

The Delaware Division of the Arts and Delaware State Arts Council wish to thank everyone who participated in the presentation of “State of the Arts Study in Delaware” and the breakout sessions that followed on January 14, 2008 at the Delaware Art Museum.

Our goal is to present themes that emerged within the discussion groups, while retaining the essence of individual comments. Bulleted comments below express the viewpoint of the individual, and not necessarily the consensus of the group, nor the viewpoint of the Division of the Arts or Nonprofit Finance Fund.

This input is valuable for continuing the dialogue about support for the arts on behalf of all Delawareans. The Division/Council will be using this information as part of its environmental scan of the arts in Delaware for statewide strategic planning in 2008.

Breakout Session #1: What does Delaware want from its arts community? Who is willing to pay to keep arts organizations strong and sustainable in order to reap the benefits they can offer? How do arts groups compete for funds with those who raise money for other important needs, such as education and human services?

Theme #1: Competing for funds.

- Often people without houses and food get priority. Some cities/states have tax programs that allocate percentages to art and human services.
- Examples exist where arts can help social problems, for example, efforts to rescue public murals can involve communities in anti-drug, anti-graffiti messages. Theaters and visual arts have programs that focus on therapy.
- Some organizations offer community outreach through their programming. These programs assist fundraising efforts.
- Ashley Lewis from the Freeman Foundation made the point that advisory boards often have people with backgrounds in social issues and education and programming with tie-ins to these often make the arts easier to fund.
- One organization has chosen not to pursue “crossover funding” because it takes away from their mission, particularly since their staff is so small.
- This approach [programming to serve other social purposes] often means arts organizations are not getting the support for their core mission and that chased dollars get stretched.
- There is value in building relationships with families in need. The arts can offer strategies for healing and have therapeutic value. Also, working with families in need builds new audiences for traditional art forms. There is room for building social relevance in the arts.
- It is important to encourage funders to provide general operating support.
- Venture capital (funding that encourages innovation and/or risk-taking) is not readily available, but may serve as a catalyst for taking programming to the “next step” or reaching out to new audiences.

- Question was posed: The study indicates that organizations are running shops well. But the study is also alarming for larger organizations. Could this be defined as a crisis? (One response: It is cause for concern, and for smaller organizations it is a caution that even small growth of 10% could have a profound impact. Small organizations need to be thoughtful and mindful of becoming too big. Non-facility owners need to think carefully deciding to acquire a facility.

Theme #2: Who are the audiences [patrons] and what do they want.

- Deciding what audiences want is difficult. Audience tastes and interest change over time, sometimes quite quickly.
- In Wilmington, a number of people work in the city but don't live there. Arts organizations could benefit from a survey tool that identifies where downtown workers live. He thinks that the mindset of the collaborative group needs to be changed. There was some discussion around the value of a master calendar of events, particularly for New Castle County and Wilmington.
- Organizations are always searching for an audience and cited the “graying” of theirs. Many smaller organizations give multiple concerts as a public service and outreach strategy (e.g., senior centers, hospitals, community centers). Even with these outreach efforts, they have trouble generating and sustaining an audience.
- Arts organizations need to explore ways to use technology and the internet to attract and retain audiences.
- Perhaps the Metropolitan Opera can serve as a model, or at least provide food for thought. They completely changed the way in which they provide outreach programming. Do organizations with great programming in a community that isn't paying attention ever wonder whether they should be thinking of scaling back?
- Employers could be used to reach employees and let them know about what's happening in the arts before they go home, or they could help get people to come back.

Theme #3: Connecting to educators.

- Delaware wants its kids to graduate from school, and arts organizations need to appeal to the intellect of young people who are the future audience. How do we rally or lobby our cause [the arts] to educators?
- Getting school-age youth to arts programs after school is difficult. Summer camps seem to be more successful. Better coordination with schools and districts (particularly for transportation) is needed.
- There needs to be more interface between the teachers and the arts. One previous strategy was to invite teachers to arts programming.
- Because of “No Child Left Behind,” schools are spending more time with subjects that are tested, so time for other curricular activities is limited. Funding for arts education declined precipitously when MBNA was bought out.

Breakout Session #2: Are thin margins hampering innovation and creativity? Have arts organizations cut back too much on capacity?

Theme #1: *Thin margins can hamper innovation as well as quality of arts and work force.*

- New or innovative offerings are too risky financially if there is no financial cushion.
- Dramas are considered money losers, so some theaters don't present them as often.
- Quality actors are less interested in performing the "same old productions" so it is sometimes harder to recruit good actors.
- Way to determine what audiences want to see and if they will come to more innovative or risky shows is to poll them.
- If salaries of staff members are cut, then high quality employees are lost. Often, cutting staff is the easiest thing to do to save money and can ultimately hurt the organization and/or overwork those left on staff. This restricts and organization's capacity and energy to explore/implement new initiatives.

Theme #2: *Possible solutions.*

- Target donors to be sponsors for specific productions/exhibitions/events. This gives them focused recognition in promoting and marketing the event. In a related comment, there could be individual donors or groups who may want to underwrite a production that appeals to them and offers something new, but might be less inclined to underwrite a season or general programming.
- Small, homogenous boards have less fundraising capacity than a larger, diverse board with access to more resources.
- Outside rentals and rental of facilities can provide supplemental earned revenue.
- Getting friends of an organization to contribute their time and services (recruiting volunteers and services) is a way to decrease the cost of productions of all kinds.
- Establish specific funds apart from general operations (venture capital) for choreography, new works, and commissioned works.

Breakout Session #3: How can potential donors and the organizations themselves be educated to understand the capital needs of the arts world, allowing them to make important financial decisions regarding facility ownership, reserved income, sustainable growth and expanded reach of their services?

Theme #1: Where donors tend to give.

- How well do funders understand our needs?
- We are currently trying to manage a facility; funders seem more willing to give to capital than operating. This was confirmed by several participants.
- It seems easier to get capital and programming funding; but not so easy to get operating support.
- In the social service realm the same problem exists. No one wants to give operating funds.
- One participant raised the question: “Is there a bias of some sort toward organizations who own their own building?”
- New study in NY Times focused on foundations. The study indicates that foundations used to be supportive of funding operating costs. In recent years, foundations are moving away from operating needs to have more accountability for donations. That’s why programming support has come to be prominent. The result is that organizations start creating programming to fit within the funders’ parameters. The NY Times study suggests there is a movement now for foundations to change back to operating funds since restricted funding has hampered nonprofits.

Theme #2: What funders are looking for.

- Funders seem to like to fund orgs who can show sustainability.
- Organizations are going to have to understand the funders’ position in the matter and try to match their needs with corporate interest.
- How do we learn to speak in ways that funders would understand in their own language? Who will teach us (the artist and the orgs) those methods of business communications?
- How do we develop our capital needs? Do we become more market focused? Who’s buying a ticket? Who’s coming? Should we build our capital needs around the market? Or do we keep the old model of if we build and present it they will come?
- We currently have an endowment that has a great deal of unrestricted funding. We are continuously trying to figure out how to tell our story constantly to funders to make sure the message is getting out that we will always need funding to stay operational.

Theme #3: What message(s) need to be communicated?

- Foundations don’t seem to understand the day to day work and scope of the organizations. Organizations have gotten away from the dialogue of explaining and defining their product and its true benefit. Organizations need to come back to it.
- Funders need to understand how empty the lifestyle and community around us would be w/o the arts

- Funders need to hear the message of the Economic Impact Study, and the Division of the Arts needs to do a better job of articulating that message to donors.
- The Division should offer these same findings in a presentation format to state foundations, corporations, and businesses—information to the donors and educate them. To present this information to the arts organizations is like preaching to the choir
- Economic Impact Study does offer information on how the calculations of the organizations impact the arts. Start with the education process there. Education should also include legislators—letters to legislators can be very effective as well. The Division can add legislators to the list of foundations and corporations/businesses to be informed about economic impact.
- “State of the Arts Study in Delaware” didn’t show that having a building can actually be an asset—you can borrow money against your building.
- Funding programs is great, but if we can’t sustain the organization, the programs won’t survive
- The Division and Nonprofit Finance Fund can do a better job of educating funders on where the needs of the arts organizations really are
- New money seems to be in individual giving; small foundations should not be discounted either
- Organizations need to be educated on how to increase individual giving, not just corporate and foundation
- When you own a building and are struggling for funds each year, it is difficult to keep your building up and build a cash reserve.
- We currently have an endowment that has a great deal of unrestricted funding. We are continuously trying to figure out how to tell our story constantly to funders to make sure the message is getting out that we will always need funding to stay operational.
- If this type of education for funders is going to be produced, will other organizations’ data be included in the mix and not just the 33 surveyed?

Breakout Session #4: If current funding mechanisms are inadequate for sustainability, what additional alternatives need to be explored and/or developed? Is inadequate funding the only issue, or are there underlying structural and operational issues that need to be addressed?

Theme #1: Audience challenges.

- We need to know what and who the audience is. We need to know how to hook the audience to us. We need to know where the market is and what the market wants.
- We have a core audience is, but are not filling the needs of the larger public.

Theme #2: What organizations and funders need to know.

- Many organizations are located in northern New Castle. We need to think across state lines. This is true of Sussex County as well. We need to look for alternative sources of support outside the state. Philadelphia offers cultural leadership grants through the Pew every three years. The money can be used for an endowment. The confidence funders show is key.
- Many corporate entities have multiple mechanisms for funding the arts, not always just the main Community Outreach/Philanthropy office.
- The more independent we are of outside funding sources, the better off we're going to be. You are never going to run a theater off what you make at the box office. This may be the most important question for the next 20 years.
- Nonprofit Finance Fund does growth-related finance and bridging debt. They look at if organization borrows for program growth. If cash flow covers debt service than they are considered a good risk. The NFF provides a lot of technical assistance. Organizations should see if their services are right for their organizations. When you have more debt, you become more complex.
- Funding streams change, one organization had a local sponsor that went national and is no longer funding them.
- Pennsylvania foundations that do not fund across state lines need to know that many people come to Delaware from PA and NJ.
- Arts organizations need to know how corporations are defining to whom they give and why. It depends on who they're interested in – but you don't want to distort your mission to comply.
- Other states demonstrate many creative ways of generating income which could make funding sustainable, for example a percentage of corporate filing fees. We also need to educate funders about the value of non-restricted funds.

Theme #3: Need for collaborations.

- We need deeper partnerships. It is important for us to dialog in order to bring about a mind-shift in the way organizations are funded. We should be accountable for measuring impact. There should be educational leadership on outcomes.
- Sometimes organizations fear another organization is going to take away a small pot of money so they fear collaboration. There should be an incentive for collaborating.
- How do we partner to assist one another? Also look to earned income endeavors (café, shop, rental, merchandise)
- Some smaller arts organizations provide ad exchanges.
- How can the DE Community Foundation help with further collaborations and taking the message to corporations?
- There is a need to collaborate more – say for marketing – organizations could ratchet up the quality of their offerings; there is potential for collapsing box office operations. It is difficult for smaller organizations to put together a coherent fundraising plan.
- Organizations share a common goal/need. Organizations could get together to benefit – especially in shared marketing initiatives.