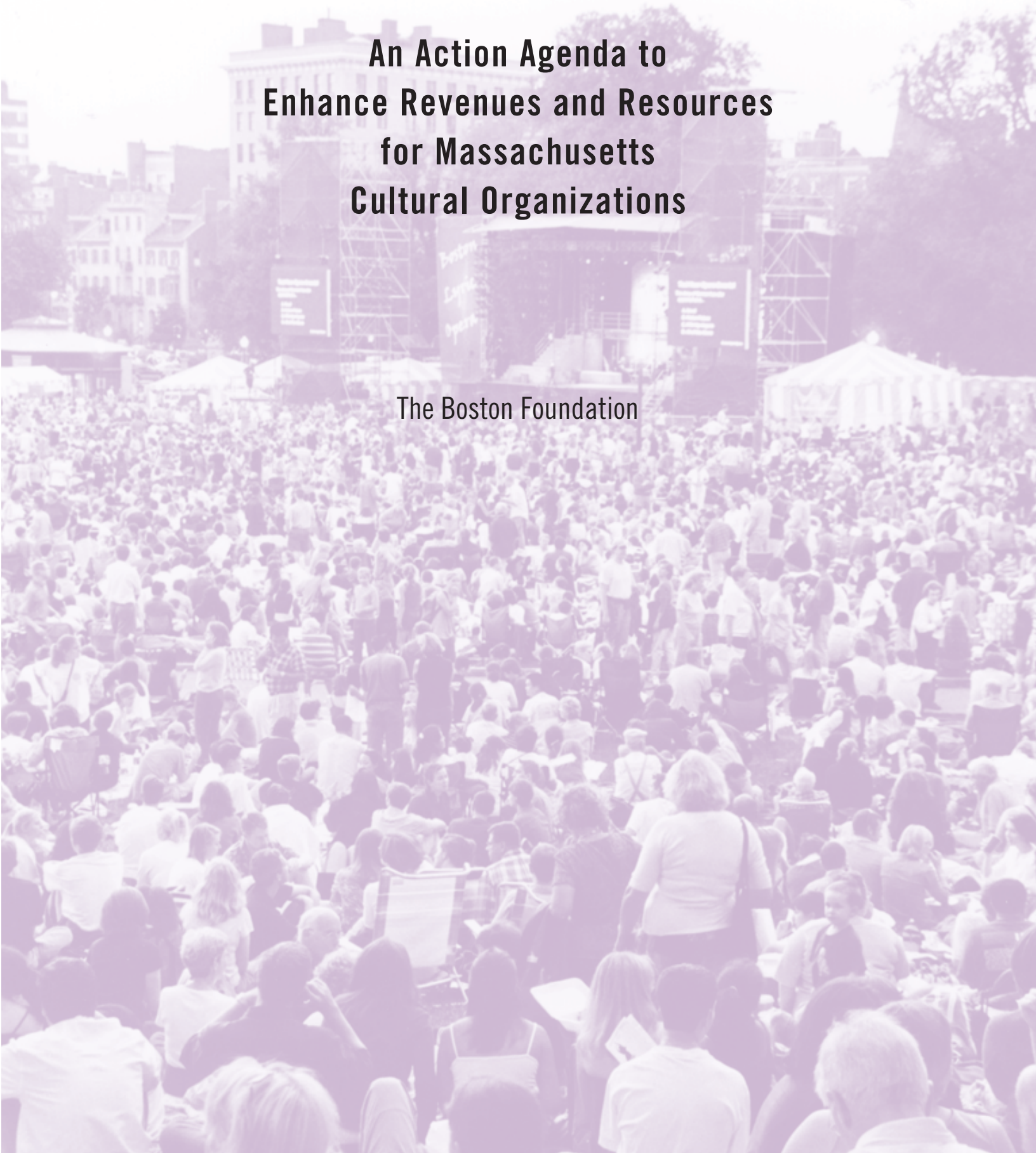


Culture is Our Common Wealth

**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 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—programmatically and functionally. 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.

-
- 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.

Introduction

By Ann McQueen and David W. Ellis

We launched our work as co-chairs of the Boston Foundation's Cultural Task Force in the spring of 2003, fresh on the heels of a very sobering report on the funding environment for metro Boston's cultural organizations. *Funding for Cultural Organizations in Boston and Nine Other Metropolitan Areas* put numbers to the anxiety felt by all those who struggle to raise money for exhibitions, performances and the basic operations of our cultural organizations. Yes, it is harder here than in other cities and now we know why.

The report also showed, to our surprise and delight, that we have a very abundant and entrepreneurial nonprofit cultural sector. Indeed, the Boston metro area boasts more cultural organizations per capita than the larger cities of New York, San Francisco and Chicago. While the distribution of organizations by budget size was fairly consistent among all the cities in the study—about 80% of organizations in all markets had budgets under \$500,000—the pattern of growth and the distribution of income was not comparable.

The number of organizations in Boston increased during the 1990s at a much greater rate than other metro areas, but contributed income did not keep pace. The entrepreneurial spirit of our cultural workers was not matched by public or private funding. Our systems of funding and support failed to meet those of other cities, including those with smaller and less wealthy populations and governments. The proportion of organizations showing deficits, especially among agencies with budgets between \$500,000 and \$5 million, clearly showed the crippling impact of this failure. What we could not document is equally compelling: buildings in need of repair or expansion, schools and after-school curricula without cultural programming, artists without commissions, exhibition plans curtailed, new capital projects on hold, our state's creative edge dulled.

As is often the case when new information becomes common currency, *Funding for Cultural Organizations* focused the cultural community and its supporters in new ways. With unprecedented agreement, they urged the Boston Foundation to use this report to help them create lasting change. This was the core of our charge

as conveners and co-chairs of the Boston Foundation Cultural Task Force.

Context

The environment, both locally and nationally, has had a tremendous impact on our work. When we began, there was little hint of an economic recovery. The inability to pass an override to the drastic cuts that Acting Governor Swift levied on the Massachusetts Cultural Council's relatively modest budget proved that the legislative environment was not sufficiently supportive. The signs were not good. As we began our work, we were asked, "How can you look for and ask for more public resources in such an environment?" Our answer is that the cultural sector is fundamental to the vitality of our cities and the strength of our state.

The cultural sector is integral to the ongoing dialogue about the acquisition, distribution and investment of limited resources. Arts and cultural organizations are essential for strong, healthy communities and central to educating our children and to lifelong learning. They foster an environment of creativity and innovation that attracts knowledge workers and entrepreneurs to our state. They create jobs, support Massachusetts businesses, and attract tourists and new businesses by creating distinctive institutions that build neighborhoods and forge community identity.

If the cultural sector does not assert a common agenda and insist on being at the table when major decisions are being discussed and made about our communities, then we certainly are not going to be invited. Why wait to begin the dialogue about revenues and resources?

Of course, the economy also had a deep impact on private sources of revenues. Foundation endowments were declining, which in turn shrank grant allocations. Individual donors felt the pinch, a mood that was reflected in extended capital campaign timelines. While Massachusetts experienced neither the heights nor the depths of Silicon Valley's dot-com bubble, our corporate picture was contracting. Mergers and

acquisitions, regardless of what the press releases say, mean fewer sources for already scarce sponsorship dollars.

On the other hand, the situation was ripe for change. Cultural leadership, once derided for being too competitive to collaborate, too full of a 'my audience, my donor, me first' attitude, now had a different outlook. Perhaps it was that their accustomed ways of operating were clearly not working. Maybe we were hearing new voices, or maybe the old perceptions were never true. Now, cultural leaders were beginning to come together in a number of different forums. Ad hoc professional affinity groups of marketing and education directors were meeting regularly. The Cultural and Scientific Directors Group, an informal caucus of executive directors heading metro Boston cultural agencies with budgets over a million dollars, began to coalesce in new ways. And, the nonprofit cultural sector began to understand its links to the broader, regional economy.

At the end of the 1990s, the Boston Symphony Orchestra, the New England Council, the New England Foundation for the Arts, and the six regional state arts agencies came together with business, cultural and government leaders to explore the economic development potential of the creative economy. Their research was groundbreaking. By defining the sector in a new way, as a "creative economy" that includes nonprofit cultural organizations, commercial businesses based in the applied arts, and independent artists and creative professionals, their work sparked a significant change in perceptions and conversations. For the first time, we learned that the creative economy represented 3.5% of the workforce, more than the region's medical or software industries. The creative economy was also growing at a faster rate than the overall economy and was responsible for attracting \$6.6 billion in tourist revenue to the region. This research,¹ and the subsequent strategic plan developed by the Creative

Economy Council, catalyzed a fundamental shift in the thinking of government, business and cultural leaders here and across the country.

The creative economy research was joined by other important studies that now ground our conversations in a solid foundation of information, data, and policy analysis. Supported by a 38-member consortium of funders, the Urban Institute conducted a nine-city study of the ways in which individual artists—the core of much of the nonprofit and commercial cultural sector—are supported and valued.² The Boston Redevelopment Authority commissioned a study of policy issues affecting artist space.³ The Museum of Fine Arts⁴ and Boston Cyberarts⁵ commissioned economic impact studies to learn more about their reach into the community and to make the case for further investment. Audiences, too, have been subject to deep analysis, most notably by the Performing Arts Research Coalition⁶ and the Wallace Foundation.⁷ The Cultural Task Force benefited immeasurably from the body of research and policy papers that preceded its own work.

Goals

The Task Force took up its charge—to make recommendations for change in our current system of support for nonprofit cultural organizations—with a commitment and sense of purpose that testified to the depth of the cultural community's need. But developing those recommendations were only one of a set of interlocking goals that drove this work.

Because the Task Force was both provoked by and grounded in learning, it sought to collect and disseminate relevant information that would inform its own thinking and that of others. The working group also hoped to spark an ongoing dialogue among a broad set of stakeholders, including other cultural workers, and especially, business and political leaders across the state. As the Task Force described the means

¹ "The Creative Economy Initiative: The Role of the Arts and Culture in New England's Economic Competitiveness." *The New England Council* June 2000.

² "Investing in Creativity: A Study of the Support Structure for U.S. Artists." *Urban Institute* 2003.

³ "Artist Space in Boston: Synopsis of Key Policy Issues." *Boston Redevelopment Authority* April 2003.

⁴ "Economic Impact of the Museum of Fine Arts, Boston." *Mt. Auburn Associates, Inc. and Economic Development Research Group* June 2002.

⁵ "Boston Cyberarts: Program Evaluation and Economic Impact Analysis." *Center for Policy Analysis, University of Massachusetts Dartmouth* September 2003.

⁶ "The Value of the Performing Arts in Five Communities: A Comparison of 2002 Household Survey Data in Alaska, Cincinnati, Denver, Pittsburgh, and Seattle." *Urban Institute* March 2003.

⁷ See documents on arts participation commissioned by the Wallace Foundation at www.wallacefunds.org.

One Institution's Economic Impact: The Museum of Fine Arts, Boston

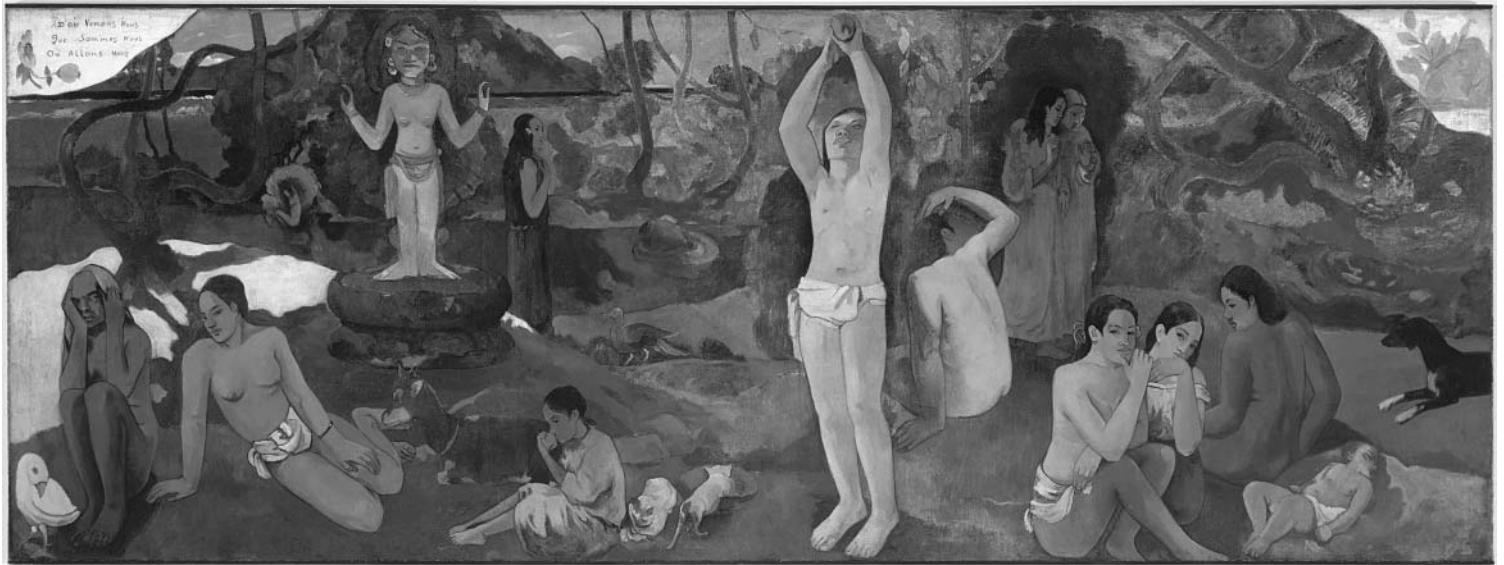
The Commonwealth's major cultural institutions, like our leading businesses, have a significant, measurable impact on the region's economic competitiveness. Massachusetts nonprofit cultural organizations, narrowly defined, added more than \$1 billion to the economy in 2002 through their spending. Of this, nearly \$248 million supported wages and compensation, which added tax revenue to the state's coffers.

In 2002, the Museum of Fine Arts, Boston, worked with Mt. Auburn Associates and Economic Development Research Group to quantify the economic impact of the Museum on the city and state. In commissioning this report,⁸ the MFA sought to validate a major investment in the expansion of its facility. The results also provide valuable evidence of the significant impact of one leading cultural asset, and by extension, the sector as a whole. This sector-wide economic impact makes a strong case for broader, deeper investments in cultural programs and facilities that produce jobs and generate spending while training, attracting and retaining a skilled workforce.

Here are some of the statistics showing the MFA's economic impact:

- Approximately one million visitors come to the MFA each year—more people than go to the Fleet Center to attend Celtics and Bruins games.
 - ◆ These visitors spend \$83.6 million at local hotels, restaurants and other Boston businesses.
 - ◆ 43% of its visitors say that the Museum was the primary reason they traveled to Boston or Massachusetts.
- Nearly 1,000 people work at the MFA, earning \$39 million in salaries and wages annually, placing the Museum among the top 25 largest private employers in Boston.
- Within the City of Boston alone, the MFA generates more than \$290 million of direct and indirect economic activity, supporting more than 3,400 jobs and nearly \$106 million in wages.
- The MFA purchases \$65 million in goods and services from other businesses, almost half of which are Massachusetts companies.
- More than \$11 million in taxes for Massachusetts and Boston are generated by the annual economic impact of the MFA on jobs, wages and business sales.
- Nearly 1,300 students are enrolled every year in the undergraduate, graduate and continuing education programs of the School of the Museum of Fine Arts. These students generate about \$2 million in non-tuition spending in the City of Boston and another \$1.8 million within the state of Massachusetts.
- As a construction project, including wages and purchases from businesses in Massachusetts, the MFA's expansion project, in Phase 1, will yield \$318 million of direct and indirect economic activities in the state, including \$295 million or 93% of the total within the City of Boston.

⁸ Siegel, Beth. "Economic Impact of the Museum of Fine Arts, Boston." *Mt. Auburn Associates, Inc. and Economic Development Research Group* June 2002.



Gauguin's *Where Do We Come From? What Are We? Where Are We Going?*—one of the treasures the Museum of Fine Arts preserves and displays for the benefit of the people of Greater Boston and the world—conveys the artist's vision of Tahiti and his intense personal suffering, and prompts us to contemplate the eternal themes of life and death, spirituality, and fate. While it is important to measure the economic impact of our cultural institutions, it is equally important not to lose sight of the powerful impact they have on the minds and souls of those who visit and participate in their programs.

Where Do We Come From? What Are We? Where Are We Going?
Paul Gauguin, French, 1848-1903

View: Overall

Conservation Status: After Treatment
Image: 139.1 x 374.6 cm (54_ x 147_ in.) Framed: 171.5 x 406.4 x 8.9 cm (67_ x 160 x 3_ in.)
Museum of Fine Arts, Boston Tompkins Collection 36.270
Photograph © Museum of Fine Arts, Boston

for change, members hoped to make a solid argument about the need for change and the benefits of increased investment in the cultural sector. Finally, there was hope that by coming together to set a common agenda, participants would form a core group of advocates that would attract others to the task of making the case for and implementing new ways of investing in our cultural assets.

Definitions

From the first meeting to the last, the big picture was easy to keep in mind. It was the details that deviled us. The two most commonly asked questions—“What do you mean by ‘cultural sector’? What geographic area are we talking about?”—had the most complicated answers.

Culture means many different things depending upon its context. We understood that we weren’t talking about the broadest anthropological definition of culture when we used that word, but we often had to pause to remind ourselves of its meaning. That was because our own definition of culture and cultural organization had somewhat indistinct boundaries.

When we approached the kind of IRS data that informed *Funding for Cultural Organizations* as well as more recent research, we used the strict definition described by the National Taxonomy of Exempt Entities as “Major Group A” organizations⁹. This broad nonprofit sub-sector includes what we commonly understand as organizations devoted to the visual, performing and folk arts—our art museums, orchestras and groups of story-tellers—as well as history and humanities, including archaeology, languages, and theology. Communications organizations—those working in film, video, publishing, journalism, radio, and television—are also included. Representatives of this group range from WGBH and WBUR to the small nonprofit organizations that operate local cable stations. Historical, genealogical or heredity-based societies and organizations and historic preservation programs are part of this definition. Groups that provide services to artists or scholars or that promote

the artistic expression of ethnic groups and cultures are included. Here, examples include StageSource, the New England Foundation for the Arts, and Lowell’s Angkor Dance Troupe.

Finally, art centers and studios fit within this definition, but museums, theaters or art centers within schools or colleges do not. It is crucial to note what else is not included: libraries and reading programs, botanical gardens, nature centers, and zoos are all classified elsewhere. Thus, we were often reminded that the Museum of Science and the New England Aquarium fit our strict data-driven definition, but organizations such as Zoo New England or the Boston Public Library were not counted.

Of course, even though not part of one particular data set, those organizations were in our minds and at our table. So we reminded ourselves of the broader sector definition embraced by the Massachusetts Cultural Council and MAASH—Massachusetts Advocates for the Arts, Sciences and Humanities. This includes our treasured zoos and libraries, as well as our art schools and conservatories. Sometimes we slipped and spoke of ‘the arts,’ but there was always someone ready to remind us to include history, the interpretive sciences and humanities nonprofits in our thinking.

Nonprofit cultural organizations were our focus. While we referenced the work of the Creative Economy Council, we did not join them in including for-profit applied arts-based businesses in our definition of the cultural sector. Nor, with one notable exception, did we focus on individual artists. Of course, we acknowledged that artists form the backbone of arts education and presenting organizations. There were artists—artistic directors, other working artists, and devoted amateurs—at the table to help us keep this in mind. But except for work in the funding and policy environment for affordable housing and studio space for artists, we made the decision to focus, at least for now, on the nonprofit organization, not the individual.

Geography—an equally complex issue! The funding report used the Boston Primary Metropolitan

⁹Information on the budgets of cultural nonprofit organizations in Massachusetts was provided by the Urban Institute National Center for Charitable Statistics, which compiles financial information on all nonprofit organizations filling IRS Form 990. See <http://nccsdataweb.urban.org>.

What Are the Sources for the Numbers?

As recently as 10 or 15 years ago, there was little available data on the cultural sector. This has changed significantly. The question is no longer, “What are the numbers?” but, “What are the sources for the numbers?”

This report, like the 2001 report, *Funding for Cultural Organizations in Boston*, uses a very specific data set based on a strictly limited definition of a cultural nonprofit. Other equally valid studies use different definitions and, not surprisingly, get different results.

Task Force members often referenced the New England Council’s Creative Economy Initiative report, *The Role of the Arts and Culture in New England’s Economic Competitiveness*, published in June 2000. Most frequently cited was the finding that the creative cluster supports more than 245,000 jobs or 3.5% of New England’s total job base. In Massachusetts, this amounted to 116,795 jobs. But it is crucial to note here that because researchers wanted to capture the full reality of the region’s cultural economic activity, their numbers were based on a new definition of a “creative economy” that encompasses nonprofit cultural organizations, commercial businesses based in the applied arts, and independent artists and creative professionals such as architects and engineers.

In May of 2003, the New England Foundation for the Arts (NEFA) published *New England’s Creative Economy: The Non-Profit Sector | 2000*. From its pages we learn that in 2000 Massachusetts had 6,225 cultural nonprofits with direct spending of \$2.395 billion, of which \$972.7 million represented salaries. These organizations provided 39,784 full- and part-time jobs, including work for 23,760 artists. Since a quick look at this report’s appendix surfaces very different numbers—1,121 cultural organizations with a combined payroll of about \$248 million in 2002—a curious reader will ask about the difference.

Can both be accurate? Yes. But as always, the devil is in the details—and in the definitions. NEFA researchers queried the same data source that formed the basis of the Foundation’s work—IRS Form 990 filings compiled by the Urban Institute’s National Center for Charitable Statistics. From there, however, the two studies diverge significantly.

As in its first report, the Boston Foundation used a strictly limited definition for cultural nonprofits, looking only at those described by the National Taxonomy of Exempt Entities as “Major Group A” organizations covering arts, culture, and the humanities. This broad nonprofit subsector includes organizations devoted to the visual, performing and folk arts, history and humanities, communications (including film, video, publishing,

journalism, radio, and television), and groups that provide services to artists or scholars or that promote artistic expression of ethnic groups and cultures.

NEFA’s report used a different approach, although its core numbers are based on the same group of Form 990 filers (1,064 in 2000). To this group of filers, it added a number of codes outside of Group A, including those for arts scholarships and camps, zoos, and international cultural exchange. NEFA also added organizations that were not required to file a 990, including government agencies like public libraries and arts councils, and organizations embedded in a larger entity, for example, a museum, art center, or concert series that is a part of a university. Organizations that were not formally incorporated as nonprofits—such as small and/or emerging groups using an incorporated organization as its fiscal agent or all-volunteer groups like historical societies—were also counted as part of this cultural nonprofit sector. Because these organizations don’t file tax returns, NEFA researchers developed a survey methodology to measure their economic activity. Finally, after eliminating duplications between the 990 filers and survey respondents, the researchers used the information derived from the survey to make projections¹⁰.

Why the different choices? The 2003 NEFA report is designed be a follow-up to the earlier creative economy project, this time focusing on quantifying the nonprofit share of the region’s cultural economic activity. To capture the full extent of this economic impact, it needed, for example, to capture the employment of individual artists and the spending of unincorporated volunteer groups.

The Boston Foundation Cultural Task Force, on the other hand, was focused exclusively on revenue and resource issues faced by incorporated cultural nonprofits. It looked, therefore, only at data on those cultural organizations that have incorporated 501(c)(3) status and that file IRS Form 990.

The lesson? Know your sources. Don’t mix apples and oranges. Don’t mix NEFA’s nearly 40,000 jobs with the Boston Foundation’s salary figure of \$248 million¹¹. That would net out to only \$6,200 per job—and the salaries paid by cultural nonprofits are not that bad!

¹⁰ This is a very simplified explanation of the methodology behind *New England’s Creative Economy: The Non-Profit Sector | 2000*. For more information, please review the report, which is available at www.nefa.org/pdf/The_Nonprofit_Sector_2000.pdf.

¹¹ There is no way to calculate the number of jobs, full- or part-time, supported by the \$248 million in salaries and compensation paid by cultural nonprofits.

Statistical Area, a geographic area defined by the federal government based on census tract data, to permit consistent data analysis and comparisons. Boston's PMSA reaches beyond the area bounded by Route 495 and in 1999 included more than 3.3 million people, nearly half the state's population. This greatly exceeds the Boston Foundation's funding area and certainly dwarfs the City of Boston's population of about 600,000.

But ultimately, our work focused not on Boston or its PMSA, but on the Commonwealth of Massachusetts. Policy considerations, rather than city or county borders or foundation funding areas drove this decision. Simply put, when cities and towns don't have local taxing authority, when county government doesn't drive the agenda as it does in other parts of the country, the borders that make a difference are state boundaries.

This did not keep the Task Force from looking for change at the municipal level. Indeed, as the working group focused on cultural facilities noted, there are some issues best dealt with by our municipalities. And naturally, much of our attention was focused at the level of the individual organization, its management capacity and web of collaborative relationships.

Our Case

Why was this Task Force so dedicated to its work? We had convened, after all, 64 of the busiest, most sought after people in the region. What made them so committed to solving the resource issues of cultural nonprofits?

To lead in today's world, we must leverage all of our Commonwealth's considerable strengths and assets, or lose to cities and states that are investing in an infrastructure to rival ours. Members of the Cultural Task Force understand that the stakes are high.

The benefits that cultural nonprofits provide to all Massachusetts residents are well documented. Yet, if we persist in starving our cultural institutions of the resources they need to thrive, we will fail to thrive. There is a tremendous untapped potential that will only be unleashed when corporate, state and civic leaders invest time and resources in their state's nonprofit cultural organizations, and work with the

cultural leadership to develop and implement a common agenda for the public good.

We live in an extremely competitive environment. The nonprofit cultural sector must be included in policy conversations about economic development and the collection, distribution and investment of limited resources. We must increase our financial support of cultural organizations. Investment in our cultural sector will lead to significant, measurable results as well as important intangible benefits. Investment in the strength and vitality of our cultural sector is an investment in our communities, our schools, our economy, and our souls.

Our Thanks

Finally, a personal note. We thank the members of the Task Force for their dedication and hard work. Given a substantial job and a very short timeline, they tackled the issues with considerable grace and intelligence. We've learned from each participant and developed deep collegial relationships and friendships that will endure and sustain us as we continue to work together for change.

We've also developed a deep appreciation for the work of Hamilton Paul and Amy Appleyard who provided the administrative support and basic research that was the fundamental underpinnings of the Task Force's activities. The smooth juggling of complex meeting calendars and the volumes of informative meeting notes are only one testament to their invaluable work.

And, to Paul Grogan: thank you for asking us to chair the Cultural Task Force, for providing the support we needed to do our work, and for challenging us to look for big ideas. Without your questions and encouragement, none of this would have happened. We are deeply grateful.

Foreward

The Cultural Task Force first convened in April 2003 to accept its charge to recommend strategies with the most potential to enhance the revenues and resources available to nonprofit cultural organizations. David Ellis, President Emeritus of the Museum of Science, was appointed Senior Fellow to the Boston Foundation to co-chair the working group with Program Officer Ann McQueen.

United by a common goal, the broadly representative team of 64 leaders from the nonprofit, philanthropic, and corporate sectors took up their task with a depth of commitment and spirit of collaboration that is reflected in the following pages. Each committee embraced the same vision: a Commonwealth in which all parts of the nonprofit cultural sector, from smaller arts organizations to our major cultural institutions, work at their fullest capacity to provide enriching and transformative experiences to residents and visitors, educate our young people, help us bridge differences among our diverse population, and enhance the economic environment. All asked the same question: what changes in current practice and what new strategies might lead to greater support of our cultural assets and make this vision a reality?

Each committee approached its task differently. Several committees undertook surveys. Others explored best practices nationwide or based their work in thorough scans of the current operating and regulatory environment. The group focused on facilities was able to leverage its connection to an ongoing national conversation about the support of individual artists to commission a study into the state's current funding and policy milieu for live/work space. All of the committees invited guest speakers and members conferred openly with colleagues to hear the thoughts and concerns of individuals outside the Task Force. Each working group was aware, however, that they were at the beginning of a much larger conversation and ongoing advocacy effort that would only be successful when it involved many other people and interests.

In an effort to seed this wider dialogue and to learn from the experience and wisdom of others, in January

2004 the Task Force convened two Listening Sessions. Each meeting was introduced with an overview of the funding research that preceded the Task Force and of the issues each committee was grappling with. More than 175 participants, some from as far away as Amherst, Worcester, Lowell, and Cape Cod, engaged in spirited discussions and raised a number of concerns for the sector. Much of what was expressed at those sessions added depth to the various committees' work and is reflected in this report. Other concerns and suggestions for change fell outside the focus of this Task Force and will, we hope, be addressed more fully by others in the future. While a complete list of people consulted throughout the work of the Task Force is impossible to compile with absolute accuracy, the record included in the appendices is nearly complete.

In February, the full Cultural Task Force convened to review its work and discuss each committee's recommendations. The working group also prioritized an action agenda that reflected, in many ways, the needs and goals expressed at the earlier listening sessions.

The next five chapters, authored by a member of each committee with the input of their colleagues, reflect the different approaches of each working group. Their variety also suggests the complexity of the work ahead and the multiplicity of approaches that will be necessary for success.

The first chapter, *The Power of Collaboration*, tells the story of cultural organizations that are increasingly turning to partnerships within their sector and reaching across boundaries to build alliances with other nonprofits, businesses and government agencies working in such fields as community development, affordable housing, and the travel/tourism industry. Collaboration, this chapter notes, helps the sector's nonprofits make the most of their considerable assets with the resources at hand and says to others, "We are working together to maintain and build our organizations and sector. Our house is in order."

On one level, yes, the cultural sector's house is in order. But moving beyond metaphor to bricks-and-

mortar, the story is not so positive. Chapter Two, *Cultural Facilities: Building Success*, discusses the sector's capital funding needs. A statewide survey commissioned by the Task Force reveals a five-year list of more than \$1 billion in capital projects, mostly for the repair, improvement and expansion of existing facilities. This is a considerable need, the Task Force reports, that only an equally significant shift in current policy and practice can address.

Chapter Three, *Creating a Culture of Giving*, turns directly to the question of revenues to take a good look at philanthropic trends and giving habits. Contributed income makes up about half of a typical cultural organization's budget. How can these revenues be maximized? What is the case for increasing corporate contributions and participation in volunteer leadership activities? What is the impact of anonymous giving?

Chapter Four, *Cultural Tourism: Where Culture and Economy Meet*, echoes the theme of the first chapter by calling for increased collaboration between travel industry associations and agencies and the cultural organizations that attract the leisure traveler to our state. By maximizing the potential of cultural tourism, this section argues, cultural organizations and tourist-related business alike will earn more, and contribute more to the state's economic vitality.

Next, the Task Force considers the policy environment for nonprofit cultural organizations. Chapter Five, *A Cultural Policy Agenda*, observes that these institutions foster creativity, innovation, and economic growth, but notes that the current legal, regulatory and funding environment is not sufficiently supportive of this work.

In the final chapter, *From Agenda to Action*, the Task Force's co-chairs take up several broad themes that were commonly expressed in all of the committees, assert the priorities of the Cultural Task Force, and begin to address the question of what happens next.

The appendices that follow provide concrete information and point to additional resources that will be helpful to those who join in the work of creating lasting systemic change. Together, all the various pieces of this document provide both a tool kit and a road map for the work ahead of us all.

CHAPTER ONE

The Power of Collaboration

By Jon Abbott, Chair, and Bill Nigreen with Adele Fleet Bacow, Alan Brody, Maria Cabrera, Lou Casagrande, Steven Danzansky, Amy Zell Ellsworth, Anne Emerson, Dan Hunter, Bernard Margolis, Charlayne Murrell-Smith, Catherine Peterson, Kay Sloan, and Nina Zannieri

R E C O M M E N D A T I O N S

Effective cultural leaders—senior executives and volunteer leadership—direct their organizations to explore and develop programmatic and operational collaborations that improve program quality, reach new audiences, increase capacity, and reduce operating costs. They are joined and supported by civic and business leaders and public officials who recognize the value added by successful partnerships. In today’s competitive environment, those who support, invest in, and advocate for nonprofits look for demonstrable results produced by targeted collaborations, ranging from single projects to operational mergers. Successful collaborations also demonstrate that the cultural community shares common interests and understands that by working together, both the institutions and the communities they serve are strengthened.

- **Pursue strategic collaboration.** Effective executive leaders and boards regularly examine their organization’s long-term growth with an eye toward operational and programmatic collaborations that match the skills and capacities of complementary organizations to provide new opportunities to each, regardless of the relative size of the partnering organizations.
- **Leverage collaboration with information.** A cultural organization’s principal asset—one frequently shared with other institutions—is its audience. When research on attendance and patronage is pooled and shared among collaborating organizations, executive management can leverage individual data into a more comprehensive picture of the trends and opportunities for building audiences for their organization and the sector.
- **Identify and build professional peer networks** in functional areas such as human resources, education/outreach and marketing to encourage information exchange and collaborative learning among colleagues, increase capacity, and open doors for additional collaboration among cultural organizations.
- **Support the growth of service organizations** and membership associations that provide cost-effective shared services to extend the capabilities of small and midsize cultural organizations and individual artists. Investments that support the growth and sustainability of service organizations will lead to increased productivity throughout the sector.
- **Foster collaborations with public sector partners** that leverage the unique resources and locations of our state and municipalities to serve residents, enhance our local economies, and strengthen the cultural sector. Support public policy that advances creative public/private partnerships.

In its review of strategies with potential to enhance revenues and resources for the cultural sector, the Cultural Task Force turned first to collaboration. Collaboration, we reasoned, could help cultural nonprofits do more with less as organizations leverage their combined resources and competencies to increase

the impact and reach of programs—or simply save money by reducing or eliminating duplicated operations. Collaborations also have the potential to attract increased support, as donors and foundations recognize and reward efficient, well-managed organizations.

continued on page 20

Effective collaboration, we found, is critical to the growth and stability of individual cultural organizations, as well as to enhancing the cultural sector’s impact in Boston and throughout the Commonwealth. Collaborations ranging from single projects to operational alliances and mergers are often essential to realizing the results—improved and expanded programs and more efficient operations—that thoughtful executives seek. Successful collaborations also demonstrate that the participating organizations recognize that by working together, they can strengthen the institutions and the communities they serve.

Our cultural community is comprised of an extraordinary range of organizations with a broad array of missions and goals. Nationwide, the sector has grown significantly. According to *Funding for Cultural Organizations in Boston and Nine Other Metropolitan Areas*, Boston’s impressive cultural expansion places it first among major cities in the number of cultural organizations per capita.

That study also made it painfully clear that the cultural sector has suffered growing pains. Organizations face strong competition for audiences and for the resources to serve them, a challenge that is compounded by rapidly growing operating costs. Collaboration, the committee emphasizes, is not, as such, a good thing, but can be a powerful means to an end. Collaboration is not easy—successful collaboration feels risky, demands courage and a real commitment of time and resources that is often underestimated. Executives, their staff and trustees need to approach collaboration with an open mind, clear vision, and practical analysis. Donors need to be supportive, especially in the planning stages, of the staff time needed to develop effective partnerships. But, when collaboration is intelligently pursued and efficiently executed, it is one clear and potent route to expand programs, improve effectiveness and efficiency, reduce operating costs, and attract new resources.

Note: Quotes appearing in circles throughout the text of this report were taken from Appendix E Cultural Facilities: 2003 Statewide Survey Assessing the Depth and Breadth of Need, page xxiii.

What do we mean by collaboration?

Throughout our deliberations, we defined collaboration as “a partnership or alliance of organizations working together for shared benefit, expanded capabilities and increased operating efficiency.” As we reviewed examples of collaborations from across the country, we noticed two principal types of collaborations—partnerships focused on programs and those centered on operating functions.

Programmatic collaborations bring together the program activities of two or more organizations to expand reach, scope, and impact and/or create greater efficiency in serving audiences. Examples include artistic partnerships to produce a single event, or a cooperative education and outreach project to expand audience reach.

Functional collaborations centered on the ‘business side’ of nonprofits are, while less visible, increasingly important. As a cultural organization grows and confronts the need to develop or expand essential functions such as marketing, ticketing and sales, educational outreach, facilities management, human resources, and financial administration, it may face practical barriers to achieving scale and efficiency that can be met through collaboration. Partnerships and collaborations can bring more resources and new capabilities to an organization, increasing stability and unleashing potential for growth.

Based on these definitions, the committee on collaboration noted five ways that the cultural community could use the power of collaboration to conserve and enhance the revenues and resources flowing to the sector.

Pursue strategic collaboration

Partnerships of many kinds, from project-specific partnerships to full-scale mergers, have demonstrated results in improving organizational effectiveness and enhancing program quality. Successful collaboration begins with each organization understanding its own skills and capacity, as well as its place alongside other

“A shared facility will enable the two theater companies to offer rigorous educational programming for youth and adults, late night cabaret, and large-scale puppet shows. Together, the two companies can do more than either would be able to accomplish alone.”

organizations in the sector. The committee often talked about the cultural ‘ecosystem’—effective executives recognize their current and potential place in the ecosystem.

An organization that recognizes the roles and activities in which it excels—that knows what core skills it brings to the table—is able to identify and work with complementary organizations to bring new opportunities to each. When the collaborating partners are clear-sighted about their individual capabilities, the size of one organization relative to the other is of

less consequence than each agency’s resources.

Our review of collaborations in Boston and across the country revealed a number of examples that illustrate the impact of programmatic and functional collaboration as a strategic tool for cultural organizations. The Greater Springfield area’s *Aida Project*, an ambitious venture that attracted significant support from the MassMutual Financial Group, could only have been realized through collaboration. (See sidebar.)

The Aida Project

What began as a conversation over lunch turned into one of the largest cultural collaborations in the history of the Springfield region. In the late fall of 2002, a group of cultural institutions, including WGBY (WGBH’s sister station in Western Massachusetts), the Springfield Symphony, Springfield Library and Museums Association, the Springfield Public Forum, and public radio station WFCR, launched The Aida Project, a high-impact multi-faceted music, exhibition, media and outreach project for Western New England. Featuring a semi-staged version of Verdi’s opera masterpiece, *Aida*, at Springfield’s Symphony Hall, the project’s goal was to use the beauty, drama and spectacle of opera to illustrate and contextualize important educational and cultural ideas to the widest possible audience.

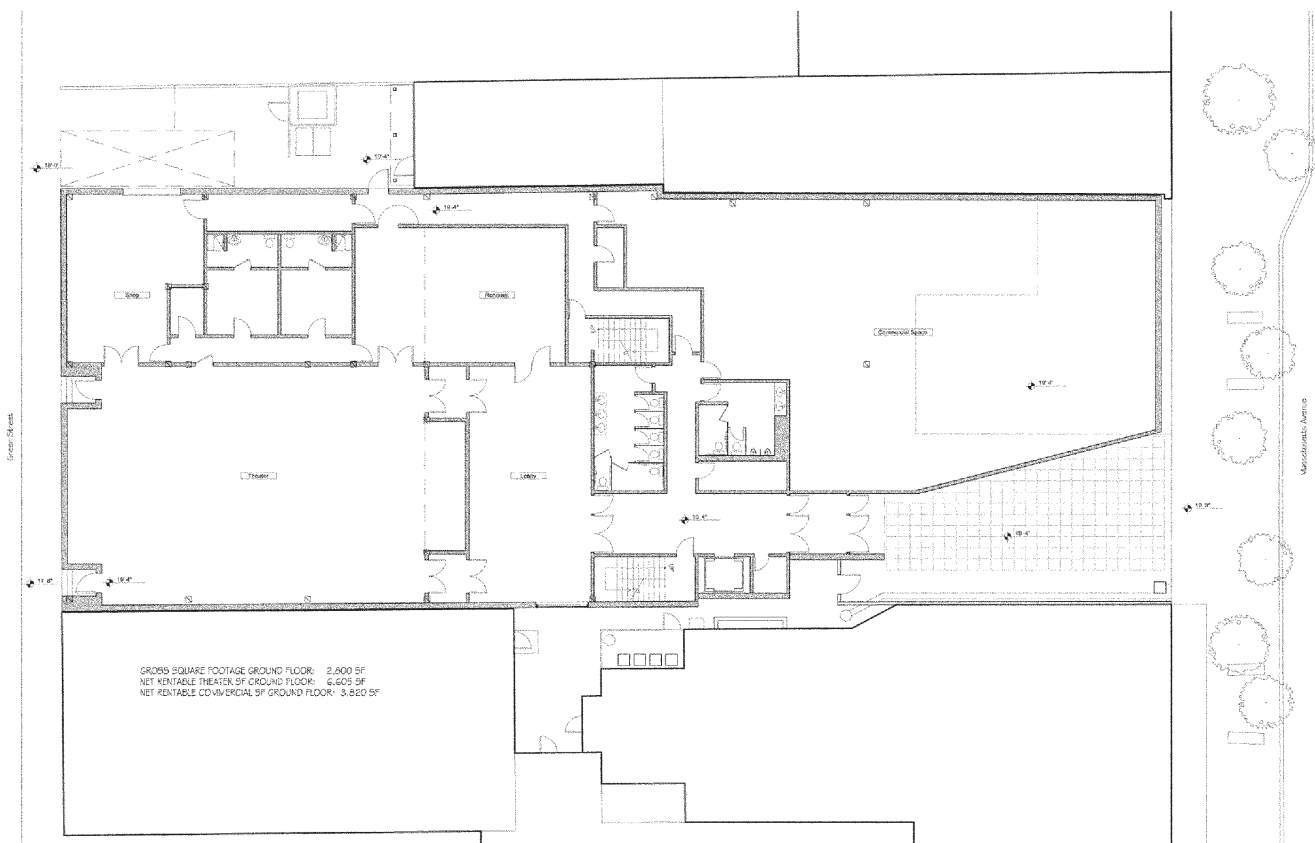
The Aida Project created additional links to leverage and enhance the resources of educational and cultural institutions throughout the region, including:

- Face-to-face outreach among artists, performers and scholars with students and community groups;
- A major public awareness campaign using a combination of media elements; and
- Live concert performances and exhibitions.

All of the partners realized that funding such an endeavor would take a major commitment, and decided to make the funding pitch together rather than approaching potential donors separately. Major support for the project came from the MassMutual Financial Group, the region’s largest employer. In addition to the project’s components, this important corporate funder was impressed to see the region’s major cultural organizations working together.

The project was an overwhelming success. Nearly 9,000 attended youth concerts, open rehearsals and performances at Symphony Hall and another 3,500 attended community center and in-school presentations. Other activities attracted 12,000 people to family programs, a “Mummy Film Festival” and museum programs. WFCR tracked 90,000 listeners to special classical music programming and attendance at the Museum’s exhibits exceeded expectations.

Working together, the partners engaged in the Aida Project created the most significant cultural project in recent Springfield memory. Neither the funding nor the impact would have been possible without collaboration.



The Nora Theatre Company and the Underground Railway Theater are collaborating on the development of a new theater facility in more than 9,000 square feet of space leased from Massachusetts Institute of Technology in Cambridge’s historic Bradford Building. The Central Square Theater project will also leverage significant support from the City of Cambridge, and foundations and individual donors.

Seen here in plan, the first floor will include a black box theater, a rehearsal space that can become a second stage and a production shop, dressing rooms, and lobby and box office.

The Boston Cyberarts Festival is a bi-annual event with program-based collaboration at its heart. In 2003, the festival reached 21,000 visitors through the collaborative work of more than 75 organizations. The opening event, Toy Symphony, was a joint effort of MIT’s Media Lab, the Children’s Museum, and the Boston Modern Orchestra Project. Boston Cyberarts, an agency based on collaboration, also promotes program partnerships through its website,¹² which serves as an ongoing resource and forum for artists working in new media to invite collaborators.

Facilities, a topic explored in detail elsewhere in this report, are the basis of two more promising collaborations. The Nora Theatre Company and the Underground Railway Theater (URT) have joined forces to develop a 175-seat theater, the Central Square Theater, in space leased from Massachusetts Institute of Technology. Working together with the support of both MIT and Cambridge, the two theaters are conducting a joint capital campaign with a single board of advisors and plan to create joint productions and combine some management roles. “We realized that together we could accomplish much more than

¹² www.bostonsyberarts.org

we ever could independently, both in terms of programming and theater management,” the groups’ artistic directors, Mary Huntington of the Nora Theatre and Debra Wise of URT, said in announcing the collaboration.¹³

In September of 2004, the Boston Center for the Arts¹⁴ (BCA) and the Huntington Theatre Company¹⁵ will open the Theatre Pavilion¹⁶ with two new stages and rehearsal, back-stage, and classroom space. In addition to the management of the Theatre Pavilion, the Huntington will work closely with the BCA, its Resident Theatre Companies, and other users of the facilities in a functional collaboration. The Huntington will handle the box office for the two Theatre Pavilion venues as well as the BCA’s three stages to allow the BCA to focus on its role as a community-based arts facilitator and convener. User groups will benefit from reduced operating costs, improved customer data, and enhanced reporting mechanisms that will help them improve budget and cash flow forecasting. Audiences will benefit from improved customer service and greater flexibility in subscription and single ticket offerings. Finally, by leveraging the Huntington’s expertise and scale in box office management, the path is open to collaborative marketing, a unified event calendar, cooperative advertising, joint ticketing, and list sharing.

In Pennsylvania, the Shared Services Division of the Pittsburgh Cultural Trust¹⁷ provides another excellent example of operational or functional collaboration. Shared Services was launched with backing from the Heinz Endowments, which supported the initial consulting and planning costs. While the Trust manages theaters and other property, and the individual organizations focus on programming for those venues, the Division concentrates on consolidating back-of-house operations by handling the joint purchasing of health insurance, office supplies, printing, and credit card processing. Fully operational since 2000, the Division has saved money,

enhanced revenues and improved customer service for member organizations including the city’s ballet, opera, theater, and orchestra companies by eliminating duplicated management functions and combining purchasing power.

Leverage collaboration with information

We often speak of a cultural “sector,” but don’t always act together as if part of a larger whole. To hold that bigger picture in mind, to understand the trends of cultural participation, and to make solid, grounded decisions, organizations need to identify new, collaborative ways of pooling and sharing data on attendance, patronage, and impact.

The Creative Economy Council,¹⁸ launched by the New England Council, the New England Foundation for the Arts (NEFA), the Boston Symphony Orchestra, and the New England state arts agencies to explore the economic development potential of this sector, provides statistical information that is aggregated across the region. Its New England Cultural Database,¹⁹ developed by NEFA in partnership with the Creative Economy Research Program, is an online data warehouse containing financial, demographic, geographic, and other related information about businesses, cultural organizations, and individual artists in New England.

Along with this broad, ecosystem view of the sector, shared data that is focused on a specific program or geographic area holds great potential for executives seeking to leverage their agency’s individual information into a more comprehensive picture of trends and opportunities for building audiences. This potential, however, remains largely unrealized.

For example, we have an impression of new momentum in nonprofit theaters of all sizes. Each organization, however, is looking principally at its own attendance data. Are there ways that ticket information from a range of theater organizations

¹³ “Theaters collaborate with MIT on new Cambridge home.” *MIT News* 16 June 2003. www.web.mit.edu/newsoffice/nr/2003/theater.html

¹⁴ www.bcaonline.org

¹⁵ www.bu.edu/huntington

¹⁶ See sidebar, The Theatre Pavilion Partnership, page 40.

¹⁷ www.pgharts.org

¹⁸ www.creativeeconomy.org

¹⁹ www.newenglandarts.org

could be aggregated, analyzed, and tracked? Will individual theater companies understand that the benefit of a comprehensive picture of attendance is worth sharing their data with others? The Huntington Theatre and the BCA's Resident Companies understand that shared data will provide them with a more comprehensive understanding of audience trends, which in turn will inform program and marketing investments. Could this data-sharing collaboration be expanded to include theaters across Boston?

The Museum of Science, acting on behalf of more than 60 organizations in Massachusetts, Rhode Island, and Connecticut, collects monthly attendance information from the multiple sites and returns a report that includes variance and year-to-date information as well as notations about conditions, such as weather, special exhibits or competing events that may have influenced attendance. But deeper analysis is left up to the individual organizations, and no information about audience demographics is tracked. Could this collaboration be deepened?

Identify and build professional peer networks

The Cultural Task Force recognizes that one of the cultural sector's most important resources is its leadership. To enhance this resource, this committee recommends greater attention to developing peer relationships and professional networks among practitioners in marketing, finance, educational outreach, human resources, operations, and management. Peer networks spread knowledge across organizations, promote innovative practice, and foster collaboration.

In Boston, we have witnessed the growth of a number of peer networks in recent years. For instance, the Boston Arts Marketing Alliance (BAMA) provides a forum for marketing professionals from more than a dozen organizations with budgets over \$1 million. Participants in this alliance share information on sector trends and collaborate on events such as the 2003 "Fall for the Arts" party designed to attract younger audiences to member organizations. Its younger sibling, Theatre Arts Marketing Alliance or TAMA,

was launched by StageSource to focus and develop the marketing expertise of 22 Boston-area theater companies. Participants have shared promotional materials and mailing lists and have bargained collectively for discounted advertising in *Playbill*.

In addition to these marketing groups, there are peer networks among education and human resource professionals. However, this leaves an unmet need among workers in other functional areas. Peer relationships, which help participants develop trust and a deeper understanding of other organizations' goals, are often a necessary precondition to collaboration, but need the understanding and support of senior management to develop and grow.

Support the growth of service organizations

Among the most important, yet often overlooked and under-resourced, players in the cultural sector are its service organizations and membership associations. These are agencies that provide critical support to other cultural organizations, offering access to services and technical assistance that would otherwise be out of reach.

The principal 'audience' of service organizations is other nonprofits and the artists and other individuals working in the sector. ArtsBoston,²⁰ for example, provides ticketing, marketing and capacity building programs to 170 theater, music and dance member groups. Best known for Bostix, its half-price, day-of-show ticket outlet, ArtsBoston does interact directly with individual audience members, but does so in its service role—by selling tickets that would otherwise go unsold, it captures important revenue for its member groups. More invisible to the general public, its cooperative advertising program provides access to discounted space in the Boston Globe and the Boston Metro that its small and mid-size member organizations couldn't afford on their own.

Like ArtsBoston, some service organizations focus on agencies working within specific areas like theater and performing arts, while others serve cultural nonprofits with a wide range of missions. For example, the Arts &

²⁰ www.artsboston.org

Business Council of Greater Boston²¹ (A&BC), serves a range of small and mid-sized cultural nonprofits with board training and connections to the corporate community. Others, like the New England Museum Association (NEMA), focus on only one type of organization, though its membership (comprised of museums, museum professionals, consultants and vendors) represents museums of all sizes and disciplines. NEMA²² offers its members professional development workshops, technical assistance, conferences and networking opportunities, and services such as group purchasing of office supplies. Still others, like the American Composers Forum-Boston Chapter²³ (ACF-Boston) serve individual artists by connecting them to performance and commissioning opportunities. All three of these examples—A&BC, NEMA, and AFC—are the regional affiliates of national organizations.

In a model somewhat akin to the Boston Center for the Arts' Resident Companies program, the Alliance of Resident Theatres/New York provides nonprofit theater companies low cost office/rehearsal space in Manhattan and Brooklyn, as well as shared access to amenities such as copy and fax machines, gallery space, rehearsal studios and management related technical assistance.

The Fenway Alliance,²⁴ a membership consortium of cultural, academic and arts organizations located in Boston's Fenway neighborhood, works collaboratively to enhance the cultural, environmental, and economic vitality of the Fenway area. To draw attention to its neighborhood, the Alliance partnered with the City of Boston to establish and promote the Fenway Cultural District. The Alliance works with member nonprofits, business leaders, government officials, and community groups to design and track progress on street and infrastructure improvements to Huntington and Massachusetts Avenues, and the Muddy River and Back Bay Fens. The Alliance, an example of both functional and programmatic collaboration, also develops joint programming to highlight the institutions along the "Avenue of the Arts."

Service organizations like ArtsBoston and the Fenway Alliance not only help members access critical operating functions like advertising, advocacy, and project management in a cost-effective manner, but also help them address one of the most vexing issues for nonprofits—scale. Small and mid-sized organizations don't often have access to staff or consultant expertise in marketing, human resources, technology, and so on. By handling the functions that individual nonprofits don't have the capacity to tackle alone, service organizations give participating members the ability to focus on their core mission. Cooperative activity among cultural organizations under the auspices of service organizations supports the growth and development of a diverse and vibrant cultural community.

Foster collaborations with public sector partners

Across the Commonwealth, every city and town has unique resources and places that are fertile ground for the creativity of our cultural organizations. When public sector officials offer their policy, operating, and logistical support to partnerships with cultural organizations, our public spaces become places where residents and visitors come together through shared experience.

The city that supports a rich cultural life develops the kind of "feel" and city experience that will help it retain its college graduates and attract educated young workers.²⁵ Other outcomes associated with public/private cultural collaborations include stronger communities, thriving local economies, and an improved quality of life.

In September 2002, the Boston Lyric Opera²⁶ production of Bizet's *Carmen* on the Boston Common brought 140,000 people into the heart of the city for a weekend of educational activities and performances. "Carmen on the Common" was a record-breaking event that would not have been possible without support from the City of Boston, the Mayor, and the Department of Parks and Recreation.

²¹ www.artsandbusinesscouncil.org

²² www.nemanet.org

²³ www.afcnewengland.org

²⁴ www.fenwayalliance.org

²⁵ The Boston Consulting Group. "Preventing A Brain Drain: Talent Retention in Greater Boston." *The Boston Consulting Group, The Greater Boston Chamber of Commerce, and The Boston Foundation*, October 2003.

²⁶ www.blo.org

First Night,²⁷ launched in the 1970s by a group of artists seeking an alternative to traditional New Year's Eve revelry, now draws more than a million people each year to performances and exhibitions by Boston's professional and neighborhood artists and arts organizations. This event, the model for more than 200 similar celebrations worldwide, would not be possible without the collaboration between the nonprofit and the city, which provides vital municipal services.

The Institute of Contemporary Art's Vita Brevis²⁸ public art program commissions artists to create new, temporary works of art for public settings in response to Boston's landscape and history. United by a common interest in expanding and diversifying their audiences, the ICA teamed up with the National Park Service (NPS), which facilitated connections with the Park's many private nonprofit partner sites. The NPS manages the collaboration, which now spans multiple Park Service and privately operated sites. The ICA handles the artistic side by matching contemporary artists to the historic places. New meaning and interpretation is added to the cultural themes alive in such unique sites as the Charlestown Navy Yard, Old South Meeting House, African Meeting House, and Paul Revere House and all partners attract new visitors for a very strategic public/private partnership.

Some of the highest impact public/private partnerships are played out in the facilities arena. In the late 1960s, artists and community members in Boston's historic South End petitioned the City to turn a four-acre block of abandoned and underutilized buildings into an arts center. Today, the resulting Boston Center for the Arts hosts 60 artist studios, the Mills Gallery, three theaters, the Community Music Center of Boston, and the Boston Ballet building. As noted in Chapter Two, the public/private partnerships that created and continue to build this arts center with the addition of two more theaters, condominiums, shops and restaurants, has been central to the economic and cultural revival of the surrounding neighborhood.

Today, a similar transformation is taking place near Boston's new Seaport District. The Children's Museum, along with Save the Harbor/Save the Bay, has been catalytic in bringing together residents,

developers, businesses, and artist organizations as the Friends of Fort Point Channel.²⁹ Working closely with the Boston Redevelopment Authority, this nonprofit has developed a Watersheet Activation Plan to turn 50 acres of waterway and channel edge into a vital public amenity with summer arts programming and sensible zoning that enhances economic revitalization, and public use.

In Conclusion

Collaboration feels risky and demands courage and a commitment of time and resources that can be underestimated. Collaborations, as well as the preliminary work to examine potential partnerships, build trust, and lay the groundwork for change, require a significant commitment of staff time and effort, along with real financial resources. As daily operations become all consuming, even the first step can be difficult. Executives and volunteer trustee leadership need to approach collaboration with an open and practical mind, lead by example to give their staff the resources they need to pursue partnerships and foster a sector-wide culture of collaboration.

The funding community—individual donors and foundations—needs to play a partnership role by providing the additional resources necessary to foster and sustain partnerships, especially in the early stages, when the pay-off in savings or enhanced programs is far in the future. Public partners, too, have a role to play in opening the potential of public places to cultural programming.

While the barriers to collaboration can be significant, each obstacle is met and matched by the potential that partnerships hold for increasing and enhancing programs, reducing costs, and attracting new and greater funding resources. The result of collaboration is greater public benefit—stronger organizations, a unified sector, enhanced public programs, an improved local economy, and stronger communities. We are all better when we work together.

²⁷ www.firstnight.org

²⁸ www.icaboston.org/home/vitabrevis

²⁹ www.friendsoffortpointchannel.org



The historic Paul Revere House was the inspiration for this sculpture by collaborating artists Laura Baring-Gould and Michael Dowling, created as part of an artwork called “Conspire” for the Institute of Contemporary Art’s 2001 Vita Brevis public art project. Additional pieces of this multi-site artwork were installed at the Charlestown Navy Yard, the African Meeting House, Old South Meeting House, and Copp’s Hill Burying Ground. This collaboration between the ICA and the Paul Revere Memorial Association, which owns and operates the house for 200,000 annual visitors, was the first of what is now an on-going relationship. In 2004, the partnership will feature a new work by sculptor Niho Kozuru.

CHAPTER TWO

Cultural Facilities: Building Success

By Charlie McDermott, with Shoshana Pakciarz, Chair, and Amy Zell Ellsworth, Barbara W. Grossman, Susan Hartnett, Dan Hunter, Jamie Jaffee, Marietta Joseph, Mary Kelley, Lyda Kuth, Lewis Lloyd, Tom Lewis, Michael Maso, Louisa McCall, Sam Miller, Meg Morton, Jay Paget, Jeanne Pinado, Klare Shaw, Candelaria Silva, and Mathew Thall.

R E C O M M E N D A T I O N S

State and municipal leaders, the cultural community, individual donors and the philanthropic sector, along with commercial and nonprofit developers, architects and others with direct expertise, all have a role to play to ensure that our cultural facilities are safe, affordable, accessible, and adequate to the aspirations of our artists, cultural organizations, and the residents of our Commonwealth.

Among the steps we need to take together:

- **Develop a significant, sustained state investment in cultural facilities.** A publicly funded capital grants program that provides a portion of the funds required for planning, maintenance, expansion, and new construction—as well as the endowments to sustain these buildings—leverages increased private sector giving and is an investment in jobs, economic growth, and community vitality.
- **Encourage new and increased leadership giving by individuals, corporations and foundations** especially in support of maintenance or replacement of basic systems and for the capital campaigns of mid-size and community-based organizations, which often receive a smaller share of private giving.
- **Encourage municipal and state governments to leverage their expertise and financial resources** in support of nonprofit cultural organizations and their facilities. Governments are uniquely positioned to leverage existing federal and local funding for cultural capital projects that meet economic development goals and to undertake public infrastructure projects that build public transportation, roads, sidewalks, street signage, and parking lots and garages to enhance public access to cultural facilities.
- **Advocate for state and local laws and policies** that support the development of artist spaces, new facilities and cultural districts, and the redevelopment of historic structures for new cultural uses.
- **Build partnerships between the cultural and the real estate development sectors**, including those working in community development, affordable housing and urban planning, based on shared interest in enhancing the environment for developing and supporting cultural facilities.
- **Support facilities planning and development** with technical assistance and information that leverages the knowledge of multiple partners for the benefit of nonprofit cultural organizations, individual artists, and their development partners.

Massachusetts is home to hundreds of world-renowned cultural facilities, from the Fine Arts Work Center in Provincetown to Tanglewood, the summer home of the Boston Symphony Orchestra, in Lenox. It is also home to thousands of equally vital smaller facilities in neighborhoods and communities statewide.

These cultural facilities are the visible, tangible symbols of our abundant nonprofit cultural industry that employs more than 39,000 people and contributes more than \$2.4 billion in direct spending per year to our state's economy.³⁰ Many are world-class tourist attractions, like Plimoth Plantation, which draws

continued on page 30

³⁰ "New England's Creative Economy: The Non-Profit Sector | 2000." *New England Foundation for the Arts* May 2003.

Artists' Space

Metropolitan Boston is home to thousands of working artists, but a growing number of them simply cannot afford to live and work in the city: the supply of affordable studios and artist “live-work” spaces lags far behind the demand.

Artists need specialized facilities in which to create, develop, present and perform work. Visual artists often have needs similar to light industry—spaces that are large, well lit, well ventilated, can accommodate heavy equipment, and have freight elevators and loading docks. Dancers need large spaces with sprung floors. Musicians and theater artists require spaces with unique acoustic and physical attributes and visual and performing artists need spaces that can accommodate the public for exhibits of work in progress or experimental performances.

A number of innovative studio and live-work spaces for artists have been developed in Boston over the last 20 years, but far too many of them have fallen out of the hands of the artists who developed and/or benefited from them.

The development of spaces for artists is a complicated and expensive process. Mechanisms to promote affordable housing often do not take into account the unique needs of artists. Existing zoning regulations often limit developers' ability to create spaces for artists in atypical or non-residential neighborhoods like light industrial areas. And most artists do not have the time or the background to become experts at real estate development, finance, and the other legal and regulatory issues involved.

To accommodate Boston's artists, the city and the state need a collaborative, coordinated strategy, built on a foundation of current, practical, and commonly shared information. Artists and developers must create a common language and framework for working together. New financing mechanisms, like tax credits and linkage fees, need to be put in place and changes to zoning or building code regulations should be explored.

Several efforts are underway to address these issues within the City of Boston and beyond. The Boston Redevelopment Authority (BRA) is taking a major leadership role in the development of a coordinated real estate strategy for artists and is devoting significant financial and human resources to this work.

In addition, a consortium has been formed to focus on this issue. Members include the BRA, the New England Foundation for the Arts, Massachusetts Cultural Council, the Boston Foundation, LEF Foundation, Barr Foundation, Fidelity Foundation, Local Initiatives Support Corporation (LISC), and others.

In July of 2003, this group received a planning grant from LINC (Leveraging Investments in Creativity), a newly formed national nonprofit supported by the Ford Foundation and other national funders. These funds supported work on artist space needs and opportunities in the Boston area by Community Partners Consultants. The resulting report³¹ includes: a map and summary descriptions of live-work spaces, artist studios, and other community artist spaces in Boston, Cambridge, and Somerville; an inventory of real-estate development resources; summary descriptions of relevant state and local laws and policies, and of recent surveys and studies; an overview of development models for artist spaces; and recommendations for collective action.

Building on this effort, the Boston LINC Working Group has been invited to apply for an implementation grant from LINC, the first of several grant opportunities for this work in coming years. While specific activities are still being identified at the time of this report, the first, very encouraging steps have been taken.

³¹ “Creating Artist Space: Report to the Boston LINC Working Group.”
Community Partners Consultants, Inc. October 2003.
The Working Group anticipates making this report available to the public by fall 2004.

70% of its annual attendance of 366,000 from outside of the state. Others have a more local impact—like the community arts center that is now being developed in South Boston by the nonprofit organization Artists for Humanity—but are equally critical contributors to the health and vitality of the communities where they reside. All are enormous sources of neighborhood and community pride.

When considered in the aggregate, it becomes clear that nonprofit cultural facilities represent one of our state’s most tangible economic and intellectual assets. And like the universities that are also so critical to the quality of life in our state, cultural organizations and their facilities are typically inextricable from the communities in which they reside.

Nonetheless, there is a serious and growing facilities crisis for cultural organizations in Massachusetts. Six key issues need to be commonly understood by organizations and their investors if we are to address this crisis in years to come:

- Cultural facilities are expensive—both to build and to maintain.
- Many existing cultural facilities are in disrepair or in need of capital improvement.
- Many nonprofit cultural organizations are undercapitalized—not just their buildings, but also their balance sheets.
- Many plans for new or expanded cultural facilities go unrealized or suffer through costly delays due to lack of adequate funds.
- Conversely, some questionable building projects move forward without sufficient or realistic planning and analysis.
- Planning and development of cultural facilities is a complex business—many organizations need technical assistance to plan, assemble the required resources, and manage construction.

Six Key Issues

Cultural facilities are expensive to build and maintain

A business analysis performed in 1992 by the Nonprofit Finance Fund revealed that the cultural industry is three times more asset-intensive than the steel industry. Theaters, museums, galleries, classrooms—the buildings where cultural programs are presented and performed—tend by their very nature to be space-intensive, technically complex, and expensive to maintain. They often have costly equipment requirements as well, including lighting, sound systems, and climate-control systems. And, of course, any buildings where audiences gather are facilities of public accommodation, so they are appropriately expected to be safe, compliant with fire codes, and fully accessible. All of these elements can be very expensive, especially in the numerous older buildings throughout the state.

Many cultural facilities are in disrepair

This problem cannot be overstated. The maintenance and deferred maintenance needs of cultural organizations statewide probably exceed \$1 billion, extrapolating from a recent survey of cultural organizations statewide.³² The New England Aquarium, to cite one dramatic example, estimates a current deferred maintenance need of at least \$35 million. But the problem cuts across all budget sizes, disciplines, and geographic areas of the state. Three points are worth noting in particular:

Many cultural facilities are in historic buildings. The average age of cultural facilities in Massachusetts is more than 90 years, and historic buildings are much more expensive than new buildings to maintain, repair, and renovate.

Many cultural facilities are not in full compliance with ADA code, fire safety regulations, and other health and safety codes. The fire safety issue is of particular concern, especially in the wake of the tragic nightclub fire in Rhode Island and the subsequent work of the Governor’s Fire Safety Task Force. (See sidebar.)

³² See Appendix E, Cultural Facilities: 2003 Statewide Survey Assessing the Depth and Breadth of Need, page xxv.

Fire and Building Safety

In April 2003, just two months after the tragic Station Nightclub fire that claimed 100 lives and injured almost 200 in Warwick, Rhode Island, Massachusetts Governor Mitt Romney appointed a *Fire and Building Safety Task Force*. Its 32 members represented, among others, state regulatory and enforcement agencies, municipal public safety agencies, and the “regulated community,” which includes nightclubs, restaurants and theaters. The Task Force delivered its report in September 2003 to the legislative Joint Task Force on Public Safety for consideration in developing legislation to address the recommendations.

The Fire and Building Safety Task Force review focused primarily on nightclubs and other entertainment venues, but a number of its recommendations would affect all places of public assembly—including performing and visual arts spaces—and two of its recommendation areas raise the potential for major capital costs. One would require automatic sprinklers in *all* public assembly buildings, including the smallest theaters and visual arts facilities, many of which are currently exempt. The other would place stricter regulations for “egress” or exit doors and signage near exits.

Like all facilities representatives, Wang Center President and CEO Josiah Spaulding, Jr., who served on the Governor’s Task Force, is very supportive of the intent of the recommended changes, but he and many others are also concerned about the long-term capital and operating cost implications. He points out that with so many Massachusetts cultural organizations operating in old buildings with limited land rights, compliance with new building code requirements may be physically impossible and prohibitively costly for some.

The new recommendations do have ramifications for historic buildings, which are especially common in the cultural community. Previously, buildings that were constructed prior to the adoption of the State Building Code in 1975 operated under more lenient building regulations than buildings constructed after that date. Older buildings were “grandfathered,” and not required to upgrade with each amendment to the building code. The Task Force, however, concluded that all establishments should be subject to the same fire and building safety requirements, which could represent enormous capital expenses.

The Task Force report only briefly addresses the issue of funding and resources for the changes it recommends, stating that “provisions must be made to mitigate the financial burden on the regulated community.” It does make some specific recommendations “for providing municipalities and venue owners with funding and resources to implement Task Force recommendations,” such as small business loans. However, the recommendations do not include specific mechanisms for funding or other forms of financial relief for nonprofit cultural facilities, which have an average age of over 90 years.

While all managers of cultural and other facilities support the need for the highest possible level of fire and building safety, compliance with the proposed regulations could prove financially challenging to nonprofit cultural organizations of all sizes. Cultural organizations will require support for capital and operating costs to meet the higher standards and ensure better safety for artists, staff, audiences and all of their constituents.

Many existing facilities are not energy-efficient. Buildings with energy-efficiency problems directly drain the operating resources of the organizations that maintain them. Nearly two-thirds of the cultural organizations in the state report that they are planning repairs or renovations to improve energy efficiency in the next five years.

Many nonprofit cultural organizations are undercapitalized

Compounding all of the above challenges is the problem of chronic undercapitalization in the nonprofit cultural field as a whole. As the 2003 Boston Foundation study confirmed, many nonprofit cultural organizations have small or non-existent cash reserves, building maintenance funds, and/or endowments. Some cultural organizations are grappling with even deeper financial problems: accumulated deficits, negative liquidity, and lack of basic operating cash flow. Why do these issues loom so large in a conversation about cultural facilities?

- Organizations with thin balance sheets tend to systematically under-invest in existing facilities. An organization that is having a hard time meeting payroll will tend to put off repairing its roof for as long as it can get away with it.
- Organizations with thin balance sheets can easily become over-extended when taking on new building projects or expansions. In the worst-case scenario, they can put their very survival at risk if they do not commit to a corresponding growth in endowments, building reserves, and annual fundraising.
- Organizations with thin balance sheets tend to be seen as poor credit risks by banks and other lenders. This makes it difficult for them to access financing for new projects.

Cultural facilities projects often lack adequate funding

Many cultural organizations in Massachusetts have ambitious plans for expansion or new facilities—probably totaling more than \$2 billion statewide, based on the 2003/04 survey referred to above and the unpublished “Study of the Need for Nonprofit

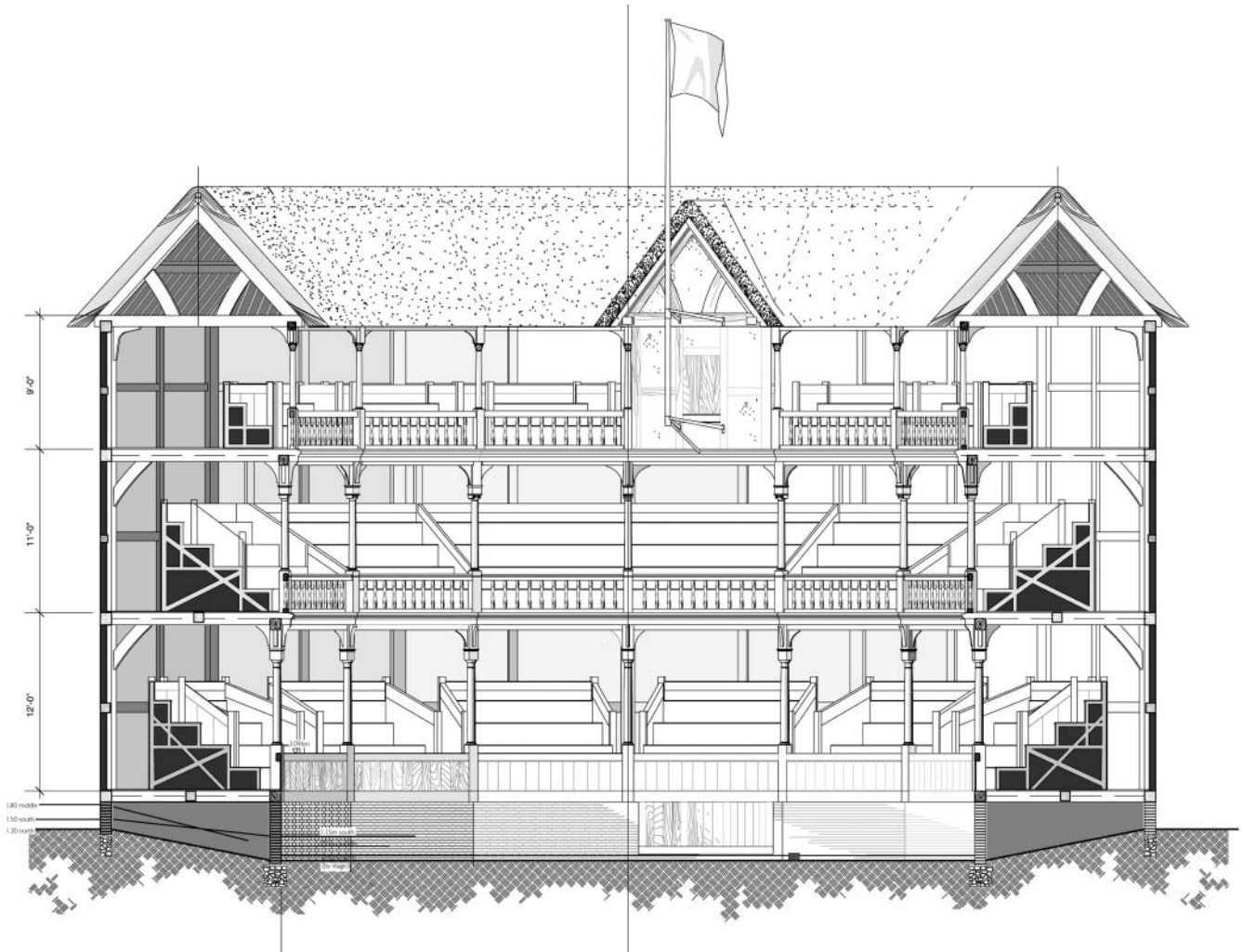
Cultural Facilities and Office Space in Boston” conducted by TDC for the Barr Foundation in 2001. Some of these projects have been widely publicized, like the remarkable new facility envisioned by the Institute of Contemporary Art in Boston, or Shakespeare & Company’s ambitious Rose Playhouse complex in the Berkshires. Others are smaller and less well known, like the collaborative Central Square Theater project being undertaken in Cambridge by the Underground Railway Theater, the Nora Theatre Company, and the Massachusetts Institute of Technology.

“We are very fortunate to have this wonderful space. But we are struggling to complete it and support it.”

There are dozens of additional examples of planned facilities that will significantly extend the programs, audiences, and public service of cultural organizations in our state. But many are coping with expensive delays—and some may never be realized at all—due to lack of funds, specialized expertise, or both.

Most capital campaigns for cultural facilities have fundraising requirements that are several times larger than an organization’s annual operating budget, although annual fundraising for operations obviously must be sustained during the course of a capital campaign. Grants and gifts for cultural facilities can be scarce even in the best of times, but they have been even harder to raise during an economic downturn. The competition for capital dollars tends to put small organizations at the greatest disadvantage, but no organization has been exempt from this challenge in recent years.

When the fundraising environment becomes especially competitive, many capital campaigns are either reduced in scale, extended to give an organization more time to meet its goal, or abandoned altogether. Sometimes, to avoid these hard choices, an organization may decide to take on more debt than it is able to support, or may be tempted to finance more of its capital project from annual operating grants. All of these options are problematic in one way or another, especially once a project is underway. Costs go up, program impact is reduced, or, most insidiously, the financial stability of the organization itself may be jeopardized.



The Rose Playhouse, a meticulously researched and authentically constructed Tudor theater, will be the centerpiece of Shakespeare & Company’s 63-acre campus in Lenox, Massachusetts. The nonprofit has put its ambitious \$16 million capital campaign for the Rose on hold while it tends to its core operations and awaits better economic prospects.

**“A theatre is more than a Theatre.
It is a place for debate and exchange.
It is a place for education.
It is a place for community.
At its core is humanity and understanding.
Its contribution is creativity.”**

—Tina Packer, Artistic Director
Shakespeare & Company

Artwork: Jon Greenfield, Parameta Architects, United Kingdom

Some building projects move forward without sufficient or realistic planning and analysis

The Nonprofit Finance Fund (NFF) has educated many organizations about the importance of planning and analysis. Some facility projects—especially those that might be driven by a specific real estate opportunity rather than a clear and cogent business analysis—can lead organizations into deep financial trouble, and arguably should not proceed in the first place. As the NFF has observed, many planning and feasibility studies focus too narrowly, asking the question, “How can we make this project happen?” as opposed to the more critical question, “What kind of facility do we need and can we support?”

In cases like these, the full extent of the problem may not become entirely clear until the project is completed, especially if the cost of actually operating the facility has not been fully accounted for in advance. It’s easy for cultural organizations to become very focused on the dollar figures needed to *get the building built* and disregard or underestimate what it will truly cost to operate if and when it is built. Larger venues often provide increased revenues for an organization, but in many cases these increases are outstripped by increases in fixed costs, such as debt, repairs, security, and utility bills. Perhaps counter-intuitively, a facility that seemed very attractive as a potential revenue generator can have the wholly unintended effect of *reducing* the dollars available for programs. It may also reduce the ability or willingness of the organization to take any kind of artistic or programming risk, or, in the worst case, put the health of the organization at risk.

The planning and development of cultural facilities is a complex business and many organizations need help

Many cultural leaders are not experienced in real estate. Consequently, there is a critical need within the cultural community for practical, grounded technical assistance in cultural facilities development, such as: early facilities planning (before decisions are made to build); real estate financing; legal issues; zoning and code compliance; capitalization strategies; and capital

campaign feasibility. Of course, this necessary support comes with a price tag.

Smaller organizations often have the greatest need in this area of planning – just as they do in the area of capital fundraising – since they are less likely to have deep reserves of real estate experience or expertise within their staffs. But the issue applies to larger organizations as well.

Assessing the Depth and Breadth of the Need: A New Cultural Facilities Survey

In late 2003 and early 2004, the Massachusetts Cultural Council, Massachusetts Advocates for Arts, Sciences and Humanities (MAASH), and the Boston Foundation co-sponsored a detailed survey of cultural facility needs and ambitions among nonprofit cultural organizations statewide.³³

Approximately 900 organizations were solicited from the Massachusetts Cultural Council’s statewide database and 164 organizations responded for a return rate of about 19%. Small and mid-sized groups were well represented, as were the state’s major institutions. There also was good representation from the different disciplines and geographic regions of the state.

The survey asked organizations to quantify the funds needed for: 1) repairs and improvements of existing facilities; 2) expansion of existing facilities; and 3) development of new facilities. Participants were also asked various questions about facilities planning, such as priority areas for repairs and improvements; types of space being constructed; and pre- and post-construction estimates of budgets and staff.

Of the 164 participants in the survey, 123 identified cultural facility projects. The total facility spending projected by these 123 organizations is more than \$1.1 billion over the next five years.

This finding and others show a high degree of consistency with statewide studies that were conducted by the Massachusetts Cultural Council during the 1990s and the unpublished 2001 TDC/Barr Foundation report.

³³ See Appendix E, Cultural Facilities: 2003 Statewide Survey Assessing the Depth and Breadth of Need, page xxv.

The chart below illustrates the way the figure of \$1.1 billion breaks out among the survey’s three broad categories: repairs/improvements, expansions, and new facilities.

	# of Orgs	Estimated Costs
Repairs and Improvements	112	\$ 303,475,500
Expansion of Existing Facilities	34	\$ 444,397,500
New Facilities	30	\$ 360,112,000
Total ³⁴ – 123 Respondent Organizations		\$1,107,985,000

Repairs, Improvements, Maintenance The study clearly confirms that our state’s existing cultural facilities have a nearly universal need for repairs and improvements—the chronic problem of deferred maintenance. It also confirms that the existing cultural infrastructure is aging dramatically. The average age of nonprofit cultural facilities in the survey is 92 years.

Of the 123 groups in the survey that identified facilities projects of one kind or another, nearly all of them (112) identified maintenance projects—amounting to more than \$300 million statewide.

Symphony Hall in Springfield: A Case Study in Deferred Maintenance

In a state where the average age of cultural facilities is more than 90 years old, the number one priority for many cultural organizations is maintaining the quality, integrity, and physical safety of their existing buildings. But maintenance projects are often invisible and many are downright unglamorous—unappealing qualities for most private donors. As a result, too many routine maintenance issues turn into major deferred maintenance problems. This is especially true when budgets are tight, of course. But putting off repairs can be much more costly in the long run.

Symphony Hall in Springfield is one small, but typical example. The facility is a 2,600-seat building that opened 92 years ago, and has been the home of the Springfield Symphony Orchestra for many years. In recent years it has also been used for a number of Broadway shows, lecture series, high school graduations, and other functions. The building is owned by the City of Springfield, and operated by a nonprofit organization known as the Springfield Performing Arts Development Corporation.

In 1980, the City made a major investment in the facility, but in subsequent years, a number of maintenance problems began to surface. The troubles peaked in 2001 when the roof sprang a major leak, causing millions of dollars in damages. The walls of the building were badly damaged, the basement was

flooded, and some of the seats began to split apart. The city then invested about \$5 million to repair the building’s roof, drainage system, and exterior. But an assessment of the interior needs suggested that about \$2 million more was needed to fully restore the interior. And the city had no more money to put into the project.

A group of Springfield community and business leaders came together to raise money for the interior renovations, but decided that \$2 million was an unrealistic fundraising goal. A more realistic target of \$850,000 was developed to meet the most pressing interior needs for the time being—a familiar tightrope walk that cultural leaders often face, balancing what’s optimal with what’s feasible.

To date, about \$350,000 has been raised toward the goal of \$850,000. The balance is expected to come in through pledges over the course of three to five years. So that Symphony Hall can open in time for the next season, however, the interior work is well underway. The cash flow to make this possible came in the form of a loan from a consortium of banks. The loan will allow the project to be completed in time, but it adds an interest expense to the financing equation—another typical challenge faced by cities, towns, and nonprofits desperate to maintain some of our state’s most treasured cultural facilities.

³⁴ Several organizations reported projects in multiple categories, so the “# of Orgs” column does not present a total. Many organizations are dealing with repairs on their existing facilities and expansion or development of new facilities. While a single organization could be represented twice or even three times in the column headed “# of Orgs,” the dollar amounts connected with each project are counted only once.

Energy efficiency, physical accessibility, and fire safety are all major priorities in this area. Of the 112 groups that identified repairs or improvements:

- 60% are dealing with energy efficiency requirements;
- 58% are dealing with physical accessibility;
- 50% are dealing with fire safety enhancements; and
- 36% are dealing with other building code compliance issues.

The top five areas of specific focus for repairs and improvements are HVAC systems, office repairs or renovations, landscaping and grounds, electrical repairs, and roof repair or replacement.

Plans for Expansion A total of 34 organizations, or roughly 28% of respondents with facility needs, identified plans for expansion of facilities, costing about \$445 million statewide. The top five components of expansion were classrooms, office space, gallery or exhibition space, landscaping and grounds, and restrooms.

New Facility Construction A total of 30 organizations, or 24% of respondents with facility projects, identified plans for construction of new facilities projects—amounting to \$360 million statewide. The top five areas of focus for expansion were office space, restrooms, gallery or exhibition space, classrooms, and café.

The strong focus on classroom space as a priority for expansion and new construction underscores a fact that can easily be overlooked by people outside of the cultural community: cultural organizations are among our state’s foremost educational institutions. Their buildings reflect this powerful role, or they need to if cultural organizations are to be fully effective as creators of public value.

Planning for Facilities

In an effort to gauge the planning resources that cultural organizations are devoting to their facilities, several questions related to planning were asked on

the survey. For example, all respondents were asked whether they have conducted a facility audit, a valuable tool for maintenance planning. A total of 40% of respondents indicated that they have conducted an audit; while the rest said they have not, or didn’t know. Respondents were also asked whether they had completed an overall capital plan: only 30% replied yes. Finally, respondents were asked to identify the estimated incremental operating costs or staffing needs associated with their new or expanded facilities—but very few responded to this question. Taken together these measures clearly support the general conclusion that cultural organizations could use additional assistance in the planning of their facilities.

Resources: What Kinds of Support Are in Place? What’s Missing?

Turning from the demand side of the equation to the supply side, what kinds of support are in place for cultural organizations and their facilities in Massachusetts? And just as important, what’s missing? In this section we will attempt to briefly describe the existing “ecosystem” of funders and lenders for nonprofit cultural facilities in the state.

Capital grants and gifts

Individual donors. Individual donors are by far the largest source of support for new cultural facilities—especially for larger organizations. But smaller organizations often struggle to reach such donors.

And many individuals, who may consider large donations for new facilities or facility expansions, will not consider large donations for existing buildings. It’s generally easier to solicit a large contribution for a new building that will bear a donor’s name than it is to raise smaller grants for less visible infrastructure needs, such as heating systems or roofs. Raising private dollars for deferred maintenance projects can be equally challenging to organizations of all sizes.

Foundations and corporations. A small number of national foundations have capital grant programs for

“Primary needs are a fire suppression system and improvements to the HVAC system. Secondary needs include improved restrooms and landscaping.”

nonprofit cultural organizations. The best known of these is the Kresge Foundation. Several cultural organizations in Massachusetts have received Kresge grants in recent years (\$750,000 for the Worcester Art Museum; \$400,000 for the Springfield Library and Museums; and \$800,000 for the American Antiquarian Society). But each year, Kresge makes only a few grants to cultural organizations nationwide. They do not generally consider projects with capital needs below \$750,000, so they are not typically a source for smaller organizations, nor do they typically respond to requests for deferred maintenance funding.

A handful of local foundations are active capital funders. Included on this short list are the Barr Foundation, the Fidelity Foundation, the Amelia Peabody Foundation, the Stoddard Charitable Trust in Worcester, and the newly created Jane's Trust. But most local foundations and corporations do not make capital grants to cultural organizations, and few, if any, provide funds for deferred maintenance, repairs, or improvements.

Public sector sources for capital grants. At present, the public sector is not a major source of support for cultural facility funding in Massachusetts. There are some pockets of cultural facility activity within federal, state, and local government, but much less in Massachusetts than in other states and cities. (See sidebar.)

Federal government. Shakespeare & Company in Lenox recently received a congressionally directed seed grant of \$1.0 million for its Rose Playhouse Project—primarily through the intervention of Senators Kennedy and Kerry, and Congressman John Olver. Some cultural organizations have also benefited from federal investments in roads and infrastructure improvements that enhance access and improve operations. But there is no competitive grant program at the federal level specifically for cultural facilities—and congressional grants like the one to Shakespeare & Company are clearly the exception, not the norm.

State government. There are few capital resources for cultural facilities within Massachusetts state government. Before its budget was cut in 2002, the

Massachusetts Cultural Council had several active programs and partnerships to help nonprofit cultural organizations plan and finance their facilities. One of these was the Massachusetts Cultural Facilities Project, a partnership with the Nonprofit Finance Fund to provide planning grants, workshops, and loans to cultural organizations. However, the program never had sufficient resources to offer bricks-and-mortar grants for buildings. (Today, NFF continues to provide loans and workshops, but not planning grants, which were paid for by the MCC.) Another casualty of the budget cut was the MCC's Endowment Grant Program for Cultural Organizations, which provided capital grants up to \$100,000 to organizations building up their endowments, often in connection with capital campaigns for new facilities. That program, too, was eliminated in 2002.

The Massachusetts Historic Commission administers a small capital grant program, called the Massachusetts Preservation Projects Fund, which supports facilities that are either listed or eligible to be listed in the State Register of Historic Places. The program offers planning grants as well as capital grants, and it puts a spotlight on the issue of deferred maintenance. But, it is limited in two important ways: 1) the budget is small (\$500,000 this year); and 2) most cultural organizations are ineligible for support unless they are listed, or eligible to be listed, on the Register of Historic Places.

Various attempts made by the Massachusetts Cultural Council and MassDevelopment in the late 1990s to secure funds for a cultural facilities bill met with limited success.³⁵ Despite these setbacks, it remains clear that the state could play an enormous role in the area of cultural facilities going forward. If conceived properly, a state investment will leverage considerable private-sector investments—particularly in crucial areas that the private sector is not adequately addressing, such as deferred maintenance.

Municipal government. The City of Boston, like most municipalities, does not have a mechanism to make direct capital grants to cultural organizations, but it has provided help to a number of projects in other meaningful ways such as: infrastructure improvements

³⁵ See sidebar, Seeking State Facility Funds: A Brief History, page 62.

Investing in Cultural Facilities: New York, New Jersey, and Philadelphia

A growing number of states and cities are investing public dollars in the development and maintenance of cultural facilities—and spurring major investments from private funders in the process. Here are three brief examples:

- **New York City** is a major source of capital funding for nonprofit cultural organizations within the five boroughs. From 1997 to 2002, the City provided \$468 million in capital grants for cultural facilities—about 26% of the total capital spending by cultural organizations during the same period. Organizations of all sizes receive support, and not just for new projects or expansions: basic infrastructure projects such as roofs, HVAC systems, and other capital maintenance projects are supported as well. An economic impact report estimates that the capital spending of nonprofit cultural organizations generated 2,255 full-time jobs in New York City each year, over the six-year period 1997-2002.

Quotes from recipients of capital grants from the City of New York:

“To put it simply, neither of our two projects would have been possible without support from the City of New York. City funding made the crucial difference...”

“The City’s capital commitment is absolutely critical—once they make that upfront commitment other contributions come into line.”

“City capital funding is vital for infrastructure needs, which are less attractive to private donors.”

- The state of **New Jersey** has committed \$100 million over a 10-year period to establish the New Jersey Cultural Trust, which provides grants to build endowments, finance capital projects, and improve the organizational capacity of cultural organizations in the state. Over time, the state’s investment will be matched dollar-for-dollar by the private sector through direct grants to the Trust or private contributions to the endowments of qualified organizations.

“This is an investment in our infrastructure; but not in the usual sense of the word.

I’m not speaking of things we can touch, like roads, bridges, and buildings.

I’m talking about things that touch us. Tony-award winning theaters. First-class museums.

Kids who pick up a paintbrush or a pen and realize they are good at something—that they can learn and achieve. That is what our vital and vibrant arts and history communities bring to us every day.”

New Jersey Governor Christine Todd Whitman,
proposing the establishment of the New Jersey Cultural Trust, 2000.

- The city of **Philadelphia** and the state of **Pennsylvania** have both played major roles in the development of cultural facilities in Philadelphia. In the 1990s, the city and state invested \$90 million in cultural facilities along a 1.4-mile stretch of South Broad Street—an area now known as the city’s Avenue of the Arts. Philadelphia Mayor Ed Rendell—now the Governor of Pennsylvania—spearheaded the project. The public sector investment spurred more than \$500 million of private sector investments over the following years. The city and state then came together to invest \$100 million more in the \$265 million Kimmel Center for the Performing Arts, which opened in 2002.

“We had this great infrastructure and the existing structures. We just had to make it better.”

Robert Fina, Philadelphia Industrial Development Corporation

“This is the very best kind of public-private partnership—individuals, corporations, foundations, and public dollars, all coming together.”

Pennsylvania Governor Tom Ridge, 2000

(e.g., streetscaping, sidewalks, transportation improvements); brokering deals with developers; and zoning relief. (See sidebar.) Much of the City’s work is coordinated through the Boston Redevelopment Authority, which has placed a high priority on its work with cultural organizations and artists in recent years. However, not every municipality has a development authority with the same resources or priorities, which creates an issue for cultural organizations beyond Boston.

Loans and Bonds

Commercial banks. Commercial banks can be major sources of loan dollars for cultural facilities, through lines of credit, working capital loans, and permanent financing. But while interest rates are low in the current market, commercial rates are often variable and can rise quickly, exposing the borrower to higher costs. But banks are naturally risk-averse. They prefer organizations with strong financial resources, and they are typically unwilling to lend against receivables such as campaign pledges or ticket revenues. Many cultural organizations need some kind of additional help, including loan guarantees, to access commercial capital.

Public and nonprofit lenders and bond agencies. Stand-alone, low-interest rate, tax-exempt bond financing is available for projects from quasi-public agencies like MassDevelopment and MassHEFA (Massachusetts Health & Educational Facilities Authority). But typically bonds are economically feasible only for larger financings of \$1 million and above. The bonds must, of course, be repaid. Below-market loans are available for smaller projects from MassDevelopment, Nonprofit Finance Fund, Boston Community Capital, CEDAC (Community Economic Development Assistance Corporation), and others. The federal government’s New Markets Tax Credit also offers a new source of financing for some cultural facilities in some circumstances. Locally, the Massachusetts Housing Investment Corporation recently made debt and equity investments of \$4.5 million in Hibernian Hall, the future home of Roxbury Center for Arts,

Culture, and Trade, through the New Markets Tax Credit mechanism.³⁶

As this list suggests, the state and city have no shortage of potential lenders for cultural facilities. Loans are not necessarily in short supply—but capital grants are. The main problem is that debt financing—or too much of it—can be the wrong choice for many projects. Furthermore, loans tend to make the most sense for projects that have the potential to generate new revenue streams for an organization—such as an expansion or a new facility. They do not typically make sense for repairs, improvements, and deferred maintenance of existing facilities.

Planning, Technical Assistance and Capacity Building Resources

There are some good capacity building services in place for nonprofit cultural organizations in Massachusetts—but there are some important gaps in this system as well.

The Nonprofit Finance Fund (NFF) and the nonprofit consulting firm TDC both offer workshops specifically focused on cultural facility planning for nonprofit cultural organizations. Both organizations also provide one-on-one consulting in various forms, though on a more limited basis.

For several years, NFF also offered planning grants to help cultural organizations with early facility planning. But this source of funds was eliminated when the Massachusetts Cultural Council took a 62% budget cut in 2002. Many of the NFF grants were for early planning work, like feasibility studies. But, by design, some of the planning grants also went into projects that might more accurately be labeled “infeasibility” studies—projects that provided tangible evidence that it might be better for an organization not to proceed with a particular facility plan. This kind of planning dollar, though extremely important, is rarely, if ever, provided by other funders.

“Recoverable grants” are available for some facilities planning efforts, from sources such as

³⁶ See sidebar, ACT Roxbury: Building a Community Through Culture, page 71.

The Theatre Pavilion Partnership

A partnership involving the City of Boston, the Boston Center for the Arts (BCA), the Huntington Theatre Company, and The Druker Company (a private developer), is building the first new theaters in Boston since the Paramount opened in 1931. Through an agreement announced in October of 2000, a 33,000 square foot “Theatre Pavilion” is now under construction in Boston’s South End. The facility will house a 360-seat proscenium theater, a 200-seat flexible-use theater and youth programming spaces. The complex will give the Huntington two new stages for developing plays and expanding its audiences, spaces which will also be available to presenters and smaller theatre companies, including the ones now in residence at the BCA.

The many ways the City of Boston is participating in this project illustrate the roles local government can play to support cultural facilities development—beyond direct capital grants. The City owns the parcel of property that the BCA targeted for development, and invested \$3 million in site preparation, utility infrastructure, new streetscaping and sidewalks. In addition, the City’s development agency, the Boston Redevelopment Authority (BRA), brokered the deal between the BCA and The Druker Company to provide the “shell and core” of the cultural space, with an estimated value of more than \$9.3 million, within a mixed-use development that includes 102 residential units, commercial space and parking.

The BCA and the Huntington Theatre Company made an agreement to build out and operate the theater and artistic support spaces. The Huntington publicly announced a two-phase capital campaign in April of 2003 to raise a total of \$19.7 million, including \$12.7 million to build the theaters and \$7 million in endowment funds to support expanded operations and artistic initiatives. The Huntington will manage and operate the complex through a lease arrangement with the BCA, and operate the box office for the Pavilion stages and the BCA’s three other theaters. The Huntington and the BCA will program the theaters cooperatively and open the spaces to smaller arts organizations.

In January of 2004, Boston Mayor Thomas Menino and the Huntington Theatre Company announced a financial partnership with the City and seven banks to provide \$7 million in loans to enable construction to move forward in advance of receiving payments of capital campaign pledges.

Huntington Theatre Company Managing Director Michael Maso describes the City’s roles in the project. “First the BRA and the Boston Center for the Arts came to an agreement to merge their land-use objectives for the property,” he says. “Then the BCA and the BRA created the deal with the developer to provide the raw theater space. After the Huntington took the leadership role in the capital campaign, the City provided support by making connections, advising on strategy, and bringing potential supporters to our attention. Finally, the City’s willingness to loan \$500,000 of the construction loan pool was a major incentive to the participating banks.” He adds, “There has been a sense of ownership on the part of all of the partners and a willingness to step up and make things happen. This project is succeeding because it is a *community* project—not just one organization’s project.”

The story of the Theatre Pavilion illustrates just how complex a process it is to see a major facility through to completion—even one with as much community support as this one. It demonstrates the challenge of obtaining financing to advance the project on its timeline. This project used temporary loans, but often organizations are forced to turn to longer-term debt financing that can become a burdensome drain on their operating budgets.

According to Maso, support from the *state* for the planning and financing of projects would be a tremendous boon. “The state’s investment is particularly important for leveraging support from other sources,” he says. “Especially because building infrastructure is a priority, I see a critical need for the Commonwealth to become an important partner in the development of our cultural facilities.”

MassDevelopment and MassHEFA. But in most cases the expectation is that these will be folded into a subsequent loan or bond, and be repaid over time.

Another source of technical assistance for nonprofit cultural organizations between the years 1998 and 2002 was the MCC's Endowment Grant Program for Cultural Organizations. The program did not provide technical assistance grants as such, but it did offer one-on-one assistance to all applicants, to help them analyze their own financial situations, assess their capitalization goals, and make informed choices about whether or not to pursue endowment-building as a strategy for financial stabilization. As noted above, though, this program was also a casualty of the MCC's 62% budget cut.

In Conclusion

The physical surroundings within which arts and culture are conceived, nurtured and presented profoundly influence our state's nonprofit cultural organizations. Beautifully imagined, designed and maintained physical environments inspire artists, enhance programs, provide welcoming and safe spaces for participants, and reflect the value that we, as a community, place on the entire sector. Buildings that are in disrepair send a negative message that undermines the well-being and success of any organization. And problems associated with rundown facilities can discourage, even endanger, staff and participants.

Real estate, capital financing, planning, construction, and maintenance are not central to the missions of most nonprofit cultural organizations, but they do affect their ability to fulfill their missions. This report draws attention to the tremendous need in Massachusetts to upgrade our existing cultural facilities and build new ones. It also emphasizes the importance of developing an increased level of sophistication about all of the issues related to old and new facilities—and contributes to a dialogue that we hope will lead to a new spirit of education, collaboration and resolve.

CHAPTER THREE

Creating a Culture of Giving

By Dan Hunter with Marty Jones, Chair, and Paul Bittenwieser, Barbara Casey, Amy Zell Ellsworth, George Fifield, Richard Freeland, Susan Friedman, Brian Gilmore, José Mateo, Gil Rose, Abe Rybeck, Robert Orchard, Dan Salera, Candelaria Silva, Susan Solomont, and David Tebaldi.

R E C O M M E N D A T I O N S

Our cultural institutions add immeasurably to the social vitality and economic well-being of our communities and Commonwealth, but lack the financial resources necessary to thrive and reach their potential. All parts of our community have roles to play in changing this unhealthy and unproductive situation.

Cultural organizations, represented in tremendous variety across our Commonwealth, share audiences, donors, volunteer leaders and many needs, interests and opportunities. Yet the sector's smaller organizations are especially challenged by a lack of tools, infrastructure and experience in seeking financial resources. Cultural organizations will benefit both themselves and the broader sector when they:

- ▶ Share best practices by developing and supporting peer networks and ad hoc professional mentoring groups, especially among development officers.
- ▶ Participate actively 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 all cultural nonprofits.
- ▶ Support statewide advocacy by becoming active members of MAASH (the Massachusetts Advocates for the Arts, Sciences and Humanities).

Trustees and nonprofit board members play a critical role in all nonprofit organizations. Engaged volunteer leadership provides and seeks funds for the organizations they oversee and ensures the public's trust in the management of those funds. To support and enhance this work, trustees and the agencies they govern can:

- ▶ Recognize, celebrate and support trustees' critical role in governing, supporting and ensuring the fiscal integrity of the cultural organizations they lead.
- ▶ 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.
- ▶ Build awareness of the value of assuming active volunteer roles among the community's residents and potential leaders.

Foundations and individual donors commonly support multiple cultural organizations without seeking public recognition. Donors can increase the impact and leverage of their gifts or grants when they:

- ▶ Give publicly, eschewing anonymity, to spur equal or greater giving by friends, colleagues, and others.
- ▶ Reward collaborating cultural organizations by recognizing and supporting the staff costs of time-intensive planning activities.
- ▶ Provide leadership and advocacy for the interests of the cultural institutions that they support and for the broader cultural sector that provides enriching experiences to all.

RECOMMENDATIONS (CONTINUED)

- Provide seed grants to small and mid-sized agencies to build their core management capabilities and fund development infrastructure.
- Encourage new donors and foundations to invest in the educational, economic, social and intrinsic value of the cultural sector.

Businesses enhance their public image and attract customers when they fulfill their civic responsibility to actively support arts and cultural institutions. To be known as cultural supporters, major corporations and small, neighborhood-based businesses can:

- Increase financial contributions, sponsorships, and donations of in-kind goods and services.
- Encourage employees to assume leadership positions on governing boards and committees and participate in cultural activities by attending exhibitions and events and making financial contributions.
- Encourage their local Chamber of Commerce and trade or business associations to recognize and incorporate the needs of the cultural sector into their action agendas.
- Advocate for cultural policies that enhance the operating environment for cultural organizations.

Governments — the Commonwealth and its municipalities—derive significant benefit from the cultural sector. Cultural organizations create jobs, draw tourists, and help educate, attract and retain a skilled workforce. In return, our state, cities, and towns can:

- Develop new and significant revenue sources to support increased annual state appropriations for state and local cultural funding.
 - Include representatives of the cultural sector, along with other stakeholders, in policy discussions about shared concerns such as housing, education, and workforce and community development.
 - Pass legislation and implement laws and policies that enhance the operating environment for cultural organizations, such as reinstating the Massachusetts Charitable Tax deduction.
-

Whether you are a resident of the Commonwealth of Massachusetts or a visitor to our state, every time you walk into a museum, open a theater playbill, or listen to music on public radio, you are the beneficiary of a uniquely American phenomenon called philanthropy—a practice that goes back to our earliest days as a city and a state.

In 1698, Cotton Mather told the Boston faithful that their good works and helpfulness were “well and favorably known in Heaven.” “Let us try to do good,” he exhorted, “with as much application of mind as wicked men employ in doing evil.”³⁷ The Boston faithful responded by creating numerous organizations to accomplish “good works.” By the

time Alexis de Tocqueville visited Boston in the 1830s, he noted that it boasted “such a number and combination of charities as has never been found in any city of its size.”³⁸

Like our many “charities,” our giving patterns were established early in our history. In 1893, the *Review of Reviews* surveyed the millionaires of various cities who “recognized their obligations” to give generously. Baltimore was at the top of the list, with close to half of that city’s millionaires counted as active givers. New York City had the most millionaires, but was at the bottom of the list because they were the least generous. Cincinnati millionaires were known to

continued on page 44

³⁷ Bremner, Robert H. “American Philanthropy.” *University of Chicago Press* 1988.

³⁸ *Ibid.*

support musical and artistic ventures, while those in Minneapolis preferred the state university and public libraries. Boston made a poor showing: “Our Boston millionaires give money when it is solicited (properly),” reported the *Review*, “and they all include in their wills some bequest to Harvard and to Massachusetts General Hospital. That is all.”³⁹

Since the founding of the Massachusetts colony, giving and the *lack* of giving have been integral to the shaping of our civic life. Whether inspired by Cotton Mather’s heavenly incentive or condemned by Thoreau—who decried the ill-gotten largess of the wealthy mill owners—private and corporate philanthropy has left us with an abundant legacy of cultural resources, from our world-famous arts institutions to the architecture that gives shape to our cities to our breathtaking system of brilliantly designed parks.

What will our legacy be? Will our gifts benefit future generations? Will we make contributions in ways that will help our cultural institutions thrive today—and allow them to survive and prosper into the future? The Cultural Task Force set out to deepen its understanding of the impact that cultural organizations have on our state in the current economy—and to explore the various ways that philanthropy might strengthen the sector.

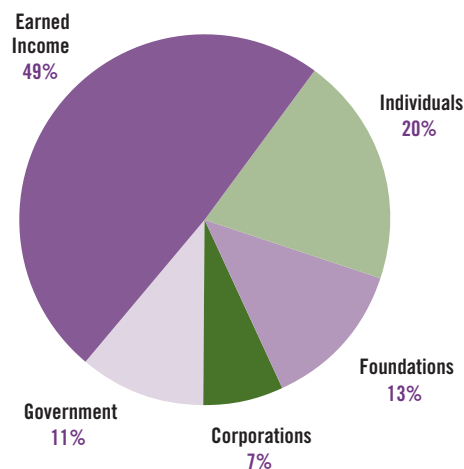
What are the primary sources of income for cultural nonprofits?

In order to survive, nonprofit cultural organizations need a highly diverse portfolio of funding sources. Unlike for-profit businesses, which raise start-up capital from family, friends, banks and other investors and then rely on revenues for their daily operating expenses, nonprofit organizations must raise funds constantly from numerous sources for nearly all of their ongoing expenses.

In general, arts organizations earn a significant portion (49%) of their revenues each year from ticket and shop sales, program fees, and facility rental. The balance is raised in contributions, with the bulk of donations coming from individuals. A healthy nonprofit cultural organization, like a healthy sector, is supported by contributions from a variety of sources.

In this state, funding traditionally has included grants from the Massachusetts Cultural Council (MCC), corporate support from small and large businesses, individual gifts of all sizes, and foundation grants. MCC support has been especially significant not

2002 Sources of Funds for Nonprofit Arts & Cultural Institutions



Source: The Foundation Center, “Arts Funding IV,” 2003.

because it is the largest source of funding (its grants rarely exceed more than 15% of an organization’s budget), but because it provides unrestricted dollars that can be used for operating support to meet the day-to-day needs of cultural nonprofits that often don’t appeal to individual donors or foundations.

In short, the long-term health of cultural organizations depends on a nurturing ecology or system of support—and the development and maintenance of our cultural resources are the shared responsibilities of government, businesses, foundations, individual donors and the community as a whole.

Individuals

Individual giving is the bedrock of philanthropy. In 2002, individuals contributed 76.3% or \$183.73 billion of all charitable giving, plus another \$18.1 billion or 7.5% through bequests.⁴⁰ Because of the major

³⁹ Ibid.

philanthropic role played by individual donors, nonprofit cultural organizations need to reach out to these philanthropists and create new and innovative ways to honor and recognize their generosity.

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. Anonymous givers can't become philanthropic leaders who inspire other people with their charitable behavior, and their gifts can't be used as effectively as leverage to attract other donors. Dan L. Monroe, executive director of the Peabody Essex Museum in Salem, which re-opened in June 2003 after a \$125 million museum expansion, faced this issue. "In typical New England fashion," the Boston Globe reported, "most of the donors don't want to be acknowledged publicly."

"The hardest thing from a fund-raising standpoint has not been raising the money," Monroe says. "It has been trying to persuade some folks to allow us to recognize their generosity, which can be helpful to an institution."⁴¹ In a poll conducted by the University of Massachusetts in November of 2003, 80% of the respondents indicated that they did not want public acknowledgement of their philanthropy.

That same poll contained some positive news about individual giving, however. Sixty percent of those polled described themselves as potential contributors to cultural organizations and described their overwhelming motivation to give as "belief in the mission of the organization" (72%). These givers also indicated that they give to multiple cultural organizations.⁴²

The future, then, holds tremendous potential for increased support from individuals—and cultural

nonprofits should rise to the challenge of educating the people of Massachusetts about the role that arts and culture play in their lives and about the key role they play in supporting this sector through their contributions. The next generation of philanthropists includes young professionals who are donating their expertise and time, as well as their money, and are bringing new energy and new resources to the philanthropic arena.

Foundations

While corporate giving has shown a recent increase, multiple sources indicate that foundation funding for arts and culture has declined. And the recent recession has curtailed foundation giving to the arts more than giving to other types of charities.⁴³ According to The

Foundation Center's "Arts Funding IV," in 2002,

foundation support for arts and culture declined by 3.5%, while overall foundation giving declined by only 0.7%.⁴⁴ The nonprofit watchdog group Charity Navigator estimated that total philanthropy in the United States declined in 2003, with donations to arts organizations declining by as much as 33%.⁴⁵ The Chronicle of Philanthropy estimated that support for arts and culture suffered a decline of 26.5% in 2003.⁴⁶

The average size of a foundation grant has not changed since 1992, which means that it has failed to keep pace with the rate of inflation. However, foundations are increasingly recognizing the importance of unrestricted operating support, a grant category that grew at a faster rate than capital or program support between 1998 and 2001. Theatre Communications Group (TCG) director Ben Cameron notes: "as we move into a faster-paced world, the flexibility [of unrestricted operating support] is pivotal in [nonprofit cultural organizations'] ability to survive."⁴⁷

"We would like to renovate and upgrade current theater facilities, as well as complete an acoustic and seating upgrade."

⁴⁰ AAFRC Trust for Philanthropy (2003). Giving USA 2003, researched and written by the Center on Philanthropy at Indiana University, www.aafrc.org.

⁴¹ Edgars, Geoff. "North Shore museum unveils a bold look." *The Boston Globe* 15 June 2003.

⁴² See Appendix D, Individual Charitable Giving: Attitudes, Motivators and Trends, page xiv.

⁴³ "Arts Funding IV: An Update on Foundation Trends." *The Foundation Center* 2003.

⁴⁴ *Ibid.*

⁴⁵ Jacobs, Leonard. "Foundation Bill Facing Opposition." *Backstage* 6 June 2003.

⁴⁶ Rosen, Jan M. "How Taxes Can Help You (Hint: Plan Now)." *The New York Times* 16 November 2003.

⁴⁷ Back, Brian J. "Ben Cameron on the state of arts funding." *Business Journal of Portland* 17 December 2001.

Will a State Tax Deduction Increase Giving?

Since 1917, taxpayers have been able to deduct charitable contributions from income before calculating federal tax. Today, about 60% of all taxpayers take advantage of this tax break for their contributions of cash, securities, and property including artwork and real estate. This policy is based on the assumption that charitable gifts replace tax dollars that would otherwise need to be spent for the social or public benefits provided by nonprofit organizations. Of the 41 states with an income tax, 33 allow residents to deduct their charitable gifts from their state returns. Massachusetts is not among them.

Would it make a difference to Massachusetts' nonprofits if the state allowed the deduction? In the November 2000 election, 72% of Massachusetts' voters endorsed the charitable tax deduction, which went into effect for the 2001 tax year. But by mid-2002, amidst fears of huge revenue shortfall, lawmakers halted implementation of the deduction until 2014.

Several studies point to the positive impact that might have been. A Beacon Hill Institute study revealed that states with both income taxes and charitable tax deductions have higher "generosity rates" than states with income taxes and no charitable tax deductions.⁴⁸ It found that in Massachusetts, the tax break had the potential to increase giving by \$279 million against lost tax revenues of \$198 million, for a net gain to the economy of an additional \$81 million in contributions to nonprofits.

Martin Feldstein, Harvard University professor and president of the National Bureau of Economic Research, generated somewhat different numbers. Based on research that shows that every 1% reduction in the cost of giving results in up to 1.7% increase in charitable gifts, Feldstein estimated that, assuming a 5.95% state income tax rate, a Massachusetts tax deduction would stimulate an 8% increase in charitable contributions. Since Massachusetts' residents claimed charitable contributions of \$2.45 billion on federal income tax returns in 1997, a tax deduction should generate an additional \$196 million in charitable gifts versus a state income tax revenue loss of \$146 million for a net gain of \$50 million.⁴⁹

Cultural Task Force member and professor of urban cultural policy at the Massachusetts Institute of Technology J. Mark Schuster suggests that these analyses overlook the relationship between the federal and state tax codes. He points out that while a state deduction would lower the cost of a contribution in the first year, much of the benefit to the donor/taxpayer would be taken back by the federal government the next year when that taxpayer deducts a reduced state tax payment from his or her federal return. For those in the highest income brackets, this increased federal tax liability could be up to a third of the original state benefit. Thus, Schuster argues, the state would be giving up tax revenues only to have them revert to the federal government, rather than to the benefit of the charitable sector. He also notes that Massachusetts would lose tax revenues, without getting any offsetting benefits, for out-of-state contributions.

Massachusetts' charitable tax deduction was not in effect long enough to develop definitive quantitative data. Proponents of the deduction, however, point to the qualitative benefits of the charitable deduction. By many measures, Massachusetts residents are not as generous as their income would permit. They maintain that reinstating the state's Charitable Tax Deduction would be a significant step toward elevating the importance of individual philanthropy. While this may not be a campaign that the cultural community wants to lead, it can be counted on to support an effort to increase giving to nonprofits serving residents across the state.

⁴⁸ "Improving the Generosity Rate: Charitable Tax Deduction Would Boost Charitable Giving in Massachusetts." *Beacon Hill Institute* 30 October 2000.

⁴⁹ "Massachusetts Charitable Tax Deduction Facts for the Fight." *Giving New England* May 2002. http://www.givingnewengland.org/MA_pp_top3.html

United Fundraising: Would It Work Here?

The success of united fundraising campaigns for the arts in cities like Charlotte, Seattle, and Milwaukee raises the question: “Would it work here?”

“No,” says the Cultural Task Force’s philanthropy working group, “not in Boston.”

United Arts Funds, or UAF’s, first appeared in 1949 in Cincinnati and Louisville when local business leaders concluded that a community-wide campaign based on the United Way model could help them meet their civic goals. These businesspeople sought to minimize individual funding requests while ensuring that the arts organizations they supported met high standards of quality and financial stability. More to the point, they sought to benefit their cities by insuring that their community’s major arts institutions had a generous and steady source of critical operating support.

Today, more than 100 communities, large and small, have established UAFs⁵⁰. Most incorporate their community’s local city or county arts agency and so receive some government support. This is augmented with individual gifts, frequently donated through workplace campaigns. Most UAFs focus on raising unrestricted operating support. But no two UAFs are exactly alike—each meets the unique needs and resources of the communities they serve.

A successful UAF is a thriving mid-sized nonprofit with a strong community-based board of directors

willing and able to engage in one-on-one fundraising and, in many cases, facilitate access to large groups of contributors. Smaller cities may be best suited to the UAF model: one study noted that while cities of fewer than 500,000 people represented only 25% of all UAF cities, they raised more than half of all UAF revenues⁵¹.

Why wouldn’t this model work in Boston? Many UAFs operate in cities that lack Boston’s rich cultural life, and see federated fundraising as a way to develop that important community asset. But Boston’s business leaders are neither distressed by the current arts funding situation, nor concerned about repeated requests for funding. The Greater Boston market is large and very complex and for a UAF to be successful here, the participation of the largest institutions would be essential, but is highly unlikely, and raises thorny issues about how support would be prioritized and allocated. Finally, it would take significant philanthropic dollars to establish and maintain the UAF with the infrastructure of a mid-sized organization, and public and private sector donors are not rushing to invest. While a UAF campaign might not be the answer for Boston, it could have value for other parts of Massachusetts and is an interesting model worth exploring, especially for smaller cities and towns.

⁵⁰ <http://www.artsusa.org/common/content.asp?id=331>

⁵¹ Zeigler, Joseph Wesley and O’Connor, John A. Book Review of Shanahan’s “United Arts Fundraising in the 1990’s: Serving the Community Arts System in an Era of Change.” *American Council for the Arts* 1993.

In the last few years, several significant new foundations that were not included in the 1999 numbers used in the Boston Foundation’s *Funding for Cultural Organizations* have entered the scene. These include the Barr Foundation and Jane’s Trust, a new charitable trust operating in Massachusetts and managed by the firm of Hemenway & Barnes, both of which include arts and culture as one of their priority giving areas.

New foundations are being formed each year, making ongoing education about the value of investing in arts and culture an important part of the advocacy agenda. And, as we await a massive generational turnover of wealth, with baby boomers beginning to inherit

family assets, there are opportunities to cultivate and encourage the new generation of donors that is beginning to set up private foundations and engage in personal giving.

Businesses

A vibrant cultural community helps businesses thrive by creating a civic environment that encourages and nurtures innovation, is flexible and responsive to a changing world, and embraces progress in the scientific, technological, social and political arenas. A vibrant cultural community attracts innovative people and creates an appealing place to live and work—all of

which benefits businesses that are seeking an educated and highly motivated workforce.

Philanthropy is also good for business. In a national survey conducted in 2002, 84% of Americans indicated that they see a company's commitment to social issues as an important factor when they evaluate the companies they want in their communities.⁵² In a University of Massachusetts poll of November 2003 commissioned by the Cultural Task Force, 78% of Massachusetts residents indicated that they want to live in a community in which businesses are actively supporting the arts—and 63% said that support for the arts made them more likely to patronize a company.⁵³

Businesses are beginning to understand the benefits of philanthropy. According to the American Association of Fundraising Counsel, corporate philanthropy—after declining in 2001—grew by 8.8% (adjusted for inflation) in 2002, amounting to an estimated \$12.19 billion nationwide.⁵⁴

The trend among forward-thinking businesses is to see philanthropy as part of a long-term business plan. As Roger Green of Ipswitch, Inc., a Lexington, Massachusetts software company, said, “This is now a core part of our strategy. We won't get rid of it when times get tough. It's fundamental to who we are and what we do. And, it's not expendable.”⁵⁵

However, nonprofit leaders must not be lulled into thinking that a corporate grant or sponsorship is a sure thing: business strategies change and promotional dollars can be quickly reallocated. In addition, many businesses respond to “tough times” by tightening their philanthropic belt. Fran Eaton the director of corporate philanthropy services of the Council on Foundations in Washington, DC, explained that in a difficult economy, the corporate attitude is “we can't do feel-good stuff, we can't afford feel-good stuff.”⁵⁶ It is up to cultural organizations to explain to businesses that “feel-good stuff” is good for business.

So, how do cultural organizations connect with businesses, especially in tough economic times? How do they build relationships with corporations whose leadership lives elsewhere as the result of buyouts and mergers?

Ben Cameron, director of the Theatre Communications Group (TCG) and former director of corporate philanthropy of Target (which gives 5% of its pretax profit to nonprofits), urges nonprofits to identify their strategic fit with the corporate mission. He notes that since, “Target's typical customer is a working mother with two children who cannot afford \$200 tickets to the Metropolitan Opera, Target supports arts giving for family-appropriate and family-accessible organizations.”⁵⁷

Cameron urges cultural organizations to “leverage beyond the checkbook” and look for in-kind services. For example, Microsoft gave \$207 million in software to approximately 5,000 charities in 2002. Connecting with employees is also an effective strategy for encouraging corporate giving. Many companies consider the interests of their employees when making decisions about their philanthropy.

Perhaps the highest impact comes from simply putting the cultural sector and its contributions on the radar screens of businesses across the state. The Cultural Task Force urges that local Chambers of Commerce and trade or business associations incorporate support of and collaboration with cultural organizations into their own strategic priorities.

Government

A number of states empower their city and county governments to create funding streams to support arts and culture. San Francisco dedicates a portion of its hotel/motel tax to cultural organizations, while funds raised through sales taxes in Pittsburgh and Denver support arts and culture in those cities. Massachusetts does not offer its cities the option of raising local taxes

⁵² O'Keefe, Mark. “Despite Struggling Economy, Corporate Giving is Back in Growth Mode.” *Newhouse News Service* 19 June 2003.

⁵³ See Appendix D, Individual Charitable Giving: Attitudes, Motivators and Trends, page xiv.

⁵⁴ O'Keefe, Mark. “Despite Struggling Economy, Corporate Giving is Back in Growth Mode.” *Newhouse News Service* 19 June 2003.

⁵⁵ *Ibid.*

⁵⁶ *Ibid.*

⁵⁷ Back, Brian J. “Ben Cameron on the state of arts funding.” *Business Journal of Portland* 17 December 2001.

for these kinds of purposes, and so the state's nonprofit cultural organizations must work to secure funding from one governmental source: the annual state budget process.

Along with its budget allocations to the Massachusetts Cultural Council, the state government passes laws and implements policies that can enhance the operating environment for cultural nonprofits.

One way to improve the funding picture for nonprofit cultural organizations in Massachusetts would be to reinstate the state income tax deduction for charitable contributions. The federal government allows a charitable tax deduction, as do 33 of the 41 states with state income taxes. In Massachusetts, a charitable tax deduction was approved by 72% of the voters in a statewide referendum in November of 2000, but was implemented for one tax year only before being postponed to 2014 by the Legislature. (See sidebar on page 46.)

Others suggest a federal and state government role in raising awareness about the value of philanthropy. As Ian Ayres and Barry Nalebuff wrote in the *New York Times*, "Most of us teach our children to tip at least 15 percent. Yet we generally don't tell them how they should give to charity. In fact, most people do not know how much they themselves gave to charity."⁵⁸

Another way to encourage people to think more carefully about their charitable giving is to add a line to IRS and Massachusetts Department of Revenue tax forms that would invite taxpayers to calculate their annual charitable contributions as a percentage of income. This could then be easily compared with income group averages (information the IRS already compiles), increasing awareness and establishing a norm for charitable contributions. The national average is two percent of income, but, as Ayres and Nalebuff report, there are wide discrepancies among people of all income levels, including many with average or better incomes who give virtually nothing.

Currently, charitable contributions must be made by December 31st of each year to qualify for deductibility for that year's taxes. Yet another proposal would have

the IRS extending its deadline until the April 15th filing date, just as it does with IRA and other retirement contributions. These retroactive contributions would help to reduce tax liability and encourage donors to realize an immediate tax savings.

In Conclusion

Toward the end of the 19th century, a group of far-sighted philanthropists who wanted Boston to be a world-class city raised the funds necessary to create the Museum of Fine Arts, the Boston Public Library, Symphony Hall and the Isabella Stewart Gardner Museum. In the process, they launched the cultural life of Boston.

Today's philanthropists and other funding sources are more diverse and are supporting a broader definition of arts and culture—one that embraces not only the state's established cultural institutions, but the many community-based arts and cultural programs actively engaging people from all backgrounds and income levels in arts and cultural activities. Through this broader definition of cultural activity, funders are creating the cultural landscape of tomorrow and, in the process, making important contributions to the social and economic well-being of the entire state.

As Speaker of the Massachusetts House of Representatives Thomas Finneran wrote in an editorial on July 14, 2003, "we can create an environment for strong economic growth through recognition of our natural strengths and adoption of growth policies."⁵⁹

Nonprofit cultural organizations are among the most vibrant 'natural strengths' the Commonwealth possesses, and should be supported by markedly increased levels of funding from government, a deeper commitment on the part of businesses, higher levels of grantmaking from foundations, and a groundswell of support from individual donors whose lives and communities are enhanced every day through their engagement in arts and culture.

⁵⁸ Ayers, Ian and Nalebuff, Barry. "Charity Begins at Schedule A." *The New York Times* 15 April 2003: A21.

⁵⁹ Finneran, Thomas. "Pushing the State Out of its Fiscal Crisis." *The Boston Globe* 14 July 2003.

CHAPTER FOUR

Cultural Tourism: Where Culture and Economy Intersect

By Sarah Peskin with Ed Toomey, Chair, and Janice Mancini Del Sesto, Mimi LaCamera, Catherine Peterson, Anne Emerson, Mary Kelley, Beverly Morgan-Welch, Malcolm Rogers, Richard Freeland, Patrick Moscaritolo, Dan Hunter, Charlayne Murrell-Smith, Richard Wiggin, and Larry Zabar

R E C O M M E N D A T I O N S

Tourism is one of Massachusetts' largest and most lucrative industries. Our museums, orchestras, historic sites and heritage activities make our state a great place to live and to visit. Cultural tourism creates jobs in both the commercial and nonprofit sectors of our economy, generating substantial business earnings and tax revenues. Both cultural organizations and tourism-related businesses benefit tremendously from cultural tourism. When these sectors work closely together to increase tourism revenue and improve and maintain our cultural assets, both are strengthened.

- Facilitate conversations and develop lines of communication between cultural and travel industry leaders across the state, including the Massachusetts Office of Travel and Tourism, the thirteen regional tourism councils, representatives from the restaurant and lodging industries, and others.
- Collect, share and disseminate new and existing market data that is useful to both the cultural sector and the travel industry and which can serve as a bridge between the two as well as a platform for joint marketing, programming, and advocacy.
- Advocate for public funding for cultural facilities, many of which are historic buildings in need of repair and improvement to be attractive and accessible to residents and visitors alike.
- Understand that it is in the best interest of the cultural community to support and advocate for the travel industry's legislative agenda, just as it is in the travel sector's interest to advocate on behalf of the cultural sector.

Greater Boston is by all measures a very good place to live. We have the ocean at our doorstep and walk streets that have been used for centuries. Our brick and stone buildings glow with the patina of time—especially where we've had the good sense to adapt them for modern use while retaining the human scale of 18th and 19th century life. We are connected by an excellent mass transit system and our lives are enhanced by a parkway system that is internationally renowned as a model for artfully integrating green spaces into urban settings. We have reinvested in the urban core and are creating 21st century infrastructure and a series of grand new civic spaces that will support our future needs and strengthen our civic life. This area is home to some of the most renowned colleges and universities in the world—institutions that provide the

foundation for a healthy knowledge-based economy. We have numerous and distinctive historic buildings, strong and diverse urban neighborhoods and superb cultural institutions.

Good places to live are also particularly appealing to visitors. A growing body of research on the behavior of "cultural tourists" tells us that these visitors seek what we already have and often take for granted—a profusion of cultural, arts, historic and heritage activities. In fact, most American adults (81%) who took at least one trip of 50 miles or more away from home last year included one or more of these kinds of activities or events in their itineraries. This equals more than half (56%) of the adult population of the United States or 118.1 million travelers.⁶⁰ Forty percent

⁶⁰ "The Historic/Cultural Traveler." *Travel Industry Association of America* 2003.

of these adult travelers reported that they visited a designated historic site and nearly half attended a performing arts event. They also indicated a preference for places that can teach them something new, and are popular with local residents.

“Our theater is a magnet, bringing people to the area in a region very dependent upon tourism dollars for its economy. A year-round facility would bring more people to the area in the off-season.”

These leisure travelers represent a huge potential market for areas that are rich in cultural landmarks and programming. They are well-educated and savvy, travel frequently, and tend to make travel plans within a month of a trip rather than far in advance. They are flexible and

mobile, and particularly responsive to marketing and advertising campaigns. And since investment in this sector also benefits residents, cultural tourism is increasingly popular as the cornerstone of regional economic development strategies throughout the United States. Cultural tourists are known to spend more per trip (\$623 v. \$457) than general travelers, are more likely to stay in hotels (62% v. 55%), and spend more time in their destinations (5.2 nights v. 3.4 nights). The revenues and hotel taxes generated by these travelers are significant.

Massachusetts has a long and established reputation as a premier destination for cultural tourists, both domestic and international. In 2001, more than 26 million visitors spent \$11.7 billion directly, and were responsible for supporting 147,600 jobs with an annual payroll of \$3.7 billion.⁶¹ Our overall visitation, however, has decreased over the past few years and the tourism sector, along with the historic and cultural sites on which it depends, is struggling to recover from the huge drop in air travelers since September 11, 2001 and the economic downturn.

With its impressive assets, we believe Massachusetts could and should be a top-ten destination for cultural and historic travelers. But reputation is not enough to

guarantee our position in such a competitive arena. For this report, we studied other regions that are coping with similar challenges. In looking for examples of best practices, we found some interesting models.

Philadelphia caught our attention with its powerful regional marketing campaign that has actually increased visitation since 2001, despite facing most of the same challenges Greater Boston faces. According to data from the U.S. lodging industry, in 2002 Philadelphia area hotel revenue per available room went up 3.9% (versus a 2.5% drop nationally) and occupancy rates increased by 3.2% (versus a national drop of 1%). Similarly, overall visitation increased while Boston’s lost ground. And last year Philadelphia overtook Boston as the number two history destination in a survey by American Online/Travel + Leisure (Washington, DC tops the list, Philadelphia is second, and Boston is third).⁶²

Formed in 1996, the Greater Philadelphia Tourism and Marketing Corporation (GPTMC) has succeeded in making cultural tourism key to the regional economy, and has helped to reinvigorate the area by instilling a sense of local pride in its arts, cultural and historic offerings. A 1998 report on the economic impact of the cultural industry in the Philadelphia region⁶³ noted that the GPTMC planned to “accelerate the attention on the region as a tourist destination, as well as increase the demand for the content that cultural assets will provide for tourists.” By 1999, GPTMC became a permanent entity when a 1% hotel tax increase was passed by the city and state to permanently fund its tourism marketing. GPTMC, which also receives support from the city and state governments, the Pew Charitable Trusts, the William Penn Foundation and the Delaware River Port Authority, works closely with the Convention and Visitors Bureau, the tourism industry, and the many historic and cultural institutions that it recognizes as the foundation of its visitor economy.

GPTMC offers a fully integrated marketing program, including consumer research, television, print, outdoor and Internet advertising, and public relations in all media categories. Mayor John F. Street selected

⁶¹ “Massachusetts Travel Industry Report: 2003. Statewide & Regional Economic Impact and Visitor Behavior.” *Massachusetts Office of Travel and Tourism* 2003.

⁶² <http://www.travelandleisure.com>

⁶³ “Greater Philadelphia’s Competitive Edge: The Nonprofit Culture Industry and its Economic Value to the Region.” *Pennsylvania Economy League* September 1998. http://www.peleat.org/images/Arts_report.pdf

The Changing Tourism Industry

In the spring of 2002, after September 11th and the subsequent downturn in the economy, Boston's tourism industry began to see a remarkable transformation in the profile of its visitors—with leisure travelers to Boston staying for shorter periods of time (usually one or two days over a weekend), and traveling to the city from just 100 to 500 miles away.

The way people plan their traveling has also changed. Today's domestic travelers are looking for the lowest transportation rates possible, shopping for bargains on the Internet, and relying less and less on "traditional" ways to select destinations and book trips. Travelers have also come to expect special packages and discounts.

Business travel is undergoing a change as well, with companies sending fewer people to annual meetings and conventions. There are some exceptions, however. Certain industries, including financial services and technology, leveled off in late 2000 and are now experiencing a slight up-tick in travel.

Boston has fared somewhat better than other cities when it comes to international visitors. The number of international visitors to the top "Gateway Cities" in America has declined since 2001 up to 22%, but Boston lost fewer visitors than other Gateway Cities, including San Francisco, New York, Philadelphia, and Chicago.

The Travel Industry of America (TIA) predicts that leisure travel volume in the United States will grow by 3.2% in 2004, up from a 2.8% increase in 2003. However, Americans remain reluctant to commit to travel plans in advance, so last minute planning and booking will continue to be the norm. The TIA also expects increased preferences for domestic travel, close-to-home destinations, and highway travel. According to the TIA's Annual Travel Forecast, overall traveler spending by domestic and international visitors is forecasted to increase 4.4% in 2004 to \$568 billion, up from \$544 billion in 2003. Still, it won't be until 2005 that the level of spending—forecasted to reach \$594 billion—will finally surpass the record set in 2000.

According to the Greater Boston Convention & Visitors Bureau, the city boasted a hotel occupancy rate of 73% last year, an increase of nearly five percent from the prior year. However, the bulk of the city's 15,039 hotel rooms are occupied by business travelers during the week, which means that plenty of rooms are generally available during the weekend. A promising trend is that a number of Boston hotels are offering weekend packages that emphasize family fun, museum hopping, and other activities that take advantage of Boston's rich cultural offerings.

GPTMC to lead the Mayor's Hospitality Industry Support Initiative which includes the "Philly's More Fun When You Sleepover" campaign and the Philly Overnight Hotel Package, both of which have been successful in boosting hotel stays. The GPTMC's promotional materials use bright colors and dynamic graphics to highlight the numerous activities available to tourists, ranging from art, history, and science museums to a wide variety of performing arts events. An interactive CD and the www.gophila.org website

further promote these offerings as well as the region's restaurants, nightlife, and recreational activities. GPTMC also produces a brochure that is aimed at university and college students and highlights arts and cultural activities at the area's higher education institutions and promotes a "one big campus" concept to prospective students. It offers a single source for information about cultural events and recreation that can be used by visitors and residents alike. Also included is a Neighborhood Tourism Network that

supports tours and produces lively and informative brochures, which “introduce you to the neighborhoods where Philadelphians live, work and play.”

Well-presented, detailed reports on Greater Philadelphia’s tourism industry effectively communicate economic trends, demographic information, and visitor activity to visitor industry insiders through easy-to-interpret graphs and pie charts. The publications make economic data easy to comprehend and provide a solid basis for advocacy and investment.

Philadelphia has also invested heavily in a coordinated group of new projects related to Independence Mall within Independence National Historical Park. Totalling more than \$300 million in public and private investment, the effort included a major new visitor center, a new pavilion and exhibits for the Liberty Bell, and the National Constitution Center, a museum that uses the latest interactive presentation techniques to bring history alive. All are served by underground parking in a city-owned garage and a sign system to direct visitors and motor coaches to their destinations. Construction is underway for a National Park Service education center for school children with site work, landscaping, and lighting nearing completion. All of this has been accomplished through collaboration among the City of Philadelphia, Commonwealth of Pennsylvania, National Park Service, Greater Philadelphia Convention and Visitors Bureau, GPTMC, Greater Philadelphia Cultural Alliance, and new cultural institutions such as the National Constitution Center and the Independence Visitor Center Corporation.

Other cultural facility projects have also served to put Philadelphia on cultural tourists’ must-see list. The city’s 3.5 mile long Avenue of the Arts District⁶⁴ includes the new Wilma Theater, University of the Arts theaters, the High School for the Creative and Performing Arts, and the new Kimmel Center for the Performing Arts, home of the Philadelphia Orchestra. The Kimmel Center’s \$265 million price tag included \$100 million in state and city funds.

Public and private partners worked hard to design, build and program Philadelphia’s reinvigorated

historic zone and arts district to appeal to visitors seeking quality experiences. The results are impressive and the visitor numbers prove that the strategy is working.

Lessons from Philadelphia include:

- A dedicated revenue stream ensures that the GPTMC will continue to have resources to market to future visitors—thus promoting cultural tourism as sustainable and part of the overall strategic plan.
- GPTMC is regional in its outlook, not focused solely on Philadelphia, although leadership for initiating the agency came from the current and past mayor (now the governor).
- Philadelphia’s planning included a review of its physical infrastructure, focused especially on enhancements to Independence Mall, as well as its program needs for collaborative marketing.
- Federal, state, and city governments provided land and facilities planning expertise for the Independence Mall development, leveraging significant funding from individual donors and private foundations.
- Pew Charitable Trusts was instrumental in jump-starting both the GPTMC and the facilities efforts when the city, in economic crisis, found the answer to their recovery in their cultural institutions.

Seattle presents another example of highly effective cultural tourism collaborations. The Seattle Events Page, www.seeseattle.org/events, allows users to query cultural events by date, type and location. This website, co-sponsored by the Seattle Convention & Visitors Bureau, the Cultural Development Authority of King County, and the Seattle Office of Arts and Cultural Affairs includes links to regional maps highlighting walking tours and cultural and historic sites. The information is used by Visitors Bureau staff to update brochures for distribution to conventions and hotels so that visitors can have access to it whether or not they have access to the Internet.

Washington, DC’s Cultural Tourism DC⁶⁵ is another leader in tourism programming, bringing visitors to sites in all areas of the city that have cultural and

⁶⁴ www.avenueofthearts.org

⁶⁵ www.culturaltourismdc.org



“Downside UP,” a first-person documentary by North Adams native Nancy Kelly, tells the story of the socioeconomic changes seeded by MASS MoCA. Produced in association with the Independent Television Service, with funds from the Massachusetts Foundation for the Humanities, the film explores whether something as ephemeral as contemporary art can breathe life into a dying city. Here, the filmmaker and her family view “The Sight and Sound of Music,” an installation artwork by Kay Rosen.

historical significance. Recognizing that visitors and residents want to go beyond the major monuments, and that they have diverse backgrounds and interests, the coalition works with the Washington, DC Convention & Tourism Corporation and counts as members nearly every museum and cultural organization found in every ward of the city as well as neighborhood groups, community development corporations, faith-based organizations, the regional transit authority, the National Park Service, professional tour guides, and the city’s official marketing entities. Like Philadelphia, this lively collaboration supports programmatic offerings, market research, and links to the physical facilities operated by its members. It published *Capital Assets*⁶⁶ the city’s first comprehensive inventory of heritage and cultural attractions. Catalogued by neighborhood and by theme, as well as by their readiness to welcome and

educate visitors, this cultural tourism planning framework is also a unique insiders’ guide to the hidden treasures of the city.

Other noteworthy results of this collaboration include:

- A 1998 conference, *Culture and Commerce*, to plan for the launch of a significant heritage tourism effort;
- Baseline visitor and audience research;
- A comprehensive plan to promote neighborhoods as tourist destinations, including the “Beyond the Monuments” marketing campaign, and special interest guided tours like “Before Harlem, There was U Street,” highlighting Duke Ellington’s neighborhood, and the self-guided “Civil War to Civil Rights: Downtown Heritage Trail;”

⁶⁶ Smith, Kathryn Schneider. “Capital Assets: A Report on the Tourist Potential of Neighborhood Heritage and Cultural Sites in Washington, DC.” *DC Heritage Tourism Coalition* 2000.

MASS MoCA: Attracting Visitors, Creating Jobs

MASS MoCA (Museum of Contemporary Art) in North Adams is the result of creative, entrepreneurial thinking and a confluence of activity that transformed \$35 million in state investment, \$9 million in private donations, and an abandoned factory into a state-of-the-art cultural facility. Today, the museum serves a local and tourist audience of 120,000 visitors a year. As part of the project's original feasibility study, economists estimated that the state's investment would produce 650 permanent jobs—today, there are more than 850 new jobs created as a direct and indirect result of MASS MoCA.

The museum occupies 300,000 square feet on the 13-acre campus of an abandoned factory in Western Massachusetts. The project began in 1988 with the backing of then Governor Michael Dukakis as part of a larger effort to reverse the economic decline of the region. Heavily dependent on manufacturing, the region's economy languished with the shutdown of North Adams' largest employer Sprague Electric. Sprague Electric employed 4,000 of the town's 18,000 residents until competition from overseas manufacturers forced its closure in 1985. During the period following the shutdown, unemployment in North Adams peaked at 15.2% in 1990, more than twice the state average of 6%.⁶⁷

Originally envisioned as a museum of visual art, it has evolved into "an expansive cross-disciplinary venue able to host the best art being made today and tomorrow in all fields—dance, theatre, video, sculpture, music, painting, digital media and most importantly, categories that cannot be classified or even yet imagined."⁶⁸ It specializes in displaying works that are too large to be accommodated by ordinary museums. Nineteen galleries, including one the size of a football field, exhibit paintings and sculptures borrowed from the collections of other museums or commissioned by MASS MoCA, which does not own any major works of art or have a permanent collection.

Besides exhibitions, MASS MoCA presents 80 performances a year ranging from theater to dance to concerts and lectures. Performances are held in its two theaters, the galleries, two outdoor courtyards, and on the streets of North Adams. MASS MoCA also collaborates with established regional organizations like Jacob's Pillow and the Williamstown Theater Festival to produce new programming for the museum. Visitors often have the opportunity to see art being "created" by observing resident artists at work in the museum's workshops and rehearsal areas.

MASS MoCA houses a variety of tenants involved in e-commerce, publishing and tourism. Businesses such as the Hollywood special effects company Kleiser-Walcak and eZiba.com, on-line retailers of handcrafted items, and Storey Publishing, a publisher of "how to" books are a few of the companies that have leased space on the campus of the museum. Tenants lease 60,000 square feet of commercial space that was developed as part of the museum's construction. An additional 70,000 square feet will be developed for commercial activities by spring 2004. Two local law firms—Freedman, DeRosa and Rondeau and Donovan & O'Connor—are on the campus in anticipation of the Northern Berkshire District Court's move to MASS MoCA's campus.

An economic impact study conducted by MASS MoCA in 2000 concluded that the museum has contributed more than \$32 million in economic activity to the region.⁶⁹ Much of the economic impact has been the result of increased tourism. Prior to the opening of the museum, less than 1,000 tourists visited North Adams on an annual basis. Today, MASS MoCA is an inspiring example of the power of culture to transform a town and have a positive impact on an entire region.

⁶⁷ Massachusetts Division of Employment and Training.

⁶⁸ Whitman, Nicholas. "MASS MoCA: From Mill to Museum." *te Neues Publishing* October 2000.

⁶⁹ MASS MoCA Economic Impact Report.

- The creation of a citywide system of marked heritage trails and a centralized listing of licensed guides offering neighborhood walking tours;
- Information on heritage and cultural attractions for downtown 'way finding maps' installed by the Downtown DC Business Improvement District;
- Co-sponsorship of a public art competition, Art on Call, linking artists, historians and more than 40 neighborhood groups to an effort to turn obsolete police and fire call boxes into neighborhood cultural icons;
- The annual DC Open House, a free celebration of museums and neighborhoods; and
- A marketing campaign with the Metro, the Washington Convention Center, and area hotels to focus on neighborhoods as destinations.

In all of these cities, leaders have recognized the common interests of the culture and tourism sectors and developed strategies that benefited local residents by supporting cultural and heritage institutions. By focusing on common goals, marketing and promotional dollars were used more effectively and citywide programs and special events allowed cultural institutions to support one another. Everybody won.

Market Data

Every good businessperson knows that to run a viable concern, you must know who your customers are and what they want and need. Our cultural sector needs detailed market information to remain competitive with other regions and enhance our efforts to promote our large institutions, historic sites, and small arts organizations. It is critical to track changing demographics and other trends, knowing that the tourism economy is based on consumers who exercise an extremely high degree of discretion.

Market studies, while crucial, are expensive to perform and keep up-to-date. Since they involve so many constantly changing factors—from tracking international events to the advertising campaigns of competing destinations—such market data often

eludes smaller organizations. This hurts groups in multiple ways, both in their day-to-day operations and their ability to obtain political and financial support. Taken together, for example, the economic value of the Massachusetts cultural sector is truly impressive, even though it is based on hundreds of small organizations. When economic spin offs are considered, the direct and indirect benefits are astounding.

The Greater Boston cultural sector, made up of a multitude of small and medium sized organizations, along with a strong cohort of major institutions, could collaborate to collect and maintain relevant market information, following the lead of other cities and regions where cultural tourism is recognized as a mainstay of the local economy. One-time data collection efforts can also be helpful. In 2001, the Berkshire Visitors Bureau commissioned an analysis of visitors to Berkshire cultural attractions.⁷⁰ The study included the demographics of local cultural audiences, their attendance patterns and preferences, and the various ways in which they received their information. When this kind of study is carried out over time, the resulting data can form the basis for planning and decision making on a wide range of topics, including marketing and facilities enhancement, that make logistics and amenities—from parking to restrooms to ticket purchase—more appealing to visitors.

Obtaining and maintaining current, ongoing data on the economic benefits of Massachusetts cultural tourism would also be extremely beneficial. The National Parks of Massachusetts, a consortium of 18 historic sites and cultural destinations maintained by the National Park Service (NPS) and their partners, has recently begun using a methodology developed by social scientists at Michigan State University for all NPS areas, called the Money Generation Model²,⁷¹ to quantify and track contributions to the local economy. This model, which is simple to use and requires minimal data collection by the individual sites, calculates the value and number of jobs generated, the number of hotel nights, and other relevant data that site managers find extremely useful for planning efforts and analysis. Because it was developed and tested by respected experts, and because it is updated

⁷⁰ Berkshire Visitors Bureau. "Berkshire Cultural Attractions Visitor Analysis, Summer 2001." *People, Places & Design Research* November 2001.

⁷¹ www.prr.msu.edu/mgm2.

regularly, it is allowing site managers to understand the direct and indirect economic benefits generated by their areas. The data that is collected can also be consolidated in ways that compare apples to apples.

The table below shows the 2001 results for National Parks in Massachusetts that together represented 9.8 million visits and resulted in \$458 million in sales and 9,534 jobs. Similar data for the statewide cultural sector would be extremely useful, and would provide a foundation for targeting marketing dollars.

In Conclusion

We are fortunate to live in cities and towns that helped to shape the history of our nation and continue to lead the world in innovation and reinvention. The historical and cultural institutions that educate and inspire the residents of our state—and provide us with opportunities for lifelong learning—also have tremendous appeal for cultural tourists.

Because our historic and cultural sites are functioning, real places, however, and not theme parks, a vast network of public and private agencies share responsibility for managing them, which makes planning and coordination a complex undertaking that requires open and honest communication, collaboration, and a strong sense of common purpose.

A new and powerful alliance between the travel and tourism industry and the nonprofit cultural sector can help to bring all of these forces and interests together to address challenges and maximize the tremendous economic potential of cultural tourism. Fresh, constantly updated information, partnerships based on mutual interest and trust, and a reinvigorated sense of our potential to attract visitors from around the world to one of the world's great destinations will provide the foundation for planning and moving forward together. As we strive to make Massachusetts a better place to visit, we can also make it a better place to live.

National Park Service, Economic Impacts of Visitor Spending 2001⁷²

Park Name	Visitation		Spending		Direct Effects		Total Effects	
	Recreation Visits ⁷³	Party Days ⁷⁴	Avg. Spending per party day	Total Visitor Spending (million's)	Sales (million's)	Jobs	Sales (million's)	Jobs
Adams NHS	167,500	83,761	\$ 114	\$ 9.5	\$ 8.0	177	\$ 12.4	234
Boston African American NHS	390,130	195,091	\$ 114	\$ 22.2	\$ 18.5	412	\$ 28.8	545
Boston NHP	1,981,301	383,052	\$ 144	\$ 55.2	\$ 47.5	1,042	\$ 74.2	1,386
Cape Cod NS	4,391,478	1,318,399	\$ 95	\$ 124.3	\$ 96.5	2,829	\$ 127.2	3,298
Frederick Law Olmsted NHS	10,332	5,167	\$ 114	\$ 0.6	\$ 0.5	11	\$ 0.8	15
John Fitzgerald Kennedy NHS	12,244	6,123	\$ 114	\$ 0.7	\$ 0.6	13	\$ 0.9	18
Lowell NHP	723,568	361,831	\$ 114	\$ 41.1	\$ 34.4	764	\$ 53.5	1,010
Minute Man NHP	1,072,979	536,559	\$ 114	\$ 61.0	\$ 51.0	1,133	\$ 79.3	1,497
New Bedford Whaling NHP	303,342	151,691	\$ 114	\$ 17.2	\$ 14.4	321	\$ 22.4	424
Salem Maritime NHS	748,747	374,422	\$ 114	\$ 42.5	\$ 35.6	791	\$ 55.3	1,045
Saugus Iron Works NHS	17,017	8,510	\$ 114	\$ 1.0	\$ 0.8	18	\$ 1.3	24
TOTALS	9,845,682						\$458.1	9,534

⁷² Does not include newly authorized Boston Harbor Islands National Park Area, nor Blackstone National Heritage Area, Essex National Heritage Area, Quinebaug-Shetucket National Heritage Area, Appalachian Trail, all of which are members of the National Parks of Massachusetts.

⁷³ "Recreation Visits" are the number of entries into National Parks.

⁷⁴ "Party Days" are the number of days each visitor party or group of visitors spends in the local region.

CHAPTER FIVE

A Cultural Policy Agenda

By Dan Hunter with Josiah Spaulding, Jr., Chair, and Barbara Grossman, Anne Hawley, Jamie Jaffee, Mary Kelley, Yolanda Kodrzycki, Charlie McDermott, Cathy Minehan, Peter Nessen, Bill Nigreen, J. Mark Schuster, and Mark Volpe

R E C O M M E N D A T I O N S

Arts and cultural nonprofit organizations are essential to building strong, healthy and vital communities. These nonprofits are integral to public education, after-school time, and lifelong learning. They foster an environment of creativity and innovation that draws entrepreneurs to our state. They attract tourists, create jobs, and support Massachusetts businesses through their spending. Investing public dollars in cultural organizations benefits all residents of our state and has an impact on all of the 351 cities and towns across the Commonwealth.

- ▶ Develop new and significant revenue sources to support increased annual state appropriations for state and local cultural funding.
- ▶ Develop a significant source of public funding for investment in cultural facilities through capital grants for repairs and improvements, building code compliance, and new and expanded facilities.
- ▶ Encourage state and municipal investment in infrastructure projects, such as public transportation, roads, sidewalks, parking, and signage that improves public access to cultural organizations, and advocate for laws, policies and regulations, including zoning and building codes, that support the development of safe, affordable cultural facilities.
- ▶ Support collaborations between the Massachusetts Cultural Council and other state agencies, recognizing the role that arts and culture play in statewide efforts to promote education and youth development, tourism, economic and workforce development, community development, affordable housing, and other agendas of state government.
- ▶ Support and advocate for increased investment in arts⁷⁵ education for all students in K-12 classes and for those who participate in out-of-school time programs.
- ▶ Advocate for legislation, including improved building codes, updated nonprofit reporting requirements, and the reinstatement of the Charitable Tax Deduction, that will enhance the operating environment as well as expand revenue and resources for all segments of the cultural community.

In 1780, the people of Massachusetts became a Commonwealth when our Constitution, the oldest governing constitution in the world and the model for the United States Constitution, was adopted. While our state Constitution is famous for its Declaration of Rights as the public expression of guarantees for individual freedom and equality, it begins by establishing the state's government as a voluntary association of individuals in service of the common good—quite

literally, a commonwealth. Here, penned by John Adams, are the opening words of the Massachusetts Constitution:

The body politic is formed by a voluntary association of individuals; it is a social compact by which the whole people covenants with each citizen and each citizen with the whole people that all shall be governed by certain laws for the common good.

⁷⁵ In this case, the call for greater funding of “arts” education does not reference or include the broader cultural sector. Science and humanities education remain a part of public education’s core curriculum, while arts education has been almost completely eliminated from many of our schools, presenting a unique case for support and advocacy.

The function of public policy is to identify public goals through debate, to design programs to pursue these public goals, and then to allocate resources to further the common good. The Massachusetts Constitution assigns to government a responsibility to support arts and culture:

...It shall be the duty of legislatures and magistrates, in all future periods of this commonwealth, to cherish the interests of literature and the sciences...to encourage private societies and public institutions, for the promotion of agriculture, arts, sciences, commerce, trades, manufactures, and a natural history of the country...

Despite this stated commitment, public funding for arts and culture is relatively new in most parts of this country. Two generations ago, such funding was considered to be a private endeavor—as was support for health care, the environment, transportation, and housing, all concerns that are now commonly understood to be public responsibilities.

Two generations ago, only the wealthy had access to opportunities to participate in arts and cultural activities, which were considered to be a private matter maintained by and for the rich. This changed in 1965 when the National Endowment for the Arts was established. Soon after, states across the country established their own arts councils. What is now known as the Massachusetts Cultural Council (MCC) was established in 1967. In the short span of 39 years, every state and most major cities devoted public dollars to the support of arts and culture using a wide variety of funding mechanisms. Culture, like health and housing, is now more commonly understood as an enterprise that requires and deserves public policy and public support.

This means that the laws, regulations, and budget allocations that benefit cultural organizations—public policy developed through politics—are subject to the constant tug and pull of political debate. Public funding for the arts, sciences, and humanities rose through the economic boom years of the 1990s with little debate. Then the boom turned to bust. Political priorities shifted to budget balancing and state spending was scrutinized for “return on investment.” For many states, cultural funding was an easy target, even though its portion of total spending was miniscule and its potential for impact was large.

The Case for State Funding

A number of states empower their city and county governments to create funding streams for the support of arts and culture. Without the option of raising local taxes for this purpose, Massachusetts cultural organizations must work to secure funding from one governmental source: the annual state budget process.

By statute, all MCC funding comes from the arts lottery—now known as Megabucks—not from tax revenues. Despite this, the MCC’s budget and its share of those lottery funds remain part of the general budget appropriation process, subject to the ebb and flow of the economy and the priorities of legislators. Though it was briefly a revenue source completely dedicated to cultural funding, the arts lottery soon became part of the state’s general revenues.

In 1988, MCC funding reached a high of \$27.4 million, but in 1992, the agency was nearly eliminated, surviving with a modest \$3.6 million annual appropriation. Over the next 10 years, MCC funding slowly climbed again to \$19.1 million. The most recent blow came in 2002 when a gubernatorial line item veto cut the budget of the Massachusetts Cultural Council by 62%. According to one widely circulated story, Governor Jane Swift is said to have penciled in the margin of the state budget that arts and culture could find other sources of revenue. While the story may be apocryphal, it represents a common misunderstanding by many in government that arts and culture can and should be funded by the private sector.

While Massachusetts cultural funding received one of the most draconian cuts in the country, ours was not the only state in a budget crisis. Mirroring our funding situation, total state arts funding in this country rose from \$211 million to \$446 million between 1993 and 2001, then fell sharply. As of June 2003, 42 states had cut cultural funding, eliminating 13.1% of the total from a high of \$408.6 million in FY02 to \$354.9 million in FY03.⁷⁶

Those frustrated by the susceptibility of the state budget to these fluctuations bemoan the fact that Massachusetts lacks a truly dedicated funding stream for arts and culture. Across the nation, dedicated funding mechanisms have been introduced with

⁷⁶ Jacobs, Leonard. “As Arts Funding Flounders, States Seek Tax Alternatives.” *Backstage* 15 July 2003.

varying success. Arizona's public/private endowment, Artshare, receives a portion of the funds raised by a commercial amusement tax on sporting events and movies. The Florida Division of Cultural Affairs receives a portion of its budget from corporate filing fees. Other states fund arts and culture through special sales tax districts, taxes on casino gambling, non-resident performer and professional athlete taxes, license plate fees or specialty plates, and voluntary contributions through an income tax check-off.

Some states have turned to cultural trusts—pooled funds that often combine public contributions with private donations—to dedicate revenue to arts and culture. These trusts can be funded in a variety of ways including direct allocation from the general fund, private contributions, and special taxes. Even though state trusts are often thought of and referred to as 'endowments,' they do not necessarily provide the permanent sources of funding that foundation or institutional endowments do. Trusts can be used as an excuse to eliminate an annual state appropriation. In addition, they are easily raided by governors and legislators to be spent for other purposes and are especially vulnerable in times of financial crises. The state of Missouri forced the Missouri Arts Council to spend trust principal when it failed to provide an annual appropriation.⁷⁷

Other cities and counties, viewing cultural activity as integral to attracting tourism, invest portions of their hotel/motel tax in the organizations that draw visitors. In 1999, roughly 40 communities in California, Oregon, Ohio, New Mexico, Florida, Texas, and Washington dedicated a portion of hotel/motel taxes to arts and culture.⁷⁸

In San Francisco, two organizations—the Arts Commission and Grants for the Arts—receive funds from the city's Hotel Room Tax, a 14% room charge levy. In FY2000/2001, the tax generated \$195.1 million, of which \$36.7 million was allocated to local arts organizations. Of course, this revenue source is both

volatile and price sensitive. Because of the drop in travel, San Francisco's 2003 revenues were significantly less than in 2000/01.⁷⁹ Nonetheless, Grants for the Arts Director Kary Schulman notes, "This is a highly equitable form of arts support in that it returns to the arts money that came to the city through the motels and hotels in the form of tourism."⁸⁰

In Massachusetts, the Hotel/Motel Tax is currently 5.7% of the room charge; cities and towns can add up to 4.5% more as a local tax. In FY03, the Hotel/Motel Tax generated \$136 million for the state. By law, 65% of the state share of the hotel/motel tax goes to the general fund. The remaining 35% supports the tourism industry through allocations to the Boston Convention Center, the Massachusetts Office of Travel and Tourism (MOTT), and the 13 regional convention and visitor bureaus. However, as budgets have been cut, this formula has been set aside, a disinvestment that hurts the travel industry as well as the nonprofit cultural sector. As a result, those agencies that can promote cultural travel and so indirectly support the earned, if not the contributed, income of cultural organizations, have had to cope with significantly reduced promotional budgets. In 2002, Massachusetts spent \$10.6 million to promote tourism—far less than some other states. Pennsylvania, for instance, spent \$35 million in the same year.

As attractive as these "dedicated revenue streams" may seem, nearly all of them have serious problems. First, with the exception of hotel/motel taxes, they rarely generate significant income. For example, license plate programs need significant and costly advertising, and even then return very little. California's arts license plate, designed by a noted artist and one of only eight specialty fundraising plates in that state, generates less than \$1 million a year.

Of course, any revenue source is subject to ups and downs, but the swings can be especially difficult if an arts council is relying on income from sales taxes on specific items like video rentals or CD sales, a dying

⁷⁷ Weber, T. "Arts Groups May Sue Over Missouri's funding." *KWMU Radio* 1 July 2003. www.kwmu.org

⁷⁸ Grant, Daniel. "Culture Funding in Lean Times: Pay your phone bill late? You may be a patron of the arts." *The Wall Street Journal* 11 June 2003.

⁷⁹ Nelson, Susan. "Funding for Cultural Organizations in Boston and Nine Other Metropolitan Areas." *The Boston Foundation* February 2003, page xix.

⁸⁰ Grant, Daniel. "Culture Funding in Lean Times: Pay your phone bill late? You may be a patron of the arts." *The Wall Street Journal* 11 June 2003.

market on which Broward County, Florida, had pinned its hopes. Hotel revenues can be counted on to increase, but video rentals never will.

Most important, so-called dedicated revenue sources can breed complacency. Other interests quickly usurped Massachusetts arts lottery revenues when it proved successful, and the same is possible with any other funding source. Constant vigilance and advocacy are necessary to maintain any public cultural funding, no matter the source. Nonetheless, we believe that there is a strong case for heeding the state constitution and providing public funding for arts and culture.

Increase annual state appropriations for cultural funding

We believe that public funding for arts and culture is essential for the following reasons:

- The state budget process establishes the priorities of the Commonwealth, and when the state funds arts and culture, it affirms the public value of these activities.
- State funding can provide basic operating support for cultural organizations. These unrestricted funds cover the fundamental expenses that are so essential to keeping an organization running, such as utilities, office supplies, and maintenance.
- Cultural organizations that are awarded grants through the MCC process receive an imprimatur of excellence from a jury of professional peers. This recognition facilitates fundraising and leverages private donations. The state multiplies its support by requiring that state funding be matched by private dollars.

Develop a significant source of public funding for cultural facilities

Massachusetts is blessed with world-renowned cultural facilities—museums, concert halls, galleries, and studios of all shapes and sizes. They are among

the most revered architectural treasures of our state, and they provide anchors for our communities and settings for a diverse mix of arts and cultural activities. They are also facing numerous critical challenges. On average, Massachusetts cultural facilities are more than 90 years old and many of them are in desperate need of repair, maintenance, and modernization. They are also facing new and far stricter fire safety and building codes that will carry a heavy price tag.

In a recent sampling of 164 Massachusetts cultural organizations, 112 organizations estimated the cost of necessary repairs and improvements to be more than \$303 million. Thirty-four cultural organizations are planning to expand their facilities at an estimated cost of \$444 million and 30 cultural organizations are planning new construction at a cost of \$360 million. Combined, these Massachusetts cultural organizations anticipate \$1.1 billion in capital spending in the next five years.⁸¹

While some state legislative leaders, along with the Massachusetts Cultural Council and others, recognize the need to improve and expand our cultural facilities, they have not yet succeeded in finding a funding solution. (See sidebar.)

A publicly funded capital grants program that can provide a portion of the required funds and stimulate private investment through matching funds is the highest priority of the Cultural Task Force and of the entire cultural community in Massachusetts.

There are two basic methods for funding a capital grants program: through the state's general revenues, or through bonding. A bond is an I.O.U. issued to meet expenses that regular revenues cannot support; state governments raise money through bonds by using their own revenues as security and debt-service. Every year, Massachusetts spends between \$1.1 billion and \$1.5 billion in capital funds for transportation and highway projects, courthouse and other state office building construction, technology improvements, and open space acquisition. We strongly urge that capital funding for cultural facilities be added to this list.

There are some useful examples in other parts of the country. In 2003, the voters of Dallas approved a \$555

⁸¹ See Appendix E, Cultural Facilities: 2003 Statewide Survey Assessing the Depth and Breadth of Need, page xxv.

Seeking State Facility Funds: A Brief History

Since 1997, various attempts have been made by the Massachusetts Cultural Council, MassDevelopment, and other leaders of the cultural community to secure a major pool of state funds for grants and loans to nonprofit cultural facilities:

- With the leadership of State Senator Stanley Rosenberg, a \$35 million cultural facilities bill was filed and approved by the Senate in 1997, but was never taken up by the full Legislature.
- Representatives Peter Larkin and Kevin Fitzgerald filed a similar bill in the House in 1999. It received a great deal of positive press coverage after a public hearing by the Joint Committee on Taxation in 1999, but the bill did not make it out of committee—primarily because no specific revenue stream was identified to fund it.
- In August 2000, legislation was passed establishing a Regional Tourism Facilities Fund to distribute grants and loans that would be split 50/50 between cultural and other regional facilities. The legislation identified 50% of any incremental increase in revenues to the state’s hotel-motel tax revenues as the Facilities Fund’s revenue source, but hotel-motel revenues began to drop shortly after the bill was passed, so the Fund has never become operational.
- In the summer of 2001, senior staff members in Governor Jane Swift’s office initiated a new round of conversations about cultural facilities. A proposal was discussed to create a grant and loan pool of up to \$75 million, capitalized over a five-year period through bonds issued by the Office of Administration and Finance. The conversations appeared close to fruition at the end of August 2001, but the process was abandoned after September 11. Eight months after that, the same Governor used a line item veto to cut the MCC’s annual state appropriation 62%.

million bond issue to support 17 revitalization projects. The bonds will be repaid by a property tax increase of 5% spread out over six years and costing the average homeowner about \$3 a month. Cultural projects, including \$17.7 million for community-based arts facilities and \$11.3 million for infrastructure to prepare for construction of the new performing arts center, accounted for 5% of the total bonding package. This investment will revitalize the Arts District with a \$250 million performance complex financed with \$230 million in private donations.⁸² The voters approved the cultural proposals in part because the cultural bonds were linked to major investments in streets, parks, libraries, and fire and police stations. The bond

campaign was led and organized by the Dallas Citizens Council and the Greater Dallas Chamber of Commerce to address the city’s major infrastructure needs. As Dallas City Council member Elba Garcia said, “If arts are a frill, then streets are a frill. Culture is infrastructure.”⁸³

State and municipal investment in infrastructure projects

As Elba Garcia says, “culture is infrastructure,” but the cultural sector itself needs a supportive infrastructure to survive and thrive. The state, as well as its cities and towns, can provide this infrastructure by directing

⁸² Hicks, Victoria Loe. “All bond propositions OK’d, funding roads, libraries, parks.” *The Dallas Morning News* 4 May 2003.

⁸³ Hicks, Victoria Loe. “Arts backers working to set stage for bond passage.” *The Dallas Morning News* 26 April 2003.

transportation departments to consider ways to improve access to cultural facilities when they plan highway and public transportation projects. Would a re-routed road ease access to a cultural venue? Would improved highway signage add to the number of visitors? State and local governments need to include representatives from cultural organizations as they plan and assess transportation issues.

In response to the tragic fire in Warwick, Rhode Island, the Governor and Legislature will consider the new recommendations of the Governor's Fire and Building Safety Task Force. The public expects and deserves the highest safeguards, but cultural organizations will face significant, in some cases enormous, costs to remodel buildings in order to comply with the new fire and safety codes. As state and municipal officials adopt new regulations, they must also consider funding mechanisms for capital and operating costs.

Increase investment in arts education

Arts education aids students in skills needed in the workplace: flexibility, the ability to solve problems and communicate, the ability to learn new skills to be creative and innovative, and to strive for excellence.

*Dr. Joseph M. Calahan
Vice President, Xerox Foundation*

The Massachusetts Education Reform Act of 1993 defined the arts as part of the core curriculum for all Massachusetts students. According to this "common core of learning," all students should be able to "use the arts to explore and express ideas, feelings and beliefs." The inclusion of this language was an important endorsement of arts education by the state, but it did not by itself guarantee implementation by individual schools and districts.

An Arts Curriculum Framework was adopted by Massachusetts in 1996 and an updated version was released in 1999. This framework provides guidelines to individual school districts for learning, teaching and

assessment, but implementing the framework still relies on local decision-making. School districts in the state are not currently required to assess arts learning. MCAS calls for students to be assessed on English language arts, mathematics, science and technology, history and social science—but not the arts.

"We have no space for classes. We have outgrown our current space artistically and in terms of audience demand for more seats and year-round offerings."

Massachusetts also has no state-mandated graduation requirement related to the arts, so local districts define the requirements. (For context, 32 other states have a graduation requirement in the arts.) Arts education, however, enjoys considerable public support both in the Commonwealth and across the nation. Based on a 2003 statewide survey conducted by the UMass Poll on

behalf of the MCC, 94% of the population considers the arts to be as important a part of basic education as math and English and 92% favor state funding for arts programs in schools. Poll director Lou DiNatale said, "These numbers are off the charts. We expected the arts figures to be strong, but not this strong. It is doubly impressive that 94% of the population ranks arts education right up there with science and math."⁸⁴

The City of Boston adopted a strong Arts in Education Policy in 1994 (revised in 2001) that endorses sequential instruction in music, dance, theater, visual arts and literary arts. Citywide arts standards were approved in 1997, but fiscal concerns and an increasing emphasis on literacy and mathematics have slowed progress.

The federal No Child Left Behind Act, MCAS, and declines in state aid have had a profound effect on the role of arts and culture in our schools. Unfortunately, No Child Left Behind does not mandate testing in the arts and MCAS does not assess student abilities in the arts. As a result arts, humanities and even the sciences are increasingly marginalized in the curriculum, since schools and districts inevitably prioritize those subjects that are tested.

Perhaps as a result of the lack of mandated testing, evidence gathered from across Massachusetts indicates that there have been severe cutbacks in arts programs in the schools. For example, in the Fitchburg region,

⁸⁴ Dezell, Maureen. "Polls: Public strongly backs arts in school." The Boston Globe 10 April 2003.

the Gill-Montague school district has eliminated all arts specialists in its elementary and middle schools. Each arts specialist in Revere serves 1,486 children, a number far too high to allow for adequate instruction. A Springfield student can go through school without any arts education. The results of cutbacks in arts education will be felt for years to come as America struggles to stay competitive in an international economy that places increasing emphasis on critical and creative thinking.

Several options are available to reverse this slide in arts education. First, Massachusetts could include assessment in the arts as part of its accountability system, developing state assessments or requiring local districts to develop their own. As of February 2001, 45% of Massachusetts districts were determined to have a high school arts graduation requirement. To maximize cost benefits, local districts could adopt a regional approach to developing assessments. The Department of Education should use its bully pulpit to encourage more districts to require arts courses for high school graduation. It should also provide professional development opportunities to classroom teachers to increase integration of the arts into their efforts to improve mathematics and reading skills.

Collaborations between the Massachusetts Cultural Council and other state agencies

Other state agencies should capitalize on the opportunity to work with the Massachusetts Cultural Council on cultural economic development programs. In November of 2003, the Massachusetts Senate adopted a MAASH proposal to include \$1 million for cultural economic development grants in the economic stimulus bill. MAASH is advocating for \$3 million in the FY05 budget to restore the MCC's cultural economic development program.

Before MCC's budget cut, the agency funded cultural economic development projects in a number of communities, including Worcester, New Bedford, Holyoke, and Boston. Many other municipalities, including Gloucester, Lowell and Pittsfield anticipated

submitting applications to the program when the budget was cut. The Center for Policy Analysis at the University of Massachusetts at Dartmouth has found that the cultural economic development program created jobs. For instance, the Boston Cyberarts Festival, launched in 1998 with a \$30,000 cultural economic development grant, is estimated to have generated a total regional economic impact of \$2,588,854 in 2002 and created an additional 32 full-time equivalent year-round jobs.⁸⁵

Cultural economic development grants have also been used to enhance tourism. New Bedford launched its popular AHA! (Art-History-Architecture) nights⁸⁶ with an MCC cultural economic development grant. Now, on the second Thursday of each month, visitors from throughout New England enjoy free evening admission to galleries, museums, and historic houses, and then patronize local shops, restaurants, and hotels.

The Massachusetts Cultural Council and MAASH are working to develop collaborations with state tourism and economic development agencies such as the Massachusetts Office of Travel and Tourism, Massport, and the 13 regional convention and visitors bureaus. More alliances should be explored and created.

Enhance the operating environment for all segments of the cultural community

There are many ways the state can further the work of cultural organizations through adopting legislation and regulations that enhance the environment in which these nonprofits work. For example, the Legislature can save cultural organizations thousands of dollars by changing their reporting requirements. Under current Massachusetts law, all nonprofits must submit a certified audit when gross annual revenues exceed \$250,000. Certified audits create a financial burden on a small cultural organization, costing anywhere from \$5,000 to \$10,000 every year. Raising the gross revenue threshold from \$250,000 to \$500,000, as currently proposed in House Bill #4234, is a housekeeping detail that was last adjusted nine years ago.

⁸⁵ "Boston Cyberarts: Program Evaluation and Economic Impact Analysis." Center for Policy Analysis, University of Massachusetts Dartmouth September 2003.

⁸⁶ www.ahanewbedford.org

Massachusetts Cultural Council: Beyond Grantmaking

The Massachusetts Cultural Council (MCC) is best known as a grantmaker. Each year, hundreds of nonprofit cultural organizations, schools, and individual artists receive funding after rigorous review processes assure the agency that their programs represent a strategic investment of public dollars. MCC's largest grants program, Organizational Support, provides operating support to nearly 500 cultural organizations statewide each year.

MCC's activities, however, go far beyond grantmaking. As an educator, the agency provides training, coaching, workshops, a peer advisor network, and other learning opportunities for the cultural sector. The agency also brings people together—face-to-face and through the Internet—to broker relationships within the cultural sector and with other sectors and industries. For example, its new web-based HireCulture program is a free online job site for cultural employers and job seekers. MCC leverages its national connections and statewide perspective to identify, document and promote model programs, projects, and practices to cultural organizations and to the Legislature.

Other funding programs include: Creative Schools, which supports efforts by schools to integrate the arts into the core curriculum; YouthReach, which supports out-of-school programs for teens and young people; and Artist Grants, a fellowship program for individual artists. In addition, the Council oversees the nation's largest grassroots re-granting program in support of culture, the Local Cultural Council Program, which involves local volunteers in distributing cultural funding in all 351 cities and towns.

The Council will distribute \$7.3 million in grants during the 2004 fiscal year, down significantly from the more than \$16 million distributed prior to its 62% cut in 2001.

Through all of this activity, the MCC works for broader recognition of cultural activities and public policies that maximize the contributions made by the cultural sector. In so doing, the agency builds the capacity of the sector to contribute to the development of healthy, livable communities and productive, engaged individuals.

The MCC's budget for the current fiscal year is \$9.3 million, including \$7.3 million from the Commonwealth of Massachusetts and grants from the National Endowment for the Arts, the Wallace Foundation and other sources.

Using a conservative estimate—based only on the number of organizations requesting grant support from the Massachusetts Cultural Council—in the first year alone the bill will save 78 cultural organizations approximately \$585,000, assuming an average audit cost of \$7,500. As organizations grow, the savings will spread to another 211 cultural organizations whose revenues approach the 1994 \$250,000 threshold, saving about \$2,842,500 in the first few years.

The state can also foster a culture of philanthropy in Massachusetts by returning the charitable contribution state tax deduction, as outlined in the chapter on philanthropy. State and federal governments can also encourage private giving by making two simple changes to the tax law and to forms. The IRS and the Massachusetts Department of Revenue should add a line to the tax form to calculate charitable contributions as a percentage of income. This could easily be compared with income group averages (information

the IRS already compiles), increasing awareness and establishing a norm for charitable contributions.

Currently, charitable contributions must be made by December 31 to qualify for deductibility for that year's taxes. The IRS should extend the deadline for charitable contributions until the April 15 filing deadline, just as it does with IRA contributions. These retroactive contributions will help reduce tax liability and will encourage donors to realize an immediate tax savings.

In Conclusion

What would state government invest to bring a new industry to Massachusetts that created jobs across all 351 cities with a statewide payroll of nearly \$248 million, and direct annual spending of more than \$1 billion? What if this industry also supported schools, created institutions of civic pride, helped to build the fabric of our communities, and attracted tourist dollars to the state? Nonprofit cultural organizations meet all of these criteria and have the support of the people of Massachusetts. According to the McCormack Institute for Public Affairs University of Massachusetts poll in 2003, 87% of Massachusetts residents said that nonprofit cultural organizations were important to the quality of life and 84% said they favor state funding to support the public programs of cultural organizations.⁸⁷

The Cultural Task Force believes that state funding for arts and culture is essential. First, the state budget process establishes the priorities of the Commonwealth, and by funding arts and culture, the state emphasizes the public value of these activities. Second, state funding provides basic operating support for cultural organizations. These unrestricted funds cover the fundamental expenses that are so essential to keeping an organization running, such as utilities,

office supplies, and maintenance. And cultural organizations that are awarded grants through the MCC process receive an imprimatur of excellence from a jury of professional peers, facilitating private fundraising and leveraging additional support by requiring that state dollars be matched by private dollars.

We are committed to advocacy on behalf of the cultural community. We call upon the members of the Legislature and all of the people of Massachusetts to commit themselves to supporting arts and culture programming through the Massachusetts Cultural Council.

Most urgently, we call upon the state to help us meet our serious bricks-and-mortar needs by authorizing funding for a capital grants program to build, maintain, renovate and restore our cultural facilities. The need is common to cultural organizations of all sizes and interests, and to all legislative districts. The case for this kind of state support is strong. It is a direct investment in jobs and economic growth. It is an investment with a powerful return: healthier communities and a stronger state.

⁸⁷ Dezell, Maureen. "Polls: Public strongly backs arts in school." *The Boston Globe* 10 April 2003.

CHAPTER SIX

From Agenda to Action

By Ann McQueen and David W. Ellis

The full Cultural Task Force convened twice, in April 2003 and February 2004. In between those two meetings, five committees met at least four times each and smaller groups convened to discuss specific issues as well as this publication. Exclusive of our own time, we estimate that at least 600 volunteer hours went into this effort.

Some Task Force members participated in several committees, seeding the dialogue of one committee with the discussions of another. As the conversations around the table ranged from federated fundraising to collaborative marketing to the mechanics of bond issues, all members were kept in the loop through emailed meeting notes. Their response was generous: participants emailed us their comments, along with supporting documents, news articles and web links, much of which was circulated back, creating a very rich exchange that shaped the work as it moved forward.

The depth of the dialogue was one indication of the strength of commitment each Task Force member brought to this work. As committed cultural leaders—whether directly employed in the sector or not—they all understood the positive impact of cultural organizations on individual lives, communities, and the Commonwealth. They had read the research telling us that artistic and cultural activities foster an environment of creativity and innovation that attracts artistic, commercial and hi-tech entrepreneurs to our state. They came to the table wanting the best for Massachusetts: strong school systems educating creative thinkers; a robust economy creating more jobs and attracting new businesses; attractive, accessible cultural attractions drawing more tourists; and better, more vital neighborhoods and communities. These cultural leaders also understood that the first step toward achieving these results is increased investment in cultural organizations.

Their commitment is evident in these pages. With this publication, the Cultural Task Force asks you, the reader, to join us in advocating for greater investment in one of Massachusetts greatest assets, our cultural nonprofit sector.

Listening for common themes

As co-chairs working at the center of this conversation, we met frequently to mull over what we were hearing and to consider how best to advance the process. Yet, to a great extent, the process had a life of its own. The Task Force had a substantial goal—to identify strategies for change to our current system of support that would increase revenues and resources for all cultural organizations—and a short deadline. Participants were highly committed, hard working, and willing to take the lead. We did a lot of listening.

As our process grew to a close, we began to recognize recurring themes. As was our habit, we took our understanding of these themes to the chairs of the committees and then, in February 2004, to the full Cultural Task Force. Yes, it seemed that these themes rang true.

First, we heard a diverse group of people—leaders of cultural organizations of all sizes, along with leaders in business and finance, community development, education, and more—articulate a shared understanding of “the cultural sector” as a distinct and cohesive entity. Then, as more and more cultural leaders began acting from that understanding of a common good, the old notion of a fractious group of individual nonprofits, each out only for itself, began dissolving before our very eyes.

No, there wasn’t a sudden shift or an over-night change to “all for one and one for all.” But we noticed that sometimes a meeting would begin with guarded and defensive statements centered in the needs of a particular organization, then swing to focus on what

could be done together for the benefit of a broader slice of the sector. There was an emerging and quite noticeable sense that—whether large or small, art, science or history—cultural organizations operate in a common economic and political environment, sharing audiences, donors, and a public mission to provide educational and cultural benefit to their community.

We heard, too, an understanding that the executive and volunteer leadership of cultural organizations are most effective when they go beyond simply advancing the interests of their own institution to recognize and advance common sector interests, understanding that the well-being of their institution is inextricably linked to that of other nonprofits and the broader cultural sector.

Trustees and board members were well represented around our table, drawing attention to the fact that these volunteers often serve several organizations and so personified this concept of interconnecting interests. We heard about the role of trustees in fostering a culture of collaboration by leveraging their interlocking interests into active programs and operational alliances. We listened to participants talk about the need for these trustees to exercise their leadership in the business and civic arenas on behalf of the cultural community. And we heard highly qualified executive leadership express the need for help in moving their trustees into more active advocacy roles.

But even as these needs and concerns were being aired, we felt a shift. The call for trustees to exert their leadership recognized that the solution was not outside of the cultural sector. The answer to the eternal question of leadership was being answered as participants looked inside, looked to themselves. We saw a new understanding that the leadership that was needed to advance the cultural sector would be collective, shared, and from within the sector itself. We are all cultural leaders.

Second, we heard an acknowledgment that the cultural sector could not accomplish its work alone. Indeed, as the committees met to formulate specific recommendations for change, there was recognition that the cultural sector needed partners in the travel and tourism industry, community development, municipal and state government, and many other parts of our communities and state. Just as the

suggested changes would not only benefit cultural organizations, but would contribute significantly to the economy and quality of life of all residents of our Commonwealth, many others outside the cultural world would need to be engaged in making those changes.

The Task Force recognized that among its ranks were individuals who, though not directly employed by cultural organizations, understood and articulated these nonprofits' contributions to our communities. These donors, volunteers, and devoted audience members were sufficiently concerned about the negative effect of today's limited investment on the future of our state that they invested their time in developing this action agenda for change. We heard, too, a clearly articulated need to partner with more people like these valued colleagues and a growing recognition that they, too, were cultural leaders. As the concept of an identifiable cultural sector emerged, so too did the idea of cross-sector partnerships.

Finally, we heard again and again that education and advocacy are key to developing broader awareness about the cultural community. Today, few people have a deep understanding of the public benefit of investing in and partnering with cultural nonprofits. This is one of our central challenges. It is up to us—all of us—to engage our multiple constituencies, including political, corporate and foundation leaders, individual donors and trustees, as well as our audiences and the general public. It is up to us, we heard, to engage and educate others about the documented impact of cultural participation and investment. It is up to us to advocate for the sector and our common interests.

Considering our highest priorities

It was powerful, and personally gratifying for us to witness this overarching change. But, frankly, much of our work and most of what we heard was more specific and pragmatic. Grounded in the realities of building codes, giving trends, and legislative realities, each of the five committees considered its particular priorities for change, understanding that the Task Force's final action agenda would grow from these five sets of recommendations.

The Important Role of Advocacy

Advocacy—the collective effort of individuals and organizations working to bring about change in public policy, laws or attitudes—is an essential task for everyone who cares about arts and culture. Cultural leaders, including the staffs and boards of nonprofit organizations, and audience members and participants who benefit from the work of cultural organizations should communicate regularly with elected officials and the general public about the issues that affect them—especially the importance of public funding for arts and culture.

Private citizens have all of the rights provided by the Constitution to petition, advocate and communicate with their elected governments on local, state and national levels. Individuals, regardless of whether they work or volunteer for a nonprofit organization, can contribute to campaigns and make public statements. All people have the right to speak up as individuals in support of government funding for cultural activities, policies that benefit cultural organizations, and politicians that support the cultural community.

Nonprofit organizations, including local cultural councils, have the right to engage in advocacy with only a few exceptions. Nonprofits cannot endorse or oppose candidates for elected office. In addition, a tax-exempt organization will lose its nonprofit status if a substantial part of its activities are aimed at influencing legislation. While “substantial” is not defined in the tax code, the suggested guideline is that no more than 5% percent of a nonprofit’s budget and activities, including staff and volunteer time, should be focused on advocacy.

It’s unlikely that any cultural organization would exceed the 5% limit. Do the math: if the organization’s annual budget were \$3 million, it would have to spend more than \$150,000 on advocacy to exceed the limit. While few, if any, nonprofit organizations would devote that much effort to advocacy, every cultural organization must make advocacy a part of its daily mission and a part of its budget. Elected officials will not understand the degree to which the arts, sciences and humanities make valuable and essential contributions to our communities unless advocates tell their stories in powerful ways.

Action Steps for Winning Advocacy

Designate a board liaison.

Board members often are people of influence. Make advocacy a part of their role by asking them to meet with legislators, talk to state and local leaders and make public statements. Pick one board member to focus primarily on advocacy.

Build new coalitions.

Identify new allies to assist in your advocacy, such as nearby restaurants, hotels and motels that depend on the traffic generated by cultural activity. Build a local action network of cultural organizations, artists, businesses, supporters and co-workers.

Meet with local leaders and communicate with legislators.

Meet with local business, civic and political leaders to discuss the impact of state and local cultural funding. Tell your them about how the arts, sciences and humanities contribute to your community; how many jobs your organization supports, how many people it serves, and what kinds of educational programs it offers; what businesses benefit from spending by your organization and its audience; how public funding impacts your work. Keep legislators informed about your challenges and successes. Invite them to forums, performances, and events and let them know that you are working to build a better community. Let them know that your political choices—voting and making contributions—depend on public support for cultural funding.

Thank your legislators.

Thank your legislators, local public officials, and other supporters for their time and consideration. Give them the opportunity to shine by introducing them at public events. Legislators should see that supporting cultural funding is not only good for the community, but good politics.

Communicate with the public.

Build support among voters. Tell your story to the public and local press. Emphasize the impact of public funding.

Join MAASH.

Create a unified voice for the arts, sciences and humanities by becoming an active member of the Massachusetts Advocates for the Arts, Sciences and Humanities (MAASH).

The work for those assembled at the February 2004 meeting was straightforward: after welcoming remarks from Paul Grogan, Task Force members reviewed five sets of draft recommendations. From there, we hoped that we could reach an understanding of our highest priorities. Throughout, it was the big question—what are the next steps?—that was the group’s overriding concern. The answer would be found in the issues and recommendations that had the greatest traction and the strongest connection to all parts of the sector.

Here is the Cultural 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

“The renovation of our physical facilities is critical to our ability to operate effectively in the future.”

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.

Cultural facilities, including artist spaces, touch all segments of the sector, impacting programs, operations, and budgets to a degree that the general public doesn’t recognize. The audience’s attention is appropriately focused on the stage, the exhibits, the lecturer, while it is left to others to worry about the sagging roof, inadequate rehearsal space, and too-

small stage. And while only a few among us have the vision to look at an abandoned building and see the economic and social revitalization of an entire community in its rehabilitation, we all yearn for the positive benefits that museums, theaters, and art centers can bring to our neighborhoods.

The Task Force is not alone in calling for a comprehensive solution to the growing crisis in cultural facilities. The 175 people that attended the two Listening Sessions convened in January to gather the concerns of cultural leaders also identified our current ways of dealing with our buildings and artist spaces as a growing problem. This informal consensus is backed by more rigorous studies, among them the survey conducted on behalf of the Task Force that identified over \$1.1 billion in repair, expansion and new facility needs and the LINC needs assessment⁸⁸ that identified the lack of affordable living, studio, rehearsal and presenting spaces as significant barriers to Boston’s individual artists, their audiences, and our city’s competitiveness.

How can we meet this need for cultural facilities that are safe, affordable, accessible, and adequate to the aspirations of our artists, cultural organizations, and the residents of our Commonwealth?

A significant, sustained state investment in a capital grants program that provides a portion of the funds for planning, repairs, expansion, and new construction is the highest priority of the Cultural Task Force and, indeed, of cultural leaders and audiences across the Commonwealth. State funding will leverage private support and is an investment in jobs, economic growth, and community vitality.

2. The Task Force recognizes the economic potential of cultural tourism and sees its growth and development as a high priority. 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.

Cultural tourism is a powerful economic force for creating jobs and generating earnings and tax revenues. The successful efforts of Philadelphia,

⁸⁸ This Boston report, available to collaborating funders, has not yet been published. National findings are available at www.usartistsreport.org.

ACT Roxbury: Building a Community Through Culture

Supporting and promoting the work of local artists can lead to the renaissance of an entire community. Madison Park Development Corporation (MPDC), founded in 1966 as one of the country's earliest resident-led nonprofit developers of affordable housing, was also among the first community development corporations to embrace the idea of cultural economic development. Believing that "a truly vibrant community enhances the social, cultural and economic well-being of its residents," MPDC launched the ACT Roxbury Consortium in 1996 with start-up funding from Massachusetts Cultural Council's Cultural Economic Development Program.

ACT (Arts, Culture & Trade) Roxbury focuses the power of artists and the arts to promote the physical, economic and social revitalization of Dudley Square and Lower Roxbury as a cultural center of Boston's African-American community. As part of its Roxbury Art Series, ACT publishes a literary annual and programs film, theater and open studio events with artistic and administrative staff hired from the Roxbury labor pool. ACT's Danette Jones Business of Culture Series supports this public programming by building the economic savvy and security of local artists through management and marketing workshops and home-buying courses.

In 2003, the Roxbury Film Festival, showcasing feature films, documentaries, and shorts written, directed, and produced by people of color, drew more than 2,000 people, making it one of the largest niche festivals of the region. While over 65% of the audience came from Boston or Cambridge, nearly all of the filmgoers spent money on food and parking in addition to their admission tickets. The October 2003 5th annual *Roxbury Open Studios*, a two-day visual arts exhibit/sales event, included 198 artists and craftspeople from Roxbury who benefited from increased visibility and sales. ACT's *Roxbury Is Rich Holiday Shopping Guide* and related *Discover Roxbury* tours also bring new people and new spending to neighborhood studios, restaurants and stores

Reclaiming an abandoned building for cultural economic enterprise, MPDC purchased the historic four-story, 28,000 square foot Hibernian Hall at 184 Dudley Street in 2000. Once a center of Irish cultural and community life, the building will reopen in early 2005 as the Roxbury Center for Arts, Culture, and Trade. Its principal space—a two-story ballroom featuring a flexible stage, seating for 350, and a catering kitchen—will be surrounded by offices and studio spaces on the second, third, and basement floors. The ground floor will feature galleries, shops, a restaurant, and the ACT offices, next to a public park with permanent artwork.

Along with MPDC, ACT Roxbury Consortium's collaborating members include: Northeastern University; the Museum of the National Center of Afro-American Artists; the Museum of Fine Arts, Boston; Roxbury Community College; Massachusetts College of Art; Berklee College of Music; Dudley Square Main Streets; and the Hamill Gallery of African Art.



By early 2005, this once abandoned Irish-American dance hall and social center will be transformed into the Roxbury Center for Arts, Culture and Trade, a new hub for cultural life in Dudley Square.

Washington, DC, and other cities across the country showed us how a collaborative, cross-sector approach can benefit the cultural sector, the travel/tourism industry, and the entire economy. We want to unlock the potential synergies of culture and travel.

The deliberations of the travel/tourism committee and of the full Task Force have set the stage for cross-sector collaborations that maximize the potential of cultural tourism. The next step is to continue to build relationships of open communication and trust between cultural organizations and travel-related businesses and government agencies.

The course of that dialogue has also been charted. The first step is to develop a joint approach to collecting and sharing actionable data upon which to base decisions about marketing and programming. The hotel/motel industry collects room-night data; theaters collect subscription and ticket sales information; some museums track zip codes while others only guess at where their audience comes from. 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 economic growth and community vitality.

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. The group recognized the need for further study, consideration and collaboration, and added this cluster of related issues to the agenda.

Several examples show us what is being accomplished and where there are gaps. ArtsBoston,

one of the state's largest service organizations, is focused—quite appropriately—on its 170 member performing arts groups, leaving the visual, media, history, and other cultural organizations to fend for themselves. Massachusetts Advocates for the Arts, Sciences and Humanities (MAASH), serving the breadth of the cultural sector as its statewide advocacy group, is growing in strength. But, while MAASH membership is broad, its mission focus on policy and advocacy leaves such needs as technical assistance unaddressed. The Massachusetts Cultural Council, of course, serves the full cultural sector through a range of grants and programs, including technical assistance, but much of the list is beyond its current scope and budget.

Yes, there is a growing understanding that by developing the sector's cohesion and ability to meet its collective needs, all cultural organizations, regardless of size or mission, can thrive and better serve their constituencies. Two indications of this new awareness are MAASH's expanding membership list and the increased impact of its legislative advocacy. Likewise, the cultural community knows that if it is to be included in the broader civic conversation, it must begin by reaching out to those with shared interests. Individual organizations and coalitions of groups, along with MAASH, are beginning to take the lead in some of these discussions.

However, there is as yet no common understanding of how the breadth and depth of this multifaceted need—for shared leadership, technical assistance, cross-sector partnerships, advocacy, marketing, a setting for ongoing dialogue, and so on—might be addressed through an organization or set of organizations. United fundraising agencies serve these functions in smaller, more cohesive communities, but not only is united fundraising off the table for the complex cultural community of Greater Boston, but the need encompasses a much broader geography.

Some sectors have one or more well-developed intermediary organizations that mediate between the individual nonprofits and the larger worlds of government, philanthropy, and industry. One example, LISC—Local Initiatives Support Corporation,⁸⁹ an intermediary organization serving community development nonprofits—is represented

The Boston Foundation will track changes in the operating environment for cultural nonprofit organizations through its online Boston Indicators Report at www.bostonindicators.org. For example, changes in the size, health, and economic impact of the sector can be followed over time by tracking the total salaries of cultural nonprofits.

The Indicators website provides charts, analyses and downloadable data drawn from local, national and international research about Boston and the region in ten categories including Cultural Life and the Arts.



on the Task Force. Is this a good model for the cultural sector? How would we develop and support such an organization? When individual organizations are still keenly competitive over limited funding, is it possible to make the case for sector-wide benefits? While the answers are still unclear, the path forward is very apparent. The question has been defined. Now, the conversation and the shared leadership evident in Task Force meetings, must continue.

What will it take?

The Cultural Task Force has taken the first steps. It has explored many different strategies and recommended those with the greatest potential for impact. It has agreed on its highest priority—cultural facilities—and identified specific action steps for the many different players who will need to be engaged in making significant changes in current policy and practice. Individual Task Force participants have committed themselves to ongoing advocacy, as well as to work in the specific areas, such as facilities or tourism, where

they have particular expertise. And, most powerfully, by coming together to set a common agenda, Task Force members have formed a core group of advocates to make the case for change.

MAASH, our statewide advocacy organization is central to this effort. MAASH works to increase awareness among legislators, other government officials and the general public about the cultural sector's impact on the Massachusetts economy, educational system and quality of life, and to increase state cultural funding, including the Massachusetts Cultural Council appropriation. Membership in MAASH supports this work and connects us to the tools and information we need to be active advocates.

All of us must all carry the message. Broad, grassroots advocacy will be the key. Individually, we work in theaters, museums, and historic houses. We are trustees. We are artists, scientists, historians. Together we are cultural advocates. We are members of the audience. Together we are the cultural leaders who

⁸⁹ www.lisnet.org/boston/

will show the way to new strategies for supporting our cultural organizations.

Why?

Strong cultural organizations are essential for strong, healthy communities. They are essential to education and public learning. They foster an environment of creativity and innovation that attracts artistic, commercial and hi-tech entrepreneurs to our state. They create jobs and support Massachusetts' businesses through their spending. They attract tourists and new businesses by creating distinctive institutions that build neighborhoods and create community identity.

We have much to gain by increasing our support for cultural organizations. Conversely, if we persist in starving our cultural institutions of the resources they need to thrive, we will all fail to thrive. We have much to lose if we continue to do business in the same old way. It isn't working. Other states are reaping the economic benefits of an active cultural tourist industry. Other cities are adding jobs and tax revenues. Other communities are graduating creative thinkers, able to frame old questions in new ways to come up with answers that will change tomorrow.

As we have noted before, we live in an extremely competitive environment. To lead in today's world,

we must leverage all of our Commonwealth's assets, or lose to cities and states that are investing in an infrastructure to rival ours. The nonprofit cultural sector must be included in policy conversations about economic and community development. We must increase our financial support of cultural organizations. Investment in our cultural sector will lead to significant, measurable results as well as important intangible benefits. Investment in the strength and vitality of our cultural sector is an investment in our communities, our schools, our economy, and our souls. It is an acknowledgement and a celebration of our common wealth.

Appendices

APPENDIX A

Cultural Task Force Members and Other Participants

April 2003—May 2004

Ann McQueen, *Program Officer*, The Boston Foundation; Co-Chair, Cultural Task Force

David W. Ellis, *Senior Fellow*, The Boston Foundation; Co-Chair, Cultural Task Force

Jon Abbott, *Vice President and General Manager*, WGBH; Chair, Committee on Collaboration

Adele Fleet Bacow, *President*, Community Partners Consultants, Inc.

Alan Brody, *Associate Provost for the Arts*, Massachusetts Institute of Technology

Paul Buttenwieser, MD, *Psychiatrist and Novelist*

Maria Cabrera, *Program Manager for Community Relations*, Museum of Science

Louis Casagrande, *President*, The Children's Museum

Barbara E. Casey, *President-Boston Region*, Private Wealth Management, Mellon

Diddy Cullinane, *President*, Black and White Boston Coming Together

Steven Danzansky, *Chief Executive Officer*, The Mary Baker Eddy Library

Janice Mancini Del Sesto, *General Director*, Boston Lyric Opera

Amy Zell Ellsworth, *Senior Fellow*, The Philanthropic Initiative

Anne Emerson, *Executive Director*, The Boston Museum Project

George Fifield, *Executive Director*, Boston Cyberarts, Inc.

Richard Freeland, *President*, Northeastern University

Susan Friedman, *Immediate Past Chair*, Boston Ballet

Brian Gilmore, *Executive Vice President for Public Affairs*, Associated Industries of Massachusetts

Barbara W. Grossman, *Chair and Associate Professor*, Department of Drama and Dance, Tufts University

Susan Hartnett, *Commissioner*, Mayor's Office of Arts and Cultural Development

Anne Hawley, *Executive Director*, Isabella Stewart Gardner Museum

Dan Hunter, *Executive Director*, Massachusetts Advocates for the Arts, Sciences and Humanities

Jamie Jaffee, *President*, Jamie Jaffee Enterprises

Martha Jones, *President and Executive Director*, FleetBoston Celebrity Series; *Chair*, Committee on Philanthropy

Marietta Joseph, *Deputy Director of Financing Programs*, Massachusetts Health & Educational
Facilities Authority (MassHEFA)

Mary Kelley, *Executive Director*, Massachusetts Cultural Council

Yolanda Kodrzycki, *Assistant Vice President and Economist*, Federal Reserve Bank of Boston

Lyda Kuth, *Director*, LEF Foundation

Mimi LaCamera, *Director of Visitor Marketing*, Greater Boston Convention & Visitors Bureau

Tom Lewis, *Program Director*, Fidelity Foundation

Lewis Lloyd, *Board Member*, Merce Cunningham Dance Company

Bernard Margolis, *President*, Boston Public Library

Michael Maso, *Managing Director*, Huntington Theatre Company

José Mateo, *Artistic Director*, José Mateo's Ballet Theatre

Louisa McCall, *Program Manager*, LEF Foundation

Charlie McDermott, *Deputy Director*, Massachusetts Cultural Council
Sam Miller, *Executive Director*, New England Foundation for the Arts
Cathy Minehan, *President and CEO*, Federal Reserve Bank of Boston
Beverly Morgan-Welch, *Executive Director*, Museum of Afro-American History
Margaret Morton, *Senior Vice President*, Program, Fidelity Foundation
Patrick Moscaritolo, *President*, Greater Boston Convention & Visitors Bureau
Charlayne Murrell-Smith, *Vice President of External Relations*, The Children's Museum
Peter Nessen, *Principal*, CRIC Capital
Bill Nigreen, *Principal*, Facilitation for Social Change
Robert Orchard, *Executive Director*, American Repertory Theatre
Shoshana Pakciarz, *Executive Director*, New Center for Arts & Culture; Chair, Committee on Cultural Facilities
Sarah Peskin, *Director of Special Projects*, National Park Service
Catherine Peterson, *Executive Director*, ArtsBoston
Jeanne Pinado, *Executive Director*, Madison Park Community Development Corporation
Malcolm Rogers, *Ann and Graham Gund Director*, Museum of Fine Arts, Boston
Gil Rose, *Artistic Director*, Boston Modern Orchestra Project
Abe Rybeck, *Artistic Director*, The Theater Offensive
Daniel M. Salera, *Director of Corporate Sponsorships and Community Relations*, FleetBoston Financial
J. Mark Schuster, *Professor of Urban Cultural Policy*, Massachusetts Institute of Technology
Klare Shaw, *Senior Associate for Community Development*, Barr Foundation
Candelaria Silva, *Director*, ACT Roxbury Consortium
Kay Sloan, *President*, Massachusetts College of Art
Susan Solomont, *Senior Advisor*, The Philanthropic Initiative
Josiah Spaulding, Jr., *President and CEO*, Wang Center for the Performing Arts; Chair, Committee on Public Policy
David Tebaldi, *Executive Director*, Massachusetts Foundation for the Humanities
Mathew Thall, *Senior Program Director*, Local Initiative Support Corporation
Edmund C. Toomey, *President*, New England Aquarium; Chair, Committee on Travel and Tourism
Mark Volpe, *Managing Director*, Boston Symphony Orchestra
Richard C. Wiggin, *former Executive Director*, The Bostonian Society
Larry Zabar, *Senior Vice President*, New England Council
Nina Zannieri, *Executive Director*, Paul Revere Memorial Association

In the course of its work, the Cultural Task Force consulted with many different people. The committees invited guest speakers and members conferred with others to hear their concerns. In January 2004 the Task Force convened two Listening Sessions with more than 175 participants. While a complete list of people consulted throughout the work of the Task Force is impossible to compile with absolute accuracy, this list is nearly complete.

Carol Antak, *Director of Development*, Indian Hill Music Center
Maure Aronson, *Executive Director*, World Music/CrashArts
Sabrina Aviles, *Executive Director*, Latino Center for the Arts
Barbara Schaffer Bacon, University of Massachusetts Continuing Education
Joe Baerlein, *President*, The Rasky/Baerlein Group
Stephen Baird, *Founder and Executive Director*, Community Arts Advocates
Ricardo Barreto, *Executive Director*, UrbanArts Institute

Jose Barriga, *Festival Director*, Cambridge Latino Film Festival
Beate Becker
Milton Benjamin, *President*, Massachusetts Community Development Finance Corporation
Carla Benka, *Vice Chair*, Brookline Community Fund
Melia Bensussen, *Producing Director*, Emerson College
Judy Berk, *Executive Director*, Cultural Access Consortium
Paul Bessire, *Director of External Relations*, Institute of Contemporary Art
Shirley Blanchard, *Development Director*, Emmanuel Music
Rebecca Blunk, *Deputy Director*, New England Foundation for the Arts
Myrna Bock
Carol Bonnar, *Executive Director*, Young Audiences of Massachusetts
Kelly Brilliant, *Executive Director*, The Fenway Alliance
Alice Bruce, *Vice President for Development and Board Relations*, FleetBoston Celebrity Series
Ed Bullins, *Playwright*
Heidi Burbidge, *Senior Project Manager – Artists Initiative*, Boston Redevelopment Authority
Lisa Merrill Burzak, *Managing Director*, Merrimack Repertory Theatre
Desiree Caldwell, *Executive Director*, Concord Museum
Carole Charnow, *Executive Director*, Opera Boston
John Christian, *Board Member*, Brookline Community Fund
Patricia Chu, *Board Member*, Women’s Express
Caroline Berry Copp, *Executive Director*, Boston Cecilia
Dorothy Chen Courtin, *Marketing and Management Associates for Nonprofits*
Roberto Cremonini, *Chief Knowledge and Learning Officer*, Barr Foundation
Beth Denisch, *Executive Director*, American Composers Forum Boston Chapter
Betsy DeWitt, *Executive Director*, Brookline Community Fund
Phillip DiChiara, *Managing Director*, The Boston Consortium
Rick DiPilippe, *Board*, Boston Chamber Music Society
Quindara Dodge, *Executive Director*, Boston Classical Orchestra
Ellen Dunlap, *President*, American Antiquarian Society
Harron Ellenson, *President*, Harron & Associates
Anne Engel, *Associate*, Technical Development Corporation
Charles Euchner, *Executive Director*, Rappaport Institute for Greater Boston,
Harvard University Kennedy School of Government
Kathy Fay, *Executive Director*, Boston Early Music Festival
Anita Feiger, *Program Director*, Nonprofit Finance Fund
Alan Fisch, *Brookline Commission for the Arts*
Elaine Fong, *Founder and Artistic Director*, Odaiko New England
Nan Fornal, *Executive Director*, The Writers Room
William Fowler, *Executive Director*, Massachusetts Historical Society
Carole Friedman, *Executive Director*, Boston Baroque
Michelle Furst, *Associate Dean*, Massachusetts College of Art
Christopher Gabrieli, *Chairman*, Massachusetts 2020
E. Barry Gaither, *Director and Curator*, Museum of the National Center of Afro-American Artists
Julie Galeota, *FleetBoston Financial Foundation*
Susan Gassett, *Artistic Director*, City Stage Company

Beth Ann Gerstein, *Executive Director*, The Society of Arts and Crafts
Henry Goodrow, *Director of Institutional Relations and Resource Development*, Boston Ballet
Carol Guidice, *Administrative Director*, Massachusetts Alliance for Arts Education
Paul Guzzi, *President and CEO*, Greater Boston Chamber of Commerce
Mossik Hacobian, *Executive Director*, Urban Edge
Jennifer Hall, *Studio Director*, Do While Studios
Cuong Hoang, *Program Manager*, ARTWorks for Kids, Hunt Alternatives Fund
Caroline Hoppin, *Chair*, Brookline Community Fund
Mika Hornyak, *Co-Chair*, Brookline Commission for the Arts
Elizabeth Ives Hunter, *Executive Director*, Cape Museum of Fine Arts
Rebecca Huston, *Director of Programs and Member Services*
Jonathan Hyde, *Deputy Director*, Massachusetts Office of Travel and Tourism
Gregory Jenkins, *Executive Director*, Somerville Arts Council
Meri Jenkins, *Program Manager*, Massachusetts Cultural Council
Hubie Jones, *Dean Emeritus*, Boston University School of Social Work
Esther Kaplan, *former Commissioner of Cultural Affairs*, City of Boston
Paul Karoff, *Vice President for Public Affairs*, Lesley University
Teri Kilduff, *Program Director*, Fidelity Foundation
Susan Kosoff, *Founder and Producer*, Wheelock Family Theatre
Kathy Kottaridis, *Director*, Office of Small Business & Entrepreneurship
David Kronberg, *Executive Director*, Greater Lowell Community Foundation
Julie Lanza, *Director of Foundation Giving*, Boston Early Music Festival
David Lapin, *Executive Director*, Community Music Center of Boston
Anita Lauricella, *President and CEO*, Fort Point Cultural Coalition
Suzanne Lenz, *Development Director*, Merrimack Repertory Theatre
John Linehan, *President and CEO*, Zoo New England
C.J. Lori, Brookline Artists Open Studios
Che Madyun, Massachusetts Cultural Council Board of Directors
Elaine Mariner, *Director of Programs*, Massachusetts Cultural Council
Mina McCandless, *Executive Director*, Bay State Historical League
Jill Medvedow, *James Sachs Plaut Director*, Institute of Contemporary Art
Ioannis Miaoulis, *President and Director*, Museum of Science
Cecily Miller, *Director*, Forest Hills Educational Trust
Laura Myers, *Executive Director*, Ecotarium
Linda Nathan, *Headmaster*, Boston Arts Academy
Susan Navarre, *Executive Director*, Brookline Arts Center
Valerie Nelson, *Executive Director*, Brookline Music School
Carl Nold, *President and CEO*, Society for the Preservation of New England Antiquities
Peg O'Connell, Brookline Artists Open Studios
Melina O'Grady, *Resource Development Director*, The Community Art Center
Lance Olson, *Theater Manager*, Cutler Majestic Theater
Robert Orchard, *Executive Director*, American Repertory Theatre
Richard Ortner, *President*, Boston Conservatory
Jay Paget, *Program Officer*, Boston Local Initiatives Support Corporation
Edward Pazzanse, Spontaneous Celebrations

Gina Perille, *Consultant*, Wolf, Keens and Co.
Gioia Perugini, *Program Officer*, Select Client Services, Hemenway & Barnes
Gerrit Petersen, *Director of Foundation Support*, Boston Symphony Orchestra
James Polese, *Executive Director*, North Shore Music Theatre
Jeffrey Poulos, *Executive Director*, StageSource
Susan Randazzo, *Executive Director*, Indian Hill Music Center
Marita Rivero, *Vice President and General Manager*, WGBH Radio
Carin Rosenberg, *Underground Railway Theater*
Ellen Rothman, *Associate Director*, Massachusetts Foundation for the Humanities
Sara Rubin, *Executive Director*, Boston Jewish Film Festival
Kent dur Russell, *Executive Director*, Higgins Armory Museum
Celeste Schmid, *Urban Improv*
Marty Sleeper, *Associate Director*, Facing History and Ourselves
Steve Smith, *Executive Director*, Boston Gay Men's Chorus
Shirley Sneve, *Education Coordinator*, Arts Extension Services
Emily Sparks, *The Dance Complex*
Marsha Stewart, *The Community Art Center*
Patricia Steuert, *Executive Director*, New England Quilt Museum
Cindy Stone, *Executive Director*, North Bennett Street School
Margot Stern Strom, *Executive Director*, Facing History and Ourselves
Sue Dahling Sullivan, *Deputy Director*, Boston Lyric Opera
Andrea Taaffe, *Executive Director*, Shirley-Eustis House Museum
Jeff Terrey, *Vice President*, The Rasky/Baerlein Group
Johnetta Tinker, *Director of Community Outreach*, Isabella Stewart Gardner Museum
Tracy Tobin, *Director of Business Development and Corporate Accounts*, Hotel Marlow
Charles Towers, *Artistic Director*, Merrimack Repertory Theatre
Stan Trecker, *President*, Monserrat College of Art
Bryan Van Dorpe, *Executive Director*, South Boston Neighborhood House
Charles Washburn, *Executive Director*, VSA arts of Massachusetts
Jason Weeks, *Executive Director*, Cambridge Arts Council
Jurgen Weiss, *Executive Director*, Snappy Dance Theatre
Valerie Wilder, *Executive Director*, Boston Ballet
Diane Willow, *Artist in Residence*, MIT Media Lab
Celeste Wilson, *Executive Director*, Arts & Business Council of Greater Boston
Roberta Winitzer, *Trustee*, Brookline Public Library and Foundation
Ann Witherby, *President*, LightBoston, Inc.
Rachel Yurman, *Director of Foundation Relations & Development Communications*
Jim Zien, *Public Placemakers*
Joe Zina, *Executive Director*, Coolidge Corner Theatre Foundation
Sally Zinno, *Consultant*

APPENDIX B

Charting and Mapping Economic Impact

In 2001, cultural organizations across the state had more than \$1.1 billion in revenues and paid out nearly \$248 million in salaries. The spending of these organizations represents significant direct economic impact. The salaries represent both tax revenue for the state and considerable indirect economic impact as those wages pay for food, rent and other household expenses.

The chart below, like the map at the back of this publication, quantifies the distribution of this significant economic impact by county.

County	Number of Organizations	Total Revenues ⁹⁰	Total Expenses ⁹¹	Total Contributed Income ⁹²	Total Salaries ⁹³
Barnstable	77	\$19,852,162	\$16,522,151	\$9,622,605	\$5,294,192
Berkshire	50	\$44,926,532	\$40,467,876	\$13,677,445	\$19,715,980
Bristol	46	\$14,317,583	\$11,924,301	\$6,379,003	\$3,510,363
Dukes	11	\$2,106,571	\$1,768,124	\$853,223	\$635,502
Essex	91	\$46,997,585	\$41,261,478	\$30,425,977	\$12,733,948
Franklin	22	\$10,105,197	\$9,182,490	\$3,137,325	\$3,608,754
Hampden	34	\$15,547,822	\$12,661,330	\$8,178,307	\$4,321,508
Hampshire	41	\$13,386,254	\$9,397,601	\$7,885,402	\$2,654,485
Middlesex	323	\$189,477,577	\$183,386,400	\$44,077,027	\$58,009,654
Nantucket	15	\$6,902,655	\$4,281,781	\$3,923,987	\$1,081,419
Norfolk	83	\$48,279,031	\$47,520,166	\$8,000,608	\$16,559,655
Plymouth	40	\$17,362,858	\$16,329,750	\$5,665,866	\$6,934,555
Suffolk	227	\$661,232,208	\$616,935,812	\$335,309,239	\$95,342,478
Worcester	61	\$46,635,765	\$40,052,390	\$21,759,001	\$17,502,006
State Totals:	1,121	\$ 1,137,129,800	\$1,051,691,650	\$498,895,015	\$247,904,499

What are the sources for these numbers? This data was drawn from IRS 990s using the strict definition of “cultural organization” described by the National Center of Charitable Statistics’ (NCCS) National Taxonomy of Exempt Entities as “Major Group A” organizations⁹⁴.

“Group A” cultural organizations include what we commonly understand as nonprofits devoted to the visual, performing and folk arts—our art museums, orchestras and groups of story-tellers—as well as history and humanities, including archaeology, languages, and theology. Communications organizations—those working in film, video, publishing, journalism,

⁹⁰ Total Revenues is taken from the IRS Form 990, line 12, and equals the sum of all revenues generated from contributions, program services, membership dues, interest on savings, dividends from investment income, rent, sale of assets, sale of inventory, and income from special events.

⁹¹ Total Expenses is taken from the IRS Form 990, line 17, and equals the sum of program, fundraising, management, and general expenses as well as payments to affiliates.

⁹² Contributed Income is taken from the IRS Form 990, line 1d, and equals the sum of all financial gifts and grants (does not include in-kind contributions).

⁹³ Total Salaries is the sum of the IRS Form 990 lines 25 and 26. It includes compensation of officers and directors as well as all other salaries and wages.

⁹⁴ Information on the budgets of cultural nonprofit organizations in Massachusetts was provided by the Urban Institute National Center for Charitable Statistics, which compiles financial information on all nonprofit organizations filling IRS Form 990. See <http://nccsdataweb.urban.org>.

radio, and television—are also included. Historical, genealogical or heredity-based societies and organizations, historic preservation programs are part of this definition. Groups that provide services to artists or scholars or that promote artistic expression of ethnic groups and cultures are included. Finally, art centers and studios fit within this definition, but museums, theaters or art centers within schools or colleges do not.

It is also important to note what else is not included: libraries and reading programs, botanical gardens, nature centers, and zoos are all classified elsewhere. Finally, any nonprofit with annual revenues of less than \$25,000 is not required to file IRS Form 990, and so may not be represented in this table or on the gate-fold map at the back of this publication.

In plotting the map, addresses provided in the NCCS Core File were supplemented with information from the New England Foundation for the Arts' New England Cultural Database. Organizations were geocoded to the street level wherever possible. When street addresses were not available, organizations were geocoded by zip code, with location coordinates scattered evenly within the zip code area.

APPENDIX C

Collaboration and Resource Sharing: Examples and Best Practices

The following examples illustrate the variety of ways that cultural organizations in Massachusetts and across the country are collaborating with others to share resources and effect economies of scale. It provides examples of agencies that have overcome both internal and external obstacles to do more for less as well as a look at cooperative efforts in different stages of development, from project-based partnerships to contractual alliances and member groups.

This compendium is not presented as an exhaustive look at collaboration. Rather, it is meant to provide members of the nonprofit community and others with thought-provoking ideas from other regions and to highlight the best of local efforts.

The areas of collaborative practice span a range of activities, including:

- Facilities and Cultural Centers or Districts
- Joint Business Operations and Shared Administrative Services
- Marketing and Audience Information and Services
- Service and Professional Organizations
- Strategic Program Alliances
- Miscellaneous Consortia

Facilities and Cultural Centers or Districts

Shared or proximate facilities often provide the basis for collaboration and resource sharing. Some centers operate purely as landlords, while others have a more cooperative arrangement with resident organizations. Many of these facilities or districts were launched as components of community economic development programs and, as such, often have characteristics that are so specific to their particular time and a place as to not be easily replicable. A cautionary note: one lesson to be drawn from the well-publicized problems at Lincoln Center is that physical closeness does not necessarily result in collaborative relationships.

- **Boston Center for the Arts**, founded in the late 1960s and occupying a full city block in the South End, currently encompasses fifty artist studios, three small theaters, a gallery, and the Cyclorama, a 23,000 square foot rotunda that was built in 1884 to display a panoramic painting of the Battle of Gettysburg. The Boston Ballet building is also part of the BCA. A partnership between the BCA, the Boston Redevelopment Authority, the Drucker Company and the **Huntington Theatre Company** will expand this facility to include two new theaters complete with rehearsal and back-stage space, as well as commercial and residential units that support the development of the cultural space. Ticketing for the five BCA stages, as well as Cyclorama events and the HTC's main stage on Huntington Avenue will rely on the Huntington's expertise in box office management.
- The **Delaware Center for the Performing Arts**, which opened in September 2000, was developed by **Opera Delaware**, **Delaware Symphony**, and the **Grand Opera House**, which came together to share costs for communications, marketing, computer networking, and one central box office. The Center houses a theatre, rehearsal halls, classroom space, administrative offices, and incubator office space and administrative support for small theatre and dance groups.
- The **Fenway Alliance**, founding in 1977, is a formal consortium of academic, cultural, and arts organizations located in Boston's Fenway neighborhood that work collaboratively to enhance the cultural, environmental, and economic vitality of their area. The Alliance advocated for the establishment of the Fenway Cultural District and develops joint programming to highlight the offerings of the institutions along the "Avenue of the Arts." It also works with the governmental agencies on the design and implementation of infrastructure projects.
- **Kentucky Center for the Arts** is a center that presents both commercial and nonprofit productions. **Stage One**, a Louisville, KY children's theatre, entered into an administrative consolidation with the Center in which Stage One maintains artistic control over its product while the Center manages administrative and marketing operations.

- **Midway Studios** in Boston's Fort Point Channel neighborhood is being developed by the Fort Point Development Collaborative (FPDC), a joint venture of Keen Development Corporation and the Fort Point Cultural Coalition, a consortium of nonprofit arts organizations, individual artists and neighborhood volunteers. Comprising over 200,000 square feet, the three buildings at 15 Channel Center Street (formerly 24-38 Midway Street) will provide live-work studios for 89 artists, a 200-seat black-box theater, rehearsal spaces, a gallery and office space for non-profit arts organizations and arts-related businesses.
- **The Nora Theatre** and the **Underground Railway Theatre** will be sharing a common 175-seat black-box theater, the Central Square Theater, developed for them by the **Massachusetts Institute of Technology** at University Park. Working together towards a 2005 opening, the two community-based theater companies are conducting a combined \$2 million capital campaign with a single board of advisors. The two will also create joint productions, develop a Theater Training Institute, and combine some management roles. While MIT's role is primarily that of landlord, the MIT Office of the Arts, Department of Music and Theatre Arts, and the MIT Museum are working with the Underground Railway Theatre to explore collaborative projects and funding proposals focused on theater and science.

Joint Business Operations and Shared Administrative Services

Collaborations launched to share administration, purchasing and other back office functions are arguably the least glamorous, but most fiscally compelling of alliances. These partnerships may be formalized as service organizations, co-equal partnerships, membership organizations, or even limited liability corporations (LLC). The variety of structures seems dependent on the characteristics of the players and their particular needs.

- New York City's **Concordia Orchestra** contracted with the **American Symphony Orchestra's** management team (executive director, marketing director, and related staff) to perform its administrative functions. Concordia maintains its own artistic staff, board of directors, and financial books, and has reduced its costs by 40%, while ASO earns additional revenues by providing management services. The two organizations produce very different kinds of music and so are not direct competitors for audiences or donors.
- In Minneapolis, the **Guthrie Theater** and the **Children's Theatre Company** have joined forces to launch **Costume Rentals, LLC** to capture additional value from the costumes designed for individual productions by making it possible for schools, theaters, corporations and individuals across the country to rent costumes at reasonable prices.
- The **Shared Services Division** of the **Pittsburgh Cultural Trust** was launched with strong encouragement from the Heinz Endowments, which supported initial consulting and task force costs. The Division became fully operational in September 2000 with the hire of its current director. It is staffed by three full-time people for an annual cost of about \$500,000, over 60% of which covers collaborative marketing programs, that is funded by a modest member fee and a \$0.25 ticket surcharge. Foundation grants support value-added projects including the new ticketing system that will consolidate three separate systems and facilitate Internet sales.

To meet its goals of cost savings, revenue enhancement, and improved customer service, it provides joint purchasing of office supplies, health insurance, printing, and credit card processing. The Division has also developed a variety of market research and collaborative marketing programs using a shared database of aggregated ticket information, and is working towards a consolidated box office system.

Members, which retain their artistic autonomy while the Division focuses on consolidating back-of-house operations, include the Pittsburgh Ballet Theatre, Civic Light Opera, Pittsburgh Public Theater, Pittsburgh Symphony Orchestra, Pittsburgh Opera, and the Cultural Trust, which includes the Pittsburgh Dance Council and PNC Broadway in Pittsburgh. This group may expand to include another joint ticketing operation handling 40 small organizations.

Shared Services is governed by the board presidents and top management of its participating organizations. This group meets frequently to reach consensus on all major decisions, a time-consuming process necessitated, in part, by the coalition's wariness over the potential loss of individual autonomy to the Trust, a landlord and competing presenter. However, the Trust, itself a project promoted by the Heinz Endowments, provides the coalition with additional weight and leadership, and precludes the need for a new, separate nonprofit.

- The **Wang Center for the Performing Arts** and **Commonwealth Shakespeare Company** entered into a three-year partnership agreement in early 2003 by forming a Limited Liability Company (LLC) as a fiscal subsidiary of the Wang. The LLC board consists of three Wang trustees and two Commonwealth Shakespeare trustees; CSC's board reports to the new partnership board. Commonwealth Shakespeare has relocated to the Wang, which also provides education, fundraising and finance staff support for CSC productions. The Wang benefits from having an in-house production company to develop programming for its Shubert and Wang stages. Commonwealth Shakespeare benefits from increased fiscal

stability without additional investment in staff, assuring that “Shakespeare on the Common” will continue as a summertime tradition.

Marketing and Audience Information and Services

Collaborative marketing efforts, recognized for their potential to save money while growing audiences, are a widespread phenomenon. Collecting and sharing audience information, including mailing lists and demographic data, is less common despite its potential to support audience development efforts and advocacy based on an economic impact argument.

- **Artsnorth** is a membership organization of Essex County cultural and tourist organizations that work together to focus attention on the programs, exhibitions and events available throughout the region. Their website, www.arts-north.org, is maintained by the North of Boston Convention and Visitors Bureau with the support of the North Shore Chamber of Commerce, the Massachusetts Office of Travel & Tourism, Essex National Heritage Commission, and the Massachusetts Cultural Council.
- **Boston Arts Marketing Alliance (BAMA)** was launched in the early 1990s as an ad hoc group of marketing and public relations officials from arts organizations with budgets over \$1 million. Participants include: American Repertory Theatre, Boston Ballet, Boston Lyric Opera, Boston Symphony Orchestra, DeCordova Museum and Sculpture Park, First Night, FleetBoston Celebrity Series, Handel and Haydn Society, Huntington Theatre Company, Institute of Contemporary Art, Isabella Stewart Gardner Museum, Lyric Stage Company, Museum of Fine Arts, North Shore Music Theatre, Peabody Essex Museum, Wang Center, and World Music. More than just a networking organization, BAMA implements activities such as the September 2003 “Fall for the Arts” party designed to attract younger audiences.
- **The Museum of Science**, acting on behalf of organizations in Massachusetts, Rhode Island and Connecticut, collects the monthly attendance information from about 60 participating sites. Each institution receives a monthly report that includes variance and year-to-date information as well as notations about conditions, such as weather, special exhibits or competing events that may have influenced attendance.
- **Museums of Boston**, a collaboration of the public relations staff of 44 art, history, science, university and house museums, gardens and zoos in Greater Boston, focuses on marketing and information sharing.
- **Subscribers Save the Arts** is a nascent attempt to address the downturn in subscription sales, which provide important revenue to presenting organizations before their season begins. Boston-based participants have contributed between \$1,000 and \$4,000 to support a reduced cost media buy focusing on the individual organizations and the importance of subscription ticket purchases. Long-term plans include print advertising and subscriber incentive programs. Spearheaded by the **Cantata Singers**, collaborators include Pro Arte Chamber Orchestra, Boston Baroque, Boston Early Music Festival, Boston Chamber Music Society, Boston Modern Orchestra Project, Boston Musica Viva, Opera Boston, Spectrum Singers, Boston Children’s Chorus, Boston Gay Men’s Chorus, and ArtsBoston.
- **Theatre Arts Marketing Alliance (TAMA)**, formed in 2002 by **StageSource**, is comprised of 22 Boston area theatre companies interested in networking, sharing resources, and collaborating on marketing initiatives. Modeled after the Boston Arts Marketing Alliance, TAMA intends to serve metro Boston’s professional theatrical organizations with budgets under \$1 million. Participants have shared promotional materials, traded mailing lists, and bargained collectively for discounted advertising in Playbill. The group is currently in discussions with the TheatreMania.com website about marketing opportunities.

Service and Professional Organizations

Collaborations may take the form of associations of nonprofits organized around shared business functions or constituencies. Often membership-based, these agencies represent mature and formalized collaborative efforts.

- **The Alliance of Resident Theatres/New York (A.R.T./New York)** provides low-cost office/rehearsal space in Manhattan and Brooklyn for nonprofit theater companies, providing shared access to amenities such as copy and fax machines, kitchen facilities, gallery space, and rehearsal studios. A.R.T./New York also provides management related technical assistance and is the nation’s only theatre-specific source of capital financing.
- **Arts Bridge**, in Chicago, IL, is a nonprofit arts service organization that assists emerging cultural groups through three programs: 1) the Incubator Program, a resident program offering management training and organizational development; 2) Art Works, a membership program open to all arts and cultural organizations seeking training and expertise in all areas of organizational development; and 3) the Alternative Business Center, which features mailbox

and conference room rentals at below-market rates. As a stand-alone nonprofit, Arts Bridge is supported by service fees, contributions, and in-kind support from local foundations, corporations, and city and state agencies.

- **ArtsBoston** promotes the performing arts in Greater Boston by providing ticketing, marketing and capacity building programs that increase revenue, expand audiences and enhance professional development to 170 theatre, music and dance member groups. Its programs include: 1) BosTix, a half-price, day-of-show ticket source and information center that sells tickets that would otherwise go unsold, returning revenue to member groups and generating word-of-mouth; 2) ArtsMail, a free mail-order catalog offering ticket discounts, that is mailed to over 25,000 households ten times a year and is online at www.artsboston.org; and 3) Member Services, which provides professional development workshops on topics ranging from box office management to direct mail, as well as co-operative advertising discounts with the Boston Globe and the Boston Metro, and rental of the customer and press mailing lists.
- **Greater Philadelphia Cultural Alliance**, established in 1972 by nine cultural institutions to coordinate Bicentennial activities, now has a membership of over 260 nonprofit cultural institutions. The Alliance advocates for positive public and private sector policies, conducts an umbrella marketing campaign for the cultural industry, administers two grant programs to increase access to funds, and provides services to member agencies to help them reduce expenses or increase revenues. One service of particular note is its ConflictBuster Calendar, an online date book of fundraising and other gala events designed to alert planners about potential double-bookings before they occur.
- Founded in 1979, **The League of Chicago Theatres** is an alliance of more than 130 theaters that offers a wide array of services to its members, and the theater-going public, including a discount ticket sales program and a cooperative advertising program that stretches members' marketing budgets.
- **Museum Loan Network**, a program funded and initiated by the John S. and James L. Knight Foundation and The Pew Charitable Trusts and administered by the **Massachusetts Institute of Technology's** Office of the Arts, serves the museum community by facilitating the long-term loan of art and objects of cultural heritage among U.S. institutions. In helping museums enhance their installations by sharing objects, MLN also fosters collaborations between institutions of varying size and discipline. As part of this work, MLN convened a series of meetings with participants from the fields of art history, dance, theater, philanthropy, art, public television, science, history, education, libraries, and museums to explore models and challenges of collaborations. The dialogue has been published as "The Museum as Catalyst for Interdisciplinary Collaboration: Beginning a Conversation."

Strategic Program Alliances

Cultural organizations may collaborate to offer and cross-market similarly themed programs to increase the audiences, or they may join forces to produce an event, series or exhibit that could not have been created had they acted alone. Here, only the largest, most visible programmatic alliances are mentioned.

- **Boston Cyberarts Festival**, a bi-annual event, is entirely collaborative. Coordinated by Boston Cyberarts, Inc., a small nonprofit organization, the 2003 festival included over 75 organizations and 100 programs presenting over 350 artists, humanists, and scientists to 21,000 unduplicated visitors. This festival, itself grounded in collaborations with artists, organizations, and high-technology industry professionals, prompted many joint efforts. Partnerships included the 2003 gala opening event, Toy Symphony, a collaboration between Boston Cyberarts, the Media Lab at MIT, the Children's Museum and the Boston Modern Orchestra Project, and the ongoing relationship between the Attleboro Museum and Texas Instruments that was launched during the 1999 festival event and continues today. Boston Cyberarts' website provides an ongoing place for new media artists to place calls for collaborators.
- **The Boston Lyric Opera** (BLO) took the lead in assembling a group of institutions presenting work on an Egyptian theme during the 1999/2000 season. The BLO presented three operas, Aida, Akhnaten, and Die Zauberflöte (The Magic Flute); the **Museum of Fine Arts** presented Pharaohs of the Sun, exhibiting objects that had never before left Egypt; **Boston Ballet** presented Cleopatra, set to the music of Rimsky-Korsakov; and the **Museum of Science** added Mysteries of Egypt to its Imax film schedule and developed an exhibit that explored the process of archeological documentation. The **Wang Center for the Performing Arts** hosted a joint press conference and a panel session on the collaboration, and added the Taylor/Burton epic, Cleopatra, to its classic film festival. Advertising, marketing and public relations formed the basis of most joint operations. The group developed a specific look for cooperative advertising and integrated their public relations pitches for significant press coverage in local and national publications. The institutions also held joint events for their boards and subscribers, including Imax screenings at the Museum of Science and a costume party in the MFA's Egyptian galleries.

- A shared desire to develop Boston’s dance audiences as well as the artistic capacity of its local companies brought **FleetBoston Celebrity Series** and the **Wang Center for the Performing Arts** together to co-present leading national and international companies. Launched with the 2002-2003 season, the collaboration also includes a “Dance Across the City” series of free dance performances and workshops, master classes and seminars for youth and adults. This partnership also includes collaboration with **WGBH-TV** to present a festival of thirty hours of televised dance programming.
- The **National Park Service**’s interest in bringing more visitors to its historic sites has prompted a number of local collaborations. The **Institute of Contemporary Art**’s Vita Brevis public art program brings artists to Park sites, including the Old South Meeting House, African Meeting House, Paul Revere House, and Old North Church, to provide a contemporary interpretation of the Park’s cultural resources and historical themes. In July 2003, **Opera Boston** presented South Pacific on the historic ship the USS Cassin Young at the Charlestown Navy Yard in conjunction with the **Boston Landmarks Orchestra**.
- **Opera Unlimited** is the moniker for the contemporary opera festivals and performances jointly programmed by **Opera Boston** and the **Boston Modern Orchestra Project**, agencies that also share a common artistic director.
- **WGBY/Springfield**, the **Springfield Symphony**, the **Springfield Library and Museums Association**, the **Springfield Public Forum**, and **WFCR**, the region’s public radio station, launched The Aida Project, a performance, exhibition, media, and outreach project for the 2002/2003 season. Focused around a semi-staged version of Verdi’s Aida, the project sought to use opera to illustrate and contextualize important educational and cultural ideas to the widest possible audience by leveraging the educational resources of the cultural collaborators. The program featured an awareness campaign using TV, radio and the web to engage the broadest possible audience, educational visits to schools and community organizations by artists, performers and scholars, a supplementary curricula for educators wishing to pursue programmatic themes in greater depth, and a special student matinee. The culminating Symphony Hall performance was broadcast throughout New England.

Miscellaneous Consortia

Organizations often come together to advocate for shared goals, undertake specific activities beyond the resources of any single member, or to launch a joint venture. This listing includes interesting examples of formal collaborations that don’t easily fit in other categories.

- **Boston Local Historical Societies Consortium** was organized in 1989 by the **Bostonian Society** to help independently operated neighborhood historical societies share ideas, coordinate activities, and address common problems and opportunities. The group meets annually and conducts professional development workshops to address the fact that there are significant differences in participants’ management capacity and levels of activity. The Bostonian Society is helping some participants design and produce retail merchandise based on their collection or site for sale at the Faneuil Hall marketplace and their own locations. This project, which also includes other local history sites such as the Museum of Afro-American History and the Shirley Eustis House, was designed to provide added revenues for all participants, link visitors to neighborhood sites, and set the stage for further collaborations.
- **Heart of Brooklyn**, Brooklyn, NY, is a partnership of six of the borough’s cultural institutions including Brooklyn Botanic Garden, Brooklyn Children’s Museum, Brooklyn Museum of Art, Brooklyn Public Library, Prospect Park Alliance and Prospect Park Zoo. Its programmatic, marketing, and community outreach activities include a free trolley service that connects visitors to each of the sites, as well as the Brooklyn Cultural Adventures Program (BCAP), a recreational camp for children ages 9-12 that introduces the children to each institution’s offerings. Additionally, all HOB partners are currently participating in a longitudinal audience survey which tracks visitor usage patterns in the interest of better understanding the users (and non-users) of member organizations.
- The relatively new **Museum Access Consortium** is a group of museum professionals in the greater New York area devoted to universal design concepts, information sharing and promoting access to cultural institutions. A similar group is being formed among Boston area museum professionals. Using the working title of “Partners for Cultural Accessibility,” this coalition uses the term ‘accessibility’ more broadly to encompass physical ability, and differences of learning styles, language and culture.

APPENDIX D

Individual Charitable Giving: Attitudes, Motivators and Trends

Introduction

To gain a better understanding of individual donors in Massachusetts, the Cultural Task Force's Philanthropy Committee turned to the McCormack Institute of Public Affairs at the University of Massachusetts. Their University of Massachusetts Poll, under the direction of nationally known commentator Louis DiNatale, provides strategic information and analysis of public affairs for public leaders, students and citizens of New England. Since 1996, the UMass Poll has conducted quarterly surveys of Massachusetts' residents, creating a reliable, accurate and open public opinion database that is available to the general public at www.mccormack.umb.edu/umasspoll.

Methodology

The data summarizes findings from a telephone survey conducted from November 17, 2003 through November 24, 2003. Interviews were conducted under the supervision of a university trained field supervisor.

A random digit dial sample was drawn using the Waksberg method. Quotas were met for sampling location and gender. A random respondent selection was used. A total sample of 401 Massachusetts registered voters was achieved; results from the total sample can be interpreted as accurate to within 5% with a 95% level of confidence. Sub-samples have a greater margin of error.

Respondent cooperation, response rate and call completion were satisfactory and similar to other Massachusetts studies conducted by the research team. The sample performed within expectations for a random digit dial sample.

The survey instrument and response frequency follow the summary and analysis of the findings.

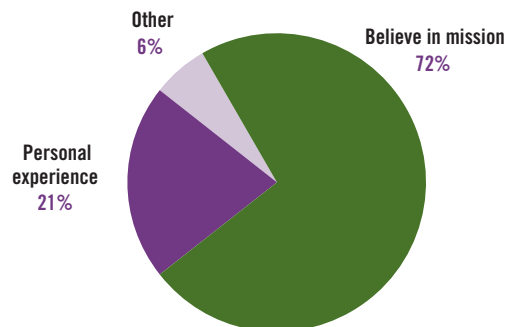
Summary and Analysis

All Nonprofit and Cause Related Giving

The Poll shows that Massachusetts residents represent a significant contributor pool, with many respondents giving often or very often. These donors are motivated by the mission of the organization and not by public recognition. Indeed, 80% of respondents wanted no public acknowledgement of their gift.

- **Significant Contributor Pool:** 40% of respondents give "very often" (16%) or "often" (24%) and 24% of respondents indicated that they give sometimes for a pool of potential contributors of 64%. (Question 1)
- **Anonymity:** 80% of all respondents do not desire public acknowledgment of their gift; only 10% prefer to have a public acknowledgment. (Question 4)
- **Motivated by Mission:** The overwhelming motivation of givers to donate is "belief in the mission of the organization" (72%). A distant second is "personal experience with services of the organization" (21%). All other reasons are each 2% or less. (Questions 2 and 3)

Motivations for Giving

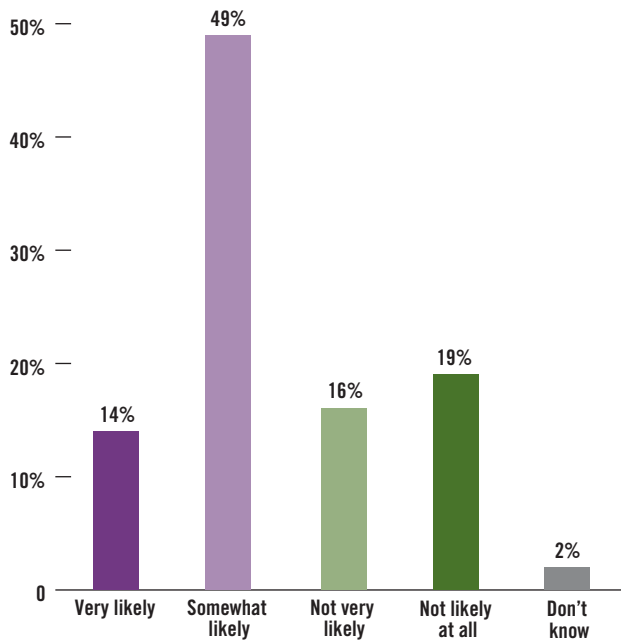


Corporations derive significant benefit from their sponsorship and philanthropy

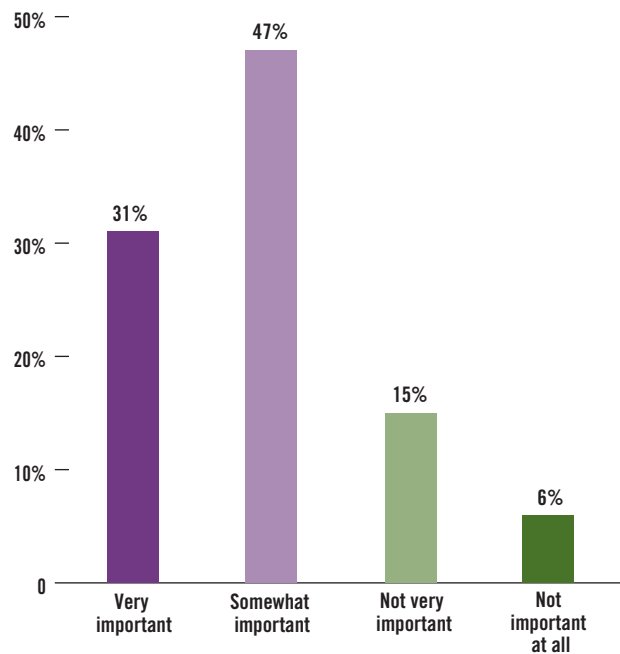
Corporate support of a non-profit may be more likely to enhance the public's opinion of the corporation than their opinion or support of the non-profit, which, of course, benefits from the financial or in-kind donation. It is very important to Massachusetts residents to live in a community in which corporations are strongly supportive of arts and cultural organizations.

- **Corporate support generally does not affect individual giving.** 43% said a corporation's support does not make it more or less likely that they would support the non-profit. Interestingly, however, about the same percent said that corporate support of a non-profit would make them less likely to give (30%) as those who said it would make them more likely to give (24%). (Question 5)
- **54% said that corporate support of a non-profit positively influences their opinion of the corporation** strongly (17%) or somewhat (37%). (Question 6)
- **63% said their patronage of a corporation** would be very (14%) or somewhat likely (49%) to be positively influenced based on its support of a non-profit that is important to them. (Question 7)
- **Massachusetts residents want to live in a community in which corporations actively support arts organizations.** An overwhelming 78% think it is very (31%) or somewhat (47%) important to live in a community in which the corporations actively support the arts. (Question 8)

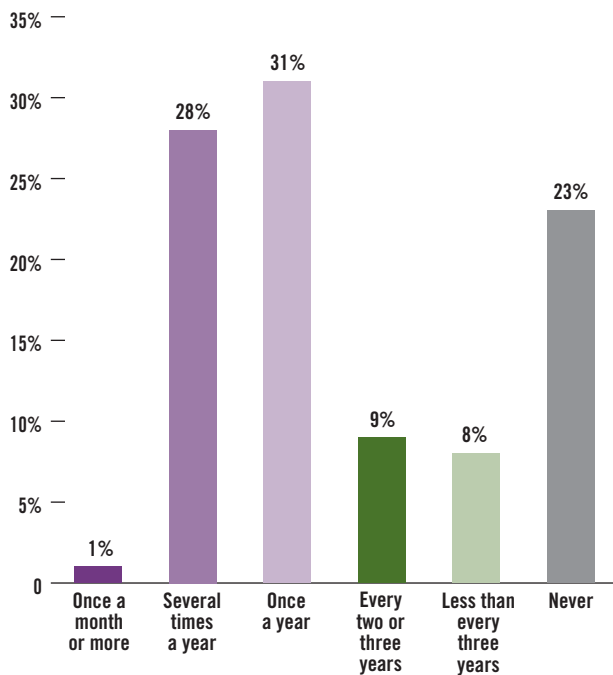
Corporate Support Likely to Increase Patronage of Corporation



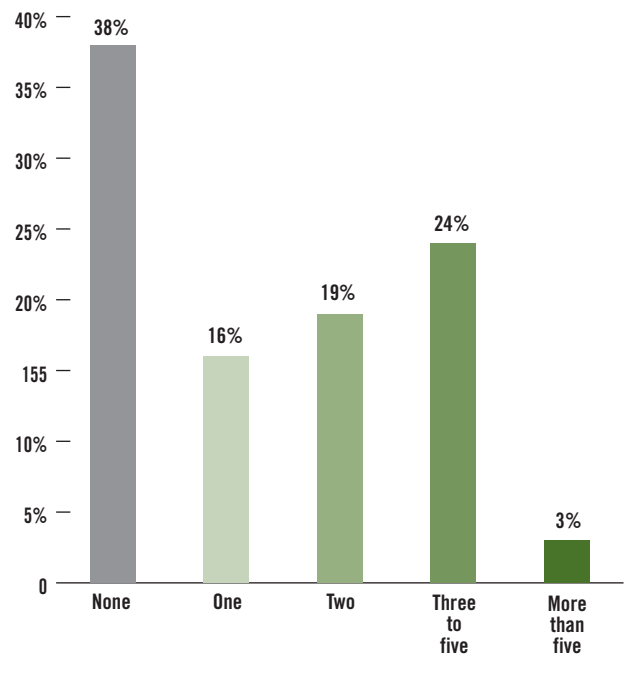
Importance of Corporate Support of Cultural Organizations to Residents



Frequency of Giving to Arts and Cultural Institutions



Donations to Multiple Cultural Institutions

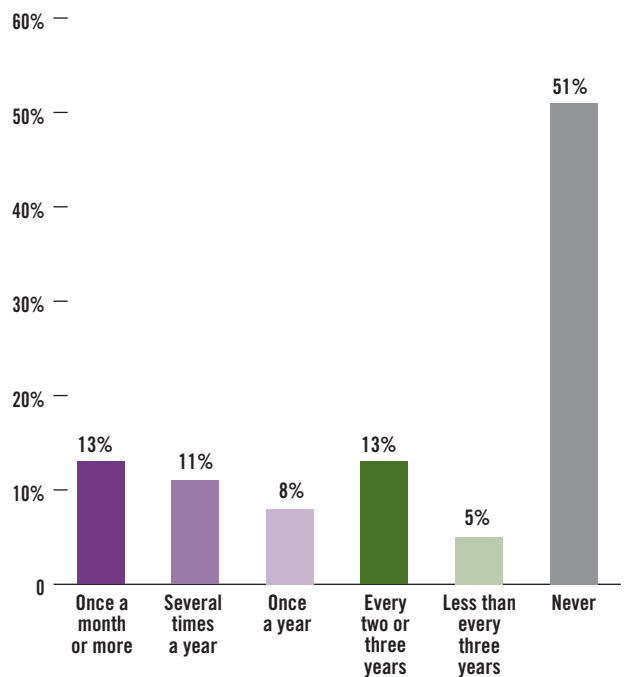


Giving to Arts and Cultural Organizations

Arts and cultural organizations benefit from a strong core individual contributor base, many of whom give to an organization several times a year, as well as support multiple arts organizations in the course of a year.

- **Significant Multiple-Giver Contributor Base:** 60% give to arts and cultural institutions at least once a year (31%), several times a year (28%) or once a month or more (1%). (Question 9)
- 64% have given to one (16%), two (19%), three to five (24%) or more than five (3%) arts and cultural institutions in the past year. This suggests there is a hard core of 24% to 46% of the population who support the arts through multiple donations; and that when they give to one institution they are strong targets for other institutions. It also may mean that there is a good opportunity to upgrade the one-time donors to become multi-donors. (Question 10)
- **Significant Volunteer Base:** 24% volunteer or make non-cash contributions to arts and cultural institutions several times a year (11%) or once a month or more (13%). (Question 11)

Frequency of Volunteer and Non-Cash Contributions to Arts and Cultural Institutions



Profile of Frequent and Multiple Donors and Frequent Volunteers

Cross Tabulation of Questions 9, 10 and 11 by Demographics

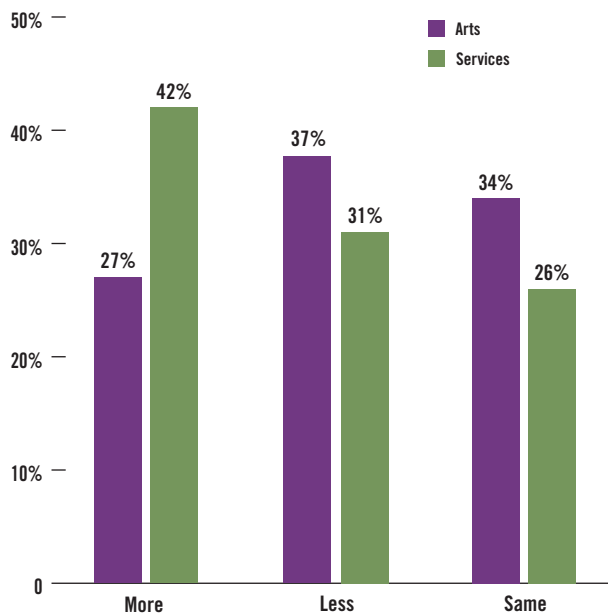
		FREQUENCY OF GIVING (Q9)		GIVE TO NUMBER INSTITUTIONS (Q10)			VOLUNTEER AND NON-CASH GIVING (Q11)		
		Several times year	Once a year	One	Two	3-5	Once month	Several times year	Once year
Freq of Total↓	Response Frequency→	28%	31%	16%	19%	24%	13%	11%	8%
n = 401		n=110	n=123	n=65	n=74	n=95	n=53	n=42	n=30
		%	%	%	%	%	%	%	%
50%	Male	61	33	35	45	63	36	67	53
50%	Female	40	67	65	55	37	64	33	47
12%	26-35		17	5	10				
17%	36-45	19	26	22	16	21	23	36	17
24%	46-55	29	27	22	26	36	19	21	13
14%	56-65	12	17	17	16	10	11	14	3
20%	Over 65	18	17	11	22	19	26	12	33
21%	Greater Boston	24	19	20	24	21	19	14	20
9%	128 area	13	11	12	7	13	6	5	0
13%	495 area	16	8	14	5	15	13	10	3
13%	Central	12	18	8	15	19	21	12	17
10%	N. Shore	16	11	15	11	16	15	12	10
13%	S. Shore		12	16	10	8	21	3	
27%	College	33	26	37	22	30	19	48	30
23%	Post-Grad	33	28	26	27	38	28	24	13
11%	\$35k-\$49k			2	19	20			
19%	\$50k-\$75k	20	17	23	11	15	19	5	20
23%	\$75k-150k	28	24	26	22	35	23	38	37
8%	\$150+	16	7	3	14	15	11	10	0

Trends in Giving – Arts/Culture vs. Social Service

While there is some trend towards decreasing arts/culture giving this year, in favor of gifts to social service organizations, there is a strong and loyal core of cultural donors who will not change their giving patterns.

- **More to Services Less to Arts:** More donors expect to increase their giving to social service institutions (42%) than those who expect to increase their giving to arts organizations (27%) this year compared to three years ago. (Questions 12 and 13)
- **There is some good news for arts giving.** Although 31% expect to give less to social services, compared to 37% who expect to give less to arts and cultural organizations, 26% expect to give the same amount to social services, compared to 34% who expect to give the same amount to arts and cultural organizations. There is a strong loyal core of donors to arts and cultural organizations. (Questions 12 and 13)

Expected Giving to Arts and Services Compared to Three Years Ago



Survey Instrument and Response Frequency

The following telephone survey was conducted by The University of Massachusetts Poll from November 17 through 24, 2003. A total of 401 Massachusetts registered voters were polled; results from the total sample can be interpreted as accurate to within 5% with a 95% level of confidence. Sub-samples have a greater margin of error.

1. First, I'd like to discuss nonprofit and charitable organizations. How often do you give money to nonprofit organizations like museums, hospitals, youth and elder programs, or other social service or cultural agencies? Would you say you give money to these organizations (READ LIST)

Very Often	16%	[GO TO #2]
Often	24%	[GO TO #2]
Sometimes	24%	[GO TO #2]
Not That Often	28%	[SKIP TO #4]
Not At All	8%	[SKIP TO #4]

2. Which of the following motivates you, when you give to a particular nonprofit organization in your community? (ROTATE AND READ LIST) Number = 257

	Yes	No	Don't Know /Refuse
a. I believe in the mission and work of the organization	95%	5%	
b. I have personal experience with the services of the organization	65%	35%	
c. I was asked to give	47%	53%	
d. I can deduct my gift from my taxes	42%	57%	1%
e. A friend supports that organization	40%	60%	
f. A business associate supports that organization	19%	81%	1%
g. My employer matches my gift	18%	81%	1%
h. My gift helps the organization qualify for matching State support	36%	61%	4%

3. Of the items we just discussed, which motivates you the most when you give to a particular nonprofit organization in your community? (REREAD LIST IF NEEDED. ONE ANSWER ONLY) Number = 257

a. I believe in the mission and work of the organization	72%
b. I have personal experience with the services of the organization	21%
c. I was asked to give	2%
d. I can deduct my gift from my taxes	1%
e. A friend supports that organization	2%
f. A business associate supports that organization	-
g. My employer matches my gift	1%
h. My gift helps the organization qualify for matching State support	-
i. Don't Know or Refused	2%

4. When you make a financial contribution, do you prefer to (ROTATE AND READ LIST)

a. To give anonymously, without public acknowledgment of your gift	80%
b. To have your gift publicly acknowledged in a program brochure, plaque, or a newspaper or radio announcement.	10%
c. Do Both / Depends on Situation (VOLUNTEERED) (DO NOT READ)	3%
d. Neither (VOLUNTEERED) (DO NOT READ)	
e. Don't Know (DO NOT READ)	1%

5. Does a corporation's support of a nonprofit organization or a cause make you more or less likely to support that nonprofit or cause?

More	24%
Less	30%
Doesn't Matter	43%
Don't Know	3%

-
6. How strongly does a corporation's support of a nonprofit organization or a cause have a positive influence on your opinion of that corporation? Would you say a corporation's support for a nonprofit organization or a cause influences your opinion of that corporation (READ LIST)
- | | |
|-------------------|-----|
| Strongly | 17% |
| Somewhat | 37% |
| Not Very Strongly | 20% |
| Not At All | 26% |
| Don't Know | 1% |
7. How likely are you to patronize a company or purchase its products based on a corporation's support of a nonprofit organization or a cause that is important to you? Would you say you are (READ LIST)
- | | |
|-------------------|-----|
| Very Likely | 14% |
| Somewhat Likely | 49% |
| Not Very Likely | 16% |
| Not Likely At All | 19% |
| Don't Know | 2% |
8. How important is it to you to live in a community in which the corporations actively support arts and cultural organizations? Would you say it is (READ LIST)
- | | |
|----------------------|-----|
| Very Important | 31% |
| Somewhat Important | 47% |
| Not Very Important | 15% |
| Not Important At All | 6% |
| Don't Know | 1% |
9. Other than paying for admissions or tickets to a performance, how often do you make financial contributions to arts and cultural institutions? Would you say (READ LIST)
- | | |
|--------------------------|-----|
| Once a Month or More | 1% |
| Several Times a Year | 28% |
| Once a Year | 31% |
| Every Two or Three Years | 9% |
| Less Than Every 3 Years | 8% |
| Never | 23% |
| Don't Know | 1% |
10. To how many different arts and cultural institutions have you made a financial contribution in the last 12 months?
- | | |
|-------------|-----|
| None | 38% |
| One | 16% |
| Two | 19% |
| 3 to 5 | 24% |
| More Than 5 | 3% |
| Don't Know | 1% |
11. How often do you volunteer your time or make other in-kind or non-cash contributions to arts and cultural institutions? Do you volunteer your time or make other in-kind or non-cash contributions (READ LIST)
- | | |
|--------------------------|-----|
| Once a Month or More | 13% |
| Several Times a Year | 11% |
| Once a Year | 8% |
| Every Two or Three Years | 13% |
| Less Than Every 3 Years | 5% |
| Never | 51% |
| Don't Know | 1% |

12. This year, will you give more or less money to arts and cultural institutions than three years ago?

More	27%
Less	37%
The Same Amount	34%
Don't Know	2%

13. This year, will you give more or less money to social service institutions than three years ago?

More	42%
Less	31%
The Same Amount	26%
Don't Know	2%

DEMOGRAPHICS

Now I have just a few more questions so we can classify your answers.

14. Regardless of your voter registration, how would you describe your politics today, would you describe yourself as (READ LIST):

Mostly Democrat	28%
Leaning Democrat	12%
Completely Independent	32%
Leaning Republican	9%
Mostly Republican	14%
Something Else	5%
Refused	1%

15. In what YEAR were you born: 19 / ___ / ___ /

18-25	10%
26-35	12%
36-45	17%
46-55	24%
56-65	14%
Over 65	20%
Don't Know/Refused	3%

16. Which of the following best describes most of your ancestors? [READ LIST]

African American	7%
Asian American	2%
Hispanic	4%
European	76%
Mixed Race	3%
Something Else	7%
Refused	2%

17. What is your zip code?

18. I'm going to read you a description for different parts of the state, would you please tell me which region you live in? [READ LIST]

Greater Boston	21%
Rt. 128 Area	9%
Rt. 495 Area	13%
Central Mass	13%
Cape Cod & Islands	6%
North Shore	10%
South Shore	13%
Western Mass	14%
Don't Know/Refused	2%

19. What was the last grade of school or year of college you completed? (DO NOT READ LIST)

Less Than High School	4%
H.S. Grad	21%
Some College -2yr	13%
2 yr Associate	3%
Some College +2yr	9%
College Grad	27%
Post Grad	23%
Refused	1%

20. If you are religious, what is your religion? (DO NOT READ LIST)

Catholic	43%
Protestant	27%
Jewish	4%
None	22%
Something Else	2%
Refused	3%

21. And finally, which of the following ranges best describes your annual household income, is it (READ LIST)

Less Than \$10,000	2%
Between \$10,000 and \$24,999	11%
Between \$25,000 and \$34,999	10%
Between \$35,000 and \$49,999	11%
Between \$50,000 and \$74,999	19%
Between \$75,000 and \$150,000	23%
More Than \$150,000	8%
Don't Know	2%
Refused	15%

20. Gender (BY OBSERVATION, ASK IF NECESSARY)

Male	50%
Female	50%

APPENDIX E

Cultural Facilities: 2003 Statewide Survey Assessing the Depth and Breadth of Need

Introduction to Methodology

From December 2003 to February 2004, the Massachusetts Cultural Council, Massachusetts Advocates for Arts, Sciences and Humanities (MAASH), and the Boston Foundation conducted an online survey to identify cultural facility needs and ambitions among nonprofit cultural organizations in Massachusetts.

The survey polled about 900 organizations pulled from the Massachusetts Cultural Council's statewide database. About 19% responded to the Zoomerang poll, representing 164 organizations across all artistic disciplines, budget sizes and geographic regions of the state. Respondents were asked to quantify the funds needed for: 1) repairs and improvements of existing facilities; 2) expansion of existing facilities; and 3) development of new facilities. Participants were also asked about facilities planning, including priority repairs and improvements, the kind(s) of space(s) needing improvement; and pre- and post-construction estimates of budgets and staff.

Total facility spending needs over the next five years was projected to be more than \$1.1 billion by the 123 organizations (out of 164 survey participants) that identified capital projects.⁹⁵ This figure applies solely to the "bricks and mortar" of cultural facilities and does not include endowment targets that may be associated with capital campaigns, or increased program expenditures connected to expanded facilities.

The chart below shows how the figure of \$1.1 billion breaks out among the survey's three broad categories: repairs/improvements, expansions, and new facilities.

	# of Orgs	Estimated Costs
Repairs and Improvements	112	\$ 303,475,500
Expansion of Existing Facilities	34	\$ 444,397,500
New Facilities	30	\$ 360,112,000
Total ⁹⁶ – 123 Respondent Organizations		\$1,107,985,000

Summary and Analysis

Profile of Respondents

- **Budget size:** The annual operating expenses of respondents range from \$10,000 to \$187 million. The mean annual operating expense is just under \$4.8 million, but this figure is skewed (to the high side) by the budgets of a few very large organizations. In fact, the median annual expense among the 164 respondents was \$594,000—so smaller organizations are well represented.
- **Employment:** Organizations that responded to the survey employ nearly 10,000 paid staff members and nearly 30,000 volunteers. The minimum number of paid staff reported was zero (we had responses from several volunteer-run organizations); the maximum was 830. The mean FTE count was 33, though again this was skewed by the largest organizations: the median FTE count was four.
- **Attendance:** Visitorship averages 100,000 people per year per organization. The minimum attendance reported was 10; the maximum was 3,000,000. Median was 12,000.

⁹⁵ The results do not include data from public libraries, community colleges or university-based cultural organizations that are not distinctly incorporated as non-profit cultural organizations.

⁹⁶ The "# of Orgs" column does not total as several organizations reported projects in multiple categories. Many organizations are dealing with repairs on their existing facilities and expansion or development of new facilities. While a single organization could be represented twice or potentially even three times in the column headed "# of Orgs," the dollar amounts connected with each project are counted only once.

Profile of Respondents' Existing Facilities

- **Type of primary facility:** The majority of participants in the survey (62%) have office space as part of their primary facility—this is a common denominator. In terms of program space, 48% house theatres or auditoriums, 42% house galleries or exhibition spaces, 38% have studios or workshops, and 37% have classrooms. Other types of space listed include dormitories, storage space for collections, gift shops, and archives. (The percentages listed above exceed 100%; respondents could select “all that apply.”)
- **Ownership:** A significant number of respondents own either their primary or their secondary facility (48%). Another 27% have long-term leases and 22% have annual or other short-term leases. Some 21% use facilities that were donated. (Again, percentages exceed 100%, for the same reason as above.)
- **Age of facilities:** The mean age of primary facilities was 92 years. In this instance, “outliers” at the top did not skew the data. The median age (90 years) was nearly the same as the mean (92). This means that a full 50% of the cultural facilities in the state are more than 90 years old.

Repairs, Improvements, Maintenance: Of the 123 groups that identified facilities projects, 112 identified maintenance projects—a total of more than \$300 million statewide.

Of the 112 groups that identified repairs or improvements, 60% need to improve energy efficiency; 58% need to improve physical accessibility (in accord with the Americans with Disabilities Act), and 50% need to make fire safety enhancements.

A full two-thirds of respondents (67%) need to make repairs or improvements to their heating, ventilation, and air conditioning systems (HVAC), 54% need to do electrical work, and 52% need to repair or replace their roofs. A full listing of specific work identified by respondents appears below.

HVAC Systems	67%
Office Space	64%
Electrical	54%
Landscaping & Grounds	54%
Roof	52%
Restrooms	48%
Plumbing	46%
Gallery/Exhibition	44%
Performing Space	40%
Classroom	40%
Café	33%
Rehearsal	22%

Expansion Plans: Thirty-four organizations, or 28% of total respondents with facility needs, identified plans for expansion of their existing facilities—a total of nearly \$445 million statewide. The expansion component cited by more organizations than any other was classroom space (82%)—reinforcing the fact that most cultural organizations are in fact educational organizations. Other responses are listed below.

Classroom	82%
Office Space	79%
Gallery/Exhibition	71%
Landscaping & Grounds	50%
Restrooms	47%
Café	44%
Performing Space	35%
Rehearsal Space	32%

New Facility Construction: Thirty organizations, or 24% of total respondents with facility projects, identified plans for construction of new facilities projects—a total of more than \$360 million statewide. Components of new facilities are listed below:

Office Space	83%
Restrooms	83%
Gallery/Exhibition	77%
Classroom	77%
Café	77%
Performing Space	60%
Rehearsal	57%
Landscaping & Grounds	53%

Planning for Facilities: Forty percent of respondents indicated that they have conducted a recent facility audit. Fifty-two percent said they have not, and 8% didn't know or didn't answer. Only 30% of respondents reported that they had completed a recent capital plan, and 70% of respondents did not indicate a date for having completed a capital plan. Very few respondents indicated the estimated incremental operating costs or staffing needs associated with a new or expanded facility.

Of course, the needs cited here are only those reported by the cultural institutions that responded to the survey and identified specific facility projects. Total needs extrapolated from the survey results are almost certainly two or three times as large.

Sample Comments

Boston Center for the Arts

Boston, MA

Current Operating Budget: \$1,600,000

As an arts presenter, we would like to renovate and upgrade current theater facilities, as well as complete an acoustic and seating upgrade to the Cyclorama to increase cultural presentations. Studio building upgrades are absolutely necessary for safety issues and heating efficiency.

Cambridge Multicultural Arts Center

Cambridge, MA

Current Operating Budget: \$470,000

We are the only visual and performing multicultural arts presenting organization in the Greater Boston area. Our facility has had no updates or renovations since 1985, when we first moved in. In order to compete in the arts market place we need theater, gallery and related equipment that is not obsolete, breaking down and failing to allow us to deliver our best work. Our plans are twofold—to replace the failing theater lighting and sound system components in our theater and replace the aging curtains, and window treatments (that must be fire retardant), gallery lighting equipment and other renovations related to the office and kitchen space in our primary location. We can no longer repair or find parts for failing equipment because it is almost 20 years old. Because we are small and without an endowment or cash reserves, our efforts to obtain funding for capital improvements through grant writing have not been successful. A one-time grant of \$70,000 would allow us to do all the necessary renovations and move on, expand our audience, and improve our arts delivery efforts in to the community.

Cape Cod Ballet Society

West Barnstable, MA

Current Operating Budget: \$125,000

We realize we are very fortunate to have this wonderful space. But we are struggling to complete it and support it, and are looking for solutions to enable us to strike a balance between the need for a home base and the requirements of ongoing operations.

Community Music School of Springfield
Springfield, MA
Current Operating Budget: \$1,300,000

CMSS' current HVAC is terribly unreliable and expensive to operate. An investment in CMSS' facility will enable the School to expand its services to the early childhood community of families and adapt some of our physical space to develop programs during hours when the facility is largely dormant. A large concert hall/auditorium that seats from 750-1,000 people downtown would be an important addition to our region.

Emerson Umbrella Center for the Arts
Concord, MA
Current Operating Budget: \$550,000

Primary needs are a fire suppression system and improvements to the HVAC system, both as part of general renovation of the theater. Secondary needs include improved restrooms and landscaping. The dilapidated condition of theater and restrooms inhibits effective performing arts programming. We lease from the town, and the town is mandating the sprinkler system in reaction to the recent tragic fire in Rhode Island.

Firehouse Center
Newburyport, MA
Current Operating Budget: \$616,000

In terms of 'hierarchy of needs', our basic priorities include roof & HVAC repair (our second floor gallery has frequent leaks). The next level would be aesthetic needs that would bring our facility more in line with our branding statement of 'An Arts-inspired Gathering Place'. This would include upgrading our public restrooms, re-treading the gray and worn staircases leading to our theater and second floor gallery, repainting the interior walls, and rehabilitating our offices. The leaking walls and ceiling in the second floor gallery certainly limit the use of gallery wall space at times. The basement administrative offices offer no privacy.

MASS MoCA,
North Adams, MA
Current Operating Budget: \$5,000,000

As the museum's visitation gradually increases, and North Adams economy and downtown business district continues to respond positively to our presence, there is a growing need for the museum to develop job-creating commercial lease space. This attracts more employees and commercial vitality to the downtown business district, and crucial operating support, in the form of lease income, to the museum.

New England Aquarium
Boston, MA
Current Operating Budget: \$35,000,000

Built in 1969, the Aquarium is experiencing a range of structural, infrastructure, and exhibit issues that must be dealt with in the next five years. Numerous repairs, renovations, and replacements are needed for the building envelope, exhibits, interior finishes, HVAC, electrical, plumbing, structural, and life support systems. At the same time, the Aquarium is refocusing its permanent exhibits to reflect new scientific understanding of the natural world and human impact on it, as well as the work that our conservation and research departments are doing globally to support the protection of the aquatic environment. Our permanent exhibits are in need of both physical and programmatic upgrade to strengthen the visitor's experience and understanding of the aquatic world. The renovation of our physical facilities is critical to our ability to operate effectively in the future.

Rotch-Jones-Duff House & Garden Museum
New Bedford, MA
Current Operating Budget: \$320,000

An investment in our facility would make the house more attractive to the visiting public, leading to increased visitation. If we could improve meeting space, we would be able to hold more programs, lectures, and attract larger audiences. Environmental monitor/control improvements would make our museum more attractive to potential exhibits, thus also increasing visitation. Better staff space would enable us to increase staffing and, as a result, programming.

Underground Railway Theatre

Arlington, MA

Current Operating Budget: \$305,000

This once-in-a-lifetime opportunity will bring together two distinctly different, award-winning professional theater companies, the Underground Railway Theater and The Nora Theatre Company, to create a 'theatrical arts center' in the heart of Central Square, Cambridge. A shared facility will enable The Central Square Theater to offer rigorous programming in youth education, theater for adults, late night cabaret, large-scale puppet shows, collaboration with the community on new plays and theater institutes for youth, family and adults. Together, the two companies can do more than either one would be able to accomplish alone. The Central Square Theater will benefit from shared staff, streamlined expenses, a unique artistic and managerial alliance and increased opportunities for collaboration with the greater Cambridge community.

WCUW, Inc.

Worcester, MA

Current Operating Budget: \$80,000

The building had a new roof installed approximately seven years ago, but the prior water damage needs to be addressed (electrical wiring needs replacement, interior walls and ceilings need replacement). The HVAC system is non-operational and needs replacement. WCUW is currently limited to one operational studio. We could deliver programs to the community much more effectively if we could repair a second studio that was water-damaged, and complete a third studio that was partially finished, but is now also damaged. Production of current programs would be improved, and the development of new programs and community education and training programs that have been put on hold would be re-started. WCUW serves the under-served in our community with locally produced programming (over 80 different programs in more than a dozen different languages). While the volunteers have been very tolerant of our situation, basic creature comforts such as heat and air conditioning would make their efforts much easier.

Wellfleet Harbor Actors Theater

Wellfleet, MA

Current Operating Budget: \$420,000

We have no space for classes. Also, we have outgrown our current space artistically and in terms of audience demand for more seats and year-round offerings; our actors house is very old and in need of structural repairs; and our current theater (which we are not leaving even after the new space is built) also is very old and in need of structural repairs. We would like to offer classes and workshops for children and possibly seniors. Also, our theater is a magnet, bringing people into a region very dependent upon tourism dollars for its economy. A year-round facility would bring more people to the area in the off-season, helping the economy. We also could export and import plays with a larger theater, which would help us artistically and economically, and help the local economy. Our current facility is so small that it limits what we are able to do artistically. The larger theater will help us grow artistically and help us expand our apprenticeship program for aspiring stagecraft professionals.

Worcester Center for Crafts

Worcester, MA

Current Operating Budget: \$1.9 Million

Investing in new studio space would allow us to serve more students. We will be able to serve current students better by having classrooms, an expanded library, teaching collection and technology available to faculty and students. Currently, we raise 80% of our revenues from fees for classes/programs. We expect this to continue and will try to increase this percentage in the new studios that will come on line. Expanded facility and new studio space will enhance our ability to bring artisans to central Massachusetts and to forge new communities of artists who can live and work here.

Survey Instrument

I. General Information

1. Please tell us about yourself:
 - Name
 - Title
 - Telephone
 - E-mail Address

2. About your organization:
 - Organization Name
 - Street 1
 - Street 2
 - City
 - Zip Code
 - Executive Director
 - Staff Person in Charge of Capital Budget and/or Facilities Management
 - Title
 - Telephone
 - E-mail Address
 - Annual Operating Expenses (current fiscal year)

3. What is your current staff level?
 - Number of Full-time Employees:
 - Number of Part-Time Employees:
 - Number of Volunteers:

4. Has your organization conducted a facility audit?
 - Yes
 - No
 - Don't Know/Not Sure

5. If your organization has created a capital plan, when did this take place?
 - Month:
 - Year:

6. Does your organization own or rent your facility (facilities), or is it donated? (Select all that apply.)
 - Own
 - Long-term Lease
 - Annual or Other Short-term Lease
 - Donated and/or In-kind

7. How old is:
 - Your Primary Facility?
 - Your Secondary Facility?

8. What's the type of your primary facility? (Check all that apply.)
 - Classrooms
 - Gallery/Exhibition Space
 - Office
 - Theatre/Auditorium
 - Studio/Workshop
 - Other, please specify

9. What's the type of your secondary facility? (Check all that apply.)

- Classrooms
- Gallery/Exhibition Space
- Office
- Theatre/Auditorium
- Studio/Workshop
- Other, please specify

10. How many visitors and/or audience members use the primary facility each year?

II. Plans for Capital Improvement

Please identify any major facility projects your organization plans to undertake in the next five years (through 2009). Facility projects have been divided into three areas: repair and improvements, expansions of existing facilities, and new facilities.

We understand you may not have formal cost estimates of all needs. Please approximate to the best of your ability. Do NOT include endowment goals or program expenses in cost or fundraising goal estimates.

REPAIRS AND IMPROVEMENTS

This section refers only to activities related to your current facility—not new facilities or expansion projects. Repairs include all activities that maintain your existing property in good condition. Improvements include any activities that add to the value of your existing facility, prolong its useful life, or adapt it to new uses.

11. Have you identified any major repairs or improvements that you will undertake in the next five years?

- Yes
- No
- Don't know/Not sure

12. Please categorize your plans for repairs or improvements. (Check all that apply.)

- Physical Accessibility Enhancements (Including ADA Code Compliance)
- Fire Safety Enhancements (Including Fire Code Compliance)
- Projects to Improve Energy Efficiency
- Other Building Code Compliance, Please Specify

13. Please identify specific focus areas. (Check all that apply.)

- Roof: Repair or Replacement
- HVAC System: Repair, Replacement, or Upgrade
- Electrical System: Repair, Replacement, or Upgrade
- Plumbing: Repair, Replacement, or Upgrade
- Performing Space: Repairs or Renovations
- Gallery or Exhibition Space: Repairs or Renovations
- Rehearsal Space: Repairs or Renovations
- Classroom Space: Repairs or Renovations
- Café, Concession Stand, Shop, Other Visitor Amenities: Repairs or Renovations
- Office Space: Repairs or Renovations
- Restrooms: Repairs or Renovations
- Landscaping and Grounds
- Other, Please Specify

14. How much do you anticipate all of these repairs and improvements will cost (in total)?

EXPANSION OF EXISTING FACILITIES

This section refers to activities that will increase the size or square footage of your existing facility. Please do not include new buildings in this section. Those will be assessed in the next section.

15. Do you plan to expand the amount of space at your current facility in the next five years?

Yes

No

Don't know/Not sure

16. How much do you anticipate these expansions will cost (in total)?

17. Please categorize the focus of this expansion: (Check all that apply.)

Performing Space

Gallery or Exhibition Space

Rehearsal Space

Classroom Space

Café, Concession Stand, Shop, Other Visitor Amenities

Office Space

Restrooms

Landscaping and Grounds

Other, Please Specify

18. What is the approximate square footage of the expansion?

NEW FACILITIES

19. Are you planning to purchase or construct a new facility within the next five years?

Yes

No

Don't know/Not sure

20. Please categorize the components of this new facility: (Check all that apply.)

Performing Space

Gallery or Exhibition Space

Rehearsal Space

Classroom Space

Café, Concession Stand, Shop, Other Visitor Amenities

Office Space

Restrooms

Landscaping and Grounds

Other, Please Specify

21. What is the approximate square footage of the new facility?

22. Please briefly describe the qualities of this new facility.

23. How much do you anticipate the new facility(ies) will cost (in total)? Do not include operating costs.

24. Have you estimated the incremental operating costs (increase over current operating costs) associated with your new or expanded facility?

Yes

No

Don't know/Not sure

25. If you answered "yes" above, what's the amount of estimated annual increase?

26. Have you estimated the increased staffing needs associated with your new or expanded facility?

Yes

No

27. If you answered “yes” above, what’s the estimated number of new FTEs?

IV. In Summary

This section looks forward five years to ask what your agency would look like with the realization of your facility plans. It also asks about those facilities that are commonly recognized as needed or desirable but are not currently being planned.

28. If you are able to complete your facility renovation/expansion/building project as planned, what do you anticipate your operating budget will be in 2009?

29. If you are able to complete your facility renovation/expansion/building project as planned, do you anticipate expanding staff levels to handle increased capacity?

Yes

No

30. What do you anticipate your staff level to be by 2009?

Number of Full-Time Employees:

Number of Part-Time Employees:

Number of Volunteers:

31. How would you summarize your facility needs if you were asked to describe them to a potential funder?

32. Does your current facility limit your agency’s ability to deliver programs and services or impact administrative effectiveness? If so, briefly describe how.

33. How would an investment in your facility enhance programs and services?

34. Is there anything else you would like to add regarding your current or future cultural facility?

35. Other than the facility project(s) that your agency or other nonprofits in your community currently are planning, what kinds of facilities are commonly understood as needed or desirable in your city or region? What do you wish for? Please describe.

36. We may want to deepen our understanding of particular projects. May we contact you for additional information?

Yes

No

APPENDIX F

Incubators for New Talent and Ideas: An Analysis of the Fiscal Health of Greater Boston's Small Cultural Organizations

The 2003 Boston Foundation report titled *Funding for Cultural Organizations in Boston and Nine Other Metropolitan Areas* established that about 80% of any given region's cultural sector is made up of small organizations with budgets under \$500,000.⁹⁷ Metro Boston's smallest cultural organizations received only 5% of all income contributed to the sector. The smallest agencies in Minneapolis-Saint Paul, Chicago, San Francisco, and Seattle fared somewhat better, garnering up to 10% of contributed revenues, but agencies in these metro regions benefited from targeted local grants programs.

According to *Funding for Cultural Organizations in Boston*, in 1999 metro Boston had the highest number of cultural organizations per capita of any region studied.⁹⁸ Boston's smallest organizations also had the highest growth rate (69%) in the sample.⁹⁹ The numbers and growth surprised readers of the 2003 report. While some understood this growth as a healthy sign of the founders' strong entrepreneurial spirit and faith that the new nonprofit would find its audience, others expressed concern that this group of organizations, despite consuming only 5% of total revenues, is a drag on the rest of the sector.

To learn more about these small agencies, the 1992 and 1999 data was pulled a second time, and, to take advantage of the most recent data, 2002 information was added. While the first study used aggregated data that combined the numbers and revenues of each part of the market, this essay is based on separate data points that included each agency's name and address, as well as more specific financial information, allowing a deeper look at specific agencies.¹⁰⁰ All dollar figures and percentage changes have been adjusted for inflation based on the change in the Consumer Price Index from 1992 to 2002. Volunteerism and in-kind donations are considered, but not quantified.

In Summary

In 2002, arts and cultural organizations with budgets under \$500,000 injected over \$65 million into the Metro Boston economy, making them an important economic force that should not be overlooked.

Small cultural organizations are the incubators for new ideas and new talent, offering significant benefit to the cultural sector and the community as a whole. These small nonprofits provide the training ground for future managers and leaders, grooming individuals for transition into the upper ranks of larger organizations. Smaller organizations, with attractive ticket prices, tend to draw younger audiences and help build the audiences of the future. Special interest groups—like performing arts troupes, historical societies, and cable access media organizations—are all highly relevant and accessible to the communities in which they are located. The sustainability of all arts and culture organizations is contingent upon the success of organizations in this budget category.

The explosive growth in the number of organizations and people served, coupled with the slight increase in the average contributed income, shows that even though more agencies are soliciting support, donors have been increasingly generous to this budget category. But, recognizing that the economic environment of the 1990s was fairly supportive, under today's less favorable conditions, more work needs to be done to ensure support for this budget category.

While gifts to these small organizations have increased, overall they receive a relatively small share of contributed income, and it is unlikely that the grants or individual gifts they attract are being diverted from larger institutions. These nonprofits simply do not interest the same donors or occupy the same market as the larger cultural nonprofits.

Moving beyond cash contributions, it is important to acknowledge that in-kind contributions and volunteer support can be more important than cash flow to smaller cultural organizations. These contributions of time and materials are, however, very difficult to quantify.

⁹⁷ Nelson, Susan. "Funding for Cultural Organizations in Boston and Nine Other Metropolitan Areas." *The Boston Foundation* February 2003, page 35.

⁹⁸ *Ibid*, page 14.

⁹⁹ *Ibid*, page 37.

¹⁰⁰ Data was provided by the Urban Institute's National Center for Charitable Statistics from its GuideStar-NCCS National Nonprofit Organizations Database. Additional information for some organizations was found by directly accessing their 990s through GuideStar.com.

Volunteerism and business sponsorship—connections secured through personal relationships and leveraged by neighborhood pride—play a unique role. Even major positions like those in fundraising and marketing can be filled by volunteers, many of whom perform these tasks professionally for larger organizations during the week, and then donate their expertise to a small theater group or alternative gallery after work.

In-kind corporate donations can be a sizable percentage of an operating budget, and sometimes even exceed cash flow. The kind of businesses that provide in-kind donations to small cultural organizations often mirror the agency itself: small local restaurants, print shops and hardware stores make the difference between success and failure.

Several important questions are raised by a review of the available data. The Performing Arts organizations are highly volatile, with much movement both into and out of that category. What causes the high turnover? Is this the nature of leadership by founding artistic directors? How can greater attention to financials be encouraged or taught?

The organizations that graduated appear to be more financially savvy and better at leveraging themselves into the next budget bracket from the outset. Did they devote their resources to fundraising and development? Did those resources help them attract better managers and leaders? Or, is it simply that stronger leadership, able to articulate a clear vision and strategy for reaching growth goals, is more convincing to donors and so attracts more resources?

Challenges have emerged. Only 9% of the total organizations on the scene in 1992 had graduated to the next income bracket by 1999. Is this an appropriate number of organizations, or should more attention be focused here? What changes could help more organizations get over this hurdle? Do these agencies need better leadership or basic skills like budgeting and grant writing in order to be more successful?

What about the 13% of the organizations that had gone out of business by 1999? The majority of these had very modest budgets under \$100,000, but did not have glaring financial problems. Did they lack the ability to pay or retain managers with financial expertise? Did founding leadership simply move on? What kind of help is needed to secure their longevity? Or, is a 13% failure rate acceptable? The average small business in Massachusetts has a failure rate of approximately 11%,¹⁰¹ in line with a national average that ranges from 10 to 18%.¹⁰² In fact, this 13% failure rate seems quite good when compared to the 33% average failure rate for restaurants in their first year of operation, and 50% within the first two years.¹⁰³

Between 1992 and 2002, the number of organizations with budgets under \$500,000 showed significant growth and an increasing popularity. The increase in the number of organizations coupled with the decrease in budget sizes further highlights the resilience of this segment of the arts and cultural sector.

Overview

In 2002, there were 562 nonprofit arts and cultural organizations with budgets under \$500,000 in metro Boston. These organizations generated total revenues of over \$79 million and had total expenses of close to \$66 million. Performing arts groups make up the largest segment of this budget category (37%). Historical Societies, Media and Communications nonprofits, and Awareness and Education groups are also all well represented.¹⁰⁴

¹⁰¹ U.S. Small Business Administration, Office of Advocacy, "2002 Small Business Profile: Massachusetts."

¹⁰² Price, Betty. "Fatal flaws – strategic solutions." *Financial Services Advisor* January/February 2002.

¹⁰³ Lambert, Emily. "No Free Lunch." *Forbes* 9 June 2003.

¹⁰⁴ The names for the content focus of these nonprofits come from the National Taxonomy of Exempt Entities Core Codes. See Methodology and Caveats at the end of this appendix.

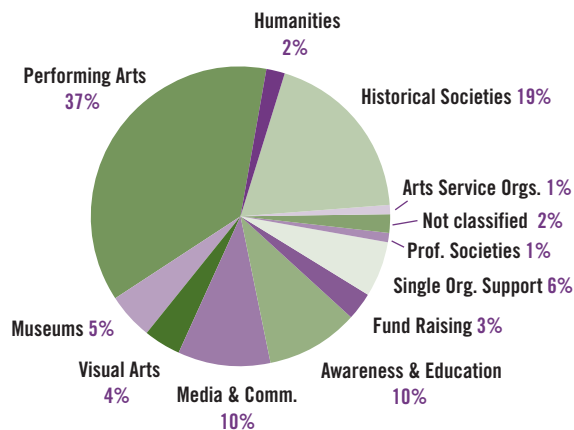
Growth

Even though metro Boston's population stayed relatively level, at close to 3.3 million from 1992 to 2002, there were significantly more organizations by 2002, highlighting strong resident desire for arts and culture.

Between 1992 and 2002, the number of these small nonprofits increased by 71%. About half of the organizations operating in 1992 were still around in 2002. Of those not listed in 2002, approximately 60% had dissolved or shrunk below the \$25,000 limit that necessitates filing a Form 990.¹⁰⁵ The remaining 40% had grown into the next income bracket.

Mapping the 1992 organizations by zip code reveals a concentration in downtown Boston, a density that had increased by 2002. There was, however, also a noticeable increase in the number of cultural nonprofits in the suburbs, particularly west and northwest of I-495.

Mission or Content Focus 2002



Revenues, Expenses, and Contributed Income

In 1992, small cultural organizations generated \$42.6 million in total revenues. By 2002, this had increased by an inflation-adjusted 56% to a little over \$79 million. The average total revenue decreased by 9% from 1992 to 2002, a relatively small decline given the significant increase in the number of organizations.

Even though these small organizations represent 82% of metro Boston's arts and cultural sector, their revenues were only 8% of the total revenues generated by all of metro Boston's arts and cultural institutions, a ratio that held steady between 1992 and 2002.

In 2002, expenses totaled over \$65 million, a 41% increase from 1992. But, because the number of organizations increased, average expenses decreased by 17%. Though more money was injected into the economy in 2002, individual organizations, for the most part, had smaller budgets. While optimists could interpret this as a sign of increased efficiencies, it is more likely a result of reductions in staffing, programming, and capacity.

Organizations with budgets under \$500,000 received just 8% of all income contributed to arts and cultural institutions in 2002—approximately \$35 million of the \$413 million in total contributions to arts and culture. Contributed income increased by an inflation-adjusted 93% from 1992 to 2002, but the 71% increase in the number of organizations in this budget category diluted the effects of these contributions, resulting in an increase in average contributed income per organization of only 13%.

Stability, Growth and Decline

About 250 organizations were in existence in both 1992 and in 2002. Performing Arts groups were the most significantly represented, with 33% of the total. Historical Societies also held steady with 18%, followed by Media and Communications at 15%, and Awareness and Education organizations at 11%. In general, the revenue and expense picture for these organizations mirrored that of all arts and cultural organizations with budgets under \$500,000.

Change About 75 of the 1992 organizations were no longer in the under \$500,000 budget category in 2002. Of these, 60%, or 13% of the total number of organizations, had ceased to operate, and 40%, or 9% of the total number of organizations, had grown into the next income bracket. A closer examination of these two groups reveals that about the same percentages of each type or program category graduated as went out of business. There was high volatility among the Performing Arts groups, which accounted for about half of the organizations that dissolved and half that graduated. Next came Media and Communications with about 17% of the organizations that dissolved or graduated, and then Historical Societies with about 12% of the organizations that dissolved or graduated.

¹⁰⁵ For the purposes of this analysis, we considered an organization to have dissolved if its Employer Identification Number (EIN) was no longer a part of the NCCS Master File, a cumulative list of 501(c) organizations.

Out of Business Of the organizations no longer in operation, the average budget in 1992 was about 35% lower than the average budget of all organizations with budgets under \$500,000. The majority (80%) of the organizations that ceased to exist had budgets under \$100,000. Their 50/50 ratio of contributed to earned income was similar the ratio for the sector as a whole, and in general, these organizations did not have any glaring financial problems.

A scan of the names of nonprofits no longer in operation reveals approximately a half dozen that seemed to have been established with a limited lifespan in mind. For example, organizations like the USS Constitution Bicentennial Salute and Newton 2000 were likely geared toward anniversary and millennium activities, and so would expect to dissolve when the event and the significant date it marked was past. But in most cases, the explanations are less clear. As a group, these nonprofits did not lack fiscal discipline. Rather, as the smallest of the small, they seem to have exhibited a certain lack of strength from the outset.

Graduates In 1992, the average contributed income for organizations that would graduate by 2002 was about 1.5 times greater than the average of the sector as a whole. Additionally, the average total revenue was 1.7 times greater than for the sector as a whole. As expected, future graduates also had larger budgets—1.6 times greater than the sector average—in 1992. 75% of the organizations had budgets greater than \$250,000, versus 15% for the sector as a whole.

80% of the 'graduate' organizations are based in Boston and Cambridge. Notable graduates include José Mateo's Ballet Theatre, Boston Center for the Arts, Greater Boston Youth Symphony Orchestras, and World Music

New Organizations Over half of the organizations operating in 2002 were formed between the years 1992 and 2002. The breakdown of new organizations by program category is similar to the breakdown for the budget category as a whole. Combined, Performing Arts groups and Historical Societies represent over 50% of these new organizations. Not surprisingly, in 2002 the average total revenues and budgets of these newest organizations was about 20% less than the sector average, and the average contributed income was about 10% less than the sector average.

Over 100 Performing Arts groups were founded between 1992 and 2002, spanning a range from theater companies to dance organizations to symphony orchestras; the distribution of mission or program focus mirrors that of all the Performing Arts organizations. Notable organizations founded between 1992 and 2002 include Zumix, Suga Theatre Company, Boston Modern Orchestra Project, Arlington Center for the Arts, and Watertown Arts on the Charles.

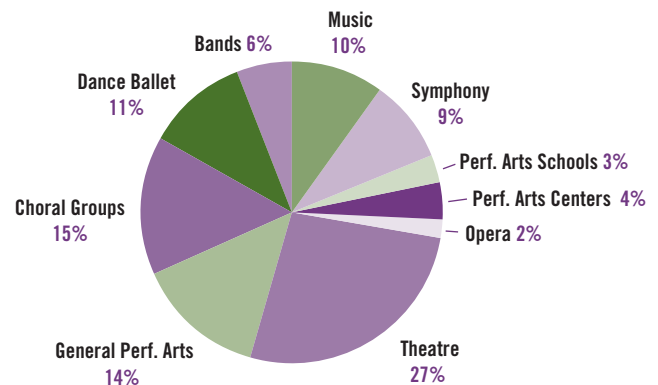
More than 75% of metro area residents attended a live performing arts event in 2002, and most Bostonians strongly agree that the performing arts play a positive role in their lives, according to a recently published Performing Arts Research Coalition study.¹⁰⁶ The demand for performing arts events and access to earned income from ticket sales may have contributed to the strength of this part of the sector.

Significant growth also occurred in the Media and Communications category, much of which is attributable to new cable access stations established in such cities as Waltham, Needham, Chelsea, Wakefield, Newton, Salem, and Plymouth.

Boston Cyberarts, Inc. is one noteworthy organization that doesn't fit this mold. This nonprofit develops and presents a wide range of experimental media arts, including video and web-based electronic art work and programs involving new technology. In addition to producing the bi-annual Cyberarts Festival, the organization operates an artist residency program in local high tech companies.

Cyberarts has an average annual budget of about \$200,000. This increases slightly, but not significantly, during festival years because, given the collaborative nature of the event, its operations see only a few increased cash expenses. However, the festival does trigger in-kind sponsorship contributions that exceed its cash budget, and attract significant volunteer support.

All Performing Arts Organizations 1992-2002



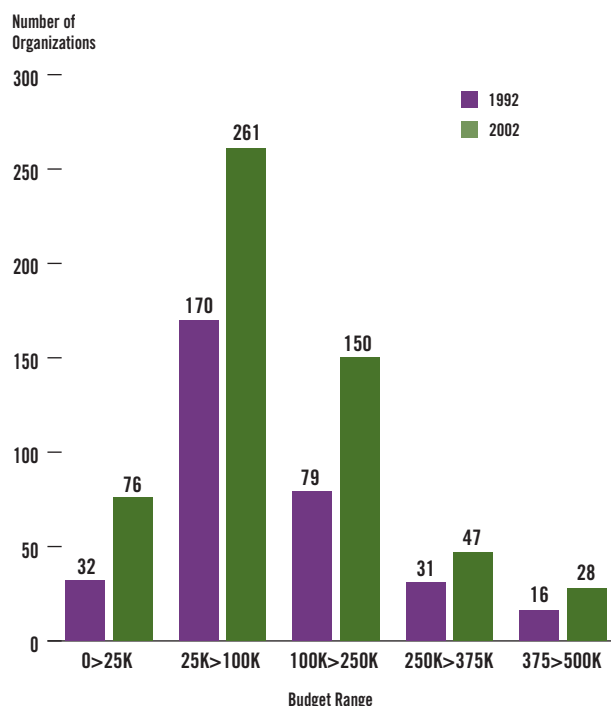
¹⁰⁶ Kopyczynski, Mary and Hager, Mark. "Performing Arts Research Coalition Community Report: Findings from a 2002 Household Survey in the Greater Boston Metropolitan Area." *Urban Institute* January 2004.

Distribution by Budget Size

In order to examine the data more closely, the organizations were further divided into five subcategories, based on budget size (see chart below). The percentage growth within the \$0–\$25,000 budget range was the most significant at 138%, but this growth only accounted for a total of 44 new organizations. And, because filing is optional for organizations with less than \$25,000 in gross receipts, these numbers may be skewed slightly by a shift in some nonprofits’ filing habits.¹⁰⁷

The \$25,000–\$100,000 group shows the greatest increase in the number of organizations at 91 new nonprofits, for 40% of the total growth of the under \$500,000 budget category. The growth of the \$100,000–\$250,000 budget group is also significant with 71 organizations, or 30% of the total growth, appearing in this subcategory.

Arts & Cultural Organizations with Budgets Under \$500,000



When looking at the average contributed income as a percentage of total revenues, all but one of the budget subcategories showed slight increases: organizations with budgets under \$25,000 decreased from 72% to 50%. This could be interpreted as a sign of trouble, if it weren’t for the fact that the decrease in average contributed income as a percentage of total revenues means that these organizations saw a 30% increase in earned income. This could be affected by the entry of one or two organizations with strong earned revenue sources from ticket sales or fees. But other explanations are also possible, and again, the data on these smallest nonprofits is not complete.

Distribution by Programmatic Focus

When looking at the change in the number of organizations broken down by programmatic focus, every focus-area either increased in size or stayed level. The most significant increases in the number of organizations occurred in the Performing Arts and Historical Societies, followed by Awareness and Education, Single Organizational Support, and Media and Communications.

Further examination of the Performing Arts groups revealed that while there was a 61% increase in the number of organizations, both average revenues and average expenses decreased by 18%. Average contributed income stayed level, which means that the decline in average revenues results from a decline in earned income.

This could be a result of performing arts groups cannibalizing their own market and audiences being stretched too thin. Alternatively, it could be indicative of a general decline in ticket sales.

The number of Media and Communications groups increased by 24%. With average revenues increasing by 17%, and average budgets decreasing by 5% (more organizations making more money on smaller budgets), this category shows signs of potential future successes.

Methodology & Caveats

- The primary source of information was the Urban Institute’s National Center for Charitable Statistics, which operates the GuideStar-NCCS National Nonprofit Organizations Database. The NCCS data was drawn from IRS 990s using the strict definition of “cultural organization” as “Major Group A” organizations. “Group A” cultural organizations include nonprofits devoted to the visual, performing and folk arts, museums, art service and advocacy organizations,

¹⁰⁷ Nonprofits with gross receipts of less than \$25,000 are not required to file an IRS Form 990, and therefore may or may not be represented in the data. Also, some organizations may have chosen to file in one year and not the other, resulting in skewed year-to-year comparisons.

humanities and historical organizations, and media and communications organizations. Libraries and reading programs, botanical gardens, nature centers, and zoos are not included, but are classified elsewhere.

- Additional information for some organizations was found by directly accessing their 990s through GuideStar.com.
- Findings are based on total revenues, total expenses (referred to as operating budgets), and contributed income (cash only, no in-kind contributions). While earned income was calculated by subtracting contributed income from total revenues, nothing is known about whether that income was generated by ticket sales, investments, or fees. All dollar figures and percentage changes were adjusted for inflation based on the change in the Consumer Price Index from 1992 to 2002.
- Nonprofits with gross receipts of less than \$25,000 are not required to file an IRS Form 990, and therefore may or may not be represented in the data used for our study. Moreover, some organizations may have chosen to file in one year and not the other, resulting in skewed year-to-year comparisons. Where possible, the data was examined and corrected for such instances.
- For the purposes of this analysis, we considered an organization to have dissolved if its Employer Identification Number (EIN) was no longer a part of the NCCS Master File. The NCCS Master File is a list of 501(c) organizations that is drawn from the IRS Business Master File, a cumulative file containing descriptive information on all active tax-exempt organizations.
- The IRS assigned programmatic or mission focus codes for each organization in the late 1980's based on descriptive data provided by each organization when it applied for tax-exempt status. The new National Taxonomy of Exempt Entities Core Codes (NTEE-CC) was developed between 1992 and 2002 and as a result, a few organizations' classification codes changed. So as not to skew growth and trend patterns, we substituted the 2002 code for the 1992 code. (New codes include Advocacy, Management and Technical Assistance, Professional Societies, Research Institutes & Public Policy Analysis, Single Organization Support, and Fund Raising and Distribution.) For ease of comparison, some of the organizations were reclassified, combining subsets of categories into their broader category code. For example, a theatre organization with a code "A65" (Theatre) was reclassified as "A60" (Performing Arts) along with ballet, symphony, opera, and choral groups. Organizations not originally classified had received a general "A99" (Arts, Culture & Humanities Not Elsewhere Classified); we reclassified the obvious.

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APPENDIX H

Electronic Resources

This list of electronic resources includes websites that are relevant to resource and advocacy issues facing the cultural community today. It is not offered as an exhaustive list.

- Alliance of Artists Communities – A nation-wide consortium and professional service and advocacy organization. Based in Providence, RI, membership includes professionally run artists' communities, other nonprofit organizations that support artists, and individuals. <http://www.artistcommunities.org> (15 July 2003).
- The Alliance of Resident Theatres/New York (A.R.T./New York) – A service organization founded in 1972 that helps approximately 400 not-for-profit, Off-Broadway theatres and related organizations. <http://www.offbroadwayonline.com/aboutartny.php> (15 July 2003).
- Americans for the Arts – Arts and Economic Prosperity calculator – A free and simple tool developed by Americans for the Arts and posted on their website that makes it possible to estimate the economic impact of arts organizations on a local economy. <http://www.americansforthearts.org/EconomicImpact/> (13 June 2003).
- Americans for the Arts – National Arts Policy Database – The National Arts Policy Database is a comprehensive bibliography of approximately 7,000 documents published since 1960 related to arts and culture in the United States. <http://www.americansforthearts.org/services/napd/> (13 June 2003).
- Arts and Business Council of Greater Boston – <http://www.artsandbusinesscouncil.org> (13 June 2003).
- Arts and Business Council, Inc. – National and local programs that match business professionals with arts organizations in need of pro bono management consulting services. <http://www.artsandbusiness.org> (13 June 2003).
- Artspace Projects, Inc. – Based in Minneapolis, MN, Artspace develops and manages spaces where artists can live, work, exhibit, perform, and conduct business. Artspace also provides consulting services to artists and arts organizations. <http://www.artspaceprojects.org/about> (15 July 2003).
- The Catalogue for Philanthropy – Generosity Index http://www.catalogueforphilanthropy.org/cfp/generosity_index/ (15 July 2003).
- Charity Navigator – A national database and evaluator of American charities. <http://www.charitynavigator.org/> (15 July 2003).
- City of Boston – “Boston 400: Connecting the City and Its People.” <http://www.cityofboston.gov/boston400/boston400doc.asp> (15 July 2003).
- City of Boston – Cultural Agenda <http://www.cityofboston.gov/arts/agenda.asp> (15 July 2003).
- City of Louisville Economic Impact Study (downloadable PDF File) <http://monitor.cbpa.louisville.edu/arts/arts.htm> (13 June 2003).
- City of San Francisco – Grants for the Arts/Hotel Tax Fund <http://www.sfgfta.org/> (15 July 2003).
- Denver Mayor’s Office of Art, Culture and Film – <http://www.denvergov.org/dephome.asp?depid=541> (15 July 2003).
- Economic Impact of the Arts Studies – <http://www.aact.org/advocacy/impact.html> (13 June 2003), <http://www.artslynx.org/aotl/econ.htm> (13 June 2003).
- Giving New England – An organization that works to identify and promote opportunities for organized philanthropy throughout New England. They provide online resources and coordinate with state Giving initiatives to facilitate effective, long-term regional organized philanthropy. <http://www.givingnewengland.org> (15 July 2003).
- Greater Philadelphia Tourism Marketing Corporation (GPTMC) <http://www.gophila.com> (15 July 2003).
- Local Initiatives Support Corporation – <http://www.liscnet.org> (15 July 2003).
- Massachusetts Cultural Council – <http://www.massculturalcouncil.org> (15 July 2003).
- Massachusetts Health and Educational Facilities Authority – Mass HEFA is an independent public authority that provides

low cost loans, bond issuances, and other financial services to nonprofit institutions in the fields of health, education, culture, and science. <http://www.mhefa.org> (15 July 2003).

Massachusetts Power Options – A Massachusetts nonprofit energy purchasers consortium, created by Mass HEFA. <http://www.poweroptions.org> (15 July 2003).

Materials for the Arts, New York City – A program of the NYC Department of Cultural Affairs that provides over 2,700 arts programs, artists, and educators with materials collected from companies that no longer need them. <http://www.mfta.org> (15 July 2003).

Seattle's Convention and Visitors Bureau, Cultural Events Page – <http://www.seeseattle.org/events/> (15 July 2003).

Social Welfare Research Institute – The Social Welfare Research Institute (SWRI) at Boston College is a multidisciplinary research center specializing in the study of spirituality, wealth, philanthropy, and other aspects of cultural life in an age of affluence. <http://www.bc.edu/research/swri/> (5 December 2003).

State of Colorado – City of Denver Study <http://www.cbca.org/econBiannual.asp> (13 June 2003).

State of Connecticut – Statewide Study <http://www.ctarts.org/Ecoimp.htm> (13 June 2003).

State of Florida – Statewide Study (automatic PDF File)

<http://www.flca.net/flca/Statewide%20Arts%20and%20Cultural%20Economic%20Impact%20Study.PDF> (13 June 2003).

State of Kentucky – Statewide Study (downloadable PDF File) <http://www.kyarts.org/artsecon.htm> (13 June 2003).

State of Massachusetts – Boston Museum of Fine Arts Economic Impact Study (downloadable PDF File)

http://www.edrgroup.com/edr1/library/lib_attractions_arts/P078-Boston-Museum-of-Fine-Arts.shtml (20 March 2004).

State of New York – Economic Impact of the Arts on NYC and state (Executive Summary)

<http://hellskitchen.net/develop/news/alliance.html> (13 June 2003).

State of New York – Summary of a study showing leverage of government support of the arts <http://www.civic.net/civic-values.archive/199708/msg00033.html> (13 June 2003).

State of Texas – Dallas Business Committee for the Arts, Economic Impact Study http://www.dbca.com/dbca_artstudy.html (13 June 2003).

State of Virginia – Statewide Study (downloadable PDF File) <http://www.vaforarts.org/pdfs/Wessex.pdf> (13 June 2003).

Travel Industry Association of America – <http://www.tia.org/home.asp> (15 July 2003).

Urban Institute Center on Nonprofits and Philanthropy – Examines policy issues related to the role and impact of nonprofit organizations in democratic societies, and analyzes trends in the operations and finances of U.S. charitable organizations. <http://www.urban.org/content/PolicyCenters/NonprofitsandPhilanthropy/Overview.htm> (13 June 2003).

Washington, DC Heritage & Tourism Council – <http://www.dcheritage.org> (15 July 2003).

World Travel & Tourism Tax Barometer, summary table – Michigan State University.

<http://www.traveltax.msu.edu/barometer/index.htm> (15 July 2003).

APPENDIX H

Publication Credits

Project Coordinators and Editors:

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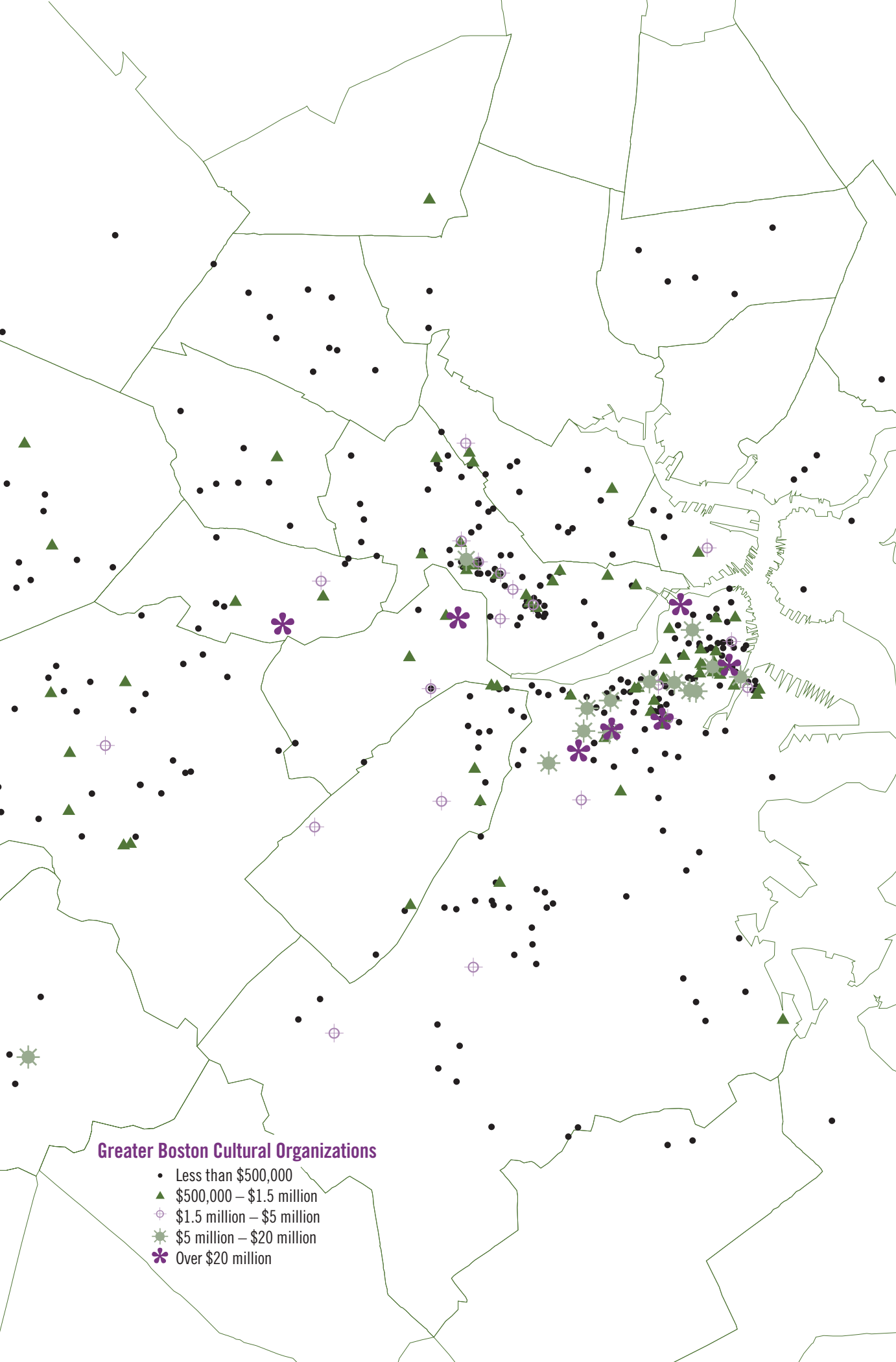
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In 2001, 1,121 nonprofit cultural organizations across Massachusetts received more than \$1.1 billion in earned and contributed revenues and paid out nearly \$248 million in salaries. These maps of the state and the Greater Boston area plot the location of the state's cultural nonprofits by five different budget categories. For more information, see Appendix B, page vii

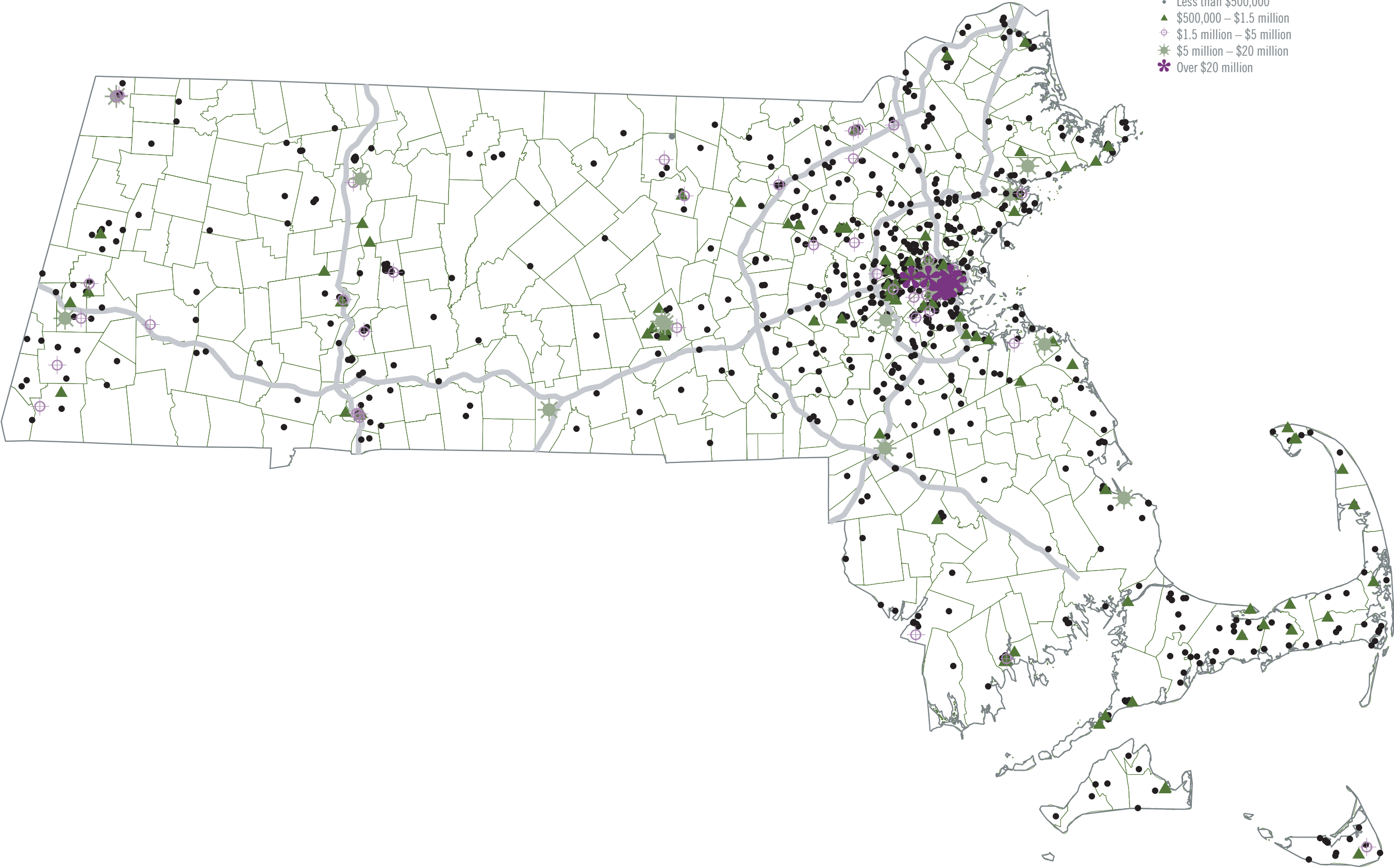


Greater Boston Cultural Organizations

- Less than \$500,000
- ▲ \$500,000 – \$1.5 million
- ⊕ \$1.5 million – \$5 million
- ★ \$5 million – \$20 million
- ✿ Over \$20 million

Massachusetts Cultural Organizations

- Less than \$500,000
- ▲ \$500,000 – \$1.5 million
- ⊕ \$1.5 million – \$5 million
- ★ \$5 million – \$20 million
- ✿ Over \$20 million





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