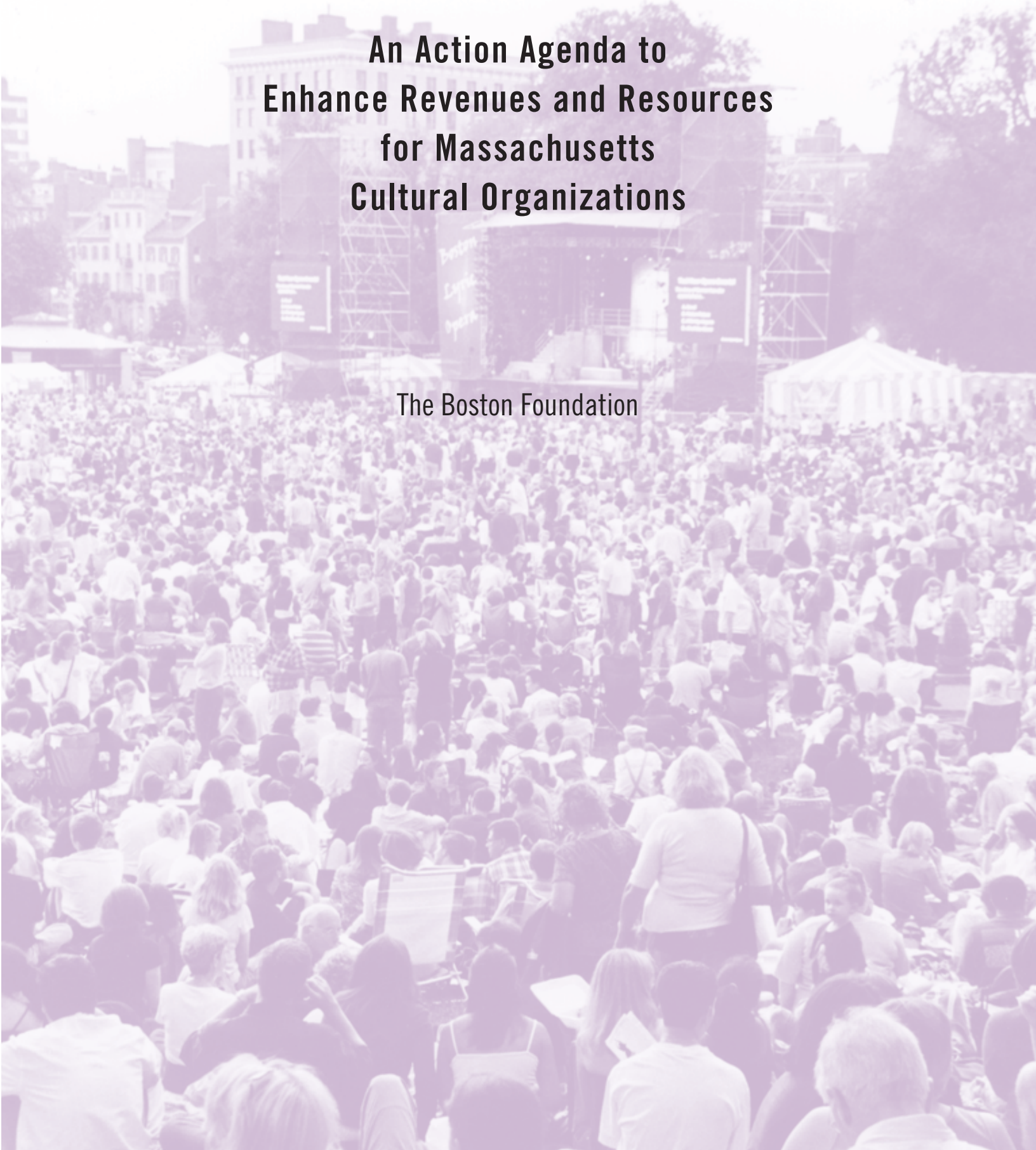


Culture is Our Common Wealth

**An Action Agenda to
Enhance Revenues and Resources
for Massachusetts
Cultural Organizations**

The Boston Foundation



Cover Photo: Richard Howard

The Boston Lyric Opera's September 2002 presentation of Bizet's *Carmen* attracted 140,000 people to two free performances on the Boston Common.

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Preface

The Boston Foundation's interests are as broad and diverse as the demographics of our metropolitan area. We are concerned that all residents have access to affordable housing, quality healthcare, and jobs with family-supporting wages; that our children grow up in safe neighborhoods, attend nurturing schools, and participate in enriching after-school activities; and that our nonprofit organizations have the resources to effectively serve their constituents and neighborhoods.

The Foundation also recognizes that arts and cultural activities are integral to the educational, economic, and social fabric of our lives. We understand that students who are deeply involved in theater programs show markedly improved reading and writing skills and, as a result, are better prepared for the MCAS exam they must pass to graduate from high school. We see that neighborhoods with lively cultural scenes attract new residents and visitors, restaurants and other businesses, revitalizing and diversifying their community's economy. We are proud that our major cultural institutions are recognized around the world as an integral part of our civic identity. At the same time, we are very concerned that our cultural organizations—from the largest, world-class institutions to the smallest neighborhood-based agencies—struggle for the resources to maintain their facilities, develop new programs, and create and present new work.

The Boston Foundation has awarded nearly \$8 million to arts and cultural organizations since its grantmaking program in arts and culture was launched in 1998. This has had a significant impact, but grantmaking is only one of tools we use. We also leverage the power of civic leadership, information and convening for the benefit of our community.

In February 2003, we released to the community a detailed report, *Funding for Cultural Organizations in Boston and Nine Other Metropolitan Areas*, to better understand the context in which arts and cultural nonprofits operate. The data told us, in part, what we already knew—that we live in the midst of a very abundant, complex, and unequalled cultural environment. It also revealed deep problems—deficits, deferred maintenance, and thwarted potential—resulting from a long history of limited investment. Good and bad, it was valuable information that has helped to focus a crucial community-wide conversation.

We sought the views of many of metropolitan Boston's cultural leaders as we developed that report and we listened when they challenged us to help them take the next steps toward developing a common agenda and beginning the process of advocacy and change. Our response was to convene a Cultural Task Force of more than sixty leaders from the nonprofit, philanthropic, and corporate sectors—people who work in or support the cultural sector—and to ask them to develop a blueprint for action.

The working group undertook their assignment with a sense of urgency and a deep commitment to change. Like civic leaders across Massachusetts, they share the Boston Foundation's concern about our state's competitive edge. Our economy, no longer grounded in manufacturing, is now based on knowledge. Yet, our region is beginning to lose young educated workers, even those graduating from our own colleges and universities, to other cities. We believe that one of the most powerful ways to retain and attract these talented young people is to invest in the nonprofit cultural infrastructure that makes this city the vital, creative and culturally rich civic center that it is. It is an infrastructure that not only enhances the quality of our lives and neighborhoods, but also contributes financially to our well being, by supporting a statewide payroll of about \$250 million.

If Boston is to continue to be a world-class city, if our state is to continue to thrive, we simply must take on the challenge of making a greater investment in our wonderful and diverse nonprofit cultural sector.

Those who came together to serve on the Cultural Task Force immediately understood the importance of setting aside the needs of their particular organizations and attending to the broader interests of all nonprofit cultural organizations. They also know the value of linking the interests of cultural nonprofits to the broader agenda of our city, region and state. This document is a resounding call to their colleagues throughout the cultural sector to follow their lead.

Cultural organizations share audiences and donors and a common mission to educate, inspire and enlighten. They also operate within a common economic environment. Effective cultural leaders are recognizing and fostering these common connections, with the understanding that their organizations' particular interests are inextricably linked to those of other agencies, the city and the state.

Likewise, effective corporate, state and civic leaders recognize that now is the time for action—and for and a new level of investment. Increased corporate support as well as public funding should be on the table as we move forward together to strengthen the entire nonprofit cultural sector. This report frames the issues, makes a series of powerful recommendations, and illustrates that there are numerous compelling, tangible benefits to be gained if we take action together now. With this document, the case has been made.



Paul S. Grogan
President and CEO
The Boston Foundation

Executive Summary

The Cultural Task Force, a broadly representative group of leaders from the nonprofit, philanthropic, and corporate sectors, convened in April of 2003 to develop strategies that will enhance the revenues and resources available to Massachusetts' nonprofit cultural organizations. This working group was co-chaired by Ann McQueen, the Foundation's Program Officer for Arts and Culture, and David Ellis, President Emeritus of the Museum of Science and Senior Fellow at the Boston Foundation.

The Task Force conducted its work through five committees. The Collaboration committee explored methods that leverage current resources by deepening alliances within the cultural community and developing cross-sector partnerships. The Philanthropy committee considered numerous ways to increase giving throughout the cultural sector. The Facilities and Travel/Tourism groups explored key areas that are prime for action and change. And the Public Policy committee applied a legislative lens to the issues explored by all of the committees in order to identify areas in which policy and practice can be improved to enhance the operating and funding environment for cultural nonprofits across the state.

Throughout this process, the committees benefited from the insights of participants, guest speakers, and colleagues from the Massachusetts Cultural Council and Massachusetts Advocates for the Arts, Sciences and Humanities (MAASH), who provided advice about effective advocacy and offered a statewide perspective. This work was also informed by the 175 participants in two major Listening Sessions held in January at the Boston Foundation for members of the cultural community.

The Cultural Task Force Recommends

In February of 2004, the full Cultural Task Force convened to review its work and discuss each committee's recommendations. Here is the Task Force's action agenda.

1. **The highest priority of the Cultural Task Force and, indeed, the entire cultural community, is a significant, sustained state investment in cultural facilities.** The buildings and places in which we work, create and present art and artifacts, and bring the best cultural experiences to a broad and diverse public have a tremendous impact on the cultural sector's service to its community. A state-supported grants program to provide a portion of the capital funds for maintenance, improvement, and new construction is the greatest need of the cultural community and the highest priority for the Cultural Task Force. Funding, however, is not the whole answer. In addition, the implementation of state and local laws, policies and regulations that support the development of artist spaces, new facilities, the adaptive reuse of historic structures for new cultural purposes, and the maintenance of existing facilities is key to the revitalization of communities and to realizing the benefits of our cultural organizations.
2. **The Task Force recognizes the economic potential of cultural tourism and sees its growth and development as a high priority.** Cultural tourism is a powerful economic force for creating jobs and generating earnings and tax revenues. The stage has been set for relationships built on open communication and trust between cultural organizations and travel-related businesses and government agencies. The next step is to develop a joint approach to collecting and sharing actionable data upon which to base decisions about marketing and programming. A shared understanding of their common audience, the cultural tourist, is necessary before the culture and travel sectors can move forward together. Difficult, but achievable. An investment in culture-based advertising and marketing that is based in collaborative research and grounded in an understanding of the customer will be returned in statewide economic growth and community vitality. When cultural organizations and tourism-related businesses and government agencies work together to increase tourism revenue and improve and maintain our cultural assets by marketing and supporting them, both are better off.

3. **The Cultural Task Force recommends greater investment in service and advocacy organizations to develop the sector's cohesion and enhance its ability to meet its collective needs.** The group identified a list of needs—management and fundraising technical assistance for small and mid-sized organizations; board recruitment and training; links with corporations; improved communication about the sector; a forum for ongoing dialogue; sustained, shared leadership—that seemed to cluster, but had no readily identifiable center. Parts of this list are being addressed by the sector's service organizations, but not with the breadth, depth, or scale that could be gained by greater investment. In addition, the Task Force suggests investigating other models, including intermediary organizations, which have the potential to deliver services and increase sector cohesion and impact.

The Work of the Five Committees

The **Collaboration** committee based its work on a review of best practices from across the country, identifying two principal types of collaboration—programmatic and functional. Programmatic collaborations match the program activities of two or more organizations, allowing them to expand their reach, scope and impact and serve audiences more efficiently. Functional collaborations center on essential business operations that, while less visible, are increasingly important to the success of organizations, including marketing, ticketing and sales, educational outreach, facilities management, human resources, and financial administration.

Collaboration demands courage and requires a strong commitment of staff time and financial resources that often are unplanned or underestimated. Successful collaborations are grounded in a clear understanding of all partners' skills and assets and an awareness of sector trends. For example, the committee identified the Creative Economy Council's New England Cultural Database as an excellent source of financial, demographic and geographic data about creative businesses, cultural organizations and artists. Cultural nonprofits also need to share information focused on specific programmatic areas and geography. There is

an impression of new and expanding audiences in nonprofit theaters of all sizes, yet most organizations are studying principally their own attendance data. Are there ways that ticket information from a range of theater organizations could be aggregated, analyzed and tracked?

Peer relationships and networks in cultural nonprofits are more common among marketing and education professionals, leaving an unmet need among workers in the areas of finance and operations. While these kinds of relationships help participants to develop trust, a deeper understanding of other organizations' goals, and pave the way toward more fruitful collaborations, they need the support of senior management to be successful.

Cultural service organizations are essential, but often overlooked and under-resourced. These nonprofits provide other cultural organizations with access to support and technical assistance—such as discounted newspaper advertising, group insurance rates, or board training—that would otherwise be out of reach to many nonprofits. They are critical to building the sector.

Finally, the Collaboration committee recognized the potential for high visibility, high impact partnerships with the public sector—cities, towns, and even federal agencies—that can leverage access to sites for extraordinary public performances and exhibitions. And, echoing the group focused on facilities, the committee also noted the positive impact of public/private partnerships that can turn abandoned or underutilized buildings and open spaces into theaters, arts centers, museums, and outdoor cultural sites.

The path to collaboration involves many challenges, but has tremendous potential for increasing and enriching programs, reducing costs, and attracting new and greater funding resources. Collaboration benefits the sector in many ways—creating stronger organizations, a unified sector, enhanced public programs, improved local economies, and stronger communities.

The committee focused on **Cultural Facilities** had an ambitious agenda—to explore the many ways in which the brick and mortar costs of theaters, historic houses, museums, and arts centers can be supported without losing sight of the studio and housing needs of individual artists. The work of this group identified

two important themes. First, facilities have a major impact on all aspects of the work of cultural nonprofits. Fundraising, programming, budgeting, and planning are made even more challenging when an organization's leadership must cope with inadequate classroom or rehearsal space, an inefficient HVAC system, or looming code compliance issues. Second, cultural facilities—from the Boston Symphony's Tanglewood to the Paul Revere House to the Boston Center for the Arts and its new Theatre Pavilion—contribute significantly to the economic vitality and the quality of life in our communities. The need for repaired and new facilities is great, but the payoff to communities is even greater.

How great is the need? The committee's statewide survey, cosponsored by the Massachusetts Cultural Council, MAASH, and the Boston Foundation, identified more than \$1.1 billion in projected plans for the repair, improvement or expansion of existing facilities, and for new building projects over the next five years.

The positive benefits of realizing these projects are illuminated through the success of MASS MoCA, where an investment of state funding led directly to jobs, economic growth, and increased community pride. Without early state dollars for this contemporary art museum, North Adams would likely still be a dying town, not the thriving destination for visitors, center of job growth, and great place to live and bring up children that it is today.

The Facilities committee notes that there are roles for numerous players in improving Massachusetts' cultural facilities, including state and municipal leaders, the cultural community itself, individual donors and funders, commercial and nonprofit developers, architects, and other concerned citizens. Increased philanthropic giving, as well as the implementation of state and local laws and policies that support the development or adaptive reuse of cultural buildings, are key to fully realizing the potential of large and small cultural organizations.

To ensure that our cultural facilities are safe, affordable and accessible, the entire Cultural Task Force calls on the state to take the lead by providing a significant pool of investment dollars. A substantial, sustained

state investment in a capital grants program is crucial to providing the funds required for planning, repairs, code compliance, expansion, and new construction. New state funding for cultural facilities will leverage increased private support and will be an investment in jobs, economic growth, and community vitality.

The **Philanthropy** committee highlights the importance of diverse sources of funding to the fiscal health of cultural nonprofit organizations. The average cultural organization earns about half of its annual budget from shop and ticket sales and facility rental—the balance must be contributed by individuals, foundations, corporations, and government.

Corporate contributions represent a growing share of the fiscal pie for cultural organizations. The committee undertook a survey to better understand residents' views on corporate giving, and learned that 78% of respondents want to live in communities in which corporations and local businesses actively support arts and cultural organizations. The committee encourages increased financial contributions from corporations, but also greater participation in the cultural sector through volunteer involvement on boards and committees. Financial contributions, in-kind donations, and leadership are strategically beneficial to corporations—and nonprofits need to make a compelling case for increased corporate support through a strong 'return-on-investment' argument.

The committee's survey also found that 85% of individual donors prefer to give anonymously, a habit that is also practiced by some foundations. While anonymous gifts can provide important seed money for major cultural capital campaigns and other projects, these contributions don't tend to encourage additional giving as much as gifts that are acknowledged publicly. The committee also noted that although public sector support is, on average, only about 11% of any given cultural organization's budget, it is crucial to the overall mix of funding. Along with providing a 'seal of approval', state support, through the Massachusetts Cultural Council, stimulates and leverages additional giving with grants that must be matched by other donations.

The committee focusing on the potential synergies between the cultural sector and the **Travel and Tourism** sector began by examining the impact of cultural

institutions on travel and tourism. In 2002, Massachusetts' historic and cultural organizations and programs attracted more than 26 million visitors who spent \$11.7 billion. Tourist visits to Massachusetts, however, have decreased since September 11, 2001, a trend that is not mirrored in other cities.

The fact that visits to Philadelphia have increased in this same time period drew the committee's attention to that city's collaborative planning and marketing efforts led by the Greater Philadelphia Tourism Marketing Corporation (GPTMC). GPTMC offers an integrated marketing program, including consumer research, advertising and public relations, web-based cultural and recreation information for visitors and residents, and a program designed to encourage visits to neighborhoods. The committee also studied Philadelphia's collaborative facility and infrastructure planning to reinvigorate the zone around the Liberty Bell. The collaboration of the National Park Service, city, state, GPTMC, Greater Philadelphia Convention and Visitors Bureau, and Greater Philadelphia Cultural Alliance resulted in more than \$300 million in public and private investment in the new Independence Mall within the Independence National Historical Park.

The Travel and Tourism working group also examined Seattle's web-based cultural events calendar, which is co-sponsored by the Seattle Convention and Visitors Bureau, the Cultural Development Authority of King County, and the Seattle Office of Arts and Cultural Affairs. The Washington, DC Heritage Tourism Coalition was also studied for its emphasis on connecting tourists to all parts of Washington, DC, far beyond the capital's major monuments.

Noting the importance of collaborative planning, programming and marketing based on solid, actionable market research, the Travel and Tourism committee recommends focusing on two key, interlocking ingredients for success—collaboration and market research—to leverage Massachusetts' significant cultural assets into a stronger cultural tourism economy. Open lines of communication between cultural and travel industry leaders across the state can set the stage for long-term collaborations. In addition, the two sectors can develop new and productive ways to collect, share, and disseminate

market data that can serve as an action platform for joint marketing, programming, and advocacy.

The **Public Policy** group grounded its work in a thorough scan of the current operating and regulatory environment in Massachusetts and across the country. While funding for the Massachusetts Cultural Council originally came from the lottery—now known as Megabucks—rather than tax revenues, it is still subject to the general budget appropriation process. What was once a “dedicated revenue stream” for the arts was quickly redirected to the General Fund as soon as the lottery became successful.

The committee noted that so-called “dedicated revenue streams,” such as special sales tax districts, taxes on casino gambling, non-resident performer taxes, license plate fees, and voluntary income tax check-off contributions are seldom, if ever, the answer. These revenue sources rarely generate sufficient income to provide a consistent source of support. Most importantly, these revenue sources can breed complacency. The arts lottery story stands as a lesson: constant vigilance and advocacy are necessary to maintain any cultural funding, no matter the source.

Building on the work of other committees, the Public Policy group noted the potential for the state—and its cities and municipalities—to have a positive impact on the operating environment for cultural non-profits through legislative and regulatory changes. The committee cites changes to financial audit requirements for nonprofits as a potential money saver and encourages consideration of legislation, such as reinstating the charitable gift tax deduction, to increase donations.

The committee also called for public support of arts education by assessing arts learning, making arts a graduation requirement, and providing professional development opportunities to public school educators. Finally, the group joined with the Facilities committee and the entire Task Force in calling for public funding of cultural facilities.

What Can I Do?

We can all increase our contributions of money, time and expertise to cultural organizations and encourage others—our friends, neighbors, and government representatives—to increase their support for a sector that is so central to the vitality and success of our communities.

The chapters that follow begin with a series of recommendations. Here, those recommendations are combined and organized by those groups that can implement them. Implicit in these lists is the understanding that it is up to the cultural community to advocate for these priorities.

This is the To Do List for each and every one of us.

For state government:

- Provide significant, sustained support for a major new cultural facilities grant program to provide a portion of funds for planning, repairs and improvements, and expansion and new construction of nonprofit cultural facilities.
- Restore the state appropriation to the Massachusetts Cultural Council to the 2001 level of \$19.1 million.
- Recognize that the cultural sector shares an interest in education and youth development, transportation, housing, healthcare, and economic and workforce development and, along with other nonprofits and businesses, can contribute to the civic well-being. Encourage dialogue and collaboration between the Massachusetts Cultural Council and other agencies of state government and facilitate dialogue and collaboration between cultural and travel industry leaders across the state.
- State government has many tools that can enhance the operating environment for nonprofit cultural organizations by increasing revenues or reducing costs, often at little or no cost to the state.
 - ◆ Support public infrastructure projects that enhance public access to cultural facilities.
 - ◆ Review and change state laws or policies (for example, building codes and nonprofit reporting requirements) that increase revenues or reduce costs for nonprofit cultural organizations.
 - ◆ Re-institute the Massachusetts Charitable Tax Deduction.
 - ◆ Consider proposals from cities and towns for local-option taxes that provide new sources of municipal support for arts and culture.
- Increase investment in K-12 arts education.

For municipal governments:

- Facilitate collaborations with city agencies and help cultural organizations navigate the necessary bureaucracies of local government.
- Promote cultural real estate development through local zoning and development strategies. Leverage existing federal, state and local funding for public infrastructure projects—roads, sidewalks, street signage, parking lots and garages—that enhance public access to cultural facilities.
- Provide local leadership and broker relationships to connect cultural leaders to others, including business leaders and city officials, who share a mutual interest in the vitality of our cities.
- Invest in K-12 arts education by rebuilding budgets for arts teachers, curriculum specialists, artists-in-residence, field trips, and other arts education activities.

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- Maintain or increase municipal funding for the arts, sciences, and humanities by identifying and securing local revenues.

For corporations, foundations, and individual donors:

- Increase financial contributions, sponsorships, and donations of in-kind goods and services to nonprofit cultural organizations. Consider support for capital, operating, and planning, as well as program needs, and remember the financial needs of small and mid-sized cultural organizations. Reward cultural organizations that collaborate to augment and leverage their scarce resources.
- Support and encourage the growth of intermediary service organizations and membership associations that extend the capabilities of small and mid-size cultural organizations and individual artists.
- Give publicly, eschewing anonymity, to spur equal or greater giving by friends, colleagues and others.
- Encourage local Chambers of Commerce and trade or business associations to recognize and incorporate the assets and needs of the cultural sector into their action agendas.
- Encourage employees to participate in cultural activities by volunteering to assume leadership positions on governing boards and committees, attending exhibitions and events, and making financial contributions.
- Support statewide advocacy by becoming active members of MAASH (Massachusetts Advocates for the Arts, Sciences and Humanities), and by advocating personally for state and local policies that enhance the environment for cultural organizations.

For trustees and leaders of cultural organizations:

- Share best practices by developing and supporting peer networks and ad hoc professional mentoring groups to exchange information, increase capacity, and open doors for additional collaboration among cultural organizations. Recognize opportunities to participate in leadership groups with other cultural organizations and other sectors to advance a broad cultural and civic agenda, increase available resources, and improve the operating context for cultural nonprofits.
- Share information on audiences and donors, to develop a more comprehensive picture of the trends and opportunities for building audiences.
- Recognize and celebrate trustees' critical role in governing, supporting and ensuring the fiscal integrity of the cultural organizations they lead and encourage trustees to exert leadership in the broader cultural arena by building their sense of stewardship and supporting their advocacy efforts on behalf of all cultural organizations.
- Support statewide advocacy by becoming active members of MAASH (Massachusetts Advocates for the Arts, Sciences and Humanities), and by advocating personally for state and local policies that enhance the environment for cultural organizations.