

CREATIVE PROVIDENCE

A CULTURAL PLAN FOR THE CREATIVE SECTOR

CREATIVE PROVIDENCE STUDIO | MARCH 4 |
PROVIDENCE PERFORMING ARTS CENTER

RESILIENT NONPROFIT ORGANIZATIONS

Briefing Paper

Re-sil-ient [ri-zil-yuh nt, -zil-ee-uh nt]

–adjective

1. springing back; rebounding.
2. returning to the original form or position after being bent, compressed, or stretched.
3. recovering readily from illness, depression, adversity, or the like; buoyant.

Citation: "resilient." *Dictionary.com Unabridged (v 1.1)*. Random House, Inc. 13 Feb. 2009. <Dictionary.com
<http://dictionary.reference.com/browse/resilient>>.

The city's nonprofit arts and cultural organizations anchor the local and regional creative sector, employ and present Providence artists, provide cultural and educational opportunities for citizens, and attract tourists. The thirty-eight nonprofit arts and culture organizations that responded to a 2005 economic impact study survey reported their aggregate attendance to their events was 2.7 million. These attendees spent a total of \$71.18 million, excluding the cost of event admission. (*Arts & Economic Prosperity III*, 2007)

Ironically, cultural organizations are both successful and precarious. Nonprofit cultural organizations accomplish much, yet need help with board and staff development, management assistance, and funding. Staffs are not well paid and are working beyond a sustainable pace. Some nonprofit executives worry that they cannot find skilled and connected board members, yet there are potential board members who have not been asked. Most are under capitalized, under-funded, and lack overall capacity. Most nonprofits entered 2009 and the growing financial emergency with no reserve capacity.

The international financial crisis is affecting virtually all nonprofits and mid-sized cultural organizations are especially vulnerable to funding cuts. Contemporary dance and experimental theatre are in jeopardy. Some are laying off staff. Funders are increasingly receiving appeals for emergency funding without the discretionary funding to respond. Some organizations are likely to fail. Nonprofits are "challenged as never before." Another observed, "Nonprofits will die." The plan should address short-term strategies to mitigate the impact of the crisis and long-term strategies to help make the sector more resilient.

DREESZEN
&
ASSOCIATES

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David N. Cicilline, Mayor

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PLANNING FOR RESILIENCY IN CURRENT AND EMERGING CONDITIONS

- **418 Providence Nonprofits** – Culture Count, the New England Cultural Database documents 418 registered nonprofit organizations in the City of Providence. There are additional informal community organizations not registered with the IRS as 501(c) 3 charities. As Culture Count data below illustrate, performing arts organizations and libraries are most numerous.

| Category | Number | Category | Number |
|------------|--------|-------------------|--------|
| Performing | 98 | Ethnic | 24 |
| Library | 53 | Media | 24 |
| Historical | 44 | Museum | 24 |
| Service | 36 | Humanities | 20 |
| Visual | 35 | Multidisciplinary | 18 |
| School | 28 | Fair | 11 |
| | | Uncategorized | 3 |

- **Statewide trends indicate downturn in arts giving** – An October 2008 survey by the Rhode Island State Council on the Arts found: “Arts organizations are seeing substantial problems ahead, just from what they have experienced in the first few months of the current economic crisis.” 72% of arts organizations reported a downturn in contributions. Even more distressing, eighty-nine percent (89%) small and medium size arts organizations (those with budgets under \$1 million) report seeing a downturn in contributions. (RISCA, 2008)
- **Support for the nonprofit arts is a mosaic of funding sources** – a delicate balance of earned revenue, government support, and private sector contributions. Nonprofit arts organizations are generally able to earn only half of the money it takes to sustain their operation. The other half of their revenue must be raised through contributions and grants. Even small fluctuations in contributed revenue can mean deficits for many organizations. (Americans for the Arts, 2004)
- **Not-for-profits top need is funding** – The Creative Providence survey found operating funds top the list of needs followed closely by programming funds for nonprofit cultural organizations. Nonprofit leaders also want significant help with marketing and audience development, and facilities improvement. Training in funds development, public information and advocacy, volunteer development, and board development are also important needs. Other cited needs include: information technology, staff development, networking, financial management help and planning assistance.
- **Grants and contributed funding are major concerns with declining corporate and public funding and an international financial crisis** – Earned revenue is also at risk with increased pressure on consumers’ discretionary spending. Rhode Island has few major funders and changes to even one funder’s policies or priorities can have a significant impact. Established cultural institutions have better access to corporate and philanthropic funding than smaller and emerging groups. Accountability for results is an increasing expectation. Funders want the cultural plan to identify priorities.
- **New sources of sustainable public and private funding are needed to complement earned revenue though the only new suggested source is individuals new to giving** – Newer generations of donors relate to recipients differently than did their parents. They expect to be engaged. One donor said, “The newer donors ask, ‘what do I care about?’ You might get

their funding if you can get their attention, build their trust, and engage them in your work.” Interviewed funders were skeptical that a united arts fund was feasible in Providence, “There are so few large businesses, creating a united arts fund would be an uphill battle.”

- The City’s grants funding has been reduced in spite of growing needs. Much of state arts funding are legislative earmarks. City grant program application and decision-making procedures vary from each other and differ from more standard models of grants making.
- In interviews, several funders said their funds available for granting had significantly diminished and their priorities were shifting to social services. Two institutional donors said, “...basic human needs trump.” Another said, “...moving funds to health and human services was a no brainer.” Another corporate funder expected to “batten down the hatches for the next year or two” and “won’t support new initiatives now.”
- Several funders offered advice to nonprofit leaders: “We don’t give to organizations without a plan and a budget. Build and maintain relationships with your donors. Communicate, know our priorities, keep us informed, and give us a heads up on your plans. Don’t come to us in a panic and say ‘we’ll fail if you don’t help.’ Don’t expect entitlement to funding. Adapt.” Funders are calling for nonprofits to collaborate, share marketing, pool resources, consolidate, and even merge.
- **Nonprofits burdened with accumulated deficits** – Over three quarters of nonprofit leaders (79%) responding to our survey, indicate their organization has no accumulated deficit (net assets). Nearly a quarter (21%) do report a deficit. There could be redundancy in these numbers if multiple staff and board respond from the same organization. Of those with deficits, 16% report their net assets are somewhat worse and 2% significantly worse than last year. Net assets improved for 18%.
- **Audience trends vary, but trending down** – RISCA focus group participants note a continued graying of audiences. Presenters are responding to patrons’ seeming preference for familiar, safe, and accessible programming. Economic and time pressures and declining consumer confidence are affecting ticket buying and attendance at even free events. Core audiences are loyal but small. Some believe that Rhode Islanders take their rich cultural opportunities for granted. Younger audiences are harder to tap. Few report success in recruiting college students to programs without the active (and often short-term) help of faculty or deans. Subscriptions are dropping and more often audiences buy single tickets. Attendance at some major festivals has declined. Visitation to historic houses is down significantly as is consistent with national trends.
 - In contrast, there is a thriving underground music scene and people flock to Sound Stage, Waterfire, and other prominent events. Digital and electronic media are transforming the visual and performing arts and enhancing accessibility.
 - The October 2008 RISCA survey found “Ticket sales are suffering.... Although it is early in the performance and exhibition season, 58% of arts organizations responding indicate that they are seeing a downturn in ticket sales for their events. There is an increasing trend toward single ticket instead of season ticket purchases, and single tickets are selling at a lower average price, which means that some price resistance is affecting sales.”
- **Cultural facilities development projects largely stalled** – While Providence has many fine cultural venues, the costs of maintenance and capital improvement are high. Institutions like AS220 and the Steelyard have made Providence a national leader in artist facility development. There are properties with good potential for re-development for artist studios, affordable

housing, creative businesses, and cultural facilities. Mill buildings, industrial sites, and downtown properties have been converted to productive use in the creative economy. However, cultural facility development projects are largely stalled, thwarted by stringent fire codes, the credit crisis, and changed historic tax credits. One interview said that half of live music venues have closed due to new fire codes and developmental pressures. National bank and credit problems exacerbate housing and studio problems for artists and cultural facility development for organizations.

STAKEHOLDERS IN RESILIENCY

- Mayor Cicilline and Providence City Council
- Department of Art, Culture + Tourism
- Arts and Business Council of Rhode Island
- Rhode Island Citizens for the Arts
- Rhode Island Council on the Humanities
- Rhode Island State Council on the Arts
- Rhode Island Foundation
- Providence Foundation
- 418 Nonprofit organizations in Providence

COMPLEMENTARY PLANS AND INITIATIVES

Other plans, ongoing programs, or new initiatives that are addressing this issue

- ❖ **The Rhode Island State Council on the Arts (RISCA)** is developing a new strategic plan to address the needs of nonprofit arts organizations statewide
- ❖ **Rhode Island Foundation** is updating plans for funding support of nonprofit organizations including arts and culture
- ❖ **Rhode Island Citizens for the Arts** is refining its advocacy message to encourage increased arts funding
- ❖ **Arts and Business Council of Rhode Island** is surveying cultural consumers in southeastern New England.
- ❖ **Arts in Crisis: A Kennedy Center Initiative** is a program designed to provide planning assistance and consulting to struggling arts organizations throughout the United States. Open to non-profit 501(c)(3) performing arts organizations, the program will provide counsel from Kennedy Center President Michael Kaiser and the Kennedy Center executive staff in the areas of fundraising, building more effective Boards of Trustees, budgeting, marketing, technology, and other areas pertinent to maintaining a vital performing arts organization during a troubled economy. <https://artsincrisis.org/>

STATEMENT OF THE PROBLEM OR OPPORTUNITY

1. What constitutes a “resilient” non-profit arts and cultural community?
2. How do we sustain the arts and cultural community given the new reality of ongoing limited resources?
 - a. What early, demonstratable projects can exhibit and respond to nonprofit needs and encourage and build support for the plan?
 - b. What are we willing to let go of? What leadership is required to redesign the structural and operational component of the arts and cultural community?
3. How can organizations adapt operations to maintain access to diverse, high quality programming?
4. How can the cultural plan encourage the development of renewed and/or new sources of responsive funding?
 - a. Advocate for public and private sector funding?
 - b. Build nonprofit capacity to raise and earn revenues in a changing economic environment?
 - c. Tap economic stimulus incentives and newly increased NEA funding for cultural development?
 - d. Help nonprofits learn to meet the challenge of their missions with less funding?
 - e. Facilitate collaboration, shared services, consolidation, mergers, and closing or mothballing nonprofits until the economy recovers?
5. How can the cultural plan help build nonprofit leadership and management capacity?
 - a. Help nonprofits recruit, build, and retain skilled and visionary volunteer and professional leadership?
 - b. Renew and sustain current leaders?
 - c. Recruit and develop the next generation of leaders? (should be representative of population)
 - d. Assure health insurance for nonprofit staff?
 - e. Provide skills training and organizational development, especially for small and midsized organizations?
 - f. Offer networking opportunities?
6. How can the cultural plan encourage the development, improvement, and maintenance of adequate cultural facilities?

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* Strongly recommended reading