular attendees and people who do not directly participate in theatre-going (Bille & Storm, 2024). Therefore, public funding of performing arts institutions should be viewed not merely as compensation for the shortfall between income and expenditure, but as a tool for ensuring culturally significant public goods.

Contemporary academic literature views the funding of culture as a dynamic system in which public subsidies, own revenue, project support, donations, sponsorship and other private sources interact. The balance between these components is influenced by the institutional environment, governance structure, public policy, market demand and public perceptions of the value of the arts (Lin & Luo, 2023). However, revenue diversification does not automatically guarantee organisational sustainability. Managing multiple short-term and uncertain sources can create 'portfolio uncertainty', increase the administrative burden and hinder long-term artistic and financial planning (Ashton, 2023). From this perspective, the central question is not whether public and private funding should be combined, but how to design a system that simultaneously ensures institutional stability, stimulates activity and safeguards the artistic mission.

*Corresponding author: asiaiv71@gmail.com

An analysis of organisations from eleven European countries establishes a link between public spending on culture and technical efficiency, whilst showing that the results depend on organisational scale, accumulated experience and the national institutional environment (Fernández-Blanco et al., 2023). A study of 146 Italian theatre organisations, including opera houses, resident theatres and production companies, also finds a positive relationship between subsidies and technical efficiency, but reveals varying effects depending on the type of organisation (Castiglione et al., 2024). These results cast doubt on the applicability of universal financial standards to institutions with different production technologies, staff structures, infrastructure and public functions.

Research on public theatres suggests that the structure and level of subsidies may be linked to repertoire decisions, institutional risk-taking, and the balance between traditional and innovative works. A new analysis of Italian opera and drama theatres for the seasons from 2015/2016 to 2022/2023 examines precisely the relationship between public subsidies and the originality of the repertoire (Padovano & Pugliano, 2026). Consequently, the criteria for the allocation of public funds are not neutral administrative instruments: they can encourage certain managerial behaviour and indirectly influence artistic choices.

The funding of state theatres and opera houses in Bulgaria is based on statutorily regulated budgetary subsidies, uniform expenditure standards, own revenue and supplementary project funding. The mechanism in place links part of the public funding to the activities carried out and the revenue generated, using specific standards and coefficients for the different types of cultural institutions. This approach may stimulate activity, the dissemination of performances and engagement with audiences, but it creates a risk that ticket revenue will become the dominant criterion in management and repertoire decisions. Academic research on Bulgarian arts organisations highlights the need for adequate financial control and managerial capacity, as a lack of specialised expertise can lead to the inefficient use of resources and difficulties in achieving organisational objectives (Kazashka, 2019).

The Bulgarian case is particularly significant due to the extensive network of public performing arts institutions and the central role of state funding. As at 30 June 2026, the sector overview included 29 drama, drama-puppet and mixed theatre organisations, 11 independent state puppet theatres and 7 opera and musical theatre institutions, making a total of 47 organisations. Some of these are entirely state-funded, whilst in others state funding is supplemented by local contributions in the form of building funds, maintenance, targeted transfers or other forms of co-funding. Alongside the public network, there are private theatres, independent companies and production platforms; however, in the field of opera, private initiative is predominantly project-based, festival-based or touring, and does not form a sustainable network of private repertory opera companies analogous to the state-run one.

The issue of funding is set within the broader context of cultural policy, institutional priorities and access to culture. The analysis of the Strategy for the Development of Bulgarian Culture 2019–2029 emphasises the need for clear objectives, functioning mechanisms and effective policies for the preservation, development and public accessibility of culture (Kazashka, 2021). The joint study by Tsvetomira Kazashka and Vesela Kazashka argues that cultural policies must be periodically reviewed in line with the changing economic and social environment, whilst safeguarding their role in ensuring equal participation in cultural life, freedom of creative expression and cultural diversity (Kazashka & Kazashka, 2021). This position is directly relevant to the assessment of funding mechanisms, as the manner in which public resources are allocated determines the actual possibilities for achieving the stated objectives of cultural policy.

A comparison with Germany and the Czech Republic allows the Bulgarian model to be placed in the context of two different systems, both of which are closely aligned with the continental European tradition. In Germany, the funding of theatres and opera houses is highly decentralised, with the federal states and local authorities playing a key role. Institutional subsidies are aimed at maintaining cultural infrastructure and covering structural costs, whilst ticket revenue plays a supplementary rather than a decisive role. German literature also shows that the organisational and legal form, local budgetary capacity and political decisions influence the sustainability and effectiveness of institutions.

In the Czech Republic, most professional theatres are decentralised and are funded primarily by local authorities or regions, which act as their founding bodies. Basic institutional funding is supplemented by national and local grants, own revenue, donations and sponsorship. A multi-criteria study of Czech cultural services shows that the evaluation of theatres requires a combination of financial, technical and managerial indicators, as the results are long-term in nature and cannot be measured solely by direct market revenue (Vavrek & Bečica, 2020). At the same time, dependence on the founding body gives rise to differences determined by the financial capacity and cultural priorities of individual municipalities and regions.

The comparison highlights three distinct guiding logics: the Bulgarian model, in which the subsidy

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is largely linked to activity and revenue; the German model of decentralised institutional coverage of structural costs; and the Czech model of core funding from the founding body, supplemented by grants and own resources. None of the systems is free from risks. The Bulgarian model may encourage a focus on quantitative outcomes and commercialisation; the German model depends on the budgetary and political decisions of the federal states and municipalities; and the Czech model may reproduce territorial inequalities depending on the founder's resources. Therefore, the comparative analysis should seek not a mechanical transfer of a foreign model, but principles that can be adapted to the Bulgarian institutional environment.

The research problem addressed in this article stems from the need to establish how the varying balance between core institutional funding, performance-based components, own revenue and project support affects the financial sustainability, artistic autonomy and public function of theatres and opera houses. The aim of the study is to conduct a comparative analysis of public funding models for theatres and opera houses in Bulgaria, Germany and the Czech Republic, and to identify applicable principles for improving the Bulgarian system. The analysis focuses on the degree of centralisation, the role of the state and local authorities, the coverage of fixed costs, the significance of ticket revenue, project funding and the use of quantitative and qualitative criteria. The working hypothesis is that a more sustainable model for Bulgaria can be developed through a differentiated hybrid architecture that combines a guaranteed basic component, transparent funding based on actual activity, and an independent quality component that takes into account artistic value, audience development, regional accessibility and public contribution.

2. MATERIALS AND METHODS

This study is structured as a comparative qualitative investigation of public funding models for theatres and opera houses in Bulgaria, Germany and the Czech Republic. The research design combines documentary analysis, comparative institutional analysis and a thematic review of the academic literature. This approach was chosen because the aim of the article is not to measure the financial efficiency of individual cultural institutions using primary accounting data, but to identify the main characteristics, similarities, differences and risks of the three national public funding systems. The subject of the study is publicly funded theatre and opera institutions in Bulgaria, Germany and the Czech Republic. The analysis focuses on the mechanisms for the formation and allocation of public resources, the role of central, regional and local authorities, the ratio between institutional subsidies and own revenue, the significance of ticket revenue, project funding and the criteria for evaluating outcomes. Private and independent organisations are considered only as a supplementary context, as the main focus is on institutions that fulfil a lasting social and cultural function and receive systematic support from public budgets. The study utilises secondary data from several groups of sources: national legislation and official documents regulating the funding of the performing arts; methodologies, expenditure standards and rules for the allocation of public funds; official lists and registers of state and publicly supported theatres and opera houses; academic articles; comparative studies on the funding, effectiveness and management of cultural institutions; and official materials from state, regional and local authorities, where available and directly relevant to the research model. For Bulgaria, the regulatory framework includes the Law on the Protection and Development of Culture, the Public Finance Act, the annual state budget laws, the acts on uniform expenditure standards, the methodologies for their application, and the rules for competitive project funding. The Law on the Protection and Development of Culture, and in particular Article 23a, forms the legal basis for the funding of state cultural institutions in the performing arts and for the application of uniform expenditure standards. A systematic overview of the institutional structure of the Bulgarian sector has also been utilised. It covers 29 drama, drama-puppet and mixed theatre organisations, 11 independent state puppet theatres and 7 opera and musical theatre institutions. The total number of public organisations included is 47. The analysis notes that the term 'state-municipal' is used in practice to refer to institutions where state funding is combined with local participation through building stock, running costs, targeted transfers or other forms of co-funding, without this necessarily constituting a separate legal form. The materials on Germany and the Czech Republic include publications analysing the decentralisation of public funding, the role of the federal states, municipalities and regions, the link between subsidies and repertoire policy, the effectiveness of organisations, and the use of multi-criteria evaluation systems. In the case of Germany, the focus is on institutional funding from the federal states and municipalities, whilst in the case of the Czech Republic, the role of the municipality or region as the founding body and main source of core funding is analysed. The comparison between the three countries was carried out using a predefined analytical framework. The following indicators were examined for each national model:

Degree of centralisation – whether key funding decisions are taken at national, regional or local

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level.

Main public funding body – the state, a federal province, a region, a municipality or a combination of these.

Form of core funding – institutional grant, basic funding, expenditure standard, contractual funding or another mechanism.

Coverage of recurrent costs – the extent to which public funding covers expenditure on staff, buildings, technical infrastructure, rehearsal activities and administrative capacity.

Role of ticket sales and other own revenue – whether these serve as a supplementary resource, an indicator of efficiency, or a factor that directly determines the size of the subsidy.

Project funding – the importance of competitive programmes, grants and targeted funding for productions, festivals, tours and audience development.

Evaluation criteria – the use of indicators such as attendance figures, revenue, number of performances, artistic quality, professional recognition, accessibility and public impact.

Institutional differentiation – the extent to which the system takes account of differences between theatres and opera houses, between national and regional institutions, and between organisations of varying scale and production structure.

Key risks of the model – financial unpredictability, dependence on political decisions, regional inequalities, administrative burden, commercialisation of the repertoire and restrictions on artistic risk-taking.

Potential applicability to Bulgaria – the possibility of adapting certain principles or tools to the Bulgarian regulatory and institutional environment.

This framework makes it possible to avoid a mechanical comparison based solely on the amount of public funding. Instead, the analysis examines the rationale for funding, the allocation of responsibilities, and the relationship between financial support, institutional sustainability and artistic mission. The analysis was carried out in four consecutive stages. In the first stage, the regulatory and institutional characteristics of each country were systematised. For Bulgaria, the legal framework, expenditure standards and the role of the Ministry of Culture and the local authorities were examined. For Germany and the Czech Republic, data on decentralisation, the role of local and regional authorities, and the structure of institutional and project funding were summarised. In the second stage, academic publications were coded by theme. The following main codes were used: ‘core funding’, ‘performance-based funding’, ‘own revenue’, ‘ticket revenue’, ‘fixed costs’, ‘decentralisation’, ‘role of the founding body’, ‘efficiency’, ‘artistic risk’, ‘repertoire policy’, ‘public value’, ‘regional accessibility’ and ‘quality criteria’. In the third stage, the codes were grouped into broader comparative categories: institutional structure, financial architecture, performance indicators, artistic impact and key risks. For each category, the similarities and differences between the three countries were identified. In the fourth stage, the results were interpreted in terms of the potential for improving the Bulgarian model. The applicability of German and Czech practices was assessed not as an opportunity for direct transfer, but as a basis for formulating principles for differentiated and hybrid funding.

3. RESULTS

The comparative analysis identified significant differences in the institutional architecture, sources of public funding and the role of own revenue in theatres and opera houses in Bulgaria, Germany and the Czech Republic. In all three countries, public support remained of paramount importance, but the mechanisms for its allocation and its link to organisational outcomes differed. Seven indicators have been identified: degree of centralisation and the role of funding bodies; the underlying rationale for public funding; coverage of fixed costs; the importance of ticket sales and own revenue; quantitative and qualitative criteria; influence on artistic value; and key risks.

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Table 1. Comparative summary of public funding models

Indicator	Bulgaria	Germany	Czech Republic
Underlying rationale	Activity-based funding, revenue and expenditure standards	Decentralised institutional funding	Core funding from the founding body, supplemented by grants
Main funding bodies	The state and, in certain cases, local authorities	Federal provinces and local authorities	Local authorities, regions and national programmes
Ticket revenue	May have a direct impact on the subsidy	Supplementary source	Supplementary source and performance indicator
Fixed costs	Coverage depends on the standard and the activities carried out	They are largely covered by the institutional subsidy	They are mainly provided through the founder's contribution
Quality criteria	Limited involvement in the core mechanism	Linked to the institution's mission and the decisions of the funding body	Used in the context of grants and multi-criteria assessments
Main risk	Quantitative pressure and commercialisation	Dependence on local budgetary and political decisions	Territorial differences depending on the founder's capacity

Source: Author's research

The summary results showed that the German and Czech models provide a clearer distinction between core institutional funding and own revenue. The Bulgarian model creates a stronger incentive for activity and audience engagement, but places institutions in a more direct dependence on current revenue and quantitative indicators. The comparison highlighted the need for a more balanced financial architecture that distinguishes between the coverage of fixed costs and funding based on activity and qualitative outcomes.

4. DISCUSSIONS

The results show that the differences between the three models are not limited to the level of public funding, but also relate to the way in which financial risk and responsibility are distributed between the state, local authorities and cultural institutions. The Bulgarian model creates a stronger incentive for activity and self-generated revenue, but at the same time increases dependence on quantitative indicators and may limit artistic risk. Under the German and Czech models, fixed institutional costs are more clearly separated from current revenue, which ensures greater predictability but increases dependence on the budgetary capacity and political decisions of the provinces, regions and municipalities.

The comparison confirms that ticket revenue is an important indicator of demand and organisational activity, but should not be the primary criterion for determining public subsidy. Theatres and opera houses fulfil artistic, educational, social and regional functions that cannot be assessed solely on the basis of attendance and revenue. A more balanced approach therefore involves distinguishing between funding for permanent institutional capacity, support based on actual activity, and an assessment of artistic quality and public value.

The findings support the possibility of developing a differentiated hybrid model in Bulgaria. This model should take into account the differences between theatres and opera houses, the size of their companies, infrastructure requirements and regional functions. The introduction of a guaranteed basic component, supplemented by transparent quantitative and qualitative criteria, could reduce financial unpredictability without removing incentives for activity, audience development and effective management.

5. CONCLUSIONS

The comparative analysis shows that public funding for theatres and opera houses in Bulgaria, Germany and the Czech Republic is based on different ratios between state support, local responsibility, own revenue and performance evaluation. The Bulgarian model encourages activity and audience engagement, but creates a greater dependence on revenue and quantitative indicators. The German and Czech models provide more stable coverage of fixed costs, but remain dependent on the financial capacity and political decisions of local and regional authorities.

The findings support the need for a differentiated hybrid model for Bulgaria, combining guaranteed core funding, a component based on actual activity, and an independent assessment of artistic quality, public value and regional function. Such an approach could improve the predictability and sustainability of performing arts institutions without restricting their activity or managerial responsibility.

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